

EIR

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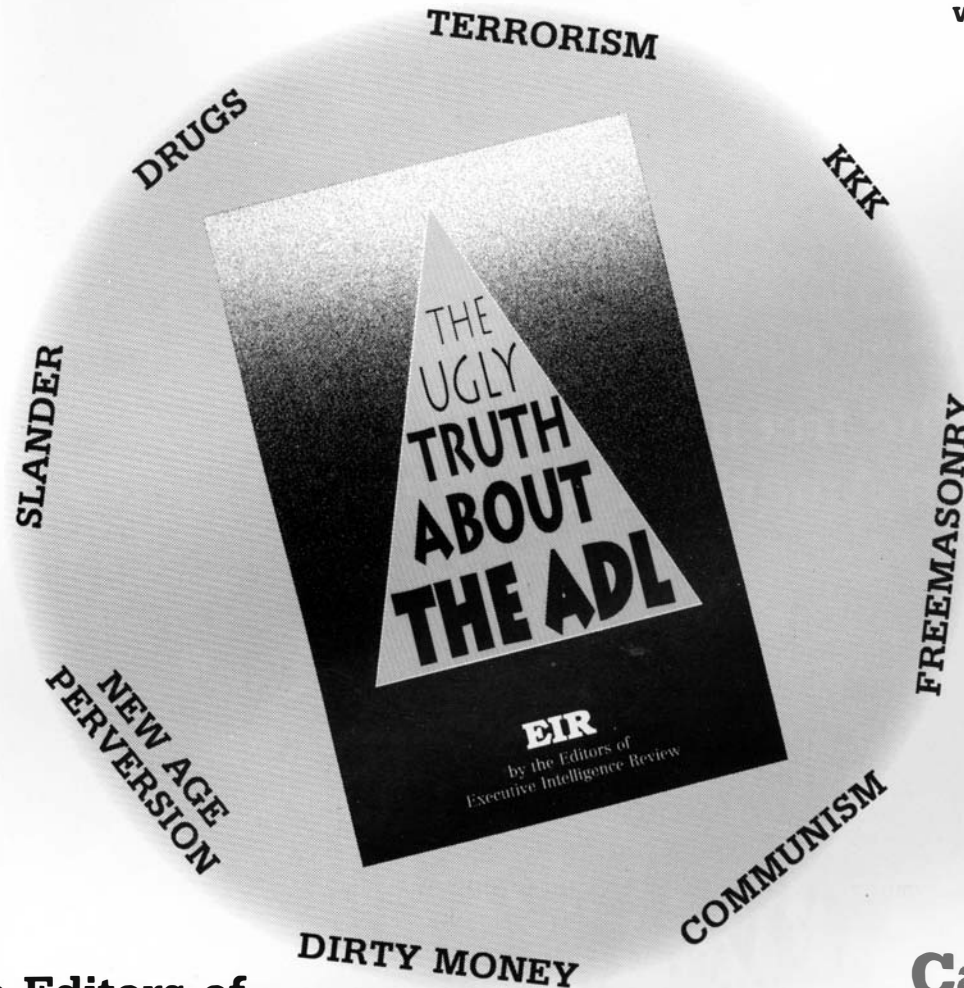
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European Headquarters: Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-6200 Wiesbaden, Otto von Guericke Ring 3, D-6200 Wiesbaden-Nordenstadt, Federal Republic of Germany Tel: (6122) 9160. Executive Directors: Anno Hellenbroich, Michael Liebig

In Denmark: EIR, Post Box 2613, 2100 Copenhagen ØE, Tel. 35-43 60 40

In Mexico: EIR, Francisco Díaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

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From the Editor

In late January, some of *EIR*'s reporters were told by a former member of the U.S. Congress from a major state that the situation in Washington is so chaotic, that any ideas which are strongly asserted can have a powerful impact on history at this time.

A case in point has been the initiative taken by Texas Rep. Henry Gonzalez in speeches (see *Congressional Closeup* in our last issue) calling for a return to the credit policies of the first Treasury Secretary, Alexander Hamilton. Now Mr. Gonzalez is a Democrat, and Democrats don't often evoke Hamilton. But Hamilton, and Abe Lincoln's revival of Hamiltonian banking policies, also cited by Gonzalez, were the subject of a widely-circulated special issue of *EIR* dated Jan. 1, 1992. While the Gonzalez bill to reform the Federal Reserve (see this week's *Closeup*) falls short of what is required, the door is open to impose LaRouche's plan to federalize the bank.

Or take the spread of open revulsion in official layers against the International Monetary Fund throughout the former Soviet Union and East bloc. In our story on page 14, readers will hear loud echos of the "Hamilton *EIR*," not only about the American System, but about how Japan adopted it for its 19th-century industrialization.

The drive to free Lyndon LaRouche after four years of unjust incarceration, has drawn important world media coverage. His policies and his personal situation came together in prominent public view, when *EIR*'s Marcia Merry testified before the House Agriculture Committee on the need to nationalize the Federal Reserve and underlined that LaRouche's expert advice is especially needed in the current crisis. She appealed to the committee to help to win LaRouche's freedom. This was broadcast nationally on Feb. 4 on C-Span television.

Our cover *Feature* exposes how the genocidal horrors being inflicted as Greater Serbian policy upon Bosnia-Herzegovina are steered from the same Anglo-American hubs which seek to reward Serbia with the Vance-Owen "peace plan." On Feb. 4, the man most directly involved in the war crimes, "Dr." Radovan Karadzic, stated that the Serbs are in the forefront of a holy war of the Orthodox Church against the Catholic Church and Islam. So-called religious wars have always served but one religion. Its deity is called Mammon.

Nora Hamerman

ER Contents

Interviews

6 Lyndon LaRouche

On the radio program "Executive Intelligence Review's Talks with Lyndon LaRouche," the political prisoner, philosopher, and former presidential candidate discusses what to do about the economic crisis.

17 Abdalla Ahmed Abdalla

The ambassador to the United States of the Republic of Sudan, Dr. Abdalla has served as minister of agriculture, food, and natural resources. He holds a doctorate in plant physiology, and has taught on the agriculture faculty of the University of Khartoum.

Photo credits: Page 27, Yves Messer. Page 31, Paolo Raimondi. Page 8, Carlos de Hoyos. Page 18, Ministry of Information, Republic of Sudan. Page 43, Courtesy of Hong Kong Tourist Association. Page 62, Stuart Lewis.

Books

50 Confederates cheer rewrite of the Gettysburg Address

Lincoln at Gettysburg: The Words that Remade America, by Garry Wills.

Departments

21 Report from Rio

Bankers' revenge: hyperinflation.

45 Andean Report

Venezuela heading toward civil war.

46 Report from Paris

France must not die in Sarajevo.

47 Report from Bonn

Time to get back to production.

72 Editorial

On military and other matters.

Economics

4 Remember? 'It's the economy, stupid!'

The President has delayed presentation of his budget, which was supposed to be ready by Feb. 1, as he and his advisers scramble to come up with a policy.

6 Why Washington can't seem to solve the economic crisis

An interview with Lyndon LaRouche.

11 The Anglo-American strategy behind Italy's privatization

13 U.S. Unemployment Coverup

14 Revulsion at International Monetary Fund debt policy spreads

In Russia and Eastern Europe.

16 Sudan's vast agricultural potential target of IMF destruction

17 We must work toward regional integration

Part 2 of an interview with Abdalla Ahmed Abdalla.

20 Currency Rates

22 Agriculture

"Animal enterprise zones" come to Iowa.

23 Banking

National Cut the Red Tape Week.

24 Business Briefs

Feature



"They do not want to," an etching from Goya's Disasters of War, c. 1810. Although mass rapes and atrocities are not new in history, those now occurring in Bosnia manifest a criminal mentality fomented in leading psychiatric institutions of such civilized cities as Frankfurt and London.

26 Nazi psychiatrists behind Serbia's reign of terror

Joseph Brewda reports on the international networks who trained the Serbian war criminals, starting with London's Tavistock Institute and the Frankfurt School.

28 Controllers at Tavistock and the Frankfurt School

30 Who are Serbia's Nazi doctors?

31 'Praxis' group runs Serbia today

International

34 Fight rages over appeasement of Serbs

Western military involvement will either be to police the Vance-Owen plan rewarding Serbian "ethnic cleansing"—or to back Bosnia-Hercegovina's fight to defend itself.

36 British justify refusal to defend Bosnia

From a speech by Foreign Secretary Douglas Hurd.

37 Malthusian elites fume at Iraq's construction of 'Third River' project

38 Italy: 'Corruption scandals' steered from abroad

40 Haiti rejects demand to restore dictator

41 Tribal unrest rends India's northeast

42 Citizen above suspicion?

Is Australia's Mark Leibler involved in a conspiracy to evade taxes? Part 2 of a series.

48 International Intelligence

National

58 Clinton's 'laser focus' will fry the economy

The international bankers are demanding a vicious austerity package, and from all indications, the administration intends to comply, with increased taxes and lethal cuts in social spending.

60 Israeli intelligence asset pushes for ethnic war against Muslim world

Yossef Bodansky, a veteran of the Jewish Institute for National Security Affairs (JINSA), should be fired from his job advising the House Republicans.

62 'Kidnappers Inc.,' is really 'Murder, Inc.'

Ties between Galen Kelly, JINSA, and the arms traffic to Iran.

63 Minnesota AG aids national kidnap ring

65 ADL still target of West Coast spy probe

66 Universal vaccination plans under scrutiny

67 225,000 rally to defend human life

68 Congressional Closeup

70 National News

Remember? 'It's the economy, stupid!'

by Chris White

In Bill Clinton's election campaign office in Little Rock, Arkansas, there was prominently displayed a sign which read, "It's the economy, stupid!" The sign was supposed to serve as a reminder to all those working there what the campaign's priorities were supposed to be.

Now, in Washington, those who promoted the slogan during the campaign are finding out that there is more involved than addressing "issues" which appear to be the concern of popular perception. The economy really is the issue, and not in the way Clinton's campaigners might have thought. The federal government is technically bankrupt. And not just because its expenditures exceed the revenues available to set against those expenditures. That, apparently, is what Clinton and company discovered after the inauguration of the former Arkansas governor as President on Jan. 20.

The new team is now putting together what is called a budget, and an economic plan, under these circumstances. For the fiscal year which begins this coming October, when the budget in the works goes into effect, the monies required to finance the federal government's budget deficit, and to pay the interest on its accumulated more than \$4 trillion of debt, will, together, account for more than the revenue the Treasury Department can expect to collect in the form of individuals' tax payments.

This is a major reason for the hysteria which has gripped the White House and its environs since the new team took over. It is why the new President has delayed presentation of his budget, even though he was required to do so by Feb. 1. It is why, on Jan. 22, Clinton issued an Executive Order scrapping the deficit targets set for the fiscal years between 1994 and 1997, which had been established in George Bush's summer of 1990 "read my lips" budget compromise with the House and Senate. Clinton insisted in that order, that the

deficit targets must be redefined. It is the reality which lies behind the oft-repeated assertion that the situation was found to be much worse than it was expected to be after the new team took over.

Clinton, after all, was the candidate who pledged in the course of his election campaign to cut the deficit in half during the next four years. This promise was more insane than his other queer commitments to his minority constituencies. To accomplish it would require eliminating about one year's worth of federal government expenditures over the next four years.

The rough profile looks like this. Individual tax payments account for a little over \$520 billion of the monies which flow into the federal government. Debt service last year was around \$200 billion. The deficit will minimally be around \$300 billion. No one, whether in the White House or in the Congress, has had the guts to lay out what the situation actually is. The rest of the country wallows in a psychotic soap opera about whether gays will be allowed to join the military. Meanwhile, as we have warned, the crisis that is developing over how the "budget" will be put together, is one which involves the very existence of the country.

The reality was obliquely referred to by former Sen. Lloyd Bensten (D-Tex.), the new treasury secretary, who told an audience in Maryland recently that interest payments on the federal debt account for 40¢ of every dollar paid in personal taxes. Bensten was arguing, as others of his colleagues have done, that firm but fair measures therefore have to be taken now to get the budget under control. He doesn't know what he's talking about.

Receipts from personal tax payments are the largest, but not the only class of funds accruing to government accounts. There are also loophole-ridden taxes levied on corporate

"profits," and there are payments into trust funds, such as those for highways and airports. None of these is significant compared to the other major chunk of government ostensible income, which accrues as deductions from the pay packets of the employed for Social Security insurance, Medicare, and Medicaid. These monies are the larger part of funds spent on behalf of what are called "entitlement" programs. Some of these are programs for which money has already been authorized and appropriated, like highway funds. More is accounted for by those three programs (Social Security, Medicare, Medicaid) which are paid for out of the wage packets of employed contributors. Each of the three is actually running a surplus.

None of the funds in any of the three programs is available to the federal government's general revenue, because the funds are not the government's. They are held in trust, by the federal government, for contributors.

The idea is that funds from such programs can be allocated to the general account, and therefore cover over the fact that the country is bankrupt. This means ripping out the arrangements which have governed large portions of national life since Franklin D. Roosevelt's "New Deal" legislation in 1933. Programs like Social Security, and the introduction of retirement at 65, which were introduced to counter the depression of the 1930s, are to be looted dry to pay for the depression of the 1980s.

So, it is said by Leon Panetta, the new budget chief, and Bentsen at the Treasury, that when it comes to cutting the deficit, "everything is on the table."

Ridiculous deficit estimates

The above would be criminal even if the deficit estimates, which Clinton rejected on Jan. 22, were approximately correct. This is, of course, a ridiculous assessment, one which Clinton's spokesman George Stephanopoulos has decried since the beginning of January, and one which Tennessee Senator and Budget Committee Chairman James Sasser holds in contempt. The estimates come from the Bush Office of Management and Budget, which was headed by Richard Darman. They were calculated on the basis of assumptions which included an assessment of what some of the programs Clinton espoused over the course of the campaign would do.

These include an absolute freeze on government "non-entitlement" spending from fiscal year 1995 onward, a reduction in the "officially recognized" unemployment rate from 7.4% to 5.4% (each 1% reduction knocks \$50 billion off the deficit estimates), a more than 20% increase in personal income between now and 1997, and a more than 40% increase in corporate pre-tax profits over the same time period. This package produced a deficit estimated at \$290-320 billion for fiscal year 1997. Stephanopoulos, for Clinton, announced, at the beginning of January, that the Darman deficit estimates omit \$50-60 billion, without considering the assumptions on which the projections were based.

If the Darman assumptions are stripped out as unreal, then the deficit range must be assumed to start at \$450-500 billion. This is the same magnitude as those revenues based on tax receipts from individuals. It does not provide anything to continue payments for debt service, which will surely be more than \$200 billion, as the payments due compound on debt which is supposed to increase from \$4.1 trillion to \$4.8 trillion over the course of fiscal year 1994.

Even if Panetta and company did what they say and "put everything on the table," it wouldn't solve a thing. You could take all the funds that run under "entitlement" programs, and if you gave priority to financing the deficit and paying the debt service, you'd end up with around \$250 billion available to fund all other operations of government, which amount to \$750-800 billion. No amount of cuts in expenditures, or theft, is going to change that, but only make it worse.

Since Jan. 1, Clinton and Stephanopoulos, along with congressional supporters like Senator Sasser, who also sits on the Joint Economic Committee, have sought to place the blame for this state of affairs on the Bush administration, and in particular, the sleazy Richard Darman, former head of the Office of Management and Budget. They have taken the tack that the Bush crowd "misrepresented," "underestimated" or were "overly optimistic" about what the situation is.

This all misses the point. And, if we all weren't so caught up in the psychotic TV version of what's going on in Washington, it is something everybody ought to be taking up, because the very future of the country is at stake. If the current way of doing things, like the so-called "budget process," continues, this country is finished.

A new class of government credit needed

Lyndon LaRouche warned about this during his last presidential election campaign, when he told people that no amount of cuts in expenditures will do any good. The only thing that will, is to create a new class of government credit, by shutting down the deficit machine. LaRouche was put in jail by Bush and his cronies because he represents an alternative policy to national bankruptcy. Without his directing a reorganization of the way the country handles its credit and economic policy, the federal structure of the country will be blown apart in a bankruptcy crisis, no matter what Clinton's delayed budget plans and programs come up with.

LaRouche has insisted since Jimmy Carter appointed Paul Volcker as chairman of the Federal Reserve, that top priority had to be given to expanding the nation's tax revenue base, through creating more productive jobs, not by increasing taxes or cutting expenditures. He insisted that the only way to do this was by bringing the creation and issuance of credit back under constitutional law. This approach was laid out in television broadcasts during the last election campaign. But it wasn't one that the suckers who make up the bulk of the population felt they could agree with. They evidently preferred choices which led, and are leading, to national disaster.

Why Washington can't seem to solve the economic crisis

The following is an edited excerpt from the radio program "Executive Intelligence Review's Talks With Lyndon LaRouche." LaRouche, the political prisoner, economist, and former presidential candidate, was interviewed by telephone by Mel Klenetsky on Feb. 1.

EIR: Mr. LaRouche, the biggest problem facing the Clinton administration of course is the U.S. economy, and despite the fact that some people are saying that there was a little bit of a recovery, we are looking at Sears laying off 50,000 people, the aerospace sector laying off 31,000 workers, and Westinghouse and other major corporations dumping their top executives.

What can Mr. Clinton do? What does Mr. Clinton have to do, to get on top of this situation?

LaRouche: It's getting worse and worse by the week, by the day. Clinton plunged into this social agenda, so-called, that is, the issues of abortion and homosexuals in the military, and related things, really by default, because he had nothing on the economy. The health care issue in the advertised form is not going to fly. It will end up in a crisis.

Essentially, two things have to be considered. First of all, there never was a recovery. There hasn't been a recovery really since the Volcker recession of 1982. There have been expansions in certain sections of the economy, while the rest goes down.

For example. Let's take unemployment. *Actual unemployment in the United States, by the standards we used to measure unemployment in the 1930s, is today about 17%.* That is, using U.S. government official figures, from which they derive the reported official rate of unemployment. If we were to take the same figures as those used back in the 1930s, we would come up with 17%.

The United States *has been and is in a continuing depression.* There is a collapse of employment, there is a collapse of industry, there is a collapse of agriculture. We are really a net agricultural importing nation, if you take the whole spectrum of agricultural consumption. Our industry is collapsing, our infrastructure is collapsing. We are in a depression which is actually *worse* than that of the 1930s. The illusion in this matter, is fostered by focusing upon Wall Street. People are waiting for the great financial crash, something worse than October 1987, and until they see that, many

people will continue to harbor the delusion that there is not a depression ongoing. Once that crash hits, of course, then all bets are off, and they will recognize the depression.

President Clinton's only chance to get this economy and his administration under control was, from the outset, to admit that there is a general economic crisis, globally as well as nationally, and to announce a series of measures which would include, of course, taking on the Federal Reserve. Until that is done, until that reality is faced, this administration will not "muddle through," but muddle downward, in a downward spiral. There is no hope for it, until that reality of the economy is faced.

EIR: You have indicated some of the measures that are necessary should you be in some kind of position to aid Mr. Clinton. You have also indicated that the only way that Clinton would be able to deal with this recovery, would be to apply your program and to give you your political freedom. What are some of the measures that you would implement, were you to go at it?

LaRouche: Very simply, what I have said repeatedly. We have to have an industrial recovery, which means credit expansion, not by the present Federal Reserve central banking measures.

We *cannot* have a recovery if getting the monetary aggregates expanded, means New York bankers and others, borrowing from the Fed at 3% or at about that rate, using fiat money created by the Fed, and turning around and loaning that money at between 4.5 and 8% to the federal government for federal paper.

So we cannot have the federal government going into debt to the commercial banking system, i.e., the Fed, as a way of expanding. If you try to do that in that way, since the New York and related financial markets will skim off most of what you generate, you will generate a very dangerous inflation. The only way to expand—and we must expand by approximately a trillion dollars minimum in our throughput—we must expand in the industry/agriculture/infrastructure sector, not the financial sector. And in order to get that in there at low interest rates, we have to bypass the Fed mechanism, we have to go back to the Constitution and issue the money directly, place it with the banking system only as a depository instrument, and loan this at, say, 2% per

President Clinton's only chance to get this economy under control is to admit that there is a general economic crisis, and to announce a series of measures which would include taking on the Federal Reserve. Until that is done, this administration will not "muddle through," but muddle downward.

annum for loans which have a maturity, say, of 10 to 20 years. And restrict it, of course, to infrastructure, agriculture, and key industries for this kind of lending. That will get us out of the troubles. Without that, the United States has no domestic policy worth mentioning, and without a decent domestic policy, we really don't have a foreign policy.

EIR: You mentioned \$1 trillion in investment. Recently the U.S. Conference of Mayors talked about 7,000 public works projects that needed to be done, worth about \$28 billion and 400,000 jobs. Is this the kind of direction that you're talking about?

LaRouche: No, it is not. Some of that would be subsumed, of course. The mayors are just putting things together without thinking about *how* this problem is to be addressed, and they come up with numbers based on programs and needs they have. But they don't see the larger picture.

You have to remember that the entire political process of which these mayors are a part, that is, the national political parties, really are no longer an efficient mechanism for leading this nation. They have decayed. The merger of the two parties at the top into the Project Democracy apparatus, which was done about 1982, was the death knell of the political parties as they used to exist in the 1940s, 1950s, 1960s and so forth; they are gone.

And the mayors are like a leaderless group which comes together, like the famous case of the blind men discussing the elephant, each putting on the table their own part of the elephant—the leg in New York, or the tail in San Francisco, or whatever—each from their own point of view, and saying, "This is what the nation needs." This is what they see would make them comfortable, make their people comfortable, or relieve the pain in their local area. They are not looking at the thing from a national standpoint, except to realize that Washington is not doing anything.

They are not addressing one question: What would Clinton have to do, with the support of the Congress, to deliver a result which would give any of the kinds of relief around the nation as a whole which the mayors are collectively suggesting? And that is what they refuse to look at, in general. If we do not recognize that we're in a depression, the reason we are in a depression is because we have had the wrong policy drift for 30 years, that is, the post-Kennedy policy drift, and if we do not reverse the causes of the depression,

the depression is not going to go away.

The cause of the depression is the *policy drift* of the past 30 years. And you have to reverse that policy drift, otherwise you don't remove the causes of the depression; if you don't remove the causes, you continue to have the depression. It is like an alcoholic saying he is going to become sober tomorrow. Yes, sobriety would be a beautiful state, but you have to think about how to realize it, and you have to get off this hooch of policy drift. Particularly, you have to get away from the idea of the "Now Generation" thinking. You have to think about long-term investment. You have to think about investment in production, not simply consumerism. And that sort of thing. And until they are willing to address that, what they have to say may be useful as input to a policy-shaper, but what they are saying does not represent in any sense a policy that the administration can run with.

The administration needs to take on this Fed question. And if they don't take on the Fed question, you can forget all these mayors' programs—they are just not going to fly.

EIR: Can you be more specific in terms of what that policy drift is, what causes it, and why our country has gone in that direction?

LaRouche: Part of the problem is this. We have people who are underprivileged; that is, they are forced to go to college, and when they go to a college today like Stanford, which used to be a respectable university but which has now gone the other way, they study things like macro-economics and micro-economics and what-not, and if they pass all those courses, they become totally incompetent, fanatically incompetent, in economics.

You have to recognize, as Hamilton and others did, the founders of this nation, that what we call profit—that is, not profit from swindling or profit from horse trading, but profit from national production—comes from increasing the productive powers of labor through scientific and technological progress, and through investment in a capital-intensive and energy-intensive mode.

There is no other way in the archaeological as well as recorded history of mankind, that any civilization has ever developed a profit as a growth factor, as a factor of improvement in conditions of life and stability, except by those means.

What happened is, in 1964 approximately, right after the assassination of President Kennedy, there was a rash of



Lyndon LaRouche (left) with Professor Yamanake, during a visit to Osaka University's Institute for Laser Engineering in 1984. Japan is developing vital industries that we in the United States have shut down; then we blame them for being "unfair," for not being as stupid as we are.

proposals for several things which destroyed the assumptions of policy upon which this nation had built itself up to that point. One, they went to a "post-industrial" society. You had the Fund for the Republic out there in Santa Barbara, California, which produced the so-called Triple Revolution report. They were all over the place.

The "New Left" of that period was anti-production. Then you had the counterculture in general. We had the rise of the post-industrial ideology. Zbigniew Brzezinski, for example, was an exponent of that in 1967. We had the population policy introduced in the State Department in 1966. Then we had the wild environmentalism, and most of this stuff that is called ecologism today is pure ideological quackery which, although most people don't know it, originated with the Nazis in the 1920s and 1930s.

These things have destroyed the very foundation, the very set of assumptions, upon which society can generate a profit. So what we have been doing is to live off our past, long-term investments in the form of improvements in land for agriculture, infrastructure, cities and so forth—we have been burning them up. And we have been refusing to account for these things we have been using up as part of the costs of production. So we draw up a balance sheet and we say, "Well, let's consider only the very short-term paid-out costs and paid-in income." And they come up with a calculation, "Oh, we're doing all right." Then the bridge falls. "Oh, we didn't set money aside for the bridge. We can't afford to build a new bridge. That bridge has to go." The water system collapses. "Oh, we don't have money for a new water system." They write that off.

So the society collapses into a physical depression, because of the way these people think. And this is generally accepted thinking. When you hear these talk-show discussions on radio or television or read the newspapers, this kind of nonsense, which was introduced as a kind of mass brainwashing, beginning about 1964—this has taken over and is becoming the prevailing way of thinking about policy. And that is the thing that has allowed us to drift deeper and deeper into this muck of depression—confusion, fear, anxiety, and so forth.

We are now talking about killing off our old people through "health-care efficiency," that is, cut off the heavy extra costs that old people sometimes require if you're going to keep them alive, in order to save the money for band-aides to be distributed to the survivors. Unless you change this kind of thinking, there is no hope for this nation.

EIR: Many people believe that there is a moderate population policy and a moderate environmental policy that can be followed. Is there, and how did these policies originate with the Nazis, as you just mentioned?

LaRouche: There is no such thing as "moderate" ecologism, there is no such thing as a "moderate" population policy. It is all nonsense. You can't have it.

I think Walter Reuther once said there is no such thing as "a little pregnancy"—either you are pregnant, or you are not.

There have been movements throughout history which are against what the United States represented, movements such as the 1815-16 conferences at Vienna and Paris which established the Holy Alliance. The policy of Castlereagh was

part of that in England, and the continuation of that by people like Palmerston. You had the attempt to drive the United States, under British direction, from the kind of republic that Alexander Hamilton and George Washington and so forth conceived, into a Confederate-style slave society, in which the poor whites and even the planters were culturally little more elevated in their cultural conditions of life than the chattel slaves. We overcame that and saved the nation; but those tendencies were still there—this kind of feudalism mentality, as it sometimes might be called, of going back to nature, the ideas of that idiot Jean-Jacques Rousseau, and so forth; going back to the “simple life,” that technology is bad for you—all these kinds of things.

As long as a population believes that, that population represents a nation which is not going to long survive. And that is where we are now. We cannot compromise on this issue; we have to face the truth. There is a difference between truth and falsehood. If we do not face the truth, that the human species has risen above the level of the baboon only by means of what we call cultural progress associated with, inclusively, scientific and technological progress, and if we do not recognize that if we drop that policy of progress, we go back to the level of the baboon or worse, then there is no way of shaping a policy.

EIR: Your associates have said that you have to have your political freedom and be part of implementing your economic policy. Why do you have to be part of that economic policy, why can it not be implemented today by President Clinton?

LaRouche: Because he has no idea of what to do.

You cannot walk in with a blueprint to a man who has no training in construction and say, “Build this.”

The problem is even worse. Only someone of about my age or slightly older would be capable of understanding what needs to be done—in principle, that is. Because what I represent, from the standpoint of these new young radicals, these yuppies—I am a dinosaur. I represent the kind of thinking which was the ruling and commonplace way of thinking in our nation, back to Alexander Hamilton and back up through the Kennedy years. I am the kind of guy who cheered for space exploration from a pro-scientific standpoint and understood something about what that meant for us here on Earth and here in this nation.

Only people who *think that way* are capable of responding moment to moment with the policy responses to breaking developments which are needed to get a policy through. You cannot ship a blueprint into the White House and think that that policy is going to work as some kind of a master plan. The Brookings Institution and others hold these conferences where they come up with these master plans, policy structures—they don’t work. You can have the right policy and you can have the wrong policy, but it does not work simply because you have the right general or wrong general policy. It works because you have people on the scene who are

sufficiently philosophically and otherwise trained to respond to unexpected breaking developments in the appropriate way, to make the policy work. And to make that response, you have to be steeped in, shall we say, the axioms and postulates of the kind of thinking which underlies the policy.

Clinton and company could recognize the validity of my policy, particularly as they recognize the *invalidity* of the policy they are following, and which they have inherited. But they *do not know what to do*. And you have to have someone on the scene who is engaged in the matter, who is engaged in the discussions, who is giving them constantly inputs of how to respond appropriately to unexpected breaking developments. And most of history consists of unexpected breaking developments. And if you don’t deal with unexpected breaking developments in the appropriate way, no matter how fine your policy seems in general terms, it is not going to fly.

EIR: You have called for a policy which protects native industries; what is the difference between that policy and the kind of policy that, say, Congressman Richard Gephardt is talking about, Super 301, which involves bashing our trading partners?

LaRouche: First of all, Gephardt understands *nothing* about economics, really. We have had it out with him again and again, and we just cannot seem to get it through his head, as to what economics is all about. Maybe he has talents in some other directions, and should switch his efforts to those places where he has better qualifications.

Let’s take an example: We had a report out of the Senate Energy Committee by Bennett Johnston and [Robert] Krueger, which caused a little flip in the international petroleum market the day after it was announced. The committee has recommended a piece of legislation which I designed back in 1988, as you may recall, when I proposed that we set a trigger-price tariff on imported petroleum, based on calculating a domestic price which covered not only the direct short-term cost of producing petroleum from existing wells, but which took into account, like a parity price, the average cost of continuing to develop and maintain petroleum resources in the United States.

We were talking then, in 1987-88, about between \$22 and \$25 a barrel. So what the committee has come up with, is proposing that \$25 a barrel be a trigger price, and that petroleum approaching our shores which is priced at less than \$25 have a tariff put on it, which is equal to the difference between that import price and \$25, thus to promote the domestic petroleum industry and prevent us from losing a whole industry, essentially.

Now that is protectionism. That does not hurt anybody. That simply protects us, and forces us to keep an industry which is vital to us, which we need.

In the case of Japan or Europe: We do not have any more entire categories of essential parts of a modern industrial

society. Japan and western Europe still do have many of these elements which we lack. The reason we do not have them, has nothing to do with anything done by Japan or Germany, for example. We do not have these companies, because of our environmentalist, our free trade, our Volcker policies of 1979 through 1982 and on—those domestic policies. We have been idiots. We have shut down our industries; then we import from another country that which we no longer produce ourselves; then we blame the foreign country for being unfair for not being as stupid as we are.

That is the import of Super 301. We do not want that kind of thinking any more. It is destructive.

What we wish to do, is to have arrangements, under which we have, shall we say, mutual protection among partner-nations, whereby we set fair prices and we base a tariff system on fair prices, which allows each nation to do what it should do to protect its own native industries, particularly those industries which are vital to us.

For example, if Japan develops certain industries, those industries are vital to us. That is the only place from which we are going to get capital goods to revive our economy. If we want to shut down the only foreign supplier who can supply us a good, like a piece of capital equipment, which is indispensable to our national interest, and which we cannot produce or obtain from any place else but that nation—if we go over and bomb that plant out of existence by military or economic means, we are lunatics. And unfortunately, what [Trade Representative] Carla Hills and company were doing, in line with the Gephardt policy under the Bush administration, was *absolute lunacy!* And this policy of bashing our competitors, is lunacy. It reflects again the thinking of people who do not understand the ABCs of economics, or people who, unfortunately, may have studied economics all too recently at Harvard or Yale or MIT or Stanford, or someplace else, who believe in this stuff. They believe in this cult idiocy called free-market theories.

EIR: What has been the result of the free-market policy as it is applied to eastern Europe, for example, the Jeffrey Sachs and Gaidar plans in the former Soviet Union?

LaRouche: We are faced with the threat of World War III, which is something that I think that even the NATO leadership and some people around Clinton are trying to avoid. We got into this danger of World War III for many reasons, but the main reason we were pushed in that direction, instead of toward peaceful development, was that in 1989-90, when the Iron Curtain collapsed, when the Berlin Wall collapsed, instead of using the admittedly somewhat obsolete industrial productive capacity in the former Soviet empire to continue to produce goods for modernization of the entire region and also for Third World development, we said, "Shut it down, because it is not competitive," and we looted it.

The result was, that we collapsed these economies in eastern Europe and the former Soviet Union to a lower level

by far than they had ever been under communism. And we convinced a lot of people in eastern Europe, that the Anglo-American plan of capitalism was a bigger failure than communism, from their own experience. So what happened is, that there is a tendency to regress, not toward communism, but toward leadership of these countries by a combination which is the same group which was the controlling interest-in-chief under communist dictatorship.

In this connection, we are developing an adversarial conflict between Russia, which really is still a superpower, apart from all the troubles it is having, and the Anglo-American powers. This entails a lot of other things around the planet which are blowing up; it also entails the fact, as we hear from England, that they don't have a military capability anymore of any significance, and the United States neither. So we are collapsing economically and militarily; the Russians have collapsed, but they haven't collapsed as far as we seem to be about to do; and therefore, on a lower level globally, a lower level of technology capability, we are back in a superpower conflict, shaping up rapidly for the next couple of years ahead, unless we reverse this idiocy.

EIR: The Ukrainian Parliament recently denounced the economic reforms, and after one year in Russia, we are seeing that the economic policy has resulted in 1,300% inflation, and an 18% collapse in production. Is there any direction, in terms of the East bloc, which would go toward the kind of policy approach that you have?

LaRouche: Well, not necessarily. You cannot talk in those terms, because they are in pretty bad shape now.

When the Berlin Wall was coming down, I summarized what needed to be done in line with the policy outlines I had given in the 1985-88 period, in connection with my campaign for the presidential nomination then. It was called the Productive Triangle policy.

What I did, was to focus upon the center of the world which had the highest per capita and per square kilometer productivity of any part of this planet, which is a roughly spherical triangular region from about Paris, moving a little bit also to the west of there, down to Vienna, up across Bohemia into Berlin and back to Paris. This region, which has an area about the size of Japan's total area, which has a population of about 110 million people, is the concentration of the greatest productive power on this planet. And if you wish to get technology moving, you have to go into the tool and related sectors of this part of the planet, this Productive Triangle; and by building up transportation and related networks, to connect the spinning off of this economic technology-driver in this area, to spin it off to every part of the world. That would mean doing that in part with southeastern and eastern Europe and the former Soviet Union.

That was my proposal. That would work. *That is still possible.* But nothing else will work. There has to be a global policy, it cannot be simply a regional tactic. . . .

The Anglo-American strategy behind Italy's privatization

by William Engdahl

On June 2, 1992, only hours after the assassination of Italian judge Giuseppe Falcone by as-yet-unidentified professional assassins, a little-noted event of profound import for the future of Italy took place. Off the Italian coast, the English royal yacht Britannia weighed anchor. On the ship were the most powerful names in British banking and finance, including from Barclay's brokerage house BZW, Baring and Co., and S.G. Warburg and Co. They were accompanied in their secretive mission by none other than the queen of England, Elizabeth II. They had come to hold confidential discussions with some of the most influential persons in Italian industry and banking. Representatives from ENI; AGIP; Mario Draghi from the Treasury Ministry; IRI's Riccardo Gallo; the head of the reorganized Banco Ambrosiano, Ambroveneto's Giovanni Bazoli; Antonio Pedrone from Crediop; and top people from Banca Commerciale Italiano, Assicurazioni Generali, and the state Autostrada, among others.

Their subject was how to prepare the liquidation of some of Europe's most precious industrial and financial assets into the hands of private multinational interests. At the gathering, the Italian Treasury's Draghi reportedly told his British counterparts, "We are ready to move." As to their intended role, the London bankers and financiers replied, "The City of London is ready to play a role, but the size of the Italian stock market is far too tiny to absorb such large amounts of funds from these privatizations. You must come to London where the necessary capital is."

The media and the then-new Amato government took up the subject, calling for the privatization of Italian state-owned industry to reduce the huge state budget deficit. What has not been said openly to date, is that the privatization debate is being forced on Italy by the banking houses of London and New York. The goal is to take control over the economic destiny of Italy, using the government scandals and the allegations of corruption and mismanagement as an excuse.

Thatcher's model

The model for the present vogue of governments to auction state-owned assets in order to raise immediate cash, as well as to allegedly "improve economic competition," was established in 1979 by the London financial community, most notably N.M. Rothschilds and Co., for the government of Britain's Margaret Thatcher. It was no accident that the

first visit to Italy to discuss possible privatization after the dramatic political crisis of last summer, was from the City of London.

Under Thatcher's "free market" revolution, valuable state enterprises, including British Petroleum, the state water companies, British Gas, Vickers, and others were put onto the private auction bloc. In recent months, details of the enormous personal enrichment of private business friends of Thatcher at taxpayers' expense from her "privatization" policies, have begun to come to light.

But the central point is that British privatization has not resulted in a more effective industrial base for the British economy since 1979. Quite the opposite. After 13 years of Thatcherism, British industry is the most backward of the major European economies. Its R&D levels are pathetic compared to those of the German, French, or even Italian machine-tool or automobile industries, for example. The essence of Thatcher "free market" economics has been to favor the position of finance, over and above that of national industrial development.

The Thatcher privatization push was part of a grand strategy of Anglo-American financial circles to force open new areas of the world economy to a sophisticated new form of looting, using the "free market" and Adam Smith's infamous "invisible hand," in the form of the London and New York financial houses who control the international mergers and acquisitions advice given to foreign governments foolish enough to seek their expertise.

The Wall Street role

In addition to the top City of London firms going after the Italian state companies, the dominant role is being played by several powerful Wall Street firms. Three Wall Street firms have been retained by the Amato government to advise it on how and on what terms to prepare state companies for sell-off.

On Sept. 17, 1992, Giuseppe Guarino from the Italian Ministry of Industry flew to New York for closed-door talks with top representatives from Goldman Sachs, Merrill Lynch, and Salomon Brothers about how to privatize Italy's state companies. It is a curious coincidence that the financial backing for Bossi's North League (Lega Nord) protest movement reached a high point in this same period. The league

demands privatization of all state companies.

Goldman Sachs, by informed accounts, is today the most powerful Wall Street firm, notably since the 1991 scandals around insider collusion by Salomon Brothers. Goldman Sachs's chairman Robert Rubin is now head of President Clinton's new Economic Security Council. That post is intended to be a British-style "office of economic warfare" against what former CIA chief William Webster termed "America's military and political allies who are her economic competitors."

Goldman Sachs has an extensive presence in Italy. Italian establishment economist Romano Prodi is a member of Goldman Sachs's International Advisory Board. The New York firm is also one of the most influential manipulators of world foreign currency markets through its commodities and derivatives trading subsidiary, J. Aron and Co. Goldman Sachs Vice Chairman Robert Hormats is a former aide to Henry Kissinger at the State Department. Former Goldman Sachs senior partner John Whitehead was deputy secretary of state under Ronald Reagan. The firm's contacts in Washington are strong.

Salomon Brothers, together with Goldman Sachs, dominates trading in crude oil futures through Phibro (Philipp Brothers) of Zug, Switzerland, its commodities arm. Salomon's Phibro was implicated in a vast international narcotics money-laundering scheme. In 1989, the London branch of Phibro was involved in an operation to launder millions of dollars of illicit profits from sales of cocaine in the United States by the "La Mina" money-laundering ring, working for the Colombian cartel, and using Phibro Precious Metal Certificates. Salomon Brothers was also singled out in August 1991 for brazen manipulation of U.S. Treasury bond markets.

Merrill Lynch, the firm of Reagan Treasury Secretary Don Regan, is notable for the role it played in a sensational money-laundering operation during the 1980s between Italy, the United States, and Lugano, Switzerland. This was the infamous "Pizza Connection" trial in which the New York Bonanno organized-crime family was accused of having laundered an estimated \$3.5 billion until their arrest in April 1984, using the New York headquarters and the Lugano offices of Merrill Lynch.

These Wall Street firms are playing the decisive role in preparing Italian state-owned companies for private sale, and are in the process gaining access to sensitive confidential data about some of the most valuable enterprises in Europe. They gain a competitive advantage second to none in serving as "privatization advisers."

Moody's and the lira wars

With the role of these key New York and London financial firms in preparing Italy's planned huge state privatization secure, the final stage of an impressive Anglo-American financial looting operation was launched. With the naming of the Amato government, Moody's, the New York financial

rating agency, last June announced to the surprise of many in Italy, that it was planning to downgrade the credit rating of the Italian government. This, despite no dramatic change in levels of debt, and despite no hint of any default risk on bond payments by the government. Moody's argument was that the new government was unlikely to make serious cuts in Italy's state budget deficit. Moody's is well-known within international financial circles for making its risk ratings in a highly political manner to benefit key Anglo-American interests and to disadvantage, when possible, rival banks or, in this case, a target country, Italy. The president of Moody's, John Bohn, was a senior official of Nicholas Brady's Treasury Department.

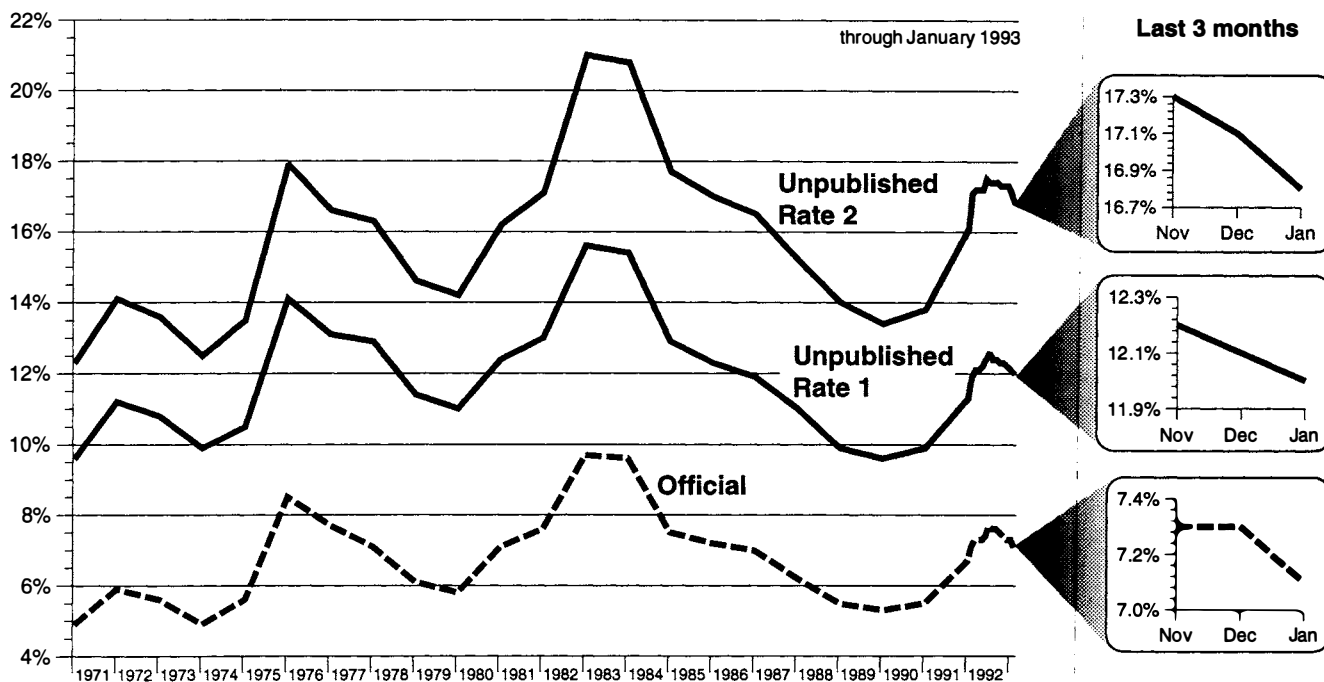
Moody's action immediately forced the Amato government to pay sharply higher interest rates to sell its bonds internationally. It also signaled an all-out attack on the lira. According to informed accounts from Italy and London, the most aggressive speculator against the lira beginning last July was Goldman Sachs, together with S. G. Warburg of London. By Sept. 15, despite extraordinary efforts, the Italian government was forced to announce the lira would leave the fixed Exchange Rate Mechanism (ERM) and float freely. On the same day, Amato announced a package of draconian state budget austerity measures aimed to reduce the record estimated 180 trillion lira deficit. In addition to wage freezes, pension cost of living freezes, and cuts in public health insurance benefits, Amato announced a bold state privatization program he claimed would allow Italy to raise 40 trillion lira (\$28.6 billion) in the next several years.

But the resulting sharp fall in the value of the lira against the U.S. dollar had given Wall Street raiders at Goldman Sachs et al. a huge advantage. In dollar terms, purchase of Italian companies has now become an estimated 30% cheaper for American speculators and investors. It is only slightly less attractive for British pound sterling holders.

But the Anglo-American speculative warfare has created a vicious circle for Italy. As the Bank of Italy was forced under the rules of the ERM to raise its interest rates to defend the lira, if it refused to devalue the lira itself, between June 1992 and Sept. 15 Italian interest rates rose dramatically, from approximately 11% in May 1992 up to ranges of 20% before the Sept. 15 lira free float. By January, the Bank of Italy still held its fixed bank rate at 13%. Each 1% rise in interest rates forces the state government to pay an additional 15 trillion lira more in debt service costs on its short-term state debt. The entire state deficit this year is estimated to consist of costs of debt service on Italy's cumulative public debt of 1,800 trillion lira.

Thus, by forcing the lira into free-fall, speculators have forced the government into an ever-more desperate corner, upping the privatization pressures, while the cost in lira terms to Goldman Sachs, Salomon, Merrill Lynch, S.G. Warburg, and Barclays to buy privatized Italian state assets has become "dirt cheap."

U.S. Unemployment Coverup



Data used for unpublished unemployment rates

(thousands)

Year	Civilian labor force (a)	Official unemployed (b)	Want a job now (c)	Part-time, economic reasons (d)	Total unemployed and underemployed (b+c+d)	Official U-5b rate (b/a)	Unpublished Rate 1 (b+c)/a	Unpublished Rate 2 (b+c+d)/a
1971	84,382	5,016	4,423	2,452	11,891	5.9%	11.2%	14.1%
1972	87,034	4,882	4,493	2,430	11,805	5.6%	10.8%	13.6%
1973	89,429	4,365	4,510	2,343	11,218	4.9%	9.9%	12.5%
1974	91,949	5,156	4,514	2,751	12,421	5.6%	10.5%	13.5%
1975	93,775	7,929	5,271	3,541	16,741	8.5%	14.1%	17.9%
1976	96,158	7,406	5,233	3,334	15,973	7.7%	13.1%	16.6%
1977	99,009	6,991	5,775	3,368	16,134	7.1%	12.9%	16.3%
1978	102,251	6,202	5,446	3,298	14,946	6.1%	11.4%	14.6%
1979	104,962	6,137	5,427	3,372	14,936	5.8%	11.0%	14.2%
1980	106,940	7,637	5,675	4,064	17,376	7.1%	12.4%	16.2%
1981	108,670	8,273	5,835	4,499	18,607	7.6%	13.0%	17.1%
1982	110,204	10,678	6,559	5,852	23,089	9.7%	15.6%	21.0%
1983	111,550	10,717	6,503	5,997	23,217	9.6%	15.4%	20.8%
1984	113,544	8,539	6,070	5,512	20,121	7.5%	12.9%	17.7%
1985	115,461	8,312	5,933	5,334	19,579	7.2%	12.3%	17.0%
1986	117,834	8,237	5,825	5,345	19,407	7.0%	11.9%	16.5%
1987	119,865	7,425	5,714	5,122	18,261	6.2%	11.0%	15.2%
1988	121,669	6,701	5,373	4,965	17,039	5.5%	9.9%	14.0%
1989	123,869	6,528	5,395	4,656	16,579	5.3%	9.6%	13.4%
1990	124,787	6,874	5,473	4,860	17,207	5.5%	9.9%	13.8%
1991	125,303	8,426	5,736	6,046	20,208	6.7%	11.3%	16.1%
1992	126,982	9,384	6,181	6,385	21,950	7.4%	12.3%	17.3%

Monthly data (seasonally adjusted)

1992 (BLS revision, January 1993)

Month	Civilian labor force (a)	Official unemployed (b)	Want a job now (c)	Part-time, economic reasons (d)	Total unemployed and underemployed (b+c+d)	Official U-5b rate (b/a)	Unpublished Rate 1 (b+c)/a	Unpublished Rate 2 (b+c+d)/a
January	126,028	8,992	6,068 ¹	6,516	21,576	7.1%	11.9%	17.1%
February	126,185	9,223	6,068 ¹	6,442	21,733	7.3%	12.1%	17.2%
March	126,548	9,284	6,068 ¹	6,436	21,788	7.3%	12.1%	17.2%
April	126,743	9,225	6,291 ¹	6,343	21,859	7.3%	12.2%	17.2%
May	127,039	9,459	6,291 ¹	6,486	22,236	7.4%	12.4%	17.5%
June	127,298	9,788	6,291 ¹	6,100	22,179	7.7%	12.6%	17.4%
July	127,350	9,628	6,147 ¹	6,342	22,117	7.6%	12.4%	17.4%
August	127,404	9,624	6,147 ¹	6,352	22,123	7.6%	12.4%	17.4%
September	127,274	9,550	6,147 ¹	6,362	22,059	7.5%	12.3%	17.3%
October	127,066	9,379	6,209 ¹	6,434	22,022	7.4%	12.3%	17.3%
November	127,365	9,301	6,209 ¹	6,493	22,003	7.3%	12.2%	17.3%
December	127,591	9,280	6,209 ¹	6,349	21,838	7.3%	12.1%	17.1%
1993								
January	127,083	9,013	6,209 ¹	6,113	21,335	7.1%	12.0%	16.8%

¹ The want a job now figure is compiled quarterly. The figure used for monthly calculation of the Unpublished Rate 1 is that from the most recent available quarter.

Explanatory Note

In January, over 6.2 million jobless and 6.1 million more semi-employed people were ignored by the U.S. government's Bureau of Labor Statistics in its calculation of the official (U-5b) unemployment rate. To bring out the truth, EIR is publishing the rates you would see if the government didn't cover up.

The widely publicized official unemployment rate is based on a monthly statistical sampling of approximately 57,000 households. But in order for someone to be counted as *unemployed*, the respondent member of the household (often not the person who is out of work) must be able to state what specific effort that person made in the last four weeks to find a job. If no specific effort can be cited, the jobless person is classified as "not in the labor force" and ignored in the official unemployment count.

But nearly 6 million of these discarded people are also reported on the monthly survey indicating that they "want a regular job now." EIR's *Unpublished Rate 1* is calculated by adding these discarded jobless to the officially "unemployed." The *Unpublished Rate 2* includes, in addition, over 6 million more people forced into part-time work for economic reasons such as slack work or inability to find a full-time job. These people show up as *employed* in the official statistics even if they worked only *one hour* during the survey week.

For comparability with the official rate, the EIR rates are calculated on the same base figure, the BLS defined *civilian labor force*. This figure comprises all civilians classified as either *employed* or *unemployed*. For a number of reasons the *civilian labor force* can be considered as a bloated figure. Its use as the divisor in unemployment rate calculations thus further masks the depth of the unemployment problem. Large segments of the population, who might not under healthy economic conditions be forced to seek work, have become a part of the *civilian labor force* over the past 25 years of "post-industrial society" economy. This includes young mothers, the elderly, and many college students.

Revulsion at International Monetary Fund debt policy spreads

by Rachel Douglas

The International Monetary Fund has become about as popular in Russia as it is in Brazil or Peru. Russian expectations from the IMF were captured by a recent cartoon which showed a western leader thundering at Moscow: "Do as we say, or else we'll quit promising you \$24 billion!"

Asked what Russia needed from the West, Vice Prime Minister V. Shumeiko, in a late-January interview with the 12-million circulation weekly *Argumenty i Fakty*, said that only a debt moratorium would suffice, "a postponement of foreign debt payments, if only just for three to five years."

On Jan. 13, the daily *Izvestia* titled an article, "IMF's Relations with Several East European Countries Sharply Deteriorate." Commentator Nikolai Yermolovich reported that the Fund's directors had "expressed extreme concern, that the Central Bank of Russia has not provided the information on the condition of its monetary system, which each IMF member country is obliged to supply." And in Latvia, he added, "there will be very difficult talks with the experts from the Fund, to whom the authorities will attempt to prove that the IMF's recommendations, which the republic is strictly following, require serious revision."

These cases, Yermolovich wrote, show "the possible consequences of implementing reforms in eastern Europe according to recipes from the West. . . . Post-communist society is a unique phenomenon. . . . Standard policies are clearly inappropriate. This is why there is a demand for them to be revised."

Bulgaria threatens to quit

In the most extreme case, also reported in *Izvestia*, Bulgaria has threatened to quit the IMF. Stoyan Aleksandrov, the Bulgarian finance minister, "announced that his country may leave the IMF, if the latter does not revise its harsh conditions for financing." Bulgarian National Bank officials "assured [the IMF] that Bulgaria will unflinchingly fulfill its obligations," *Izvestia* wrote, but Aleksandrov warned that "Bulgaria cannot keep part of its population below the poverty line, just because the IMF demands this." *Izvestia* noted Bulgaria's "galloping inflation," "social tension," and unemployment level of 560,000 from a total population of 8.5

million. Aleksandrov said, "We proposed to the IMF less stringent economic parameters. If they refuse, we will do without them."

The IMF came in for more unwelcome publicity, with the appearance of a curious dialogue in the daily *Nezavisimaya Gazeta (Independent Gazette)* on Jan. 21 and 22. This was two days after World Bank representative Ardy Stoutjesdijk announced in Moscow, that the bank would lend \$500 million to the Russian oil industry with strings attached, such as a requirement for domestic fuel prices to rise in order that more oil be available for export. The petroleum industry is Prime Minister Viktor Chernomyrdin's home base.

Under a front-page headline, "Reform in Russia: Real or False? IMF Analysis," *Nezavisimaya Gazeta* printed a letter to the editor from Arkadi Volsky, formerly an influential Soviet politician, and now head of both the Russian Union of Industrialists and Entrepreneurs (RUIE) and the Civic Union, a political coalition. In December, Civic Union forces were instrumental in forcing President Boris Yeltsin to drop acting Prime Minister Yegor Gaidar and install Chernomyrdin.

Asserting that IMF officials were distressed at how "IMF dictates" were being blamed for the demolition of Russian industry under Gaidar, Volsky offered what he maintained was a memorandum of talks between RUIE and IMF officials, held late last year. The document dissected the utopian character of the Gaidar reforms, which were designed in consultation with such IMF-linked monetarist advisers as Jeffrey Sachs of Harvard University.

The document said:

"Instead of basing the necessary changes on the existing human and physical potential of Russia, the reformers tried to substitute for these tangible capacities, abstract mechanisms and stimuli. Russia had and still does have an outstanding elite of scientists, directors of state enterprises, and highly skilled military men. And although the material base of the country requires modernization, the existing productive capacities and transport grids made it possible until not long ago, to maintain an adequate standard of living for the entire population.

"The reformers, however, decided not to use these capacities as bricks for the construction of a new economic system—the way Japan did during the [19th century] Meiji Revolution. . . . The reformers justify their systematic refusal to recognize the usefulness of any human or material resources inherited from the past whatsoever, by saying that all elements of the former establishment are irreconcilably opposed to the necessary changes. . . .

"It was supposed that economic reform would lead to the market via so-called shock therapy, in other words, by means of the immediate and total liberalization of prices and imports. Being deeply involved in the ideological passions of the 'Reaganite' school in the United States, this approach from the outset had to lead to the same failures, to which Reagan's policy itself led. Price liberalization in and of itself cannot increase the supply of commodities. . . .

"The current reform program is viewed as an imported model, copied from certain economists' stereotyped concept of the American economy. But it was forgotten that there's more than one road to a market system. After the Second World War, for example, the process of reconstruction in Germany and Japan proceeded gradually, while systemic changes and the restructuring of enterprises preceded monetary reform and price liberalization. . . . Russia should work out its own approach."

The document called for a moderated privatization of industry, during which existing resources would "be the point of departure for the process of modernization of productive equipment," for some sectors, "especially transport and communications," to remain under state control, and for a customs and payments union in the former Soviet Union instead of the doomed attempt to maintain a ruble zone.

But the next day, *Nezavisimaya Gazeta* printed a denial from the IMF's Moscow office, which said that the document "in no way whatsoever reflects the views of the leadership and staff of the IMF," and that it might make "an erroneous impression on the Russian public."

Sources at the RUIE told the paper that IMF director Jacques de Groot had indeed held talks with RUIE staff, and that the document came from that session.

Now what?

The Volsky-IMF affair remains less than fully explained, but almost anybody in Russia who is thinking about the economy, is looking for an alternative to the failed monetarist IMF prescriptions described in the document. There are many political complications. Would-be restorers of the Soviet Russian empire, grouped in the National Salvation Front, seek to exploit the backlash against the IMF, by screaming that every bit of change since the overthrow of the Communist Party has been one big sellout to foreign financial and political interests. They are making hay out of the tragedy, that sincere fighters for freedom encumbered themselves with the insane formulas of Sachs and the IMF.

The Chernomyrdin government appears to be floundering. In mid-January, it abruptly rescinded a New Year's freeze on some prices, with the lame explanation from Shumeiko at a Jan. 18 press conference, that the freeze resulted from the accidental release of a rough draft on price policy. While Vice Prime Minister Boris Fyodorov, the former World Bank official and self-described "Thatcherite" (after Ronald Reagan's flopped British mentor) in charge of economic reform, labors over the price policy revision, prices on the street and at the markets in Russia have entered the realm of hyperinflation with increases of 10% or more per week.

The curious document promoted by Volsky is not the only sign that people in Russia seriously want an alternative to British-style monetarist self-destruction. Other economic columnists have echoed Japanese Ministry for Trade and Industry memoranda circulated last year (*EIR*, July 24, 1992), on what Russia might learn from Japan's experience of postwar reconstruction.

Last September, the 47,000-circulation journal of the Federation of Independent Trade Unions of Russia published Prof. Taras Muranivsky's article against "shock therapy," in which the author reviewed Franklin Roosevelt's New Deal as a case of successful dirigism, of "immediate and decisive measures" (while acknowledging that the circumstances, and the content of the policy, would be different for Russia today). Muranivsky cited the "Productive Triangle" plan (building up infrastructure in the Paris-Berlin-Vienna area to spark a world economic recovery) designed by Lyndon LaRouche and circulated by the Schiller Institute, as a terrain for "state and private financing together," which would "fundamentally transform the character of our relations with the majority of European countries from one-way, dependent relations into mutually beneficial ones."

On Jan. 19, *Izvestia* reported on a pilot project in Vladimir Oblast, east of Moscow, where German state-financed technical experts led by Dr. Wolfgang Baronius intend to create a model market economy. "The German side insistently declines to recommend blind copying of western ways, and cautions against destroying what has been achieved in the past," according to *Izvestia*. Wolfgang Karte, another German official working in Vladimir, said in Berlin on Jan. 27, that he has always advocated free-market approaches, but Russia needs "a mixed approach with state sector elements and a growing number of market elements over time," and protective tariffs if it "ever wants to have a chance of rebuilding its industrial base."

In January, the Russian edition of LaRouche's book, *So, You Wish to Learn All About Economics?* began to circulate. In the introduction, LaRouche urges that nations learn the lesson that monetarism kills: "Never again must money be elevated to any higher political authority than merely a means of fostering the production and physical distribution of tangible objects of newly produced wealth."

Sudan's vast agricultural potential target of IMF destruction

by Marcia Merry

On Feb. 10, Pope John Paul II is to visit Khartoum, capital of Sudan, as the last stop in a multi-nation tour of Africa, beginning Feb. 4 in Benin. According to wire service reports, among the topics first addressed by the pope upon his arrival in Africa, was the question of the right to national economic development. The situation in Sudan is a dramatic example of the issues.

In Khartoum, the pope will be hosted by the government of Gen. Omar Hassan El Bashir, which came to power in June 1989, partly over the need for economic rescue measures, and for a plan to end the civil war in southern Sudan.

In terms of physical resources, Sudan ranks as one of the world's top 10 "natural" breadbasket regions, and in the last 25 years, major oil deposits have been confirmed. It is the largest country in Africa, and is strategically located as a cultural and geographical bridge between the Arab Middle East and the African continent.

However, the case of Sudan offers a stark picture of how rich economic development potential has been systematically looted and thwarted by foreign powers. Ruled directly by Great Britain from 1898 to 1956, Sudan's economy has not recovered. Since that time the International Monetary Fund (IMF) has subverted economic development, and the flames of civil war have been stoked by foreign intelligence interventions from the United States, Britain, Israel, and the U.N.

In 1990, the El Bashir government initiated its "National Economic Salvation Program—1990-1993," which stated as its chief goal: "Reallocation of the meager resources left to achieve the objective of self-dependency, particularly in view of the mounting economic pressure put on the revolution by many external powers through reduced external assistance and suspension of aid flows."

After two years, key parts of this emergency program have succeeded. Through carefully diverting certain limited agricultural inputs, such as irrigated area and fertilizers, away from cash crops and into staples, Sudan has achieved a grain surplus. Moreover, Sudan is now supplying grain to the World Food Program, and shipping direct food aid to Bosnia, Afghanistan, Zambia, Zimbabwe, and other points of need. The nation has also, for the first time ever, begun to pump and refine its own oil.

However, these gains are far below the existing potential because of the IMF. On the eve of the Persian Gulf war,

when Sudan opposed the positioning of U.S. troops in the Gulf (although opposing the entry of Iraq into Kuwait), the IMF "decertified" Sudan from its membership in that body in October 1990, and decreed that no foreign entities should offer loans, financing, or assistance of any kind.

When, over the intervening period, Sudan managed to redeploy internal resources to survive, the IMF began insisting on a multimillion-dollar monthly payment toward "arrears." At present, the IMF claims a debt from Sudan of \$1.4 billion, and is demanding \$5-6 million a month in debt service payments—an amount the government is refusing to pay.

Africa-wide, the IMF is forcing 23 nations to follow IMF-mandated economic restructuring schemes—the term for looting populations to the point of collapse.

Creating wealth

When the British left Sudan in the 1950s, there were no paved roads, and the one rail line was designed to facilitate exports and military occupation, not development of the countryside. Sudanese nationalists made proposals for nation-building transportation and water projects, agricultural expansion, industry, and public health. The jewel of these designs was the Jonglei Canal.

The canal proposal called for digging a straight channel for the White Nile, above Mayakal, of about 380 kilometers in length. The many benefits of this plan included augmenting the downriver flow of the Nile River by draining swamps and preventing evaporation. In addition, new means of transportation and irrigation would be opened up, and the region freed from the many diseases vectored through swamp conditions. Potential for growing settlements would result.

In the end, the canal was only half-built, and now sits abandoned. The IMF, the World Bank, and political backers intervened to stop it. Civil strife in the region was reignited, and the dislocation of hundreds of thousands of people has been the result. Now such IMF-serving agencies as the U.S.-based Blue Nile Institute are arguing that most people in the Horn of Africa are nomadic tribes, which must forever remain that way, and not be forced to "settle down" by having social or physical infrastructure.

Sudanese Amb. Abdalla Ahmed Abdalla addresses the questions of the IMF, civil strife, and development in the Horn of Africa in the following interview.

We must work toward regional integration

The following is part 2 of an interview with Dr. Abdalla Ahmed Abdalla, ambassador to the United States from the Republic of Sudan, given to Marcia Merry on Jan. 14. In Part 1, (see EIR, Feb. 5) Ambassador Abdalla described the government policies that led to the achievement of a grain surplus over the past two years.

EIR: What is the current situation with the IMF?

Abdalla: We in Sudan are approaching a monitored program, from the starting point of our own Economic Salvation Program, which was conceived and initiated in 1990 to restructure the economy and take care of the economic ills that have been inherited.

You know that Sudan's economy was, to say the least, stagnating, if not declining during the last two decades. And therefore, the new government, in 1989 and early 1990, introduced a structural adjustment program of its own aimed at reversing the economic decline. That was through the initiation and adoption of far-reaching economic reform, including changing policies primarily designed to lead to a liberal market.

Many policies have been adopted; actions have been taken. [After being "decertified" by the International Monetary Fund in October 1990] contacts were revived with the IMF in 1990, and we embarked on renewed negotiations hoping to reach a program built on our own policies and concepts in dealing with the economy.

These discussions continued in 1990-91. Then in August 1992, the IMF was virtually convinced of the direction and the magnitude of the new program, to the extent that Michel Camdessus, the director, issued a letter encouraging donors and financial institutions to cooperate with Sudan in trying to reach its targets through its economic program. The program was actually commended by the IMF, and described as a program that was directed to introduce basic structural changes in our economy in Sudan.

EIR: What is the IMF asking of Sudan?

Abdalla: The situation remains more or less the same, except that in December 1992 there was another meeting, and the IMF seemed to harden in their position of payments. You know that Sudan is indebted to the IMF for about \$1.4 billion, and the IMF is demanding that arrears be stabilized.

Insofar as the policies and the implementation and the actions taken by Sudan, I think the IMF is very close to substantive agreement. But we were thinking of wanting to proceed to what is called the "accumulation of rights" program, because this is a newly introduced program in the IMF that would help heavily indebted member countries to be assisted to deal with their debt with the IMF. This was done for one or two countries before. And we were hoping to move toward that situation through an agreed-upon program with the IMF.

But the difficult issue with the IMF now is to reconcile our debt payment in a situation where Sudan cannot make substantive payments. They want Sudan to make payments that will lead to stabilization of arrears, which is beyond the Sudanese payment capabilities in a situation where Sudan is denied external flows.

EIR: How much does the IMF want?

Abdalla: If you want to stabilize arrears, you have to pay a certain amount, close to \$5-6 million a month. Sudan cannot make these payments, especially now when Sudan is carrying its own economic program, *with no external assistance whatsoever* from any international institution or from donors. Here lies the peculiarity of Sudan.

We have adopted and implemented an economic program, very far-reaching economic program, with very difficult choices and options, in a situation where the international donors are refraining from giving any money to help Sudan proceed with its economic reform. This is the real point which we have been trying to put forward.

If you take Ghana, for example, Ghana is being helped tremendously to carry out its structural adjustment program with external flows coming in, and it is my own personal conviction that if that flow stops, Ghana's structural program will collapse. It is not sustainable in a way.

I think that our program has been largely sustainable even in the absence of external flows. But because of that, we are suffering. We are hurting. We are passing through a very difficult time. Had we been assisted from outside, our program would have proven to be *the* program that would be sustainable.

But the IMF seems to be holding very hard on the condition of payment of debt in addition to policies and actions. These are two parts of reaching a program of agreement with the IMF, policies and debt payments.

In as far as the economics, the policy part of it, we believe that Sudan has done even more than what the IMF usually requires in a structural adjustment program to liberalize the economy. We think we have done marvellously in the area of policies. And the IMF recognizes that; indeed, recognizes that at its top board level.

In the area of payments, they are adamant. This is where we think that the IMF should be imaginative and come up with innovations, and not stick to their classical rules of the



International Monetary Fund and other foreign pressures have halted the construction of the Jonglei Canal, which would drain swamps and open up new means of transportation and irrigation. Shown here is the construction of the main canal in the Rahad agricultural scheme.

necessity for a country like Sudan to pay such amounts in debt, or else. This is the crux of the matter. The IMF is failing to recognize that Sudan is implementing a program in absence of external resources. It is doing it on its own cost. It is a good example of self-reliance. But of course you know that a far-reaching program like that cannot continue and cannot be sustained fully in the absence of external flows of assistance, which we are not receiving. So we think that the IMF should have the imagination and the innovative way of thinking of how to help a country like Sudan that is determined to remedy its economic ills and to proceed with a market economy—of its own choice. The market economy is our own choice, it is not because of the IMF. It is the Islamic way of economy. This is where we think that the IMF needs the vision.

EIR: What about the agricultural potential of Somalia and the Horn of Africa?

Abdalla: Looking at the Horn from an agricultural point of view, the most important objective for the countries is to work toward regional integration, primarily directed toward poverty eradication. The root cause of the problems in the Horn is poverty. Poverty and environment are firmly linked together. The people in the Horn are moving constantly. They are nomads.

In Somalia, they are mostly nomads. So are large segments of population in Ethiopia and Sudan and the northern parts of Kenya. These are mostly people who have been wandering around in this region, without very clear bound-

aries, having the same life and farming system, which is mainly herd-rearing and rain-fed agriculture, which is very vulnerable to drought and risks. And this is why there have been, in the drought years, risks of famine.

People are very easily dislodged because of lack of resources, and because of meagre resources—they exhaust all the resources they have. Therefore, I think the main concern for the Horn should be for implementing a food security policy and a food security program. That can only be done if we think in terms of improved sustainable agriculture and food security. Regional integration should be sought and based on strategies, policies, and improved physical and public infrastructure for agricultural production and marketing.

EIR: How can this be achieved?

Abdalla: We start with the physical and public infrastructure. That is the most important, because we are very close, and at the same time, we are very isolated from each other. The thing that should be done for the Horn, in terms of helping the Horn to eradicate poverty, is to improve its physical infrastructure so that these regions are linked together and so that the problems which are very similar, which are causing the poverty in all of the regions, should be addressed aggressively with a wide drive toward strengthening the economies of these people. And this will call for stability in the region.

But I think that if the people in the region should be given the opportunity to get together and address these basic problems of poverty, they are the best suited to come up with

ideas on how this can be solved. And it is incumbent on the international community to listen, and to better understand the problems, the poverty problems, that have caused all these migrations, all the refugees. The displaced, and the conflicts, the armed conflicts, all of these result from the negligence of addressing the real causes of poverty and insecurity in the region.

EIR: What do you recommend?

Abdalla: I think that vision is required to focus on the tasks of getting the countries' governments together to resolve their conflicts, like us in Sudan. In Ethiopia, certain conflicts are still going on, although the situation is improving. Eritrea is now becoming better. Djibouti is fairly stable now. So I think these governments can sit down together and produce a strategy and vision toward solving the real root-causes of the problems of the region.

EIR: What are the prospects for ending the strife in southern Sudan?

Abdalla: The war in the south is the number one problem for Sudan that's holding it back from advancement and improvement and betterment in our economic situation. That's *the conflict, and the problem*. And this is why the government has always been seeking to resolve this conflict. This would create an environment for Sudan to better manage its resources, and create better economic and social development.

We all think it ought to be resolved in a manner that is fair and just for everybody. This is why the government has given it priority, when it called for a peace conference early after it came to power in 1989.

In September 1989, three months after it came to power, the first conference was held on this issue. For each big issue confronting the government, the government has convened a conference, a very large-based conference, encompassing the spectrum of views and professions, and whoever was willing to participate, including lawyers, doctors, farmers, laborers, people, and leaders from the different regions—south, west, east, north, center.

The 1989 peace conference was primarily to address the conflict in the south. This conference was composed of more than 1,000 people, and was convened for one month, deliberating on the root-causes of the problem. The conference reviewed previous experiences in dealing with the problem, and then, from all this, studied singular conflicts in other areas and how they were resolved, examining all initiatives that have taken place by the different Sudanese governments.

From all this, the 1989 conference generated a peace agenda, to resolve the conflict. The agenda was adopted by the government, as produced by the conference. Ever since, the government has been basing its peace initiative and its peace agenda on that very same agenda.

EIR: What is the perspective?

Abdalla: The agenda says that we recognize Sudan as one united Sudan. We recognize that it is large, and diverse ethnically, religiously, culturally. We recognize that there have been certain mistakes in the more than 36 years of independence. We recognize that there are certain grievances in relation to sharing of power, sharing of resources, and political responsibilities. And in view of this recognition and understanding of the root causes of the problem, which we have dealt with in depth, we think that Sudan should best be ruled in a federalist structure, a united Sudan, with a federalist structure.

EIR: What is the structure?

Abdalla: Sudan is composed of nine states, and each state will have its own government and the opportunity to develop its own society, to express its own culture, to develop its own resources, to mobilize its own people, and so on.

There is a very clear separation of authorities and responsibilities between the central government and the state governments, specified in the Constitution itself. This structure is already partly in place. We now have nine states, and they each have governments, although they are now appointed; in the future, the governments will be elected in the states, just as in the United States. And each state will have its own election for its own assembly, its own government, its governor, his deputy, ministers for the services and development, etc. Sharing of wealth and sharing of authority with the federal sector is open for discussion in a constitutional conference, or any kind of conference.

EIR: What are state prerogatives?

Abdalla: States' rights and responsibilities will be clearly spelled out in the laws. Any state can exempt itself from Islamic *sharia* laws, if the people of that state choose so. And this was meant to cater to the three southern states that are predominantly non-Islamic. But they are not necessarily predominantly Christian. There are people of African beliefs, pagans, animists; and about 17-18% are Christian, and 17-18% Muslim. So they can choose, based on referenda, or any means they select, to exempt themselves from the *sharia* laws.

This was a very big step for the peace process. This is very new. It was never so squarely addressed before: coming out clearly that no Muslim community in the north wants to impose Islam on the people in the south. If they don't like the established *sharia* laws, if they want other laws, secular or so, it is their own business. They can do it. So this was a very big step in the peace agenda.

EIR: Where does the peace process stand?

Abdalla: The government has been working toward getting the SPLA [Sudanese People's Liberation Army] to come to talks. They did go to Nairobi [in December 1990] which was mediated by Jimmy Carter. But it was very clear, very

quickly in Nairobi, that the SPLA had no specific agenda. They were just critical of the agenda produced by the Sudan government. They were not willing to come up with their own agenda; there was no really clear vision of what they really wanted. It was also realized that the conflict has deep roots, and that here is a need for confidence-building, and so forth.

The government was willing to accept the mediation of Nigerian President Ibrahim Babangida, who at the time was the head of the Organization of African Unity, and a conference was held in Abuja, Nigeria in June 1992.

Just before this conference a split occurred in the SPLA. The SPLA went as two groups, negotiating with the government. Then, while they were negotiating, they united. The two parties reached certain basic agreements on certain principles. It was largely positive.

But when the SPLA delegation went back to their constituencies, they fractured again, into three groups. SPLA leader John Garang has been asserting that he is the leader of the SPLA. When actually, in the field, he is not. There are a lot of people who are equally important.

Now, the Al-Nasir group of the SPLA is talking about a two-state solution, separating Sudan into north and south. This is a change for Garang. His original theme was that he is *not* for the separation of the south. Rather, he is for the restructuring of the whole of Sudan, to restructure the identity and the composition and the government structure, and the sharing of power. He has held that Islamic-Arabic dominance should be replaced or restructured into an African identity. I don't know what culture he is referring to. But this was his theme, his concept. He was completely denying that he was for separation. Now he is hesitant.

Garang now seems to have dropped this global view. He had probably realized that in eight years his movement has never gained any northern support. It remained a southern movement and largely tribal. Therefore, he is probably realizing that his movement could not have been a global Sudanese movement because it never attracted any people from the north, except for a handful of individuals. It never appealed to Sudanese nationwide. It remained a largely Dinka movement, and other tribes working with him.

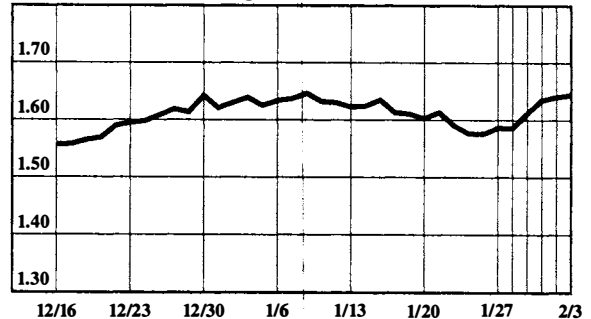
Even now, these new factions are along ethnic lines. There are also those people from the south living in Khartoum. There are about 2 million from the south living in Khartoum and other cities in the north. They are already in the society and in the government. These are people from the south, who either were there before, or were dislocated by the war.

The government is now waiting to resume negotiations, as soon as the different factions are ready to participate in peace talks. This war ought to stop. The government is now open for Abuja again, mediated by President Babangida; and now Kenyan President Daniel arap Moi has offered to mediate.

Currency Rates

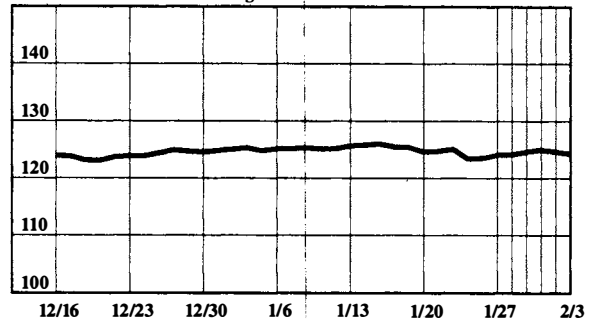
The dollar in deutschemarks

New York late afternoon fixing



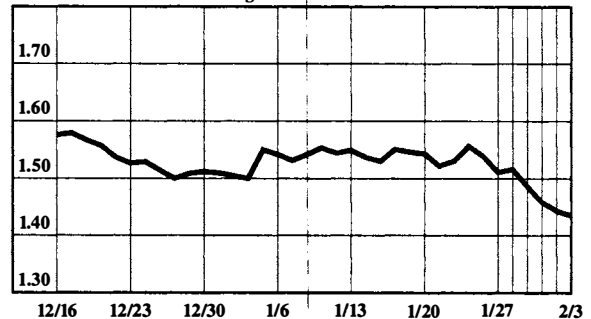
The dollar in yen

New York late afternoon fixing



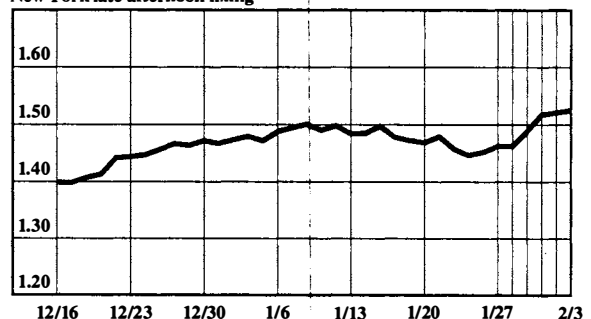
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Bankers' revenge: hyperinflation

Itamar Franco is trying to appease the bankers' demands, but this will not relieve Brazil from a violent economic contraction.

The international bankers lost Collor de Mello, but have already unleashed their revenge against the Brazilian nation. They are prepared to blow the national economy to bits through a hyperinflationary spiral—not a hard job considering the fragile state of an economy subject to a decade of monetarist manipulations.

Not long ago, when President Collor was about to be impeached, spokesmen for the U.S. State Department such as Brazilian political analyst Alexander Barros, "predicted" that 1993 would begin with an inflationary surge to 40%, and then leap out of control into hyperinflation. The combination of 30% inflation in January and a dramatic increase in the internal debt conforms to the scenario chosen by the international bankers.

The banks' revenge is described in detail by the experts at Chemical Bank in a new report on the future of Brazil's economy. In 1993, they insist, Brazil will have a 1,400% inflation rate. They complain that no concrete measures are coming out of the government that might favor the banks, not even the planned fiscal "adjustment" approved by Congress. As usual, they threaten to use the foreign debt weapon. Finally, the report warns of the existence of a large number of "economic nationalists" who will block continued neo-liberalism.

The Anglo-American bankers, speaking through London's *Financial Times*, have already begun to menace that there will be a hardening of positions on the foreign debt negotiations

planned for the second week of February, just as the Chemical Bank report "predicted."

In a Feb. 1 article, the London daily described as "confused" the recent lengthy presentation by Brazilian debt negotiator Pedro Malan to some 200 New York bankers. The newspaper added, "some bankers believe that the International Monetary Fund (IMF) may have reached the limits of its tolerance with Brazil. . . . The Brazilian letters of intent to the IMF are little more than junk mail." The article claims that in order to meet the \$3.2 billion worth of guarantees on bonds issued as part of the debt agreement signed by Collor's Finance Minister Marcilio Marques Moreira, Brazil is burning up its \$19 billion worth of reserves, the largest in Brazil's history.

In the early weeks of January, there was an outbreak of financial panic triggered by a Central Bank decision to suspend an auction of 150 billion cruzeiros' worth of federal paper. Such a decision has not been taken since August 1961. The daily *O Estado de São Paulo* published an alarmed editorial: "Everything proves the fragility of the Brazilian system; government debt is not very large, but is nonetheless incapable of enduring daily refinancing at an extremely high cost."

This was followed by a flood of press rumors and denials of an imminent government plan, coupled with a public back and forth between President Franco and his economic and planning ministers over what policy

to follow. The resulting uncertainty, heightened by the deliberate media targeting of the government's vulnerability, has set off widespread fear of a repeat of the hyperinflationary surge that marked the last months of the Sarney government.

Finance Minister Paulo Haddad's response to the inflationary threat has been, thus far, to respect the interest rate shock program initiated by the ousted Collor de Mello government. Interest rates in January stood at 42%. The situation is made worse by the fact that President Franco, who had proved reluctant to follow such a suicidal course, has accepted the prescriptions of his financial adviser, showing himself as incapable even of respecting the conviction he expressed during his inaugural address, in which he denounced high interest rates as "savage capitalism."

For now, the Franco government has devoted itself to trying to soften some of the more radical policies of the previous government, hoping in vain that the upcoming debt renegotiation will give the country breathing space for relaunching industrial development. Yet to keep up measures that only manage the death throes of the economy is intolerable in the face of the collapse of the country's productive capacities. The economic forecast for 1993, added to the results of 1992, augurs a somber future for Brazil, unless President Franco wakes up to the fact that there can be no harmony of interests between a sovereign nation and international usury.

According to calculations of the Institute of Applied Economic Research (IPEA), the 1992 ratio of investment to GNP is 14.8%, the lowest of Brazil's postwar industrialization effort. The effect in 1993 will be a negative GNP growth rate of 3.4%, the most violent economic contraction in Brazilian history.

'Animal enterprise zones' come to Iowa

Cartel processors and banks plan to boost their profits from slave-labor maquiladoras in the United States.

On Jan. 21, the Iowa Senate passed a bill creating agricultural enterprise zones. These are areas which will be designated for livestock production in the state, and will serve as low-wage, low-tax areas to replace the capital intensive family farms which once flourished in Iowa.

Behind the legislation has been a plan to bring the notorious *maquiladora* system in Mexico, described by economist Lyndon LaRouche as an "Auschwitz below the border," into the United States. The free trade negotiations with Mexico have highlighted the policy of slave labor production enclaves along the border, unfettered by tax, environmental, or wage regulations, and backers of the plan are proceeding by piecemeal methods, in order to minimize opposition.

At a board meeting of the Iowa Bankers Association in 1988, a discussion was held concerning the necessity for developing a new economic plan for the state. A committee was established to commission the preparation of a plan to be presented to Iowans. The committee commissioned the Stanford Research Institute.

The catch, however, is that the Stanford Research Institute (SRI) already had plans on the drawing board, called "Futures Projects," which were being presented to the representatives of movers and shakers in several states. Under the guise of finding new solutions for the depression and population decline in rural areas, the SRI proposed to shift the population in rural states into "cluster" areas, which would provide low-cost labor for food

processing and producing facilities owned by such companies as, in Iowa, the "big three" meatpackers Cargill, IBP, and ConAgra.

Founded as a think-tank for powerful financial and insurance interests after World War II by Kurt Lewin and his associates from the London-based Tavistock Institute, the SRI has been headquarters for public opinion molders and psychological warfare experts. Their "Futures Projects," which have been presented at town hall meetings across the Midwest, are designed to profile target rural populations, who are being victimized by depression economic conditions, in order to manipulate them into accepting the global market economics of the "New Age." This means production for the profit of the multinational banks and trading companies.

On Jan. 26, 1989, the "Iowa Futures Project" of the SRI was unveiled to the public. During the summer, over 100 public discussions were held around the state to involve as many citizens as possible in the process of discussion of economic options, as defined by the SRI.

In January 1990, a plan drafted by the Iowa Business Council was released to the public. It was called "Jobs Creation in Animal Agriculture." It called for 12 or 13 "Golden Circle" areas composed of urban hubs surrounded by clusters of rural communities. The clustering, or rationing, process was sold to the public on the basis that they would all survive a situation of shrinking resources by consolidating and sharing vital services

and facilities.

Next, legislation was drafted calling for "agricultural enterprise zones," which would accomplish the physical shift of the population to the desired areas. Legislators were told that the bills, first introduced in 1992, were necessary to help farmers avoid nuisance suits brought by urban people who moved to the country, built a house, and then complained about their farmer neighbors.

The Iowa Business Council proposal called for the creation of an Iowa Animal Agriculture Development Council, which would oversee the animal agriculture zones. The council would be a private sector group made up of the cartel-dominated banking and business community, which would designate areas for the establishment of the zones and the resources required. To co-opt grass roots resistance, some opponents would be included on the council. The council would be a private organization funded by "stockholders"—again, the dominant banks, agribusiness corporations, and various co-opted community, educational, and governmental institutions. The council would coordinate legislation for zoning, regulations, and finance.

According to various reports issued in connection with the restructuring, the profit in the animal enterprise zones is expected to come from cheapening the costs of labor, both in the production of the grain and the raising and processing of the livestock.

During the week of Jan. 25, the announcement came of the formation of Project 21. This is a committee formed for the express purpose of creating the first, and largest, of the "Golden Circle" areas in the state which will not only show that it can be done, but that it can be used as a model for the other dozen recommended "Golden Circle" areas.

National Cut the Red Tape Week

Deregulating a bankrupt banking system, as the lobbyists are demanding, will only make matters worse.

The propaganda campaign for banking deregulation gathered momentum Feb. 1, with the launching of National Cut the Red Tape Week by a coalition of state and national bank lobbying groups, the U.S. Chamber of Commerce, and the National Association of Home Builders.

According to statements by the American Bankers Association (ABA) and others, you are supposed to believe that individuals and small businesses will enjoy a shower of credit if banking regulations are lifted. That is the cover story. The reality is that the Federal Reserve-dominated banking system is bankrupt, and lifting regulations is a ploy.

The ABA's Feb. 1 press release, on behalf of the "Cut the Red Tape" coalition, said, "All agreed that the unrestrained growth of bank regulations is restricting credit to individuals and hindering economic recovery," and therefore they have initiated "a unified effort to scale back unnecessary regulations."

"There is no magic bullet that will instantaneously get credit flowing again," said ABA Executive Vice President Donald Ogilvie. "And searching for one would be a mistake. Rather than needing one thing to be done 100% better, we need 100 things to be done 1% better."

Over the past five years, Ogilvie said, more than 40 major provisions affecting bank operations have been passed. "This battery of new requirements has had the most harmful impact on small businesses, home buyers, and other individual borrowers," Ogilvie said. "It is indeed possible to

protect safety and soundness without choking off credit to customers and the local community. And striking such a balance is the aim of our unified campaign."

The bankers' statisticians have been working overtime to try to prove their ludicrous contention that overzealous bank regulators have imposed unfair burdens on the banks. These burdens, the line goes, have hampered the banks' abilities to make loans to the little guys, upon whom the recovery allegedly depends.

Last June, the ABA released a study which claimed that banks paid \$10.7 billion in 1991 to comply with government regulations.

The same month, the Independent Bankers Association of America (IBAA) commissioned the accounting firm Grant Thornton to determine the cost of regulatory compliance at banks with less than \$5 million in assets.

The study, released in late January, concludes that the smaller banks spend some \$3.2 billion a year—24% of their annual pre-tax profits—to comply with 13 major regulatory areas, including community reinvestment, consumer protection, and real estate appraisal laws. Filling out forms and monitoring compliance at these banks takes an estimated 48 million man-hours a year, the equivalent of 22,800 full-time employees, the study said.

The most costly regulations, the study claimed, were the Community Reinvestment Act and the Truth in Lending law.

The U.S. banking sector as a whole, the study claimed, spends

some \$11 billion a year to comply with banking regulations.

"Community banks are strapped in a regulatory straitjacket and we need relief," declared Leland Stenejem, the chairman of the IBAA's regulatory review committee and the president of the First International Bank of Fargo, North Dakota.

The claim that deregulation will lead to economic recovery was pushed during Bill Clinton's economic summit in Little Rock, Arkansas last month. ABA President William Brandon, an Arkansas banker, told the meeting that cutting banking regulations could generate as much as \$86 billion in new bank loans, while Citicorp chairman John Reed put the figure at \$100 billion.

That was a bit much for Acting Comptroller of the Currency Stephen Steinbrink. "I happen to believe that a reduced regulatory burden could free up some funds for other uses," he told a New York State Bankers Association meeting in Washington on Jan. 28, but "all of us, bankers and regulators alike, must take care of how we discuss the benefits of a reduced regulatory burden."

"In the long run, the banking industry will suffer if the promised benefits do not materialize," Steinbrink warned. Indeed, these benefits will most assuredly not materialize.

Despite the alleged record profits earned by U.S. commercial banks last year—the banks claimed profits of \$24.1 billion through the first nine months, and may well top \$30 billion for the year, thanks to federal subsidies and friendly examiners—the banking system as a whole, already hopelessly bankrupt, suffered severe losses in 1992.

The Clinton administration has signaled its intention to further deregulate the banks. In doing so, it is signing its own, and the country's, death warrant.

Business Briefs

Labor

Polish Parliament overturns pension freeze

The government of Polish Prime Minister Hanna Suchocka suffered a setback on Jan. 23 when the parliament voted down a plan to freeze pensions at 87% of the average income level, and insisted instead on an increase that fixes pension payments at 90%.

The vote backed a court ruling last year against the government plan, which was worked out with the International Monetary Fund in late 1991, on grounds that imposing such limitations on pension recipients is against the Polish Constitution. The parliament's decision will force the Suchocka government to spend another \$850 million for the pension increase, and thereby undermine the government's agreements with the IMF.

The decision is also a slap in the face to Krzysztof Krowacki, who became assistant finance minister on Jan. 6. He had just characterized Warsaw's relations with the IMF as "excellent." Krowacki worked as a financial consultant to the Polish embassy in Washington, D.C. for more than four years, and had "excellent relations" with the IMF and World Bank.

Health

Diphtheria epidemic sweeps Russia

Diphtheria, which was first tracked in 1992 in Moscow, St. Petersburg, and other large cities, has now reached epidemic levels in Russia, the Jan. 29 *New York Times* reported, based on a World Health Organization (WHO) report.

The rates of infection and mortality are reported to be high. The November 1992 report indicated there were 3,278 cases, and that the number of new cases has risen to 500 or more a month. The epidemic is also spreading through Ukraine. Dr. George Oblapenko, acting regional adviser for communicable diseases at WHO's office in Denmark, said, "It is an epidemic. . . . It will take time to control it now, in a huge country like Russia."

Russian health officials attribute the

spread of the disease to lack of immunization and booster shots in adults, and report that many workers in service jobs who come in contact with the public are unwittingly spreading the disease. Also, according to Moscow's chief epidemiologist, Igor A. Andreyev, "people are on the move . . . from the areas where the conflicts are. There [are] drifters, people who live in the subway tunnels. It's part of the social problems created by the country's collapse, by the lack of social and political stability."

Highlighting the Third World conditions that still prevail in the health care system, Elena Kotova, deputy chief of administration at the State Committee for Epidemiological Control, said, "There are children whose mothers refuse to let them be vaccinated. But there are also children who are born weak. . . . There are many medical reasons not to immunize, more so here than abroad."

Monetary Policy

Irish bishops condemn currency dealers

Irish bishops condemned international currency dealers for speculating on the Irish currency, the punt, Reuters reported on Jan. 29.

"The love of money is palpably at the root of all this," said Walton Empey, Protestant bishop of Meath. "It is unbelievably immoral that wealthy people and corporations can make millions by holding a nation to ransom. It is appalling to see what they are doing to the lives of so many people."

"This activity damages the country's future and is at the expense of the common good. It cannot be condoned and is contrary to any Christian principle," added Roman Catholic Bishop Michael Smith.

The Irish punt was devalued 10% on Jan. 30 following an emergency meeting of the European Community Monetary Committee in Brussels. The Central Bank had hiked overnight interest rates to a punitive 100% in a failed bid to fend off speculators, according to dealers. The punt's slump was triggered by Britain's surprise decision on Jan. 26 to cut interest rates, a move that sharply weakened the British pound. Irish firms send one-third of their exports to Britain.

Privatization

Ukraine resists IMF austerity policies

In Ukraine, resistance to International Monetary Fund (IMF) austerity conditionalities is growing. Even the program of Prime Minister Leonid Kuchma, which maintained some support for state industries, was rejected by the Ukrainian Parliament in a vote of 267-6 on Jan. 26. Opponents claimed that its "reforms" were premature and contained too much of the same free market methods that have ruined Russia. The parliament passed a resolution calling on the Kuchma government to reinstall price controls for basic food stuffs like milk and sugar, and to cancel the planned privatization of the farm sector.

Also, the parliament of Belarus passed a resolution endorsing the maintaining of strict state controls on the industry and farm sectors.

Medicine

Japan starts 'knockout' gene research for AIDS

Japan will start long-term research into gene therapy as part of its efforts to combat AIDS, a Health Ministry official said on Jan. 26, Reuters reported. The ministry will set aside 150 million yen (\$1.2 million) this year to start basic research into gene therapy, said Shigeki Shiiba of the ministry's health science division. "Gene therapy is a highly promising area . . . but it will take a long time, say more than 10 years, before it becomes practical," he said.

Gene therapy is a controlled, experimental treatment designed to introduce new genes into the body or to chemically suppress the expression of existing genes to correct an inherited or acquired condition. One new technique is termed knockout, which was originally developed at the Massachusetts Institute of Technology and Columbia University. In this approach, a chemical is applied to a cell and this suppresses a particular gene. This technique is also possibly applicable to cancer therapy. For example, it is known that there exist genes which counteract tumors. Sometimes these genes are in

place, but their expression is suppressed by another gene. By chemically suppressing the suppressor gene, the anti-tumor gene could become operable.

Agriculture

Japanese to host summit to save the family farm

Japanese farmers have called upon all farmers in industrial nations to join hands to protect the family farm, the Central Union of Agricultural Cooperatives (Zenchu) said on Jan. 25. A spokesman said Zenchu was drawing up plans to hold the world's first "farmers' summit" in Tokyo during the Group of Seven economic summit in Tokyo in early July.

The farmers especially want international solidarity to stop the General Agreement on Tariffs and Trade (GATT) "tariffication" plan, under which Japan and other nations would have to allow increased food import dumping. "We plan to discuss how to protect and nurture family farms worldwide. One of the issues at stake will be the GATT plan," the spokesman said.

Germany

Union official demands ministry to develop East

"We need a genuine ministry for the economic reconstruction of eastern Germany," Hans Terbrack of the executive of the German Chemical Workers Union demanded in an interview with the economic daily *Handelsblatt* on Jan. 25.

Terbrack proposed the creation of a special cabinet post for reconstruction of eastern Germany, which would improve coordination of infrastructural investments and industrial policies, provide a comprehensive approach for the financing of industrial and job-consolidating projects, and extend financial support for companies with traditional export markets in eastern Europe and the Community of Independent States, aimed at the preservation of these markets. The proposal resembles a call made by Helga Zepp-LaRouche, president of the Schiller Institute in Germany, more than

two years ago.

Terbrack said these are the conditions for German labor's agreement to moderate wage increases over a limited period of time, in the envisioned "solidarity pact" with industry, the banks, and the government.

'Recovery'

Davos forum warned of U.S. depression

A dramatic breakdown of consensus among the OECD policy establishment, more severe than at any time since the 1930s and fueled by the unprecedented global economic breakdown since 1990, was evident from discussions with leading representatives of government, policy bodies, and industry at the annual Davos World Economic Forum in early February.

One participant referred to a "complete breakdown of credibility of political leadership almost everywhere in the world; deepening economic recession in many countries; and the unthinkable—a ravaging war in the midst of Europe" as contributing to the disarray.

Leading U.S. participants, including C. Fred Bergsten and Lester Thurow from the Massachusetts Institute of Technology, dashed any euphoria over the alleged U.S. recovery. Bergsten insisted that a real U.S. recovery would not be seen before the end of the decade. In the meantime, he demanded, Japan must upvalue the yen by some 25% and increase imports of U.S. goods, and Germany must slash its budget and lower interest rates.

Thurow insisted that the world economy is "not undergoing a recession but something more fundamental; if we are not in a new Great Depression, we are at least in a great stagnation." He cited the illiquidity of the banking system of the United States, Japan, and the Scandinavian countries and predicted, "The 1990s will witness a global financial crash. Already we are in a worse situation than 1929-32. Our airline industry is in collapse, affecting firms like Boeing. If unemployment were still defined as it was in the 1930s, the U.S. in reality has 15% unemployment today, not the 'official' 7.5%. There are no growth industries such as computers to pull us out of this. Real wage levels in the U.S. youth population are falling, not rising."

Briefly

● **LOCUSTS** are threatening coastal areas of Sudan, Eritrea, and Saudi Arabia, the U.N. Food and Agricultural Organization has warned. Egypt and Yemen are also threatened by swarms of migratory locusts. The FAO scheduled an emergency meeting Jan. 30-31 to discuss how to fight the locusts and how to prevent them from encroaching on other countries already suffering from starvation and civil war.

● **TEMPERATURES** over the Arctic Ocean have not increased over the past 40 years despite computer simulations that predict global warming, according to a study by Jonathan Kahl of the University of Wisconsin at Milwaukee, and Russian and other U.S. scientists, the Jan. 28 *Washington Times* reported.

● **SEARS ROEBUCK**, a mainstay of the U.S. consumer goods industry, announced Jan. 25 that it was laying off 50,000 workers and ending its catalogue sales division.

● **ARMENIA** and the Azerbaijani enclave of Nakhichevan are facing economic disaster. On Jan. 29, the U.N. Security Council issued an urgent appeal for fuel and humanitarian assistance. Armenia has been virtually without power since the explosion of a key gas pipeline in Georgia on Jan. 23.

● **BRITAIN** sold another 48 British Aerospace Tornado fighter bombers to Saudi Arabia on Jan. 28. The order, considered crucial to save the British defense industry, was part of a \$6 billion deal for defense equipment.

● **TIMBER** cartel earnings are soaring because of environmental actions. Louisiana-Pacific Corp. reported fourth quarter earnings of \$41.1 million, up from \$8.8 million the year before. A company spokesman said the jump was the result of "constraints on the timber supply due to environmental concerns such as protecting the habitat of the endangered spotted owl," UPI reported on Jan. 29.

Nazi psychiatrists behind Serbia's reign of terror

by Joseph Brewda

The mass media are running daily reports of the atrocities being committed by Serbians in Bosnia. What is the reason for such behavior? Is there some military-tactical purpose for the rape-camps, the mass murder of civilians, and other incidents which evoke Nazi-era war crimes? Or are they, as British Foreign Minister Douglas Hurd claims, natural outbreaks of bestiality which are “nothing new” in the history of war?

EIR conducted its own investigation of these events and determined that the atrocities are being run top-down by psychiatrists trained by the London Tavistock Institute, the same Tavistock which had studied the bestiality unleashed during the Second World War by the Nazis—not in order to prevent it, but to learn how to *use* it for geopolitical ends. As we shall demonstrate in the report below, incredible as it may seem, it is that evil expertise which is directing the Balkans carnage.

Purposeful terror

A Bosnian woman, identified as Z.N. by the *New York Times*, reported the following incidents after Serbian Chetnik irregular forces entered her town last year:

“As soon as the Chetniks came into our city, they selected women, children, and the old people; men were taken to a concentration camp with an excuse that they were mobilized. They put hundreds of us in a school in Doboj and they turned it into a kind of camp. As soon as we entered the camp, *marticevic* [followers of Chetnik officer Milan Martić] came in with guns and selected younger women and girls. They put them in a hall and told the Chetniks to do with the women what they pleased. There was silence. Then the crazy, dirty, stinking Chetniks jumped at the women like animals; they tore off their clothes, pulled their hair, cut their breasts with their knives. Those who screamed would be killed on the spot.

“Every day the same picture was repeated; they would rape and kill in front of hundreds of us. Once a young woman with a baby was taken in the middle of the hall. It was in June. They ordered her to take off her clothes. She put the baby on the floor next to her. Four Chetniks raped her; she was silent. When she was



A demonstration in Strasbourg, France, on Dec. 12, 1992, against the genocide being carried out in Bosnia-Herzegovina.

left alone, she asked if she could breast-feed her baby. Then a Chetnik cut the child's head off with a knife. He gave the bloody head to the mother. The poor woman screamed. They took her outside and she never came back."

One retired Austrian military officer observed to *EIR* of such Serbian actions: "I used to think they were lunatics, since they would not use their armor and artillery at times when any normal army would do so, but instead would simply fire and fire and fire, at houses, at hospitals, at whatever. But now I know they are not lunatics, in the sense of people who don't know what they are doing. No, they have a definite, overall strategy. The political goal in all this is ethnic cleansing, to drive people out. For this, they are experts in terror. In this domain, I think it is right to emphasize the psychological-operations and psychological-warfare side of Serbian actions, since the systematic rape and torture is not only meant to hurt physically but also psychologically."

Trained in psy-war

Although media accounts suppress this fact, the leadership of the Chetnik forces operating in Bosnia and Croatia, and those in Serbia, are psychiatrists, psychologists, and sociologists:

- Dr. Radovan Karadzic, the leader of the Chetniks in Bosnia, who oversees the rape camps, is a psychiatrist who specializes in "group therapy" and depression.

- Dr. Jovan Rascovic, the leader of the Chetniks in Croatia until his recent death, was one of former Yugoslavia's leading psychiatric theoreticians, an expert on "narcissism."

- Dr. Mihailo Markovic, the chief ideologist of the ruling Serbian party, who justifies the genocide, is a sociologist and historian of philosophy, specializing in Freudian psychology.

- Dr. Srickovic, who oversees Serbian propaganda operations in Belgrade, is a psychiatrist.

- Dr. Vojislav Seselj, the leader of Chetniks throughout former Yugoslavia, is a sociologist.

One European psychiatrist commented on this, "What you see the Serbs doing now, is something they have learned over a thousand years to do; it's very much part of their war-fighting culture. What Karadzic, Seselj, and so on can do, with their academic training, is to provide a 'political socialization model,' a kind of theoretical framework, to an age-old Serbian method of thinking and acting." "They would have behaved this way anyway," he speculated, "but ideas found in an American university can be useful; American universities are fertile grounds for such seemingly academic legitimizations."

All the Serbian psychiatrists and sociologists overseeing the terror campaign today were trained abroad, either in Britain, France, the United States, or Germany. Moreover, they were all trained at the Tavistock Institute of Human Relations in London, England; the University of Frankfurt's Institute of Social Research ("Frankfurt School"), in Germany; or at other hospitals or universities affiliated with either institute. Tavistock and the Frankfurt School are both psychological-warfare arms of British intelligence. The Frankfurt School affiliate in former Yugoslavia, known as "Praxis," founded by the Dr. Markovic mentioned above, is running the Serbian state today.

Aimed to destroy nation-states

What is the purpose of the Serbian psychiatric offensive? From the standpoint of the Serbian psychiatrist on the ground, it is simply to destroy, through terror, the Bosnian and Croatian sense of national identity. But from the standpoint of the British controllers of the Serbian psychiatrists, it is something more. Tavistock and the Frankfurt school want to use the atrocities, and the crisis around the atrocities, to destroy the nation-state throughout Europe. Forging virtual tribal identities based on paranoia, to replace national identities, is their objective. The claim that it is nationalism itself which is responsible for the atrocities, is intended to aid this effort.

This obscures the vital distinction between blood-and-soil "nationalism" of the Nazi variety, and a positive national identity, based upon a unity of language and culture, and a common purpose for development.

European Bank for Reconstruction and Development head Jacques Attali, an insider on such matters, put it this way in an article in the January 1993 *Harper's*: "There is a real danger that the collapse of Yugoslavia will become the

textbook model of how large tracts of central and eastern Europe order their affairs now that Communist control is lifted. . . . We have a chance, a limited period of time, to stop the slide to tribalism before it engulfs eastern Europe and quite possibly takes us with it."

Taking a different standpoint, an enthusiastic former Tavistock official told *EIR*: "At this point, we no longer think we have anxiety about the danger of a nuclear war, so a lot of other anxieties are coming to the fore, especially anxieties about the small planet we live in. We fear there is not enough air, not enough fuel. It's a kind of *malthusian* thing, I would call it. So, the feeling that is developing, is that to kill off the population, is not a bad thing. So, while with the *thinking* part of the mind, people are bothered by the brutality in Yugoslavia, with the *animal-survival* part of themselves, they may have *other* thoughts, actually welcoming the killing.

"Conscience has disappeared," he went on, "Conscience is a very fragile thing, but ultimately, it is only a construct, which, because we have minds, we are able to develop.

Controllers at Tavistock and the Frankfurt School

The Tavistock Institute of Human Relations, formerly known as the Tavistock clinic, was founded in London in 1921. It quickly became known as the "Freud Hilton," due to the fact that Dr. Sigmund Freud's daughter, Dr. Anna Freud, became a leading figure there. In 1932, the clinic was taken over by Dr. John Rawlings Rees, a key figure in British Army intelligence. During World War II, then-Brigadier-General Rees was the top psychiatric warfare specialist of the British military command; Tavistock became the psychological warfare arm of the British military and intelligence services generally.

In 1946, the Anglo-American establishment decided to upgrade Tavistock even further. The idea was to make Tavistock the central laboratory for developing hard-core brainwashing techniques and related methods to destroy the establishment's enemies worldwide. Tavistock was charged with training the cadre needed to implement that ambitious task; it received a massive infusion of funds from the Rockefeller Foundation that year.

To this end, Tavistock established the Center for the Study of Persecution and Extermination at Sussex University. The center interviewed numerous former concentration camp guards, and probed the sociology of concentration camps. Among the questions investigated was how otherwise normal people could participate in unspeakable crimes over an extended period of time without collapsing

psychologically.

In 1948, Rees became president of the United Nations-linked World Federation of Mental Health. The U.N. became a major conduit for British psychological warfare operations.

'Save us from western civilization'

Like Tavistock, the Frankfurt School was formed in the immediate aftermath of World War I by a network of Freudians and neo-Freudians. In 1922, Hungarian aristocrat and communist leader Georg Lukacs pulled together a meeting in Germany of communist-linked sociologists and intellectuals. Lukacs had led the short-lived 1919 Hungarian Soviet; the purpose of the meeting in Germany was to spread Bolshevism in the West. The "Frankfurt School," formally known as the Institute of Social Research of the University of Frankfurt, was from its inception dedicated to that task. It was intended, in Lukacs's words, to answer his question rising from the failure of many communist revolutions of that period: "Who will save us from western civilization?"

The school became a meeting ground for philosophers, sociologists, psychiatrists, and others dedicated to destroying western civilization. Communists, fascists, Zionists, Freudians, and anti-Christian zealots generally poured into and out of the school. Plato, whom the school correctly saw as the wellspring of western civilization, was forever their target for destruction. The school was cosponsored directly by British intelligence; no contradiction, since Bolshevism itself was a product of British intelligence.

Admittedly, the notion of conscience is fundamental to Christianity, which only proves that now, the Christian matrix is very, very fragile.

"Tribes are reemerging, as the big structures fall apart and individuals reassert their very primitive sense of identity," he added. Under such conditions, "people become psychopaths" and can easily be manipulated by psychiatrists like Karadzic. "Remember, to be a psychiatrist, it is not necessarily to be sane, ha! ha!"

Other Anglo-American propagandists argue that the war in former Yugoslavia has shown that the nation-state has failed. A new model of society, they claim, must be found, with an upgraded role for the United Nations.

Championing that view in the winter issue of *Foreign Policy*, former State Department officials Gerard Helman and Steven Ratner argue that a "novel, expansive—and desperately needed effort by the United Nations to undertake nation-saving responsibilities" has been demonstrated by the situation in Bosnia. The current collapse "has its roots in the vast proliferation of nation-states, especially in Africa and

During World War II, the school was shipped over to the United States where it staffed the offices of the American Jewish Committee and Columbia University, as well as providing cadre for the incipient Hollywood movie industry. One of its leaders, Herbert Marcuse, became a research director of the U.S. wartime Office of Strategic Services, the intelligence agency which spawned the CIA. Following World War II, many of the school's cadre remained in the United States to shape the American postwar cultural outlook, while others returned to Germany to brainwash Germans into the "collective guilt" doctrine, that the German people were collectively responsible for the Nazis.

While Tavistock continued to specialize in hard-core brainwashing techniques, the Frankfurt School specialized in broader cultural and epistemological warfare, which allowed Tavistock's "shock troops" to function.

For example, the Frankfurt School became one of the ruling forces over German culture in the postwar period, to ensure continuing British domination of Germany. No understanding of the current Balkans crisis can be complete without realizing that the Frankfurt School was stunningly successful: A British campaign denouncing newly reunified Germany as the "Fourth Reich" in 1990 terrorized the German establishment into, so far, acquiescing to Anglo-American support for Serbia.

A history of Tavistock and the Frankfurt School can be found in the winter 1992 issue of *Fidelio* magazine, by Michael Minnicino, and in an ongoing series in *New Federalist* newspaper by L. Wolfe, "Turn Off Your TV," beginning July 27, 1992.

Asia, since the end of World War II." The attempt to create nation-states among former colonies has been a failure, they argue. Bosnia, Cambodia, Liberia, Somalia are among a list "whose governmental structures have been overwhelmed by circumstances. . . . Although international organizations deserve much credit for responding to distress, the emergence of additional failed states suggests the need for a more systematic and intrusive approach."

Dismissing the "talismans of sovereignty," the authors call for various structural U.N. revisions, including the establishment of a conservatorship sub-group under the control of the Security Council. The case of Cambodia, now virtually a U.N. trusteeship, they say, "may prove the best model for solving Bosnia's woes." They praise the U.N. activities in former Yugoslavia as "boding well" for the U.N.'s ability to "adapt to the more complex demands of conservatorship." In cases where a conservatorship doesn't work, the U.N. might sponsor "a referendum by the citizens of the state on partition or union with a neighbor."

Criminalizing mankind

"What Europe did in Bosnia will never be forgotten. Genocide took place with Europe watching, nothing can change that fact now," charged Bosnian Foreign Minister Haris Silajdzic, while in London on Jan. 12. "One and a half million innocent civilians are homeless, and Europe will have to live with it—not only morally but with the practical consequences as well." According to a London *Times* account, Silajdzic expressed anger at Britain and the European Community for having given "the green light to continuing aggression." He denounced British diplomats for repeatedly asserting that there should be no intervention in Bosnia.

Analyzing this Anglo-American encouragement of the Serbian government, Lyndon LaRouche stated on Jan. 17: "In Yugoslavia, they've gone to systematic mass rape, beheading of children in front of their parents, that sort of thing. This is not simply wildness. This has a purpose. This is *deliberate* satanism, first of all, to destroy this political sense of identity of the Bosnian people, to tell them they are nothing more than pigs or something like that. That's what they're doing. That war has that purpose.

"The people who are directing this kind of horror show are *psychiatrists* tied to the Frankfurt School, that is, the leftists, the Freudians, and others of the London Tavistock Institute. These people were in part American-trained psychiatrists who were in charge of psychological warfare for the Yugoslavs in the old days, who are now running this kind of terror operation. It has three purposes. To destroy the self-political identity of the people of Bosnia; secondly, to bestialize and to turn into inhuman beasts the Serbians themselves; and thirdly, by the world putting up with this stuff, to destroy the idea of a Christian conscience, the idea that there's any standard of morality where conscience says, 'No, this must not happen.' So we're destroying all our morality in the United States to the extent that we tolerate that."

Who are Serbia's Nazi doctors?

Speaking to a group of U.S. Army psychiatrists in 1945, Brig. Gen. Dr. John Rawlings Rees outlined what had to be done to implement the postwar project of the Tavistock Institute of Human Relations, which he directed (see box on previous page).

"If we propose to come out into the open," he said, "and to attack the social and national problems of our day, then we must have the shock troops and these cannot be provided by psychiatry based wholly in institutions. We must have mobile teams of psychiatrists who are free to move around and to make contact with the local situation in their particular area."

Following Rees's call, Tavistock began training and fielding its cadre in universities, governments, newspapers, and political parties throughout the world, including in Yugoslavia. These "shock troops" are running the mass murders in the Balkans today.

Dr. Radovan Karadzic

The leader of the Chetniks in Bosnia, Karadzic is a clinical psychiatrist based in Sarajevo, specializing in the Tavistock-developed group therapy technique known variously as "T groups" or "attack therapy." Karadzic is an expert on depression. His wife, Lilyan, is also a psychiatrist; his two sons are in medical school, training to be psychiatrists.

The following poem, written by him at the University of Sarajevo in 1968, gives a glimpse of the mind of this maniac:

I touched the hell the lovely searing heat
a poison nursed me a horror nursed me
and the lily's bloom closed its trellis
my lovely head was captured
Sarajevo the city of horror writes my epitaph . . .
There is no doubt any more
all things I have elucidated at last
in each thing there is a part of my body
in my eyes the forest is near its end
in my blood I hear the last cries of cuddly little animals
this moment my right hand
is turning calm seas into hell
while ships keep rolling on the waves
to the endless joy of my vultures. . . .

Following initial training at the University of Sarajevo,

where he was schooled in the psychiatric theories developed at Tavistock, Karadzic became a protégé of **Dr. Cerić**, the leading psychiatric official in Yugoslav military counterintelligence, KOS. After a one-year advanced course in Tavistock methodology at the Croatian Academy of Sciences in Zagreb, Croatia, Karadzic went on to Belgrade, Serbia, for further training. In the 1980s, Karadzic traveled to the United States to take a one-year advanced course in "group therapy" at Columbia University in New York City, formerly the exile-base of the Frankfurt School during World War II.

Although Karadzic was already an officer in Yugoslav counterintelligence, he was able to gain admission to the university through the efforts of **Dr. Dushan Kosovich**, a Yugoslav national who maintains a practice in New York City opposite United Nations headquarters. Kosovich has reportedly secured access to Columbia, and other elite psychiatric schools, for numerous other Serbian psychiatrists. A follower of the Frankfurt School, Kosovich was the official translator of Frankfurt School theorist Dr. Erich Ericsson into Serbo-Croatian, as well as the translator of the writings of Freudian theorist Dr. Karen Horney.

Yet another North American figure tied to this network is **Dr. Dmitrija Pivnicki**, the leader of the Serbian community in Montreal and the father-in-law of Canadian Prime Minister Brian Mulroney. Pivnicki is a therapist at Allan Memorial Hospital, a main site for CIA/British intelligence "MK-Ultra" mind-control experiments through the use of LSD.

Dr. Jovan Rascovic

The leader of the Chetniks in Croatia until his recent death, Rascovic was a prominent member of the Yugoslav Academy of Arts and Sciences, and one of Yugoslavia's leading psychiatric theorists. A follower of the Freudian doctrines espoused by the Frankfurt School, Rascovic was the author of scores of articles, and one psychiatric textbook on narcissism.

Dr. Radovan Marjovic

The self-proclaimed mayor of the Serbian-occupied Croatian town of Petrinja, Marjovic, like Rascovic, had been one of the most prominent members of the Yugoslav Academy of Arts and Sciences and a top psychiatric theorist in former Yugoslavia. He is a central figure in Chetnik terrorist operations throughout Croatia.

Dr. Srickovic

The director of the Serbian government's propaganda department in Belgrade, Srickovic is a top theoretician of the Frankfurt School. He oversees Serbian terror-propaganda and disinformation operations directed against Bosnia and Croatia. **Dr. Radoman Cordic**, a colleague of Srickovic, is the top Serbian protégé of Frankfurt School leader Dr. Jacques Lacan of Paris.

'Praxis' group runs Serbia today

Soon after Tavistock Institute director Dr. John Rawlings Rees called for the creation of psychiatric "shock troops" in 1945, Tavistock and the Frankfurt School began placing cadre throughout Yugoslavia, among other nations. To that end, the Frankfurt School established an official Yugoslavian affiliate, *Praxis* magazine.

One of the co-founders of *Praxis* is Dr. Mihailo Markovic, the chief ideologist of the ruling Serbian Socialist Party today, and also the chief adviser to Serbian President and strongman Slobodan Milosevic. Markovic frequently uses *Praxis* to justify the operations of Dr. Karadzic, Rascovic, et al. The other *Praxis* co-founder, Dr. Svetosar Stojanovic, is chief adviser to "Yugoslav" President Dobrica Cosic, and also one of Serbia's liaisons to the United Nations and the U.S. government. Stojanovic continues as editor of the publication. In effect, the *Praxis* group is running Serbia today.

From its inception in 1964, *Praxis* spread the Frankfurt School doctrine associated with the term "authoritarian personality." According to that doctrine, the "authoritarian" commitment to fostering science and technology, rather than following one's innermost feelings, causes "alienation" and "dehumanization," and leads to fascism. To fight such alien-

ation, *Praxis*, and the Frankfurt School generally, championed the views of the "young Karl Marx," who they said shared the same concerns. *Praxis* denounced the Soviet Union's advocacy of industrialization as "repressive," making man into an unfeeling machine, and made the same accusations against western capitalism.

We can see where such "humanist" views have led to in former Yugoslavia today.

Speaking to the press on Jan. 18, *Praxis* editor and presidential adviser Dr. Stojanovic condemned alleged western efforts to cut the ties between the Bosnian Serbs and Serbia. To do this, he said, would lead to the "annihilation" of the Bosnian Serbs by the Bosnian Muslims. Moreover, he railed, condemnation of the Chetniks' ethnic-cleansing policy is a product of "hysteria and racism."

Dr. Markovic has demanded "ethnic-cleansing" actions against the ethnic Albanians who comprise 95% of the population of Serbian-occupied Kosova. Writing in *Praxis*, he claims that the Albanian-ethnic call for Kosovan independence is merely a "megalomaniac project of Great Albania." Markovic identifies the problem as being that the Albanians in Kosova "have the highest birth rate in Europe." They are trying to use "demographic means" to achieve an "ethnically pure state," he claims, and must be forced to cut their birth rate. Kosova, being the "cradle of Serbian culture," can never be given up, he says.

The formation of 'Praxis'

The origin of *Praxis* can be traced back to the 1945 Yalta conference, where Great Britain, the United States, and Rus-



The co-founders of the "humanist" journal Praxis are advisers to the Serbian government, and vigorously defend Serbia's policy of "ethnic cleansing." Shown is the result of these policies: the demolition of Lipik, a town near Zagreb in Croatia. The wanton destruction serves no military purpose, but is a weapon of psychological warfare.

sia agreed to make Yugoslavia into an “independent socialist” country where sensitive East-West negotiations could be held. To this end, the doctrines embraced by Josip Broz Tito’s communist partisans, who soon were to rule Yugoslavia, had to be transformed.

As part of this ideological transformation, a group of students in Zagreb and Belgrade led by Mihailo Markovic, who had been an officer in Tito’s partisan army, began criticizing Marxist orthodoxy as early as 1948. In 1950, the Serbian Philosophical Society was created, shortly followed by the formation of academic societies in the other republics, devoted to the study of the young Marx and related themes. Both Markovic and Stojanovic were assigned to establish ties with Tavistock and the Frankfurt School.

Accordingly, Markovic was sent off to University College in London in 1953, to be trained by Dr. A.J. Ayer on the relation between “logic and identity.” Ayer was a protégé of Lord Bertrand Russell, one of British intelligence’s top twentieth-century game-masters, who forged the epistemology of British logical positivism as a tool of cultural warfare. One of the Russell family’s titles was that of the Marquess of Tavistock—for which the institute was named.

Markovic returned to Belgrade in 1956 to continue to propound Ayer and Russell’s views in a “critical” Marxist form. Out of this work came the 1961 book *The Dialectical Theory of Meaning*, a founding document of the *Praxis* group.

Similarly, Svetozar Stojanovic was sent to Oxford University in 1960 to study the relation of philosophy to ethics. He returned to Yugoslavia in 1962 to take over the philosophy and sociology department of the University of Belgrade.

In 1962, Markovic, Stojanovic and their crowd gathered at the Yugoslav Philosophical Association to issue what was to be the principal founding document of *Praxis*: “Humanism and Socialism.” They announced that “alienation,” caused by an obsession with industrial production, existed even in socialist society. In 1964, Markovic, Stojanovic, and their Yugoslav collaborators teamed up with the leaders of the Frankfurt School to formally found *Praxis* magazine. These Frankfurt School figures included:

- **Dr. Herbert Marcuse.** A leader of the Frankfurt School since the early 1930s, Marcuse went on to lead the research division of the U.S. wartime Office of Strategic Services, the predecessor of the CIA. Marcuse later became a pinnacle of the “New Left.”

- **Dr. Erich Fromm.** Then based in Mexico, Fromm had also been one of the Frankfurt School’s main leaders since the 1930s. A neo-Freudian theorist, Fromm became Markovic and Stojanovic’s acknowledged mentor.

- **Theodor Adorno.** The Frankfurt School’s top theorist, Adorno specialized in the use of television and the mass media generally as a brainwashing medium.

- **Max Horkheimer.** An early Frankfurt School leader, Horkheimer had emigrated to the United States during World

War II. He returned to Germany in the immediate postwar years to reestablish the Frankfurt School at the University of Frankfurt. Horkheimer also reestablished the German branch of B’nai B’rith, the Jewish masonic organization of which Freud had been a prominent member. Horkheimer became the most influential figure in Yugoslavian psychiatry.

The Korcula school seminars

Simultaneous with its founding of *Praxis* magazine, the group founded a summer school on the remote Croatian Adriatic resort island of Korcula. Almost instantly, the Korcula summer seminars became the international summer retreat for Frankfurt School operatives from around the world. Psychiatrists and intelligence agency officials, philosophers and radical student leaders, could hear Drs. Marcuse and Fromm lecture on their latest theories and plans. It was in this setting that many of the theories of what became known as the “New Left” were first proclaimed. Student cadre were trained for deployment back home, as *Praxis* became a central ideological organ for the New Left internationally.

Among the tasks of the New Left was to popularize the rock-drug-sex counterculture, which the Frankfurt School and Tavistock sought to impose on both East and West. “Do your own thing,” became the religion of the counterculture; Marcuse, Fromm, and Markovic became the high priests.

In 1967, the same group came together for a summer conference at Tavistock itself, entitled the “Dialectics of Liberation.” There, such figures as Communist Party U.S.A. operative Angela Davis, black liberation leader Stokely Carmichael, and other U.S. New Left leaders, were given intensive training by the combined forces of Tavistock and the Frankfurt School/*Praxis* network. The conference was overseen by Tavistock clinician Dr. R.D. Laing, who claimed that psychosis played a central role in liberation. Laing laid out his program in the final sentence of his book *Politics of Experience*, published that year: “If I could turn you on, if I could drive you out of your wretched mind; if I could tell you, I would let you know.”

During this period, *Praxis* was popularized in the West through the claim that it was suffering repression because of its “heroic” demand that Yugoslavia submit to “radical democratization.” To this end, Fromm published the collection *Socialist Humanism* in 1965, containing the writings of Markovic, Stojanovic, and others. The thinking of the *Praxis* group, Fromm wrote, represented a “renaissance of Humanism.” But despite alleged repression, the group continued to flourish, and sponsored other seminars in Belgrade, and Dubrovnik, Croatia to supplement those held at Korcula.

As far back as 1970, Lyndon LaRouche and the publications associated with him repeatedly denounced the Frankfurt School, *Praxis*, and Tavistock, by name, for creating the “New Left” in order to destroy western civilization. As a result, Fromm, Marcuse, and others denounced LaRouche as a “fascist.”

Shift toward the 'New Age'

The *Praxis* journal temporarily ceased publication in 1975, after the first, more "political" phase of the New Left had been superseded by the environmentalist, feminist, "gay rights," and related New Age movements. The Korcula summer sessions ended that year. By 1981, *Praxis* renewed publication and became a flagship publication for these New Age doctrines. Like the New Left, the New Age also found its origin in the Frankfurt School and the Tavistock Institute.

In 1986, the magazine further evolved, and formally defined itself "democratic socialist," replacing its previous self-definition as "Marxist humanist." Editors Stojanovic and Seyla Benhabib, of Harvard University, motivated this change in the following terms:

"Marxism," they explain, has been "radically challenged," indeed vanquished, "by post-structuralist, hermeneutic-contextualist, and post-modernist epistemology," associated with such doctrines as those of R.D. Laing. The problem with Marxism, they opine, is its "naive faith in scientific-technological progress." It is insufficiently sensitive to oppression based on "gender, race, ethnic, linguistic, and religious identity."

Presumably, the psychiatrists who run the Chetnik rape-camps today are more "sensitive" to the need to combat ethnic oppression.

Who will speak out?

The following is a list of *Praxis*'s current editorial board. It has been shown that the Frankfurt School can be blamed to a significant degree for the mass murder now ongoing in Bosnia, and that its most important mouthpiece, Milosevic adviser Dr. Mihailo Markovic, proclaimed this murderous program in the pages of *Praxis*.

The question now is, will these editors, based not only in former Yugoslavia, but also in the United States, Germany, and Great Britain, now dissociate themselves from this policy?

Editors: Svetozar Stojanovic and Seyla Benhabib.

Editorial board: Samir Amin, Andrew Arato, Shlomo Avineri, Zygmunt Bauman, Richard J. Bernstein, Norman Birnbaum, Tom Bottomore, Christine Buci-Glucksmann, Jean Cohen, Drucilla Cornell, Reginaldo di Piero, Franco Ferrarotti, Iring Fetscher, Zagorka Golubovic, Carol Gould, Jürgen Habermas, Andras Hegedues, Helge Maria Hernes, Michael Loewy, Mihailo Markovic, Gyorgy Markus, Istvan Meszaros, Ralph Miliband, Stefan Morawski, Oskar Negt, Lucius Outlaw, H. Odera Oruka, Jean-Michel Palmier, Wolf Schafer, Gunnar Skirbekk, Svetozar Stojanovic, Rudi Šuppek, Ljubomir Tadic, Charles Taylor, Edward P. Thompson, Mihaly Vajda, Adolfo Sánchez Vásquez, Ivan Vejvoda, Marx Wartofsky, Albrecht Wellmer, Kurt Wolff.

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Fight rages over appeasement of Serbs

by Nora Hamerman

On Feb. 2, the London *Times* reported that a British television documentary aired that night on Serbian atrocities against Bosnian Muslims was “likely to prompt outrage and calls for more western intervention in Bosnia.” The new atrocity claims, broadcast on the “Dispatches” program of Britain’s Channel 4, featured “harrowing descriptions of castration, mass murder and rape” by survivors of two prison camps in northern Bosnia. On the same day, Azra Smajovic, a member of a war crimes commission set up by the Bosnian government, charged that 30,000 Bosnian women have been raped as victims of a systematic, official war policy while in Serbian captivity.

EIR believes it is very likely that sometime during February, gruesome reports of the extent of the mass starvation in the Serbian-surrounded Muslim “ghettos” throughout central and eastern Bosnia will reach the western nations and galvanize a public outcry for a military intervention. On Feb. 2, the U.N. imposed a halt on all aid convoys in Bosnia, aside from the relief effort for Sarajevo, after a Serbian rocket attack on a convoy. These supplies, woefully insufficient, were the food lifeline for an estimated 1 million Bosnian Muslims.

Vance-Owen plan ‘illegal’

But until this policy reversal comes, the cynical peace “effort” of U.N. negotiator, former U.S. Secretary of State Cyrus Vance, and EC negotiator Lord David Owen, will mask a last phase of buying time for Serbia to further its war conquest goals in Bosnia. The Vance-Owen “peace plan” calls for dividing Bosnia into ten ethnically determined provinces with a weak federal government—to be enforced by NATO troops. It has been agreed to by Dr. Radovan Karadzic, the mad psychiatrist who runs the Bosnian Serbian forces.

Addressing the U.S. Helsinki Commission in Washington on Feb. 4, Bosnian Foreign Minister Haris Silajdzik denounced the Vance-Owen plan as “illegal” and said that “it holds the seeds of renewed violence and terror.” He asked not for foreign troops, but merely the chance to fight the Serbs, including the following:

- that all heavy weaponry be placed under physical international control, so that the Karadzic-led Serbs in Bosnia would not remain in possession of it;
- lifting the siege of Sarajevo, Bosnia’s capital;
- lifting the arms embargo against Bosnia;
- bombing the Serbs if they do not lift the siege.

He told senators that it would take two to three months for Bosnia-Herzegovina to defend itself against the present onslaught.

Objectively speaking, military intervention against Serbia could be very successful, provided the western role is based on logistically aiding the Croatian and Bosnian Defense Forces, who together form the highly motivated, large ground-combat forces that western commentators pretend “do not exist” for a military offensive. The aim of such ground operations must be to re-establish the 1991 *status quo ante* borders of the republics of former Yugoslavia. At relatively low cost for the allied forces, the war could be brought to an end on a just basis.

The Serbian military position is much weaker than western media reports suggest. Serbia’s conquest of much of Bosnia has critically weakened its forces facing Croatia’s Army in the Serbian-occupied areas of Croatia. Excepting eastern Slavonia and eastern Bosnia, all the Serbian forces engaged against Bosnia and Croatia depend for re-supply and reinforcement on the narrow corridor in north Bosnia connecting them to Serbia. Simply cutting that corridor

would surround and entrap the bulk of the Serbian forces in a Balkan version of the World War II "Stalingrad pocket."

Russians not immediate threat

One excuse for the West's inaction to aid Bosnia has been the fear that Russia would rush in to bolster its Serbian allies. For many reasons, starting with the worsening of Russia's internal economic-political crisis expected between now and April, European strategic experts discount any danger of a big Russian military move, nor is a Russian-led pro-Serbian "Pan-Slavic Axis" in the cards.

Russian Pan-Slavism has historically had Germany as its main "enemy image," but at present, Russia is in dire need of economic ties and aid from Germany. Indeed, the vice-chairman of the parliamentary caucus of the ruling German Christian Democratic Union, Hornhues, reports that the Russians are offering to form a Russian-German counter-weight to the U.S.A. As long as self-preservation figures in Russian actions, a Pan-Slavic policy will likely be avoided because:

- All warring parties in former Yugoslavia—Serbs, Croats, and Bosnian Muslims—are Slavs.
- The two largest Slavic nations after Russia, Poland, and Ukraine, are anti-Serbian. They identify with Croatia for historical and cultural reasons, including their centuries of suffering under Great Russian expansionism.
- A Pan-Slavic doctrine would wreck the Russia-Romania Axis backing Serbia, as the non-Slavic Romanians would view a Pan-Slavic revival as the forerunner to a Russian seizure of the ethnically Romanian Republic of Moldova.
- Pan-Slavism would lead to incalculable destabilization of the multi-ethnic Russian Federation itself, enraging its already restive Muslim minorities, centered in the autonomous republics of the North Caucasus, and strategically important regions such as Tatarstan and Bashkiria between Moscow and the Urals.

Any Russian response in the Balkans in the short term is more likely to come as an increase in the Russian mercenary "volunteers," further logistical assistance, and oil products. Otherwise, Russia—which has already endorsed the Vance-Owen plan—can be expected to wield its U.N. veto right to prevent any effective military intervention under U.N. auspices.

Who's ranting?

The British are particularly committed to the strategy of appeasing the Serbians. After a Jan. 26 cabinet session, Prime Minister John Major sent a letter to President Clinton, urging the U.S. not to intervene. On Jan. 27, British Foreign Secretary Douglas Hurd addressed the Royal Institute for International Affairs, proclaiming that Britain will not intervene in the Balkans. He averred, in what must be called magical contrast to the Gulf war against Iraq, that Britain lacks the available ground and other forces to participate. "We don't even have two battalions" to spare, he claimed

(quotes, page 36).

Only the Imperial Lords know how to throw a really vulgar temper tantrum at their colonies: Witness the public flaunting of imperial arrogance and blunt talk by Lord David Owen. The Viceroy has taken to the mass media to rave at the United States that it should stop flirting with the idea of an independent military intervention against Serbian aggression and get into line behind all the other U.N. Security Council members who want to certify the Vance-Owen agreement—"the only act in town," as Owen called it in a Feb. 3 interview with the *New York Times*.

"Against all the odds, even against my own expectations, we have more or less got a settlement," Owen said. "But we have a problem. We can't get the Muslims on board. And that's largely the fault of the Americans, because the Muslims won't budge while they think Washington may come into it on their side any day now.

"Don't try to tell us about the outrages that have been committed by the Serbs and, to a lesser degree, by everyone else in this war," Owen sneered. "This could be the big prize for Clinton. If he wants a new policy, then he should stop all of this loose talk about using force, make it clear to Izetbegovic that he's got no real alternative to these negotiations, work with us on improving the map, and then send American troops as part of a NATO force."

But, Owen went on, Bosnian President "Izetbegovic will not sit down at the table for that or anything else, as long as the Muslims think that military help may be on the way, either arms shipments or actual outside intervention." He said the map of ten provinces could be renegotiated. "That's no problem if the Americans put the right kind of pressure." But, he warned, "there are limits to how much conquered territory you can reclaim back from an army that has not been defeated on the battlefield."

When McCloskey, a Democratic congressman from Indiana, challenged the Vance-Owen assessment of Serbian dictator Milosevic as trustworthy on the MacNeil Lehrer Newshour on Feb. 2, Owen lost control: "And I'll say, listening to the congressman, what's his alternative? Bomb and destroy the whole of Serbia, take on Milosevic, fight, put American GIs into Serbia and take them on?"

McCloskey replied, "I'm not advocating a substantial invasion and particularly, like Mr. Christopher, I've not endorsed ground forces, but I will say selective or even numerous air strikes on particular targets, if you will, in both Bosnia and perhaps even Serbia, and indeed, letting . . . arm themselves. . . . The only real language that the Serbian leaders and their Bosnian allies understand is force." Lord Owen rejoined, "But give up negotiations, as the congressman seems to want to do, and go in with a plan which you can't even get your chiefs of staff to agree to, and start lecturing us, who've actually got troops on the ground about what to do, is not a policy. It's a rant, and that's what we've heard on this program, a rant."

British justify refusal to defend Bosnia

What follows are some brief excerpts from British Foreign Secretary Douglas Hurd's speech at Chatham House (London) on Jan. 27, entitled "The New Disorder." In it, Hurd justified British overseas involvement in three wars in this century which did not involve defending British soil: in 1914, when the Kaiser invaded Belgium; in 1939, when Hitler invaded Poland; and in 1991, after Saddam Hussein invaded Kuwait, but tries to justify the current policy of not opposing Serbian aggression against Bosnia.

In the very last phrase of the speech, Hurd calls for an effort "comparable to those of 1815, 1919, and the years after 1945." The three dates refer to the three most egregious modern instances when imperial Britain joined with other great powers to carve up the world. In 1815, the Congress of Vienna put a violent halt to the process of the spread of the American Revolution into Europe; in 1919, the evil Versailles Treaty perpetuated the causes of World War I and led directly into World War II; and 1945 brought the updated version of Versailles injustice, the Yalta accords, which divided Europe between the Soviets and the Anglo-Americans.

Note Hurd's embrace of value-free, "politically correct" verbiage: It is not that the crimes against humanity in the Balkans or elsewhere are actually morally repugnant, but rather that they are perceived to be so.

. . . Soviet Communism is no longer a threat. That gigantic shadow has passed, but its passing has revealed a multitude of lesser shadows. Since the end of the Cold War we are faced with a different world where disorder is spreading. Nationalism in some places is out of hand (Yugoslavia, the Transcaucasus)—in others (Liberia, Angola, Cambodia, Somalia) factions rather than nations breed the hatred. In almost every continent, including Europe, we find dramas and tragedies which do not directly affect these islands nor those for whom we are responsible, nor our allies. Nevertheless they contain the danger of wider conflict. They produce misery which is widely felt to be unacceptable.

Sadly, there is nothing new in such misery. There is nothing new in mass rape, in the shooting of civilians, in war crimes, ethnic cleansing, in the burning of towns and villages. What is new is that a selection of these tragedies is now visible to people around the world. Before the days of hand-held video cameras, BBC Television and CNN,

people might have heard about atrocities, but accounts were often old, and often disputed. The cameras are not everywhere. But where the cameras operate the facts are brutally clear, transmitted within hours in sitting rooms around the world. People reject and resent what is going on because they know it more vividly than before. . . .

My own belief is that there is a British interest, shared with many of our allies, European partners and many others, in a safer and more decent world, but that the resulting effort needs to be rigorously disciplined and constrained. . . .

Obviously we cannot be everywhere and we cannot do everything. Our diplomacy is now undermanned compared to that of our main colleagues and competitors. Our armed forces are already stretched. . . .

Where we act, our action must be proportionate. For example to impose and guarantee order in the former Yugoslavia would take huge forces and huge risks over an indefinite period—which no democracy could justify to its people. . . .

The rest of the world would for example regard it as simply frivolous if we abandoned the common policy toward the problems of the former Yugoslavia. The conference in Geneva, under its co-chairmen, Cyrus Vance and David Owen, works tirelessly to offer peaceful answers to the warring rulers in the former Yugoslavia. That mechanism, created in London in August, is a prototype of cooperation between the EC [European Community] and the United Nations. . . . But when it succeeds, as I believe that one day it will, then it will be seen as a leading example of how a regional and an international organization can pool their efforts to cope with the new disorder. . . .

We shall probably have to say "no" more often than "yes" [to demands for international action]. . . . We must plan more clearly with like-minded countries how to reshape the international institutions for their new tasks. We are not going to achieve a total new order, by ourselves or with others. But an effort comparable to those of 1815, 1919, and the years after 1945 is needed if the international community is to avert a continuing slide into disorder; and in that effort Britain will be expected and will wish to play a worthy part.

From a related commentary in the Jan. 29 London Times, by Correlli Barnett, a fellow of Churchill College, Cambridge:

. . . We have already been suckered into the hopeless confusions of the former Yugoslavia, and have just upped our investment by one of our three aircraft carriers. Yet the quarrels of Bosnians, Croats and Serbs are absolutely nothing to do with us, and in no sense threaten our security.

Now that the new American administration is pressing us to commit ourselves even more heavily, we even have to ask whether our membership of the U.N. Security Council is becoming more of a burdensome obligation than a diplomatic asset.

Malthusian elites fume at Iraq's construction of 'Third River' project

by Muriel Mirak-Weissbach

In a release issued to the press on Jan. 26, the Iraqi government categorically denied American allegations that defensive radar and missile launching pads had prompted the renewed U.S. air strikes in the northern and southern "no-fly zones" which have been imposed on the country by the United States, Britain, and France. "The Iraqi Army has neither installed radar or missile bases near the city of Mosul in the north, nor has it attacked American planes in the south."

If not military installations, what, then, did the U.S. air strikes aim to destroy? The war propaganda has been churning out stories of threatened Kurds in the north; it was allegedly for them that a "safe haven" was created complete with air exclusion zone. In the south, according to the British press in particular, it is the Marsh Arabs whom Iraq's President Saddam Hussein aims to eliminate—not through gunfire, but through what has been called a "diabolical plan": to dry out their swamps and set them up for capture. The means which were to be used to dry swamps out, was a massive irrigation project known as the "Third River."

This, indeed, is the target of U.S. policy. As *EIR* reported last summer, at the time when a showdown was under way between U.N. inspectors and the Iraqi Agriculture Ministry (responsible for the water projects), the target of American aggression, since the beginning of the war, has been Iraq's economic development. Now, two years after the war, the target continues to be Iraq's reconstruction effort.

A new granary for Iraq

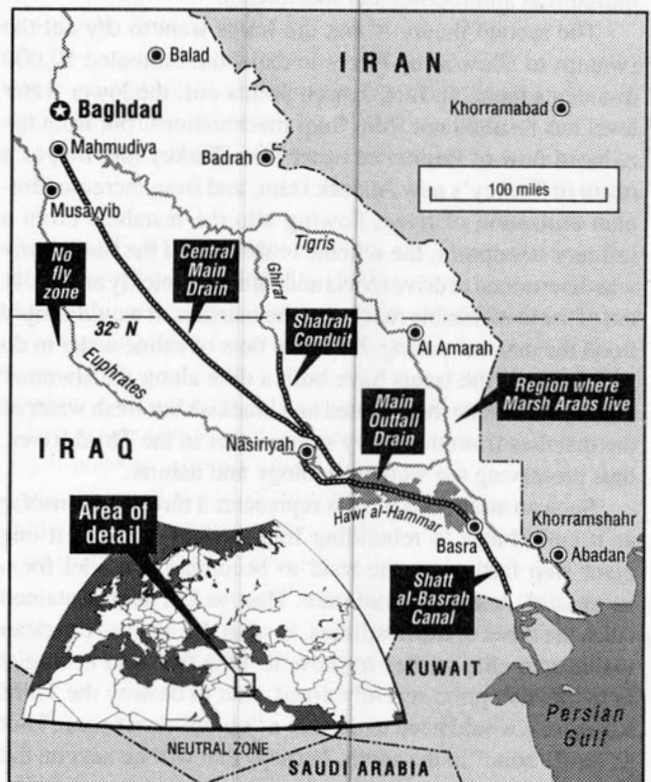
Precious little has been written in the western press about the Third River project, whose completion was celebrated on Dec. 7. A refreshing exception is an article released by Gemini News Service, by Michael Jansen, who presents concrete facts to refute the West's charges that the project was "designed to destroy the 6,000-year-old way of life of the tribal people who live in Iraq's southern marshlands."

Jansen explains that the project, first proposed by an American 40 years ago, aimed at reclaiming to cultivation the area between the Tigris and Euphrates rivers, "once the granary of Babylonia," but which "had become barren or unproductive through salination." "For the land to become productive again it must be washed with sweet water from the Tigris and Euphrates, in a process known as leaching, for five to ten years, and the saline water carried away." Hence

the effort to build the Third River, "a drainage canal, 90 meters wide at the surface, eight meters deep, and 36 meters wide at the base." It runs from Mahmudiya, south of Baghdad, "to skirt the al-Hammar marshland and discharge into another drainage project, al-Is-Haqi, at the northern end of the man-made Basra river, which was built during the Iran-Iraq war to replace the Shatt-al-Arab as a shipping lane. Feeding into the Third River is an elaborate network of drainage pipes and channels."

The project was begun in 1953, and, with Dutch, Soviet, and German contractors, was 85% completed by 1992, though most foreign firms had to leave after sanctions were declared in 1990. The Iraqis had no choice but to complete the work themselves, which they did beginning in June 1992,

Iraq's 'Third River' project



“employing 4,500 laborers and 3,000 machines, worth \$2 billion, seized from Russian, East European, Chinese, and Korean firms” who “have been promised compensation.” The project had been given priority, due to its promise of increasing agricultural production, to overcome the dependency on food imports.

The results so far are encouraging: Some 300,000 hectares out of 1.5 million have been reclaimed, and 300,000 more are being treated. Furthermore, the project will open the area up for development and exploitation of its vast oil reserves, reckoned to account for one-third of Iraq’s total reserves, capable of increasing output by 2.5 million barrels per day.

Big Lies about the project

Two conspiracy theories have been presented to damn the project. One, by Max Van der Stoel, the Dutch U.N. official responsible for investigating Iraqi human rights violations, claims that the river “would drain the marshes and deprive the Marsh Arabs of their natural habitat.” Jansen comments appropriately that this is “an ironic charge from a Dutchman whose country is built on reclaimed land.” Van der Stoel reportedly issued his charges without having even visited the area; he said he “did not have time” to go there.

The same charge is being trumpeted by British press organs, which have launched a virtual crusade to “save the Marsh Arabs.” As Jansen comments, the project will allow the Marsh Arabs to be treated “as human beings who have a place in modern Iraq rather than relegate them to a marshland museum as anthropological specimens.”

The second theory is that the Iraqis want to dry out the swamps to allow army forces to expel the estimated 10,000 dissidents there. In fact, Jansen points out, the lower water level has resulted not from Iraqi machinations, but from the reduced flow of Euphrates water from Turkey into Iraq as a result of Turkey’s new Ataturk Dam, and from increased Iranian utilization of rivers flowing into the marshes. From a military standpoint, the scheme is absurd: “If the Iraqi Army was determined to drive rebels and refugees quickly and easily out of the inaccessible reaches of the marshes, it would simply flood the marshes, using the heavy flow of saline water to do so.” Instead, the Iraqis have built a dike along the Hammar marsh, “to isolate the polluted and brackish but fresh water of the marshes from the heavy saline water in the Third River, thus preserving the wetland ecology and habitat.”

Such an ambitious project represents a threat only insofar as it contributes to rebuilding Iraq, and to bringing it one giant step farther on the road to becoming a model for a successful, Arab industrial state. That, as *EIR* has maintained since the onset of the hostilities, is what the Anglo-American malthusian elite wishes to prevent. One fanatical ecologist in the British press recently noted, that to destroy the Third River, one would need to declare a “no-bulldozer zone,” not a “no-fly zone” in the south. Perhaps that will be next on the U.N. Security Council’s agenda.

Italy

‘Corruption scandals’ steered from abroad

by Claudio Celani

On Monday, Jan. 25, the doors of the Milan San Vittore prison swung open to let out Mario Moretti, leader of the Red Brigades, the terrorist organization responsible for murdering tens of Italian institutional leaders in the 1970s. Moretti coordinated the 1978 abduction and assassination of Aldo Moro, the famous Christian Democratic leader whom Moretti personally interrogated for 55 days and ultimately shot. For that and other crimes, Moretti had been sentenced to life in prison; but instead, although he never collaborated with justice and never repented or dissociated himself from his terrorist past, Moretti has been allowed by a court ruling to begin his “reintegration” into society as a free man.

Almost at the same time, while Aldo Moro’s assassin was walking around Milan a free man, the press reported that Moro’s daughter, Maria Fida, a former member of Parliament, has lost her job and is having a hard time finding a new one.

These two images symbolize the dramatic crisis the Italian nation is living through: a country whose institutions are rewarding the assassin of one among its greatest statesmen, while the victim’s children are suffering as outcasts of society.

Aldo Moro was killed because he was pursuing an independent policy for Italy. The Red Brigades commando that killed him was steered from outside, by the same people who today are rewarding Moretti because through all these years he has kept the secret of who really gave the orders to kill Moro.

A lawyer, Nino Marazzita, has pointed out that “Moretti’s privilege is the price of silence.” Marazzita, who was counsel to the Moro family, has stated: “In the Moro case an intervention took place from the Italian, Soviet, and American foreign secret services.” The terrorists, Marazzita says, “never wanted to talk about it, but they must know.”

Who gave the orders to kidnap and kill Moro? Back in 1978 almost all Italian institutions were controlled by people who belonged to a secret lodge, Propaganda 2. P-2 included the heads of the secret services, police, and *carabinieri* (military police) who “could not find” Aldo Moro during his 55-day captivity. The lodge was built by Licio Gelli, a businessman who took orders from Alexander Haig and Henry Kis-

singer. Kissinger, shortly before Moro's capture, had "advised" him to change his policy, in such a way that Moro took it as a threat.

Putting the mosaic back together

A major national TV channel, Canale 4, interviewed Maria Fida Moro on Jan. 31. Moro's daughter recalled her father's last words: "My blood will fall on you." "There is a connection between my father's death and the corruption scandals that are shaking Italy," she said. "They are like parts of a mosaic that is being re-composed."

On the very day of the interview, something unprecedented in the history of the Italian Republic occurred. Police entered the national office of a major political party to search it. This was not just any party, but the Socialist Party (PSI) of Prime Minister Giuliano Amato. The action had been ordered by the Milan judges who have been investigating illegal bribes from businessmen to politicians for a year, and have indicted more than 100 people so far.

Bettino Craxi, the PSI's secretary general, was always a target of the investigation, and has now received his third subpoena. Parliament will decide in a few weeks whether to lift his immunity, together with 19 other members of Parliament, mostly Socialists and Christian Democrats.

Within days, the administrative office of the Socialist newspaper *Avanti!* was also searched. Then the investigation, heretofore limited to northern Italy, expanded to Rome, where two city councilmen were arrested, along with some businessmen.

A system is coming down

A whole system is coming down, a political system in which all parties were illegally financed through a generalized system of kickbacks on public works. The Milan probe, however, was started by a faction in the political system itself which is tied to the same crowd that was complicit 15 years ago in the Moro crime. This is a secret service/freemasonic faction which, in cahoots with Anglo-American circles, is promoting "new politicians" and "new" political forces.

One of these people is Mario Segni. In a letter from his captivity, Aldo Moro had pointed to Segni as the champion of "a new generation of Christian Democratic leaders whom the Americans are nurturing." Another is Claudio Martelli, the justice minister and "Mr. Clean Hands" (after the code-name of the Milan investigation) who is supposed to replace Craxi when the PSI leader is arrested. Segni and Martelli both stand for the forces in the established parties which want to ally with the emerging "new" political force, the separatist *Lega Nord*, or in English, North League.

The electoral growth of the North League over the past year has been in direct proportion to the expansion of "Milan-gate." The League pushes a blood-and-soil ideology against the centralized Italian political system, and it controls 39-40% of votes in northern Italy.

In short, what is going on in Italy is an "epochal transformation," in which corruption scandals are used by one political faction to destroy another. In this process, a Jacobin climate is being built up in the population by the mass media, in which the general level of understanding has fallen instead of rising. A growing ratio of Italians, feeling the pinch of a formidable economic crisis which has brought the official jobless rate to 11.5%, believes that the cause of these woes is "political corruption." The new Jacobins in politics not only offer no solution, but are fighting even the few initiatives which the present government is pushing as a remedy for the crisis.

For example, in early January, Premier Amato announced a plan for 50,000 billion liras (\$76 million) in public works and infrastructure, which is almost double what Bill Clinton ever promised for the United States. It is not enough, because it will create no more than 100,000 jobs directly, and a few more indirectly, but it does go in the right direction. Part of the plan, costing 13,000 billion liras (\$19.8 million) will finance a high-speed railway running north-south down the Italian peninsula—a much-needed and modern piece of infrastructure.

Yet not only is the North League against the project as creating "more sources of corruption," but even Beniamino Andreatta, the economic "brain" of the Christian Democracy, which is still the main party in the government, opposes it.

The privatization issue

Another issue splitting the Amato government is the future of Italian public industry. Italy's large state sector has always been a regulating factor in the economy, and now, hit by the crisis, it is under attack by free-marketeers who want the Italian state to sell off sound, technically advanced companies to help decrease the national deficit, which is huge. Nothing could be more stupid, but that is exactly the program of the "new-ist" faction.

The present fragile political balance could tilt any moment in favor of the "new-ists," a coalition of forces including the League. At that point, any job-creating program would be cancelled in favor of a much more radical austerity program.

In a move to prevent that, a recent policy paper produced by *EIR*'s economics staff (see story, p. 11) was prominently covered by *L'Italia*, a news magazine which was recently established by forces who oppose the dissolution of the Italian central institutions. *L'Italia* quotes *EIR* in exposing how the privatization strategy was decided in semi-secret meeting on board the British Queen's yacht on June 2, 1992. The exposé includes profile of three major Wall Street firms active in the plot (Goldman Sachs, Salomon Brothers, Merrill Lynch), and repeats the allegation that the National Geographic Society (another stronghold of Anglo-American imperialism) supports a plan to dismember Italy into three little states, exactly what the League calls for.

Haiti rejects demand to restore dictator

by Carlos Wesley

The government of Haiti has rejected an attempt by the United Nations and the Organization of American States (OAS) to ram down its throat a settlement similar to the one by which the U.N. forced the government of El Salvador to share power with the FMLN communist guerrillas. The U.N. plan for Haiti was presented by Dante Caputo, the former Argentine foreign minister appointed by U.N. Secretary General Boutros Boutros-Ghali as special envoy to restore ousted dictator Jean-Bertrand Aristide to power in Haiti. The plan includes a non-negotiable demand for up to 500 international civilian observers and their military escorts, to “freely go anywhere and into any establishment without prior notice” to monitor “human rights,” and to facilitate Jean-Bertrand Aristide’s return from his luxury exile in Washington, where he has resided since his ouster in September 1991. When it was noted that this would violate Haiti’s Constitution, the U.N.’s would-be proconsul, Caputo, retorted: “We are not going to negotiate conditions. We are not going to negotiate the number,” reported the Jan. 22 *New York Times*.

“As a true Haitian, I will not sign this agreement, and nobody in my government will sign it,” said Haiti’s Prime Minister Marc Bazin in a speech to his countrymen on Jan. 27. It will place Haiti under “international tutelage,” he said. “They are going to come, they are going to give us orders, they are going to verify that the orders are carried out properly, and if they are not respected, they will enforce them,” he said, according to the Jan. 29 *Washington Post*.

On Feb. 1, the rejection brought Caputo back to Haiti, where he was greeted by protesters chanting “down with Caputo.” After being forced to cool his heels for awhile at the Port-au-Prince airport, he went into town to meet with government officials—presumably to deliver an ultimatum—and departed on Feb. 2 without comment.

In a statement published on Feb. 3 by the Dominican Republic’s *El Nuevo Diario*, the Haitian government blasted Caputo for “shamelessly plagiarizing” an accord drafted for El Salvador by U.N. special envoy Alvaro de Soto. “It must be noted that the names of these two U.N. diplomats produce a marvelous rhyme—Caputo, de Soto—which fatally lead to the claws of the tutelage of a foreign occupation or an embargo,” it said. An earlier attempt to solve the crisis by the United States and the OAS last year, also demanded that

Haiti accept a Communist, René Theodore, as a “compromise” prime minister, to pave Aristide’s return to power.

A U.S. invasion?

While the diplomatic to-and-fro was going on, nearly two dozen U.S. Coast Guard and Navy warships continued the blockade against Haiti that was initiated on Jan. 15, Martin Luther King’s birthday. This “floating Berlin Wall”—which has depleted the forces available for drug interdiction—is the excuse for Clinton to break the promise he made during the presidential campaign, when he vowed to reverse what he called George Bush’s “cruel” policy of denying dark-skinned Haitians asylum in the United States, while rolling out the red carpet for sky jackers escaping Fidel Castro’s Cuba. Although the blockade is supposed to be temporary, columnists Evans and Novak noted on Feb. 3 that “as long as the United States continues the economic embargo imposed on Haiti when Aristide was overthrown . . . desire to leave the unhappy island will mount.” Clinton, who retained Bush’s assistant secretary of state for Latin America, Bernard Aronson, to handle Haiti, may be pushed into using the blockade to interdict the meager shipments of medicine and food that have managed to get past the embargo.

There is also the danger of an outright military invasion, which is being pushed for by Jesse Jackson. “Clinton will soon confront unpalatable alternatives: Use the U.S. Marines or drop Aristide,” said Evans and Novak, who suggest the latter course. While an invasion would meet virtually no resistance, “U.S. forces might have to stay on for years,” they wrote, recalling that when President Woodrow Wilson sent the Marines into Haiti in 1915, they occupied the country for 19 years.

Reaching a conclusion similar to that presented by *EIR* since the start of the crisis, Evans and Novak noted that Bush imposed the “devastating” embargo against Haiti “for the sake of ‘democracy.’ Accepting military overthrow of an elected President, the State Department worried, would encourage neighboring copycats, particularly in Venezuela.”

Aristide’s human rights record is truly abysmal. A leftist version of the late dictator François “Papa Doc” Duvalier, Aristide is notorious for his penchant for mob rule and for “necklacing” his opponents—a method of murder in which the victim’s arms are chopped off, and a tire filled with gasoline is placed around his neck and set ablaze. Writing in the Jan. 24 *Washington Post*, columnist Lally Weymouth quoted Aristide praising the practice. “It is nice, it is chic, it is classy, elegant and snappy. It smells good.” This Haitian Pol Pot, she reported, covered up the murder of five teenagers in July 1991, and backers of Aristide—who is a defrocked priest—targeted the Roman Catholic Church in January 1991, destroying the home of the papal nuncio in Haiti, breaking his secretary’s legs, stripping the papal envoy naked, parading him through the streets, and burning the Old Cathedral in Port-au-Prince to the ground.

Tribal unrest rends India's northeast

by Ramtanu Maitra

In a few weeks, three of India's seven northeastern states will hold elections for state legislative assembly, amidst a rise of insurgency in the region and the steady loss of credibility of the ruling Congress Party in New Delhi.

The three northeastern states—Meghalaya, Nagaland, and Tripura—going to the polls are deeply divided within, because of tribal insurgencies. In Tripura and Meghalaya the tribals have been confined to anti-non-tribal movements trying to remove non-tribal settlers from their lands; however, the movements in Nagaland are secessionist. The various Naga tribes, most of whom are Christian, had fought the British independently and had resisted accepting Delhi's authority for decades.

Although the Shillong Agreement in 1975 officially put an end to the Naga insurgency, the Nagas never really put down their guns. Delhi's priority was to implant a Congress Party, controlled from north India, which has created a few Delhi loyalists in Nagaland; but this had little effect.

Drugs and guns

Chinese-backed drug-and-gun mafias have rushed in to fill the vacuum. The growth of the heroin trade in Burma (Myanmar) and that country's takeover by a hostile pro-China junta have provided the insurgents in India's northeast with a ready source of cash and guns, in addition to a shelter during difficult times. The heroin trade got a boost when China, whose southern province of Yunnan grows plenty of poppy, began to push heroin in the world market beginning in the 1970s.

The situation worsened with the political developments in Burma. The collapse of the democracy movement after elections in which they had won, sent a stream of pro-democracy activists seeking refuge in India. In retaliation, Burmese authorities have been encouraging the tribal insurgents from Nagaland and Manipur.

The settler issue

The insurgents have also cashed in on the instability prevailing in Bangladesh. Although some terrorists had set up camps within Bangladesh territory, the outflow of poverty-stricken Bangladeshis to India has given an impetus to the tribals' anti-settler movement. The Bangladeshi settlements have taken place all over India; but the issue of Bangladeshi settling by the thousands in northeastern India—in Assam,

Meghalaya, and West Bengal—has prompted many tribes to band together to form a common front. The tribals believe that Delhi does not care about the issue because the migrants are settling in tribals' lands.

The settler issue has kept the political pot boiling in Assam for years. The Nellie massacre in 1983 saw thousands of innocent Bangladeshis slaughtered by militant Assamese. The Asom Gana Parishad (AGP), a political party of minority Assamese origin, came to power in Assam with the promise of removing the illegal migrants. But failure to deal with this contentious issue caused the political death of the AGP, despite the late Rajiv Gandhi's belated efforts through the Assam Accord of 1988. The failure gave birth to a more violent militant movement, led by the United Liberation Front of Asom (ULFA), which promotes terrorism and secession. The ULFA's rise is as much targeted against the non-tribal settlers as it is against Delhi. The ULFA leadership consists of all those who were earlier identified as the radicals in the AGP.

In northern Assam, north of the Brahmaputra River, another terrorist movement has begun with the goal of carving out a separate state, Bodoland, for the Bodo tribe. The movement has spread throughout northern Assam and is now reportedly spilling into southern Bhutan.

The tribal movements are slowly dragging Bhutan and Nepal, two independent kingdoms, into the fray. All along the foothills of the Himalayas, Nepalis have settled for years, carrying out commercial and service-sector activities. The growth of militant tribals has made these Nepalis a common target, like the migrant Bangladeshis. Since the Indo-Nepal borders remain open for all practical purposes, the movement of people between both countries has remained unhindered.

The Nepalis have also settled in southern Bhutan over the years. In the mid-1980s, however, trouble began to brew in this tiny Himalayan kingdom. Nepalis there claim that Bhutanese culture was being forcibly imposed upon them. During the last two years, the Nepali movement has taken a violent turn, and thousands of Nepalis have left Bhutan, claiming repression by the monarch, who is staunchly pro-India. These Nepalis, who are now operating from Nepal adjacent to Bhutan's borders, have started a concerted campaign pointing out human rights violations by the Bhutanese authorities, and demanding domestic reforms—all with the support of the World Council of Churches and other international organizations.

Meanwhile, the growth of "Hindu awareness" in the plains of India, and subsequent demands by the Hindu revivalists that Hindu culture must prevail in India, make tribals such as the Nagas, Gorkhas, Khasis, Garos, and others very uneasy. Delhi's inability to deal with these political developments, and its overdependence on the military to resolve the problems of the northeast, have begun to create a backlash. It is also evident that Delhi's age-old policy of propping up one tribe against another has come to its logical end.

Citizen above suspicion?

Is Australia's Mark Leibler involved in a conspiracy to evade taxes? Part 2 of a report by an EIR Investigative Team.

On Sunday April 29, 1990, Australians in the greater Sydney area picked up their copy of the *Sun-Herald* to see the glaring headline, "\$1 Billion Tax Rort Exposed." According to a Melbourne academic, Barbara Smith, backed up by investigative work by the *Sun-Herald*, the Australian Taxation Office was being "ripped off to the tune of more than \$1 billion a year by new tax avoidance schemes."

The charges triggered a parliamentary investigation, the Martin Committee, which confirmed Smith's charges: "bottom-of-the-harbor" tax avoidance schemes outlawed in 1982 had been replaced by far more "out-of-harbor" schemes.

In both instances, the name "Leibler" runs through the cases like a vein through marble. That has not kept Mark Leibler from holding three major posts concerning taxation policy—adviser to the Tax Commissioner, a member of the National Tax Liaison Group, and chairman of the Law Council of Australia's Taxation Committee.

In fact, Liberal Member of Parliament Ken Aldred, a member of the Public Accounting Committee, told Parliament that Leibler's presence on such tax office advisory bodies "put him in a position of acute conflict of interest and potentially compromised the integrity of the Tax Office."

Billion-dollar scam

According to Barbara Smith's investigation, documents in the Tax Office files showed tax avoidance/fraud of at least \$1.8 billion a year over 10 years. Smith charged that the tax scams probably increased Australia's foreign debt by \$30 billion. Massive amounts of money were moving offshore, especially to Hong Kong, a known haven of drug money.

In the earlier bottom-of-the-harbor schemes, a company would be stripped of its cash by those seeking to avoid taxes, its shell sold to a new paper company, and the records of the original company consigned to the "bottom of the harbor." Mark Leibler was a director of five of the companies stripped in this way.

In out-of-harbor schemes, income-earning assets would be placed, either by individuals or corporations, in a trust and the income from that trust directed to a beneficiary overseas. The Australians sending the funds would pay only a

10% tax rate, as opposed to a normal rate of as high as 49%, depending on the "donor's" tax bracket. The beneficiary would then loan the money back into Australia to those who had sent it out, and the "borrowers" would claim a tax deduction on the interest on this "loan." In many cases, the money never even left Australia.

In a variation on this theme, all income from the trust would be sent abroad to a foreign charity, with a tax deduction taken in Australia for the full amount. The "charity," if it existed at all, would take a small percentage, and deposit the funds into an offshore account where it could be "loaned" back into Australia, again with a deduction taken on the interest.

The same people, Smith emphasized, who had been active in the earlier bottom-of-the-harbor schemes were active in the new ones. "While Australian pensioners are stuck in a poverty trap due to the onerous rules on incomes and assets tests," she continued, "rorts are allowed to continue using the 10% interest withholding tax. Young Australians are also living in poverty due to high mortgage rates and the non-deductibility of their interest."

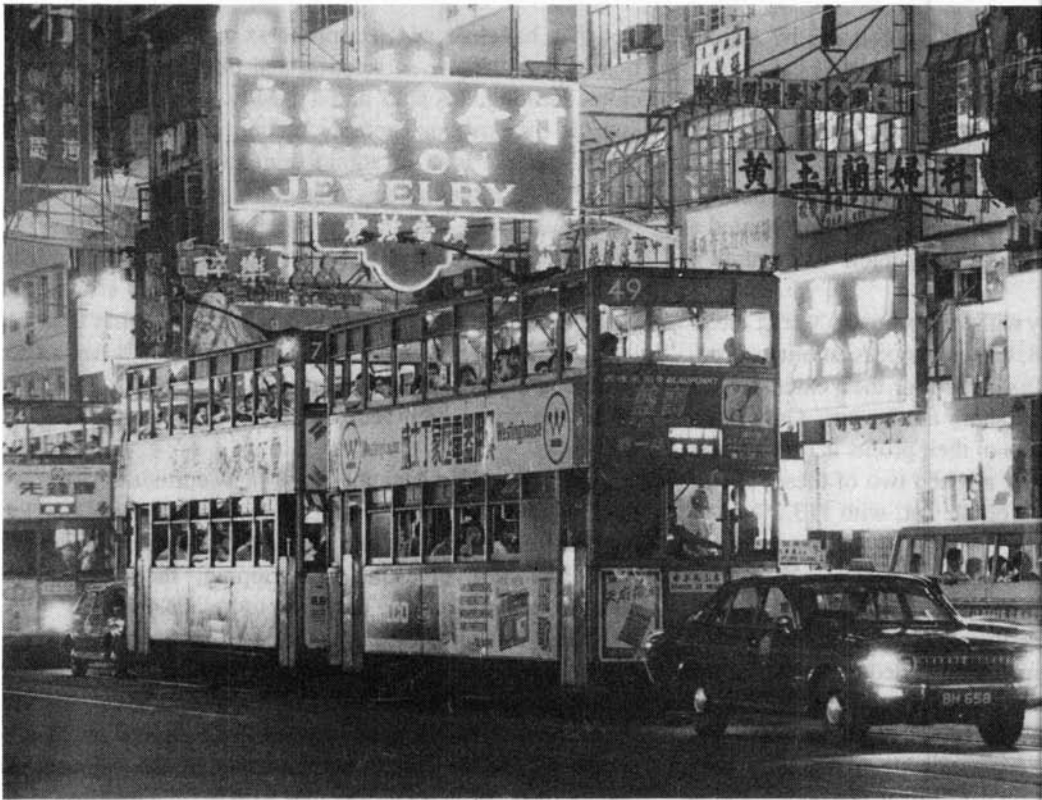
Charities for whom?

In 1991, Member of Parliament Aldred had noted that there were 900 suspicious cases pending on out-of-harbor tax evasion scams. As much as 60% of these, he said, involved "beneficiaries living in Israel."

Eight suspicious charities, led by the United Israel Appeal, had been named in internal tax office memos. Mark Leibler is a board member of the United Israel Appeal and its attorney.

Mark Leibler's client base was described by a June 26, 1987 article in the *Financial Review*: "Arnold Bloch Leibler has traditionally been a firm that serviced the Melbourne Jewish community—the likes of Hooker's George Herscu, Visyboard's Richard Pratt, Entrad's Abe Goldberg, Sussan's Marc Besen, developer and prominent businessman John Gandel, Leon Fink of Hoyts, and the prominent Melbourne Liberman family."

In her testimony to Parliament, Smith pointed to a novel,



Hong Kong—a known haven of illegal-drug money, where massive amounts of Australian money were moved over a decade in an alleged tax evasion racket through which the name of Australia's prominent Leibler family runs "like a vein through marble."

The Merchants of Melbourne, a fictionalized account of the Melbourne Jewish community in general and the Arnold Bloch Leibler law firm. The author was Alfred Zion, a Melbourne Jew who had had a major falling out with the Leiblers. The book described how the United Israel Appeal was used to evade taxes.

A number of clients of Arnold Bloch and Leibler had been named in the 1982 McCabe-LaFranchi report on the bottom-of-the-harbor tax avoidance schemes, practices which popped up again in new guises. As an internal Tax Office memo noted, "It is difficult to believe that regular distributions of substantial amounts of income each year since 1977 to various charities are all used for charitable purposes. Some of the families involved have a history of participation in tax avoidance schemes (e.g., trust stripping) and as such schemes became illegal they increased their charitable activities."

Certainly, the fortunes of many of Arnold Bloch Leibler's clients took a fortuitous turn in the late 1980s:

Leon Fink, in 1987, was worth \$50 million; in 1990, \$185 million. John Gandel, 1984, \$40 million; 1990, \$350 million. Abraham Goldberg, 1984, \$20 million; 1989, \$250 million. Richard Pratt, 1984, \$70 million; 1990, \$295 million. The Smorgon family, as of 1990, was worth a combined \$700 million. According to a source close to the Tax Office, Leibler reportedly negotiated a deal for the family "worth hundreds of millions." Liberman family, 1984, \$30 million;

1990, \$750 million. Marc Besen, 1983, \$30 million; 1990, \$260 million. In 1991, the Victorian United Israel Appeal had its most successful fundraising drive ever, increasing its 1990 pledges by 25%.

Bank-stripping

Mark Leibler's name also showed up in the \$2 billion blowout of the Tricontinental Bank of Victoria in mid-1989. As the Royal Commission into Tricontinental's collapse noted in its July 30, 1991 report, "A significant amount of total loans is provided to the Jewish community and in loans for property development."

Tricontinental's borrowers looked like a Who's Who of Arnold Bloch Leibler clients, including John Gandel for \$20 million; Gandel's brother-in-law Marc Besen for \$74.8 million; Abe Goldberg for \$62 million; two of the Liberman clan and a partner for \$24.32 million; and George Herscu for \$7.4 million. The real losers, since Tricontinental was a state bank, were the people of the state of Victoria.

The bank's downfall, remarked the *Sun-Herald* of Sept. 7, 1990, was the result of the "aggressive loan policy" of Ian Johns, who became managing director in January 1986 at age 32. Said the *Sun-Herald*, "Trico cultivated 'relationship banking,' first with a group of successful Melbourne businessmen including Solomon Lew, Marc Besen, George Herscu, John Gandel and Abe Goldberg, then with a widening pool of growth-driven businessmen and companies."

Ian Johns was represented after the collapse by Arnold Bloch Leibler.

Melbourne's wealthy Jewish community are not Leibler's only clients. Said the *Financial Review* of June 26, 1987, "Mark's clients at Arnold Bloch Leibler also form a power base—the business and economic base of the country. So much so that a huge blue-chip legal firm . . . wanted a slice of its coveted entrepreneurial clientele and sought a merger early last year."

They are no doubt happy with the tax breaks Mark Leibler works out for them. In 1988, fifteen major Australian corporations were cited by the Tax Office for their extensive tax avoidance through use of offshore tax havens. Only those firms with 20% or \$20 million of their profits in offshore tax havens were counted. Leibler advised two of these, one of which, Elders IXL, was first on the list, with 113.2% of its total profits in tax havens.

The Keating-Leibler nexus

While Leibler was the undisputed adviser in the "private sector" on tax policy, the man who called the shots for the government was Treasury Secretary Paul Keating. As the *Weekend Australian* of June 13-14, 1992 noted, "Mr. Leibler, a leading taxation lawyer . . . dealt regularly with Mr. Keating when he was treasurer over tax policy and is probably closer to him than any other Jewish leader." In fact, Leibler's power was such that the *Melbourne Age* noted on Sept. 26, 1990, "Some people in the Taxation Office in Melbourne feel that Mr. Leibler's advice is listened to before their own."

Leibler was stung by Smith's charges, but in an August 1990 submission to the Martin committee, he made some rather astounding admissions. Leibler testified that he was "somewhat taken aback" by the contents of articles written by himself, entitled "Practical Applications for the Use of Tax Havens" and "International Transactions in Tax Practice," published in 1976 and 1979, respectively. The articles outlined exactly the kinds of tax avoidance schemes which were "bleeding Australia to death," in Smith's words, and which were now being investigated by the Martin committee!

But, continued Leibler, his attitude had entirely changed from approximately the time the Labor government took power in 1983 and lifted exchange controls. "It is an undeniable fact that the current Commissioner of Taxation, Trevor Boucher, has made a concerted effort to leave behind the confrontationist days of the past and instead to involve tax practitioners and tax collectors together in a cooperative exercise to make the system work."

However, as Smith's probe concluded, the system had not worked; instead, billions had flowed out of the country.

As the *Financial Review* of Nov. 23, 1990 reported, "A determined, carefully calculated effort led by the federal treasurer, Paul Keating, and the tax commissioner, Trevor

Boucher, has changed the terms of tax policy and administration in the 1980s. . . . Keating and Boucher have the real clout. Keating, his staff and Treasury set policy. Boucher and his officers, and notably second commissioner Brian Nolan, set the tone of administration. So who influences them? . . . Leibler is seen to be close to Boucher. But he is not popular with auditors and others lower down the ATO [Australian Tax Office] tree. The reason, probably, is that Leibler is unapologetic in his view that a tax scheme or arrangement, however contrived or artificial, may still be legal. And, he says, in the 1970s and early 1980s he had no hesitation in advising clients on such schemes. . . . Leibler, of all the panel members, is in the greatest position of influence."

The remarkable benefits of this "new attitude of cooperation" were not long in coming. In November 1984, Leibler negotiated a settlement with the Taxation Office which permitted anyone involved in "trust stripping," the sort of scams outlined above, to settle on terms *to their benefit*.

Under the terms Leibler negotiate, the tax rorter would pay no penalty tax, nor any interest accrued on back taxes to that point. In other words, said Leibler, "the taxpayer is therefore receiving an interest-free loan equivalent to the unpaid tax. In the case of some taxpayers, the payment of one lot of taxation only, together with the interest free loan (if appropriately invested) *represents a reduction in the effective tax rate from 60¢ on the dollar to 30¢*" (emphasis added).

In that same year, Boucher set up the taxation liaison group to, as Nolan put it, "cement relations between the tax office and professional bodies." As summarized in a *Melbourne Age* article of 1991, "Minutes of the taxation liaison committee show that some years ago Mr. Leibler had direct input into rulings affecting trust distribution of trust income to beneficiaries living overseas—one of the out-of-the-harbor schemes mentioned by Ms. Smith."

Aside from influencing the national taxation department to the advantage of his clients, Leibler's only other public defense has been to resort to standard methods of the Anti-Defamation League of B'nai B'rith, the U.S. group which defends the drug trade: He labeled Smith an anti-Semite. Recalling her reporting on *Merchants of Melbourne*, Leibler said of Smith: "It is precisely the sort of unsubstantiated and false allegation which is the product of anti-Semitism and is calculated to cause harm to the Jewish people and, more specifically, to the Australian Jewish community. Ms. Smith's analysis has been adversely affected both by her obvious prejudices and by her failure to understand relevant legal principles. . . ."

"Ms. Smith's diatribes directed against non-existent powerful and privileged people who allegedly control governments and cleverly deceive the ATO are totally without foundation, as indeed are Ms. Smith's conscious or unconscious attacks on ethnic minorities."

Venezuela heading toward civil war

Carlos Andrés Pérez's stubborn clinging to power is fueling the economic and political crises.

Facing a growing fiscal deficit, Venezuelan President Carlos Andrés Pérez demanded on Jan. 30 that Congress immediately pass new tax hikes, in order to return to compliance with agreements with the International Monetary Fund (IMF). Economic analysts derided the move as insufficient to head off the looming devaluation, even if Congress were to pass the hikes, and Pérez's demand that it do so is no guarantee that Congress will comply.

What is guaranteed, however, is that more austerity will further fuel the national rebellion against the hated President, a rebellion which is turning against the system of rule by political parties, not law, which has driven Venezuela into chaos.

Partidocracia, as this system is known, is rapidly devolving into violent conflict between armed bands deployed by every political party. In the states of Sucre and Barinas, for example, there have been non-stop violent protests following the Pérez government's refusal to acknowledge the election victories of two opposition governors last Dec. 6.

On Jan. 26, Pérez imposed emergency rule on both states, and the Supreme Electoral Council called new elections for March 14. But the polarization is already such that, as one journalist declared on Jan. 25, "the germs of civil war [are] incubating." Wrote another, "We are sitting on a powder keg. My impression is that any day there could be a real coup d'état, by the generals."

Much of the violence in Sucre and Barinas was provoked by the ruling

Democratic Action (AD) party. In Sucre, the governor-elect from the opposition Movement Toward Socialism (MAS) party demanded Army protection after the national secretary general of AD, Humberto Celli, threatened to use "blood and fire, if necessary," to install the AD candidate in the governor's palace. AD state legislators froze the bank accounts of the state government, preventing the MAS governor from meeting the state payroll or budget needs. The crisis has spread to the state police force, where both the MAS and AD party machines have named their own police chiefs.

The opposition forces are fighting fire with fire. With daily demonstrations in the streets, the governor of neighboring Aragua state, also from the MAS, sent his police agents across state lines into Sucre to defend MAS members there. The resulting mob atmosphere on both sides has paralyzed all economic activity, aggravating tensions.

In the state of Barinas, the candidate of the Christian Democratic (COPEI) party was proclaimed the winner of the December gubernatorial election, but has been unable to take office because of AD insistence that its candidate was victorious. On Jan. 24, the party headquarters of AD in Barinas was set afire.

The intransigence of the parties is being fed by Washington. U.S. Ambassador Michael Skol, acting every bit a pro-consul, meets daily with politicians. His message is blunt: While some of the more egregious corruption must be cleaned up, if Venezuela breaks with *partidocracia* and IMF policies, it

will face the wrath of the United States.

Skol has spent a great deal of effort promoting the tiny Radical Cause party, called Causa R, as an alternative to the discredited traditional parties. Skol has invited its leaders to his home, attended their functions, and praised them publicly. This display of U.S. support has raised eyebrows in Venezuela: Causa R members are well-known friends of Castro's Cuba, and members of the Cuban Communist Party's would-be regional Comintern, the São Paulo Forum.

Causa R argues that only a "clean" party can politically impose the levels of austerity required, and had begun organizing in the military, where the rebellion against Pérez and *partidocracia* is most intense, behind the State Department's line. As presidential candidate Andrés Velázquez told *El Universal* on Jan. 21: "I call upon the national Armed Forces not to despair; to wait for us until December. With us, things are going to change for the better."

Others are less confident that the system can hold together that long. Former President Rafael Caldera, a founder of COPEI, for example, has left that party to run for president as an independent. His charge that the political parties have become simply vehicles for lining the pockets of their leaders at a campaign event on Feb. 1 sent COPEI leaders screaming.

On Jan. 26, the archbishop of Merida, Msgr. Baltazar Porras, issued an open letter to AD chief Humberto Celli, charging that Venezuela's political parties have operated for 35 years as "genuine studies in immorality," teaching their members to steal votes by any means. "This electoral piracy is a crime, is a sin," he wrote. "The verbal violence of the politicians will unleash other violence with unforeseeable affects."

France must not die in Sarajevo

Why no mass outcry, after French troops let Bosnia's deputy premier be killed? asks the Schiller Institute's leader in France.

The assassination of Bosnian Deputy Premier Hakiya Turajlic in Sarajevo constitutes a terrible breach of a promise given and a failure of the honor of France. Because it was indeed the French blue helmets of the Unprofor, the United Nations peacekeeping troops, charged with his protection, who delivered the victim into the hands of his Serbian assassins.

The worst is that the vast movement of public indignation which ought to have followed this crime, has not manifested itself.

The worst is that our government continues to sponsor, in Geneva, as if nothing had taken place, negotiations whose flaunted aim is to legitimize Greater Serbian genocide and the territorial conquests of the war of ethnic purification.

The "errors" committed on the ground by our soldiers cannot be explained except by the impossible situation in which they were placed and the nature of the orders they received. Can one imagine, otherwise, how a professional soldier like Col. Patrice Sartre could have opened the door of the French armored vehicle, in which the Bosnian deputy premier was sitting, when it should have been kept shut? Since all inspection inside U.N. vehicles was in fact prohibited, it could not be by ignorance or negligence that a colonel suddenly took it upon himself to authorize it, and to authorize it to people whose intentions could not have been unknown to him. Can one imagine that a colonel, whose competence is recognized, would have agreed, ignoring the danger, to

palaver for more than two hours, without requesting, as he ought to have done, reinforcements or an intervention by General Morillon with the Serbian principals? Moreover, if the French military men have not been sanctioned or have not been fired, it is because they acted according to the orders they had received.

The conclusion that must be drawn is clear: Up to the highest levels, which "covered up the errors," the French government is, along with the U.N., a culprit and an accomplice in the murder which was committed.

Is there anything surprising about this? Unfortunately, the answer is no. Because this assassination takes place in a context which is itself also clear. At the Geneva negotiations, supported by French diplomacy, Cyrus Vance and Lord Owen are handing over to men who have committed crimes against humanity, the territories upon which they committed those crimes. Their cynicism is not limited to the murder of one man; it involves the deaths of hundreds of thousands of human beings and the deportation of millions. And this breach of honor, this abominable breach, is accomplished at the very moment in which the triple alliance—U.S.A., Great Britain, and France—intends to teach a lesson to Saddam Hussein!

Western public opinion can compare the rapidity of the reaction in Paris, London, and Washington, toward this country under embargo, already hungry and crushed, which is Iraq, and the extraordinary immunity which Milosevic and the Serbs in Bosnia en-

joy—to say nothing of the respect which surrounds the Khmer Rouge, the authors of the other genocide of our times. A terrible cynicism, a terrible hypocrisy in plain sight of the whole world.

Now French opinion has not really reacted. Few, very few, voices have been raised to condemn the unacceptable conduct of our government. A sort of "pact of silence," flavored with pathos, weighs on our public life. Ever since President François Mitterrand accepted, with the tacit assent of the (official) opposition, the new world order of the Anglo-American elites, the new "Pax Romana," the intolerable has been repeating itself, and has become more and more tolerated.

This is of the most extreme gravity for the very idea of nation, of our nation. What is left, in fact, of the will to live together, when the state acts against honor and makes itself the accomplice, active or passive, of crimes against humanity? What remains of the nation-state when it is no longer capable of assuring the simple physical protection of those to whom it has been assigned?

It is not a question, here, of a moral breakdown of France vis-à-vis Bosnia and the world, but rather of a moral breakdown within France itself. Men and women of my generation remember family discussions in which people used to say: concentration camps, ethnic cleansing, mass rapes, never again, never again. And behold, now that evil has returned, at our doorstep, how are we able to tolerate it?

The only choice is to fight, to fight today as we did in the dark days of yesteryear, to escape shame.

It is time to ask the question: What then is France, what then is Europe, what are they for? A certain idea of France, a certain idea of Europe died in Sarajevo. It is time to get back to work.

Time to get back to production

Overtures from the Russians and increased German attention to Russia signal new economic potentials.

The development of relations between Germany and Russia after German reunification three years ago has been generally disappointing. The traditional Russian export market for East German machine-tool and machinery sectors, railway technology producers, and shipbuilders has not been preserved, and output has collapsed. Nor has there been significant progress in talks about new joint industrial, aerospace, and infrastructure projects.

For a long time, there haven't been positive overtures in either direction: Germany joined other western creditors in telling Moscow to pay its old debt, while Russia joined other western governments in telling Germany to "behave" and stay out of the Balkans. But a potential shift in relations is indicated by a report by Karl-Heinz Hornhues, the vice chairman of the Christian Democrats in the German Parliament, who met with senior Russian officials in Moscow in early February.

Hornhues, who met Russian Deputy Foreign Minister Anatoly Adamishin and National Security Council member Yuri Skokov, among others, said that "only Germany still has the reputation of not having forgotten Russia entirely. Washington didn't inform the Russian government until immediately before the U.S. air raids on Iraq started, which has enhanced the feeling: They don't even ask us." Expectations are running high in Moscow that Germany will do more and work with, rather than against, Russia, Hornhues reported.

The situation in Russia is dangerous and must be given priority consid-

eration, Hornhues said. He added that it is up to Germany to win Russia over to cooperation with Europe before it again turns into an anti-western (and anti-German) power.

Repeated statements over the past weeks by Arkadi Volsky, the chairman of the industrial association of Russia, point in this direction. When Kohl met with Russian President Boris Yeltsin in Moscow in mid-December, Volsky said on Germany's Channel 2 TV program that "the most important partner of Russia is the industry of Germany."

A good part of Russia's present crisis is due to a government policy in Moscow that has almost exclusively been determined by the Americans—an absurdity, because Germany's industry, with its geographical proximity, is a natural partner of Russian industry, while the United States is far away and uninterested in helping Russia, Volsky declared. Volsky and Russian Prime Minister Viktor Chernomyrdin met with 20 German industrial managers and afterward spoke of "new and promising perspectives for economic cooperation."

During his visit, Kohl granted Russia a virtual debt moratorium, offering an eight-year grace period on repayment of its foreign debt to Germany, a step not welcomed by the International Monetary Fund (IMF), whose experts are trying to extract more concessions from Moscow, using the debt issue as blackmail.

In turn, Yeltsin handed Kohl German diplomatic files that had been buried in Kremlin archives for decades: the private notes and diplomatic correspondence of the 1920s Wei-

mar Republic Chancellor Josef Wirth, who was in office when the far-reaching 1922 Rapallo cooperation agreements were signed between Germany and the U.S.S.R.

In the six weeks since these talks, nothing spectacular has occurred that would raise expectations of a new Rapallo. But there were interesting comments by Wolfgang Kartte, the former head of the German Anti-Cartel Agency who has worked as an investment consultant to the Russian government since mid-1992. In a Jan. 4 interview with the Bonn daily *Die Welt*, Kartte warned that any effort to impose free market competition upon Russia means certain catastrophe for the country's industry.

Kartte, a defender of the free market, said that Russia should be spared the shock treatment forced on the east Germans (at the insistence of the IMF) two years ago, with crash privatization and industrial foreclosures on a mass scale. Russia, Kartte said, should prevent that by imposing protective import tariffs.

Kartte is now working on a program in Vladimir, a region 200 kilometers east of Moscow, to transform the former state sector industry into modern, efficient production in stages. Half the size of east Germany and with a population of 1.6 million, Vladimir has industrial combines in textiles, machine tools, telecommunication, and collective farming. Some 15,000 skilled workers are involved in the first phase.

But what is required is a number of joint great projects that could employ the millions idled since 1989: 3.5 million in Germany (mostly in the east), and two or three times as many in Russia. It can be done, if the political commitment is there. Building a modern high-speed rail link from Berlin to Moscow would, for example, create 1 million new jobs in one stroke.

International Intelligence

Japan's Miyazawa nixes widening military role

Japanese Prime Minister Kiichi Miyazawa on Jan. 29 ordered his cabinet to stop all talk of widening the military's role in the world by amending Japan's 1947 Constitution, which bans the use of force in foreign affairs. Foreign Minister Michio Watanabe, Miyazawa's biggest rival, had called for the amendment so that Japan's army could be used in supranational U.N. operations.

"The Constitution is based on the concepts of pacifism and respect for basic human rights," Miyazawa said in a document read to the ministers. "These concepts must be upheld . . . the cabinet has no plans to table political discussions on amending the constitution."

Watanabe and other "hawks" from the ruling Liberal Democratic Party recently formed a parliamentary panel to look into constitutional revisions.

Poland institutes rule by decree

The Polish government on Jan. 19 approved the final version of a law empowering it to issue decrees in matters pertaining to management over the economy and state assets, government reform, public services, and the adaptation of Polish legislation to European Community standards. The government will draft a list of decrees and a schedule for implementing them.

The following topics cannot be subjects of any such decrees: constitutional amendments; presidential, parliamentary, or local government elections; the state budget; and civil and political liberties.

The law contains numerous safeguards: A decree will become effective after being signed by the President; a complaint about it can be made to the Constitutional Tribunal; some decrees will be issued in consultation with representatives of society, such as trade unions; the government will be answerable to the Sejm (parliament) for any violation of

the law caused by a decree.

The measures were announced amid growing popular discontent over the economic crisis, and the fact that most of the old pre-1990 functionaries are still in power positions in the state, including on the staff of President Lech Walesa. Several thousand people rallied in Warsaw on Jan. 29, calling for the resignation of Walesa. Interconnections between the old communist nomenklatura and pro-International Monetary Fund structures in Poland are held responsible by many for the population's increasing misery.

Germany's 'Dr. Death' is jailed on cyanide charge

Henning Atrott, president of the German Society for a Humane Death (DGHS)—the German version of Michigan's Dr. Jack Kevorkian—was arrested on Jan. 25 in a hotel in Hamburg, while selling cyanide pills to a prospective victim. German law forbids sale or distribution of cyanide. Although it has long been known that the DGHS has been selling cyanide, Atrott has always denied it.

It may very well be, however, that there will be no prosecution against Atrott for murder, since a medical certificate says that the intended victim, a psychiatric patient, was of sound mind, and that it was therefore an act of his own free will to commit suicide. In that case, Atrott would only be guilty of selling cyanide to him; helping a person to commit suicide is not forbidden by German law.

Atrott will stay in jail until his trial. The charges are, so far, trade with cyanide and tax evasion.

The Club of Life has distributed a press release calling upon the justice system to finally prosecute Atrott for his real crimes, and to ban the DGHS.

According to Atrott's own statement at the 10th anniversary celebration of the DGHS, the organization is responsible for the deaths of about 5,000 people, whom it "helped" to commit suicide.

Brazil's Cardoso wants partnership with Britain

Brazilian Foreign Minister Fernando Henrique Cardoso proposed a "political partnership" with Great Britain, during a visit to Perfidious Albion, the newspaper *Gazeta Mercantil* reported on Jan. 29. "We aren't asking anything from Great Britain; we want to be political partners and from that point, broaden our commercial relations," he said.

Cardoso, a former executive committee member of the Inter-American Dialogue, met with British Foreign Secretary Douglas Hurd, the Foreign Office's Secretary for Europe and Latin America Tristan Garel-Jones, and others, during his Jan. 25-28 visit.

The British offered to begin by maintaining a constant exchange of information with Brazil on the world political situation at the highest level. "Douglas was *absolutely* delighted with his meeting yesterday" with Cardoso, Garel-Jones told the press. "He showed him how we could really be part of the same world. The minister is another example—and an excellent one—of the new Latin America." They think alike on the General Agreement on Tariffs and Trade (GATT) and the need for a negotiated solution for Angola, he specified.

Russian warning: Cossacks in Sarajevo?

As reports mount that some kind of western military move into ex-Yugoslavia is being readied, an article by Russian "ex-officer" Sergei Sidorov, reprinted in the French daily *Libération* on Jan. 19 from the Russian military daily *Krasnaya Zvezda*, warns sharply against such an eventuality.

The article is entitled, "Does the West Want to See Cossacks in Sarajevo?" Speaking of the Serbs, who are members of the Orthodox faith, he writes that the Cossacks "promise their co-religionists determined assistance if, in Yugoslavia, there is foreign aggression."

Sidorov claims to have been in Belgrade

Briefly

on the Orthodox Christmas Eve, where he met the representative of the "renascent Cossack community of Kuban," reserve Col. Valery Goncharenko. Goncharenko, who served for more than 30 years in the Red Army, said: "We have enough volunteers to bring here an Army Corps that will be composed of men having experience in modern warfare."

Sidorov reports that there are already Russian volunteers fighting on the side of the Bosnian Serbs, under the slogan, "For the Slavs, for Orthodoxy, for Russia."

Sidorov adds: "A dialectical link is apparent between the developments of the Yugoslav crisis and the internal political situation in Russia. The prolongation of the anti-Serb positions of the West, to the point of armed intervention, can lead to a complete turnaround of the foreign policy of Russia, which would not be without implications for the internal problems. . . . To speak frankly, the West reminds me of a drunken railway conductor who, seeing that he is heading toward catastrophe, steps on the accelerator and the brake at the same time." The West must end its "demonization" of the Serbs, or it might again see the Russians participating in a war on the side of the Serbs, as has happened before in this century, he warns.

Peruvians vote, in defiance of terrorists

Peruvians turned out in record numbers on Jan. 29 to vote in municipal elections all around the country, despite armed strikes and threats by the terrorist Shining Path to kill anyone who ventured out to vote. Bus and taxi drivers had been threatened, but citizens piled into trucks or whatever transport they could find in order to get to the polls.

There were some incidents of terrorism and bombings, but a large military deployment kept things relatively calm. President Alberto Fujimori told the press, "The world can see that here in Peru there is a true electoral and democratic climate, evidenced by the massive turnout at the polls." He under-

scored that there were only 11 jurisdictions in which elections did not take place, and that this "had nothing to do with terrorism."

By and large, citizens rejected the traditional parties and voted for independent candidates. Fujimori's own party did not do well. Out of 30 important mayoral posts, independents won 15, and the rest were divided up among various parties. The APRA party of former President Alan Garcia was smashed, winning only two important cities, one of which, Trujillo, is its traditional base of support. It lost control of virtually all the municipalities in the north, which has historically been pro-APRA.

Yeltsin appeals for bloc with India, China

Russian President Boris Yeltsin told the Indian Parliament on Jan. 29 that peaceful relations among the three largest nations (India, China, and Russia) could be a stabilizing factor, "not only in Asia but in the world." Yeltsin praised India's attempts in the last three years to improve ties with China, which he said matched Moscow's moves in the same direction.

Yeltsin told a news conference that he wanted to "strike a balance between East and West. It is my hope that you support this. We have neither a pro-western nor a pro-eastern foreign policy." The alignment of Russia, China, and India could be a "major force" to balance U.S. and European interests, Yeltsin said. "In Asia, we do not consider anyone as a potential adversary."

"In the military sphere," he said, "we have a tradition with India, and we do not intend to destroy that." He announced that Russia would go ahead with its plans to sell rocket engines and expertise to India for its space programs, over loud U.S. protests. "When two great countries, in this case India and Russia, sign an agreement, it is not businesslike or proper to breach that agreement," Yeltsin said, after meetings with Indian officials. "And no third party can interfere with its fulfillment. So we will deliver the cryogenic rocket engines as agreed."

● **GEORGIAN** President Eduard Shevardnadze's special envoy appealed to the U.N. for deployment of troops to help settle the regional conflict between Georgia and Abkhazia. On Jan. 29, the envoy said, "There is imminent danger that this conflict may spill over the boundaries of Georgia and implicate other states in the region."

● **IRAQ** is reviewing international relief operations on its territory. According to U.N. sources, Baghdad is preparing its response on renewing a memorandum of understanding which expires at the end of March. One U.N. official called it "a very delicate matter."

● **FRANCE** has unofficially asked Italy for bases for military intervention into the Balkans, according to Italian newspapers. Some in the Italian government oppose this, on the grounds that France, first, has to say clearly which side is the victim, and second has to accept the Italian right to sovereign co-decision on whatever mission is launched.

● **AN ISRAELI** High Court ruled that the expulsion of over 400 Palestinians was within the law, based on the British emergency regulations in Palestine before Israel's creation in 1948. The move paves the way for more expulsions in the future. Prime Minister Yitzhak Rabin said the decision gave him a "warm feeling."

● **THE NON-ALIGNED** Movement is attempting to pull together a Third World front for the world conference on human rights in Geneva in June. At a U.N. workshop on human rights in Jakarta, Asian and Mideast officials insisted that the right to economic development was the most important human rights issue.

● **ISRAELI** parliamentarian Yael Dayan, the daughter of Moshe Dayan, rejected "paranoia," over her meeting with PLO chairman Yasser Arafat in Tunis. Israeli Prime Minister Yitzhak Rabin called her trip "a disgrace to the Labor Party."

Confederates cheer rewrite of the Gettysburg Address

by Rochelle J. Ascher

Lincoln at Gettysburg: The Words that Remade America

by Garry Wills

Simon and Schuster, New York, 1992

315 pages, hardbound, \$23

The author, a political prisoner serving a 10-year sentence, was the first associate of Lyndon LaRouche convicted in the Virginia "get LaRouche" frameups.

Garry Wills's bestseller on the Gettysburg Address, put simply, is a poorly disguised apology for the Confederacy, which is otherwise enjoying a massive revival in print and electronic media. As *EIR* has documented, there is a world of difference between Lincoln's own "with malice toward none, with charity toward all," including his honoring of the brave soldiers from both sides, and the present, fashionable moral indifference of promoting the Confederate world outlook.

The polite reviews of establishment publications do not utter these facts, but the truth behind the revival came out in a review that appeared last summer in the *Richmond Times-Dispatch*, the leading newspaper in the capital of the old Confederacy. That review, by Prof. James Robertson, Miles Professor of History at Virginia Polytechnic Institute, is more honest about what Garry Wills hoped to achieve, compared to the reviews by George Will in the *Washington Post*, or Jeffrey Hart in William F. Buckley's *National Review*. Robertson openly approves of Wills's misrepresentation of Lincoln in furtherance of the Confederacy revival.

"Once upon a time in the not-too-distant past," Robertson

writes, "schoolchildren memorized the Gettysburg Address; orators with trembling voices recounted how, divinely inspired, it was written at the last moment on the back of an envelope; few patriotic programs occurred without some appropriate person reciting the Address to tearful audiences.

"Times change. In this new—joltingly new—analysis of Abraham Lincoln's most famous utterance, Garry Wills portrays the Address as an enigmatic production, a carefully concocted speech, a swindle of sorts, a 'verbal coup,' and a document that rebuffed the Declaration of Independence and rewrote the U.S. Constitution.

"In his Gettysburg remarks, Lincoln referred to the Declaration bringing forth 'a new nation.' The overriding point here is that the President referred to the United States in the singular. The original 13 colonies became 13 separate sovereign states; and in joining together as a nation, the states had not merely relinquished all power for the common good, Lincoln inferred, the states were 'dedicated to' that oneness.

"Thus, membership in the Union was irrevocable rather than voluntary. Put another way, Lincoln was implying at Gettysburg, and in the middle of a civil war that secession was illegal [sic]. Lincoln was apparently unconcerned about what any court of law might say at some later date.

"Lincoln went even further in his Gettysburg Address. Self-government was the world's last hope for survival-without freedom. 'Government of the people, by the people, for the people' must be imperishable. Yet such self-government, Wills shows, was precisely what the Southern Confederacy was seeking to obtain. The South had no desire to destroy that same kind of rule in the North; it merely wanted to take its liberty and go its own way.

"This Lincoln refused to condone. He employed armed forces to make self-government strictly a Union-controlled

instrument. In other words, Lincoln at Gettysburg reaffirmed nothing; he instead called up a new nation that clearly *repudiated* the Declaration of Independence's principle that good men have the right to overthrow bad government. Since the North ultimately won the Civil War and wrote the majority of history books about the struggle, Lincoln's words have come down through the ages as a call to duty rather than a clever but misleading statement of America's federation and rules."

Spoken like a true Confederate! But a more honest and clear statement of what Wills says. Wills's academic trappings say the same thing in a form intended to be more *palatable*.

Why was this book on the bestseller lists? Certainly not because so many people are reading it—Wills is so difficult and convoluted that very few people could make it through this book. Its purpose is to rewrite history from the standpoint of legitimizing the Confederacy.

Stephen Douglas revisited

After having recently re-read the Lincoln-Douglas debates, it immediately struck this reviewer how exactly Wills's arguments parallel those of the pro-slavery traitor Stephen Douglas. Douglas's Kansas-Nebraska Bill, which overturned the Missouri Compromise under the guise of "popular sovereignty/states' rights" (i.e., allowing each territory to "decide" whether it would enter the Union slave or free) instigated bloody battles between abolitionists and slaveholders in the Nebraska Territories. In combination with the British-owned President Buchanan and his ally Chief Justice Roger Taney, this group of "conspirators," as Lincoln called them, followed the Kansas-Nebraska Act with the *Dred Scott* decision and started the Civil War.

Wills's central thesis is the same as Stephen Douglas's—that Lincoln "rewrote" the Declaration of Independence and Constitution. Wills says:

"He *altered* the document from within, by appeal from its letter to the spirit, subtly changing the recalcitrant stuff of that legal compromise, bringing it to its own indictment. By implicitly doing this, he performed one of the *most daring acts of open-air sleight of hand ever witnessed by the unsuspecting. Everyone in that vast throng of thousands was having his or her intellectual pocketpicked*. The crowd departed with a new thing in its ideological baggage, that *new Constitution Lincoln had substituted for the one they brought there with them*. They walked off, from those curving graves on the hillside, under a changed sky, into a different America. Lincoln had revolutionized the Revolution, giving people a new past to live with that would change their future indefinitely.

"Some people, looking on from a distance, saw that a *giant (if benign) swindle* had been performed. The *Chicago Times* quoted the letter of the Constitution to Lincoln—noting its lack of reference to equality, its tolerance of slavery—

and said that Lincoln was betraying the instrument he was on oath to defend, traducing the men who died for the letter of that fundamental law:

" 'It was to uphold this Constitution, and the Union created by it, that our officers and soldiers gave their lives at Gettysburg. How dare he, then, standing on their graves, mistake the cause for which they died, and libel the statesmen who founded the government? They were men possessing too much self-respect to declare that negroes were their equals or were entitled to equal privileges' " (emphasis added).

This "sleight of hand" argument by Wills, that Lincoln "changed" the meaning of the Declaration and Constitution is his central thesis—both in terms of the question of slavery and the question of states' rights.

The Lincoln-Douglas debates show that Lincoln himself settled the same lying argument that Wills makes, in the 175 speeches he gave on the question of slavery and the Constitution between 1854 and 1860—and most beautifully in the seven debates, lasting 21 hours, with Stephen Douglas. Since Wills and Douglas's arguments are the same, the reader would be far better off reading the 350 pages of the debates that appear in Lincoln's *Collected Works* than to labor through this book.

On the question of slavery, and "changing" the intent of the founding fathers who wrote the Declaration of Independence and Constitution, the following from Lincoln and Douglas summarize how opposite their views of the founders' intent were.

Douglas says:

"Now, I say to you, my fellow-citizens, that in my opinion, the signers of the Declaration [of Independence] had no reference to the negro whatever when they declared all men to be created equal. They desired to express by that phrase, *white men*, men of European birth and European descent, and had no reference either to the negro, the savage Indians, the Fejee [sic], the Malay, or any other inferior and degraded race, when they spoke of the equality of men. . . ."

And again:

"Lincoln maintains that the Declaration of Independence asserts that the negro is equal to the white man, and that under Divine Law, and if he believes so it was rational for him to advocate negro citizenship, which, when allowed, puts the negro on an equality under the law. I say to you in all frankness, gentlemen, that in my opinion a negro is not a citizen, cannot be, and ought not to be under the Constitution of the United States. I will not even qualify my opinion to meet the declaration of one of the Judges of the Supreme Court in the *Dred Scott* case [Taney], 'that a negro descended from African parents, who was imported into this country as a slave, is not a citizen, and cannot be.' I say that this government was established on the white basis. It was made by white men, for the benefit of white men and their posterity forever, and should never be administered by any except white men. I declare that a negro ought not to be a citizen,

whether his parents were imported into this country as slaves or not, or whether or not he was born here. It does not depend upon the place a negro's parents were born, or whether they were slaves or not, but upon the fact that he is a negro, belonging to a race incapable of self-government, and for that reason ought not to be on an equality with white men."

And this from a man who was considered too anti-slavery to be the nominee of Southern Democrats in the 1860 presidential election; in fact, the Democratic Party split in two, because the Southerners considered Douglas too pro-Negro!

Lincoln's response to Douglas during the debates reflects a view that was consistent throughout his lifetime: "I should like to know if, taking this old Declaration of Independence, which declares that all men are created equal upon principle, and making exceptions to it, where will it stop? If one man says it does not mean a negro, why may not another say it does not mean some other man? If that declaration is not the truth, let us get out the statute book in which we find it and tear it out!"

He continues:

"It is equally impossible to not see that that common object is to subvert, in the public mind, and in practical administration, our old and only standard of free government, that 'all men are created equal,' and to substitute for it some different standard. What that substitute is to be is not difficult to perceive. It is to deny the equality of men, and to assert the natural, moral, and religious right of one class to enslave another."

Finally, Lincoln proves that the Douglas doctrine was a "new principle—this new proposition that no human being ever thought of three years ago":

"I wish to return Judge Douglas my profound thanks for his public annunciation here to-day, to be put on record, that his system of policy in regard to the institution of *slavery contemplates that it shall last forever*. . . . Judge Douglas asks you 'why cannot the institution of slavery, or rather, why cannot the nation, part slave and part free, continue as your fathers made it *forever*?' In the first place, I insist that our fathers *did not* make this nation half slave and half free, or part slave and part free. I insist that they found the institution of slavery existing here. They did not make it so, but they left it so because they knew of no way to get rid of it at the time. When Judge Douglas undertakes to say that as a matter of choice the fathers of the government made this nation part slave and part free, *he assumes what is historically a falsehood*. More than that, when the fathers of the government cut off the source of slavery by the abolition of the slave trade, and adopted a system of restricting it from the new Territories where it had not existed, I maintain that they placed it where they understood, and all sensible men understood it was in the course of *ultimate extinction*" (emphasis in original).

And finally:

"I think the author of that notable instrument intended to

include *all* men, but they did not mean to declare all men equal *in all respects*. They did not mean to say that all men were equal in color, size, intellect, moral development or social capacity. They defined with tolerable distinctness in what they did consider all men created equal—equal in certain inalienable rights, among which are life, liberty, and the pursuit of happiness. *This they said and this they meant*. They did not mean to assert the obvious untruth, that all were then actually enjoying that equality, nor yet, that they were about to confer it immediately. . . . They meant simply to declare the *right*, so that the enforcement of it might follow as fast as circumstances should permit.

"They meant to set up a standard maxim for free society which should be familiar to all: constantly looked to, constantly labored for, and even though never perfectly attained, constantly approximated and thereby constantly spreading and deepening its influence and augmenting the happiness and value of life to all people, of all colors everywhere."

Wills's states' rights sophistry

Wills makes the same argument regarding "the nation" and "states' rights" that he makes regarding slavery—that Lincoln, "by sleight of hand," changed the view of the founding fathers in his speech at Gettysburg. Wills points, as do many others, to the fact that before Gettysburg, the common usage was to refer to the United States in the plural, (the United States *are*), and that after Lincoln's "revolution" at Gettysburg, usage became singular (the United States *is*).

This states' rights argument put forward by Wills is nothing more than a *Confederate* argument that began to gain currency in 1832, when South Carolina threatened to secede over the 1828 "Tariff of Abominations" (the highest U.S. tariff in history pushed through by the Clay Whigs). It is no accident that South Carolina's "constitution" was written by John Locke, as a "social contract." Lincoln repeatedly points out that the U.S. Constitution is based on natural law, which views man as made in the image of God, not a Lockean social contract where the role of government is to regulate conflict among the beasts. Again, this did not change at Gettysburg—this was the issue fought out by the founding fathers when they replaced the Articles of *Confederation* with a Constitution written by Hamilton and Franklin. Lincoln says, in his First Inaugural, that the people's existence precedes and makes possible the Constitution, otherwise, "The United States [would] be not a government proper, but an association of States in the nature of a contract [or pact] merely."

And in a special address to Congress on July 4, 1861, Lincoln destroys forever the arguments of states' rights.

"This sophism," Lincoln says, referring to the states' rights argument for dissolution of the Union, "derives much—perhaps the whole—of its currency, from the assumption, pertaining to a State—to each State of our Federal Union. Our States have neither more, or less power, than that reserved to them, in the Union, by the Constitution, no

one of them ever having been a State *out* of the Union. The original ones passed into the Union even *before* they cast off their British colonial dependence; and the new ones each came into the Union directly from a condition of dependence, excepting Texas. And even Texas, in its temporary independence, was never designated a *State*. The new ones only took the designation of States, on coming into the Union, while that name was first adopted for the old ones, in, and by, the Declaration of Independence. Therein the 'United Colonies' were declared to be 'Free and Independent States,' but even then, the object plainly was not to declare their independence of *one another*, or of the *Union*, but directly the contrary, as their mutual pledge, and their mutual action before, at the time, and afterwards abundantly show. . . .

"The States have their *status* in the Union, and they have no other *legal status*. If they break from this, they can only do so against law, and by revolution. By conquest, or purchase, the Union gave each of them, whatever of independence, and liberty, it has. The Union is older than any of the States; and in fact, it created them as States. Originally, some dependent colonies made the Union, and, in turn, the Union threw off their old dependence, for them, and made them States, such as they are. Not one of them had a State Constitution, independent of the Union. Of course, it is not forgotten that all the new States framed their constitutions before they entered the Union; nevertheless, dependent upon, and preparatory to, coming into the Union.

"Unquestionably, the states have the powers, and rights reserved to them in, and by the National Constitution; but among these, surely are not included all conceivable powers, however mischievous, or destructive; but at most, such only, as were known in the world, at the time, as governmental powers; and certainly, a power to destroy the government itself, had never been known as a governmental—as a merely administrative power. This relative matter of National power, and States rights, as a principle, is no other than the principle of *generality* and *locality*. *Whatever concerns the whole should be confided to the whole—to the general government; while whatever concerns only the State should be left exclusively, to the State*" (emphasis in original).

Even during the debates, Lincoln makes clear that states' rights is a fraud. When Douglas introduces the doctrine of "popular sovereignty" with the Kansas-Nebraska Bill, and declares it the "right" of the "people" of a territory to decide a fundamental constitutional question such as slavery, Lincoln responds that Douglas ensured that the *intent* of the founding fathers—that slavery would become "*ultimately extinct*"—would be changed to guarantee that slavery would become *national* and *perpetual*. Lincoln also collapses the argument of Douglas's "states rights" doctrine—since Douglas, who was the author of "popular sovereignty" was in fact in cahoots with Justice Roger Taney, whose *Dred Scott* decision (which considered slaves property able to be transported anywhere), *overturned* and *overrode* states rights. As Frederic Hender-

son has pointed out also, the Confederate states had no rights whatever under the Confederate Constitution, although states' rights was supposedly a major argument for secession (see *EIR*, Aug. 28, 1992).

In the first debate with Lincoln, Douglas contends:

"Washington, Jefferson, Franklin, Madison, Hamilton, Jay, and the great men of that day, made this Government divided into free states and slave states, and *left each state perfectly free to do as it pleased in the subject of slavery*. Why can it not exist on the same principles on which our fathers made it? They knew when they framed the Constitution that in a country as wide and broad as this, with such a variety of climate, production and interest, the people necessarily required different laws and institutions in different localities. They knew that the laws and regulations which would suit the granite hills of New Hampshire would be unsuited to the rice plantations of South Carolina, and they, therefore, provided that *each State should retain its own Legislature, and its own sovereignty, with the full and complete power to do as it pleased within its own limits, in all that was local and not national. One of the reserved rights of the States was the right to regulate the relations between Master and Servant, on the slavery question.*"

To which Lincoln responds:

"What was it . . . that this 'Little Giant' [Douglas] invented? It never occurred to Gen. Cass to call his discovery by the odd name of 'Popular Sovereignty.' He had not the impudence to say that the *right* of people to govern niggers was the right of people to govern themselves. His notions of the fitness of things were not moulded to the brazen degree of calling the right to put a hundred niggers under the lash in Nebraska '*a sacred right* of self-government.' And here, I submit to this intelligent audience and the whole world, was Judge Douglas' discovery and the whole of it. . . . He discovered that the right of the white man to breed and flog niggers in Nebraska was *popular sovereignty*" (emphasis in original).

The truth is that Lincoln did *not* rewrite the Declaration of Independence or the U.S. Constitution—he gave his life to guarantee the founding fathers' intent. What Wills refuses to admit is that it was the Confederacy, run by England, that rewrote the history of our founding documents, with the purpose of obliterating the nation and returning it to British rule.

Transcendentalism and the culture of death

Wills engages in two other major acts of intellectual fraud: The first involves the Transcendentalist movement, and the second is Wills's "structural" analysis of the Gettysburg address from the standpoint of Greek rhetoric.

Wills spends as much, if not more, time discussing Edward Everett, whose three-hour speech preceded Lincoln's at Gettysburg, than he does Lincoln's 272 words. Everett was the father of the U.S. Transcendentalist movement and the mentor of Ralph Waldo Emerson, among others. Starting

in the early 1800s, there was a vile effort to create a Kantian romantic movement in the U.S., which took the name Transcendentalism from Kant's notion of the transcendental. Starting in 1805, and picking up steam after the U.S. publication of Madame de Staël's book on Germany in 1814, the first Americans were deployed to Europe to study "the new German philosophy" of Kant and his interpreters. The first two Bostonians who made the trip to Europe were Edward Everett and George Ticknor. After spending two years studying Kant at Göttingen, they travelled throughout the continent, spending a great deal of time with the Madame de Staël, Schlegel, and Constant. Upon their return, they became the leaders of the first American Transcendentalists.

There are two aspects of Transcendentalism which are key wrecking operations against the United States. The first is the Kantian argument that human creativity is "unintelligible, unknowable"; the second is their "back to Mother Earth/Mother Nature" romantic outlook. Kant's view was that man's divine qualities, human creativity and human progress, the purposes for which the United States was founded, are freakish, mysterious entities, which cannot be deliberately understood and fostered by human beings. Since the purpose of the U.S. Constitution was precisely to nurture human creative progress, the Transcendentalist cabal was dedicated to wrecking the republic based on it. Not only

does Wills spend endless pages on this philosophy and its adherents, reprinting Everett's Gettysburg speech in full, but he maintains that Abraham Lincoln was a Transcendentalist!

Wills argues that Lincoln, by his speech at the cemetery at Gettysburg, was part of the Transcendentalist "rural cemetery movement!" Wills says: "The Transcendentalists played an important role in the cult of cemeteries as 'schools of life.'"

He refers to the 19th-century "cult of death," commenting that the "function of the cemetery as a training of the sensibilities was much on Everett's mind. He even suggested that children should be kept in instructive communion with the place by volunteer work on its upkeep."

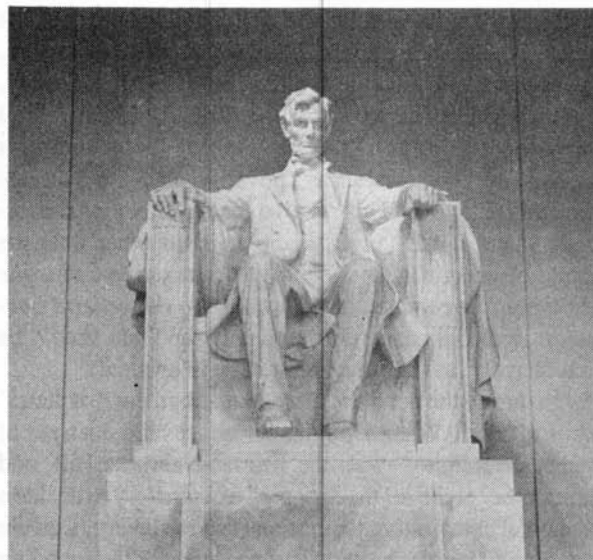
Wills goes on, speaking of Gettysburg, where Lincoln makes his address following the bloodiest battle of the bloodiest war in U.S. history, in which as many as 50,000 young men were killed or wounded: "The dedication of Gettysburg must, therefore, be seen in its cultural context, as part of the 19th century's fascination with death in general and with cemeteries in particular. We tend to view it only in its connection with the Civil War and military ceremonies, which were indeed the most immediate and compelling associations. But these did not entirely obliterate the larger and longer-standing pattern of response to the recurrent rites of dedicating new parts of nature to the care of the dead."

Address at Gettysburg

Four score and seven years ago our fathers brought forth on this continent, a new nation, conceived in Liberty, and dedicated to the proposition that all men are created equal.

Now we are engaged in a great civil war, testing whether that nation, or any nation so conceived and so dedicated, can long endure. We are met on a great battlefield of that war. We have come to dedicate a portion of that field, as a final resting place for those who here gave their lives that that nation might live. It is altogether fitting and proper that we should do this.

But, in a larger sense, we can not dedicate—we can not consecrate—we can not hallow—this ground. The brave men, living and dead, who struggled here, have consecrated it, far above our poor power to add or detract. The world will little note, nor long remember what we say here, but it can never forget what they did here. It is for us the living, rather, to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which



they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain—that this nation, under God, shall have a new birth in freedom—and that government of the people, by the people, for the people, shall not perish from the earth.

—November 19, 1863

Of Ralph Waldo Emerson, Everett's leading student, he points out: "Emerson dug up his son's body, after its decay, to contemplate it. (He also dug up his wife, and was raised by an aunt who wore her own shroud while alive and slept in a coffin-bed.)" Wills even references necrophiliac aspects of the Transcendentalists, which we will forgo here.

He continues: "There is something deeper in the connection between children, death, and the healing countryside that J. Hillis Miller had traced in Dickens's novels. The key to the fascination seems to be that childhood was seen as one of those *liminal* experiences that fascinated the romantics in general and the Transcendentalists in particular. The interest in dreams, revery, mesmerism, spiritualism, birth and death shared this liminality.

"The contemplation of nature that rural cemeteries were meant to foster was a threshold experience for the Transcendentalists. The horizon, where heaven touches earth, suggested the interplay of the ideal with the real—as did ponds mirroring heaven in the darkest groves. Afloat on such a pond, Emerson felt he was traversing a heaven of the mind: 'We penetrate this incredible beauty [of water], we dip our hands in this painted element; our eyes are bathed in these lights and forms.'

"The borderlines (limina) in nature appealed to people who saw, figured there, the great limits to knowledge and time and history they were meant to transcend: 'In every landscape the point of astonishment is the meeting of the sky and earth.' Liminal experiences—twilight, dreams, day-dreaming, melancholy, premonitions—were not fuzzings [sic] but intensifications of knowledge."

Wills prattles on for pages with this kind of Rousseauvian communing with nature, before he gets to his point regarding Lincoln. "The cemetery was the supreme locus of liminality in the 19th century. It was the borderland between life and death, time and eternity, past and future. . . .

"These, then, were some of the predispositions people brought to the dedication of a cemetery in the 1860s. Did Lincoln share in these attitudes? He shared them in spades. He was himself, funereal, almost to the point of caricature. Herndon wrote that 'melancholy dropped from him as he walked. . . .' Lincoln meditates on death and madness like a young Hamlet, even echoing Hamlet's words."

What was motivating Lincoln at Gettysburg, argues Wills, was his acute grief over the death of his son. "Though others were mourning for their military dead at Gettysburg, Lincoln's black hatband was recognized by some as a sign of grief for the dead boy," later adding: "Lincoln, like Jefferson, was a man of his own age; *but his age was the romantic era*, which breathes through the melancholy and brooding poetry he wrote in the 1840s. More to the point, his dialectic of ideals struggling for their realization in history owes a great deal to the primary intellectual fashion of his period, Transcendentalism. The Transcendentalists were theological Unitarians who, largely through the influence of Carlyle, adapted

German idealism to the study of American society. They saw the permanent ideal shining through the particulars of nature. 'Nature,' as Emerson put it, 'is the incarnation of a thought. . . . The world is mind precipitated.' Lincoln was bound to be affected by the rhetoric, assumptions and conscious ideals of the men who shaped his culture. This shows in his language, and can be partially traced in direct and indirect influences on his thinking. He knew, in different degrees, the work of the Transcendentalists—by minimal contact with Emerson himself, limited by deep contact with the thought of George Bancroft, and extensive exposure to Theodore Parker's views" (emphasis added).

From here Wills goes on to make his most outrageous charge, "that it was Bancroft's essential statement on Transcendentalism—his 1854 lecture on 'The Necessity, the Reality, and the Promise of the Progress of the Human Race' that served as the model for Lincoln's own most ambitious philological-philosophical exercise of the 1850s—his lecture on inventions." Nothing could be further from the truth. As the reader can see from the first few lines below, the speech Wills refers to, on "Discoveries and Inventions," which was Lincoln's favorite stump speech during his 1860 campaign, is a Leibnizian, scientific explication of man's creativity, as *imago viva Dei*, the living image of God who perfects God's creation through new technological advances. Worse for Wills, "Discoveries and Inventions" is clearly an attack on Transcendentalism:

"All creation is a mine, and every man a miner.

"The whole earth, and all *within* it, *upon* it, and *round about* it, including *himself*, in his physical, moral, and intellectual nature, and his susceptibilities, are the infinitely various 'leads' from which man, from the first, was to dig out his destiny.

"In the beginning, the mine was unopened, and the miner stood *naked*, and *knowledgeless*, *upon* it.

"Fishes, birds, beasts, and creeping things, are not miners, but *feeders* and *lodgers* merely. Beavers build houses; but they build them in nowise differently, or better now, than they did, five thousand years ago. Ants and honey bees provide food for winter; but just in the *same way* they did, when Solomon referred the sluggard to them as patterns of prudence.

"Man is not the only animal who labors; but he is the only one who *improves* his workmanship. This improvement he effects by *Discoveries* and *Inventions*. . ." (emphasis in original).

It is certainly no accident that the history of Lincoln and the United States from this period has been so utterly distorted. Wills is right when he says Bancroft's Transcendentalism "suffused his 10-volume *History of the U.S.*," the most widely read history of the period. Two of Lincoln's most noted biographers, John Hay, his secretary, and William Herndon, his law partner, were rabid Transcendentalists. Herndon was the "disciple of that most militant Tran-

scendentalist, Theodore Parker, whom Emerson called 'our Savonarola.' Hay later became secretary of state, and part of the Emerson "kindergarten" which ran the British-controlled Teddy Roosevelt administration.

The Confederacy's twin: radical abolitionism

Even Wills, however, is forced to admit that Lincoln absolutely disagreed with the Transcendentalists on radical abolitionism. As Anton Chaitkin documents in his book *Treason in America* (New York: New Benjamin Franklin House, 1985), the British oligarchy controlled not only the southern planter aristocracy which ran secession, but also the radical abolitionist movement, through their New England merchants and bankers. Theodore Parker, Herndon's mentor, was one of the leading funders of John Brown. Given that all of the leaders of the Transcendentalists had been "at one time" raving racists, their transformation to "radical abolitionism" was quite something—unless it is understood, as it was by Lincoln—as the British "countergang" to the slaveholding Confederacy. Unlike Lincoln, as Wills admits, "Parker and the Transcendentalists had no qualms about separation of the Union. Better secession of the South, he felt, than further spreading of its poisons in the North. The Union was not worth preserving, if that gave infection a larger body to pervade."

The Transcendentalists and others attacked Lincoln, first for not just letting the South go, and then for not moving fast enough on emancipation. The commonplace lie about the Emancipation Proclamation, that it was issued for military expediency and freed no slaves, covers up the fact that Lincoln and his allies like Henry Carey knew that the strategic policy of Great Britain was to break the Union into two or even several pieces—to balkanize and then reconquer the U.S.

Lincoln's refusal to "let the South go"—or to sign a separate peace as he was increasingly being urged to do in the darkest days of 1864—was what forced the British to kill him. His unswerving commitment to reunifying the country on the basis of *both* American System economics *and* the end of slavery, foiled British plans. To argue that he did not go fast enough or far enough was simply wrong.

The Emancipation Proclamation itself announced a new war aim—the overthrow of slavery by force of arms if and when Union armies conquered the South. Lincoln knew, however, that emancipation would not be irrevocable without a constitutional amendment. In 1864, Lincoln took the lead in getting the Republican Party national convention that renominated him to adopt a platform calling for a Thirteenth Amendment, prohibiting slavery everywhere in the United States. Because slavery "was hostile to the principles of republican government, justice, and national safety," the platform declared, Republicans vowed to accomplish its "utter and complete extirpation from the soil of the republic." After reelection, Lincoln threw his full weight behind the amendment,

which passed the House of Representatives in January 1865.

In her article on "Frederick Douglass and the Lincoln Tradition," Denise Henderson quotes from Douglass on this fundamental point (*New Federalist*, June 21, 1992). Douglass had broken with the radical abolitionists, including his former mentor, William Lloyd Garrison, whose policy was "that the first duty of the non-slaveholding States was to dissolve the Union with the slaveholding States." Douglass says: "After a time, a careful reconsideration of the subject convinced me that there was no necessity for dissolving the union between the northern and southern states, that to seek this dissolution was not part of my duty as an abolitionist." Furthermore, Lincoln called Douglass to the White House in mid-1863, for a meeting, during which Douglass was happy to discover that the President had not released the Emancipation Proclamation as a wartime measure:

"It was when General Grant was fighting his way through the wilderness to Richmond . . . that President Lincoln did me the honor to invite me to the Executive Mansion for a conference on the situation. . . . He wished to confer with me . . . as to the means most desirable to be employed outside the army to induce the slaves in the rebel states to come within the federal lines. The increasing opposition to the war, in the North, and the mad cry against it . . . alarmed Mr. Lincoln, and made him apprehensive that a peace might be forced upon him which would leave still in slavery all who had not come within our lines. What he wanted was to make his proclamation as effective as possible in the event of such a peace. He said, in a regretful tone, 'The slaves are not coming so rapidly and so numerously to us as I had hoped.' I replied that the slaveholders knew how to keep such things from their slaves, and probably very few knew of his proclamation. 'Well,' he said, 'I want you to set about devising some means of making them acquainted with it, and for bringing them into our lines.' . . . He said he was being accused of protracting the war beyond its legitimate object and of failing to make peace when he might have done so to advantage. He was afraid of what might come of all these complaints, but was persuaded that no solid and lasting peace could come short of absolute submission on the part of the rebels, and he was not for giving them rest. . . . He saw the danger of premature peace, and, like a thoughtful and sagacious man as he was, wished to provide means of rendering such consummation as harmless as possible. I was the more impressed by this benevolent consideration, because he before said, in answer to the peace clamor, that his object was to 'Save the Union,' and to do so with or without slavery. What he said on this day showed a deeper moral conviction against slavery than I had ever seen before in anything spoken or written by him. I listened with the deepest interest and profoundest satisfaction, and at his suggestion agreed to undertake the organizing of a band of scouts, composed of colored men, whose business should be . . . to go into the rebel states, beyond the lines of our armies, and carry the

news of emancipation, and urge the slaves to come within our boundaries.

"I refer to this conversation, because I think that, on Mr. Lincoln's part, it is evidence conclusive that the proclamation, so far at least as he was concerned, was not effected merely as a 'necessity.' "

In the worst days of his reelection campaign in 1864, when it was considered certain that he would lose the election to the "peace" candidate McClellan, several associates and cabinet members suggested attempting a "negotiated peace" with the Confederacy, based on renouncing the Emancipation Proclamation and legalizing slavery. Lincoln refused—more than 100,000 black soldiers were fighting for the Union and their efforts were crucial to the northern victory: "If they stake their lives for us they must be prompted by the strongest motive . . . the promise of freedom. And the promise being made must be kept. . . . There have been men who proposed to me to return to slavery the black warriors who risked their lives for the Union. I should be damned in time and in eternity for so doing. The world shall know that I will keep my faith to friends and enemies, come what will."

And, he said, to give the appearance of backing down on emancipation "would be worse than losing the presidential contest."

The 'Greek revival' hoax

Finally, Wills's arguments regarding the "style" and "structure" of the Gettysburg Address, are sheer fraud, to which he devotes several chapters—the most outrageous being, "Oratory of the Greek Revival." Wills takes us right back to the Transcendentalists—since, of course, Everett, Emerson, Bancroft and company were first and foremost Greek scholars, committed to "the revival of Periclean Athenian democracy" in the United States. Lincoln not only abhorred this "pure democracy," libertarian romanticism, of an Andrew Jackson, for example, but he also fought against it all his life. It was this "mob democracy" which Jackson invoked, attacking everything having to do with the American System of economics, whether internal improvements, the National Bank of the United States, or "excessive" government direction of credit; as part of his rampage against this last, Jackson withdrew U.S. government deposits from the Bank of the United States in 1832, bringing about the worst depression in U.S. history, and handing U.S. credit over to the British and their American agents.

Everett played a key role in America's Greek revival, and Harvard University established its new chair of Ancient Greek studies for him, where Emerson was his student. Wills hails Everett "the new Pericles of the western world."

While I am not a Greek scholar, the minute I saw Everett's speech, followed by speeches of Pericles and Gorgias, as Wills's appendices to Lincoln's Gettysburg Address, the hoax was obvious. This Transcendentalist Greek revival of "pure mob democracy" was an enemy operation run against

the United States—and against the Whig policy for which Clay and Carey and Lincoln fought.

Lincoln and Gethsemane

If one wants to look at Lincoln's poetical tradition and inspiration, look to his favorites—Burns and Shakespeare—much of whose works he knew by heart. He attended every Shakespeare performance that he could, and remarked that he was especially fond of the political tragedies. He read Shakespeare aloud all the time, commenting often on his use of metaphor. Nonetheless, Wills completely misses what motivated the 272 beautiful words that make up the Gettysburg Address—a speech which took approximately three minutes to deliver—and which will be remembered in history forever.

Great poetry—as the Gettysburg Address certainly is—can only come from a mind and soul which has confronted the question of Gethsemane. Statesman Lyndon LaRouche reflected in his introduction to the autobiography of civil rights veteran Amelia Platts Boynton Robinson, *Bridge Across Jordan* (Washington, D.C.: Schiller Institute, 1991), that few Americans have actually dealt with this question: "Those of us who find ourselves in Gethsemane—a Gethsemane where we are told that we must take a role of leadership with our eye on Christ on the Cross—often experience something which, unfortunately, most people do not."

Garry Wills is not even in a universe in which he can contemplate such a question—the commitment to freedom and human dignity so strong that one is willing to risk one's life to secure them. Lincoln was not mourning the death of his son at Gettysburg. As I discussed in my address to the Sept. 5, 1992 conference of the International Caucus of Labor Committees (see *EIR*, Oct. 2, 1992), Lincoln was a man who, from the day of his inauguration until his assassination, 1,503 days, took upon his shoulders the fate of his nation—and also the world—in a war in which he put 3 million people into uniform; in which almost one-quarter of all men of military age died or were wounded; a war in which he mobilized the greatest economic revival in human history.

After his election, but before his inauguration, Lincoln's close friend Judge Gillespie recounts that Lincoln told him: "I see the duty revolving upon me. I have read, upon my knees, the story of Gethsemane, where the Son of God prayed in vain that the cup of bitterness might pass from him. I am in the Garden of Gethsemane now, and my cup of bitterness is full and overflowing. . . ."

"I then told him that as Christ's prayer was not answered and his crucifixion had redeemed the great part of the world from paganism to Christianity, so the sacrifice demanded of him might be a great beneficence. Little did I then think how prophetic were my words to be, or what a great sacrifice he was called upon to make."

In the crisis our world is facing, let us revive Lincoln—and put an end to the Confederacy once and for all.

Clinton's 'laser focus' will fry the economy

by Kathleen Klenetsky

After two weeks of post-inauguration focus on a social agenda topped by homosexuals in the military and unrestricted abortion, President Clinton has finally started his promised "laser-like" focus on the economy. But, judging from the proposals that have been floated by the President and his cabinet alike, he's headed in the wrong direction. Far from implementing the "high-wage, high-tech" job-creation program that formed the core of his campaign platform, Clinton, heeding Wall Street's demands, is heading down the road of domestic austerity, targetting the most vulnerable segments of the population in the process.

At the World Economic Forum, which met in Davos, Switzerland in late January, a very senior policy insider confirmed privately that Clinton's "task" will be to impose savage austerity and cuts in the U.S. standard of living which no Republican administration could have politically managed.

According to this source, Clinton is being told by his establishment "handlers" that the principal components of his economic policy will be deficit reduction, to be accomplished through raising taxes and significantly cutting "entitlement" programs (primarily Social Security and Medicare); health care "reform," which will dramatically lower the already inadequate level of health care available to most Americans; and a "market-driven" job-training program, in which unemployed black and Hispanic youths will be given jobs at below prevailing wages with private companies, further turning the United States into a Third World-type cheap-labor economy.

Clinton's actions thus far have borne out this analysis, as well as *EIR's* repeated warnings of the last year that the major factions within the U.S. establishment had agreed to push through a program of cutbacks which primarily targets the elderly and the poor, regardless of whether Clinton, George Bush, or Ross Perot won the election.

The devil made him do it

Although the administration has let it be known that the economic policy package Clinton is scheduled to unveil on Feb. 17 will include a "stimulus" package, consisting of approximately \$15-30 billion in new spending and tax incentives to business, it is becoming ominously obvious that it will be offset by a combination of new, regressive taxes, and lethal cuts in social spending.

While it is impossible to predict with absolute certainty what Clinton will ultimately include in his Feb. 17 economic proposal, there have been plenty of signals emanating from the new administration to indicate the general contours of that package. The President and his advisers have floated a number of specific proposals since the inauguration, including:

- **A national consumption tax.** This was first raised publicly by Treasury Secretary Lloyd Bentsen on the NBC News "Meet the Press" program on Jan. 24. "What you're going to see in this situation is some consumption tax," asserted Bentsen, leaving no doubt that deficit reduction, rather than encouragement of economic growth, has become the administration's main focus. Such a tax, he said, would probably take the form of a broad-based energy or gasoline levy.

While Clinton himself said that no final decision has been made, White House spokesman George Stephanopoulos told reporters that the President is seriously considering a consumption tax along the lines outlined by Bentsen.

- **Cutbacks in Social Security and Medicare.** Cutting Medicare figured heavily in Clinton's campaign platform proposal for controlling health care costs—although, for obvious political reasons, he did not choose to trumpet that fact while on the hustings.

Now, in addition to these cutbacks, Clinton has decided to take on Social Security itself. Several top administration officials have been busy over the past two weeks discussing the possibility that Clinton will do what no other President has dared try since Social Security was first put into effect in 1935: pare back the program.

Secretary Bentsen first raised the prospect of Social Security reductions in his Jan. 24 NBC interview. He was followed in rapid succession by Deputy Budget Director Alice Rivlin, Secretary of Health and Human Services Donna Shalala, and Deputy Treasury Secretary Roger Altman.

Altman, who was the most specific, told interviewer John McLaughlin on Jan. 31 that "there will have to be reductions in entitlements" as part of Clinton's economic package. "We have to reduce the rate of growth in entitlements," which is "eating the federal budget like a termite," he warned.

Clinton spokesman says that there has been no final decision made yet on what form the Social Security reductions would take. Options under discussion include reducing or eliminating cost-of-living adjustment (COLA) increases; increasing the retirement age from 65 to 67; and/or taxing a greater portion of Social Security benefits.

● **Turn welfare into a slave-labor program.** Clinton began to fulfill his campaign pledge to "end welfare as we know it," in a speech to the National Governors Association conference in Washington, D.C. on Feb. 2. Clinton said that he planned to promote legislation that would require recipients of Aid to Families with Dependent Children, the country's principal welfare program, to take a job, or lose benefits after two years. He did not say where the jobs would come from—which is not surprising, given that approximately 17 million Americans are already without jobs—although there is much suspicion that Clinton will attempt to use welfare recipients to replace laid-off workers in the public and private sectors at greatly reduced wages and benefits.

In addition, Clinton has reaffirmed his intention to push ahead with a national service plan—a scheme to enlist poor and working-class youth into a low-wage, union-busting community service program, with promises of financial aid for college.

● **Slash health care for the poor.** Clinton also told the National Governors Association that he will loosen federal regulations governing state implementation of the Medicaid program, the health care program for the nation's poor. This will open the door to the "Oregon Plan," the Medicaid program adopted by Oregon last year (although Bush refused to approve it) which would have instituted strict rationing and "triage" of the chronically ill and handicapped.

Hell to pay

As with the "gays in the military" fiasco, Clinton will soon find himself embroiled in a political uproar if he persists with this poor excuse for an economic program. Washington sources told *EIR* last month that Clinton would have "hell to

pay" if he aggressively pursues his health cost-containment program, since it would negatively affect the vast majority of Americans, and would draw large, well-funded lobbies into battle against him.

But Clinton is now provoking other constituencies with his proposals for cutting Social Security and imposing a consumption tax. Although there is strong support within large segments of the establishment (and its foot-soldiers in the media and Congress) for some form of consumption tax, there are contending forces, as well.

As soon as Bentsen raised the prospect of an energy tax, the American Petroleum Institute put out statements condemning the proposal as a dire threat to the economy. Advocacy groups, such as Citizens for Tax Justice, also blasted the idea, pointing out, in the words of its director Robert McIntyre, that energy taxes "are about four times as tough on the middle class, and about eight times as tough on the poor, as they are on the rich."

But it's in the area of Social Security that Clinton faces his potentially most damaging fight. Only hours after the administration first advanced the notion that Social Security would be put "on the table," the blowback began. In addition to various senior citizens' groups, several influential members of Congress voiced strong opposition.

Among these were Sen. Daniel Moynihan (D-N.Y.), who took over the chairmanship of the Senate Finance Committee after Bentsen went into the Clinton cabinet. Appearing on "This Week with David Brinkley" on Jan. 31, Moynihan blasted the proposed Social Security cut as a political "death wish." "Let's get it out of the way and forget it right now," he said. When asked whether he would be standing "at the bridge" to block a year's elimination of the COLA (the proposal favored by Office of Management and Budget Director Leon Panetta and Rep. Richard Gephardt (D-Mo.), among others), Moynihan shot back: "That's it, and you can blow up bridges if it comes to you."

Senate Budget Committee Chairman James Sasser (D-Tenn.) also attacked the proposed reductions, saying that doing away with the Social Security COLA for a year would push 500,000 elderly below the poverty line.

However, both Moynihan and Sasser left the door open to another form of Social Security cuts: increasing the amount of benefits that would be subject to a tax—a proposal endorsed by Clinton during the campaign.

That the new President is bound to incur severe—and possibly fatal—political damage as a result of his economic program is clearly no secret to the administration, as Health and Human Services Secretary Shalala acknowledged in a television interview on Jan. 29. "You can be assured that there's going to be a bruising argument at the table about what's acceptable in terms of [Social Security] cuts," she said. "But in the end we have to do both—we have to maintain our basic commitment to health care and to Social Security, but simultaneously make some moves on the deficit."

Israeli intelligence asset pushes for ethnic war against Muslim world

Excerpted below are parts of a vile political tract presented on Sept. 1 as a discussion document to the House Republican Research Committee. Entitled "Iran's European Springboard," it is a shameless defense of the genocide already then being committed by the Serbs against the people of Bosnia-Herzegovina, and it presents a paranoid and profoundly racist vision of the Muslim population of Bosnia as a bunch of terrorists who are being used by Iran as a stepping-stone for destroying "liberal society" in western Europe.

It was written by the committee's director, Yossef Bodansky, considered by many as an Israeli secret intelligence officer who since the late 1970s has been working in the United States. One of Bodansky's very first jobs was technical editor of the newsletter of the Jewish Institute for National Security Affairs (JINSA), an intelligence hangout which, among other things, has been the coordinating point for arranging shipment of NATO stockpiles, via the Israelis, into Iran. (See article, p. 62).

At JINSA, Bodansky worked with such Mossad-CIA operatives as Michael Ledeen, close associate of the former CIA deputy director for covert operations, Theodore Shackley. Bodansky was so close to convicted Israeli spy Jonathan Pollard, that even the Israeli Labor Party newspaper, Davar, wrote of the ties between the two.

Bodansky has been director of the committee's task force on terrorism and unconventional warfare since it was created four years ago at the initiative of Rep. Bill McCollum (R-Fla.) out of whose office it operates.

Shining through the excerpts below, is the Anglo-American elites' long-term geopolitical goal of fomenting war between the Islamic nations and a resurgent Soviet empire. The "information" contained therein has been independently checked by EIR and found to be untrue. Given that the effect of such a report can only be to provoke a war and to justify genocide, we believe that the publication of these excerpts should suffice to lead to Bodansky's dismissal and that of other members of his task force, lest the Republican congressmen who allowed such a report to circulate as an official document find themselves accomplices in genocide.

The escalation of the fighting in Bosnia-Herzegovina has a significance for Europe that extends far beyond the human tragedy of the conflict. The struggle for Sarajevo and the fate of the area's diverse population is rapidly transforming into a proxy battlefield for the future and fortunes of the growing Muslim community of western Europe. This fact directly affects the extent and nature of the assistance provided by several outside powers led by Iran to the local Muslim authorities.

Thus, Teheran and its allies are using the violence in Bosnia-Herzegovina as a springboard for the launching of a jihad in Europe. Consequently, the character of the armed struggle waged by the Muslims of Bosnia-Herzegovina—against the Serbs and Croats, as well as against their own brothers—has been determined, as much by the "needs" of the Muslim world as by the peculiarities of the situation. . . .

As of the early 1980s, the Belgrade authorities were aware of the "increasing militancy" of the Muslim population and their growing contacts with Iran and other radical Arab states. Belgrade recognized that having become a base for "Muslim terrorists" operating against the West, the Yugoslav Muslim youth were drawn into cooperation with, and emulation of, Arab terrorists.

Consequently, in due course, Islamic revolutionary violence began in 1983-84, albeit on a small scale. . . . Other Palestinian terrorist organizations operating in close cooperation with Syria and Iran were also using Yugoslavia as their own forward base as well as for launching operations by their international partners. Since 1987, Ahmad Jibril's "foreign division," optimized to conduct operations in the West, has been the primary operational channel of the international terrorist system controlled by Syria and Iran. The PFLP-GC had networks and offices in Yugoslavia that also housed Hizbollah operatives. "Islamic Jihad's planners expect to be able to use Yugoslavia as their base of eastern Europe if only because of the assured sympathy of the Bosnian Muslims," John Laffin observed in 1988. . . .

At the center of the Iranian system in Europe is Bosnia-Herzegovina's President, Alija Izetbegovic, "a fundamentalist Muslim and a member of the Fida'iyan-e Islam organiza-

tion," who is committed to the establishment of an Islamic Republic of Bosnia-Herzegovina. . . .

With the changes in the military situation in Bosnia-Herzegovina . . . Izetbegovic became convinced that it was necessary to undertake drastic measures of a kind that had long been advocated by Teheran. The Iranians had argued that before any escalation in the fighting could take place, it was imperative to either gain the sympathies of the West or, at the least, to ensure that there existed a legitimate excuse that would enable the presentation of any action undertaken by Muslim forces as justifying revenge for Serbian atrocities.

To that end, beginning in May 1992, a special group of Bosnian Muslim forces, many of whom had served with Islamist terrorist organizations, began committing a series of atrocities, including "some of the worst recent killings," against Muslim civilians in Sarajevo "as a propaganda ploy to win world sympathy and military intervention." For example, around June 20, Serbian troops besieging Sarajevo engaged a detachment of Muslim special forces dressed in Serbian uniforms who were on their way to attack the Muslim sector from within the Serbian lines. Such an attack, if successful, would have been attributed to the Serbs. As it was, some of these Muslim troops were killed in the brief encounter and a few were captured.

Moreover, a U.N. investigation concluded that several key events, mostly strikes against civilians, that had galvanized public opinion and governments in the West to take bolder action in Bosnia-Herzegovina, were in fact "staged" for the western media by the Muslims themselves in order to dramatize the city's plight. Investigations by the U.N. and other military experts count among these self-inflicted actions the "bombing of the bread queue" (May 27), the "shelling" of [British Foreign Minister] Douglas Hurd's visit (July 17), the "explosion in the cemetery" (Aug. 4), and the killing of ABC producer David Kaplan (Aug. 13). . . .

Additionally, Teheran warned that "if Muslims did not rise up today and take practical, serious and deterrent measures [sic], the Serbs would commit similar crimes in other Muslim-dwelling areas of former Yugoslavia and no Muslim would be immune in any part of Europe." This was the first introduction of the theme that would characterize the Iranian approach, namely, that the situation in Bosnia-Herzegovina was a microcosm of the real situation of Islam in Europe.

Thus, on July 2, a \$10 million shipment of humanitarian assistance from Iran to the Muslims of Bosnia-Herzegovina was sent via Hungary to Zagreb for further distribution via Islamic humanitarian organizations. The Iranians shipped primarily food and medicine. . . .

[In early August 1992] Iran significantly increased the level of accusations directed against the West. Now, Teheran accused the West of being the primary force motivating the killings. . . . Toward this end, "Iran's specific proposal is the formation of an Islamic army comprising volunteer forces

from the Muslim world to defend and support [Bosnia-Herzegovina's] Muslims and prevent further massacre of innocent people whose only guilt is being Muslim." Teheran no longer believes that anybody would come to the aid of Bosnia-Herzegovina. "Although it is the responsibility of Europe to maintain security in that part of the world, as long as the West refuses to abide by its commitments, the responsibility should then be shouldered by the Muslims themselves." . . . Indeed, since the early summer, Muslim troops had been reinforced by "volunteers" from the ranks of several Islamist organizations. They arrived in Bosnia in answer to Teheran's call to fight the Jihad and eager to commit martyrdom in the name of Islam. They included highly trained and combat proven volunteers from Iran, Afghanistan, Lebanon (Hizbollah), and several other Arab countries. Most of the Arab volunteers had previously fought in the ranks of Palestinian terrorist organizations in Lebanon and the resistance in Afghanistan, and in fact General Amin Pohara of the Bosnian Army confirmed that some 180 mujahideen had arrived from the Middle East by mid-August. . . .

Additionally, the flow of arms to the Muslim forces in Bosnia-Herzegovina also increased markedly during August as the Iranians flew into Zagreb strategically important weapons systems as part of their emergency "humanitarian" assistance program. At the outset, Teheran began supplying the Muslim forces with high-quality weapons that might offset the tactical superiority of the Serbian forces. The weapons supplied included "several" Stinger SAMs provided by the Afghan Mujahideen to Teheran for further distribution to "brothers in need."

Since then, massive quantities of weapons needed to create a larger army capable of waging mid-intensity wars have been shipped from Iran, Turkey, and Pakistan. . . .

Teheran's warnings to western Europe are not an idle threat. The greatest potential threat comes from the Muslim emigré communities in western Europe. Even without outside agitation, the rise of the Islamic communities in Europe will be a potential source of western social instability in the next decade. . . .

The fundamental source of the problem lies in the irreconcilable difference between Muslim society and the West European environment. The Islamists in Europe have fundamental and uncompromising differences with the society in which they live. The Islamists consider democracy as "the worst scourge the West inflicted on Muslim society in order to destroy it from the inside and annihilate its ancestral values," and are therefore determined to strike it at its core. . . .

Furthermore, the economic situation in Europe and the oppression in North Africa ensures that they will not return home. Consequently, the Muslim communities of western Europe are drawn together against a perceived all-encompassing external threat from the society in which they live. The flow of largely Islamist emigrants from Algeria and Tu-

nesia only helps swell a militant community already “resistant to integration.” Thus, the growing tension between the Muslim communities and liberal society may very well result in an Islamist outburst and even armed rebellion. . . .

The current crisis in former Yugoslavia may well become the catalyst that will push the Muslim communities of western Europe into waging a terrorist campaign as an avenging Jihad. . . . Consequently, Teheran’s argument that the suppression of the Bosnia-Herzegovina Muslims is the first step in a major campaign waged [by] the western governments aimed at destroying the Muslim communities of Europe is in agreement with, and strongly reinforces, the beliefs already held by these emigré communities. . . . Consequently, the great threat caused by the continued carnage in Bosnia-Herzegovina comes from the foreign volunteers and the numerous local Muslims trained in the Middle East who are capable of carrying their avenging Jihad into the heart of Western Europe. . . .

‘Kidnappers Inc.,’ is really ‘Murder, Inc.’

by Roger Moore

Evidence made public during the kidnapping trial of Don Moore and Galen Kelly, members of the multi-jurisdictional federal, state, and private agency “Get LaRouche” task force, in Alexandria, Virginia last December, points to their involvement as “major players” in the U.S.- and Israeli-controlled \$82 billion weapons bazaar developed around the Iran-Iraq War. The ties of Kelly, ostensibly a private detective from New York State, to the weapons dealers—and assassins—who supervised the weapons deliveries and distribution of profits from that war, explains the incredibly profound corruption involved in the actions of the federal judge who virtually instructed the jury to acquit the defendants (see *EIR*, Jan. 8, p. 62).

According to the heavily edited transcripts of secretly taped conversations of Moore and Kelly presented by the prosecution at their trial on charges of conspiracy to kidnap Lewis du Pont Smith, an associate of U.S. statesman and economist Lyndon LaRouche, the two began working together in 1985 in efforts to destroy the political movement associated with LaRouche. In an Aug. 18, 1992 discussion, former Loudoun County, Va. Sheriff’s Lieutenant Moore told an FBI informant, who had infiltrated their kidnap plot against Lewis du Pont Smith, “There is an entire subculture of people like Galen Kelly, who are not spies, they’re not CIA agents.

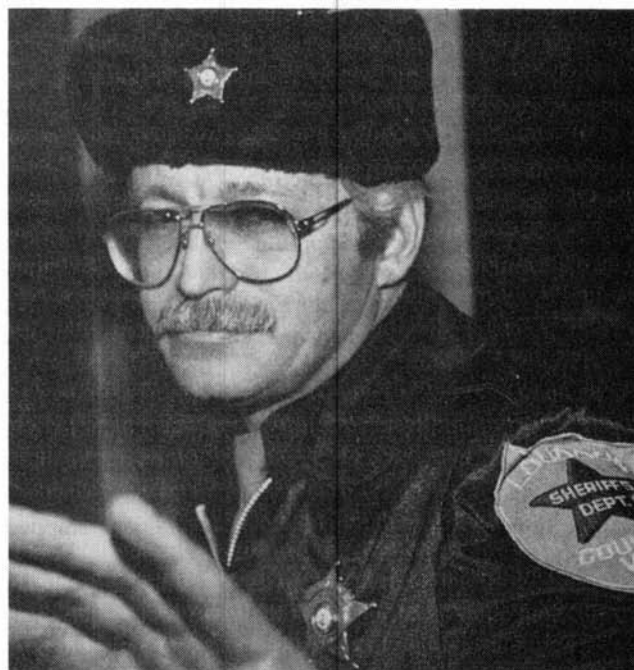
They’re not arms dealers. They’re a set of guys who hang out with the guys that do. They’re on the edge, they’re on the periphery of it and sometimes they become a major player and sometimes they don’t.”

Just who are these arms dealers and intelligence agents with whom Kelly is “sometimes” a major player?

JINSA and arms to Iran

In a Sept. 19, 1992 discussion, Kelly described his relationship to the little-known “Jewish Institute for National Security Affairs” (JINSA) in Washington, D.C. “The executive director used to be, still is, Shoshana Bryen. Her husband is some honcho in one of the government agencies. And they are a direct relationship between the Pentagon and the Israeli Defense Force. All of their meetings take place in their office. Now I used to be on their board of directors.” This admission of Kelly’s is of startling significance and puts him in the middle of the illegal, but covertly sanctioned, participation of the United States and Israel in the profits of the eight-year Iran-Iraq War. JINSA was a coordinating point for arranging shipments of NATO weapons stockpiles, via the Israelis, to Iran. It was also a coordination point for decisions on which “private” weapons dealers could partake in the business.

JINSA, and its networks within the U.S. government, were also responsible for protecting the espionage network of the Israeli LEKEM spy unit which was run out of the office of then-Prime Minister Yitzhak Shamir’s security adviser, Rafi Eytan. This network was exposed with the 1985 arrest



Don Moore in his erstwhile role as a Loudoun County, Virginia sheriff’s deputy.

in Washington of Jonathan Jay Pollard, a young, cocaine-using "intelligence analyst" with high security clearance, who got his job at the U.S. Navy Terrorist Alert Center through JINSA networks. Pollard was convicted and given a life sentence for passing U.S. military secrets to Israel. Israel, in turn, traded the secrets to the Soviets as part of a deal for emigration of Soviet Jews to Israel. It is thus not accidental that the Anti-Defamation League's Mira Lansky Boland, who still coordinates the work of Kelly and Moore, was a classmate of Pollard's at Tufts University in Boston, Massachusetts. After graduation, Pollard went to Naval Intelligence, and Lansky Boland to employment at the CIA.

Kelly's self-proclaimed relationship with JINSA gives new meaning to the criminal means he and Moore were prepared to use in their efforts to destroy the LaRouche movement. Moore frequently talks about using "wetworks" against LaRouche's associates. The October 1986 paramilitary raid of 400 heavily armed federal, state, and local police on the Leesburg, Virginia offices of LaRouche-linked businesses, for example, was an attempt to murder LaRouche in a provoked incident under cover of a search warrant.

Terrorism on the West Bank

The tapes in the kidnap trial also provide important clues to Moore and Kelly's relationship to secret assassination cells in the Israeli Occupied Territories, as well as in the United States. As documented in the trial, Kelly repeatedly used "muscle" for his kidnappings drawn from the Jewish Orthodox Lubavitcher sect. As Moore described, when Kelly needed muscle, he would call the Brooklyn, New York Rabbi Menachem Schneerson, the world leader of the sect. The special security unit of the Lubavitchers was also involved in the "Jewish Underground" on the West Bank which ran many assassinations against Palestinians in an effort to drive them out of the area. According to the author of *The Profits of War*, Ari Ben Menashe, who is a former associate of Rafi Eytan, profits from the Israel-mediated weapons sales to Iran were used to buy land from terrorized Palestinians in the Occupied Territories. "Whenever money was to be disbursed in a big way for the West Bank, the aid of Rabbi Menachem Schneerson, the Lubavitcher Rebbe, whose court is in Brooklyn, New York, was enlisted. He gave his blessings, and through his financial institutions, large amounts of money were funneled."

Eytan's "Jewish Underground" was not merely active in the Occupied Territories. In 1985, Alex Odeh, the head of the California office of the Arab-American Anti-Discrimination Committee, was murdered in a bomb attack. The killers had all been trained for the Eytan-run "Jewish Underground" at the Qiryat Arba Jewish settlement on the West Bank. This settlement was also a safe house for thugs of the Jewish Defense League of Meir Kahane. Kelly, never far from this Murder, Inc., often used JDL members in his so-called "anti-

cult" kidnappings in the New York City area.

The transcripts of the tapes submitted as evidence for the trial were heavily edited, with deletions designated "non-pertinent information," i.e., discussion topics not immediately relevant to the charge of conspiracy to kidnap Lewis du Pont Smith. We can presume with certainty that evidence relevant to overturning the corrupt conviction of political prisoner LaRouche is contained on the cassette tapes made by the informant, but deleted in the transcripts made public at the trial. However, the limited, but damning statements which were release show the nature of the mad beast responsible for LaRouche's imprisonment.

Minnesota AG aids national kidnap ring

In materials derived from discovery in a civil rights case, and from tapes recorded by the FBI in an alleged kidnap plot, evidence has surfaced that raises questions as to whether Minnesota Attorney General Hubert "Skip" Humphrey III and employees of his office may be in the midst of a national "kidnap-for-hire" ring.

Two years ago, Humphrey's office instituted improper bank seizures and attempted to have issued unconstitutional search warrants for bank records in Pennsylvania and Virginia for the Constitutional Defense Fund (CDF), the legal defense fund that has carried the fight against illegal government efforts to "get" Lyndon LaRouche and his associates, this news service, and over a dozen other organizations.

Enter Don Moore

At that time, the law enforcement officer who assisted Humphrey's office in Virginia was Don Moore, then a deputy in the Loudoun County, Virginia Sheriff's Department.

In a civil rights action later filed by CDF for malicious prosecution, the depositions of the two members of Humphrey's staff who had initiated the action, an investigator and a Special Deputy Attorney General, revealed extensive contact with Moore, Mira Lansky Boland of the Anti-Defamation League of B'nai B'rith (ADL), members of the family of Helen Overington, and others associated with the so-called anti-cult deprogramming outfit, the Cult Awareness Network (CAN).

Investigator Richard Munson, while in his initial testimony attempting to limit his contact with Moore to the period during which Moore was still in law enforcement, was forced to admit that his contacts with Moore continued up until the time of Moore's arrest, this past September, on federal

charges of conspiracy to kidnap Lewis du Pont Smith, an associate of Lyndon LaRouche's and an heir to the DuPont fortune.

In fact, Munson continued to maintain regular contact with Moore throughout the several-month period in which the FBI was recording more than 60 hours of conversations, including from wiretaps of Moore's phone in Virginia and the Pennsylvania phone of E. Newbold Smith, father of Lewis Smith. E. Newbold Smith was also named in the federal conspiracy-to-kidnap indictment handed down in fall 1992.

While Moore, E. Newbold Smith, and "deprogrammer" Galen Kelly were acquitted in December in the kidnap case (the judge gave the jury outrageous instructions on the nature of the conspiracy charge), the FBI tapes, some of which were played at trial, tell quite a different story.

Moore and Kelly in taped conversations make clear that the plan to kidnap Lewis du Pont Smith did not occur in a vacuum, but was part of a larger, ongoing "kidnap and deprogramming for hire" enterprise that included at least two prior kidnappings and attempted deprogrammings, and at least one instance in which the parent of a victim was referred to Moore and Kelly by the Cult Awareness Network. The evidence points to a long-established relationship between Moore and Kelly, on the one hand and, on the other, CAN, the ADL, and others in the "anti-cult" mafia.

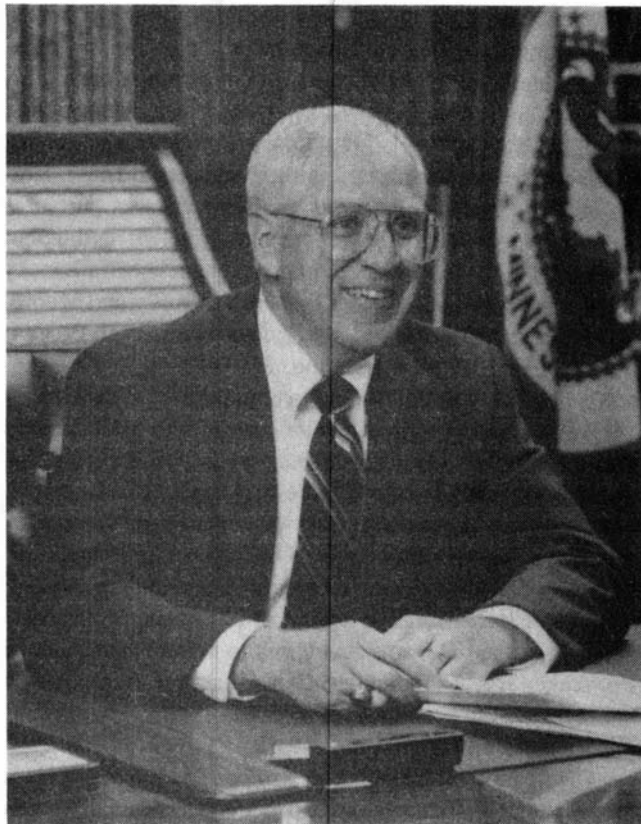
In fact, after he was fired from the Loudoun County Sheriff's Department in spring 1992, Moore planned to make this his full-time occupation, commenting at one point on the "big money to be made" in such activity. The tapes indicate that Moore's role in this enterprise went back to at least 1985, almost immediately after he came to Loudoun County, and throughout his law enforcement career there, as a key member of the "Get LaRouche" task force.

Aside from other improprieties he committed as part of the railroad trials (federal and state) of LaRouche and numerous associates, the question arises as to the scope of Moore's "moonlighting" with Kelly while he was still a Loudoun deputy, and a question also arises, whether such activity had the sanction of Sheriff John Isom, the office of Virginia Attorney General Mary Sue Terry, and the federal prosecutors in LaRouche's 1988 trial in Alexandria, Virginia.

Humphrey on the hot seat

As for Humphrey's office in Minnesota, its use of Moore went well beyond the assistance typically given by one law enforcement agency to another. Munson's contacts with Moore continued well after Moore was booted out of the Loudoun Sheriff's Department for rifling files, trash, and phone messages which he had no right to see.

More important, from the information that Moore apparently supplied Humphrey's office and from the FBI tapes, it is clear that Moore saw his initiation, cooperation, and prodding of Minnesota authorities to take action against those



Hubert Humphrey, III: How much did the "Minnesota people" know about the kidnap plot?

associated with LaRouche as part of his "cover," and thus an integral part of a kidnapping attempt against Lewis du Pont Smith and his wife.

At the time of Moore's arrest last fall, he was "waiting" for Minnesota to bring prosecutions against associates of LaRouche in Pennsylvania and Virginia, and/or execute a search warrant for the offices where Lewis Smith worked, as part of the distraction which, Moore argued, was necessary in order to pull off such a kidnapping. The question remains: How much did Munson, and "Skip" Humphrey, the attorney general of the state of Minnesota, know of the role their actions played in the plans of Moore and the rest of "Kidnappers, Inc."? In fact, the question is heightened by Moore's defense at his own trial—namely, that he is a braggart who blabs everything to everyone to enhance his reputation.

Quite possibly, the question of how much Humphrey, Munson et al. know, will be answered once all the FBI's tapes are public, for Moore makes numerous references to talks with Munson and the "Minnesota people."

At the very least, from Munson's testimony and that of another Humphrey underling, Skip Humphrey and his office find themselves in the company of Mira Lansky Boland, the ADL, and CAN, all knee deep in Moore's criminal conspiracy.

ADL still target of West Coast spy probe

by Jeffrey Steinberg

Despite its lying denials, the Anti-Defamation League of B'nai B'rith (ADL) is still a primary target of an espionage probe involving the theft of classified files from the San Francisco Police Department and their sale to the governments of South Africa and Israel. Last Dec. 10, the ADL's offices in San Francisco and Los Angeles were searched by FBI agents and local police. The searches, based on a sealed warrant signed by San Francisco Superior Court Judge Lenard Louie, resulted in the seizure of classified police computer records.

The spy scandal—nothing new for the ADL, which was deeply implicated in the Jonathan Jay Pollard espionage case in 1985—involves a longtime San Francisco police intelligence inspector, Sgt. Tom Gerard, and a Bay Area private investigator named Roy Bullock who has been a paid operative for the ADL for more than a decade.

In November, after senior SFPD officials learned about Gerard's alleged sale of police files to Bullock for more than \$20,000 and launched an internal investigation, the 25-year police department veteran and onetime CIA contract agent fled to the Philippines.

In a Jan. 22, 1993 telephone interview with the *San Francisco Examiner* from Palawan, Philippines, Gerard discussed his dealings with Bullock and the ADL. As reported in the *Examiner*, "In 1985, when Gerard rejoined the SFPD after his CIA employment and moved into the intelligence unit, he met Bullock during a visit to the local office of the Anti-Defamation League of B'nai B'rith, he says.

"Bullock was a paid investigator for the ADL, says Gerard, and the two men shared a professional interest in gathering intelligence on right-wing extremists and Arab American groups. . . . 'We sat there one morning with everyone in the (ADL) office, shook hands and made friends,' Gerard said."

Gerard believes that the FBI, to whom he had introduced Bullock in the late 1980s, became furious when they learned that bureau files on the Nation of Islam and other groups had been stolen and possibly sold to the South Africans. At the time the files disappeared, Bullock was working as a paid informant for both the ADL and the FBI.

While some civil liberties groups have sought to focus the scandal on the San Francisco Police Department and its possible illegal surveillance activities, the real target of the ongoing probe is the ADL. In 1991, the ADL brought Sergeant Gerard to Israel as part of a "law enforcement mission." The ADL typically uses such all-expenses-paid junkets to

insinuate operatives into the police community and provide Israeli intelligence with an opportunity to recruit agents-of-influence. As early as 1985, Gerard was telling department colleagues that he was working with the Mossad. On Jan. 28, the *Examiner* revealed that former police chief and current San Francisco Mayor Frank Jordan went on another ADL junket to Israel in 1987.

The ADL's regional director for Northern California, Richard Hirschhaut, has publicly denied that the ADL engages in spying for Israel or any other government. He has also denied that the ADL even monitors the activities of Arab-American groups.

Violence against Arabs, Muslims

Yet, in 1991, the ADL published a research report titled "The Anti-Israel Lobby Today," which included profiles of 10 separate Arab and Palestinian groups, including the American-Arab Anti-Discrimination Committee (AADC). In 1985, the head of the AADC's West Coast region, Alex Odeh, was assassinated in a bomb attack by members of the Jewish Defense League (JDL). Although the FBI knew the identities of all the bombers, they were able to escape to Israel and have yet to be brought to justice. According to journalist Robert Friedman, who authored a biography of JDL founder Rabbi Meir Kahane, the Jewish terrorist group was run from behind the scenes by a trio of Israeli intelligence operators, including former Prime Minister Yitzhak Shamir and Bernard Deutsch, the head of the ADL's powerful Brooklyn, New York branch. The numerous links between the ADL and the JDL raise profound questions about the ADL's alleged pilfering of police files, including surveillance reports on Arab-Americans and Nation of Islam members (in June 1992, the ADL published another research report titled "The Anti-Semitism of Black Demagogues and Extremists," which focused heavily on the Nation of Islam and its leader, Minister Louis Farrakhan).

Is the ADL buying and pilfering classified police files and passing them on to foreign intelligence agencies and covert action teams? Some answers to that question could emerge when federal and local police agencies complete their San Francisco probe and Judge Louie unseals the affidavits and other documents submitted to obtain the search warrants for Gerard and Bullock's residences and the ADL offices.

A possibly related scandal is emerging in Boston, where another undercover spy, Hollis Mosher, was exposed in a recent issue of the New York City Jewish weekly, *Forward*. While Mosher, who has been infiltrating a variety of left- and right-wing groups for 40 years, claims that he has always worked on his own, top officials of the FBI, the ADL, and Political Research Associates, a group closely aligned with the ADL, were quick to jump to his aid when he was named as a spy. Jewish Defense League members offered to provide Mosher with round-the-clock security, now that his concealed weapon permit had been lifted by local police.

Universal vaccination plans under scrutiny

by Linda Everett

In 1986, a federal law mandated that the U.S. Department of Health and Human Services establish a National Vaccine Program to "achieve optimal prevention of human infectious diseases through immunization." There was an obvious need for such a program, for at the time, the proportion of infants who had received a single dose of polio or of diphtheria, tetanus, and pertussis (DTP) vaccine was lower than in 1980, and incidence of measles was reported at 1,200 cases. The National Vaccine Program was to present to Congress its plan to achieve "optimal immunization" by January 1987. But, the report was never filed. The initiative was not given the support of either the Reagan or the Bush administrations.

A year later, a measles epidemic began to rage, lasting three years and striking nearly 60,000 victims. This totally preventable disease killed 130 and hospitalized 8,000 more. Instead of the 1,200 measles cases nationally, we saw 1,200 cases reported in Philadelphia alone in 1990. By 1991, the country saw a 509% increase in cases of rubella. In the same year, a Centers for Disease Control (CDC) survey of nine major cities found that only 10 to 42% of children starting school have appropriate preschool vaccinations. A study released in 1992 by the United Nations International Children's Education Fund (Unicef) ranked the United States 17th in the world in the percentage of one-year-olds fully vaccinated against polio. When the proportion of non-white infants in the United States fully immunized against polio is compared with overall rates of other nations, the United States ranks 70th, behind Burundi, Nicaragua, and Trinidad and Tobago.

Now comes a host of proposals from Congress, the Clinton administration, and advocacy groups like the Children's Defense Fund, to tackle the issue and assure immunization for all children. The proposals, most only at the exploratory stage, are being developed with an eye toward a total health reform package, since the contributory causes of this crisis are access to adequate health care, costs of the immunization package, lack of health insurance, and the fact that most health insurance plans do not pay for basic immunizations. *EIR* reported on March 20, 1992 that other factors, like the declining standard of living, increased poverty, the devastation of state and local budgets, and the willingness to throw thousands off disability support and welfare, have all contributed to placing families "at greater risk than were they to live in many Third World countries."

One of the main obstacles in any plan to vaccinate all

children is the cost of a full immunization package, which has skyrocketed in the last decade, far outstripping legitimate liability costs and inflation increases. The price for DTP to private patients increased 2,921% between 1981 and 1991. One survey found that 84% of pediatricians and 66% of family practitioners say they must refer some of their paying middle-class patients to already-overwhelmed public clinics for immunizations. Most state Medicaid programs typically underpay physicians by \$40 for a single office visit for immunizations for a 15-month-old child. The CDC reports that the "catalog" price for a battery of immunizations that physicians and other providers pay for, increased from \$23 in 1982 to \$244 in 1992. The "contract" or discounted price which the CDC and others pay for large bulk purchases to be distributed at public clinics, increased from \$7 in 1982 to \$129 in 1992.

Universal purchase

All of the universal immunization proposals consider some form of universal purchase of vaccines, in which the federal government, or the federal government with the states, would purchase the nation's total vaccine supply at a discounted rate, and then distribute it free to clinics and physicians. One estimate says the plan would cost the government \$300-500 million a year over the \$175 million it now spends on vaccine purchases. Other plans, like that being considered by Sen. Edward Kennedy (D-Mass.), chairman of the Senate Labor and Human Resources Committee, includes more costly infrastructural supports to educate families and to establish a registry that tracks children who have not received immunizations. The percentage of the population needing immunization may be much higher than thought, given that *no* national surveys on immunization have been conducted since funding for them was terminated during the Reagan era.

The "universal purchase" proposal is hotly criticized by the Pharmaceutical Manufacturers Association, which says that privately purchased vaccines actually subsidize the government's discounted bulk purchases. If the total vaccine supply were "discounted," the manufacturers say, it would severely cut their profits, undermine research and development, and bar initiatives to develop new vaccines. Not so, says the National Vaccine Program Office. The increased numbers of vaccines sold and the larger patient base receiving them would make up any profit loss in the purchasing price. The drug companies have considerable profit margins on vaccines, because, the Vaccine Office says, the government gave them lengthy and profitable patent rights to vaccines that were actually researched in government labs at the government's expense.

Many worthy options for implementing universal immunization are under scrutiny. But, since the Clinton administration wants "everything on the table" to slash the budget, it will take a fight to assure that saving our children is not achieved by sacrificing our elderly.

225,000 rally to defend human life

by Linda Everett

In one year in this country, more lives are destroyed by abortion than all the Americans who died in the Revolutionary War, the Civil War, World War I, World War II, the Korean War, and the Vietnam War combined. The horror of such an annual slaughter can only be surpassed by a nation's 20-year history that treats such a slaughter as a "right." On Jan. 22, after a week of Hollywood glitz and inaugural glamor, hundreds of thousands of Americans awoke to the cruel realization that years of abortion "rights" as defined by the 1973 Supreme Court ruling that legalized abortion, have wiped out 30-31 million lives, and now, with Clinton in the White House, the "right" to slaughter is about to be expanded.

This was the mood of 225,000 Americans who poured into the nation's capital for the annual March for Life on Jan. 22, the 20th anniversary of the Supreme Court *Roe v. Wade* decision. Nellie Gray, founder and organizer of the March for Life, admitted the pro-life movement has been dealt a setback. But seeing the nation collectively snuff out 1.6 million lives every year has revived outrage—and political commitment. Gray told the crowd, "We didn't give up 20 years ago, and we're not giving up now!" Former candidate Pat Buchanan added, "I've lost 36 straight primaries, and I'm not giving up, so don't you, either." That rallying call was echoed by speakers, mainly veterans "fighting in the trenches for the last two decades," including several congressmen and representatives of many religious denominations, from Orthodox Jewish rabbis to leaders of the Baptist Church Life Commission, the Orthodox Church of America, and several Catholic cardinals and bishops.

Operation Rescue launched its week of activities in the Washington area with a "call to resistance movement." Besides rallies during the week, Operation Rescue and the Christian Defense Coalition led 500 people in a prayer vigil in front of the White House on the morning of the march.

Roe's assault on the dignity of human life over two decades was noted no less seriously elsewhere in the nation. Ten thousand attended one Minneapolis rally alone. In Michigan, where triple the number of people traveled to the Washington march this year over last, and where thousands of families lit candles on the eve of the *Roe* anniversary, hundreds joined the state's scores of marches, vigils, rallies, and memorials. Washington State, the first state to vote for abortion-on-de-

mand in 1970, drew more than 9,000 to its own march in Olympia. Four thousand people who have "had it with Clinton" marched from the Dallas City Hall to the Fred Cabbell Federal Court Building where the *Roe* case ("*Jane Roe*" v. *District Attorney Wade*) began. In Washington, D.C., as in Texas, Pennsylvania, Florida, and elsewhere, hundreds of people participated in "rescues" and vigils at abortion clinics. As one Dallas rescuer put it, "The pro-life presence was felt" at six of Dallas's nine abortuaries.

The abortion lobby celebrated the *Roe* anniversary with a driving assault. There was a physical attack on four dozen children carrying a 25-foot banner along with march organizers and religious leaders who led a rally to the Supreme Court; and a legal one, through a series of federal bills, against those who oppose abortion or demonstrate against it. The blocking, then charging of the rally by the National Abortion Rights Action League, NARAL, was broken up by police.

Legal assault on pro-life forces

The legal assault continues. A proposed federal Freedom of Choice Act (FOCA) will allow abortion right up to birth for any reason, no state restrictions allowed. Several federal and state bills would ban any protests at abortion clinics. These bills are being rammed through amid allegations that abortion foes are using "violence against women," "terrorism," and "chemical bombs" at clinics. In fact, the overwhelming number of the hundreds of rescues, weekly prayer vigils, and sidewalk counseling at abortion clinics across the country for years are non-violent, First Amendment-protected "free speech" activities.

On Jan. 13, the U.S. Supreme Court ruled in *Bray v. Alexandria* that local state and county trespass laws may and should be enforced against persons or groups like Operation Rescue that block clinic entrances. Operation Rescuers recognize and accept that they risk arrest and use passive non-resistance when arrested. But, the court ruled, federal judges could not use federal civil rights laws to level far-reaching injunctions covering broad geographic areas to ban demonstrations or "rescues" at abortion clinics. These, and colossal fines, were the main tools the abortion lobby used to cripple clinic protests.

NARAL's Kate Michelman charges that the Supreme Court ruling "virtually issued license to groups like Operation Rescue to escalate their violence against women and the clinics all over this country." She demands federal laws to "protect" women, but Planned Parenthood and its affiliates with 922 abortion clinics want protection of their business. Together, they are lobbying Congress to pass the Freedom of Access to Clinic Entrances Act that makes impeding a person's entrance to a clinic (or slowing it by giving her a leaflet) a federal felony punishable by up to three years imprisonment and \$250,000 in fines. Other bills so loosely define "harassment," it could be interpreted to mean an individual's silent vigil at a clinic.

Johnston introduces trigger price on oil

Senate Energy Committee Chairman Bennett Johnston (D-La.) and Sen. Bob Krueger (D-Tex.) introduced legislation on Jan. 28 which would establish a variable tariff fee on crude oil imports as a tool for promoting domestic oil production and raising federal revenues. The measure was partly in reaction to discussions in the Clinton administration on imposing an "energy tax."

Johnston indicated that, in addition to raising needed revenue, his proposal would serve to reduce U.S. reliance on foreign oil. Under the legislation, the fee would be phased in whenever the price of internationally traded crude oil falls below \$25 per barrel, and would equal the difference between \$25 and the existing world market price. The bill provides an additional differential for product imports and petrochemical feedstocks, creating a floor price of \$27.50 for those products.

Based on projections developed by the Energy Information Administration, a floor price of \$25 per barrel would raise approximately \$50 billion through the year 2000. In proposing the fee, Johnston and Krueger noted that a long-term decline in domestic oil production has resulted in the loss of 400,000 jobs in the oil and gas industry, despite the fact that U.S. consumption of oil has increased.

Rostenkowski attacks prosecutors for leaks

Rep. Dan Rostenkowski (D-Ill.), chairman of the House Ways and Means Committee, moved to have prosecutors held in contempt of court because of news reports concerning a Department of Justice (DOJ) investigation of him in connection with the

so-called House Post Office scandal.

Numerous media have reported that the DOJ investigation of the House Post Office has been significantly expanded, and is now seeking Rostenkowski's tax, financial, and campaign records and looking at alleged attempts to obstruct the probe.

Rostenkowski asked Judge John Garrett Penn for a court order to halt further disclosures. U.S. Attorney Jay Stephens denied that he or any of the prosecutors have leaked information. But on seeing the evidence submitted by Rostenkowski, Penn ordered Stephens to explain the apparent leaks from a grand jury investigation.

Gonzalez would increase oversight on Fed

House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) introduced legislation on Jan. 5 entitled "The Federal Reserve System Accountability Act." While far short of federalizing the Federal Reserve, the bill would nevertheless increase congressional oversight over the Fed.

The bill would change the selection process of the members of the Federal Open Market Committee (FOMC), the body with ultimate authority over the U.S. money supply. The FOMC is now composed of the seven members of the Federal Reserve board of governors (all positions subject to presidential appointment and Senate approval) and five of the 12 presidents of the regional Federal Reserve banks. Now, the presidents of the regional Federal Reserve banks are elected by the nine-member board of directors at each bank (three of whom are appointed by the board of governors). The bill would require the U.S. President to nominate the presidents of the regional Federal Reserve, and these would be subject to Senate

confirmation.

The bill would make the Fed subject to the Civil Rights Act of 1964, and thereby encourage diversity in the selection of its officials.

The bill would also require the FOMC to videotape its meetings and release the footage 60 days after the meeting occurred. Since 1936, the FOMC had kept minutes of its meetings, but discontinued the practice with the passage of the "Government in the Sunshine Act" during the Carter administration, which made such minutes public.

The bill also calls for a regular General Accounting Office audit of all Fed operations and for making the Federal Reserve swap fund for international currency transactions (now financed from internal Treasury transactions) subject to congressional budget authority. The bill also requires that the Fed be subject to the Freedom of Information Act, which would allow the public access to Federal Reserve documents.

GOPers fail to gag Banking chairman

At the first meeting of the House Banking Committee of the 103rd Congress on Jan. 26, Rep. Bill McCollum (R-Fla.) tried to change committee rules under the pretext of attempting to prevent disclosure of information deemed vital to national security. The McCollum proposal was in reaction to the disclosures by House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) of pre-Persian Gulf war collaboration between the Bush administration and the government of Iraq.

McCollum wanted to require a full committee vote on classified disclosures (which now applies only to the Select Committee on Intelligence) and

to give the President the opportunity to object to any disclosure, with an objection bringing the matter before the full House for a vote. "This is a George Bush protection amendment," commented Rep. Joseph Kennedy (D-Mass.). A proposal that would require a straight committee vote before a disclosure can be made, was also defeated.

Dems reintroduce balanced budget amendment

In a signal to the Clinton administration that concrete measures must be taken to bring down the budget deficit, austerity Democrats are reviving the constitutional amendment for a balanced budget.

In the Senate on Jan. 27, Sen. James Exon (D-Neb.) reintroduced the balanced budget amendment which had been narrowly defeated last year. On the House side, austerity Democrats like Rep. Charles Stenholm (Tex.) have indicated that they would wait to reintroduce such an amendment until late this year, in order to give Clinton a chance to come up with his own austerity program.

The austerity Dems may have been strengthened a great deal this term with the appointment William Natcher (D-Ky.) as chairman of the House Appropriations Committee.

Bill would keep ban on homosexuals in military

After being deluged with calls in opposition to the lifting of the ban against homosexuals in the military, Republican senators are considering tagging a reinstatement of the ban for a six-month period on to the family-leave bill, which President Clinton wants passed.

The tenuous compromise reached between Clinton and the Joint Chiefs of Staff would discontinue the ban on homosexuals for a six-month period while congressional hearings were held. The GOP proposal would continue the ban during this period.

It is doubtful that Republicans have the votes to prevent passage of the family-leave bill or to maintain the ban, but a filibuster is possible. Republicans are divided, however, on the wisdom of delaying the family leave legislation.

Outcry hits proposed cuts in Social Security COLAs

The Clinton administration stepped on what Sen. Daniel Moynihan (D-N.Y.) characterized as a "land-mine," when Office of Management and Budget Director Leon Panetta proposed cutting the cost-of-living adjustment (COLA) for Social Security at a White House meeting with Democratic congressional leaders on Jan. 27.

Interviewed on "This Week with David Brinkley" on Jan. 31, Moynihan, chairman of the Senate Finance Committee, said that there would be no limit placed on the COLA. He was backed by Sen. Trent Lott (R-Miss.), Senate Republican Conference chairman, who said that cuts should be considered in every area "except Social Security."

Although there are differences, and politicians are seeking to minimize public uproar, it's clear that cuts in Social Security are definitely on the table.

Senate Majority Leader George Mitchell (D-Me.) opposes the proposed cuts, but instead wants to tax a greater portion of Social Security benefits. Similarly, Moynihan said he would consider increasing, from the present level of 50%, the amount of

Social Security benefits that are subject to taxation.

Senate Minority Leader Robert Dole (R-Kan.) preferred the COLA cuts. Interviewed on NBC News "Meet the Press" on Jan. 31, Dole said that he would rather "reduce the COLA 1% or 2%" than increase taxation on benefits.

Reaction from elderly groups to the proposals were immediate. Max Ritchman, executive vice president of the 6 million-member National Committee to Preserve Social Security and Medicare sent out letters to all 535 members of Congress the day after the Moynihan's comments opposing any COLA freeze. The 34 million-member American Association of Retired People, while not taking a formal position, has made it clear to the administration that they should look for their budget cuts elsewhere.

CIA chief: economic espionage a hot potato

New CIA director-designate R. James Woolsey indicated at his nomination hearings on Feb. 2 that reviewing U.S. intelligence agencies' role in economic spying is "the hottest current topic in intelligence policy issues."

With the "demise" of the Soviet Union, pressure is being exerted to utilize the intelligence services in various types of "economic espionage," teaching U.S. corporations how foreign nations spy on American trade secrets. Woolsey said that such a re-orientation was "fraught with complexities," since even our allies "are involved in economic intelligence against our corporations."

Woolsey said that he did discuss "economic espionage" with National Security Adviser Anthony Lake and Robert Rubin, director of the National Economic Council.

National News

Storm rages over Arkansas pardons

Executive clemency granted by Jerry Jewell, president pro tem of the Arkansas State Senate, has caused a growing political storm. Jewell commuted prison sentences while legally acting as governor during Gov. Guy Tucker's absence. Jewell commuted the life sentence of a murderer after 21 years, and released a young man convicted of drug dealing who had served five years of a 50-year sentence. The alleged drug dealer is the son of a civil rights activist. Senator Jewell is a former president of the state's National Association for the Advancement of Colored People (NAACP), and an authority on masonic boss Albert Pike, the Grand Dragon of the Arkansas Ku Klux Klan.

Senators Mike Ross and Joe Elton Yates, both white, called for Jewell to be removed from his Senate position. The NAACP supported Jewell with a rally in front of the state house. The *New York Times* quoted Jewell: "You have kids being sent to jail for sentences greatly in excess of their crimes. The prison population consists primarily of young black males. They're in there primarily because of low achievement in schools, the absence of skills, the flow of drugs." He urged a step-up in job training and rehabilitation programs.

'Animalist' falsehoods infiltrate encyclopedia

The U.S. organization Putting People First has launched a campaign to expose the infiltration of animal rights "ethics" into the *Encyclopaedia Britannica*. In fact, the "Ethics" section of the encyclopedia includes an article by the "father of animal rights," Peter Singer. In his article, Singer makes the claim that social animals do not kill members of their own species. "Perhaps he is unfamiliar with Jane Goodall's documented warfare, murder, infanticide and cannibalism among chimpanzees," wrote PPF's chairman Kathleen Marquardt.

Singer's ethics testify to his own bestiality: His 1985 book *Should the Baby Live?* advocates "that parents should be allowed in consultation with their doctors, to make life and death decisions for their severely disabled newborn infants." Singer also advocates killing mentally handicapped persons of any age and infants up to a year, because, he claims, they do not "manifest" a preference for life.

Moreover, according to Marquardt, *Britannica's* biographical section on Nazi philosopher Martin Heidegger was written by "deep ecologist" Arne Naess, who wants to reduce the human population to 100 million. Naess's *Britannica* entry refers to Heidegger's "eloquent pro-Nazi participation in the cultural politics of the Third Reich," and concludes that "Heidegger opposes a cult of mankind and wishes to call attention to something greater."

'Value free' education under attack in Pa.

A big fight against educational "values" goals is expected in the Pennsylvania state legislature, conservative State Rep. Ron Gamble (D-Oakdale) and Gov. Bob Casey (D), told the *Pittsburgh Post-Gazette* on Jan. 28. Both Gamble and House Republicans introduced resolutions on Jan. 28 disapproving the "education reform" measures that had been voted up in the State Board of Education a week earlier.

The Pennsylvania branch of the National Education Association has joined the State Board of Education is campaigning for the changes, and plans to distribute pamphlets supporting the reforms, known as "outcome-based education" (OBE).

The OBE reforms set goals for what all students should know before they are allowed to graduate from high school. One category vehemently attacked by parents' groups is "appreciating and understanding others," including such vague goals as "demonstrating respect for the dignity, worth, contributions and equal rights of each person," which opponents fear could lead to teaching acceptance of homosexual "lifestyles." A highly visible opponent of OBE has been Anita Hoge, whose fight

against the State Education Department for keeping computerized "personality/values profiles" on students in *Educating for the New World Order*, was featured by *EIR* (Nov. 6, 1992).

In 1990, the Anti-Defamation League (ADL), through its "World of Difference" program, worked closely with the state Department of Education to plan educational "values" goals. The ADL, an organized crime front which has issued a report that African-Americans are anti-Semitic, has infiltrated many schools and police departments via the "World of Difference" program.

Hypocrite Rehnquist eulogized Marshall

Many who had followed Thurgood Marshall's career and his battles on the U.S. Supreme Court were disgusted to hear Chief Justice William Rehnquist delivering the first eulogy at Marshall's funeral on Jan. 28. While Rehnquist claimed to have valued Marshall's "wise counsel" and to have admired his courage as a civil rights lawyer, it is well known that Rehnquist consistently opposed everything Marshall stood for.

In 1952, Rehnquist wrote a memo supporting the Supreme Court's 1896 *Plessy v. Ferguson* decision to maintain "separate but equal" schools, which was overturned as a result of Marshall's work in the school desegregation lawsuits. In 1964, Rehnquist openly campaigned against a proposed ordinance in Phoenix, Arizona that would have desegregated public accommodations. When Rehnquist was nominated to the Supreme Court in 1971, civil rights leaders called it an "insult." In Supreme Court cases involving civil rights, Rehnquist invariably voted against Marshall; likewise on death penalty cases.

In a C-SPAN interview on Jan. 28, Marshall biographer Carl Rowan noted that Marshall "would have been appalled" to hear justices speaking at his funeral who had just cast votes upholding the death penalty in the *Herrera* case, against a possibly innocent defendant; Rowan cited Justice Blackmun's minority opinion that the ruling brings the U.S. application of the death pen-

Briefly

alty "perilously close to murder." Thurgood Marshall opposed the death penalty as cruel and unusual punishment in all circumstances, and his 1991 resignation from the Supreme Court was clearly a manifestation of his bitterness at the Rehnquist Court's disregard of all constitutional protections and even precedents.

HIV rampant in capital's prisons

More than 20% of Washington, D.C. prisoners are HIV-infected, reported the *Washington Post* on Jan. 31. The AIDS epidemic among prisoners "may be on the verge of busting the District's bank. The math is as simple as it is disturbing. Just keeping someone locked up in the District costs around \$23,000 a year. Add to that the cost of acute medical care required by people with AIDS, and a single [inmate] costs the city more than \$60,000 a year. Now multiply that cost by an estimated 3,000 HIV-positive prisoners, all of whom will probably develop AIDS in the next decade, and you've got a looming cost that should give [Mayor] Sharon Pratt Kelly the willies."

Already, AIDS is the leading cause of death among prisoners in Washington, said the *Post*, which claimed that the best way of dealing with the crisis is by "providing the sick . . . the privilege of dying outside the institution, while teaching all prisoners, through aggressive education and condom distribution, how to prevent others from becoming infected."

Julia Child backs food irradiation

Internationally acclaimed culinary expert Julia Child gave her food irradiation as the sensible way to ensure salmonella-free produce and poultry, when she appeared as the featured speaker at a National Press Club luncheon Jan. 27. A reporter for National Public Radio was so taken aback that he asked again (on the air), "Are you saying that you are *for* food radiation?" In an inter-

view to be published in the Spring 1993 issue of *21st Century Science & Technology*, Child elaborated her views on food irradiation, biotechnology, and the "immaturity" of the anti-science faction.

"A lot of foods harbor harmful bacteria, which can be taken care of by irradiation," she said in the interview. She recalled a recent case of melons that had been stored on dirty ground, picking up salmonella. "A lot of people got very sick, and this could have easily been taken care of by a mild dose of irradiation from the outside, which wouldn't have hurt anything but the salmonella." Child said that the problem in the general population and among the chefs who frequently appear in the media was "lack of education. . . . The more you know about the science of things, the more readily you can accept things and also respect scientists."

Black FBI agents agree to settle suit

Acting U.S. Attorney General Stuart Gerson announced on Jan. 26 that the Justice Department has reached a settlement with 300 black FBI agents who were threatening a discrimination suit against the bureau. There are only 520 black agents among 10,400 FBI special agents. The settlement is regarded as a victory for director William Sessions, who has advocated anti-discrimination measures which have earned him the enmity of Hoover-era FBI officials. Gerson asked Sessions not to appear at the press conference. According to the *Washington Times*, the settlement is opposed by the FBI Agents Association, which represents 6,500 agents.

The Hooverites came under attack in a *Times* commentary by Dan Thomasson as well, who wrote: "From the minute Mr. Sessions won confirmation, the bureau's potent whispering machine went into action . . . the most serious grumbling came over his determination to diversify the once all-white, all-male organization. Some current and former senior officials charged privately that the director's affirmative action programs were ruining the agency."

● **ARETHA FRANKLIN** and her entourage arrived sporting fur coats at an "alternative" Inaugural Ball in Washington put on by the People for the Ethical Treatment of Animals, a radical "animal rights" group which is against wearing furs—unless the offender is a celebrity supporter.

● **THE AMERICAN** Civil Liberties Union (ACLU) plans to file an amicus brief before the U.S. Supreme Court supporting the Wisconsin and Ohio "hate crimes" laws as constitutional. The laws, which were struck down in both states, were modelled on legislation drawn up by the hate group, Anti-Defamation League of B'nai B'rith.

● **MARYLAND'S** legislature will debate a plan to supply free needles to drug addicts early this month, according to *U.S.A. Today*. The proposal is supported by Baltimore Mayor Kurt Schmoke, a backer of drug legalization. Its supposed purpose is to restrain the spread of AIDS.

● **THE KANSAS** House of Representatives will debate setting up an 11-member committee to approve gambling projects, through the state's four Indian tribes, according to *U.S.A. Today*. Similar projects have been run by professionals with organized crime links, some of them international.

● **THOUSANDS** of "ecstatic followers" of Lubavitcher Grand Rabbi Menachem Mendel Schneerson came to a Brooklyn synagogue late last month, hoping to hear him proclaimed the new Messiah. Managers of the irrationalist Hasidic sect had "compromised" by holding a rally at which the 90-year-old leader appeared, but declined to have him declared the Messiah.

● **TWO MASSES** were offered for the freedom of Lyndon LaRouche, one in Bogota and another in Cali, Colombia, on Jan. 27, marking the fourth anniversary of his imprisonment in the U.S.

Editorial

On military and other matters

On January 25, the President of the United States met with the top Pentagon brass in emergency session. Was this to discuss the U.S. military strikes against Iraq—where the Pentagon now admits that the last U.S. air-strike, at least, was entirely unprovoked, and that the pilot had mistakenly *thought* himself to be under attack?

Was it perhaps to review the situation in Somalia, or had someone in the Clinton administration taken note that the world is moving rapidly toward a third world war, and convened the meeting to discuss how Serbian aggression might be checked? No, dear friends, other more serious matters had to be discussed first. Bill Clinton met with two U.S. military leaders to discuss his insistence that “gays” be allowed into the armed forces. This and his reversal of U.S. government policy on abortion appear to be the only two campaign promises that the new President has committed himself to keeping.

Not so surprisingly, a vast number of Americans, not least the Joint Chiefs of Staff, have responded quite negatively to this initiative. The proposal is completely ludicrous from any sane point of view.

That the armed services have had at least their share of closet and not so closet homosexuals is well known, and, in many circumstances in which officers were “gay,” the same kinds of sexual harassment complained of by women, have prevailed. This is particularly the case in the close living circumstances on many ships. Clearly, where shared living quarters are assigned, and one is not free to walk away from homosexual abuse, the idea of even more latitude being given to homosexuals in the military is nothing less than grim for the heterosexual who wishes to join the armed forces.

It is no secret that Bill Clinton has not benefitted from serving in the military himself, but one wonders at his vision of the new army which he wishes to bring into being. Will our troops be subjected to sensitivity sessions to learn to live together without offense? Will political correctness be the rule in the military as on campuses? Will the influx of “gays” be counterbal-

anced by the influence of lesbians who come out of the closet, or will the new tenderhearted American armed forces blanch at the tough exigencies of war!

We note with amazement that Bill Clinton plans to appoint Roberta Achtenberg, an avowed lesbian and former assistant to the mayor of San Francisco, as assistant secretary for fair housing and equal opportunity at the Department of Housing and Urban Development. What a farce it all is!

Perhaps the new President believes that these antics are a useful diversion from the more serious business at hand, which not only includes fighting wars but also managing the devastated American economy in the context of world economic collapse.

We are reminded of the insanity of a Roman empire in which emperors such as Nero, who fiddled while the capital city burned down, were the rule. A point to be noted, however, is that it was not only the Roman rulers who were demented, but the entire population. Beguiled by violent pornographic spectacles, and deprived of the possibility of doing honest work, they became functionally mindless pawns of their rulers.

Clinton seems to be following in the footsteps of George Bush when it comes to military objectives, which is no joking matter. Yes, Clinton’s aggressive posture of support for the homosexual subculture should be opposed; but the real point is that he is the President whom you allowed to be elected.

January 27 marked the fourth anniversary of the imprisonment of Lyndon LaRouche. When we fight for his freedom, we are fighting for the very soul of the United States and the fate of the billions of people of every nation who are affected by U.S. foreign and economic policies. LaRouche’s was the only voice for sanity in the last election campaign, yet he remains a political prisoner.

If you are tired of the clown-show of American politics, then the most important thing you can do is to fight to free LaRouche and his associates, who are also serving unjust prison sentences.

SEE LAROUCHE ON CABLE TV

ALASKA

- ANCHORAGE—Anchorage Community TV Ch. 46
The LaRouche Connection
Wednesdays—9 p.m.

CALIFORNIA

- MODESTO—Public Access Bulletin Board Ch. 5
The LaRouche Connection
Thurs., Feb. 25—6:30 p.m.
- MOUNTAIN VIEW—MVC-TV Ch. 30
The LaRouche Connection
Tuesdays—4 p.m.
- SACRAMENTO—Access Sacramento Ch. 18
The LaRouche Connection
Wed., Feb. 24—10 p.m.

DISTRICT OF COLUMBIA

- WASHINGTON—DC-TV Ch. 34
The LaRouche Connection
Sundays—12 noon

FLORIDA

- PASCO COUNTY—TCI CableVision Ch. 31
The LaRouche Connection
Tuesdays—8:30 p.m.

GEORGIA

- ATLANTA—People TV Ch. 12
The LaRouche Connection
Fridays—1:30 p.m.

IDAHO

- MOSCOW—CableVision Ch. 37
The LaRouche Connection
Weekly—usually Weds. evenings (Check Readerboard on Ch. 28 for exact schedule)

ILLINOIS

- CHICAGO—Chicago Cable Access Ch. 21
Presidential Sleaze
Fri., Feb. 12—8 p.m.
Masonic Racism, Part 1
Tues., Feb. 16—10 p.m.

INDIANA

- SOUTH BEND—TCI of Michiana Ch. 31
The LaRouche Connection
Thursdays—10 p.m.

MARYLAND

- MONTGOMERY COUNTY—MC-TV Ch. 49
The LaRouche Connection
Thursdays—2:30 p.m.
Saturdays—10:30 p.m.
- WESTMINSTER—Carroll Community TV Ch. 55
The LaRouche Connection
Tues.—3 p.m., Thurs.—9 p.m.

MINNESOTA

- MINNEAPOLIS—Paragon Ch. 32
EIR World News
Wednesdays—6:30 p.m.
Sundays—9 p.m.
- ST. PAUL—Cable Access Ch. 33
EIR World News
Mondays—8 p.m.

NEW YORK

- BROCKPORT—Cable West Ch. 12
The LaRouche Connection
Thursdays—7 p.m.
- BRONX—Riverdale Cable CATV-3
The LaRouche Connection
Saturdays—10 p.m.

BROOKHAVEN—

- TCI Cable of Brookhaven
Community Programming Ch. 6
The LaRouche Connection
Wednesdays—3:30 p.m.

BUFFALO—BCAM Ch. 32

- The LaRouche Connection*
Tuesdays—6 p.m.

LONG ISLAND—

- CableVision Ch. 25
Rev. James Bevel's Struggle for America's Future
Weds., Feb. 17—10 p.m.

MANHATTAN (Upper & Lower)—MNN Ch. 69

- The LaRouche Connection*
Saturdays—12 Noon

ROCHESTER—GRC Ch. 19

- The LaRouche Connection*
Fri.—10:30 p.m., Sat.—11 a.m.

STATEN ISLAND—SIC-TV Ch. 24

- The LaRouche Connection*
Wed.—11 p.m., Sat.—8 a.m.

WESTCHESTER—Mt. Vernon

- Public Access Ch. 18
The LaRouche Connection
Fridays—5 p.m. or 6 p.m.

OREGON

- CORVALLIS—TCI CableVision Ch. 11
The LaRouche Connection
Wed.—1 p.m., Thurs.—9 a.m.

TEXAS

- HOUSTON—Public Access Channel
The LaRouche Connection
Mondays—5 p.m.
Clinton's Testing
Sat., Feb. 13—10 p.m.
Tues., Feb. 16—3 p.m.
Thurs., Feb. 18—5 p.m.

VIRGINIA

- ARLINGTON—ACT Ch. 33
The LaRouche Connection
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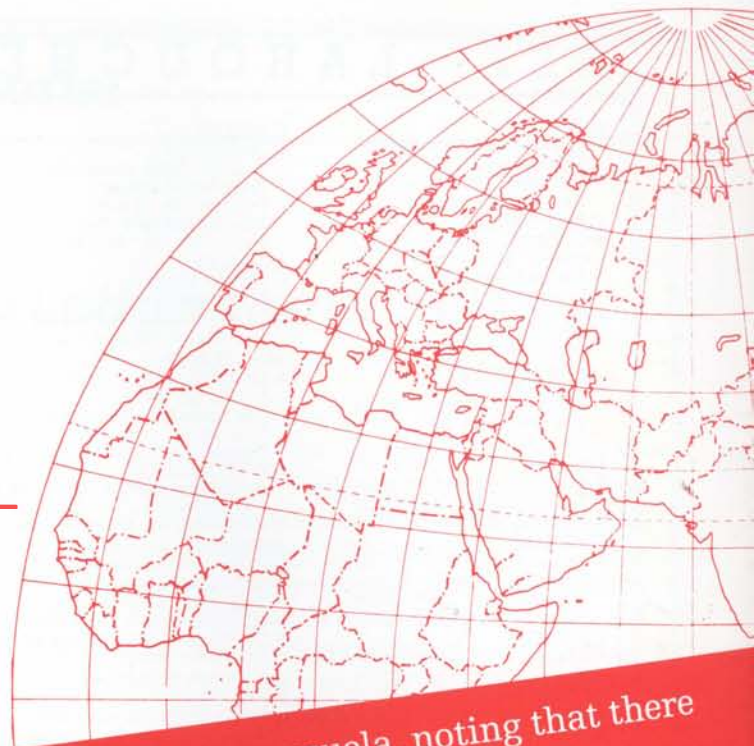
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