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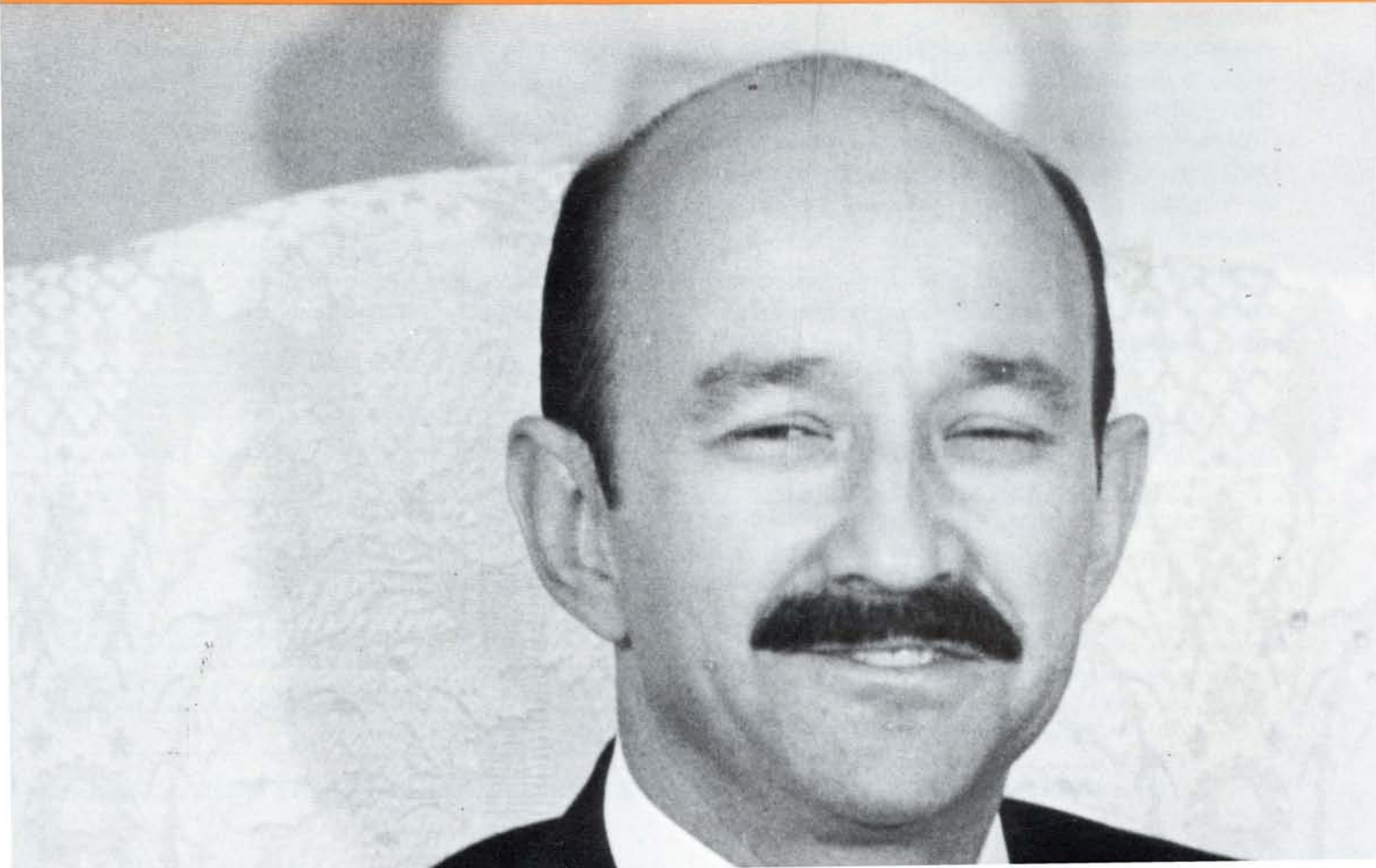
Executive Intelligence Review

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From the Editor

I would like to draw your attention to three areas of intelligence covered in this issue, which I expect to become “prophetic” in the short term ahead.

First there is the science of political-economy, in which our authority is absolutely unique, thanks to the breakthroughs made by Lyndon LaRouche. The cover story exposes, in stunning detail, the imminent collapse of Carlos Salinas’s “Mexican model,” which is being peddled as the free-market prototype for other developing nations. It can be read in tandem with Chris White’s analysis of the bafflegab in the Clinton budget. In contrast to these evil follies, Jacques Cheminade describes the late Charles de Gaulle’s notion of planning, which combined the freedom of the market and the authority of the state.

Second, in *International*, get a glimpse at the deepening impact of LaRouche’s ideas in Russia, with a report on Helga Zepp-LaRouche’s first trip to Moscow and her lecture on the Renaissance thinker Nicolaus of Cusa to a university audience. This intersects the ongoing Russian debate over Lyndon LaRouche’s SDI concept.

Third, also in *International*, reports from Asia and Ibero-America point to a rising tide of rejection of Anglo-American geopolitics, in the form of “human rights” and related forms of meddling, which we see being rebuffed by the leadership of Thailand, India, Peru, and El Salvador. Our *Investigation* highlights the case of Italy, an industrialized country being treated to the “limited sovereignty” gameplan the Anglo-Americans have been inflicting on the so-called Third World. Resistance to this in Italy is being catalyzed by *EIR*.

The picture is completed by an update on the fix in which LaRouche’s adversaries, pivoted around the Anti-Defamation League of B’nai B’rith, now find themselves, because of the criminal investigations into the ADL in California. In May 1990, LaRouche testified in a courtroom in Roanoke, Virginia: “To be convicted on a wild conspiracy theory, and then find the ADL, in real life, is involved in a wilder conspiracy than even we have been accused of representing, is, to anyone associated with me, a kind of grim, gallows humor. . . . The ADL, which is accusing me of being practically insane, of running all the evil in the world, is found really running this kind of conspiracy.” Prophetic words, indeed!

Nora Hamerman

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"We are not going to commit ourselves to the empire of liberal capitalism, and nobody can believe that we are ever going to submit to the crushing totalitarianism of communism," said de Gaulle. The former communist states can benefit by studying the planning that took place under his administration, as Jacques Cheminade tells an audience from Russia and Ukraine.

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Mexican President Carlos Salinas de Gortari may be the world's most egregious example of the Harvard brand of economics. Unfortunately for him, the free-market house of cards may all come down before his term of office expires.

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Western policymakers are telling Russia and the countries of eastern Europe, "Just hang on, there will be light at the end of the tunnel.

Eventually market liberalization will succeed, *just as it has in Mexico.*" Nothing could be further from the truth.

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Clinton's budget: Forget the rosy scenarios

by Chris White

On April 8, William J. Clinton signed off on the budget of the U.S. government for fiscal year 1994 and sent the resulting package to the Congress. Weighing in at about five pounds, the 1,310-page document has more than one page for each \$1 billion that the federal government will receive in receipts over the year. If only the document were as long in wisdom as it is in its number of pages.

The President's budget message echoes the themes of his campaign. "The plan flows from the demand of the American people for change and my vision of what America can be if we embark upon an economic strategy of investing in people and putting people first. . . . Enactment of the proposals in this budget will bring the vision that underlies my plan—a vision of a brighter, more prosperous future for America—a step closer to reality." This reflects the tone of what Clinton writes.

This is the budget which contains the plan to reduce the budget deficit over the next five years; the plan which, during the 1992 election campaign, was slated to reduce the budget deficit by half. But it is more reasonable to assume, as with the budget deficit plans of 1981, 1986, and 1990, that the deficit will again double with the latest plan to bring it under control.

Wild economic assumptions

The budget does not actually intend to reduce the deficit. Two variants are put forward: a so-called "base-line forecast," and an administration forecast. The base-line extends current expectations; the administration version interpolates the effect of the new administration's changes. Under the first version, the deficit is supposed to fall from \$322 billion in the current fiscal year to \$211.7 by fiscal year 1996, and then begin to rise again, ending at \$250.4 billion in fiscal year 1998. Clinton's version follows the same trend, but ends

up at \$202 billion by 1998.

These outcomes are calculated on the basis of so-called "economic" assumptions, which begin to indicate where everything will go so wildly off track. Gross Domestic Product (GDP) is supposed to increase, at a slowing rate, but by about 25% over the five-year plan. And, concomitantly, personal income, and therefore the revenue base, is supposed to increase proportionately. Unemployment will allegedly be reduced by an official 1.5% over five years, from 7% to 5.5%. Short-term interest rates are to increase by a mere 0.7% over five years, and ten-year interest rates are to decline. On this basis, the five-year plan will be blown out of the water by the time it is supposed to go into effect on Oct. 1, 1993.

Compared to the real world of deepening depression, these assumptions, the Congressional Budget Office's "conservative" projection, lie somewhere on the outer edge of the galaxy, in the region where the Hubble Space Telescope is supposed to be looking for evidence of the "Big Bang." The one will be as successful as the other.

Under such assumptions, the indebtedness of the federal government will increase by almost 50% over the life of the plan. It is presumed to rise from the statutory limit of \$4.362 trillion in effect for fiscal 1993, to \$6.221 trillion by fiscal 1998. Federal debt will increase twice as fast as the assumed increase in GDP, or tax revenues, while the deficit is supposed to decline slightly.

This brings us to the idiocies in thinking which assure that everything will go off the rails. It is not necessary to go through all 1,300 pages to find the problem. It is located, beginning on page 31, in the section on "Federal Borrowing and Debt."

Here, the argument is developed that the federal government issues debt for two principal purposes. It borrows from the "public" to finance the federal deficit. And, it issues

debt to government accounts which accumulate surpluses. In which connection, it is stated, "Borrowing from the public has a significant impact on the economy. . . . It has to be financed from the savings of households and businesses, the state and local sector, or the rest of the world. . . . However, issuing debt to government accounts does not have any of the economic effects of borrowing from the public. It is an internal transaction between two accounts, both within the government itself. It does not represent either current transactions of the government with the public or an estimated amount of future transactions with the public."

A grand jury is in order

If the Justice Department was actually a defender of the law, a grand jury ought to be convened to get to the bottom of that. If Congress were doing what the Constitution framed its responsibilities among the three branches of government to be, committees would even now be investigating. Such a statement tells us that the government's finances are run in ways no different than what Michael Milken was doing with Drexel Burnham Lambert, or what his friends did with Executive Life Insurance.

The parallel is not extreme. If a corporation replaced the assets of its pension fund with holdings of its own bonds, claiming, while it liquidated its revenue-producing economic activities, that the interest paid on the bonds would guarantee the future integrity of the pension fund, those responsible would rightly be prosecuted for embezzlement, preferably before the corporation's doors were locked by officers of the bankruptcy courts.

Such is the kind of activity which the authors of Clinton's budget claim "does not have any of the economic effects of borrowing from the public." They know as much about economics as they evidently do about the law. Like Milken before them, it will not be too long before they find out that the effects of bankruptcy are very real.

The Social Security trust fund's receipts are based on monies docked from the wage bill of the employed. The funds represent economic activity performed by those who work. They are supposed to add to an asset base accumulated since the fund was established under Franklin Delano Roosevelt and earmarked to pay retirement benefits for those same present-day contributors. The Social Security trust fund is the biggest of those whose assets are being stripped and replaced by holdings of government debt. Currently, the fund runs a surplus of about \$90 billion per annum.

Convert that surplus into holdings of Treasury debt. Funds dedicated to one purpose are transferred to current expenditures, such as debt service payments, while the Treasury paper inserted into the fund is supposed to provide the basis for future continuing retirement payments. Come the day, can you live off government bonds? Milken would probably say yes. Are they edible? Will they pay the rent? Will they pay medical bills?

Backed by the full faith and credit . . .

The fraud's defenders will no doubt point to the cited section: "Debt is the most explicit and legally binding obligation of federal government." How dare you question the faith and credit of the U.S. government? Never in more than 200 years have obligations incurred by the federal government been repudiated. Nor, it might be replied, has so much federal debt been replaced by so much more federal debt, as it has been since 1978. Nor have so much of the real assets of the country, based on the labor of its population, been converted recklessly into future commitments to issue more government debt.

In the current fiscal year, fully one-third of the government's outstanding debt (\$1,092.8 billion) is held by government agencies. That sum, almost sufficient to finance six months of the government's activities, represents receipts of government trusts which, like the so-called Social Security surplus of about \$90 billion per annum, have been fraudulently converted for purposes other than those for which they are legally dedicated, on the basis of a promise that they will in the future be restored. By 1998, that sum is assumed to increase to \$1,681.8 billion, while remaining at approximately 30% of the total debt. The increase in that account over the five years of the plan is larger than any one year's worth of anticipated receipts from federal individual income taxes.

Tax receipts from individuals are estimated to increase more than 30% over the five years of the plan—faster even than personal income, or GDP, is supposed to increase. Yet the sums fraudulently converted from revenue into future promises to pay back, are slated to increase about 60% faster than revenues from individual tax receipts, and faster still than GDP or personal income.

This is the same profile of absolute lunacy which has been imposed in the name of "reducing the budget deficit" every time that battle cry has been raised since 1981. If obligations are permitted to increase faster than revenues, and if current receipts are converted into future claims against future receipts, which is what Treasury debt is, faster than either revenue or obligations in the form of debt increase, the result is insolvency and bankruptcy, and can be nothing else.

Acceptance of such an approach is not limited to government. Look at the opinion polls. Don't they mean that the "majority" view, that deficit reduction ought to be a top priority, is also, in effect, majority concurrence with the methods of a Michael Milken?

It is past time that the lesson was learned that the whole approach is insane. There is only one way to straighten out the federal government's budget. Forget the expenditure side, cut out the swindles and the frauds, and concentrate on increasing the revenues. When all types of unemployment are added together, even the government recognizes that unemployment is over 17%. Until that is faced, this country has no other future than that of the swindlers and frauds whose methods it so admires.

Nebraska citizens' hearings amass evidence of loan fraud in farm belt

Public hearings were held in Nebraska March 10-12 on the farm crisis and injustices against farmers, sponsored by Citizens for Economic Justice and the Schiller Institute's Food for Peace organization. The hearings were conducted in Grand Island and Scottsbluff, by two prominent South Dakota farm leaders—Chuck Bellman, former Democratic Party chairman of South Dakota, and Ron Wiczorek, farmer and former independent candidate for Congress.

The Nebraska events followed four similar public hearings conducted last December in North and South Dakota, sponsored by Food for Peace and conducted by retired Washington State Supreme Court Justice William Goodloe and civil rights leader Wade Watts from Oklahoma, which resulted in the publication of extensive documentation in a pamphlet, the "Goodloe Report." This report has been the basis for a mobilization to remedy the fraud and dispossession of farmers, which has caused resolutions to be introduced in both the North and South Dakota and Iowa legislatures. U.S. Representatives Fred Grandy (R-Iowa) and Tim Johnson (D-S.D.) called for a moratorium on farm foreclosures pending an investigation of unjust and corrupt farm credit lending practices of both commercial banks and government-backed farm lending agencies.

The "Goodloe Report" found collusion among financial interests to restructure agriculture away from family farms and into large-scale corporate farms, to the benefit of the giant grain cartels and international banks.

Ninety people participated in the hearings in Nebraska, in 14 hours of testimony. Dozens of farmers submitted written reports, and even more damning information came out in private discussion.

Corrupt bankers

Wiczorek and Bellman issued findings which said in part, "General conclusions are that a massive problem exists in the area of fraud, overcharging of interest, lack of, or no accounting of, liquidation assets to debtors, mismanagement of loans and unreasonable treatment by the IRS, the FBI, and the Department of Justice. . . . The borrowers live in fear of lenders and the government. A certain pattern held true with the Dakota hearings, but the situation in Nebraska was found to be even more brutal."

The role of unscrupulous bankers like Roy Dinsdale from Central City, Nebraska, was documented; he has played a role in the region similar to that which, the Dakota hearings

found, Minneapolis organized crime-connected banker Carl Pohlad was found to have played (see box). Dinsdale owns at least 32 farm-related banks in Nebraska, Wyoming, and Colorado. His access to the purchase of banks has been facilitated by his role as a director of the Federal Reserve Board in Kansas City. In one testimony it was reported that one of Dinsdale's banks had not been audited in six years, and had embezzled \$750,000 from a farmer borrower.

Dinsdale, like Pohlad, has been able to obtain government guarantees on farmer loans in his banks. The farmer is liquidated and Dinsdale's guarantees are paid by the government. One farmer from Wyoming reported that Dinsdale has been paid millions in government guarantees. Another farmer testified, "We were not delinquent on our notes. The Production Credit Association created a bad cash flow by denying us operating money. They did this so they could drop the axe on us. I think the PCA participated in a plan to liquidate farmers."

Evidence was presented at the Dakota hearings that the Omaha Farm Credit District, which covers Nebraska and Iowa (part of the national network of the Farm Credit System), was caught in a scheme of obtaining government guarantees on loans by submitting false information, and then pulling the plug on farmers in order to collect. The Nebraska evidence showed that farmers in the state were victims of the PCA of the Midlands (PCAM, in Omaha), which last year was caught defrauding farmers in Iowa. In 1992 the PCAM committed to pay over \$4 million to the farmers who sued, in an attempt to avert a more extensive investigation that might reveal more extensive fraud.

At the Nebraska hearings, one farmer said, "You've got the diehards here, the people who wouldn't give up." He reflected, though, that 10 years ago it wouldn't have been possible to get a group of farmers such as this together, who would actually admit that they had been forced into bankruptcy. Hearings chairman Ron Wiczorek responded, "Everything depends on us. You and I must change things through a movement which represents all mankind. As a farm movement, we will be defeated." At both Scottsbluff and Grand Island, participants discussed building a movement based on the American System of economics, and the leadership of Lyndon LaRouche.

The following is a summary of the testimony at the Nebraska hearings:

Forced bankruptcy. Ken Hilton of Cambridge, Nebras-

ka reported that the Midwest Production Credit Association had induced him to sell his cow herd in order to receive an operating loan for another year. He sold the cows and received no loan. He was then forced into bankruptcy.

Guaranteed loan fraud. Dale and Virginia Krausnick of D.A.K. Ranch in Wauneta, Nebraska testified:

"We had been using the Wauneta Falls Bank in Nebraska for many years, and as we expanded, we needed to be able to borrow more money for operating expenses than they could lend, so we went to the First National Bank of McCook as a participating bank. We sold our grain and cattle, and the money was taken to the bank to pay off the notes. The interest rates began to climb, and the banks started to renew the notes very often, with higher interest rates, sometimes as often as every 60 to 90 days, not corresponding to the crop harvests or livestock selling time. We did not always have the money at the right time for the interest, so the interest was applied to the note and we were paying interest on interest.

"In 1984, the banks decided we needed to mortgage all our land to secure our notes and we were very reluctant to do this because we didn't have to do so before. Then they decided we should get a guaranteed loan from FmHA [Farmers Home Administration], and in the process of doing this, we

did, in fact, give them mortgages on everything: land, cattle, crops, vehicles, and machinery. This was in July of 1985. Our loan was approved on May 22, 1985, but we didn't realize that they had changed the purpose of the loan from an operating loan to read that the loan would be used to pay off an overline with the First National Bank in McCook. When the loan was disbursed, we were in the hospital with an emergency, and the bank maneuvered our daughter into paying \$378,000 of the \$400,000 loan to the First National Bank in McCook.

"In January of 1986, the Wauneta Falls Bank refused to advance more operating money. The WFB wrote to the FmHA one year after we had gotten the guarantee, demanding liquidation, because they said we didn't have a workable cash flow. As soon as we found out this was in progress, we filed for bankruptcy to protect ourselves. As soon as the bank found out, they wrote to FmHA and stated that we had too many assets to file for bankruptcy! This proves there was plenty of collateral to continue the loan, but they just wanted to have the farm and FmHA money. When we took bankruptcy, we were under the impression that interest stopped. We have been charged with interest since taking bankruptcy, which we believe is another injustice.

Pohlad, the liquidator

The deregulation of the U.S. banking system in the early 1980s led to the ouster of local bankers who were interested in the development of the community. They were replaced by men such as Carl Pohlad of Minneapolis, ruthless speculators who view the local bank and its loans as assets to loot.

After decades of financial successes, backed by Minneapolis-based organized crime circles, Pohlad is today listed by *Forbes* as one of the wealthiest men in America. He owns over 30 banks outright, in North and South Dakota, Minnesota, Colorado, Illinois, and Wyoming, and many more indirectly. He recently sold several of his Minneapolis banks for a stake as the second largest shareholder in the second largest banking chain in Minnesota, First Bank System. Known as a chain banker and "the liquidator," he buys up distressed properties, loots them, bankrupts them, and dumps them. He learns of the financial condition of the local banks because his Minneapolis bank, Marquette National, became the corresponding bank for surrounding states. He has been caught selling farm loans through banks he controls, such as the Regent Bank of North Dakota, on the secondary market, in order to cash in on government guarantees by causing the farmer to go into bankruptcy.

Pohlad owes his success to the backing of the "Minneapolis mob" of organized crime, which stretches back to the gangster friends of Meyer Lansky.

The Anti-Defamation League and the Democratic Farmer Labor Party are intimately tied to the Minneapolis mob. Carl Pohlad has enjoyed their protection, along with his friends and fellow bankers Irwin Jacobs and Curtis Carlson, since the late 1950s and early 1960s. He sprang to prominence by buying up the Minneapolis Transit Authority, a property of Lansky mob associate Kid Cann, who looted it and went to jail when the pilfering became too public. Pohlad turned the authority into Minnesota Enterprises Inc., a company which, over the decades, bought and bankrupted various cash-rich businesses, ideal for money-laundering, such as Pepsi distributorships, franchises for snack foods, and beauty salon chains.

Pohlad's ownership of the Minnesota Twins baseball team and the Tropicana Hotel from 1968-72 fit the profile of a money launderer. He bought the Tropicana in the late 1960s when it was under the control of Meyer Lansky, and sold it to his business partner Deil Gustavson in 1972. Gustavson later went to jail for skimming money from the casino for the Kansas City mob.

This year, Pohlad's Minnesota Enterprises, Inc. filed for bankruptcy. In Minneapolis, the word is that Pohlad is anxious to keep ahold of the Minnesota Twins, because he knows they steal bases.

"The bank was sold to another group, and we signed a stipulation. They reported the loss to FmHA, adding interest, and reported they wrote the loan down \$40,000 more than they did. FmHA paid them more than they should have. When we get through with our payments to the bank there is nothing left for operating expenses the following year. We have had to let our children and their families leave and find work elsewhere, because we could no longer afford to pay them and they had to find work elsewhere."

Collusion between the FCS and banks. Leonard and Florence Kraus of Crete, Nebraska:

"We were fraudulently forced into co-signing a note for our son. The bank, Crete State Bank, then kept juggling his notes and raised his interest up to 21%, and it became impossible to meet the interest without meeting any principal. The bank foreclosed on our son. He had a 400-acre farm which was over half paid for, a 300 hog operation and was a very good manager.

"Next, they took our 240-acre farm. We had a loan from the Production Credit Association for our cattle. When the Crete State Bank began legal proceedings against us, the PCA immediately called our note due, even though our interest and principal was current and everything paid on time. Our farm was sold at a sheriff's sale, we were evicted, and now we are in deep trouble with the IRS. This was in 1988. We found a house in Crete, which is barely liveable, and the rent is difficult to meet. It is difficult to put into words the emotional trauma."

Discriminatory treatment of borrowers. From Dennis Kucera of Bellwood, Nebraska:

"My father had done business with the First National Bank of Schuyler, Nebraska for over 50 years, had an unblemished record with the bank, and had no money borrowed in 1984. That he had \$100,000 more or less in assets made no difference. We needed operating capital to make our farming operation as viable as possible. At least two attempts to borrow capital were futile.

"It has been brought to my attention on two occasions that three farmers banking with First National of Schuyler were liquidated to some degree while at about the same time frame—mid-1980s. Century Farms of Colfax County, Nebraska, had an \$800,000 write-off by First National Bank of Schuyler, Nebraska. It may be of interest to note that a senior member of Century Farms served as a director for First National Bank of Schuyler.

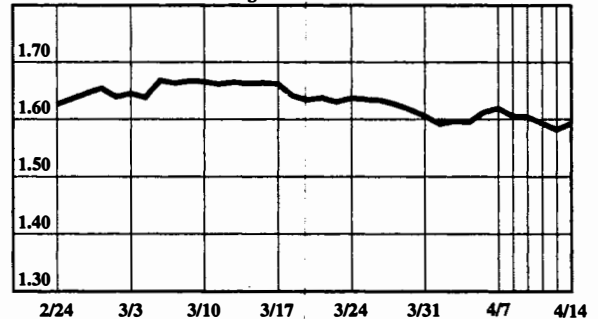
"My father again made an attempt to borrow \$3,260 to cover a March 1, 1985 land payment, our 18th of 21 payments, and was refused. My father had no choice but to file a Chapter 13 on April 2, 1985, a very humiliating and disheartening experience for him. I'm convinced the stress triggered his cancer, subsequently killing him in 1990.

"I feel very strongly that all banks should be investigated as to whether some farmers were sacrificed to cover write-offs for others."

Currency Rates

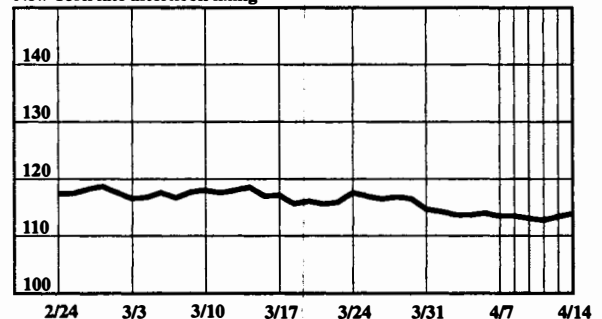
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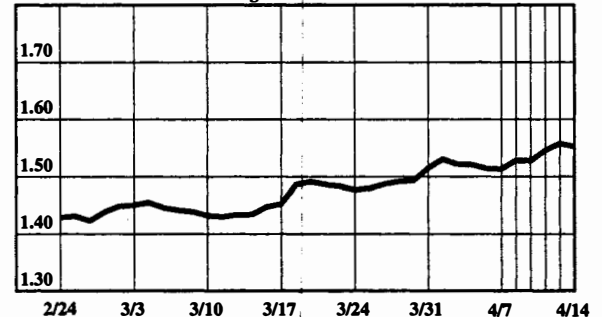
The dollar in yen

New York late afternoon fixing



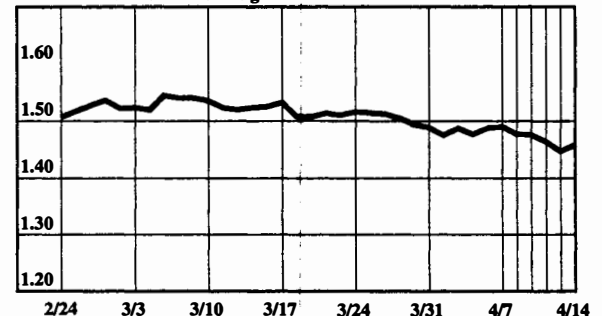
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



How economic planning worked under France's Charles de Gaulle

by Jacques Cheminade

The following report was made by Jacques Cheminade, president of the French Schiller Institute, on Feb. 28, to a seminar of Russian and Ukrainian representatives in Kiedrich, Germany.

Economics is not a matter of academic discussions about the good or the bad, but a question of life or death, of prosperity or hunger, of growth or disintegration. The experience of post-world war planning in France is a key example of how compellingly decisive such economic choices are. The planning approach had to be taken twice, not as a matter of taste or preference, but because it was the only way to guide a recovery. The first time was in 1947-53, to reorganize the very basis of the economy, and the second time was in 1958, to overcome the bankruptcy of the Fourth Republic and to end once and for all the Algerian war. In both cases, the idea of planning is associated with the name of Charles de Gaulle, who came to power at the *punctum saliens* of 1945-46, and again in 1958-59. Planning in that sense, can be seen as the response to that which threatens the very existence of the nation. For de Gaulle, it is the organized expression of the nation's will.

First, he says, our goal is the common development of everything we have on Earth, and for that we must band together. The only way to reach that goal is with a dirigist economy. This is the speech given in Lille, just after the liberation of France on Oct. 1, 1944. Dirigism, he continues, does not mean absolute rule by pre-established logic, because great human things are not ruled only by logic, they need an environment favorable to the subjective contribution from human hearts, "the caring attention of the whole country." Therefore, de Gaulle's conception of a dirigist economy is not a predefined path from a given order *A* to a given order *B*, but the voluntaristic bringing together of all national efforts to create the subjective conditions for that change, for that increase in the population's wealth and density.

Second, planning, in de Gaulle's terms, gives an elementary harmony to all national components, so that all social categories advance at the same time as the whole, so that each benefits from the general advance. That was said at a press conference at the Elysée [the presidential palace] on Feb. 4, 1965. France, he says, while securing the maximum possible freedom of choice, and while always favoring the

spirit of enterprise, acts in such a way that the particular interest is always compelled to submit itself to the general interest, so that the great sources of common wealth are not exploited and directed for the benefit of the few, but for the advantage of all. De Gaulle indicates very clearly: "We are not going to commit ourselves to the empire of liberal capitalism, and nobody can believe that we are ever going to submit to the crushing totalitarianism of communism."

In that view, planning establishes a "just contract" between the one—the whole—and the many—the individuals—for the advancement of the nation's productive powers and human knowledge. It is not a pre-defined, pre-established form imposed upon human knowledge, but it expresses a common commitment to increasing human knowledge in each and every person. Planning is the organized social process of that increase in human knowledge.

That is why de Gaulle's idea and the idea of the first French planning agency was that the national plan should never be imperative. Here we have an interesting paradox: a dirigist economy—I prefer to call it a "voluntarist" economy—with non-imperative planning. Imperative planning, à la the Soviet Union, was discarded because it smothers individual initiative. The use of the *ukase* [imperial decree] is the sign of a domesticated economy, de Gaulle once said, not a dirigist one. French "indicative" planning, which indicates the direction the nation should take, was therefore created to solve the paradox of the one and the many, of the freedom of the market and the authority of the state, as de Gaulle put it.

It is indicative and not imperative, but it is nonetheless a compelling necessity—it's more beautiful in French: "*une ardente obligation*"—for the whole nation and for each individual. Again, it's a paradox: You have something compelling, but the responsibility to define and to reach the targets is up to the free will of all the individuals involved in the process. In opposition to the Soviet model, this approach respects free will. And this is why it has often been described as a sort of educational process for the whole nation, based on the advancement of human knowledge. Increasing the cognitive powers of the population is the subject matter of planning; neither "figures" as such nor rates of increase, added up in a bookkeeping way, are the objectives.

This is a key question today, because such an approach is

precisely what Ukraine and Russia need now. If you take the “shock therapy” of the free market on the one side, and the great Soviet national plan on the other side, you notice that both violate the laws of the universe. The free market hides the invisible hand of a financial dictatorship, while Soviet planning hid the all-too-visible hand of the gangster *nomenklatura*. Both are based on looting and on primitive accumulation of not only human resources, but also of the human mind, and both are delivering the world over to the mafias.

The Gaullist approach, on the contrary, attempts to respect and to promote the individual’s capacity to create and to organize that capacity for the common good. I know that it will be a painful process to rediscover in Russia that the common good does exist. But this rediscovery, I am convinced, can only be accomplished in a directed dialogue around the successful historical experiences of economic growth. In that sense, you see the fundamental theoretical importance of Lyndon LaRouche’s books and conceptions for making breakthroughs from a set of theorems to a higher set of theorems, for exercising the gymnastics of human thinking, of human discovery. It is also important, as LaRouche himself emphasizes, to refer back to such relatively successful experiences as the French neo-Colbertist planning of the years 1946 to—listen to where it ends—1974.

The functions of planning

Let me go now into the functions of economic planning in a more precise way, to better understand what is at stake. First, planning defines the priorities of the nation, and within these, a hard core of absolute priorities—“*programmes d’action prioritaire*.” The First Plan (1947-53) was a postwar recovery in seven basic economic sectors—energy (electricity, coal), steel, cement, fertilizers, fuel, railways, and the beginning of a nuclear research program. These planning processes emphasized new physical principles leading to science drivers. Science drivers defined advanced technologies in a related way, which in turn go into industrial applications, developing those technologies. Science, technology, industry: This process was called in the French tradition, the “poly-technical economy.” It organizes the introduction of increasingly productive technologies into the economy. It’s not one technology, it’s a flow of technologies organized to maintain and increase the rates of growth.

I would like to mention here the way Louis Armand defined planning. Armand was a friend of Jacques Rueff and one of the two key advisers to Charles de Gaulle. Although he is little known, I think he is as important, if not more so, than Jacques Rueff. He says in his *Memoirs*: “My conception was to bring man to the frontier of action”; man is only man if he is at the frontier of knowledge and there, he can overcome his irrationality. One example he takes from the past is the discovery of the New World, the discovery of America. Henry the Navigator at Sagres, he writes, gathered together the manuscripts and the knowledge of his time in

order to map out the world and to rediscover it. And this made it possible for the expeditions of Columbus, Vasco de Gama, and Magellan to succeed. Our planning agencies today, he writes, should have that spirit of Sagres. That should be the basis of all planning, and we should put our population into frontier conditions, so that they are compelled to perfect themselves. They have to enlarge and to broaden the universe. The direct consequence of that thinking is the development of transportation on Earth through railways (Armand was head of the railways system in France—and the TGV [high-speed train], by the way, was his idea) and in space. Driven by space and railways, we can build a new Sagres as a planning agency, says Armand. The space launch facilities at Baikonur [in Kazakhstan], Kourou [in French Guiana], and Cape Canaveral should work together for the advance of mankind. Louis Armand writes: “What pertains to the cosmos has the power to steer the enthusiasm of very broad spectra of public opinion, as did great works of art in the past, literature, or religion, such as those which led to the construction of cathedrals.” Isn’t this a nice way to put the idea of planning?

Second, after setting the priorities, planning is an information center for the economic agents of the nation. Commissioner Pierre Massé, who worked under de Gaulle, says: “It’s done to reduce uncertainties.” It was also described as a generalized study of the market for the economy as a whole, the economy conceived of as a single productive enterprise. It was a pedagogical tool for all, for disseminating and comparing forecasts.

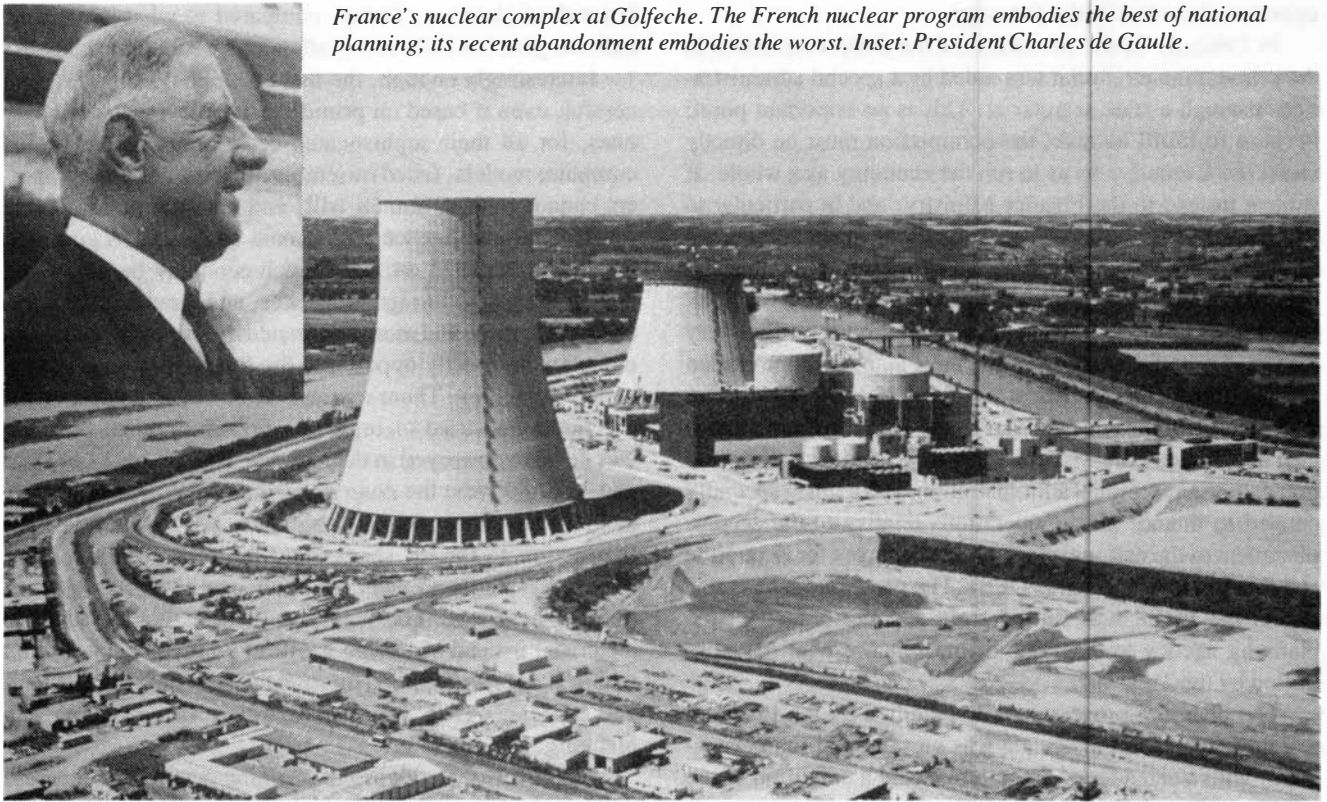
The third function was to plan studies on which to base long-term choices, especially for equipment and infrastructure. It’s very interesting to see how these things work. Planning, from that standpoint, was looked upon as the alternative to the futures market, and I think it’s a very important point today. If there is no planning to give guidance to the overall economy, the economic agents would instead turn to the futures market to cover their positions. And choosing the futures market would, in turn, create—instead of a collective study of what your economy has to become—financial speculation, because you speculate the money that you don’t have to cover your positions, and this creates a bubble. So, in that sense, planning was seen as in opposition to the speculative financial bubble, to the type of John Law bubble. Planning, because it reduces uncertainties and is based on the precedence of the whole, and not on greedy private interests, is anti-speculative by its very nature.

The fourth function was that of coordinating initiatives to bring about a harmony of interests for supporting the long-term and medium-term priorities of a nation, the just contract of the whole with the many.

Harmonizing divergent interests

It’s very interesting to look concretely at the First Plan in 1945. France was in a real political and economic mess.

France's nuclear complex at Golfeche. The French nuclear program embodies the best of national planning; its recent abandonment embodies the worst. Inset: President Charles de Gaulle.



There was a split between the economic power in the hands of right-wing employers, some having made a lot of money with the Atlantic Wall, and the political power wielded by the left wing, mainly communist trade unions and parties. De Gaulle's idea to solve the problem was to use planning as an instrument of *coincidentia oppositorum*, or as de Gaulle put it, "*les accords des discordes*" ("the agreements of disagreements"). To prepare the planning, a "generalized partnership" was organized and called *concertation* or "productive dialogue." They created working commissions made up of representatives of workers and employers associations, as well as some experts, to bring some order into the fights, and, of course, representatives of the administration. In that way, they managed to involve the Communist Party in the reconstruction of France in the 1945-47 period, which was a great accomplishment. For example, the Minister of Air and Aviation, Charles Tillon, turned out to be an excellent minister, who launched the whole aviation policy. (Six years later, he left the Communist Party.) In this way, through the work of a task-oriented community, national development became a habit.

The fifth function of the First Plan in particular, was to secure enforcement of the Marshall Plan. The period of the first French plan, 1947-53, corresponds to the timespan of the Marshall Plan. Why should an economic planning agency be needed for that? Because, first of all, the Marshall Plan implied an idea of an American domination, and second, it

supplied credits in a most heteronomic way. The central planning agency undercut American imperial conception in favor of a process geared to serving the self-interests of the French economy, because it ensured and organized the distribution of credit. Without that agency, the task would not have been possible, because there would have been no central entity face to face with the Marshall administration, which was no good. I think the economists of eastern Europe could learn from this lesson today. The approach we have of [Lyndon LaRouche's concept of] the Productive Triangle would also require the existence of a planning agency in each country, to ensure the well-ordered national distribution of credit, in the take-off phase.

The agency was created by decree on June 3, 1946, and its structure was not at all a heavy-handed bureaucratic one. It was a relatively light, brilliant, rapid deployment force of only about 200 persons, headed by a general commissioner. We are far from the Soviet model of a top-down administration in itself. The commission was an *administration de mission*, an administration with a mission to fulfill and not a specific set of things to accomplish. That makes a big difference. It had very little means, if any, of its own, but it was authorized to use all the means of the other administrations across the board. It was directly linked, at the beginning, to the head of the Executive branch, the President of the Council himself. Then, during the Fourth Republic, it was moved over to the Finance Ministry, more specifically under the

operational control of the Treasury.

In 1962, de Gaulle reestablished the direct connection to the prime minister, and it was aided by a special administration, through a state secretariat. This is an important point, because to fulfill its task, the commission must be directly under the Executive so as to run the economy as a whole. If subject instead to the Finance Ministry, and in particular to the Treasury, it gets drowned in a sea of financial conceptions. The Treasury in France, which manages the financial institutions of the nation, tends to have a malthusian outlook coherent with the world financial institutions, for that very reason. To avoid such a pitfall, the Planning Commission was put above other agencies, both in 1946 and in 1962, after de Gaulle's comeback to power. There are a lot of institutions attached to this commission—research, statistics, information gathering, regional administration, and a fund especially created to finance all the operations relative to the accomplishment of the national plan. This is the Front for Economic and Social Development (FDES). The problem, here again, is that the FDES was shifted from a direct branch of the planning agency to a service of the Finance Ministry controlled by the Treasury.

The planning process was first studied by the Planning Commission; then the agenda was presented to the government, with a calendar of preparations and a definition of the working commissions, some vertical, such as those concerned with economic sectors—steel, coal, nuclear—and some horizontal, on employment, education, foreign exchange, etc. Then, during the phase of regional concentration, the plans would go to the regions and these latter would give their views. Finally, the commission would submit a plan to be approved by the government and the Parliament, and a vote would take place in the Parliament. The Economic and Social Council, which represents the economic forces, of the nation, also gives its advice. Then there is a steady followup. In the beginning, the working commissions would meet every year to evaluate progress on the plan, but this was later stopped.

Decay set in after de Gaulle

This process gave a mission, or horizon, to the French nation and made Gaullist policies possible. Was it the best arrangement in the best of all possible worlds? Certainly not. It is a fact that the targets of the first five or so plans were rigorously met, that is between 1947 and around 1970, the end of the Fifth Plan. Then, from the Sixth to the present-day Eleventh National Plan, there has been a decay not only of the results of planning, but also especially of its spirit. The main reason is the end of the de Gaulle era. Planning is not an abstract, technocratic tool produced by some offices, but the weapon of a given, subjective policy. When that policy was abandoned under President Valéry Giscard d'Estaing and Prime Minister Raymond Barre, national planning remained, but it was no longer the brain of the nation; it was

but a dead skeleton. Today, compared to what it was, the national plan has little or no influence on economic choices.

Interestingly enough, the first economic plans were successful, even if based on primitive statistics, while the later ones, for all their sophisticated economic forecasting and computer models, failed miserably. The truth is that computers cannot replace human will, and national plans created by artificial intelligence will remain artificial. To go a step beyond, from 1975 on, the French economy became more and more open to foreign influences, and these foreign influences were more and more dominated by an Anglo-American monetarism directly opposed to the fundamentals of French national planning. There was an assault from outside on what de Gaulle had tried to organize. French national planning was de facto destroyed in the process. The oil shocks of 1973 and 1979-80 were the *coup de pied de l'âne*—the donkey's kick. The available donkey at the time was Raymond Barre. In reaction to the oil shocks and the related inflation, he imposed austerity to meet the challenge of world competition, as he put it. The idea was to have France adapt to the crisis, instead of having a willful policy generated from within France and applied through the national plan and budget process. As a result, adaptation destroyed French planning.

Moreover, the collapse in planning occurred in a period during which French foreign trade increased twice as fast as the Gross National Product, making the country more dependent on an "outside world" dominated by Anglo-American financial criteria. As a result, the French government lost almost all its ability to make decisions freely in the realm of monetary policy and exchange rates, for two interrelated reasons:

- It had to adapt to the European Monetary System (EMS) which favored finance capital over the labor force. The EMS, indeed, acted as a conveyor belt for the Anglo-American financial system, instead of as a promoter of a European industrial order.

- It agreed, through the decision of the Treasury, to let capital circulate freely, and to let that capital be invested in French bonds. As a result, one-third of the government debt and one-third of all investments on the French stock market were offered to foreign capital, which was then able to blackmail the French authorities.

These deliberate political choices explain the present prevalence of financial profit over productive investments, of a market order over the planning order, and of the invisible hand over the directed economy of Charles de Gaulle. Inside the French economy, the decay of the planning process went through three main channels:

- The hunt for profitable markets won over the fundamental needs of the economy, and, in private and public enterprises, the financial commercial functions became more powerful and better rewarded than engineering and technical competence.

- The complexity of the economy (interdependence of sectors and the proliferation of centers of decisionmaking), linked to the rise of commercial services, led to heterogeneity and therefore made planning more difficult.

- Over the last years, financial and political decentralization favored financial speculation (like that of the socialist mayors linked to the *nomenklatura*) and made planning almost impossible.

In that way, a financial assault from outside, combined with the social monetarism professed by [then-prime minister] Pierre Bérégovoy and his like destroyed the very essence of our planned economic management. Right and left agreed on that disastrous liberal turn: When the right wing came back to power in 1986, it purely and simply abandoned the Ninth Plan! Adaptation to liberal economics destroyed French planning, and no more thinking has been put into it since then, with the disastrous result that the state has lost almost all control of its economic machine.

The weaknesses of French planning

But it is not enough to just say this; we should go a step further to look into the weaknesses of French planning which made it vulnerable to outside shocks. The first problem was to wrongly define Gross National Product: It was based on a conception, not of physical economy, but rather of a liberal, monetarist economy. The very figures on which the Planning Commission based its work were opposed to the goal of national planning, that of bringing the national economy to higher orders of productivity and growth. So this GNP was established as the addition of added values. (If you buy cheap and sell dear, the difference is the value added.) The GNP puts into the same bag capital goods, means of production, and consumption goods from the physical economy, as well as useful services—such as education and research or public health—and activities that are not useful—such as casinos or financial corporations. The Table of Financial Operations (TOF) was included in the Gross National Product.

Basing estimations on such a mixed bag is obviously wrong. It has been the case in the last 10 years that the GNP has increased while the physical economy has shrunk, because of the rapid growth in services. Implicitly, an adaptation to a financial, service-oriented, non-productive economy was imbedded in the very figures of planning. That was the first problem. But there is more to it, and I would focus your attention on this second point, which is relative to LaRouche's work and to a typical Soviet problem.

This is the question of anomalies, of a non-planned event occurring during the course of the plan, an oil shock, for example. What do you do? The answer of French planning was to recognize the anomalies, but instead of integrating them into the planning, they considered them as threats, most of the time as outside threats. There was a principled Cartesian rejection of anomalies. I think this is a fundamental flaw of French planning.

Of course the French, being wise, were able to detect anomalies, and the people involved in national planning built in special "flashing lights" or "warning signals" precisely for that purpose. It was very useful, I agree. But what would they do once the anomalies were discovered? First of all, try to avoid them if at all possible or, if not, drop the national plan altogether, as Barre de facto did in 1979-80, when faced with the second oil shock.

It is very interesting to look at the metaphor used by the French planning agency. A space rocket was used to represent the economy, and its directed trajectory was the plan. When there was a deviation of the trajectory, the flashing lights were set off, the rocket was redirected according to the contingency plans, and measures were taken to bring the rocket back onto course. The state was considered to be the computerized pilot system that would bring the rocket back on track. This is mistaken and wrong. It amounts to an attempt to fit a non-linearly advancing universe into a fixed pre-formed mathematical system, that is, the trajectory of the rocket. Even if development is the explicit subject matter of planning, such a system reduces it necessarily to entropic development. Therefore, when changes were necessary, they were made against the spirit of national planning, or too late. Why? Because a shift in the basic parameters, like one produced by the oil shocks, by a political decision or by mutations in technology, changes the very interrelations established within the plan itself, interrelations between goods, materials, etc. When you change that, the so-called Leontieff tables used in France and elsewhere become inaccurate and useless. For example, a technology shift can transform the very nature of a process, making all previous calculations worthless. So, the problem at this point is how to take into account scientific breakthroughs, technology shifts, advances in industrial processes. For here, the very subject matter of planning, by fulfilling itself, turns against the linear foundations of the planning. That was the problem.

Jonathan Tennenbaum [chairman of the Fusion Energy Forum in Germany] said yesterday that you have a set of theorems, or of technological processes—*A, B, C, D*. If there is a fundamental discovery, they are unbridgeable in formal terms. National planning, because it is based on technological progress, has to organize leaps from state *A* to *B*, from *B* to *C*, etc. And this does not function at all like a rocket. Do you see the problem? So, how do you plan discoveries? How, from the set of theorems *A* which you are inside of, can you plan a more advanced phase, say *B*? How can you generate *B*? This is where we are today, and where the work of LaRouche has led us in economics.

Scientific discoveries, technological shifts, industrial development are needed to support and advance the development of human populations as a matter of life and death. There is no question about it; it has to be done. So, how do we prepare the conditions in a coherent way for them to

blossom? The LaRouche-Riemann model offers a first answer to that fallacy, or boundary point, of French planning. The answer to the paradox is to organize within *A* the highest levels of free energy (the energy above the level needed to maintain the given system functioning), to prepare an advance toward *B*.

Of course, in good formal logic, you cannot know what *B* is going to be like, but you do know that there is a necessary development toward something that you don't know and can call *B*. You don't know how to define the target, but you do know the directionality.

The question raised here is that of how the human mind itself changes its own characteristics of action. So you cannot know *B* in advance, but yet you do know that there is a higher order in the physical laws of the universe that "harmonically" leads toward that not-yet-known *B*: Remember that "human qualities," qualities proper to human beings and only to human beings, appear at boundary conditions, such as space exploration or mastery of technology shifts.

Hence the usefulness of the new generation of computers, not, of course, to "lead" the process, but on the contrary, to detect, within a given, relatively closed formal order, the coming of an anomaly, signalling the limits of that formal order. The flashing lights are useful, but the correction in the process of the unfolding planning cannot be automated; it requires a willful human intervention coherent with the directionality of the planning. Because only the human mind can face the challenge of an anomaly, take it into account and define accordingly a higher order of activity unbridgeable with the previous order. Planning does not exclude human interventions in the process in order to correct it. On the contrary, it should point out the decisive moments when such interventions are needed. Only the human mind can solve the paradoxes posed by the unbridgeable gaps.

On the subject of God

This brings us not only to the question of classical art, but to the subject of somebody very much involved in all that—I mean God. What is planning all about? It organizes creation, scientific discoveries, technological progress, industrial processes, the flow of *polytechniques*. And man creates when he works in the image of the Creator. Therefore it is lawful that planning bring in the subject of God as unavoidable. A technological shift, the product of discovery, brings one open-ended set of theorems to a new set, toward a new, more advanced physics. The name for this process is, as Leibniz said, *metaphysics*. And just as man can only know God negatively, the boundary conditions of planning appear negatively as so-called negations of the given set of theorems inside which we are at the point when this set of theorems doesn't work any more. At that point, the willful intervention of the human mind is required, to fill the gap. And the human mind alone can fill the gap because it is able to have an absolute as reference and to conceive, from the standpoint

of that absolute, a higher order in the physical laws of the universe.

This is not just a nice way to put things. It is a major scientific question, and I think in Russia and in Ukraine, it is set aside all too easily, which could have very bad effects. If you don't understand it and at least try to solve it, since it will never be solved forever, the economy rocket will always crash, just as all the economies of the East have done.

I invite my Russian and Ukrainian friends to read Lyndon LaRouche's essay "On the Subject of God," the real great planner. But don't misunderstand me. The earthly god of Soviet planning, or of French planning outside of the guidance of de Gaulle, is a bureaucrat, a master Chinovnik sitting at his desk, with or without computer, who not only does not like anomalies, but who punishes them, because they don't correspond to the way his machine works. Such a god destroys, and can only destroy since he is trapped in a given set of axioms which rules over some sort of *système du monde à la Laplace*.

The earthly god of free enterprise is the invisible hand of Adam Smith, an Olympian who manipulates human beings through their greed and instincts, to raise the beast inside man. He sees man as proceeding in a linear way, in what Leibniz calls consecutive processes. It is the God of the Wild West, not the God of Creation.

The true God is neither a malthusian nor a geopolitician. He's a constant point of reference, the living God of each moment of our existence, the absolute reference, which makes a human mind human and able to go beyond formal logic, able to understand the existence of a higher order of physical laws, a process known as metaphysics. Planning opened up to metaphysics, to non-Euclidean geometry. This is a challenge. Anomalies as points of creation should become the very subject matter of economics. This is neither abstract nor utopian. It is going to determine whether we achieve thermonuclear fusion and maintain the relative population density of the universe, making man morally fit to survive, or whether we exhaust our societies. It is, in more simple terms, the issue of morality behind the art of planning. *Agapē*, or Socratic dialogue, is the essence of economics.

Let me end this presentation by a quote from Wilhelm von Humboldt, in his "Internal and External Organization of the Higher Scientific Institutions of Berlin":

"The concept of the higher scientific institutions consists in combining in the most intimate way objective science and subjective culture. As soon as one stops to look for authentic science, or imagines that this science does not come from the depths of the human soul, and instead can be put together extensively through a collection of facts, then all is irremediably and eternally lost, lost for science and for the state. Because the only science that transforms and uplifts human character is that coming from inside and the care for the state, as well as that for humanity in general, is not knowledge and chattering, but character and action."

Companies are falling like flies

Corporate takeovers are accelerating as foreign creditors cash in their debt/equity chips.

So far this year, Mexico has witnessed a wave of corporate takeovers, desperate searches for foreign financing, and bankruptcies. It is the Mexican government itself which has given the green light for the multinationals to move in on companies which still have something left to loot, whether by asset-stripping their productive capabilities, or through financial speculations.

In late March, it was suddenly announced that as of the beginning of the year, foreign investors holding \$600 million worth of "Bank Privatization Bonds" could assume their rights as "stockholders" in certain of the privatized banking institutions. Prior to the bank privatizations of 1991, these bondholders were creditors to Mexico's state-owned banks which had agreed to a government postponement of payments on their loan-holdings until after the banks were in private hands, at which time they could convert their debts into equity.

It is expected that Banamex, Bancomer, Serfin, Comermex, Somex, and International will become the first banks to acquire their new "foreign investors" from Japan, the United States, and Europe under this debt/equity conversion scenario.

Equally surprising was the announcement that Cervecería Modelo (of the Modelo Group led by Juan Sánchez Navarro, a leading ideologue of the private sector), would be "associating with" the largest beer company in the world, Anheuser-Busch.

"Association" is the latest euphemism for "takeover." Sánchez Navarro admitted that "the U.S. company

had planned to buy everything, but one of our principles is to keep control in Mexican hands." For the moment, the agreement provides Anheuser-Busch with 17.7% of the Mexican company's stock, with the option of increasing that to 49% over the next four years. Cervecería Modelo is the third largest exporter of beer to the United States, exports to 55 other countries, and is the Budweiser distributor in Mexico.

Another "association," smaller but still very important, is the announcement by the U.S. firm Durakon Industries, Inc. that it will create a new autoparts company in Mexico together with Durakon Mexicana and the Larmo consortium. The president and CEO of Durakon is former FBI and CIA head William Webster, who espoused the doctrine that U.S. national security originates in its foreign trade.

Daily, more "associations" are being announced. The Grupo Comercial Inmobiliario of the Gutsa Group, which specializes in luxury shopping mall constructions, and, recently, in superhighways, will change its name to Cushman and Wakefield-GCI when it is taken over by the U.S. company of that name. Cushman and Wakefield-GCI, a furniture company, is currently being clobbered inside the United States as the industry falls into bankruptcy. Similarly, the leading Mexican company in organizing industrial expositions, Fapezal Comunicación SA de CV, will now be called Reed Exhibition Companies of Mexico, after the U.S. company name, a world leader in organizing specialized exhibitions.

Another group of Mexican companies is in desperate search of new financing. A contingent of 23 companies is seeking to place a debt issue of up to \$1 billion in international markets, and some of them have also changed their names. The Smith, Barney brokerage, which just merged with Shearson to become the second largest Wall Street brokerage house after Merrill Lynch, claims that "these companies are opening an enormous market for those who want to buy Mexico."

Investment bankers at Goldman Sachs maintain that in 1993 there will be \$3.2 billion worth of debt issues of Mexican companies, with the average being \$150 million per company, and hope that "this will not saturate the market." It is known that these companies hope to exchange their short-term debts for longer-term. Some will not get it.

Among those which have gained access to the world capital markets is Cementos Mexicanos (Cemex) which plans to place \$500 million with Merrill Lynch. Merrill Lynch reports that its client has already issued \$600 million "to finance short-term loans" and that its Spanish subsidiaries have placed \$170 million through the Spanish bank Banesto. Cemex owner Lorenzo Zambrano denies that his Spanish companies are having difficulties.

Other companies are bankrupt or simply vanishing, taking their investors' money with them. For example, the Camesa Industrial Group, one of the leading exporters to the United States of wire, fluorite cable, and bifluoride, suspended payments to its creditors, who have now obtained an embargo order against the consortium. The companies of this group have been registering losses since 1991, and the last straw was the so-called "acid war" between Mexico and the United States.

Business Briefs

Russia

Military worries over scientific 'brain drain'

"By losing researchers we are losing the country," *Krasnaya Zvezda*, the Russian military newspaper, warned on April 1. *Krasnaya Zvezda* was again expressing its concern over the problems of Russian science and the need to preserve the nation's intellectual potential, according to Itar-Tass news service.

Krasnaya Zvezda emphasized that "the intellectual wealth of the nation cannot be squandered as simply as that." If the process gains momentum, the country will find itself "stagnating even more than during the 20 years of Brezhnev rule." It called for "ensuring full employment at research centers, raising the role of science in everything we do in order to avert voluntarist and extremely expensive blunders," and "raising the material and moral prestige of those who represent Russia's intellectual elite."

Krasnaya Zvezda also reported on a recent Russo-Japanese symposium in Moscow which brought together numerous prominent scientists from the two countries to discuss security on the Asian continent. "The main result of the discussion was the unanimous view that both Russia and Japan are vitally interested in strengthening security in the Asian-Pacific region, and that much in this sphere depends on the two countries," it said.

Germany

Bundesbank's Issing makes strategic blunder

In an April 1 speech, Bundesbank chief economist Otmar Issing made the dangerous and misleading statement that the unprecedented economic crisis savaging all sectors of German industry is "not a structural crisis, but merely a typical cyclical downturn."

One City of London analyst responded, "Issing's words are especially foolish because it helps keep any effective urgent intervention from government from being mobilized. He clearly must know that what is cutting through

Germany's steel, auto, chemicals, machine tool, and other sectors is not a mere postwar recession which will end as interest rates come down. It is structural in that entire parts of German industry are permanently disappearing, sending jobs to Korea or China. This aspect is not being addressed for the enormous problem it is."

A detailed examination under way by *EIR* of the present structural crisis hitting German industry generally, confirms that what is now hitting the core industrial base of continental Europe, notably Germany and France, is the most serious collapse since the 1930s. The Group of Seven policy orientation to advocate globalization and the removal of national protection of industry, has created the situation in which, seemingly overnight, entire industrial regions of western Europe are suddenly becoming wastelands. The process is an accelerated version of the devastation which has destroyed America's industrial base over the past 15 years.

Economic Policy

FAZ covers 'Productive Triangle' proposal again

The Paris-Berlin-Vienna "Productive Triangle" proposal for the economic development of Eurasia, authored by American economist Lyndon LaRouche, was covered for a second time by the German daily *Frankfurter Allgemeine Zeitung* on April 14. On March 16, the paper had published a letter by Prof. Taras Muranivsky, rector of the Ukrainian University in Moscow, endorsing LaRouche's proposal (see *EIR*, March 26, pp.10-11). This time the paper published a letter by reader Damir Ostovic, a resident of Zagreb, Croatia in support of the LaRouche method and endorsing Muranivsky's argument against the International Monetary Fund (IMF) looting of the East.

"I was personally motivated by the second part of the letter, in which Professor Muranivsky mentions the proposal by Lyndon LaRouche for the Productive Triangle, which covers the geographical area of Central Europe, and extends toward other regions of Eurasia in the form of spirals," Ostovic wrote.

"My own country, which is going through a process of transformation—shown as well by the lack of conceptual orientation, the collapse of production, and, what has meant a great disaster, the brutal war—is part of the aforementioned region. Because of that, it would be good if that proposal could be presented in your newspaper to a broader audience, coupled with an evaluation of its applicability and an elaboration of the differences with examples of other centers, like London or Turin."

Banking

Developing nations set up own institution

Members of the Group of 77 (G-77) developing nations voted on April 8 to set up their own development bank, with an initial \$2 billion in capital, Reuters reported from Yaounde, the capital of Cameroon.

A statement at the end of a conference there said that 60% of the capital for the new bank would come from commercial banks and chambers of commerce in the 128 member countries, and the rest would come from industry and private investors.

The statement quoted a preliminary study, which estimated that the bank could lend at 4-6% rates of interest, as opposed to the 7-11% now charged by institutions such as the World Bank.

AIDS

Alarm sounded over eastern Europe

Fear that the AIDS epidemic will now spread as fast in eastern Europe as in Africa or Southeast Asia, although only 25,000 HIV cases have been reported in the countries of the former Soviet Union so far, emerged at a World Health Organization (WHO) conference held in Riga, Latvia on April 1-4. Preventing such a development would be a clear test of the West's fitness to survive. But the main "break-

through" of the conference, as reported by the French daily *Le Monde* on April 8, was that former Soviet bloc countries will respect the human rights of those infected.

Michael Merson, the AIDS director for the WHO, told *Le Monde* that if nothing is done, "in 10 years, the situation in eastern Europe will be just like that of Southeast Asia; in other words, *dramatic*." Despite this, he proposed no measures other than sexual abstinence or prophylactics. Merson adamantly opposed testing, because "it costs a great deal of money, which is incompatible with limited health budgets." He claimed that testing has negative effects, because people who mistakenly think they are not infected behave irresponsibly, and also because it allegedly violates human rights.

Iraq

Sanctions worsen health crisis

The continued economic sanctions against Iraq have forced the country's hospitals to admit only emergency cases. "Medical investigation through X-rays and blood screening has decreased by 82% in the last few months because of acute medical shortages," Health Minister Umeed Madhat Mubarak said in Amman, Jordan, Reuters reported on April 9. "Surgery has dropped by 86% because of a shortage of anesthetics," he said.

Dentists are extracting teeth using half the normal dose of anesthesia. Ninety percent of hospital equipment is out of service for lack of spare parts. The number of underweight newborn babies has risen from 17% to 47%, and the number of mothers dying in childbirth has increased fourfold.

"Lack of vaccines, laboratory equipment and the general state of the sewage and fresh water supplies badly affected by the war have limited our abilities to fight and prevent the spread of contagious diseases," the minister said. The incidence of hepatitis B has now increased twelvefold since before the war, mainly because of infected needles and lack of vaccines. Malnutrition has been pushed up from 2% to 47% of the population. "Every time I inspect a hospital I see many cases of kwashiorkor and other malnutrition diseases which

had been eradicated," he said.

Iraqi Planning Minister Samal Majeed Faraj urged the lifting of sanctions once again, at the U.N.-sponsored Arab Population Conference in Amman on April 7. He said that 92.7 out of every 1,000 children now die by the age of five, compared to 29.5 in 1988, and that many preventable childhood diseases, such as polio, were making a comeback. "Everything the people have been suffering as a result of these sanctions compels others to stand by us and call for lifting the embargo immediately."

Energy

S. Korean scholars call for new nuclear policy

South Korean scholars have called for a new policy on nuclear energy, insisting that the discussion should begin with a clear distinction between the nuclear energy industry and nuclear armaments, the daily *Choson Ilbo* reported on March 24. The scholars spoke at a seminar sponsored by the Republic of Korea Public Policy Society in Seoul entitled "Reconsideration of Policy to Denuclearize the Korean Peninsula." The scholars pointed out the shortsightedness and weakness of the government's nuclear policy, insisting that South Korea must strengthen its independent position.

Pak Kun-chol, a nuclear engineering professor at Seoul National University, pointed out that atomic power plants account for more than half of the total power generation in the country; "therefore, we need technology to enrich and reprocess nuclear fuel in order to ensure a stable supply. . . . After the joint declaration on denuclearization on the Korean peninsula came into effect [several months ago], technology to reprocess nuclear fuel has been misunderstood as being technology for military purposes."

Dr. Chon Ung of the SocioScience Research Institute pointed out that South Korea's total dependence on the United States in dealing with the nuclear issue resulted in "our pursuing a nuclear policy that runs counter to our interests. . . . We failed to hold our independent line based on our needs and interests, because we had entrusted the initiative concerning countermeasures toward North Korea totally to the United States."

● **THE FRENCH** firm Elf Aquitaine is the first western oil firm to sign a contract with Russia. It will begin to produce oil in the Volgograd and Saratov regions of Russia and drill in the Aktyubinsk region of Kazakhstan, with which contracts have also been signed, by autumn. Contracts with Uzbekistan are in preparation.

● **AIDS CASES** may double as new definitions for diagnosing AIDS mandated by the federal Centers for Disease Control in Atlanta, Georgia go into effect. Those who have the HIV virus and also suffer from pulmonary tuberculosis, recurrent pneumonia, and serious cervical cancer will be defined as having AIDS.

● **AUDI**, the German automaker, reported 30% fewer car sales and a 42.2% drop in production output in the first quarter of 1993. On April 7, management announced "drastic measures aimed at streamlining" the firm, saying it planned to phase out 4,000 workers by the end of this year.

● **MALAYSIAN** Prime Minister Datuk Seri Mahathir Mohamad left Teheran on April 6 after negotiating eight agreements to boost trade with Iran to \$200 million annually, Teheran Radio reported. Mahathir said that the agreements covered oil, telecommunications, mining, and health care, but no details were given.

● **CHINA** will suffer a "sure slide in grain production," the official Chinese *Business Weekly* reported on March 28. "Although we have plenty of grain right now, we are expecting to see grain production tapering off soon," State Council member Chen Junsheng said. In 1988, production fell by 50 million tons out of a crop of over 400 million tons, which contributed to triggering inflation and the subsequent upheavals of 1989.

● **NIGERIA** will be visited by an IMF team in April to impose its program before upcoming elections, so that the new government can "inherit" the IMF program at the August transfer of power, the London *Financial Times* reported on April 7.

Mexico's economic model: how to destroy a nation

by Dennis Small

Since the Berlin Wall came down in 1989, the formerly communist nations of central and eastern Europe have each been driven to adopt "free market" economic reforms, as the Anglo-American establishment's precondition for "joining the West." In Russia, as the policies of the International Monetary Fund (IMF) have shattered industrial capabilities, driven prices into the stratosphere, and plunged 90% of the population below the poverty line, anxious Russian policymakers have been told by Washington and London: Just hang on, there will be light at the end of the tunnel. Eventually, market liberalization will succeed in Russia, *just as it has in Mexico.*

In Poland, the same liberal economic doctrine was successfully retailed by the Harvard punk economist Jeffrey Sachs, with full backing from Wall Street and Washington. Today, as a result, more than 50% of the nation's productive capacity has been destroyed, and half the labor force is unemployed. No matter, Sachs and the bankers tell the enraged Polish population: If you persevere, you will achieve growth, *just like Mexico did* when it adopted these policies.

Halfway around the globe, the government of Daniel arap Moi in Kenya announced that it would no longer apply IMF policies, charging they would lead to the country's dissolution. How dare you rebel against proven orthodoxy? the creditor banks, and the Anglo-American media protest. *The case of Mexico shows that these policies work.*

Throughout the world, Mexico has become a symbol for economic change that is held up by the IMF and the Anglo-American financial community as the model for other nations to follow. Typical is a "Trade Policy Review" of Mexico, to be issued shortly by the Secretariat of the United Nations General Agreement on Tariffs and Trade (GATT) in Geneva, whose official 20-page "Summary Observations" gives rave reviews for what has happened in Mexico since the early 1980s. The advance GATT press release gushes over the "reforms taken unilaterally" by Mexico that have liberalized trade, sold off state-run enterprises, and otherwise made things comfortable for bankers.



A shanty town in Tijuana, near the U.S.-Mexican border. Such is the real face of the Mexican "economic miracle."

But special praise is reserved for Mexico's actions taken since December 1988, when the Harvard-trained Carlos Salinas de Gortari assumed the presidency of Mexico. From that time forward, Mexico's free market reforms, trade liberalization, privatization, internal austerity, and free trade zones such as NAFTA (the North American Free Trade Agreement among the U.S., Canada, and Mexico), have become the example that the banks would have every nation emulate. Just look at Mexico's "growth," they insist. In the United States, the hype is so great that communities are induced to fear that the great Mexican "economic boom" is stealing American jobs by the millions. Ross Perot recently told Congress, "Listen, you can hear the hissing of Mexico sucking up U.S. jobs."

Yet *none* of the commonly reported representations about Mexico is true. In reality, over the past decade Mexico has endured a breakdown in its physical output and infrastructure, to the point of unprecedented hardship and suffering in the population—all in order to meet its foreign debt payments. Half the labor force is effectively unemployed; food consumption has dropped by 30% per capita over the decade; and the all-important manufacturing sector is also *shrinking*. If the NAFTA accord is finalized and implemented, as Wall Street is demanding, then this destruction can be expected to accelerate.

As for Mexico supposedly "stealing" American jobs, the facts tell the true story. Over the last four years, from 1988 to 1992, the United States has indeed lost 1,252,000 manufacturing jobs, according to the Bureau of Labor Statistics. But did they flee to Mexico? Mexican employment in manufacturing rose in this period by a pathetic 82,000—less than 7% of the

total lost in the United States! And if one looks at the longer period from 1981 to the present, the U.S. lost a total of 1,980,000 manufacturing jobs, while during this period Mexico *also* lost jobs in manufacturing—105,000 of them.

The fact of the matter is that, under "free market" economic policies, the economies of *both* the United States and Mexico have been destroyed. If these policies are continued under NAFTA, both economies will suffer the consequences.

Who has gained from the "Mexican model"? The special banking interests that have been able to continue looting Mexico through foreign debt payments. Over \$100 billion in interest payments on the foreign debt were sent out of the country over the last decade—a tidy sum for the cash-strapped banks of Wall Street and the City of London. But in the medium term, not even these banking interests stand to gain, as our civilization—bankers included—is destroyed as a result of their increasingly psychotic efforts to maintain the biggest worldwide speculative bubble in history.

As the following study documents in detail, not only has Mexico's physical economy been looted to the point of collapse, but the figures show that even the final phase of bankers' speculative gain has been reached, and a financial blow-out is imminent. Other Ibero-American economies that have followed similar regimens, such as Argentina and Brazil, are also rapidly approaching a blowout phase, for much the same reasons explained for the Mexican case below.

In short, the charade about the "Mexican success story" is about to end. Will the nations of eastern Europe, of Ibero-America, and of the rest of the Third World wake up in time?

The 'Mexican economic model,' Wall Street's new Potemkin Village

by Peter Rush, Carlos Cota, and Dennis Small

In the 1930s, Soviet dictator Josef Stalin ran a public relations hoax known as the "Potemkin Village," an artificial town outside of Moscow in which everyone seemed to live comfortably, and which all visiting foreign dignitaries and journalists were duly shown, while being told that this was typical of the "new Russia." Behind this Hollywood-style facade, of course, lay the unimaginable brutality of Stalin's Russia, with mass starvation, millions in forced labor, and most people living in poverty.

Tearing a page from Stalin's notebook, the World Bank and International Monetary Fund (IMF), the leading international banks, and the world's financial press are today pushing a new "Potemkin Village" hoax, this time on the scale of an entire country, known as the "Mexican model" of economic development. According to the myth-makers, the "new Mexico," under the leadership of Harvard-trained President Carlos Salinas de Gortari, has conquered inflation, has junked a 70-year-old tradition of the state running large portions of the economy, and has embarked on a trajectory of steady growth that the rest of Ibero-America, not to mention eastern Europe, should emulate. Mexico now pays its debts, has embraced the "free market," and has made the economic "reforms" demanded of it, opening up its country to unrestricted imports of goods and capital ("free trade") and unrestricted repatriation of profits back out of the country. This, it is claimed, proves that liberal economics works, and that Mexico is a blueprint for success that all nations must follow.

All of this has been done—the argument goes—to pave the way for the North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico, which will consolidate these free-market reforms through international treaty agreement. NAFTA is thus also the model for all other nations to follow.

But the "Mexican model" is a fiasco. Behind the facade live 90 million Mexicans arguably poorer than the average Russian of 1935. A large majority of Mexicans earn less than half what they did ten years ago, while average Mexican food intake has plummeted 30% over the same period. More than 50% of the work force is effectively unemployed, and the ranks of the unemployed are growing by nearly 1 million a year. Statistics for health care and education reveal a social

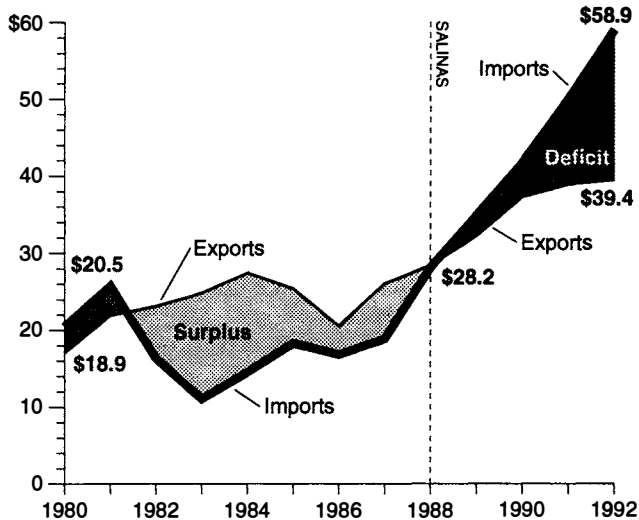
holocaust in the making, with endemic malnutrition affecting a majority of children, and diseases running rampant. Education is collapsing.

Far from being a model of a successful economy, the real "Mexico model" is a model for surrendering economic sovereignty to the United States. President Salinas, who took office in December 1988, acceded to a North American Free Trade Agreement, which represents the virtual economic absorption of Mexico into the U.S. economy, to the detriment of jobs and wages on both sides of the border—but to the benefit of the Wall Street bankers who are behind the project. As charged in a *Special Report* on NAFTA published by *EIR* two years ago ("Auschwitz Below the Border," May 1, 1991), the purpose of NAFTA all along was to lock Mexico into Salinas's reforms, which have given free rein for foreign banks and multinational companies to exploit Mexico's dirt-cheap labor force, buy up its banks, and make a speculative killing by looting what remains of its financial system—all for the purpose of collecting religiously on Mexico's gigantic foreign debt. In the process, the Mexican economy is being converted into one giant *maquiladora* plant—the in-bond assembly plants that employ cheap Mexican labor to produce manufacturing items for re-export to the United States. NAFTA is intended to encrust in a treaty obligation these anti-nationalist changes, in hopes of preventing forever any return to economic nationalism and protectionism in Mexico. That the Mexican economy and people are casualties of this process is of no apparent concern to the IMF, World Bank, the international financial community, nor indeed to President Salinas himself.

The disaster of 'free trade'

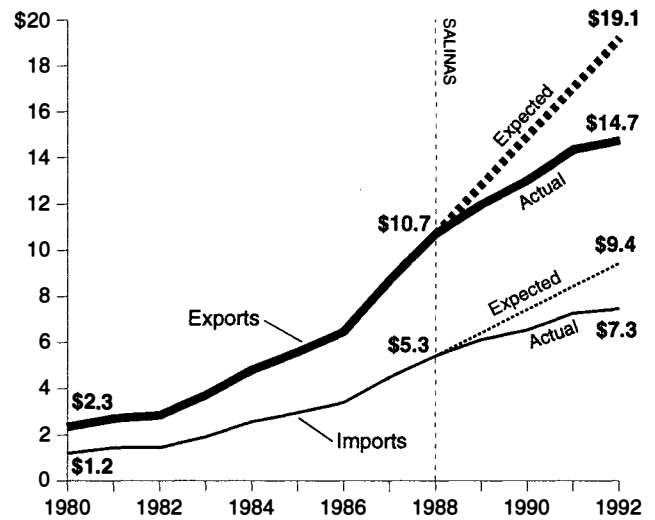
The IMF's "Potemkin country" is about to come unglued. While the halving of living standards has not yet created a social explosion of the sort seen in other Ibero-American nations such as Venezuela and Brazil, the other consequence of adopting free trade policies—an enormous annual trade deficit unprecedented in Mexican history—is poised to blow out the Mexican financial system in the near future. Even some of Wall Street's die-hard pollyannas such as Moody's have finally been forced to recognize how precarious the Mexican financial system is. In fact, it is poised for a descent

FIGURE 1
Mexico's balance of trade
 (billions \$)



Sources: Banco de México, U.S. Commerce Department, EIR adjustments.

FIGURE 2
Maquiladora trade
 (billions \$)



Source: Banco de México.

into an abyss of economic and social chaos that will make the early 1980s debt crisis seem like economic tranquillity.

The most dramatic measure of the unavoidable crisis—which is the lawful outcome of “free trade”—is the unsustainable and growing trade deficit. In 1992, Mexico imported nearly \$20 billion more than it exported (see **Figure 1**). It now pays for less than two-thirds of its imports with revenues from exports.

In the Great Debt Crisis of late 1982, the banks suddenly stopped lending to Mexico, and in a matter of months, Mexico ran out of money to buy imports. From 1981 to 1983, imports dropped 64%—from \$23.95 billion to \$8.55 billion, if one follows official practice and doesn't count imports for the *maquiladora* sector, or 57%, from \$25.55 billion to \$11.04 billion, if one includes *maquiladora* imports. Mexico not only could no longer borrow to finance its modest trade deficit of that year; it ceased being able to borrow to pay the interest on its \$85 billion foreign debt, which hit a high of \$11 billion in 1982. And so the inevitable happened: No money and no credit equals no imports, for lack of financing for them.

Under President Miguel de la Madrid (1982-88), Mexico first joined the General Agreement on Trade and Tariffs (GATT) in 1986, and then immediately and unilaterally began to dramatically lower Mexico's traditional high tariffs. The results were immediate, as can be seen in **Figure 1**: Mexican imports soared beginning in 1987, and have continued to grow at the same rate every year since, during the Salinas administration, which came in at the end of 1988, as

indicated by the vertical line in **Figure 1**. From 1987-92, Mexico's total imports rose at an annual rate of 25.6%, three times faster than exports, which rose at only an 8.7% annual rate. By 1989, Mexico's balance of trade was negative, and the deficit has now widened to about \$20 billion as of December 1992 (exact final figures are not yet available).

What happened? On the import side, cheap manufactured goods from the United States, Europe, and Japan have flooded into Mexico, destroying thousands of Mexican manufacturing companies that used to produce for the domestic market, which were forced out of business.

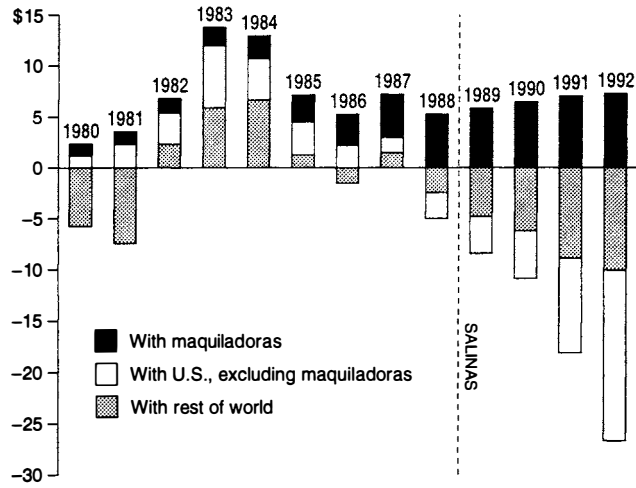
On the export side, a certain number of Mexican firms geared up for exports, only to find that very limited growth was possible. Even before the U.S. and world depression of the past two years, Mexican exports rose only slowly, and with the U.S. crisis, growth has now ground to a halt. It should be noted that between two-thirds and three-fourths of Mexico's foreign trade is conducted with the United States. In nominal value, and excluding exports of the *maquiladora* factories, exports grew at less than 4% a year since 1990, and only 1.5% in 1992. Adjusted for inflation, exports have grown barely 3% a year in physical volume since 1987, and not at all in the last two years.

What little export growth there has been since 1987, has been due to the *maquiladora* sector, as shown in **Figure 2**. This sector comprises those factories, mostly located near the U.S. border, which import 100% of their parts from the United States, and re-export the entirety of the finished products back to the United States, paying no

FIGURE 3

Sources of Mexico's trade surplus

(billions \$)



Sources: Banco de México, U.S. Commerce Department, EIR elaboration.

tariffs on the imported component.

But even this sector has grown at a far slower pace than originally hoped for by the NAFTA promoters, as can be seen by the difference between the “expected” and “actual” export and import curves in Figure 2. Since November 1992, things have gotten worse, as *maquiladoras* have begun laying off workers, while construction on new plants has been suspended, as the U.S. depression destroys the export market for these goods.

It is useful to separate out *maquiladora* from ordinary trade, since they have very different impacts on the Mexican economy. Other than the money received in wages by workers in *maquiladora* plants (and they are so low that this factor is almost negligible), this sector's only impact on the Mexican economy is the trade surplus the sector always generates. Otherwise, the sector doesn't interface with the rest of the Mexican economy: It purchases almost nothing from it, and supplies nothing to it. It is an “offshore” enclave that is functionally an extension of the U.S. economy. If one takes into account the additional burdens and costs to the Mexican economy that it causes through environmental damage and demands for additional infrastructure, it is probable that the entire sector is a net drain on Mexican resources—a dead loss!

Disaggregating *maquiladora* trade from the rest of the nation's commerce, as Mexico itself largely does in its statistics, reveals that in 1992, the *maquiladora* sector provided a \$7.3 billion trade surplus, while the non-*maquiladora* sector suffered a nearly \$27 billion deficit, as shown in Figure 3. Bar segments above the zero line represent surpluses, and

those below the zero line, deficits. The degree to which the deficit has exploded since 1988 under Salinas is clear. In 1992, the non-*maquiladora* trade deficit was \$26.75 billion, against total non-*maquiladora* exports that year of only \$24.7 billion, yielding a 108% trade deficit—a truly astounding result from a policy hailed as “export-oriented” by the World Bank, IMF, the major international banks, and the U.S. government for more than a decade.

Financing the deficit with speculation

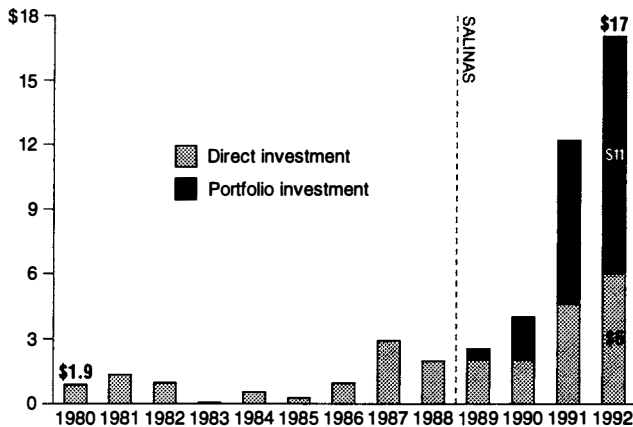
To finance this \$20 billion per year current account deficit, Mexico has been driven to attract an unstable inflow of loose money looking only for speculative profits. To understand this “strategy,” we must look back a few years. From 1975 to 1982, large quantities of flight capital left the country, largely for Swiss bank accounts, Miami real estate, and accounts in U.S. banks. Estimates ranged as high as a cumulative \$60 billion, and that may have been conservative. The bulk of Mexico's foreign debt, as of 1992, was actually borrowed simply to provide dollars so that this capital, originally in pesos, could be converted to dollars and leave the country.

Early in Salinas's presidential term, this flight capital was identified as a resource to be attracted back to the country in order to help sustain the IMF program. By 1989, it was claimed that increasing amounts of this capital were returning to Mexico, and it was confidently predicted that this would be the nation's salvation. Since Salinas came into office, over \$27 billion in supposed foreign investment has flowed into the country, more than two-thirds of it speculative, and nearly half of it in 1992 alone. Although most of this capital is clearly *not* the same money that fled in the 1980s—since most of it appears to be U.S. “investors” looking for a killing—it has been the only thing preventing Mexico from being hit with a foreign exchange crisis.

Today, this jerry-built house is about to fall apart. Figure 4 shows the sixfold increase in yearly incoming foreign capital since Salinas came in. Before 1989, no more than \$3 billion entered in any single year, and in most years the total was below \$1 billion, all of it so-called “direct investment” in purchased or constructed physical capital. Since 1989, more and more has been in purely speculative “portfolio investment,” which is nothing but putting money in Mexico's erstwhile high-flying stock market, or buying Mexican short-term government debt (the so-called “Cetes”) at exorbitant interest rates. Since 1989, direct investment doubled to \$6 billion in 1992, but portfolio investment zoomed from nothing to \$11 billion.

The Mexican stock market was touted by some U.S. mutual funds as a great place to earn 20% and more a year on your investment, and billions flowed in, pushing the market up by 50% in a short period of time. But in mid-1992, the inevitable happened, and it is now below where it was a year ago; money has begun flowing out—including that of

FIGURE 4
Annual foreign investment in Mexico
 (billions \$)



Sources: Banco de México, *El Financiero*.

prominent “investor” George Soros, credited with toppling the British pound sterling last fall.

To attract compensating money, the Mexican government has raised interest rates dramatically, as shown in Figure 5. From below 16% in May of 1992, when inflation was officially 14%, rates have shot up to nearly 23% in February, when inflation was reported at 11%. Thus, the inflation-adjusted rate of interest has increased from 2% to 12%, a sixfold increase in effective rates.

These very high rates have, of course, decimated domestic private sector borrowers needing money to invest in growth, or even to meet operating expenses. As a result, even official figures reveal a dramatic slowing of growth starting last summer.

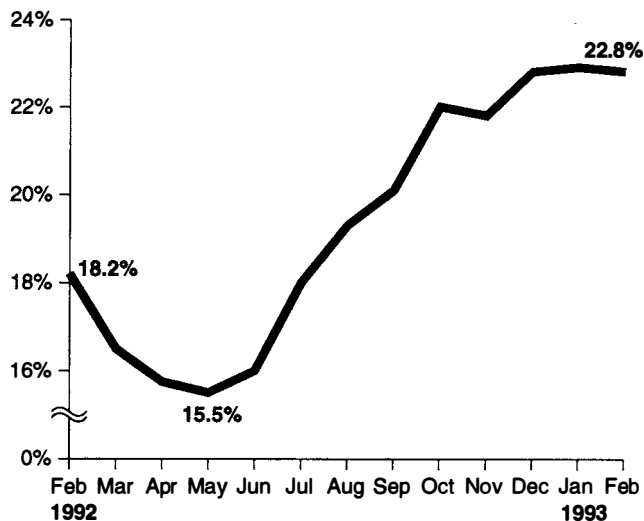
Worse, the Mexican government is now hostage to these usurious internal rates, since any decline may lead to huge outflows of capital, since most of the debt is in 7-28 day Cetes. If rates fall, foreign investors will simply refuse to roll over their Cetes, and the government will have to pay out billions in dollars overnight.

The impending new debt crisis

The point is fast approaching when Mexico will simply not be able to continue importing at the rate it is now. When that point comes, Salinas will be faced with almost impossible choices.

This wasn't the way Salinas had planned it. Apart from stimulating *maquiladora* growth and implementing banker-dictated reforms, Salinas wagered everything on early passage of NAFTA, which he believed would lead to an uninterrupted inflow of foreign investment capital, as Mexico became a reliable economic appendage of the United States.

FIGURE 5
Annual interest rate in Mexico



Source: *El Financiero*.

But while NAFTA may still be approved by the U.S. Congress, this event can no longer accomplish Salinas's original intent for it. By the time NAFTA might emerge from the Congress, it is almost certain to be modified or amended in ways that will force Mexico to make further concessions. Furthermore, it is already so late in terms of Mexico's presidential electoral cycle, that even if NAFTA passed in 1993, foreign investors will probably wait for the outcome of Mexico's presidential election in 1994 before committing capital to Mexico. So Salinas cannot hope for NAFTA to bail him out before the existing current account deficit turns into a foreign exchange crisis.

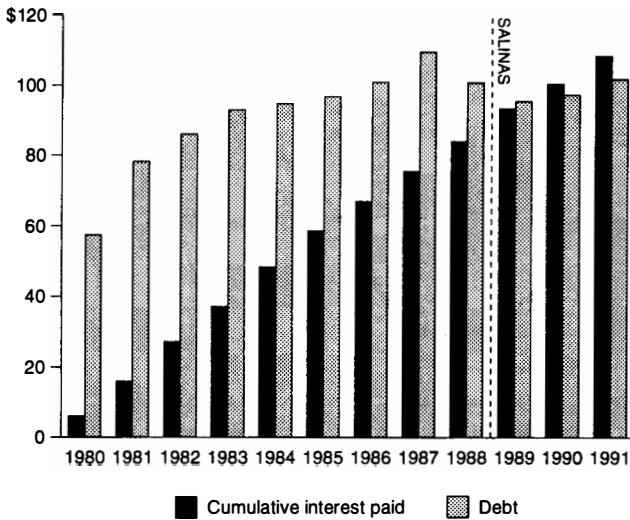
The government's policy for the current account deficit, as reported by the Mexican media, is simply to keep interest rates very high. It is doubtful how long that measure alone can keep the floating crap game going. It is increasingly likely that Salinas will be forced to devalue the peso—a measure which he has desperately tried to avoid, as it will deflate the international myth of the “Mexican model,” and bring the country's foreign debt crisis back to center stage.

Figure 6 shows the growth of Mexico's foreign debt, and the cumulative outflow of interest paid, since 1980. Under Salinas, and up through 1991, the last year for which there are figures, the debt has crept up again to over \$100 billion, and it was no doubt higher still in 1992. Cumulative interest paid is nearly double the amount of the total foreign debt a decade ago. Although annual interest payments have dipped somewhat in recent years (they were \$7.8 billion in 1991), due to lower international interest rates, Mexico will be hard-pressed to keep servicing its debt, if and when the flow of

FIGURE 6

Mexico's foreign debt and cumulative interest payments

(billions \$)



Source: World Bank debit tables.

international speculative capital dries up.

Additionally, Mexico is facing a gigantic *internal* debt crisis. Mexico "solved" its runaway inflation crisis of the 1986-88 period by an astronomical run-up of its internal debt, largely in Cetes, as shown in Figure 7. Annual debt service payments, the bulk of which were for internal debt, zoomed from an already high 40%-plus of the entire federal budget in 1982, to a killing 70% in 1988 and 1989. Every other part of the budget was slashed to the bone, as shown in the graph, with education plunging from 16% to 6% of the budget, and health from 4% to 1%, a 75% decline.

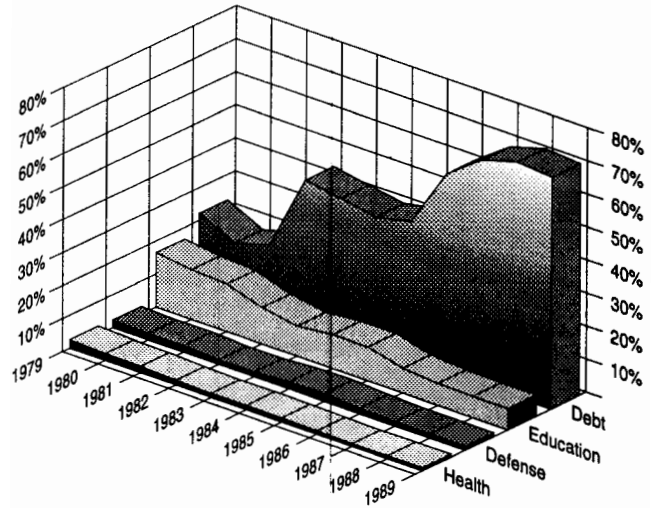
Under Salinas, these budget lines have increased, but nowhere near enough to make up for either the amounts or the time lost. It is known that with the lowering of domestic interest rates, the debt service ratio is well below its peak in 1989. But if Salinas is forced to jack internal interest rates up ever further to attract foreign capital, as he has already begun to do, and if he must issue more and more government debt to cover the foreign exchange deficit, the earlier debt service proportions could return in short order.

Output stagnates, infrastructure collapses

The Mexican economy that will have to deal with the expected blowout of the financial and trade sector is far weaker than the economy that had to deal with the deep post-1982 recession. Although official statistics show a modest growth of Gross Domestic Product in the 3-4% range for the last several years, this masks the reality of medium-term stagna-

FIGURE 7

Mexico: public expenditures by sector
(percent of total public expenditures)

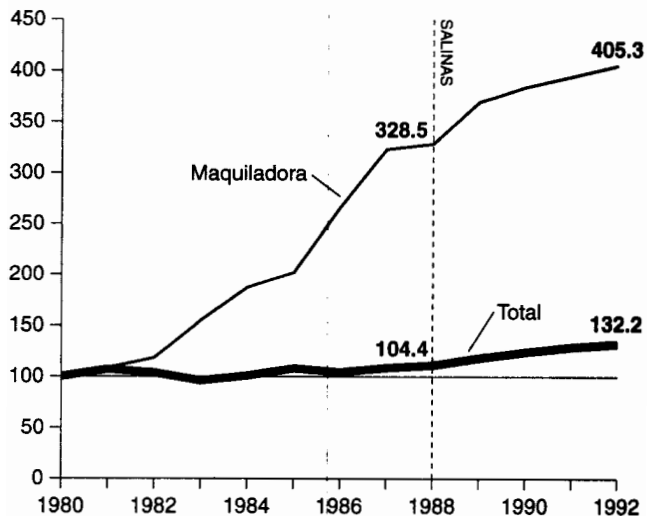


Source: Informe de Gobierno, 1990, Mexico.

FIGURE 8

Mexico: growth of maquiladora and total manufacturing

(index 1980=100)



Source: Banco de México.

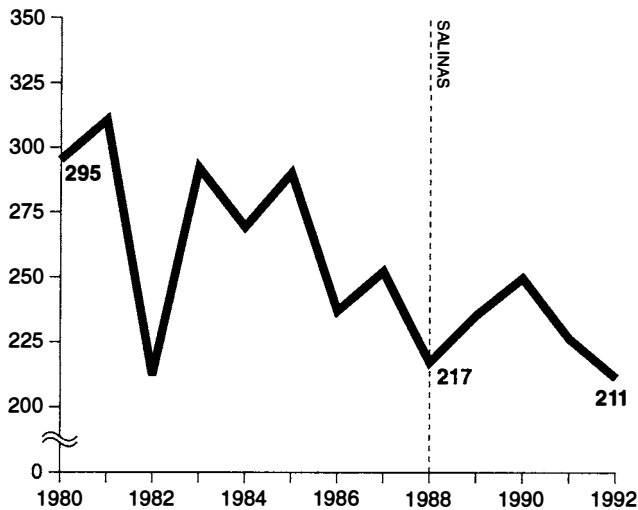
tion and collapse of the decisive parameters of the *physical* economy: manufacturing, food consumption, productive employment, and so on.

Figure 8 shows the total reported growth, as an index

FIGURE 9

Mexico: annual good grain consumption

(kilograms per capita)



Source: Department of Agriculture, Mexico.

based on 1980=100, of total manufacturing output in Mexico, and that of the *maquiladora* portion of that total output. The *maquiladoras* have certainly grown—by over 400% since 1980—but this is a foreign enclave that scarcely benefits Mexico. Total manufacturing was basically flat for most of the decade, and has only inched up slightly in the last few years, and a large part of this is due to the *maquiladora* component.

When we turn to real wages, the reality becomes clearer: The average real income of most Mexicans in 1989, when Salinas took office, was about half what it was in 1982. Since that time, real incomes have fallen a further 10-25%.

That represents a collapse of the population's purchasing power and material consumption, which shows up starkly in the area of food. Official figures (see **Figure 9**) indicate that per capita food grain consumption has fallen nearly 30% since 1980, from 295 kilograms per capita to 211 kg. The decline in meat consumption has been almost as dire. Since spending for food is the last thing that a family will cut, the fact that Mexicans now consume 30% less of the staple of their diet, food grains, mainly corn and wheat, indicates that their cutbacks on non-food items of consumption must have been far more severe.

Accurate figures for total national investment are unavailable, although the Mexican government broadly admits that, during the middle 1980s, public investment dropped to about one-fourth of its 1982 level, and it has never bounced back even to the 1982 levels.

The effect of these inadequate investment levels on infrastructure is immediately evident to the average Mexican.

Take the case of the nation's road system. Despite the hoopla, the government has in effect built no new major highways, opening up new areas of the country, since Salinas came into office—despite the crying need for them, especially northward to handle the greatly increased import and export traffic. Instead, the government privatized new highway construction, turning rights of way and toll collection concessions over to private concerns. The result now is a patchwork road system with little stretches of nice, new four-lane highway dotting the country, usually near larger cities, that generally parallel older, unmaintained non-toll roads, and which do not go all the way to the next city, forming a highly discontinuous pattern.

Worse, the tolls charged are prohibitive not only for most private cars, but for virtually all commercial trucks as well. Typical are stretches of 70 miles costing \$7, more than three times the cost of the New Jersey Turnpike. The result is very low usage, with even worse congestion than before on the old, unmaintained highways. Under Salinas's Harvard logic, no money has been provided for upkeep of the old roads, and potholes are universal, taking their own toll on vehicles. It is widely perceived in Mexico that this neglect is a deliberate device to force people to use the overpriced highways on pain of destroying their vehicles.

One area of infrastructure which has seen some progress is that of communications—which is considered essential for the finances- and services-dominated economy envisaged under NAFTA. For example, an important telephone cable to Europe was recently laid under the Atlantic, as part of the privatization of *Teléfonos de México*.

The trashing of Mexico's oil industry

The crucial area of energy production has been vastly underfunded by the Salinas government, in particular the all-important sector of oil exploration, production, and refining. Pemex, the national oil company, has been milked by Presidents Miguel de la Madrid and Carlos Salinas, and was forced to turn over its vast annual dollar revenues to the government for foreign debt payments, retaining only a pittance for reinvestment. As a result the oil sector has been dramatically decapitalized. In an extreme case of killing the goose that lays the golden eggs, almost nothing of Pemex's tens of billions of dollars in yearly revenue over the past decade has been invested in maintaining Pemex's exploration and exploitation of its oil fields, or even in proper maintenance of its existing plant and equipment. The work force of over 300,000 has been slashed more than 50%, and the results of not investing are that it is now projected that by the year 2000, Mexico will become an oil importer, unable to supply even its own domestic oil needs from its own production, despite sitting on one of the three richest oil field complexes in the world.

Rather than stop the looting, Salinas has done what he could to bypass Mexico's constitutional prohibition on pri-

vate investment in the oil sector. He has reclassified the secondary refining sector, that is, petrochemical production, as not included in the prohibition, and has permitted foreign investment there. He has even redefined what are called "risk" contracts in such a way as to accept some foreign capital into the primary oil sector. Although internal political resistance has so far prevented him from outright privatizing Pemex, this has been the overriding goal of U.S. policy toward Mexico for a decade. Mexico's oil fields have been viewed as the U.S. strategic reserve, to be eventually taken over by whatever means necessary. The pressure on Mexico to rewrite its Constitution continues unabated, and is bound to be successful at some point in the future if NAFTA is finally approved.

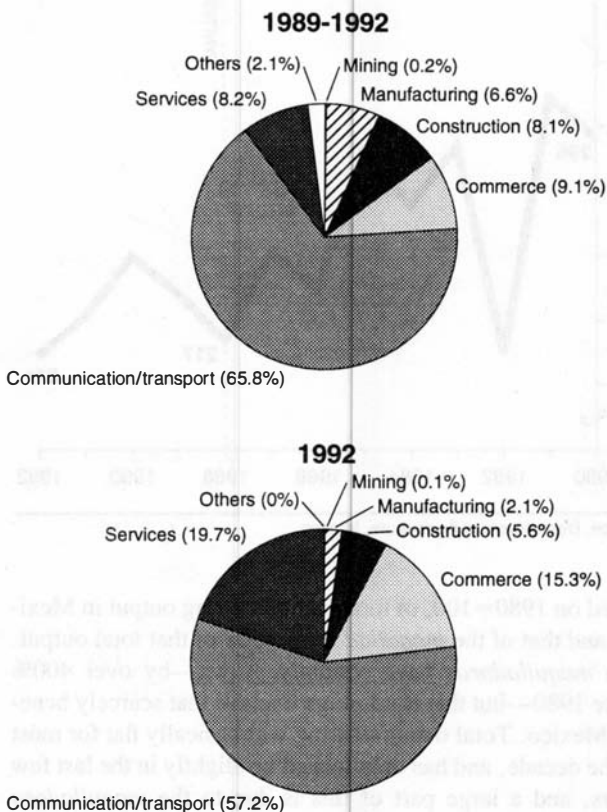
The Salinas government has argued that this suicidal underinvestment in basic infrastructure is being adequately compensated by a Maoist-style community self-help program called Pronasol, or Solidarity (see *EIR*, Jan. 29, 1993, "Pronasol: Nazi-Communists Dance to Wall Street's Tune," p. 28). Under Pronasol, the government constructs limited items of infrastructure such as local roads, water supplies, and sewage facilities. But it doesn't really fund them. Rather, it pays for the building materials, sends in a few underpaid engineers, and requires the community to donate the labor, without pay, to actually do the construction. In most cases, every family must also pay something toward the cost. The result, as the *Wall Street Journal* crowed on Jan. 8, is that such Pronasol construction projects cost the government about 70% of what they used to—a neat savings that can be channeled directly to debt service.

The only investment figures that exist, such as they are, are Banco de México partial figures showing the sectors invested in by direct foreign investment. This is the category of incoming capital that is not "portfolio," or purely speculative (see Figure 4). **Figure 10** shows the distribution of foreign direct investment by major sector. The first pie chart shows investment so far under Salinas, a total of \$27 billion. The lion's share (65.8%) has gone to communications and transportation projects like the European cable, and the white elephant toll highways, and probably also includes portions of the privatized and partially foreign-owned telephone and airline companies. It by no means reflects basic infrastructure investment.

Services, part of construction, and part of commerce, represent investment in tourist hotels and other tourist-related services, which are known to have grown significantly, but which are totally unproductive and reflect no growth of Mexico's physical economic capacity. Only a meagre 6.6% of the total, somewhat less than \$2 billion, has gone into manufacturing plants, and a large part of these have been the *maquiladoras*.

Turning to the second pie chart in Figure 10, it can be seen that in the year 1992, while the total investment was \$11 billion, the proportion in manufacturing fell to

FIGURE 10
Direct foreign investment in Mexico, by sector
(percent of total direct foreign investment)



Source: *El Financiero*.

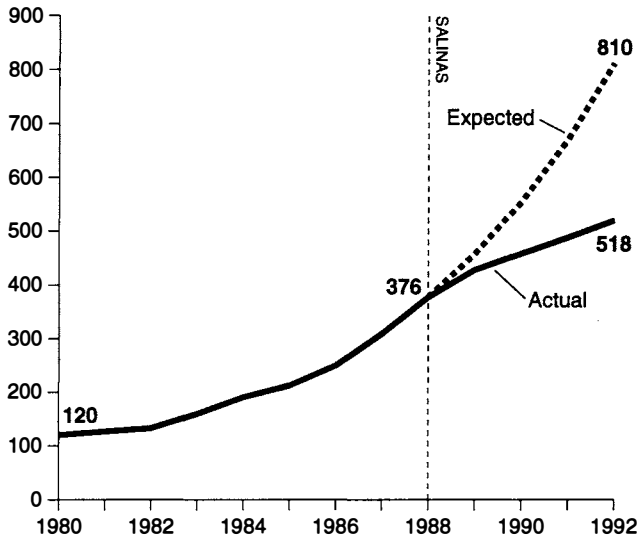
2.1%, less than \$250 million.

Unemployment is 50% and rising

The truest measure of Mexico's economic disease is its employment level. This is also the arena for government statistical science fiction. Despite universal derision even from the business sector, the government statistical agency INEGI insists on reporting a 2.9% unemployment rate. Partly, this reflects a definition of employment that calls someone employed for as little as one hour a week "employed." Partly, these figures are simply outright fraud. INEGI only reports 12% even "underemployed," presumably working between 1 and 30 or so hours a week. The government on occasion has admitted that the problem is far worse than INEGI's cooked numbers. Pronasol, for example, has estimated that 12% of the work force is unemployed and 40% underemployed, although even this is probably low.

Most private Mexican estimates indicate between 25% and 50% real unemployment, and *EIR*'s own calculations

FIGURE 11
Maquiladora employment in Mexico
 (thousands)



Source: Banco de México.

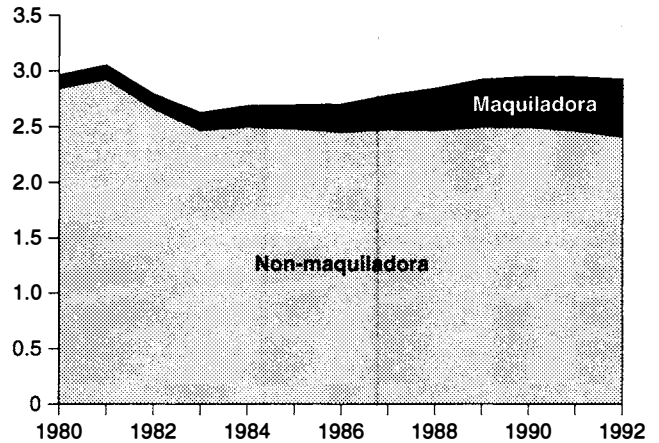
suggest the same range, with the jobless increasing at a rate of at least 800,000 a year on a base of over 16 million already unemployed or de facto unemployed, still an underestimate, but an official refutation of the INEGI lies.

In the private sector, the Mexican firm International Consultants recently published an estimate that 29% of the economically active population was unemployed. The Mexican Workers Congress, the umbrella “federation of labor federations,” uses the figure of 37% unemployed, while the Confederation of Mexican Workers, the largest labor federation, estimates that between 8 and 12 million are unemployed—between 25% and 38%. The most detailed study has been done by the Institute of Economic Research, of the Autonomous National University of Mexico (UNAM), which arrived at a figure of 8 million unemployed (25%), and another 17.4 million underemployed.

It is useful to look at official employment figures for the manufacturing sector. **Figure 11** shows employment in the *maquiladoras*. At 518,000 workers in 1992, it is a major component (nearly 20%) of the entire manufacturing sector. *Maquiladora* employment has risen by 142,000, or better than 33%, since Salinas came into office. Note, however, that expectations of continued growth at the rates of 1985-87 have not materialized.

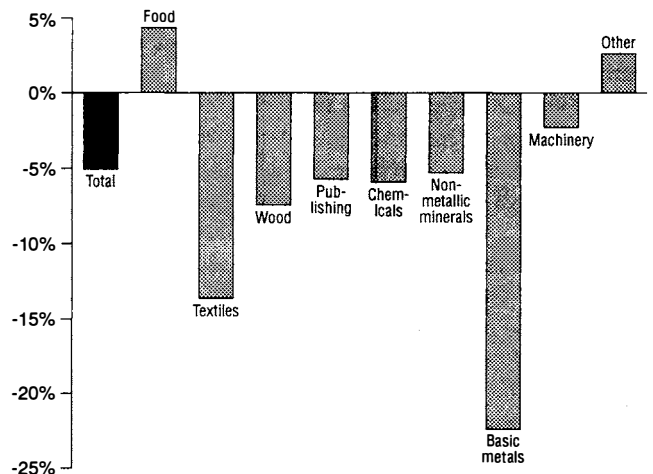
Figure 12 shows the overall trend of manufacturing employment. This reveals that under the “Mexican miracle” of Salinas, non-*maquiladora* manufacturing employment has fallen by 60,000, to 2.4 million since 1989, and by more than 500,000 from a 1981 high of 2.94 million. Even these

FIGURE 12
Manufacturing employment in Mexico
 (millions)



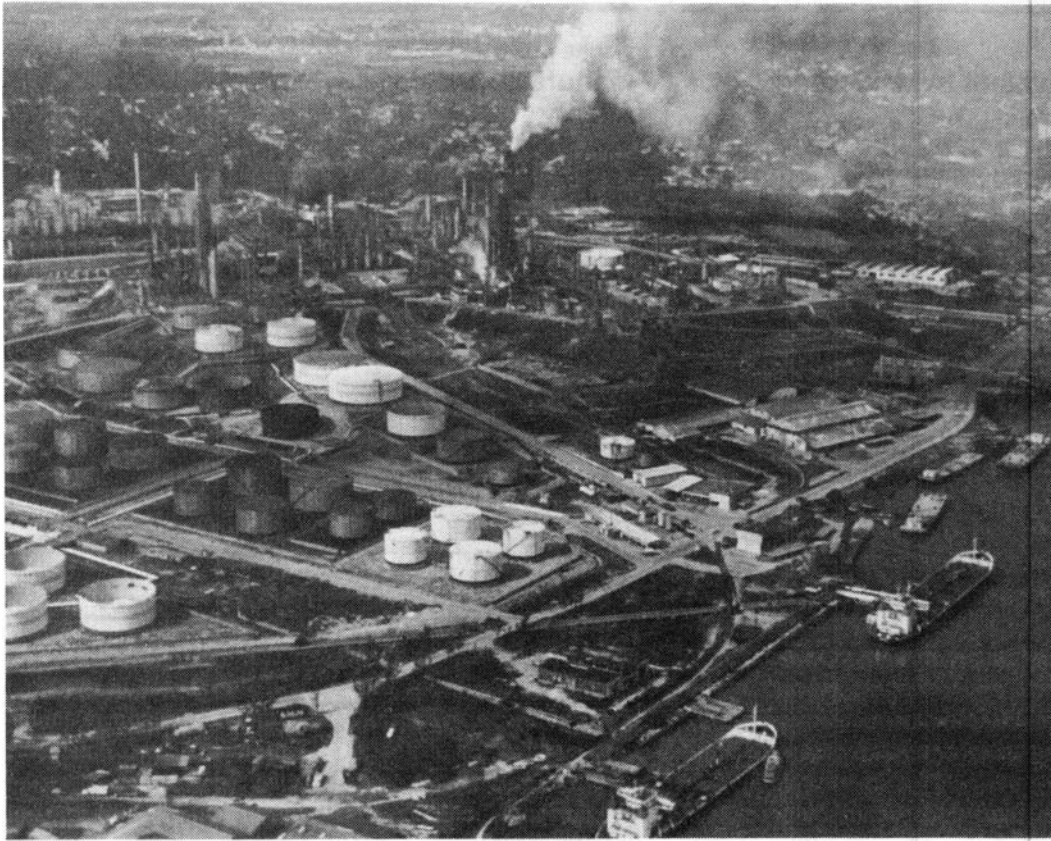
Sources: INEGI, Banco de México, EIR elaborations.

FIGURE 13
Changes in manufacturing employment in Mexico, 1989-92
 (percent change)



Source: *El Financiero*.

official figures are likely a significant exaggeration of real employment, given the widespread reports of layoffs, plant closings, and company bankruptcies over the past three years. A different statistical series, whose results are shown in **Figure 13**, shows the significant employment declines in most manufacturing sectors, and a 5% overall decline for all sectors, a greater rate of decline than that shown in **Figure 12**. The chart speaks for itself, showing that all sectors,



Mexico's once-proud national oil industry has been dismembered and thrown on the scrap-heap in order to pay ransom to international banking interests intent on returning Mexico to colonial status. Here, the refinery at Coatzacoalcos.

except food and machinery, fell by 5% or more since Salinas came in.

To estimate true rates of unemployment, however, one must factor in one more official statistical atrocity: The Mexican government tampered with the 1990 census to “disappear” upwards of 5 million Mexicans. Thus, official statistics today show a total population of no more than 85 million Mexicans, when the true number is at least 90 million. On top of that, the government gives about 26 million as the figure for the number economically active, which is far too low, even if the population were 85 million. Most analysts concur that it is more accurate to ignore the official downward population revision, and continue using estimates based on the 1980 census adjusted by fertility and mortality statistics.

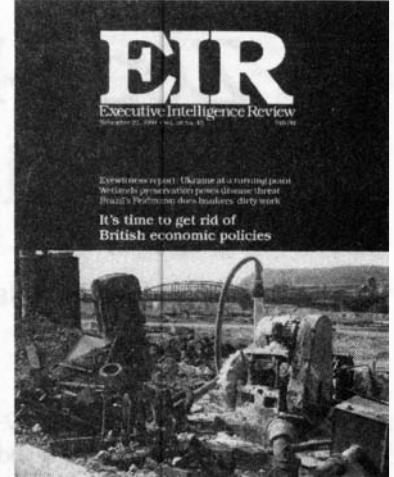
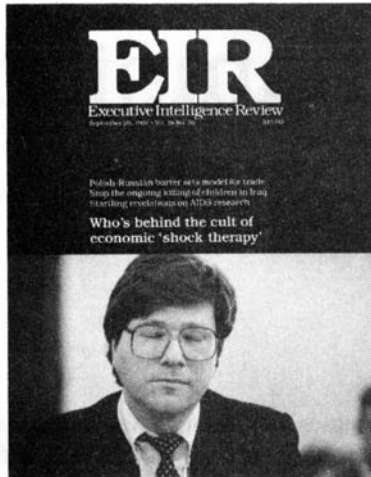
An independent estimate of unemployment can nonetheless be generated, and it confirms that at least 50% of the economically active population (EAP) must be either overtly unemployed or “underemployed” in such “occupations” as street vending or selling drugs—thus corroborating the private Mexican estimates. In 1986, in the Schiller Institute book *La Integración Iberoamericana (Ibero-American Integration)* (Washington, D.C., 1986), it was conservatively calculated that at least 15% of Mexico’s labor force was unemployed or underemployed. Since that time, the total labor force has grown from around 22 million to around 32 million. In the same period, the economy has essentially

stagnated, such that it can be safely assumed that there has been no net increase in productive employment since 1980. The figures for manufacturing, where employment is slightly below the 1980 level, are typical of other sectors, none of which, according to official figures, has done as well as manufacturing.

Adding the net 10 million new workers who entered the labor force since 1980 to the estimate of 3.5 million unemployed in 1980, yields 13.5 million actual unemployed, out of 32 million in the labor force. However, the 1980 unemployment estimate only assumed 2 million unemployed or underemployed in the agriculture sector. The true figure today is easily 4 million, which would bring the total unemployed to 15.5 million. Moreover, the figures for 1980 made no attempt to count the “informal economy” of street vendors. If their numbers are included among the unemployed or the virtually unemployed, it can be seen that the numbers of unemployed or virtually unemployed will far exceed 50% (16 million) of the economically active population.

It should also be noted that there has been a sharp reduction of the numbers in the work force covered by any form of social security. This means that more and more Mexicans are without the health benefits they once enjoyed, and that tens of millions of workers will have nothing at all in social security when they retire, creating a virtual holocaust situation for Mexico’s future generation of elderly.

IMF Commits Crimes Worse Than Hitler's



What is the International Monetary Fund really? Who controls this supranational institution, whose power is greater than that of sovereign governments, and which imposes economic conditions on member states that lead to genocide worse than that for which Nazi war criminals were hanged at Nuremberg?

Executive Intelligence Review (EIR), the weekly journal founded by U.S. economist and political figure Lyndon H. LaRouche, documents the murderous plans of this bankers' cartel, in the perpetrators' own words.

- **The IMF pushes drugs.** The Fund forces developing-sector countries to grow the most profitable cash crop of all: dope. In the words of an IMF specialist on Colombia: "From an economic viewpoint, marijuana is just a crop, like any other. It brings in foreign exchange, and provides income for the peasants."
- **The IMF demands "population control" as the prerequisite for credit.** As World Bank chief Robert McNamara put it, "devaluation is a population control policy." This is a *conscious* policy, aimed to reduce the non-white races.
- **The IMF promotes communist insurgency.** Said Fidel Castro, "The International Monetary Fund alone still inspires confidence in me. It is the IMF that will realize all my plans."

EIR provides the vital political and economic intelligence for patriots of all nations who seek to destroy the power of the IMF and kindred institutions. Under Mr. LaRouche's direction, it presents detailed recommendations on how to launch a global economic recovery, through Great Projects for high-technology-vectored development. It is the lifeline of a growing international political movement. You too can join!

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Zepp-LaRouche champions Renaissance in Moscow

by Rachel Douglas

A Schiller Institute delegation led by Helga Zepp-LaRouche was in Moscow between April 6 and April 10. The centerpiece of the delegation's packed schedule was Mrs. LaRouche's lecture on Nicolaus of Cusa (called Cusanus in English, and in Russian, Nikolai Kuzansky), delivered on April 8 in the central lecture hall of the Russian State University for the Humanities (RSUH).

About 55 students and teachers were in attendance, as Zepp-LaRouche introduced the ideas of Cusanus, the greatest thinker of the Golden Renaissance and the first German humanist. Zepp-LaRouche went in depth through the failure of the conciliar movement in the early 15th century, the collapse of the Council of Basel in 1437, and the theological and philosophical dialogue at the Council of Florence, which Cusanus's leadership was able to guide to the proclamation of Union in 1439. Her lecture surely ranks as a unique presentation of the truth of these matters in Russia, in the entire period since the Moscow Metropolitan, Council of Florence signer Cardinal Isidor of Kiev, was arrested by the enraged Muscovite Grand Duke Vasili II in 1441, for having adhered to the Union, and barely escaped from Moscow alive. "Isidor merits a statue in his honor in Russia today, for his courageous fight to bring the Renaissance to Russia," said Zepp-LaRouche.

What principles lead to progress?

She explored the basis in Cusanus's *Concordantia Catholica*, for the concepts of human rights and of national sovereignty. "Since the basis for 500 years of development of western European culture was laid during the Renaissance," she told the Russian audience, "it is very important for us to study, what are the axioms and principles governing a society which progresses, and what are the axioms and principles of

a society which collapses. For example, the common axioms of the ancient Greek Classical period, the Italian Renaissance, and the German Classical period are an image of man, an idea of man's perfectability, and cultural optimism. The Renaissance image of man was the basis for the greatest works of painting, architecture, and poetry, but also for breakthroughs in natural science."

Cusanus's principle that the best achievements of every country must be available to all people in all countries, Zepp-LaRouche said, meant a beautiful "dialogue of cultures." In this, Cusanus can be seen to be "very modern—more modern than any oligarch, for sure." In the lively question period, she developed how apparent conflicts among "the so-called self-interest of nations" may be resolved when, following Cusanus, we can find mutual self-interest at a higher level, because we are all members of mankind.

A student raised the "traditional view" in Russia of the Council of Florence, namely that it would have made the Eastern churches dependent on the Catholic Church. Zepp-LaRouche answered that it was not her purpose to "take sides," but to urge careful study of Cusanus's rigorous argument, that unity would be impossible without reference to the One. She reviewed again, how the Eastern church fathers agreed at Florence, that the *Filioque* (which emphasizes that the Holy Spirit proceeds from both the Father *and from the Son*) was not, in reality, an interpolation to the Nicene Creed.

Zepp-LaRouche was introduced by Prof. Natalya Basovskaya, vice-rector of the RSUH. Thanking her at the conclusion of the lecture, Basovskaya said that the life, work, and ideas of Cusanus were far from sufficiently known in Russia, so that it was of great importance that the Schiller Institute was focusing on "these most humanistic, and human, ideas of the past."

The campaign to free Lyndon LaRouche

The delegation met individually with prominent Moscow human rights activists, to present the international mobilization for American statesman and economist Lyndon LaRouche's freedom.

It was always possible to link the LaRouche case to the strategic crisis, especially since nearly everybody in Moscow is aware of the importance of the April 2 *Izvestia* article on the Russian proposal for joint antiballistic-missile defense work with the United States. Besides coverage on Russian TV, the banner proclaiming LaRouche's support for the Russian proposal was pictured in an Itar-Tass wire photo printed in several newspapers, which also was on display as a current leading news photo in the second week in April in the lobby at TASS headquarters in Moscow. Many people are aware of LaRouche's authorship of the original Strategic Defense Initiative (SDI) for joint U.S.-Russian cooperation on ballistic-missile defense based on new physical principles. The circulation of the Russian edition of his book *So, You Wish to Learn All About Economics?* and the weekly delivery of several dozen copies of *EIR* to readers in Moscow have deepened people's familiarity with LaRouche's ideas and the Schiller Institute.

Zepp-LaRouche was interviewed by one Moscow newspaper, and participated in a roundtable of editors and economists for future publication in a monthly journal. She also addressed several groups of political leaders from various tendencies, including a caucus of leaders from several parties of the democratic opposition.

Anxiety, expressed in conversations and visible in people's faces on the street, is even higher in Moscow this spring than during previous Schiller Institute visits. There is great uncertainty about the outcome of the referendum scheduled for April 25. "You are in a country in a situation like Germany in 1933," said one human rights activist. In addition, the daily struggle to survive is becoming more and more difficult. On one day in early April, it was announced that gasoline prices would double. A pensioner's monthly income, now at the level of 6,000 rubles (sometimes less), suffices to cover only housing and some food, but not more than bread and potatoes. On one Friday afternoon, traffic in Moscow was nearly gridlocked, because so many people were heading out to plant something in garden patches in the country.

A development perspective

Zepp-LaRouche told Russians that the tension and worry about the crisis were especially painful for her to witness, because this suffering was completely unnecessary. With the opening of the borders in Europe in 1989, there was a historic opportunity to revive the "American System" method of physical economy. That successful philosophy was concretized in Lyndon LaRouche's proposal for the Paris-Berlin-Vienna "Productive Triangle," later elaborated into a Eurasian development perspective to be powered by massive



Helga Zepp-LaRouche visits Red Square.

high-technology and infrastructure investments within the triangle and linked to outlying areas along corridors of development called "spiral arms."

Instead of being slated for extinction through the "shock therapy" of price liberalization and elimination of subsidies, Zepp-LaRouche said, it would have been essential that the existing productive capacities in the East be utilized to help build up the initial infrastructure for the integrated Eurasian plan. This would have had to be done by agreement among governments, but it would have created the preconditions for private enterprise to function. She analyzed the Anglo-American response to this possibility: geopolitics, and the launching of wars in the Persian Gulf and the Balkans. The International Monetary Fund, she stressed, *never intended* to help Russia or develop any other countries in the East, but rather to rob the newly independent countries, forcing them through their indebtedness and desperation for cash, to dump their commodities onto western markets.

Now, with so much more of industry destroyed in the East and the West alike, it will be more difficult to proceed with these development projects, but the only way out of the crisis is a combined revival of the two great LaRouche initiatives: the Productive Triangle proposal of 1989-90, and the SDI plan of 1982-83. Zepp-LaRouche stressed the importance of the aspects of LaRouche's SDI, never reported in Soviet publications at the time Reagan adopted it: joint work on these technologies by the two superpowers, and transfer of advanced technologies to the civilian economy. Because of the growing awareness of the renewed threat of world war, expressed by Secretary of State Warren Christopher and others, there is a brief opportunity to completely change the strategic situation through the SDI/Productive Triangle package, she said.

The delegation encountered great openness to these ideas from many quarters in Moscow.

Russian media play up LaRouche support of anti-missile plan

by Our Special Correspondent

While a strange and suspicious blackout continued in the West of the Russian proposal at the April 3-4 Vancouver summit for joint work with the United States on plasma weapon defenses, in Russia itself the support of Lyndon LaRouche for the proposal received prominent media coverage.

The vehicle was the large banner displayed outside the Clinton-Yeltsin summit by LaRouche associates, which *EIR* featured as its cover photo in last week's issue. The banner, stating LaRouche's support for U.S.-Russian "SDI" cooperation, was filmed two nights running on Russian television. The Itar-Tass news agency sent out a wirephoto of it which appeared in several Russian newspapers. As of April 12, an *EIR* correspondent visiting Moscow reported that the photo was on display in the lobby of the TASS offices, in an exhibit of their most interesting photos of the week.

So in Russia, the proposal for "joint plasma weapons experiments" publicized in the newspaper *Izvestia* on April 2 (see *EIR*, April 16, p. 26) is being taken very seriously. It is obvious that many there, particularly among scientific circles, realize that their proposal evokes the policy for which Lyndon LaRouche became enemy number one of the Soviet dictatorships of Yuri Andropov and Mikhail Gorbachov.

U.S. slow to react

By contrast, in the United States, media coverage is being withheld generally, and the Clinton administration has not made public what its reaction will be. However, a delegation of American scientists reportedly to be headed by a senior official of the Strategic Defense Initiative Organization (SDIO) is being organized to go to Russia for discussions of the proposal. (Under the Bush administration, negotiations with Russia about common anti-missile defense efforts were transferred to the control of the State Department, a formula to make sure they went nowhere, since Secretary of State James Baker was a dedicated enemy of the whole SDI concept.) The Clinton administration's reaction to this crucial proposal may be being slowed by the fact that President Clinton himself has still filled so few significant positions in his government.

Lyndon LaRouche, when the Russian proposal first

appeared in *Izvestia*, said that "this may be the opening for President Clinton to make a radical change or effect a radical shift in an otherwise rapidly deteriorating world situation."

Numerous sources consulted—both in Russia, and veteran western observers of Russia—about the new policy offer the Russians call *Doveriye* ("Trust"), have stressed that the scientific institute leaders who originated the proposal are the most reality-oriented circles in all Russia. They are, by long cultural and political as well as scientific tradition, the best and most reliable force for the West to deal with.

LaRouche elaborated on April 11: "In this case we run smack up against the question: If the Russian leadership, particularly the military-industrial complex and other science-oriented types, adopts a policy on the basis of reason, will the Russian population be willing to implement the policy, or will they slip back into the same kind of peasant mentality which was such an obstacle to economic development under the Soviets?"

This depends on how rapidly and decisively that radical change from the Clinton administration can be brought forth, in economic and scientific policy toward Russia and Europe as a whole.

LaRouche stressed this political context in his weekly radio interview "*EIR* Talks With Lyndon LaRouche" on April 8, the Russian offer "signals to the Clinton administration—and also signals to the old anti-Bush Reagan people whom most people have forgotten about, and to a lot of other people around the world—is that the present strategic arrangements are breaking down. There is no hope for any part of the world, including the United States, if we continue to make policies under the influence of prevailing assumptions of the International Monetary Fund, the Federal Reserve faction in the United States, and so forth.

"The Russians are on the point of recognizing that; they know they cannot go on the way they are going. They wish to maintain a cooperative relationship with the United States for many reasons. What they did, was to take the fact that they are ahead of the United States in a couple of scientific areas, to make an offer whose implication is to start this kind

of cooperation in the direction of technological and scientific progress as the basis for relations, in direct opposition to Andropov's policy 10 years ago."

'No SDI when we need it'

The view of those in U.S. industry and the military who understood the SDI concept best, was expressed by one former service chief of staff: "We have no SDI now when we need it the most."

The Russian scientific academies are, in fact, proposing a "new SDI," (or, as they see it, an alternative to the SDI), based precisely upon the most fundamentally new physical principles and technologies, which were also precisely the basis of LaRouche's outline of a strategic antiballistic-missile defense program. This involves the interaction of directed energy beams with plasmas.

There is very advanced scientific work ongoing in both countries in the areas required for the anti-missile plasma weapons the Russians propose. The lead Russian scientist for the proposal, Academician Rimili Avramenko, told *Izvestia* that "it is well known that Russia possesses significant achievements and advantages in the area of building powerful microwave generators (potential components of a plasma weapon) and in a new area of science—plasma gas dynamics. The U.S., meanwhile, would provide its solid state electronics and computer technology."

American scientists familiar with SDI work of the past say that the Russian proposal "is serious and viable," and involves special characteristics of powerful pulses of microwaves, which are low-frequency electromagnetic waves of the radio-frequency range. When two optical laser beams converge, they merely add to each other. But when two microwave pulses converge, the effect is one of "constructive interference," similar to the way the convergence of several powerful deep-ocean swells forms a *tsunami*, or tidal wave. There is a geometric (not merely mathematical) increase in intensity.

Using this characteristic, the American scientists conjecture, the Russians are proposing long-range experiments (over the Kwajalein Atoll in the Pacific, for example) to generate powerful microwave pulses from two or more sites at once on the ground or on shipboard. The beams would be made to intersect in the upper atmosphere *in front of a target*, and ionize that region of the atmosphere to form a moving plasma, through which the missile or warhead cannot pass without being disabled.

Formed in the upper atmosphere in this way, the plasmas (or "plasmoids," as moving or accelerated plasmas are called) could also couple their energy to the plasma which already forms around the heat-shield of a warhead as it descends through the atmosphere, causing destructive electrical overloads to disable the warhead's electronics.

Izvestia provided sketches of how these beams would be generated and produce this effect. In the laboratory, the

eminent Russian physicist Pyotr Kapitsa was demonstrating this effect more than 20 years ago, and the LaRouche-initiated *Fusion* magazine was reporting those experiments.

EIR informs Washington

Very obvious political pressure has been applied to U.S. newspapers and military and technical newsletters, clearly detected in conversations with their editors, to avoid covering the Russian plasma weapons proposal. Ridiculous stories have been circulated and printed to accomplish this, the most incredible being that the Russian announcement three days before the summit (April 1), was an April Fool's joke. What is hiding behind this stupid lethargy is fear of a Russian move *with a policy of Lyndon LaRouche*, and furthermore, with a policy which demands a major scientific and economic response from the United States; as LaRouche said, a radical shift in the axioms of policy.

On April 15, *EIR* broke the silence by holding a high-profile strategic briefing in Washington on the details and the implications of the Russian proposal. While Capitol Hill representatives did not attend, the diplomatic representatives and news agencies of 13 nations did, including Russia, China, Ukraine, the European Community, Japan, Canada, and seven nations of the Third World. They heard former Fusion Energy Foundation Director Paul Gallagher and *EIR* Counterintelligence Director Jeffrey Steinberg discuss the multiple ramifications of the Russian proposal.

Gallagher emphasized that the Russian offer is perhaps the "last and best opportunity in this period for the United States to abandon geopolitics and instead embrace a policy that will lead to the rapid development of Eurasia" and finally lay the basis for a real war avoidance policy worldwide. Adoption of the Russian proposal is "the only way to avert World War III." Gallagher described the Russian proposal as fundamentally different from the past 14 months of discussions between the United States and Russia on strategic defense issues, in that it "embodies those physical principles and technologies that have held the promise for creating a new industrial revolution for the past 25 years."

Steinberg pointed out that the *Izvestia* piece did not come as a surprise to everyone: Just 12 days before it appeared, LaRouche had told the a national conference of his political movement that now was the time to put the SDI back on the world's agenda. Steinberg went through a detailed history of how the initial SDI came about, detailing the roles of LaRouche, *EIR*, and the Fusion Energy Foundation, and emphasized the irony that the LaRouche-Reagan proposal which the Soviets had rejected initially, had now been taken up by the Russians themselves as a proposal to the U.S. government.

At the briefing, the *EIR* representatives released the pre-publication copies of an *aide-memoire* on the new developments, entitled "The Crucial Role of Lyndon LaRouche in the Current Strategic Situation."

War in the Caucasus escalates as Turkey threatens intervention

by Konstantin George

The successful Armenian military offensives in the first half of April have brought the war in the Caucasus between Armenia and Azerbaijan to the brink of being internationalized, with incalculable consequences. The Armenian offensives, characterized unjustly by most media as simply "attacks" which "seize Azerbaijani territory," are in reality acts of desperation. As a consequence of the blockade imposed on it by Azerbaijan and Turkey, Armenia has just gone through a cruel winter, as thousands have died of hunger, cold, and disease. The country cannot survive a second such winter. All appeals to the United Nations and the western powers to have the blockade lifted have fallen on deaf ears.

These facts define the causality behind the present offensives. A blockade, under international law, is an *act of war*, and any nation which is the victim of a blockade has the sovereign right to undertake whatever military action is necessary to either break the blockade outright, or to create the political setting wherein the blockade can be lifted. A secondary, though crucial feature of the offensives is to militarily neutralize southwest Azerbaijan, and thus protect the narrow 60-kilometer-wide "finger" of Armenian territory that borders on Iran, and which forms Armenia's only secure land link to the outside world.

By mid-April the offensives had opened a second corridor between Armenia and the besieged Armenian enclave of Karabakh, and had brought Armenia within reach of capturing all Azerbaijani territory between Armenia and Karabakh, and indeed most or all of southwest Azerbaijan, which is nearly cut off from the rest of Azerbaijan.

As a result of the dramatically changed military situation, for the first time in the five-year conflict, the threat of a military intervention against Armenia by NATO member Turkey, Azerbaijan's chief ally and protector, has crossed the line from rhetoric to becoming a real possibility. As the fighting moves ever closer to the Iranian border, deepening involvement by Armenia's other Muslim neighbor, Iran, is also now certain, the only question being how deep.

Should Turkey enter the war, then the next and most dangerous level of internationalization is at hand, as Armenia is a signatory of the Russian-led Community of Independent States (CIS) Defense Pact, signed in the Uzbek capital

of Tashkent last summer. The pact mandates Russian forces coming to the assistance of any pact member in the event of its being invaded. At present, the fear of forcing a Russian military response is the only real consideration holding Turkey back from military intervention.

The military situation

The Armenian drive began in the last days of March and first days of April with a series of attacks that culminated in the capture of the Azerbaijan town of Kelbadjar (in the Turkish spelling, Kelbecer). By capturing this town, a corridor running from Armenia to the northern part of Karabakh was opened. This was the second corridor linking Armenia to Karabakh. The first corridor, running through the town of Lachin to the southern part of Karabakh, was seized last spring. Armenia can formally occupy the territory between the two corridors at any time, as all Azeri forces and the civilian population of 50-60,000 living in the region have fled northwards behind the Azeri lines, to the north of the second corridor.

The second offensive began April 4, with Armenian forces driving south from Karabakh into Azerbaijan, by which they began the envelopment of the crucial town of Fizuli, control of which holds the key to all of southwest Azerbaijan. Southwest Azerbaijan is the part of the country along the border with Iran, bounded on the south by Iran, on the north by Karabakh, on the west by Armenia, and now, in part in the east by the Armenian axis of advance southwards.

In the offensive's second phase, which began April 10, Armenian forces drove 15 km and more deep into Azerbaijan. These gains have positioned them to easily threaten the road through Fizuli linking southwest Azerbaijan with the rest of the country, to complete the envelopment of Fizuli, and put them within striking distance of the Iranian border.

Armenia preempts land grab

It was the second Armenian offensive, which began on April 4, that ignited a vitriolic Turkish reaction. The reason for this response lies in an agreement signed in March between Turkey and Azerbaijan for the construction of a

The Caucasus war theater



1,060 km oil pipeline between Baku and the southeast Turkish Mediterranean port of Ceyhan, in the Gulf of Iskenderun. The pipeline is scheduled for completion within three years, with an annual capacity of 25 million tons.

The pipeline as such, which would connect Turkey with all Central Asia, is a fine project. The problem lies in the political geography of the route. No pipeline can connect Azerbaijan with Turkey without running through the 60 km of Armenian territory separating Azerbaijan from the Azerbaijani enclave of Nakhichevan. Both Turkey and Azerbaijan totally reject this. The only alternative would be to bypass Armenia and run the pipeline through 60 km of Iranian territory. This alternative, which Turkey and Azerbaijan thought they had "in the bag," evaporated, when on April 11, Teheran told Azerbaijan that it had to repudiate the pipeline agreement with Turkey and instead carry its oil through Iran to the Persian Gulf, as the price for Iran supporting Azerbaijan in the war against Armenia.

Armenia knew of the Iranian position, and knew that Turkey would stop at nothing, including seizure of the Armenian strip, to ensure its full control over the entire length of the pipeline. The Armenian gains have made

any easy seizure impossible.

Turkey threatens Armenia

As soon as the second Armenian offensive started, Turkish threats and retaliatory actions began in earnest. On April 4, Turkey expanded its already-existing total embargo against Armenia by banning all western humanitarian aid shipments to starving Armenia going overland through Turkey or using Turkish air space. A train carrying 300 tons of food and medicines provide by France was stopped at the Turkish-Bulgarian border. That same day, Turkish President Turgut Özal took off for a 10-day tour of the Turkic republics of Central Asia, arriving in Azerbaijan on April 14. The tour was designed not only to line up these republics to support Azerbaijan, but to have them exercise their influence as members of the CIS Defense Pact to restrain or prevent Russian military support for Armenia in the event of a Turkish military intervention.

If it were left to a vote of the Turkish population, that military intervention would already have occurred. Popular outrage against Armenia has been growing by leaps and bounds during April, fueled by continual blood-curdling re-

ports in the Turkish press, citing the Azerbaijani embassy in Ankara, of "Armenian massacres" of Azeri civilians. Many hundreds of Azeri civilians have died *of cold and exhaustion*, by fleeing on foot over mountain regions up to 3,000 meters high, to escape the advancing Armenians.

To date, however, Turkey has confined its response to tough words and intimidating military activities, stopping short of actual intervention. In the latter category, Turkey has heavily reinforced its troops along the Armenian border, and, if Turkish press reports are true, initiated reconnaissance flights over Armenia and Azerbaijan. Starting April 4, Prime Minister Suleyman Demirel and the entire military leadership and key cabinet members have been in daily crisis sessions, in the words of Demirel on April 4, to "coordinate" with Azerbaijan "further steps" to compel Armenia to end its "aggression."

On the diplomatic front, Turkey has demanded action by Russia, the United States, and the U.N. Security Council to stop "Armenian aggression." At the U.N. level, the only action taken to date was a U.N. airlift to Baku of emergency relief supplies for Azeri war refugees, which was inaugurated April 14.

The next round of escalation

The initial hesitation of the Turkish regime aside, the pressure for Turkey to intervene is growing. A verbal escalation has been apparent since the weekend of April 10-11. The catalysts were the latest Armenian breakthroughs, and the fact that Azerbaijan, in anger over Turkish inaction, for the first time in the war turned to Iran for military help. This occurred on April 11, when Azeri Deputy Prime Minister Penah Husseinov arrived in Teheran with an urgent request for Iran to help. Iran responded by strongly condemning "Armenian aggression," and offered military help on condition that Baku repudiate its pipeline agreement with Turkey.

The news of the Iranian conditions, carried front-page in *Hurriyet*, the leading government-connected national daily in Turkey, exploded like a bomb in Ankara. By April 13, even Turkish Vice Premier Erdal Inonu, not known as a hardliner, joined the chorus of Demirel and the military, to the effect that Turkey cannot stand idly by, and that Turkish patience "will come to an end." Addressing the deputies of his Social Democratic People's Party caucus, Inonu warned that if Armenia did not immediately end its attacks, then "unending suffering will befall the people of Armenia." He stressed that Turkey would support "our brother country" Azerbaijan, branding Armenia an "aggressor state."

Turkey will definitely await the outcome of the April 16 extraordinary CIS summit in Minsk, Belarus, which will focus on the CIS Defense Pact, before making any decision on military intervention. After that, anything is possible, including a strategic miscalculation by Ankara that would transform the Caucasus "regional conflict" into a world strategic crisis.

Fujimori proclaims against terrorism of

by Carlos Méndez

With the support of the Armed Forces, the National Police, and the great majority of the population, I rebelled April 5, 1992 against a pseudo-democracy, against a system that tried to force me into a compromise, and against a state of things in which the Congress and the Judiciary practically protected the narco-terrorists, said Peruvian President Alberto Fujimori in a message to the nation on April 5.

April 5, 1993 was the first anniversary of what has come to be known as Fujimori's "self-coup," the presidential decree which shut down the Congress and the Supreme Court because of their tolerance of narco-terrorism.

For a year, the U.S. State Department has maintained a political, economic, and propaganda offensive against President Fujimori, accusing him of being anti-democratic and authoritarian, and against the Armed Forces of Peru for their alleged "systematic violations of human rights." Among those collaborating in this offensive, which has often taken the form of explicit defense of the Shining Path (Sendero Luminoso) narco-terrorists, have been Venezuelan President Carlos Andrés Pérez, the Organization of American States (OAS), and a handful of the so-called non-governmental organizations (NGOs), such as Amnesty International, Americas Watch, and even the International Red Cross. That offensive reached the point of imposing upon Peru the "Haiti treatment" of a punishing economic embargo.

And yet, despite all of this, one year later Fujimori has strengthened himself both at home and abroad, for events have proven him right and his enemies wrong. In his message, Fujimori stated that the greatest achievement of his government has been the capture and sentencing to life imprisonment of narco-terrorist chieftains Abimael Guzmán and Víctor Polay. In particular, he denounced the "Shining Path" experts who predicted that with Fujimori's April 5 actions, "Shining Path would end up winning. . . . What is meant by this is that Guzmán, because of Fujimori's error, would head the popular uprising against the 'dictator' and would grow, and emerge triumphant.

"Today, one year later, we know that this is just one more of their fantastic arguments, given that precisely the opposite has occurred. . . . Here is Guzmán, totally defeated. . . . However, in their time, some eminent 'Senderologists' subscribed to these fantastic theses, while further taking respon-

progress in war Shining Path

sibility for spreading predictions of a civil war abroad.”

The military reiterates its support

The April 5 measures were taken “to overcome the economic, social, political and moral crisis that threatened the survival of Peruvian society,” said Army Gen. Nicolás Hermoza Ríos, president of the Joint Chiefs of Staff of the Armed Forces, in a ceremony to show support for the Fujimori government. Hermoza Ríos also said that the situation that existed before April 5, 1992 “was endangering the survival of the nation-state,” for which reason the Armed Forces did not hesitate to support, “with full conviction, the actions of the President of the Republic.”

The figures are overwhelming. In the decade of the 1980s, there were only 5,031 Shining Path terrorists arrested, and of these, only 550 were jailed. Following the April 5, 1992 “self-coup,” 4,300 terrorists were captured in a single

year, the majority of whom have already been tried and sentenced, according to Hermoza Ríos.

The explanation for these strikingly different pictures, of course, is the actions of April 5, 1992. As Fujimori said, the convictions of Guzmán and Polay “would not have been possible without the legislation promulgated after April 5. Our hands would have been tied, perhaps even during their trials, and they both might have been freed . . . for ‘lack of evidence,’ as the Supreme Court had already declared in its incredible ruling in 1991.” The efforts of the Armed Forces and the National Police “were annulled by the release, one after the other, of the terrorists, all for supposed lack of evidence,” said Fujimori, who added that “the Congress . . . sole power of the state enabled to reform the judiciary, never took any measures. . . . Thus things stood during 12 years of so-called democracy, of so-called balance of powers.”

‘Senderologist’ changes his tune

Given Fujimori’s undeniable successes, former U.S. State Department employee David Scott Palmer, one of the most radical of the “Senderologists” in terms of his support for Shining Path, recently retracted his previous analysis regarding Fujimori. In an article in the April 5 *Christian Science Monitor*, Palmer acknowledged that the hard line he himself had urged against Fujimori had failed. He now says that a more subtle policy must be employed if the United States is to retain control over Peru.

Reflecting his fear that if Fujimori is pushed too hard, he might go further in his defiance of Project Democracy and



A December 1992 demonstration in Washington in support of Peru's Shining Path killers. The State Department is, by its actions, on the same side as these demonstrators. Inset: President Alberto Fujimori.

break with the International Monetary Fund's economic austerity conditionalities which Fujimori still embraces, Palmer says that the time has now come for the United States to "abandon" its demands that Fujimori reestablish the previous political system, given that "a decade of formal democracy has made things dramatically worse in Peru." Palmer now proposes that the NGOs that are emerging across Peru be supported and encouraged, "to try to do the job that formal electoral party politics so far has failed to accomplish."

Various of the human rights NGOs have by no means abandoned their declared war against Peru. Perhaps the most brazen is Americas Watch, which celebrated the April 5 anniversary of Fujimori's "self-coup" by issuing a report with the incredible evaluation that after April 5, 1992, "the human rights situation has deteriorated seriously" in Peru. Americas Watch even goes so far as to call on the United States to suspend aid to Peru until such time that the Peruvian government "establishes a mechanism to permit independent oversight of all the judicial processes carried out under the anti-terrorist decrees, to determine those cases which merit a new trial but, this time, with an impartial and independent court." That is, they seek some international forum which

could order the release from prison of Guzmán and the other Shining Path terrorists.

The economy is the Achilles' heel

President Fujimori's popularity notwithstanding, his Achilles' heel continues to be the economy. In an article in the April 9 *Wall Street Journal*, Fujimori defended economic liberalism and said that the problem is "mercantilist right-wingers and Bolshevik left-wingers," who "act as a bloc counteracting any program to establish a modern economy." Modernization, in this case, is Orwellian "newspeak" for the prescriptions which the International Monetary Fund imposes on developing sector economies as a means of continuing to collect their foreign debts.

Ironically, Fujimori includes himself among those "new leaders [who] are appearing everywhere—pragmatic men and women, without tradition or partisan commitments" who are promoting free-trade economics as the solution to the continent's ills. Fujimori chooses to ignore the fact that it is these same "pragmatic" leaders, such as Venezuelan President Carlos Andrés Pérez, who are part of the very Project Democracy campaign out to destroy Peru.

There was no other way to save the nation

Excerpts from the Message to the Nation presented by Peruvian President Alberto Fujimori on April 5, 1993, on the first anniversary of his "self-coup."

We have had here a vicious political system, run by elites who have dragged the entire country into a shocking crisis. . . . In the guise of democracy . . . there has been an orgy of power. A party and its boss comes into power to rule and the opposition, which lost the elections, makes them fail to be able to win the next elections. When these then come to power, those who lost become an opposition as devastating as the previous. This was the pseudo-democracy they defended. . . .

What I rebelled against

It is against that system, against that status quo that I rebelled on April 5 [1992]. And just as I supposed . . . I was unreservedly supported by a people tired of such frustration. And the high command of the Armed Forces and the National Police supported me. . . .

I assumed a position of rebellion against the system, against the formalities, and in my condition as President

of the Republic, with responsibility . . . I concluded that I should choose change and social transformation over compromise or negotiations which in the guise of national conciliation tried, through pressure and sabotage, to trap in a vicious circle a President chosen precisely to put an end to this dance of interests. . . .

Something which weighed heavily on my conscience was the fact that in every one of my encounters with the people, I discovered this tenacious hope for change that I was supposed to represent. And I said to myself: Did I challenge my life merely to occupy a place in the gallery of democratic Presidents? . . .

Playing the terrorists' game

The temporary emergency measures certainly represented a rupture of the constitutional order: There's no denying it. For a President elected overwhelmingly by the people, it could appear a contradiction . . . to suspend, even temporarily, basic institutions of a system which is the origin of power and of his mandate. I could not let this mere formality hold me back, for it would have meant continuing to coexist with a democracy in which no one believed. . . . The Congress and the Judiciary were two institutions . . . which vulgarly lent themselves to the terrorists' game. After reflecting . . . I reached the conclusion that there was no other way to get the country back on track but to pull out by the roots those factors which stood in the way. . . .

Legal assault planned on Ibero-American armed forces

by Cynthia R. Rush

For the last several years, the Anglo-American political establishment has directed a propaganda campaign against Ibero-America's armed forces, harping on their supposedly "undemocratic" nature and demanding that the institution be completely dismantled. Now the Anglo-Americans are threatening to escalate this offensive by taking it into the realm of international law, in violation of the precept of national sovereignty.

A first indication of this strategy was seen in the annual report issued in late March by the Inter-American Commission on Human Rights, which functions under the aegis of the Organization of American States (OAS). The report warned that the Argentine government's laws which granted pardons and exemption from prosecution to military leaders involved in the 1970s war against communist subversion are "incompatible with its international treaty obligations under the American Convention on Human Rights." The commission also took issue with amnesties approved in Uruguay and more recently in El Salvador.

The amnesties in Argentina and Uruguay were passed in the late 1980s to help put an end to internal debate which threatened political stability in those countries, following an internationally orchestrated campaign portraying the armed forces as brutal murderers in their war against communist guerrillas. The amnesty in El Salvador was passed in March, following the issuance of the U.N. Truth Commission report, which accused the Armed Forces of carrying out Nazi-style atrocities over the past 12 years of the war and demanded both the punishment of officers and the dismantling of the military.

By comparison, the report absolved El Salvador's communist Farabundo Martí Liberation Front (FMLN) of all but a few crimes, insisting that the real culprit had always been "state-sponsored terrorism." The amnesty bars prosecution of Army personnel and FMLN leaders for crimes committed during the war.

International tribunals?

The OAS's Commission on Human Rights is not empowered to enforce its demand regarding Argentina. But judging from remarks on the Salvadoran situation made on March 22 by U.N. Deputy Secretary General Alvaro de Soto, granting such enforcement powers to supranational bodies is the An-

glo-Americans' next objective. De Soto warned that the conclusions of the Truth Commission report are "binding," *regardless* of the amnesty approved by El Salvador's National Assembly. In fact, he threatened, the U.N. intended to ignore the amnesty's impact and would "remind" both the government and the FMLN that they must comply with the commission's recommendations.

If the commission's recommendations are not backed by the force of law, U.S. Secretary of State Warren Christopher has indicated how they may become so. He told a House Appropriations subcommittee on March 25 that the United States was studying the possibility of thwarting El Salvador's amnesty law by prosecuting Salvadoran military officers *in U.S. courts* for alleged atrocities committed in their own country. Christopher argued that under international law, foreign nationals—in this case, American citizens whose family members may have been killed in El Salvador—might be able to bring Salvadoran officers to trial in the United States.

That this strategy is not limited to El Salvador was indicated by an article in the April 11 *New York Times* which reported that U.N. mediators dealing with the Haitian crisis are discussing the possibility of creating an "independent panel" in that country modeled on the El Salvador Truth Commission, which would serve the same purpose it has served in El Salvador.

A precedent for what Christopher is talking about is seen in the recent U.S. Supreme Court ruling that the Law of Foreign Sovereign Immunity cannot protect the Argentine government from prosecution in U.S. courts by citizens seeking indemnization for alleged torture by the 1976-83 military junta. While refusing to hear an appeal from the Argentine government, the court ruled in March that Argentine citizen José Siderman, now a U.S. resident, has the right to seek \$2.7 million in damages for alleged torture by the military in the mid-1970s.

The 'Big Lie'

Implied in this legal debate is the false premise that there is no difference between what the Armed Forces of El Salvador did over the past 12 years and the crimes of the Nazis prior to and during World War II, or what the Serbians are doing today in former Yugoslavia. In an interview with com-

mission member Thomas Buergethal, a survivor of Auschwitz who is now a U.S. citizen, a reporter mused in the April 7 *Washington Post* how “describing all this for a visitor—San Salvador now, Birkenau then and now, how all the memories fit together.”

Moreover, the argument goes, these atrocities were *institutional*, and therefore the institution itself must be eliminated. The only conclusion to be drawn from these arguments is that like the Nazis, Ibero-American military officers, whether from El Salvador or Argentina, must be punished in Nuremberg-style trials for their “war crimes” and for participating in “state-sponsored terrorism.”

The glaring omission in these arguments is the truth: that beginning in the late 1960s, Cuban and Soviet-backed narco-terrorists threatened the very existence of several Ibero-American nations. These communist forces *began* and waged war against the nation-state, and in Colombia and Peru are still doing so. The militaries and governments had to either respond, or roll over and play dead. Were excesses committed in individual cases by government forces? Undoubtedly; but that is a far cry from the lying conclusion that institutional crimes against humanity were committed similar to those tried at Nuremberg. In fact, if anybody belongs in a Nuremberg-style docket, it is the narco-terrorist forces such as Peru’s Shining Path, El Salvador’s FMLN, and Argentina’s ERP, which are now being so stridently defended by the U.N. and the U.S. State Department.

But the Anglo-American establishment and allied think-tanks such as the Inter-American Dialogue (IAD), which dominate the Clinton administration’s Ibero-American policymaking apparatus, have an agenda other than the truth. In Ibero-America today, where military leaders are increasingly the opposition to the assaults on economic and national sovereignty perpetrated by the International Monetary Fund and other supranational agencies, Washington policymakers are desperate to remove the armed forces as an obstacle.

The first indication of a continental campaign geared toward punishment of military officers for alleged past crimes appeared as the cover story of the March 29 edition of the Spanish magazine *Cambio 16* under the dramatic headline “The Multinational of *Terror*—Exposed!” Never mentioning a word about the violent communist guerrilla offensive which threatened the southern part of the continent beginning in the late 1960s, *Cambio 16* describes the “Southern Cone’s repressive spiderweb,” which it says was responsible for thousands of deaths, disappearances, tortures, and other Nazi-style atrocities in five countries—Chile, Argentina, Uruguay, Paraguay, and Brazil.

The article’s authors assert that the recent discovery of secret files in Paraguay about the military and intelligence collaboration among the five countries, under the name Operation Condor, proves that “Chile invented the model of disappearances, Argentina made it its primary repressive weapon, such that in 1976, through the coup d’état which put Lt. Gen.

Jorge Rafael Videla and his junta in power, thousands of people . . . disappeared and were never heard of again.”

What most enrages the authors is the fact that Operation Condor “was an almost perfect machinery of liaison among the intelligence communities of different countries to carry out joint military missions.” Ignoring the coordination among communist guerrillas in these five countries, authors Carlos Amorín and Samuel Blixen lament that military coordination “imposed the doctrine of National Security”—the Anglo-American establishment’s bugaboo. Operation Condor “institutionalized the terrorism of the multinational state,” they shriek.

It is revealing that *Cambio 16* targets Chilean Gen. Manuel Contreras, former head of the intelligence agency DINA, as the mastermind behind Operation Condor’s “repression,” and reiterates the accusation that he was responsible for the 1976 murder of former foreign minister Orlando Letelier. Just a few weeks before *Cambio 16*’s exposé, Contreras charged that the CIA, working together with the Venezuelan political police DISIP, had murdered Letelier with the knowledge of then-President Carlos Andrés Pérez. *Cambio 16* dismisses Contreras’s accusation as a futile attempt “to elude justice’s punishment.”

Twisting the truth

Speaking on national television on March 24, El Salvador Defense Minister Gen. Rene Emilio Ponce accurately identified the strategy embodied in the Truth Commission report now being applied to the rest of the continent: “The Armed Forces also believes the early disclosure of the report clearly reflects the intention of discrediting the Armed Forces internationally and domestically. In drafting its report, the commission used biased criteria and sources to show . . . preconceived facts and ideas, with the purpose of staining the honor and dignity of the institution and making the public believe [that] the Armed Forces and its members systematically violated human rights.”

Moreover, Ponce added, “the report did not mention the horrors and sufferings that the communists so-called *prolonged people’s war* caused in all social groups. . . . The report does not remember the hundreds of children and young peasants mutilated by booby traps, and those killed during attacks on public transportation buses, health centers, and government buildings. It does not recall the damage caused to isolated communities where bridges were destroyed, the damage suffered by merchants and workers as a result of the so-called economic sabotage.”

The Armed Forces, he said, “cannot accept the fact that its constitutional duty, which is defending the Fatherland from any kind of aggression, was ignored in the report” and that the commission’s members, “in addition to being notoriously prejudicial, have not met any applicable judicial ethical criteria, are hiding unknown interests, and have jeopardized Salvadoran sovereignty.”

Asia rejects control by 'human rights' mafia

by Lydia Cherry

Thailand, host country for a 47-nation planning meeting to prepare an Asian position for the June World Conference on Human Rights, created pandemonium by charging that western "human rights" organizations are run by the U.S. Central Intelligence Agency to destabilize Third World countries and prevent their economic development. Leveling the charges on March 30 was the former foreign minister of Thailand, Thanat Khoman, now a government adviser. He cited the U.S.-based Asia Watch and London-based Amnesty International, which he has been "watching for a long time, and I found out they are actually fronts for the CIA and are biased against Thailand." He demanded that these entities no longer be heeded as credible.

The Thai move was a direct hit on one of the pillars of the Anglo-American "new world order," and it was leveled by a former U.S. ally that is still reeling from being on the receiving end of the "Philippines treatment" last summer. As *EIR* exposed June 12, 1992, the U.S. Agency for International Development (AID) functions as the financial angel for the entire so-called democracy movement in Thailand, which erupted into violent action on May 18-19, 1992 in Bangkok, leading to confrontation with the Thai military and the killing of probably a few hundred people. That protesters movement was organized by a plethora of "non-governmental organizations," which had been legalized in Thailand in 1989. These NGOs are in turn funded directly, and controlled both directly and indirectly, by the U.S. government, and are effectively agencies of the U.S. government.

Room to maneuver

Thailand is but one actor in what is now a multi-faceted play. It is as if a large number of developing-sector countries, particularly in Asia but also in Ibero-America and Africa, have learned from each others' experiences and have chosen the western "human rights" mafia as a weak flank in the geopolitics of the new world order. The old strategic arrangements have broken down, and the new ones are not yet consolidated; momentarily, they perceive that they have some maneuvering room.

Recognizing this, the *Wall Street Journal* editorialized on April 9: "If you're looking out to the horizon for a glimpse of oncoming disputes, keep your eye on the growing Asian impatience with western notions of democracy and human rights. The chief target at the regional conference on human

rights held recently in Bangkok wasn't Iraq, with its ritual slaughter of Kurds. It wasn't Burma, which has refugees fleeing on two fronts. No, the target was the West!"

It was simply a case of "dictatorships from the Middle East banding together with those in East Asia," lied the news service Agence France Presse. "The final declaration was totally dominated by Chinese views."

The *Wall Street Journal* was slightly more honest, acknowledging "the way Burma interprets individual rights—there are none—is very different from the way Malaysia does, with its high degree of economic and individual freedom," and that "Malaysia has criticized Rangoon's record."

An early indication that something interesting was in the works was that two countries in the geographical region were excluded from deliberations. Australia—a launching pad for Anglo-American operations in the region—and New Zealand were told that they could come to the Bangkok to "observe," but that they were to keep their mouths shut.

One of the key issues discussed, reflected in the final declaration, was that the geopolitical game to use human rights as a conditionality for extending development assistance must be countered. Here, the case of India is instructive, and Prime Minister Narasimha Rao, in an official visit to Thailand directly following the human rights meet, discussed his country's plight with Thai leaders.

India has been under the gun of the terrorists in Punjab and Kashmir, on the one hand, and international human rights organizations like Amnesty International, on the other. In the case of India, both terrorist groups and the human rights mafia tend to be primarily controlled, directly or indirectly, from London. Despite factual inaccuracies and blatant bias against India expressed in its reports, Amnesty International has maneuvered the issue of human rights violations into a criterion for disbursement of aid to India (and other Third World countries).

During Prime Minister Rao's visit to Thailand over April 7-9, Amnesty International, in spite of the former Thai foreign minister's broadside against it, had the gall to insist that the Indian government allow it to inspect all areas of the country where it suspects there might be human rights violations. Amnesty insisted that its priority was to visit Jammu and Kashmir state, scene of an insurgency fueled by Britain, but that it must also be allowed to go to Assam and the northeastern states and to visit Punjab, Maharashtra, West Bengal, Tamil Nadu, and Kerala states.

The final declaration hammered out at Bangkok is described by Amnesty as "a large step backward." The declaration says that efforts "toward the creation of uniform international human rights norms must go hand in hand with endeavors to work toward a just and fair world economic order." It urges that "national institutions" play "an important role" in promoting human rights, and that the establishment of such institutions is "best left for the states to decide." The delegates "discourage any attempt to use human rights as a

conditionality for extending aid and development assistance” and “emphasize the principles of respect for national sovereignty and territorial integrity as well as non-interference in the internal affairs of states, and the non-use of human rights as an instrument of political pressure.”

The next forum for the conflict will be the World Conference on Human Rights in Vienna in June.

Documentation

Thanat Khoman, the former foreign minister of Thailand and also former head of the Democrat Party, made the following statements as part of the official Thai delegation on the second day of the Asian Regional Meeting on Human Rights on March 30:

Private organizations which allow themselves the right to denounce [sic] others of human rights violations should be investigated regarding their impartiality and their independence and whether they have connections or receive support and directives from outside governmental sources.

This is necessitated by their dubious behavior when they vigorously denounce certain occurrences by becoming deaf and dumb on other occasions.

Self-appointed private, or even governmental sources, act as if they have the authority or mandate from recognized international authorities, such as the UNHCR [U.N. High Commission for Refugees], the Center for Human Rights, or any organ which may be set up for that purpose. Likewise, no measures devised by private sources should be deemed to have compulsory compliance force, especially when they are applied selectively and discriminately.

Parties which accuse others of committing human rights violations must be scrutinized to see whether they are clean and clear of such malpractices themselves.

Charges of human rights violations which are not authenticated by appropriate international authorities should be dismissed, denounced, and declared illicit.

Followed out of the hall by representatives of non-governmental organizations demanding that he clarify his remarks, Thanat continued:

What I was referring to was Amnesty International and Asia Watch. I have been watching these two organizations for a long time, and I found out they are actually fronts for the CIA and are biased against Thailand. These human rights violators of the North [Amnesty International and Asia Watch] have abused and misused their fundamental rights to service their own selfish purposes. They also use human rights as a means to make unfounded charges to extract and extort economic or political concessions.

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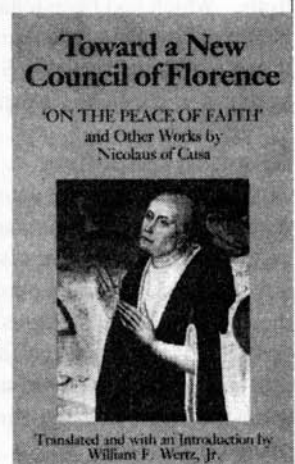
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Ishaq Khan unravels Pakistan government

by Linda de Hoyos

Pakistani President Ghulam Ishaq Khan is now acting to pull the plug on the elected government of Prime Minister Nawaz Sharif, as part of the potentate's ongoing campaign to clamp his total control over the troika of power in Pakistan: the Army, the presidency, and the prime ministership. At stake is whether Pakistan becomes an instrument of Anglo-American war designs for the region, or whether it is able to act on the basis of its own national interests.

The latter course is not the option of Ishaq Khan, who has functioned in Pakistan for the past 20 years as the *éminence grise*, delivering orders to the military and politicians on behalf of London or Washington and the International Monetary Fund.

As *EIR* reported in its previous issue, Ishaq Khan began unraveling the Nawaz Sharif government when Nawaz Sharif, in a loose alliance with his political arch-rival Benazir Bhutto of the Pakistani People's Party, began to campaign for the repeal of the Eighth Amendment to the Pakistani Constitution. Instituted under the martial law regime of President Zia ul-Haq, the amendment gives full powers to the President, who is appointed by the Senate, to dissolve the National Assembly; to appoint and dismiss provincial governors; and to appoint the Army chief of staff. In short, the post of President functions as the governor general of a British colony; it is the repository of final, arbitrary power.

Pulling the strings

Now, although Ishaq Khan succeeded in winning enough support from the Pakistan Muslim League, the largest party of the ruling Ittehad Jamhoori Islami (Islamic Democratic Alliance), to assure himself a second term, he has decided to bring down the government, in a warning to any future prime minister that the President's power is inviolable.

The signal for the ousting of Nawaz Sharif came on April 6, when Minister of State for Economic Affairs Sardar Asaef Ahmed Ali resigned from the cabinet. At his press conference, Ahmed Ali attempted to pin the rap on Nawaz Sharif for the harboring of alleged terrorists in Pakistan—an operation connected to Afghanistan which is overseen by Ishaq Khan, not Nawaz Sharif.

Then, 20 political and other personalities, including the Ishaq Khan-appointed governor of Sindh province, Roedad Khan, visited the President with a charge sheet of 22 allegations against Nawaz Sharif.

A week later, Mir Hazar Khan Bijrani, minister of state for defense production and a native of Sindh province who is identified closely with Ishaq Khan, announced his resignation. This was followed by the resignation of Minister of Defense Production Jam Mashood Ali, who quit on April 13 and demanded the formation of a government of national unity to rule by consensus in the absence of the Nawaz Sharif government.

Former Prime Minister Benazir Bhutto, whom Ishaq Khan has pulled out all stops to destroy in her power base of Sindh, has also been served warning. On March 23, a mysterious fire broke out in her home in Karachi following a series of explosions. The intense heat even melted the ceiling fans. A metal safe reported to have contained important documents was broken. Mrs. Bhutto was out of the country at the time, but another leader of the Pakistan People's Party (PPP), Pervez Ali Shah, has called for an investigation.

Ishaq Khan will now also attempt to pin Nawaz Sharif with the mysterious death of the late Pakistan Army Chief Asif Nawaz Janjua, who died suddenly on Jan. 8 of a heart attack while jogging. On April 11, his widow alleged that her husband had been poisoned and did not die of a heart attack. Nuzhat Nawaz, speaking to reporters in Rawalpindi, stated that "expert medical opinion collected by the United States reinforces our suspicion that his death occurred on account of the administration of poison which shrinks and narrows the veins."

At the time the Army chief died, he had been openly seen at receptions with Benazir Bhutto and was engaged in a campaign against the secessionist MQM movement in Sindh province, which Ishaq Khan has deployed against Bhutto's PPP. If Janjua was murdered, the assassination could not have been carried out without the connivance of the Inter-Services Intelligence (ISI). Furthermore, Janjua was part of the campaign against the Eighth Amendment, a campaign also supported by the Jamati-i-Islami. When Janjua died, Ishaq Khan replaced him with someone who is relatively unknown who can be guaranteed to do the President's bidding. Prime Minister Nawaz Sharif has called for a judicial investigation into Janjua's death, but a case has also been registered against Nisar Ali, a special assistant to the prime minister, and Brigadier Imtiaz, director of the intelligence bureau—both known for close ties to Nawaz Sharif—for the alleged murder.

As Ghulam Ishaq Khan proceeds to turn the power troika into a personal dictatorship, the result can only be more crisis for Pakistan—as the ISI proceeds to play the Anglo-American game for war, drugs, and terrorism in the region. That is the scenario, unless Ghulam Ishaq Khan is called to account. Certainly, Washington is aware of his connections to the ISI and the drug trade. A CIA September 1992 study, leaked in *New York Newsday* newspaper, noted that Pakistan's leading drug baron, Malik Muhammad Ayub Khan Afridi, also known as Haji Ayub Zakakhel, has direct access to President Ghulam Ishaq Khan.

Ishaq Khan's ISI and drug lords behind Bombay bombing

by Ramtanu Maitra and Linda de Hoyos

The annual report of the Indian Defense Ministry, released on April 15, has named both Pakistan and Iran as threats to India's national security. The report noted that there were "difficulties" caused by Pakistan because it had introduced "mercenaries from other countries" into the ranks of terrorists, which had added a new external dimension contributing to militancy in Punjab and Kashmir. For the first time, the annual defense paper also noted the negative impact of the military buildup in Iran, a country with which India otherwise has friendly relations. "The modernization and expansion of the Iranian Armed Forces presents the possibility of Iranian assistance to Pakistan in a future conflict situation."

The defense paper is but one reflection of the way in which Indian intelligence and its Armed Forces are viewing the security panorama in the wake of the March 12 terror bombings in Bombay, which killed 300 people and injured many more. Since the bombing, Indian intelligence has increasingly pointed the finger at the Pakistani Inter-Services Intelligence as the culprit. Within the context of the de facto dictatorship of Pakistani President Ghulam Ishaq Khan, the ISI functions not as an instrument of state policy, but as an independent rogue power-base within the military, which answers, if to anyone, to President Ishaq Khan.

Secondly, the Indian government investigation has ascertained that the ISI's partners on the scene in Bombay and India are not Pakistani agents per se, but the foot soldiers of the Bombay drug mafia. As Indian Prime Minister Narasimha Rao told Thai Prime Minister Chuan Leekpai in Bangkok on April 7, "My country is a victim of terrorism that finds haven and sustenance beyond our borders. And when it combines with the illegitimate profits earned from smuggling narcotics, we confront the abomination of narco-terrorism."

Any Pakistani involvement in such narco-terrorism represents not only a direct attack on India, but also on Pakistan itself. By assaulting the integrity of India, through succor to separatist movements and assists to the drug-mafia, ISI operatives, perhaps unbeknownst to themselves, are doing the bidding of the British Bernard Lewis Plan, which seeks to break up the nation-states of the subcontinent into contending, powerless ethnic entities.

Indian intelligence sources further say that the Anglo-American game, of which the Bombay bombing is a feature, is to further provoke an Indo-Pakistan war. Specifically, it is hoped by the Anglo-Americans that continuous provocations

against India will give the Hindu chauvinist Bharatiya Janata Party (BJP) opposition party the leverage to force the Indian government to display its [nuclear weapons capability].

Leads traced to drug mafia

The thread of evidence that leads to the drug mafias that criss-cross the Indian borders began with the discovery soon after the bombings of a scooter filled with explosives traced to the Memon family, a family of hoteliers in Bombay. The Memon brothers, it was soon learned, had all left India between March 3 and the morning of March 12, right before the bombings, heading for Dubai, United Arab Emirates. *The Hindu* newspaper correspondent in Bahrain, Khergamvala, reported that the Memon family runs a hotel in Dubai and that the head of the family, Ismail "Tiger" Memon, is known as the front man for the leading India mafia don, Daewood Ibrahim, who has been living in exile in Dubai.

In subsequent sweeps of Bombay criminal elements, Indian authorities arrested 50 people who are believed to be involved in the second and third tiers of the bombing operation. On March 17, the police arrested two people who had procured vehicles and sold them to the Memon family for Rs 1.5 million, without papers and receipts, two weeks prior to the blasts. The Bombay police also claimed that they have arrested the courier who transported the explosives into Bombay. They reported that in February the explosives were landed along the coast in Raigad district and stored in a warehouse in New Bombay. The warehouse owner has been arrested, and two men who were involved in bringing the explosives into Bombay were also apprehended.

According to those arrested, the plan was carried out under the supervision of Daewood Ibrahim from Dubai. The operation was begun in January, when explosives first started to pour into the western coast of Maharashtra state. In the meantime, 20 people were reportedly ferried to Pakistan via Dubai, where they were given training in explosives for 10 days, returning to India on March 4. Ibrahim Abdul Razzak Memon visited Dubai three times in the same period.

One of the trainees, who reported that he had gone to Dubai, said the trainees were kept at a safehouse on Al-Hasan road in Dubai. He reported that he went to Pakistan from there with another 19 people in two groups on Feb. 13 and 20. According to this witness, his group was received at Islamabad Airport and was driven off in a covered vehicle

without going through the usual immigration procedures. Training took place under an instructor who spoke both Punjabi and Urdu. The training consisted of physical exercises, use of incendiary explosive devices, handling of grenades, and firing Kalashnikov assault rifles. The trainees were reportedly briefed especially to target shopping centers, bridges, car parking lots, crowded localities, and temples.

In addition to detainees' testimony, the Indian police sweep has resulted in the seizure of massive amounts of explosives and weaponry held by persons associated with the Bombay mafia and the Memon brothers.

- On March 15, explosives bearing Pakistani markings were reportedly discovered in the home of the Memon family, along with cash exceeding Rs 10 million. Keys of an explosive-laden scooter, which was parked in Dardar in Bombay, were also found in the Memon household.

- On March 23, the Bombay police seized a cache of arms at central Bombay, recovering 12 AK-56 assault rifles, 5,308 rounds of ammunition, 195 hand grenades, and 600 detonators. The hand grenades were manufactured in Europe, according to press reports.

- On March 26, on a tip-off, the police raided a home in the suburbs of Bombay and found 41 bags containing explosive materials, including 32 bags of RDX. The total confiscated was 1,500 kilos, seven times the amount used in the Bombay bombings.

- On April 2, some 2,380 kilos of explosives were discovered in Mumbra in Thane on the coastline near Bombay. RDX, the explosive used in the Bombay bombings, comprised 1,440 kilos of the total seized, and commercially manufactured plastique comprised the rest. The explosives were found in marked bags in a creek.

Criminal investigators in Dubai say that such large amounts of RDX and other explosives easily could have been procured by the Memon brothers in the area where Pakistan, Iran, and Afghanistan meet. In this region, anyone with enough money can acquire anything, from shoulder-fired missiles to tanks to RDX explosives. Bombay is no more than a 24-hour journey from this area by fast boat from the Iran-Pakistani coastline. This Makran coastline is known as a major depot for shipment of Afghan and Chinese drugs.

The involvement of the Memon brothers in the Bombay bombings and the recurring reports from those arrested that Daewood Ibrahim was the mastermind behind the operation points to the notorious Bombay mafia. Maharashtra chief minister and former Defense Minister Sharad Pawar told the state legislature that Delhi had cleared him to launch an all-out offensive against the Bombay drug mafia using the police, the Navy and Coast Guard, and customs. Over the years, Pawar said, the narco-mafia had entered the film business and real estate. "It is imperative to finish this force."

ISI role

However, on March 22, evidence emerged that added to the notion that the Pakistani ISI might be involved. Dubai

police informed Indian investigators that although the Memons possessed visas to enter Dubai, they had not. They had transited at the Dubai Airport and boarded a Pakistani International Airline (PIA) flight from Dubai to Karachi. Dubai officials, wishing to skirt a fight between two of their friends, India and Pakistan, reportedly then erased all computerized departure data at the Dubai Airport over the last few days.

Within a week, Pakistan sent a formal denial to India, stating that it was not giving shelter to the Memon family. The Pakistan high commissioner in Delhi said: "I repeat with all authority at my command that these people are not there, definitely not there. I assure you that we will not admit them. They are not our responsibility."

Later, Pakistani Foreign Affairs Secretary Akram Zaki accused India of fabricating evidence to implicate Pakistan in the Bombay bombings. According to Zaki, the Memons were scheduled to board the PIA flight from Dubai but were no-shows. "There is no record of persons with these names having entered Pakistan," he said. "But if somebody wants to disappear, things do happen, especially when the people in question have underworld links."

Pakistani unwillingness to cooperate with the Indian investigation has only intensified Indian suspicions of ISI involvement. Furthermore, it is known that the Pakistani ISI is both involved in a campaign of irregular warfare against India in the Indian states of Punjab and Kashmir, and massive amounts of evidence have accumulated over the years to show its involvement in drug trafficking in the region.

The rationale for this irregular warfare is revenge for India's role in severing East Pakistan (now Bangladesh) from Pakistan in 1971. Under conditions in which the Pakistani military does not believe that it can win a conventional war against India, irregular warfare and terrorism have become the *modus operandi* against India. In the early 1980s, when arms and money began to pour into Pakistan to help fight the Soviet Union in Afghanistan, and when heroin and hashish began to pour out of Pakistan, the ISI actively began to support the Sikh separatists (Khalistanis) in the Indian state of Punjab. As in the case of the Jammu and Kashmir Liberation Front, the Khalistanis receive aid from Pakistan, but are also headquartered in London. The Sikh separatists have also been nabbed in dope trafficking.

In the late 1980s, the ISI began a campaign to support Muslim militants in the state of Kashmir, disputed between India and Pakistan. Reportedly, Afghan mujahideens were also brought in by the ISI to help fight the Indian security forces in Kashmir.

In Bombay, riots in January believed to have been instigated by gang war between the Muslim mafia of Daewood Ibrahim and the Hindu chauvinist Shiv Sena, left many Muslims and Hindus homeless. Indian investigators believe that the major goal of the Bombay bombings was to enhance communal tensions, and mobilize Muslims in India against the government.

The ISI's reputed involvement in drug trafficking has

India in deals with Oman

On March 13, a day after the city of Bombay was rocked with bombs, the governments of India and Oman signed an agreement to set up petroleum refineries near Bombay, at an estimated cost of \$4-5 billion. The deal signifies that, despite its problems with Pakistan, India has not broken its ties to the Islamic world.

Also, a memorandum was signed between the Oman and India in February for laying a 1,400-kilometer undersea pipeline from Oman to Gujarat, India, which will supply more than 50 million cubic meters of gas to India a day. It is expected that other West Asian countries like Iran and Qatar will also supply gas through the pipeline.

And, in what will be the biggest joint venture of its kind abroad, Kribhco and RBF, two major fertilizer manufacturers in India, are working on agreements with Oman for construction of two urea fertilizer units in the Persian Gulf country. Each of the complexes will have a capacity of 1,350 tons a day; total investment is \$800 million. The Indian companies will each hold 26% equity in the ventures. The Oman government and private partners will subscribe to the rest of the capital. A buyback arrangement between Oman and the two Indian companies will likely be incorporated, with preferential prices for the urea supplied to India.

gained notoriety throughout the region in the last year. In the past six months, Pakistanis have found themselves expelled from various Arab nations on various charges. The oil-rich kingdom of Saudi Arabia reported that it had beheaded 40 drug smugglers, most of them Pakistanis. Iran has arrested 60 drug smugglers who were equipped with modern weapons; numbers of these are also known to be Pakistanis. After the Hindu assault on the Babri Mosque in Ayodhya, India on Dec. 6, the U. A. E. has deported several thousand Pakistanis for violent attacks on Hindus and Hindu temples in the country.

Some years ago, the U.A.E. was shocked to discover that senior members of Pakistan's Armed Forces, in collusion with some of their colleagues on secondment to Abu Dhabi, were using the U. A. E. President's personal aircraft to move narcotics from Lahore to the Persian Gulf.

At the end of December, Tariq Massoud, regional director of the Pakistan Narcotics Control Board at Lahore, told reporters that as many as 86 Pakistani nationals, including two women, were executed for smuggling drugs into countries where the offense carries the death penalty. In late 1992,

Thai police arrested 10 Pakistanis in Bangkok and recovered a large number of fake passports, stationery used for counterfeiting travel documents, and arms and ammunition.

In part, this expansion of Pakistani drug operations is prompted by the saturation of the Pakistani market itself since the early 1980s, when drugs began to flood the country. In one city in Punjab, for example, out of 1.3 million residents, there are 200,000 officially registered heroin addicts.

The result of the uninhibited drug trafficking out of Pakistan is the country's increasing isolation within the Muslim world. Announcing his resignation from the cabinet on April 6, Minister of State for Economic Affairs Sardar Aasef Ahmed Ali told a press conference, "I have been writing on the presence of terrorists from Muslim states in Pakistan. Nothing has been done about their presence in the country. This issue does not agitate the western countries as much as it agitates the Muslim countries. Today, we are the most isolated nation in the Organization of Islamic Conference, the Arab League, and the Gulf Cooperation Council."

However, Pakistani Prime Minister Nawaz Sharif, now in the process of being unceremoniously ousted by President Ghulam Ishaq Khan, is hardly capable of leashing the ISI, which reports not to him but to the President.

The evidence in the Bombay bombing presented so far by Indian authorities at least points to the intersection of the ISI, drug-trafficking networks, and the "Afghansi," the collection of militants brought into Peshawar, Pakistan and Afghanistan to fight against the Soviet Union. As the Pakistani daily *The Muslim* described this nexus on April 13: "When the United States trapped a willing dictator of Pakistan, that is, General Zia, into their Afghan war against its arch enemy Soviet Union, every ruffian and shady character, mercenary and petty adventurer from every dark nook and corner of the world, was welcome. The U.S. government, through its Pakistani surrogates, gave these disreputable elements money, weapons, and the freedom to kill and plunder in the name of jihad in Afghanistan.

"Military men under U.S. supervision and command turned them into fiendish terror merchants, a truly multinational community of terror-mongers. The government of General Zia had neither the inclination nor perhaps the imagination to round up these highly dangerous elements, once the war was ended. . . .

"The U.S. abandoned the Afghanistan theater as if they had never been there and had never had anything do with it. Later, the government of Ms. Benazir Bhutto was told by the powers in effective control of Afghanistan affairs [headed by President Ishaq Khan] to keep off this area. It remained with the President and his close aides who were too busy feathering their own nests. . . . Suddenly, deprived of their targets, these terrorists spread out into the wide world. The whole story is a stinking scandal, and the Americans cannot in honesty pretend that their hands are untainted. In fact, they have been the chief promoters of this brand of terrorism."

India and Thailand seek better relations

by Ramtanu Maitra

Indian Prime Minister P. V. Narasimha Rao's April 7-9 visit to Thailand reflects India's new efforts to seek stronger economic and bilateral relations with members of the Association of Southeast Asian Nations (ASEAN). What had begun with the late Prime Minister Rajiv Gandhi's efforts in the mid-1980s is now being consolidated, and India is in the process of mending the gaping holes in its foreign policy created during the Cold War days.

During those 40-plus years, the ASEAN member-nations had close security arrangements with the United States. When President Richard Nixon and Henry Kissinger, in the early 1970s, surreptitiously opened relations with Beijing, ostensibly to isolate the Soviet Union, without consulting ASEAN, ASEAN received no sympathy from Delhi. The presence of U.S. bases in the Philippines and the U.S. Seventh Fleet in the region kept U.S.-ASEAN relations on an even keel.

Rao's visit to Thailand marks a decisive shift from Delhi's "Cold War" regional foreign policy. Content with being a leader of the Non-Aligned Movement (NAM), the mandarins of Delhi's Foreign Ministry had pompously considered the ASEAN members as "stooges" of America, and hence, untouchables.

The late Mrs. Indira Gandhi's decision to endorse the Vietnamese invasion of Cambodia in 1979 and to recognize the Vietnam-backed Heng Samrin regime in Cambodia shortly thereafter virtually cut off Delhi from relations with the ASEAN countries. Mrs. Gandhi was revolted by Pol Pot's barbaric acts and Washington's cavalier reaction to the genocide. However, Mrs. Gandhi's endorsement of the invasion of a country which has extensive borders with ASEAN nation Thailand, raised questions about India's interests. Second, India's image as a Non-Aligned leader took a beating among the ASEAN nations, which considered New Delhi as a benefactor of Vietnam, a junior partner in the Soviet bloc.

In the mid-80s, when Rajiv Gandhi was prime minister and when Moscow was reeling under economic shortfalls and pressure from Washington through the unleashing of a limited Strategic Defense Initiative (SDI) in 1983, Indian policy began to shift. During his 22-hour stay in October 1986, Rajiv Gandhi became the first Indian prime minister to visit Thailand, and brought into focus the potential for economic relations between the two countries.

This month, Rao also focused his visit on economic is-

sues. Earlier, a meeting of the two foreign secretaries took place in Bangkok, during which India offered an array of know-how to Thailand, ranging from fiber optics to nuclear power. Recognizing that Thailand is the hub of economic activity which may engulf Indochina, India is eager to introduce its expertise in various technological areas which include computer hardware and software, laser devices, and electronics. The trip is the first time India has offered technology to set up nuclear power plants to any country in the region. While Thailand has not yet formally responded, it has been made known that the Thai government is "keenly exploring" the option.

Since Rajiv Gandhi's visit, Indo-Thai trade has seen a spurt from a meager \$100 million trade turnover in 1986, to past the \$1 billion mark in 1992. Moreover, Malaysia and Singapore are centers of Indian interest. India developed strong trade ties with Malaysia during Rajiv Gandhi's premiership and is now seeking Malaysian investment in India. The two countries have set up a Joint Commission at the foreign minister level and have identified 10 areas to enhance cooperation. The areas include trade and investment, human resource development, health, science and technology, agriculture, tourism, culture, transportation, power generation and transmission, petroleum, and petrochemicals.

In addition, since the Rao government came to power in 1991, India has been seeking strategic relations with South-east Asian nations. India has been admitted for sectoral dialogue with ASEAN, although limited to socio-economic matters. Full-fledged membership, which India will attain in 1995, will enable it to discuss security matters in the region.

Security concerns

Already, India has signed a bilateral defense agreement with Malaysia which may include a wide area of defense cooperation. The Royal Malaysian Navy has shown interest in purchasing Indian fast patrol boats, and Malaysian Defense Minister Najib Tun Razak, during his visit to India last February, had shown interest in purchasing the Indian-manufactured Dornier-228 aircraft and Alouette III helicopters. There are also indications that the Indian Army will cooperate with its Malaysian counterpart in training for special operations, jungle warfare, and counterinsurgency techniques. There are expectations in India's defense industry that Malaysia may ask India to provide training and spare parts if Malaysia chooses to buy MiG-29s from Russia.

Just after the Malaysian defense minister's visit, the Indian Navy carried out a four-day exercise with the Royal Singapore Navy off the Andaman Islands. In fact, a series of bilateral naval exercises have been scheduled with several ASEAN nations this year, indicating India's concern about the security of the Pacific Rim, and it is expected that this fall India will participate in naval exercises with Thailand and Malaysia. A second naval exercise with Indonesia has also been scheduled for this year.

International Intelligence

Pope appeals for action to stop Bosnia genocide

"How can we keep silent today, the day of peace . . . before the atrocious drama being relentlessly played out in Bosnia-Herzegovina?" Pope John Paul II asked more than 150,000 people in St. Peter's Square on Easter Sunday, April 11.

He devoted the strongest words of his twice-yearly "Urbi et Orbi" message to the war in Bosnia, according to Reuters. "Who will be able to say 'I did not know?'" he asked. "No one can consider that this tragic situation is not their affair, a situation which humiliates Europe and threatens the future of peace. Leaders of nations, men and women of good will, with my heart overflowing with pain, I appeal once more to each one of you: stop this war. . . . Put an end, I beg you, to the unspeakable cruelties whereby human dignity is being violated and God, our just and merciful Father, is being offended."

Battle in Argentina over TV pornography

Argentine attorney Carlos Galindo has set off an uproar in Argentina by accusing authorities of neglecting their duty to enforce the law against pornography, particularly in the case of TV personality Mario Pergolini, producer of "La TV ataca," which is aimed at a youthful audience.

According to an article on April 3 in the daily *Cronica*, Galindo cites Argentine law, which demands that all broadcasts be aimed at the cultural improvement and "the moral uplifting of the population, exalting the dignity of the human person."

Galindo's attack is a response to Pergolini, who accused Antonio Cardinal Quarrancino of being "a fascist" and "an animal" when the cardinal took him to task for airing explicit homosexual and lesbian acts on his show. In his diatribe against the cardinal, published by the leftist daily *Pagina 12*, Pergolini defended his right to show pornography over the public airwaves: "I don't think

it is immoral to show women or men in suggestive poses . . . nor are we opening the floodgates to anything when we televise a slightly lesbian scene. I think that sort of eroticism is pleasant."

In the same issue of *Pagina 12*, homosexual activist Roberto Jauregui attacks Cardinal Quarrancino for being "authoritarian," and says that the media should be free to air whatever it wants.

Don Cossacks volunteer to help Serbia's war

Serbian "Slavic brethren" in Bosnia can count on the support of the Don Cossacks, a spokesman of the organization declared in Moscow on April 6. The Cossacks will put together a truck convoy with relief goods for the Serbs in Bosnia, and mobilize other forms of support, the spokesman said, criticizing the present Moscow government for its alleged "betrayal of Russian sympathies with Serbia."

"We are living in poverty ourselves, in Russia," the Cossack spokesman said, "but we will demonstrate our solidarity to the Serbian slavs that are living in misery, too."

These statements can be seen in the context of a surprise trip of Radovan Karadzic, the leader of the Bosnian Serbs, to Moscow on April 6, when he met with political figures opposed to the present Russian government. Serbian media emphasized the need of Serbs and Russians to stand together against "the aggressors from Germany," in statements commemorating the beginning of the World War II German attack on Belgrade on April 6, 1941.

ANC leader murdered in South Africa

Chris Hani, a top leader of the South African Communist Party and the African National Congress (ANC), was assassinated at his home in Johannesburg on April 10 by a Polish-born individual said to be linked to the white chauvinist Afrikaner Resistance Movement. In 1991, Hani was elected gen-

eral secretary of the Communist Party.

While in exile for the previous 30 years, he was a guerrilla fighter and leader of the ANC's military wing, Spear of the Nation. More recently, he had urged the ANC to become "combatants for peace" and had attempted to assert control over the so-called self-defense units, which unleash violence in the townships under the ANC banner. He had proposed the creation of "peace corps" in the townships to curb violence.

According to U.S. media reports, after Nelson Mandela, Hani was the most popular leader of the ANC, and was seen as Mandela's possible successor. His death was condemned by President Willem De Klerk, who said that "he and I were at opposite poles of the political debate, but we were both prepared to resolve the problems of our country through the process of peaceful negotiations." Mandela issued a statement saying that "with all the authority at my command, I appeal to all our people to honor the memory of Chris Hani by remaining a disciplined force for peace."

Russian finding revives controversy over POWs

Russian military officials have authenticated a 1972 document found by a Harvard researcher which shows that the North Vietnamese knew of over 1,200 prisoners of war being held or accounted for at the time of the peace settlement, not the 591 eventually returned. The document was discovered in the archives of Soviet military intelligence, the GRU, by Stephen J. Morris of Harvard's Center for International Affairs, and Russian officials certify that the translation of the 30-page report by Gen. Tran Van Quang to the North Vietnamese Communist Party's Politburo, is legitimate.

General Quang writes that "we have not told the world the truth about the number of prisoners." The report adds fuel to the belief that the North Vietnamese withheld POW information, and possibly POWs as well, as part of the postwar bargaining with Henry Kissinger and his colleagues, and further undermines Pentagon and official govern-

ment claims that no such prisoners could have existed. POW-MIA (missing in action) organizations have long insisted that the U.S. government wittingly participated in this duplicity.

The *Washington Times* on April 12 reported that General Quang is a key figure in the talks in Hanoi in mid-April between U.S. and Vietnamese officials—part of the effort to normalize U.S.-Vietnamese relations.

Mexican governor puts mysticism in schools

Manuel Cavazos Lerma, the new governor of the Mexican state of Tamaulipas, has ordered all the state's schools, from grade schools to universities, to brainwash their students with mandatory classes in transcendental meditation. The governor, who practices transcendental meditation, mind control, and yoga himself, has said that he will bring disciples of Hindu guru Maharishi Mahesh Yogi (former guru to the Beatles) to teach 320 state school employees the "art" of meditation.

Cavazos Lerma, who is an economist by profession, said, "We are a pioneer state in the world, which will plant the seed of a new society, with a new Tamaulipan who will shed his mental spider webs."

Some Mexican state prisons are teaching transcendental meditation to inmates, *El Norte* newspaper reports.

Mahathir tells Iran Muslims must unify

While India is increasingly opting out of the volatile Middle East and instead engaging in economic diplomacy with the more stable nations of Southeast Asia, Malaysian Prime Minister Dr. Mahathir Mohamad is trying his hand at establishing an alliance with Iran. Dr. Mahathir visited Teheran in the first week in April, accompanied by 56 Malaysian industrialists and businessmen.

He held extensive talks with supreme leader Ayatollah Ali Khamenei and President Akbar Hashemi Rafsanjani. It was the

first high-level visit by a Malaysian leader since the overthrow of the Shah of Iran.

In a speech, Mahathir addressed the fragmented state of the Muslim world and said: "Muslim countries must cooperate so that their people could become knowledgeable, prosperous, and strong. It is only when the Muslim nations are economically strong and politically united that they will gain the respect of others and be able to influence world events. Muslim countries should ask themselves whether they are totally without blame for what is now happening to them." Noting that Iran is a long-established civilization, Mahathir insisted that Iran "could do much more" to address the challenges facing the world, and could be instrumental in bringing about regional stability.

India, North Korea have different views of NPT

An Indian professor insists in a commentary in India's *Economic Times* on April 8 that there is a substantial difference between the Indian and North Korean stands on the Nuclear Non-Proliferation Treaty (NPT). M.L. Sondhi, a professor at the School of International Studies at Jawaharlal Nehru University in Delhi insisted that India must be very careful about demonstrating support for the North Korean position, even though it might seem to cohere with India's own.

Sondhi maintains that North Korean "political adventurism" is not conducive to the development of stable and rational bilateral and multilateral actions, and that in spite of the earlier Cold War relations, Japan and South Korea are now the most important economic partners for India. While making no attempt to refute the long-held Indian position that the NPT framework simply is not fair, Sondhi argues that India must show leadership by putting its problem-solving capacity to good use; for example, it must see danger signals ahead of time. He notes that the crisis in former Yugoslavia surely has shown that aggressive groups can create situations that lead to catastrophic destruction of life and property.

Briefly

● **PERU'S** Supreme Court handed a setback to the puppet government of Panama and its U.S. backers, when it turned down a request to extradite Carlos Wittgreen, a friend of Gen. Manuel Noriega. The court said that the Panamanian government had not presented any evidence for its charges that Wittgreen was responsible for burning a yacht belonging to Gabriel Lewis Galindo, the drug-money-laundering banker who ran the "Civic Crusade" against Noriega from Washington.

● **MAHMUD ABOUHALIMA**, the alleged "mastermind" of the Feb. 26 New York World Trade Center bombing, was tortured by the Egyptian government before being turned over to U.S. authorities, in an effort to extract a confession from him, his brother Mohamed told Reuters. "Mahmud said that there were times during the intense torture that he doesn't know what he said or did," his brother said.

● **THE FIRST** major conference dealing with antiballistic-missile technologies since the mid-1980s is to be held by the Western European Union in Rome on April 20-21, and high-ranking representatives of the United States and Russia are expected to be in attendance.

● **ISRAELI** Prime Minister Yitzhak Rabin and Egyptian President Hosni Mubarak held a summit meeting in Cairo on April 14, which reportedly focused on bringing Palestinians back into the Mideast peace talks.

● **CAMBODIAN** Prime Minister Hun Sen said on April 5 that Khmer Rouge political leader Khieu Samphan should be tried for genocide, for ordering massacres of ethnic Vietnamese civilians in Cambodia. On April 3, Khmer Rouge guerrillas carried out what a U.N. spokesman called a "cold-blooded execution," killing three unarmed U.N. soldiers and wounding three others.

Italy: behind the scandals an even bigger scandal

by Claudio Celani

Lyndon LaRouche issued a statement from his prison cell in Minnesota on Feb. 25, warning that “the current political crisis in Italy is an attempt by Anglo-American-centered forces to orchestrate, through assets which they have long held in Italy, a general destruction of the nation of Italy.” He added that this action “is strategically coordinated with the Anglo-American unleashing and orchestration of the genocidal horror perpetrated by the Milosevic fascist forces within former Yugoslavia and threatened destruction of the Balkans as a whole.”

LaRouche’s standpoint is the only one which allows us to understand what is going on in Italy. What the British media call “a revolution” has led to a paralysis of political institutions and of major sections of the national economy. According to the scenario laid out by such media, the country will finally get rid of a “corrupt political class” which has ruled for 50 years, and adopt an Anglo-Saxon model, i.e., a British liberal system where the role of the state in the national economy is reduced to zero and the economy is ruled by the “free-market” forces.

In reality, the political establishment which has been collapsing under “corruption scandals” is being destroyed from the outside, because it is an obstacle to geopolitical plans according to which Italy, together with the Balkans, represent the “southern flank” of a potential Eurasian development bloc, centered around cooperation between Germany and Russia. Therefore, Italy and the Balkans are being destabilized today, exactly as they were destabilized before World War I.

The target of the destabilization is the Italian political

system as such, dominated by parties such as the Christian Democracy (DC) and its government allies, which have guaranteed for 50 years, although under a “limited sovereignty” system, a dirigistic economic model that has allowed the country to become the sixth largest industrial power in the world. Key to that system was the state-run industry, which Italy inherited from fascism but which, thanks to figures like Enrico Mattei and Ezio Vanoni, became the locomotive first for reconstruction, and then for the Italian economic miracle. Especially Enrico Mattei, founder of the national oil company ENI, promoted the reconstruction of the Italian economy by supplying cheap energy to industry and fertilizers to agriculture. Mattei, who launched a new kind of cooperative policy toward developing countries, was a challenge to Wall Street and London corporations connected to the oil multinationals, and was killed in a mysterious airplane crash in 1962.

Although the generation of national leaders that followed Mattei abandoned his courageous fight for independence, the system built by Mattei remained. When Aldo Moro, president of the DC, launched a policy of national unity in 1978 which challenged Italy’s “limited sovereignty” status, he, too, was killed, by a band of Red Brigades terrorists. That was the beginning of what LaRouche calls “the most recent phase of political destabilization.”

After the wave of revolutions that brought down communism in eastern Europe and the Yalta system’s division of Europe, the Anglo-Americans decided that they should prevent peaceful cooperation between eastern and western Europe, and launched their final assault, with the war in the Balkans and the present wave of political scandals in Italy.

Behind the cry of ‘corruption!’

The way such scandals work is very simple. The public sector of the Italian economy, built by Mattei, had become a source of illegal financing for political parties. This was illegal only because a law, adopted in the mid-1970s by Anglo-American agent Ugo La Malfa, established that political parties could finance themselves only through money given to them by the state, in proportion to their electoral strength. Of course, that money was not enough to run serious electoral campaigns, and every government party—the DC, the Socialists, the Social Democrats, the Republicans, and the Liberals—got their share of “black financing” through kickbacks from public works projects. Also opposition parties, like the former Communist Party (today the PDS) got their share at the local level, since they run administrations in several major cities.

Given such a system, it was only a question of pulling a string and the whole system would unravel. Therefore, the same Carabinieri (military police with investigative functions) that for 50 years had closed their eyes to similar violations, started pouring out tons of reports on “violations of the laws on political financings.” With the help of state prosecutors trained in the United States or following the modus operandi of the U.S. Justice Department, a big “anti-corruption” investigation started in Milan, which has later expanded to the whole country. Ironically, although the system has almost collapsed because of the scandals, very few people have so far actually been convicted and sentenced. Most of them, and all members of Parliament involved (one-third of the House), have not even been indicted. Thanks to a recent reform of the criminal law and the judiciary system, a person who is being investigated receives an “information warrant” which is supposed to protect him from unfair prosecution, but which has instead been transformed by the media into a virtual conviction against him. Furthermore, the same reform establishes that a person who is simply being investigated can be jailed if the prosecutor thinks he might flee. Thus jailing is being used effectively as a means of coercion. Systematically, local politicians and businessmen have been kept in jail until they agree to issue “confessions,” implicating other politicians or businessmen. Thus, those behind the scandals have pulled an endless chain which has already involved more than 1,000 persons.

The present government, led by Socialist Prime Minister Giuliano Amato, has already lost six ministers, and remains in power only because there is no replacement for it.

A turning point was reached on March 7, when Justice Minister Giovanni Conso, a prominent and respected constitutionalist, expressing a large Parliament majority, issued an executive order changing the law, in order to stop the arbitrary jailings, reduce illegal party financing to an administrative infraction, and, not least important, allow all private and public companies under investigation to resume their work. (Indeed, the investigation has so far had remarkably negative



Friends of Lyndon LaRouche in Italy identified the Freemasons and the IMF as those out to destroy the nation, in this election poster of the European Labor Party (POE) in the early 1980s. The slogan reads, “No to austerity; no to the government of technicians.” Carrying out the execution of Italy is “the Secret Masonic Lodge of the International Monetary Fund.”

effects on the economy, since central and local political authorities hesitate to begin any public works project, fearing that they too will come under investigation.)

But when, according to the normal constitutional procedure, the government sent the legislation to President Oscar Scalfaro for his signature, something unprecedented happened. The Milanese prosecutors met under Chief Prosecutor Vittorio Borrelli and issued a release rejecting the government’s decision as “unacceptable.” President Scalfaro had to send the legislation back, unsigned, to the government. That was a virtual coup by the Judiciary over the Executive branch.

A new phase of destabilization was then unleashed, with the emergence of a new, terrible kind of accusation against Italian political leaders. People like Giulio Andreotti, the most powerful man in Italy, and Antonio Gava, leader of the DC group of senators, were accused of being respectively connected to the mafia and to the Camorra (Neapolitan organized crime). A prosecutor in Palermo issued warrants against Andreotti based on hearsay evidence from mafia witnesses. Some witnesses, like Tommaso Buscetta, made their

declarations from the United States, under FBI protection.

The plan to dismember Italy

Now, the Anglo-American establishment is waiting for the result of a referendum on April 18, which is supposed to mark a major power shift in favor of the pro-Anglo-American forces. The referendum was called by Mario Segni, a former Christian Democrat from a freemasonic family, and concerns several issues, the most important of them being an electoral reform against the present proportional system and in favor of a British-style majority system, in which the winner takes all. Such a change would have the effect of delivering the rich, highly industrialized North to the Lombardy League, a new party which claims that northern Italians are ethnically different from southern Italians, and which, despite all the denials by its national leader, Umberto Bossi, is expected to initiate a process of splitting the nation into three separate entities. The League, in fact, is part of an international project to replace national cultures, based on the Christian ideal of man, with ethnic "blood and soil" ones.

It is not by chance that the League's project has been endorsed as a European model by the U.S. magazine *Telos*, run by Paul Piccone, a former leftist who is connected to the same network of psychiatrists that is responsible for the "ethnic cleansing" theory behind Serbia's war against Bosnia (see *EIR*, Feb. 12, 1993).

High-level sponsors of Segni's proposed reform include the Freemasons, who are the most important vehicle for Anglo-American influence in Italy. In an interview made available to *EIR*, former Grand Orient Lodge Grand Master Armando Corona said that "Segni is carrying out a battle for new electoral methods which are a great conquest, and we are indebted to him." Segni's vision, Corona said, "will probably be the way of the future." Corona's choice of Francesco Cossiga as the ideal prime minister, seems to confirm what a source told this writer: that Henry Kissinger has dropped his old friend Andreotti in favor of Cossiga. Kissinger is very close to the Italian Freemasons.

In his Feb. 25 analysis of the Italian crisis, Lyndon LaRouche underlined the evil role being played by the institutions of Freemasonry internationally. "Headed at least nominally by Britain's Duke of Kent, [they] are in a utopian campaign, a utopian anti-crusade, to destroy a European civilization based on the notion of *imago Dei*, to destroy the notion of a nation-state based on a people's self-government through reason, through the medium of a common language and common principles, and to subject all mankind to the kind of usurious mass murder typified by International Monetary Fund conditionalities and radical-environmentalist demands such as the banning of chlorofluorocarbons today.

"They fear greatly that their enemy—Germany, France, and Russia, and other nations coming out of the events of 1989—might form the core of a cooperative effort to solve their problems to mutual advantage, by pooling their poten-

tials for scientific and technological progress and for other forms of development, to alleviate the great wants of mankind, throughout Eurasia and also throughout other parts of the world."

Economic warfare

The political destabilization of Italy would not work if it were not run in connection with economic destabilization. The key to provoking a Jacobin revolt against the system is the economic crisis, the real source of discontent among Italians who shout or vote against "political corruption." Soon after the formation of the Amato government last August, American credit rating agencies like Moody's and Standard & Poor's surprisingly downgraded the Italian economy, giving a green light to the international speculation that forced the lira to abandon the European Monetary System. Since then, the Italian currency has been devalued 30%, and the International Monetary Fund is applying pressure on the government to react by privatizing the state sector, i.e., selling the best part of it to foreign corporations at wholesale prices. In this way, the IMF insists, the government could get some fast bucks to reduce the huge public debt. The rest of the debt should be reduced by increasing taxes, slashing entitlements for health and pensions, and closing unproductive plants belonging to the big state holding company IRI.

This line meets the opposition of a broad political faction, which is represented by Industry Minister Giuseppe Guarino. Guarino has presented an alternative plan which, although not opposing the privatizations, insists that obsolete plants be modernized and that Italian private investors be given priority over foreign ones.

The role of LaRouche and EIR

In this context, Lyndon LaRouche and *EIR* have played a major role in catalyzing resistance against the Anglo-American plot. Last January, the *EIR* economics staff in Wiesbaden, Germany, issued a paper entitled "The Anglo-American Plot behind Italian Privatizations: The Destruction of a National Economy." The paper circulated in all political and economic circles, and was prominently published in *L'Italia*, a new weekly magazine with a "Gaullist" profile, which fights against the "denationalization" of the country.

The *EIR* memorandum revealed that on June 2, 1992, a secretive meeting took place on board the *Britannia*, Queen Elizabeth II's yacht, off the Italian coast, between British bankers and Italian state managers and officials, to discuss the privatization of Italy's state sector.

When Bettino Craxi, until then the powerful chief of the Italian Socialist Party (PSI), the main coalition partner of the DC in the government, received his first notification that he was under investigation by the Milanese judges, he decided to counterattack by giving *EIR*'s dossier to the press. On the following day, March 3, Antonio Parlato, a parliamentarian from an opposition party, the MSI, raised a parliamentary

question quoting at length from *EIR* and *L'Italia*, and asking the government about the meeting on board the queen's yacht. After that, the story, this time a real scandal, broke out widely in the press.

Another member of Parliament, Raffaele Tiscar (DC), has raised a similar interrogatory, quoting *EIR*'s dossier. A member of the government, Treasury Director General Mario Draghi, has admitted that he was on the yacht, but claims that he left early—unlike other cabinet members who stayed. *EIR* has learned that the cabinet member Draghi referred to is Beniamino Andreatta, present budget minister and leader of the radical privatizers' faction. This information was used by Parlato for a third parliamentary question.

Even Giulio Andreotti, a man famous for his "flexibility" (i.e., compromises with the Anglo-Americans), started to accuse "international financial circles" of being behind the attacks against him and the DC. The leaders of the DC groups in the House and the Senate sent a joint request to the Rome prosecutors to investigate a suspected "conspiracy" against "republican institutions."

Such steps break the controlled environment established by the Anglo-Americans, which forces Italian leaders to fight one another in the belief that their enemies, or those who pull the strings of the destabilization, are to be found inside the country. This is only partially true, since they are so only by being, as LaRouche said, assets of Anglo-American networks.

Before Easter, when *L'Italia* magazine again quoted *EIR*'s analysis of the destabilization of Italy, *La Voce Repubblicana*, the organ of the Republican Party, a party which has always supported the IMF line for Italy, responded with fury, attacking the editor of *L'Italia*, while quoting only from *EIR*—although without mentioning it. Indeed, *EIR* has touched exactly the right nerve.

The credibility achieved by LaRouche and his movement has brought 63 members of the Italian Parliament to sign a call to President Clinton to free the American political prisoner. The signatures were presented on April 2 in the Italian Parliament, by Emma Bonino, secretary general of the Radical Party, and by Flaminio Piccoli, a senator and historical leader of the Christian Democracy (*EIR*, April 16, p. 30). "The campaign against LaRouche," Piccoli said, "occurred largely because he annoyed the big American corporations, because, had he become President, he would have limited their power." "I am convinced," Piccoli said, "that many of the things occurring in our country are due to mistakes by political responsables, but largely also led and directed by those who are interested in weakening Europe."

If they want to save their nation, Italian leaders will have to turn their resistance into a policy that will promote a real economic recovery, by abandoning the IMF's recipes, as well as illusions of about a European free-market zone, and instead adopting LaRouche's "Productive Triangle" approach.

How the 'revolution' in Italy unfolded

by Claudio Celani

The London Economist calls it a "revolution" that has broken out in Italy, and cheers at the destabilization of the Italian state that has developed over the past two years. In the chronology that follows, we trace the assault on Italy, the efforts that certain nationalist forces are making to block it, and the role that EIR and Lyndon LaRouche are playing in that battle.

1992

Feb. 17. Beginning of "Operation Clean Hands" (*Mani Pulite*). Mario Chiesa, a Socialist Party-connected manager of a home for retired people, is arrested while taking a kick-back of 7 million lira (\$4,000) for a cleaning contract. Using a recently introduced "American-style" criminal code, such as plea-bargaining, the magistrates offer him his freedom in exchange for revealing the names of others who are eventually implicated in the corruption case. Chiesa is reported to be head of a local masonic lodge. The "sting" against Chiesa was carried out by Carabinieri police captain Roberto Zuliani, who will lead all subsequent "Milanogate" operations, in tandem with Judge Antonio Di Pietro, until November. To obtain "proof" from witnesses, the investigators simply keep them in jail until they talk. Often "confessions" are recorded in the absence of any defense lawyer.

March. In the middle of the election campaign, Socialist Party leader and former premier Bettino Craxi, announcing his candidacy for leading the next government, gives an interview to *Corriere della Sera* in which he pushes for a big infrastructure development plan for Italy.

March 12. Salvo Lima, the most powerful Christian Democrat in Sicily, is assassinated by the mafia. Flaminio Piccoli, a senior Christian Democratic leader, writes that the murder reflects a "strategic design" in the interests of someone who wants an Italy removed from Europe.

March 21. Grand Orient master Giuliano Di Bernardo orders the dissolution of the American covert freemasonic lodge Colosseum. Di Bernardo announces that he will vote for Claudio Martelli, Craxi's rival in the Socialist Party (PSI).

March 29. One week before the elections, the *Economist* magazine of London invites Italians to vote for the Northern League. The Italian state must be reduced to "rubble," the magazine says.

April 5. Parliamentary elections. The Lombardy League is the winner, but the traditional parties could still maintain



Former Prime Minister Giulio Andreotti, considered to be the most powerful man in Italy, is now under investigation for alleged ties to the mafia. He blames people in the United States for the assault under way against the Italian political system.

a limited majority to form a new government. Bettino Craxi is the main candidate for the office of prime minister.

May. The scandal enters its third month, with the charging of two leading figures in the construction industry. Six other prominent people in the industry have already been charged. Enzo Papi, managing director of Fiat's large building subsidiary, is detained. In all, 26 businessmen, municipal officials, and local politicians have now been arrested on corruption charges.

April. Francesco Cossiga resigns as President of the Republic. The new Parliament will have to elect a new President before voting for a new government.

May 23. Judge Giovanni Falcone is assassinated. The U.S. FBI offers to aid in investigations. Justice Minister Martelli accepts. Former New York U.S. Attorney Rudolph Giuliani intervenes, suggesting that the death penalty be applied.

May 25. Oscar Luigi Scalfaro is elected President of the Republic.

June. The outgoing minister for public works is served notice by Rome's magistrates that he is under investigation. Craxi agrees to withdraw his candidacy for the post of prime minister. Giuliano Amato, also a Socialist, forms a government.

June. Moody's decides to downgrade Italy's rating, un-

dermining the stocks and bonds of the Italian state and private companies traded on the stock exchanges.

June 2. Secretive meeting takes place on board Queen Elizabeth's yacht *Britannia* in the Tyrrhenian Sea, of the top financial and economic leaders of the Anglo-American establishment, with high-level managers of the Italian state and private companies, and high officials of the government, to plan the privatization of the Italian state-run companies.

June 11-12. Meeting at the Agnelli Foundation, in Turin, to discuss "macro-regions," and the possibility that the northern Italian region defined by the Po River (Padania) could become an entity in itself. Among the participants is Northern League ideologue Gianfranco Miglio.

June. The number of accused prominent businessmen and politicians rises to more than 40. Police announce that a prominent Socialist, Deputy Moroni, killed himself after going to see investigators.

July 17. The Italian government announces that it does not intend to guarantee the debt of the state company EFIM outside of Italy (about \$6 billion). The government offers to repay 80% of the debt, at a lower interest rate. The government's argument is that by having given loans at a market interest rate, the creditors knew they were taking a risk. International banks refuse to negotiate on this basis.

July 19. Judge Paolo Borsellino is assassinated in Palermo.

July. Chamber of Deputies agrees to waive parliamentary immunity of five MPs. A total of 13 MPs and former ministers are now under investigation by Milan magistrates. Nine more are being investigated in other parts of the country. Salvatore Ligresti, the king of construction in Milan and one of Italy's richest men, is arrested. He will stay in prison for several months, until he decides to confess.

July 27. *Lombardia Autonomista*, organ of the Lombardy section of Northern League, reports that the American magazine *Telos*, edited by Paul Piccone, dedicates 80 pages to the League, pushing it as a model for the rest of Europe, "an alternative to the more and more discredited central state."

Aug. 13. Moody's downgrades its rating of the Italian economy from AA-1 to AA-3.

Aug. 23. U.S. Schiller Institute leader Amelia Robinson speaks in Rimini on the LaRouche case, receiving coverage in the national press.

August. International speculation against the Italian lira and other European currencies begins.

Sept. 13. After the first wave of massive attack, the Italian government and the Bank of Italy decide to devalue the lira by 7%. The stock exchange in Milan is closed down. Italy leaves the European Monetary System (EMS).

Sept. 16. Black Wednesday. After a second, stronger wave of speculation, the Italian lira is devalued once again. The British pound and the Spanish peseta are also devalued and leave the European Monetary System (EMS).

Oct. 3-6. Goldman Sachs predicts a “stabilized” value of the lira for 990 against the deutschemark, in 18 months.

Oct. 6. The Northern League’s Bossi invites Italians not to buy Treasury bonds at the next public auction, and instead to invest their money abroad. The government asks magistrates to investigate whether Bossi’s statements constitute a crime.

Oct. 9. The International Monetary Fund (IMF) orders an investigation of international capital flows, to be conducted by a group chaired by Lamberto Dini.

Oct. 10. Goldman Sachs opens an “operational office” in Milan.

Oct. 13. Moody’s announces that they are “watching” the position of Fiat. The operation involves Fiat subsidiaries such as Fiat Finance and Trade, Fiat Deutschland, Fiat Finance U.S.A., and Fiat France, all of which presently have the maximum rating, “prime one.”

Oct. 15. Judge Di Pietro and Captain Zuliani leave for a “study trip” to the United States, organized by the Milan U.S. Information Service (USIS). Members of the delegation include Nando Dalla Chiesa, environmentalist guru Chicco Testa (PDS), sociologist Renato Mannheimer, and *La Repubblica* journalist Cinzia Sasso. They will meet FBI and Justice Department experts and will participate in classes on “new American methods in fighting white-collar crime.”

Oct. 16. President Scalfaro, visiting Berlin, warns of the danger of a dictatorship in Italy.

Oct. 20. Edward Luttwak of Georgetown University’s Center for Strategic and International Studies is in Rome, lecturing Italian officials and military personnel, warning that “the state’s slowness in fulfilling the demand for decentralization could trigger a climate of tension and violence.”

Oct. 21. *Repubblica del Nord*, organ of the Northern League, publishes a report which forecasts the dissolution of the Italian nation into five small states within six years. State Department officials interviewed support this scenario.

Oct. 27. Judge Agostino Cordova starts from Palmi, in Calabria, a wide-ranging investigation into masonic covert lodges, which, he has discovered, are used as channels between politicians and mafiosi. He exposes a series of covert lodges all over Italy. Cordova will seize the central computer of the Grand Orient Lodge. In his hands now is a full list of magistrates who are members of Freemasonry. He will hand it over to Justice Minister Martelli, who has so far tried to stop him by all means, and to the Superior Council of the Magistracy. Cordova issues 129 indictments, including one to Licio Gelli, the exiled former head of the Propaganda-2 masonic lodge, whose activity has never ceased.

Nov. 2. Repubblica press agency in Rome publishes an interview with Lyndon LaRouche on the destabilization of Italy.

Nov. 16. The Amato government presents its plan for the privatization of Italy’s state sector industry. After a radical form of it had been leaked to the press, Amato is forced to

moderate it. It is still, however, a plan to sell off piecemeal important sectors of the Italian public industry and banks. The IMF approves it.

Nov. 27. Conference of *EIR* and the Schiller Institute on the late industrial leader Enrico Mattei, in Milan, receives coverage in *Il Giorno* and *Avanti*, especially on the connections between the assassinations of Enrico Mattei, John F. Kennedy, Aldo Moro, and Alfred Herrhausen.

Nov. 30. Antonio and Gianni Cipriani publish an article in *L’Unità* exposing the destabilization of Europe, and in particular the Nazi-skinhead phenomenon against Germany, which they attribute to the KKK and Southern Jurisdiction masonic networks.

Dec. 6. Freemasonry claims to be victim of a “persecution” by Judge Cordova and calls for help from international “brothers.”

December. Craxi is told he is under investigation by Milan magistrates. Parliament agrees to waive immunity for Gianni De Michelis. Pressures mount on Craxi to resign as PSI secretary general.

December. Northern League wins elections in several cities in northern Italy. Bossi announces that he has dropped the idea of a separatist North and declares that the League is ready to join a “government of technicians.”

December. The lira comes under attack again, this time because of “Italy’s political uncertainty” (*Financial Times*).

Dec. 15. Bank of Italy is considering reintroducing forms of control on capital flows, when the flows become anomalous—i.e., speculative.

1993

Jan. 12. Treasury Minister Piero Barucci and Bank of Italy officials present to the financial community in London, their plan for privatizing Italian public industry.

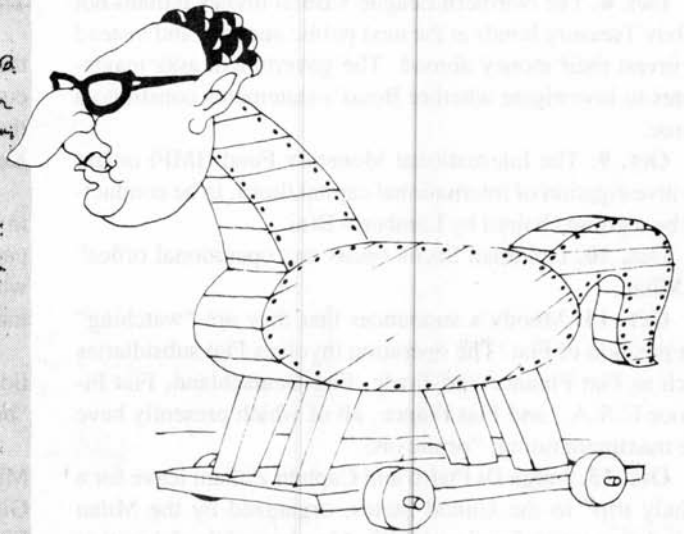
January. Magistrates announce that Paolo Berlusconi, the younger brother of media magnate Silvio Berlusconi, will be put on trial. He is the latest of 35 businessmen and politicians who, magistrates say, will go to trial. Magistrates widen their investigations to include the reorganization of the chemicals industry in 1990. Under investigation are ENI, the Ferruzzi group’s Montedison, and Anas, the state road-building authority. The number of persons arrested since the beginning of the scandal exceeds 100.

Jan. 14. *EIR* releases a memorandum in Italy on “The Anglo-American Strategy Behind Italian Privatizations.”

Jan. 18. A Northern Jurisdiction of Italian Freemasonry is officially founded, as a split from the Grand Orient. It is called “Real Order” and is led by Michele Moramarco, known as a “spiritualist.” Moramarco agrees with the League federalist project and is connected to “old Catholic” networks.

Jan. 21. A public meeting is organized at the Milan USIS office, to discuss how to reform the Italian system of party financing. Participating is Judge Piercamillo Davigo, mem-

290
 di giovani e non sofisticata alla quale in apparenza
 commisero a frequentare sistematicamente e' anche
 scritte giovani: parlamentari (Lui si, anch. or... di Roma)
 o a Segni; un insegnamento che di De Carolis, Rossi, ed
 altri, fanno volentieri accettare | - Insomma mi si:
 che qui, non fu iniziativa dell'ambasciatore ma
 della stessa D. partimento di Stato; un incontro
 di rapporti, che fu' proprio un'Italia ben diversa
 di cui l'altro parla di righe fini omogenee con
 un mondo piu' sofisticato e, per coerenza, piu' inter-
 nazionale che si era andato profondando.
 In d'ora, Gardner ha avuto, con la detta visita, cop.
 posti e tutti incontrati sulla situazione, spiegata con
 la lingua italiana. Gardner e' stato molto corretto |
 mi ha non fu detto all'uscita la posizione americana



This testament by Aldo Moro was written while he was a captive of the Red Brigades in 1978. In it, he names Henry Kissinger (shown here as the Trojan Horse in a 1983 cartoon by Claudio Celani) as the person orchestrating the demolition of Italy's political system, in favor of one that "speaks English."

Aldo Moro's prophetic warning

In his political testament, written while prisoner of the Red Brigades in 1978, Christian Democracy (DC) President Aldo Moro warned against a new generation of politicians whom U.S. Secretary of State Henry Kissinger was promoting to replace the historical leadership of the Christian Democracy. In that document, which was discovered only last year in the Red Brigades safehouse in Milan, Moro wrote:

... It was a matter of, as far as I found out, a directive

from Secretary of State Kissinger, who out of realism continued to aim at the DC, but aiming at a new, youthful, technologically equipped and no longer that traditional and unsophisticated [DC] to which I belonged. Young parliamentarians begin to systematically frequent the embassy (I know, for example, about [name illegible] and Segni; I don't imagine that De Carolis, Rossi, and others would have been so gladly accepted). So we had here, not by the initiative of the ambassador, but from the State Department itself, a change in relations, which prefigured an Italy which among other things speaks English, is more homogeneous with a more sophisticated and so to speak more international world that was being delineated.

With Ambassador [Richard] Gardner I had, as I said, few relations and all centered on the situation, explained with the greatest objectivity. Gardner was very correct, he always read and explained the American position.

ber of the "Clean Hands" pool of judges. Hooked up via satellite, from the United States, is the chairman of the Federal Election Commission, Scott Thomas.

Jan. 29. Judge Agostino Cordova reveals that Justice Minister Claudio Martelli has so far refused to give him the necessary rooms and computers in Rome to start processing the enormous amount of material he has seized in the anti-

masonic investigation.
Jan. 29-30. Police raid the offices of the Italian Socialist Party and its newspaper *Avanti*, in Rome. Craxi is served with a second notice of investigation by Milan magistrates.

February. Constitutional balance of power is close to being violated when Milan magistrates send police to the Parliament. The news is kept secret for three days, until the

magistrates make an official self-criticism.

February. A star witness, Larini, comes back to Italy. Waiting for him at the border are Judge Di Pietro and Captain Zuliani. Larini's revelations force the resignation of Claudio Martelli, the Socialist justice minister. The number of separate notices of investigation to Craxi increases to six. Craxi resigns and Giorgio Benvenuto is elected by the Craxian majority as new secretary general of the PSI. Martelli is replaced with Giovanni Conso, a well-reputed constitutionalist who, in his first speech, gives a dramatic picture of the economic damage created by the Milan investigations in terms of unemployment and economic paralysis.

February. A split develops among the "Operation Clean Hands" judges. Judge Di Pietro, after Larini's confessions, announces that the investigations could proceed endlessly and that therefore he is in favor of a "political solution." The other judges do not endorse this view. On the basis of the general consensus around Di Pietro's statements, the government feels authorized to start working on legislation that would no longer prosecute illegal party financing.

Feb. 3. *L'Italia* magazine covers *EIR*'s memorandum on the Italian privatization strategy, exposing the British plot cooked up on board the queen's yacht.

Feb. 19. The *Economist* announces that the "Italian revolution" has begun. The *Wall Street Journal* has three articles on the same line.

Feb. 19. Health Minister Francesco de Lorenzo (PLI) and Finance Minister Giovanni Goria (DC) receive notices of investigation and resign, shaking the Amato government. Christian Democratic leader Arnaldo Forlani's former secretary, Enzo Carra, is arrested. The lira comes under attack. The Republican Party's Giorgio La Malfa resigns immediately after being informed that he is under investigation. More than 50 deputies and senators are caught up in the various investigations.

Feb. 16. Industry Minister Giuseppe Guarino publishes his "plan for strengthening the Italian productive system," in which he advocates restructuring and privatizing public industry, at the same time keeping its control in national hands.

Feb. 20. *Business Week* writes that the Italian case is not isolated, but that corruption is sweeping Germany, Spain, and France as well.

Feb. 21. Amato replaces De Lorenzo with Costa (PLI) and Goria with Beniamino Andreatta (DC). The entrance of Andreatta strengthens the free-market faction in the government. Amato deprives Minister Guarino of his responsibility for the privatization issue; the new privatization czar is Olivetti manager Paolo Baratta. Guarino announces that he is not giving up. His support in Parliament grows.

Feb. 22. Two top Fiat managers, Francesco Paolo Mattioli and Antonio Mosconi, are arrested. The lira is in free fall.

Feb. 25. Moody's announces another review of the Italian debt.

Feb. 26. Standard & Poor's announces a downgrading of the Italian credit rating. Strong reactions come from Scalfaro, the Bank of Italy, the Treasury, and various politicians. The lira rises.

March 2. Craxi is called before a parliamentary committee to decide whether or not to waive his immunity. He reads a memorandum arguing that there is an internal plot against him, but at the end of the hearings, he hands out to a journalist *EIR*'s memo on the privatization fight.

March 2. After his brother is arrested, Ciriaco De Mita resigns from the important chairmanship of the joint Committee on Constitutional Reforms, which is deciding on the new electoral law.

March 3. The general staffs of Lazard and Lehman Brothers are in Rome, meeting government officials and bankers, to discuss privatization. One member of the delegation is former CIA and Pentagon chief James Schlesinger.

March 3. *La Stampa* tells the story of *EIR*'s memo being given out by Craxi, without mentioning *EIR*. Parliamentary deputy Antonio Parlato (MSI) submits a parliamentary question on the issue, quoting from *L'Italia*'s article and mentioning *EIR*. In a meeting of the budget committee of the Parliament, Treasury Director Mario Draghi confirms his participation in the meeting on the queen's yacht, but explains that he left soon after his speech.

March 7. The government approves legislation written by new Justice Minister Giovanni Conso, which makes illegal party finances no longer a criminal offense. The legislation, an executive order, would prevent judges from arresting people before sentence. Another part of the legislation would allow many companies to start construction works again, stopping the enormous damage caused by the Milan investigation, in terms of jobs and money lost to the economy. In reaction to the government initiative, the Milan judges denounce it as "unacceptable." President Scalfaro bows to this unprecedented move and refuses to sign Amato's decree.

March 8. *L'Italia* announces in a release the content of its next issue: major reportage on "the plot against Italy."

March 10. *Corriere della Sera* headlines "Beelzebub on the Yacht," citing *EIR* as the source for the story of the "plot" which is being exposed in the Italian Parliament.

March 27. Palermo judge issues announcement of investigation against leading Christian Democrat and former Prime Minister Giulio Andreotti.

April 2. The Christian Democratic Party presents an *esposto* (legal petition) to the chief prosecutor of Rome, calling for an investigation to determine whether there is a "political conspiracy" afoot to destroy Italian "constitutional institutions."

April 5. Milan judges launch probe against Andreotti.

April 7. Andreotti charges, in an interview published in *Il Giorno*, that some people in the United States are behind the accusations against him. "For the moment, I will add nothing more," he says.

Raid on ADL offices bares new evidence of spying

by Jeffrey Steinberg

On April 8, San Francisco police, for the second time in four months, raided the West Coast offices of the Anti-Defamation League of B'nai B'rith (ADL) and carted off "a mountain" of new evidence of the group's criminal operations. The raids in San Francisco and Los Angeles are the latest blow to the ADL, which has for years operated outside the law on behalf of organized crime and a range of foreign intelligence agencies, including Israel, the Republic of South Africa, and former communist states of the East bloc.

Simultaneous with the April 8 raids, San Francisco prosecutors released over 800 pages of evidence from the ongoing probe, which initially focused on a former San Francisco police officer, Tom Gerard, and an ADL paid undercover operative, Roy Bullock. Beginning in 1990, the Federal Bureau of Investigation started probing the role of Gerard and Bullock in the theft of FBI classified files on U.S. African-American Muslim and anti-apartheid groups. The missing files were apparently passed on to agents of the South African government, and Bullock and Gerard received at least \$16,000 in cash payments for those documents as well as other intelligence reports on U.S. groups of interest to the South Africans.

As the result of court-ordered wiretaps on Bullock's telephones, the FBI soon uncovered a far broader criminal operation, centered around Bullock's full-time work on behalf of the Fact Finding Division of the ADL. That probe, which focused on the Bullock-Gerard theft of classified San Francisco police files and other secret government data, was, according to news accounts, turned over to San Francisco police and prosecutors last October. Rapidly, the ADL emerged as being at the center of the crime ring. In the words of San Francisco Assistant District Attorney John Dwyer, "The ADL is a target. Their involvement is just so great. . . . The case just gets bigger every day. The more we look, the more

people we find are involved."

San Francisco District Attorney Arlo Smith told reporters following the April 8 raid that indictments are expected within six to eight weeks. Smith did not rule out further raids on ADL offices prior to the indictments.

Documents detail pattern of crimes

The 800 pages of seized ADL files, interrogation transcripts, ADL computer records, and other documents paint a stunning picture of criminal conduct by a group that has for nearly 80 years portrayed itself as a civil rights agency combatting anti-Semitism and prejudice.

In a book-length exposé of the ADL published in January of this year just days before the San Francisco scandal hit the press, the editors of *EIR* debunked the myth that the ADL is such a "civil rights organization," with extensive documentation of the group's sponsorship by the Meyer Lansky-led National Crime Syndicate and the Southern Jurisdiction of the Scottish Rite of Freemasonry. The *EIR* book, *The Ugly Truth About the ADL*, contained pointed warnings to police departments across the country that they were targets of infiltration and sabotage by the ADL. Nearly 70,000 copies of the book have been sold since the beginning of the year.

The *EIR* book highlighted the "dirty tricks" profile of the ADL's Fact Finding Division, headquartered in the ADL's United Nations Plaza offices in New York and directed for the past 25 years by Irwin Suall. Since 1982, Mira Lansky Boland, a former CIA officer and university classmate of convicted Israeli-Soviet spy Jonathan Jay Pollard, has headed the Fact Finding office in Washington, D.C. and served as one of Suall's key operators.

Documents released in San Francisco confirm the pivotal role of Suall and Boland in the West Coast spy operation. Roy Bullock, the San Francisco-based dirty trickster who

worked as an undercover spy for the ADL since 1954, received his orders from Suall via ADL San Francisco regional director Rick Hirschhaut.

When Lansky Boland was putting together a list of police officers who would be brought to Israel on an eight-day, all-expenses-paid junket in May 1991, which she personally hosted, it was Roy Bullock who arranged for San Francisco Police Department (SFPD) officer Tom Gerard and San Diego County Sheriff's Deputy Tim Carroll to participate in the delegation. In an interview with the SFPD, Carroll acknowledged that the trip, which was a combined vacation and indoctrination session with Israeli intelligence agents, was payment for past "services rendered" to the ADL. Another participant in the junket was Donald Moore, a former Loudoun County, Virginia sheriff's deputy who played a prominent role in the ADL-instigated railroaded prosecutions of Lyndon LaRouche. Moore was indicted last October for his role in an alleged kidnapping plot against Lewis du Pont Smith, an associate of Lyndon LaRouche.

The crimes of the ADL, however, go far beyond a mere payola scandal involving the bribing of local cops to illegally obtain classified government data.

Indictable on many counts

According to San Francisco District Attorney Smith, the ADL could be prosecuted on 48 separate felony counts alone for concealing nearly \$170,000 in payments to Bullock, who told the police that he was a full-time paid employee of the ADL and maintained a desk at their Bay Area office. The ADL never listed Bullock as an employee and never paid Social Security or other taxes on his salary, which was paid through a Los Angeles lawyer, Bruce Hochman, a onetime federal prosecutor and leader of the ADL in southern California.

At least one incident involving Bullock and another full-time employee of the ADL Fact Finding Division could lead to multiple felony charges, according to the documents released. In October 1992, David Gurvitz, a member of the ADL Fact Finding Division in Los Angeles, contacted Bullock and asked him to obtain illegal police and Department of Motor Vehicle records on an employee of the Simon Wiesenthal Center office in Los Angeles. Bullock obtained that information from Tom Gerard. Next, Gurvitz asked Bullock to contact an ADL confidential informant-agent *provocateur* inside the White Aryan Resistance (WAR) and expose the Wiesenthal operator, Rick Eaton, as a "Jewish spy" to Bullock's WAR informant. Code-named "Scumbag" in the ADL files, the informant was a career criminal who had become a top official in WAR while serving as an undercover snitch for both the ADL and the Treasury Department's Bureau of Alcohol, Tobacco and Firearms (BATF).

Unbeknownst to Gurvitz and Bullock, their conversations, as well as Bullock's subsequent call to "Scumbag" activating a possible violent attack against Eaton, was all

tape-recorded by the FBI, which had obtained a court order to monitor Bullock's phone as part of the probe of the passing of FBI documents on to the South Africans. The Gurvitz-Bullock effort to instigate a possible assault on Eaton was short-circuited by the FBI, who tipped off the Wiesenthal Center and also complained to the Los Angeles ADL office. Gurvitz was fired on the spot. However, when ADL officials contemplated firing Bullock, Irwin Suall, Mira Lansky Boland, and ADL Los Angeles regional director David Lehrer (who personally handled the funding of Bullock's informant network via a secret slush fund under the name "L. Patterson") all threatened to resign if Bullock was let go.

Gurvitz, in return for immunity, is cooperating with San Francisco authorities. He has revealed that the ADL maintains a nationwide army of undercover spies, all of whom are assigned code-names and carry out a variety of covert assignments, some of which clearly violate the law. In St. Louis, the ADL has an undercover operator code-named "Ironsides." In Chicago, there are at least three covert agents named "Chi 1-2-3," one of whom is a former police officer. In Atlanta, the ADL has "Flipper," an Arabic-speaking undercover operative.

When police raided the homes of Gerard and Bullock and the ADL offices in Los Angeles and San Francisco last December, they seized computer disks which revealed that the ADL was spying on over 20,000 American citizens and over 950 different political and civil rights groups. While the ADL has claimed since the outbreak of the scandal that they are carrying out "legitimate" data collection on dangerous anti-Semitic and racist organizations, they have not explained why it is that they are spying on the National Association for the Advancement of Colored People (NAACP), the Jesse Jackson-led Rainbow Coalition, Greenpeace, a wide range of homosexual groups (although Bullock readily admits in police interviews that he is personally a homosexual), labor unions, the *Los Angeles Times*, *Executive Intelligence Review*, U.S. Representatives Ron Dellums and Nancy Pelosi (both California Democrats), and a wide range of Arab-American organizations.

Legal actions pending

The answer to those questions will probably begin to emerge more sharply when ADL officials are brought before a court to answer for their actions. In addition to anticipated criminal indictments in San Francisco, which sources in law enforcement say could lead all the way back to ADL national headquarters in New York City, a class-action civil suit was filed against the Anti-Defamation League on April 14 in the Superior Court of the State of California. Filed by former U.S. Rep. Paul N. McCloskey, Jr., the suit charges that the ADL, Bullock, Gerard, and others illegally spied upon thousands of individuals who were targeted solely because of their opposition to policies of the Israeli and/or South African governments.

Will U.S. Supreme Court abolish 'hate crime' laws?

On April 21, Wisconsin State Sen. Lynn Adelman will argue before the U.S. Supreme Court that "hate crime" laws such as Wisconsin's are unconstitutional, because they create a category of "thought crimes." The court will decide whether an additional penalty can be imposed on a person guilty of a crime if the crime were committed because of certain disfavored motives. The ruling could overturn "hate crime" laws enacted by 36 states. Anita Gallagher interviewed Senator Adelman on April 9.

EIR: The U.S. Supreme Court has ruled "hate crimes" unconstitutional in the case of *R.A.V. v. St. Paul* (1992), and the Ohio State Supreme Court has made a similar ruling on Ohio's statute. How is your case, *Wisconsin v. Todd Mitchell*, different from these cases? What does the Wisconsin statute actually say?

Adelman: The Ohio Supreme Court decision on the *Ohio v. Wyant* case (1992) held that the First Amendment invalidated the Ohio "hate crime" statute. The U.S. Supreme Court ruled against a St. Paul, Minnesota ordinance, which is basically what one would call a "cross-burning" ordinance. What the court held there was that even though the speech that was involved in the St. Paul ordinance was so-called "fighting words" speech—"fighting words" is a kind of speech which traditionally has been held to be *unprotected* by the First Amendment—in the St. Paul case, the U.S. Supreme Court held that even *unprotected* speech could not be subject to what the court calls "distinctions based on content and viewpoint." So, we think that that principle will be very important in terms of the U.S. Supreme Court's analysis of the Wisconsin law.

Basically, the Wisconsin law says that anybody who commits a crime because of one of the disfavored motives, which are race, religion, sexual orientation, ancestry, ethnic background, or disability, will receive an extra punishment, on top of the punishment they receive for the underlying crime. Under the Wisconsin law, they receive an extra punishment for the presence of one of the state-disapproved motives. Now, we think that the principle of *R.A.V.* will require a like result, and what that means is that in *R.A.V.*, the U.S. Supreme Court said that even punishable speech could not

be subjected to distinctions based on *content* and *viewpoint*. In our case, what the state is doing is imposing content and viewpoint distinctions on thought; that is, on motive.

The state is saying that because the motive is linked to an executed crime, that allows the state legislature to get around the general prohibition on imposing punishment on certain speech or thought based on content and viewpoint. So, the state is arguing that because we are talking about motives or crimes, the First Amendment doesn't apply. However, we think that the state is clearly wrong.

The U.S. Supreme Court has already said that just because there is criminal conduct, it doesn't mean that the state can further punish the motive or the message of that conduct based on content and viewpoint. For example, there was criminal conduct in both the flag-burning case (*Texas v. Johnson*), and in the St. Paul case. You can punish the battery, or you can punish the robbery, or you can punish the conduct all you want, but you can't add on more punishment because the battery was committed because the defendant didn't like the government. For example, *Texas v. Johnson* would say that you could not impose an additional penalty on a defendant because he committed a crime because he was not patriotic. You can't impose an additional penalty based on the fact that the state doesn't like your idea. That's what it amounts to.

EIR: In your case, the defendant's sentence was doubled because of his motive?

Adelman: He could have had his sentence increased by three and one-half times. The way this law works is that after trial, the jury first reaches a verdict on whether the defendant committed the underlying crime; in this case, it was aggravated battery. Todd Mitchell got two years for the aggravated battery. Then the next question is, "Well, *why* did he do it?" This is really fairly unusual in criminal law; in fact, unprecedented, where the state goes at your motive, and the state looks into your brain and asks, "Why you did it?" So that's the second question. And the jury in this case decided that the defendant committed this crime because he didn't like white people. So then the judge gave him another two years, not for any *conduct*, because he had already been

punished for the conduct in the first jury verdict, but because he didn't like white people. That's why the "enhancer" part of this statute violates the First Amendment. We don't have any objection to him being sentenced for the underlying battery, and that was appropriate.

EIR: What will it mean for "hate crime" laws in the United States if the Supreme Court rules in your favor?

Adelman: It would certainly depend on the breadth of the opinion. Here, the state is saying, look, these kinds of crimes which are motivated by bias, or by certain views, create worse crimes. They create a condition of terror in the victimized community, and they create alarm, and there is an additional harm that arises out of these crimes. Now, that may be, and if that's true, then what the state should do is identify and punish that harm, by writing a statute that is addressed toward whatever effects the state asserts are caused by these kinds of things.

But that is not this statute. This statute doesn't say anything about extra harms. All it does, is punish the motives of the crimes. It just punishes the prejudice, and it does so in ways that are very peculiar; for example, even if the prejudice is only a minute percentage of the motive. In a lot of crimes, there is a mixed motive. Maybe somebody wants money, but, say, 1% of their motive is racism, and 99% is greed. Well, in that case, under this Wisconsin law, you are still subject to the "enhancer." Even if you have one, little, minute, single brain cell of unconscious racism, you can still get the "enhancer." Now, there is not going to be any kind of extra harm caused by that kind of situation.

So, when you really look at the Wisconsin statute, what you are compelled to conclude is, that even though the state says they are trying to get at these harms, they are really *not*, because there are a lot of ways they could write this statute to get at the harms which would be constitutional, but what they're really interested in here is condemning certain selected forms of belief, and that's why the statute is unconstitutional. For example, there are some biases which are not even touched by this statute, like a gender bias.

So that causes you to wonder, are they really interested in these harms, as they say they are, or are they just interested in picking out a bunch of prejudices that the state disapproves of, and saying, "Well, we don't like *these* prejudices, and so we are going to add more punishment."

EIR: Do the selected, prohibited biases cohere with somebody's "politically correct" agenda, such as the Anti-Defamation League's (ADL) "World of Difference" program?

Adelman: I don't know anything about that. What I know, is that the principle we're asserting is that the state is precluded by the First Amendment from selecting out certain opinions and saying "we're going to punish these opinions, or motives, or beliefs, more than other opinions." Under the First Amendment, the state has got to be neutral. That is,

there are no "good ideas" or "bad ideas" as far as the government is concerned. The government has got to be epistemologically humble. That's what the First Amendment means. The government cannot be in the business of favoring some ideas and disfavoring others. Because, if you can do that, how do you decide which ideas are going to be favored, or disfavored? That decision is going to be made by whoever is in political office; whoever is *in power*, and that is exactly what the First Amendment is supposed to prevent.

There's another point. Aside from their constitutionality, I think these laws are fairly useless laws. It is sort of trying to get at a social problem on the cheap. It's easy to throw a criminal law at a problem and pretend you've done something. But the notion that we are going to get to be a more tolerant society by criminalizing certain biases would seem to defy common sense.

EIR: Some proponents of these laws say that motive has always been considered in punishing criminal acts. What is the difference between *motive* and *intent*?

Adelman: *Motive* can and should be permitted to be considered in all kinds of ways. For example, motive is often evidence of an intent; or it's evidence of an identity. But motive is *never* separately punished based on its content.

Now, *intent* is different than motive. Intent really has to do with someone's state of mind when they commit a given act. It has to do with the *what* of conduct. For example, I run into somebody with my car. If I did it because I was not paying attention, and I was just being negligent, then I am less culpable than if I did it on purpose. One is an accident, and one is an intended result. So, *intent* has to do with *what* the actor was trying to accomplish. It's a question of volition. And some *intents* are worse than others, e.g., if you are cold and calculated and commit a crime, that might be different than if you commit a crime in the heat of passion.

But neither of those have anything to do with motive. Motive doesn't have to do with the *what* of conduct, like intent does; it doesn't have any affect on the nature of the conduct. Motive is the *why*, what is your underlying belief system, or ideology, or opinion, which prompted you to commit this act in the first place. Criminal law traditionally can punish *intent*, but it is not interested in *motive*, and it cannot constitutionally punish it, and it certainly cannot punish motives relating to bias and belief. I think there's an argument whether it could ever punish motives like pecuniary gain, which are not close to the core of First Amendment protection, such as motives relating to racial, religious, or political themes.

EIR: The proponents of "hate crime" legislation argue that hate crimes are occurring with greater frequency in the United States. Is that true, and do statistics show that "hate crime" laws deter such incidents?

Adelman: As far as Wisconsin is concerned, the state as-

serts that, but the statistics that are available to us in Wisconsin, both from the Anti-Defamation League and the FBI, show that Wisconsin has hardly any “hate crimes”; what the FBI statistics show is that Wisconsin had a handful of incidents of graffiti and vandalism. As far as “hate crimes” are concerned, I think there have been fewer than a half-dozen prosecutions in six years.

EIR: Wasn't the constitutionality of restricting free speech to protect certain groups from terror and fear addressed by the Seventh Circuit Court of Appeals in the Skokie case in 1978? [Skokie, Illinois has a large number of Jewish concentration camp victims among its citizens.]

Adelman: The First Amendment law is that you can't justify prohibiting something based on its communicative impact. When the Nazis were going to march through Skokie, the ruling was that the Village of Skokie did not have authority to prohibit that march because of its concerns that this would cause alarm. The alarm, again, related to the *content* of the Nazi message, which certainly is abhorrent and intolerable to all of us, but nevertheless, the First Amendment prevents government from criminalizing the impact of the message. There really is a question, as to whether any state interest is served by punishing these bias crimes, apart from the communicative impact.

EIR: Hasn't the Wisconsin legislature already amended its “hate crime” law because of “vagueness” with respect to “mixed motive” cases?

Adelman: The Wisconsin legislature added the words “in whole or in part” because it wanted to make sure that somebody didn't defend themselves by saying, “I may have been a little bit bigoted, but really, I was greedy.”

I think that that really makes this law look particularly bad, because the state is saying, “Look, we are going to punish a little bit of prejudice wherever we find it.” It's inconceivable that a 1% racial motive is going to cause terror or special harm to anybody. So, by punishing that, too, the state is really saying, “Hey (wink, wink), it's not really the harm here that is our concern; we don't like certain prejudices and we want to criminalize them.” That is the improper and unstated reason that is served by these laws; to select out certain disfavored views, to punish them. That's why the statute, in our opinion, is unconstitutional.

EIR: Do “hate crime” laws fit into the species of anti-discrimination laws, and would their unconstitutionality affect laws against discrimination?

Adelman: We think that that's kind of a scare tactic. The state doesn't really have such a good argument on the constitutionality, so they quickly move away from the “enhancer” law and say, “Well, court, if you find this law unconstitutional, then you are going to jeopardize all these other laws which we all agree are very important.”

The fact is, discrimination laws are really very different. Let's take Title VII, which provides certain anti-discrimination provisions with respect to hiring. You can prove a Title VII claim based on a disparate impact. That means all you have to do is show certain patterns of behavior by the employer; you don't have to show the employer's *motive* at all. The point is, anti-discrimination laws are concerned with *effects* ; and the “enhancer” law is concerned not only with *effects* , but with *beliefs* . The anti-discrimination laws seek to provide equal opportunity for people, and they are not concerned with bigotry.

Now, some Title VII violations *do* involve *motive* , but *motive* is used in a way very different from how it's used in the *enhancer* . The Supreme Court has a doctrine of *strict scrutiny* , and under *strict scrutiny* the state can impose *content* and *viewpoint* discrimination on certain ideas, but *only if it is necessary to accomplish some compelling state interest* . Now, in a Title VII case, you couldn't pass a law that said every employer had to hire everybody who applied for a job. Now, that would be content-neutral, but it would be irrational, because a lot of people might not be qualified. . . . So that's not really a legitimate alternative. So therefore, how does the state distinguish refusals to hire that are based on race, from legitimate refusals to hire, which are based on lack of experience? The only way they can do it is to implicate *motive* . *Motive* is used there only to define a standard of conduct which the state has a compelling state interest in identifying. But that's completely different from the “enhancer,” because with the “enhancer” you don't need *motive* to distinguish illegal batteries from legal batteries; because all batteries are by definition illegal from the get-go. So, when you are talking about conduct that is already illegal, it is hardly necessary to make an additional *content* and *viewpoint* distinction. So that's why Title VII survives this *strict scrutiny* and the “enhancer” doesn't.

EIR: Will these laws cause a chilling of free speech in the United States if they remain in effect?

Adelman: It's a real problem, because the only way you can ever prove *motive* is through somebody's speech. I know of no “hate crime” conviction not based on somebody's speech. If you are trying to get at a person's ideas or beliefs, the only way you can prove those is generally by what the person said, and who he associated with. There's no saying that a state couldn't reach back—the speech doesn't have to be contemporaneous with the crime.

Let's say someone commits disorderly conduct, and the state wants to impose an “enhancer” penalty because he committed that crime for a racial reason, or because of religious animus. The state could go back 15 or 20 years and scrutinize everything this person had ever read, or his speeches, or writings, to determine whether or not there was any bias, and whether the state could connect that bias to the disorderly conduct. So it really does allow the state substantial latitude

to look at a person's thoughts and ideas, and I think that does chill people.

EIR: Your brief says there would never have been any anti-discrimination laws if some people could not have held the disfavored opinion that segregation was wrong?

Adelman: That's true. We think these "hate crime" laws are really harmful to minorities, because what really helps minorities is the First Amendment. The First Amendment protects unpopular thought and views, and who is going to be most likely to have thoughts and views that are not popular?—minority groups, who may be interested in changing the status quo. In fact, if you look at a lot of the great First Amendment cases, many of them involved minorities, the National Association for the Advancement of Colored People [NAACP] in the '60s. Minorities are helped by a broad, full, rich reading of the First Amendment, not by a cramped reading. If this law is upheld, it's a big setback for minorities.

EIR: Have minorities been disproportionately prosecuted under the "hate crime" laws? Thirty percent of those prosecuted are minorities, while blacks make up only 12% of the U.S. population.

Adelman: That's what happens when you start punishing beliefs. If you want to protect vulnerable victims, you ought to write a statute that addresses that. But if you start talking about beliefs, whose beliefs will be punished? It's the people who are out of power.

EIR: These laws have not benefitted minorities, yet some minority organizations have filed "friend of the court" briefs in their favor. Who are the *amici* on both sides?

Adelman: On our side, it's the Criminal Defense Bar, the Ohio chapter of the American Civil Liberties Union, and some groups that are very interested in individual freedoms. On the other side, it's mostly groups that are interested in combatting various prejudices: Ethnic groups, the ADL, the ACLU national office, the NAACP Legal Defense Fund [distinct from the NAACP]. And the U.S. Solicitor General will argue to uphold these laws.

EIR: You've taken a case very unpopular with certain organizations. Have you been threatened or ostracized?

Adelman: Oh, no. The truth is, I think the average American, to the extent that these laws are explained, would think these laws are pretty dumb. There are certain groups who maybe think these laws do something, but I don't think that my side of this is particularly unpopular, except maybe in certain circles.

Here are laws that are supposed to be used to protect minorities. Well, who is the defendant, who is Todd Mitchell? He's a young, black male from Kenosha, Wisconsin—a minority.

Pike case: Masonic judge asked to recuse himself

The two political leaders who will go on trial April 19 for "statue-climbing" in Washington, D.C. have filed a motion in the U.S. District Court for the District of Columbia asking Judge Royce Lamberth to recuse himself in the case "on the basis of potential or actual bias, or the appearance of such partiality."

Defendants Anton Chaitkin and Rev. James Bevel were arrested last December at a rally to have the statue of Albert Pike, a Confederate general and Ku Klux Klan founder, removed from Judiciary Square. Chaitkin is a historian and author, and Bevel is a Baptist minister who was a former close associate of Dr. Martin Luther King and ran for the U.S. vice-presidency in 1992 as the running-mate of Lyndon LaRouche.

The recusal motion cites three principal grounds for Lamberth's recusal—all drawing upon statements the judge submitted to the Senate Judiciary Committee in 1987, when he was nominated to the court:

First, Lamberth is a member of the Masonic Order. His membership began with his induction into the Albert Pike Chapter, Order of De Molay in San Antonio, Texas, a youth organization of the Scottish Rite of Freemasonry. As the motion says, "There has been active opposition to the campaign to pull down the Pike statue by the Supreme Council, Ancient and Accepted Scottish Rite of Freemasonry, Southern Jurisdiction of the U.S.A."—the organization of which Pike was Sovereign Grand Commander for several decades!

Second, Lamberth has officially served as an attorney for the National Park Service and Park Service Police, in attempts to stop demonstrators from exerting their First Amendment rights. In their recusal motion, Bevel and Chaitkin point out that it was the same National Park Service which selectively singled out the two defendants for arrest and for an improper purpose.

Third, Lamberth played a critical role in the cover-up of the My Lai Massacre in Vietnam and other war crimes. From 1969 to 1974, Lamberth served as a member of the U.S. Army defending soldiers in Vietnam from charges of war crimes, and then handled all litigation objecting to Gen. William Westmoreland's administrative review of the My Lai affair. This makes it unlikely that Lamberth could be unbiased toward Bevel and Chaitkin. Bevel was a leading figure in the Mobilization to End the War in Vietnam, and Chaitkin was also an outspoken opponent of the war. Chaitkin and Bevel are arguing the case *pro se*.

Bergonzi campaigns for 'Verdi A'

In a master class at Carnegie Hall, the legendary operatic tenor embraced the Schiller Institute's fight to save voices. Nora Hamerman reports.

World-renowned operatic tenor Carlo Bergonzi, who made his debut in Lecce, Italy in 1948 and will retire from the opera stage shortly before his 70th birthday next year, stunned the New York music world on Thursday, April 8 by conducting a master class to demonstrate why it is imperative to return to Verdi's classical tuning of A-432. Speaking to an overflow audience of 280 persons at Weill Recital Hall of Carnegie Hall, Bergonzi praised the Schiller Institute for its initiative to save the voices of the next generation of opera singers and the precious cultural heritage which depends on preserving beautiful and powerful voices.

"Within a few years, opera itself might even vanish," warned the well-loved tenor, as he called upon the teachers, singing students, and conductors in the audience—in some cases by name—to do everything they could to promote the return to the "natural" tuning fork for which Mozart and the great Italian opera composers of the last century wrote their works.

The demonstration was sponsored by the Schiller Institute and co-sponsored by the Italian Cultural Institute of the Italian Consulate. An audio feed had to be piped in to the hall's lobby for dozens who could not get tickets for the sold-out event, while lines formed outside and frantic calls were received from the Juilliard School of Music and other "establishment" conservatories in vain attempts to procure tickets.

Tuning 'Manual' presented

Bergonzi was preceded on the stage by Kathy Wolfe of the Schiller Institute, who announced that the evening was to celebrate publication of the Schiller Institute's *A Manual on the Rudiments of Tuning and Registration, Book I*, which she held up and noted was on sale outside and would soon be at major New York bookstores.

The initiative was begun, she pointed out, by the statesman and physical economist Lyndon H. LaRouche, who insisted back in 1986 that music should be played at the physicists' tuning fork of C-256, since it was irrational for music and the physical sciences to exist in two apparently different universes.

Since 1939, International Standard Pitch has supposedly set the concert A (the A above middle C) by which the oboe "tunes" the orchestra at 440 Hertz, but even that arbitrarily

high tuning fork is hardly observed any more.

Wolfe reported that Liliana Celani, an Italian collaborator of Lyndon LaRouche and his wife Helga Zepp-LaRouche, the founder of the Schiller Institutes, had discovered that Giuseppe Verdi himself had demanded the fixing of concert pitch at a *ceiling* A-432—the highest possible level for the physicist's middle C of 256 Hertz. Mrs. Wolfe went on to say that exactly five years ago, on April 9, 1988, the Schiller Institute's conference "Music and Classical Aesthetics" at the Casa Verdi in Milan, had launched the campaign for the lower Verdi tuning.

There Piero Cappuccilli, whom Maestro Bergonzi has called the "last great Verdi baritone," sang two Verdi arias at the lower pitch, and changed musical history, resulting in thousands of endorsements and a bill before the Italian Parliament, modeled on Giuseppe Verdi's own legislation of 1884.

Although Cappuccilli was recovering from a serious illness and could not be in New York, she read his greetings: "My best wishes for your conference in New York, 'Return to the Verdi Tuning!' Giuseppe Verdi certainly knew voices very well, and he was right to demand in 1884 that the orchestra tuning be lowered in order to preserve opera voices. I hope that with your conference, and the recently published *Manual on the Rudiments of Tuning and Registration*, that this aim may be finally realized."

Mrs. Wolfe continued by presenting a concise but clear overview of the vocal registers as applied to arias by Mozart, Rossini, Handel, Donizetti, and Verdi, passages of which were later sung by the nine young singers who participated in the program. She used overhead transparencies of the musical scores, which were projected again while the singers were singing. All but one of the examples came from the Schiller Institute's *Manual*, published last year. She joked that it was already out of date in citing a standard modern pitch of A-440, since Steinway Piano Co. had recently sent out an official announcement that New York concert pianos will henceforth be tuned at A-442.

You can't change human vocal cords

After this introduction, nine singers, pianist Glenn Morton, Carlo Bergonzi, and a translator joined Mrs. Wolfe on



Above, Carlo Bergonzi (left) beams after congratulating tenor Steve Tillman for his demonstration of the opening bars of Verdi's "Celeste Aida" (the score projected in the background is one of the illustration in the Schiller Institute's new "Manual on Tuning"). Tillman had just finished singing the passage at the Classical, A-432 tuning.



Right, Soprano Darlene Bennett Johnson rehearses the high notes of Mozart's "Queen of the Night," accompanied at the piano by Glenn Morton. Here, she is singing with the grand piano tuned to the unnatural A-442—now standard pitch in New York concert halls. Later she sang at both tunings.

stage. The audience burst into applause when Bergonzi came out, and the mood of affection toward him persisted throughout the evening, as he conducted the informal "master class" with an energy and enthusiasm that astounded many. Bergonzi had just completed his farewell operatic appearance in the United States, with four performances in Donizetti's *L'Elisir d'Amore* at the Baltimore Lyric Opera, which he pronounced a huge success.

Bergonzi put the crowd at ease by making fun of his own English, and then recounted, through the interpreter, a string of anecdotes about the pitiful state of affairs caused by the rising pitch. He said that a few years ago the Metropolitan Opera was still holding at A-440, although he pointedly added that today, even the Met has officially put the pitch up at A-442. ("No, 443! 444!" members of the audience who were just as irate at the Met were heard to shout.) After a performance of *L'Elisir* in New York a few years ago, he said, he flew to Florence to perform in the same opera, only to discover that the pitch had been hiked to A-446. Bergonzi had to stop the rehearsal and confer in his dressing room with the oboist, who agreed to change his reed and bring the pitch down to A-440, even telling the tenor conspiratorially that he thought he could get it to A-438!

When he recounted the same story two days earlier during a taping of a master class with the Schiller Institute, which will air on June 9 on the *New York Times* radio station

WQXR, Bergonzi said that he had told the conductor in Florence that either the pitch came down—or "Bergonzi will not sing Nemorino."

Bergonzi also said that he tours with a cheap pitch pipe and tests every orchestra to make sure they do not go above A-440.

In another anecdote, he said that the orchestras in Vienna are playing at A-448 and that they have actually had to cut pieces off the flutes to allow them to play so high. "If they go any higher," Bergonzi quipped, "there will not be anything left of the flutes!" He also talked about the late, great opera conductor Tullio Serafin, his own mentor, who had been adamant about keeping the tuning low. Serafin used to fume, Bergonzi said, that he wanted to hear tenors—"not castrati."

The sad thing is, he went on, that you can tune a violin, a viola, or a cello higher by simply turning the peg, but you can't do that with the human vocal cords. That is why he sees his mission today as fighting for the future of young singers by restoring the natural pitch. In tonight's demonstrations, he underlined, there will not be the usual master class on vocal technique (Bergonzi's master classes are very celebrated) but only the demonstration of the difference which is made by singing at the correct pitch. The passages to be sung, as he explained, were selected because they demonstrate the composer's intention to use the "passage" from one vocal



Bergonzi makes a point as Darlene Bennett Johnson, Suzanne Loerch, Héctor Martínez, Thia Carla Moore and Kathy Wolfe watch on the stage at Carnegie's Weill Recital Hall.

register to another for expressive purposes—an intention which is sabotaged when the tuning is too high.

Demonstrations

On the stage were two identical Steinway concert grand pianos. The one on the audience's left was tuned to A-442; the one on the right, after four tunings, had been brought down to A-432 by a technician from the Steinway factory. Each singer demonstrated his aria first with the higher tuning, and then with the lower.

Darlene Bennett Johnson, a light soprano, sang part of the Queen of the Night's aria, "Der Hölle Rache," from Mozart's *Die Zauberflöte* (the only German selection of the evening). She had no difficulty with the notoriously high fourth-register notes of this piece even at A-442; yet when she repeated it at A-432 the entire passage acquired a new roundness and beauty which was audible to everyone. Thia Carla Moore sang Handel's "Deh, pietà" from *Giulio Cesare* at both pitches; and Andrea Cawelti sang part of the Verdi aria from *Don Carlo*, "Tu che le vanità," which unfurls all three registers within the first few notes, when sung at the proper tuning.

For the mezzosoprano voice, the singers were Suzanne Loerch, singing Rossini's "Una voce poco fa" (*Barber of Seville*); and Ann Plagianos, with the fiendishly difficult "O don fatale," also from Verdi's *Don Carlo*. When Miss Loerch

began to repeat her excerpt at the C-256 piano, the voice was so audibly richer and "mezzo-like" that Bergonzi turned to the audience and threw up his hands as if to say, "Voilà!" to general laughter.

A challenge to conductors, teachers

After an intermission, Bergonzi again directly addressed the audience, imploring singing teachers especially to use their influence to change the tuning and to work to influence conductors for this change. The problem is not the lack of good singing teachers, he said, although of course there are bad ones as well as good ones, among whom he mentioned Rita Patané, one of the teachers (along with Betty Allen, Elaine Bonazzi, Virginia Lindle, and Mignon Dunn) who assisted in organizing the program and had provided students for the demonstrations. He praised Daniel Lipton, an operatic conductor present in the audience, for having told him of his agreement with the project, and urged everyone to remind conductors of "what is happening to the poor fellow on the stage," so often forgotten by the maestro in the orchestra pit who is concerned only with symphonic brilliance.

Then two tenors demonstrated passages from their respective repertoire. The light tenor repertoire was represented by John Sigerson singing Nemorino's celebrated "Una furtiva lagrima" (*L'Elisir d'Amore*). Sigerson, who directs the Schiller Institute's choral and orchestral activities in the

United States and was co-project editor for the *Manual* with Mrs. Wolfe, has been singing at the Verdi pitch for several years. The more dramatic type of “*lirico spinto*” tenor was represented by Steven Tillman with “*Celeste Aïda*” from Verdi’s *Aïda*. Bergonzi, who later confided that he had debuted as Radames in *Aïda* at the Metropolitan Opera on Nov. 13, 1956, seemed to particularly enjoy drawing out this example, where the contrast between the harsh quality of the high tuning and the sweetness of the lower tuning was impossible to miss.

Tillman, together with Héctor Martínez and Andrea Cawelti, had joined Bergonzi two days before in taping the radio master class and interview, during which the tenor had also demonstrated the opening passage of “*Celeste Aïda*.” Asked by the show’s host, June LeBell, how he felt about the change in tuning, Tillman strongly endorsed the lower key. He said that only at Verdi’s original tuning could he express the “tenderness” which the character, Radames, feels about *Aïda* in the opera.

Bergonzi stressed that “*Celeste Aïda*,” the tenor’s first aria in the opera, is already “scary” without the further strain of modern pitch. He said that it is not just the high notes which suffer at A-442 and upwards, but that all the ranges of the voice, low, middle, and high, are thrown out of balance and that the very development of the voice of every student at modern pitch is being stunted. He promised that if conservatories were to return to the Verdi A-432, that within a “very few years” we would again see a blossoming of baritones, tenors, mezzosopranos, and other voices of which today there scarcely exist a few.

The final selections were “*Il balen del suo sorriso*” (Verdi, *Il Trovatore*), by baritone Héctor Martínez; and “*Aprite un po’ quegl’occhi*” (Mozart, *Le Nozze di Figaro*), interpreted by bass Arizeder Urreiztieta, both young voices which have not yet developed the depth for true “Verdian” singing—and indeed, Urreiztieta chose a light Mozart bass part, rather than Verdi, for the demonstration. (Both kindly filled in at the last minute.) Bergonzi told the audience that the baritone’s voice would only develop if he studied at the lower tuning, and stressed throughout that the richer “Verdian” vocal color cannot be created in voices that study at the modern high tuning pitch.

Just before the forum ended, Bergonzi thanked the audience and challenged them again to carry forward the tuning campaign. He talked about his own career and the importance to it of his beloved wife Adele’s life-long support. He hinted that he would like to give a farewell recital of operatic arias in New York City, like those he has planned for Paris and Milan later this year—a proposal greeted with vibrant applause.

Bergonzi reemphasized the need to safeguard the vocal heritage. When my career as a tenor began in 1950, he said—he had sung in operas for three years before that as a “half-baritone”—there were 100 great first-rank tenors and about

80 second-rank. He added, I am not criticizing anyone but frankly the second-rank tenors of that time were better than today’s first rank. So, there were 180 great tenors; but today how many great tenors are there—not counting himself and Alfredo Kraus, the two seventy-year-olds—still singing? “Two and a half!”

He referred to the problem of any tenor today (“myself, and all the others included”) who faces the aria “*Di quella pira*” of Manrico in Verdi’s *Il Trovatore*, which ends with a famous, long high C. In a hilarious rendition, Bergonzi mimicked the behavior of the panicky tenor in his dressing room, who tries to sing that passage “a hundred times” before he goes on stage, to verify that he has the high C—which of course, at A-442, has become a high C-sharp. The tenor does not even think about any of the other beautiful arias and duets he is supposed to sing in the opera, but is obsessed with “*Di quella pira*.” Then he goes out to perform and when he comes to the high C of “*Di quella pira*,” he chokes, because he has exhausted his voice back stage—Bergonzi imitated this, much to the amusement of especially the tenors in the hall.

He praised Kathy Wolfe and John Sigerson as the leaders of the Schiller Institute’s efforts to reverse the rising tuning fork and promote C-256 in the United States, adding that he thought from knowing Kathy’s determined efforts to save voices and opera that she well deserves “to wear pants,” a compliment which brought a roar of appreciation from the audience.

Although several questions had been handed up in writing, Carlo Bergonzi closed the forum after the last demonstration—well after ten o’clock at night—because as he said, following the intense performance schedule in Baltimore, he felt tired. Numerous participants were heard remarking as they left, “I think he’s onto something. I really think he’s onto something.” At the reception that followed, the popular tenor was mobbed by old acquaintances, admirers, singers, and others, seeking autographs, advice, or auditions, and expressing support. One teacher at a Manhattan college approached a Schiller Institute representative, grasping his *Manual*, and said, “I’ve been teaching voice for 15 years and now I finally understand what is going wrong. I’m going to fight to introduce this book into our curriculum.” Another said he was taking the book to another country to have it used for training there.

Two well-known singers were overheard holding court at the back of the room during intermission. They told people that they fully support the initiative and have been part of it for some time. “We are absolutely shocked about what is going on in Vienna. No one can sing there. The work of the Schiller Institute is very important.” A conductor told of a singing teacher who said to him, “My students already have problems getting jobs. If I train them to sing properly at a lower tuning, I don’t think they would make it.”

McCloskey blasts Clinton policy on Bosnia

Rep. Frank McCloskey (D-Ind.) attacked the Clinton administration for instructing a special task force on Bosnia not to brief House and Senate committees on its recommendations for U.S. military intervention. The task force of experts, which had been formed at the request of the White House, had just returned from Bosnia. Such instructions from the administration are not surprising, McCloskey said. "The administration has totally backed away from the idea of doing anything significant to stop the slaughter."

Among the task force's recommendations are proposals to station U.N. peacekeeping troops in or near contested areas to deter fighting; develop punitive measures that will persuade Serbian leaders in Bosnia and Serbia to permit food aid to reach besieged communities; deliver seeds to the Bosnians so they can grow their own food; help establish a radio station in Bosnia; continue airdrops of food supplies, and help repair power plants and improve coal production.

Clinton's investment tax credit under fire

President Clinton's proposed investment tax credit is in trouble in Congress, according to the April 10 *New York Times*. Not only do key Democratic leaders, including Senate Finance Committee chairman Daniel Moynihan (D-N.Y.) and House Ways and Means Committee chairman Dan Rostenkowski (D-Ill.), oppose it, but so do many industry groups, such as the National Association of Manufacturers, on the grounds that the \$30 billion credit is too small to make a difference. The *Times* insists that opposition is so strong that the tax

credit "is not likely to be enacted."

"The carrot is so small, I find very few people, if any, in favor" of Clinton's proposal, said Mark A. Bloomfield, president of the American Council for Capital Formation.

One argument being raised against the proposal is that the version which the administration sent to Congress in February is far smaller and much less comprehensive than what Clinton talked about during the campaign. The credit would be permanent only for companies with sales under \$5 million a year; for all other companies, it would be phased out after two years. It is also an "incremental credit," meaning that it could be claimed only on the amount of investments above the average investments in previous years.

Harold Ford acquitted on all counts

In a stunning defeat for the Reagan-Bush Department of Justice (DOJ) apparatus, Rep. Harold Ford (D-Tenn.) was acquitted of all charges against him (18 counts of mail fraud, bank fraud, and conspiracy) by a jury of 11 whites and one black on April 9. Ford, a congressman for 18 years, was first indicted in 1987, and has been reelected three times since then.

Ford's first trial in April 1990 ended in a hung jury, with eight black jurors voting for acquittal and four white jurors voting for conviction. The DOJ retried him, with jury selection moved to a predominantly white, rural area about 100 miles northeast of Memphis, because of Ford's popularity in Memphis. The retrial itself was held in Memphis, and began on March 1.

Before the retrial began, the Congressional Black Caucus had sent a letter to Bush charging that Ford had

been "railroaded" by the DOJ. Then, on Feb. 3, Rep. Kweisi Mfume (D-Md.), chairman of the Black Caucus, wrote to Clinton and asked him to order a DOJ review of the jury selection, Acting U.S. Attorney General Stuart Gerson met with a 26-member delegation from the Black Caucus, which protested that the unusual change of venue and selection of a nearly all-white jury was a "travesty of justice" and "racially prejudicial." Immediately thereafter, Gerson ordered local prosecutors to join in Ford's motion to have the new jury dismissed. The U.S. Attorney in Memphis resigned in protest of Gerson's order, and two of his assistants also resigned from the case.

Republican congressmen attempted to make the Clinton administration's intervention into the Ford case an issue in the confirmation hearings for Attorney General Janet Reno, but Reno defended the administration's handling of the case.

Ford's two co-defendants were also acquitted.

After the verdict was announced, Ford said he would ask the House Appropriations Committee to pay his \$4.5 million in legal expenses, since he was the target of a vendetta by the Reagan-Bush administration. "Our government should not abuse citizens like this. They were being vindictive . . . and they were wrong."

Biden calls for end to Bosnia arms embargo

Speaking in Zagreb, Croatia on April 8, Sen. Joseph Biden (D-Del.) said that he would urge President Clinton to press for the U.N. arms embargo against Bosnia to be lifted immediately.

Biden, who was sent on a fact-finding mission to Bosnia by President

Clinton and U.S. Secretary of State Warren Christopher, said, "I have not changed my view that the United States should continue to encourage that the U.N. should lift its arms embargo on the Bosnians."

Biden held talks with President Slobodan Milosevic of Serbia and Croatian President Franjo Tudjman, but his plane was unable to land in Sarajevo where he had been due to meet Bosnian leaders. He said both Milosevic and Tudjman were opposed to lifting the arms embargo on Bosnia. "They are both concerned about the establishment of an Islamic state . . . whether it suits them to think that or whether they really believe it, I don't know," he said.

House leaders optimistic on Russian aid package

House Majority Leader Richard Gephardt (D-Mo.) and House Minority Leader Bob Michel (R-Ill.), who recently returned from Russia with a House delegation which had met with Russian President Boris Yeltsin, expressed cautious optimism that Yeltsin would survive the April 25 referendum. They also felt that a modest, long-term aid program for Russia would be able to win bipartisan support.

Gephardt said that a sum close to the \$1.6 billion of reprogrammed funds which was offered to Yeltsin by Clinton during the Vancouver summit would be needed each year for the indefinite future to support technical assistance and expanded exchange programs. Gephardt said that the aid could be financed by trimming U.S. assistance to Israel and Egypt, and by cutting defense and domestic spending.

Gephardt and Michel said that a U.S. contribution to a "currency stabilization fund" would be done only in

collaboration with Europe and Japan, and if the Russians first take steps to slow down the massive printing of rubles. Gephardt also expressed concern on the April 25 referendum, that "weak and discredited as it may be, the Communist Party still has the only apparatus out there with the capability for delivering votes."

New evidence may be considered in death cases

The Senate Judiciary Committee on April 1 took up legislation introduced by Sen. Howard Metzenbaum (D-Ohio) that would force federal courts to consider any claim of new evidence of innocence before a death sentence could be carried out. Two innocent men recently released from "Death Row" gave testimony that stunned even the bill's opponents.

Metzenbaum's bill, S. 221, is co-sponsored by Edward Kennedy (D-Mass.), Mark Hatfield (R-Ore.), and Carl Levin (D-Mich.). Metzenbaum said he introduced the bill because "I was shocked by the [U.S. Supreme] Court's ruling in the *Herrera* case. If the court won't grant a hearing to a Death Row inmate who has newly discovered evidence of innocence, then Congress must authorize that a federal hearing be conducted in those rare instances."

Hearing witnesses mentioned 10 cases in the last decade where Death Row prisoners were proven innocent years after their convictions. Walter McMillian, a 51-year-old black man released in March from Death Row in Alabama, described how, because he was dating a white woman, police and prosecutors framed him up for a murder he knew nothing about.

Randall Dale Adams, whose story is the subject of the movie *The Thin Blue Line*, told senators that he spent

12 years jail, and came within 72 hours of being executed, because of three witnesses who gave false testimony. A Texas clemency proceeding (the remedy recommended for those with new evidence in the *Herrera* case) had denied him clemency.

"Executive clemency is the most political forum there is," Leonel Herrera's attorney Talbot D'Alemberte told the senators. Sen. Howell Heflin (D-Ala.) said, "It may well be that we will have to consider making the withholding of exculpatory evidence a federal crime. You have prosecutors who will do anything to win."

Clinton lambasts GOPers for blocking stimulus

President Clinton lambasted Senate Republicans for "holding hostage" his stimulus program at the annual Easter egg roll on April 12, blaming the Republicans for wanting "more people out of work."

While upping the rhetoric against the Republican filibuster of his \$16.3 billion stimulus package, Senate Democratic leaders, in collaboration with the White House, are working toward some compromise which would allow them to break up the Republican unity on the filibuster. Measures to either cut parts of the package or to delay much of the spending until next year, a proposal earlier floated by Sens. David Boren (D-Okla.) and John Breaux (D-La.), will likely be agreed upon.

Clinton used the week following the Easter week to take his program to the people, with speeches before the U.S. Chamber of Commerce and an appearance at a conference on job training. Local officials are also targeting districts of vulnerable Republicans, making the case for the benefits that would flow to their communities if the package were passed.

National News

Fed court overturns Va. election provision

The Fourth U.S. Circuit Court of Appeals, in a decision handed down on March 22, overturned a provision of Virginia's election law that had been used by a member of the federal-state "Get LaRouche" task force. In the case of *Greidinger v. Davis et al.*, a three-judge panel unanimously struck down provisions in the election law that require voters to give their Social Security numbers (SSNs) to the Board of Elections when they register, and that allow registration to be open to public inspection. This latter, the court said, "creates an intolerable burden" on an individual's voting right, "as protected by the First and Fourteenth Amendments," violating a voter's right to privacy.

Former Loudoun County, Va. Sheriff's Deputy Don Moore boasted that, in 1985, he obtained LaRouche associates' voter records in order to get their SSNs: "I've got burned copies of every voting card they ever submitted. A gal from voting registration helped me do it. . . . When the time came, I had Lyndon LaRouche's voting registration card. . . . Burning copies left and right, just like part of the registrar."

Gorbachov gets the word on LaRouche and SDI

Former Soviet President Mikhail Gorbachov's tour of Virginia this month was followed closely by demonstrators highlighting the April 2 Russian proposal for U.S.-SDI cooperation. Ten years ago, the Soviet government rejected the SDI proposal and demanded that the U.S. imprison statesman Lyndon LaRouche, who had initiated it. Gorbachov's tour culminated on April 13, with a keynote speech at the University of Virginia commemorating the 250th birthday of the school's founder Thomas Jefferson.

On April 10, demonstrators unfurled a 10-foot-long banner before the thousands coming into the Richmond Forum to hear Gorbachov. The banner read "LaRouche

Supports Russian SDI Offer—What Does Gorbachov Say?"

On April 12, Gorbachov spoke at Virginia Commonwealth University and received an honorary degree. There, LaRouche partisans again held up signs featuring the Russian SDI offer. Gorbachov appealed for backing for the Gorbachov Foundation and other Project Democracy-style operations.

The Richmond Forum which sponsored Gorbachov's tour is funded by leading Confederate families and corporations such as Philip Morris, which has been linked to drug-trafficking in the former communist states of eastern Europe. Gorbachov fits into a series of washed-up geopoliticians hosted by the Richmond Forum: last year, Margaret Thatcher and next year, George Bush.

Gorbachov received \$70,000 for his speech at the Richmond Forum, \$25,000 for a speech at the University of Richmond, and \$10,000 for a speech at Virginia Commonwealth University.

Birmingham, Ala. mayor hails violinist Brainin

Birmingham, Alabama Mayor Richard Arrington, Jr. declared March 24, 1993 as "Dr. Norbert Brainin Civil Rights Commemoration Concert Day" in tribute to the world-famous violinist and to civil rights leader Rev. James Bevel. Dr. Brainin and pianist Günter Ludwig had performed two concerts in the United States in honor of the civil rights movement and to commemorate the 25th anniversary of the death of Dr. Martin Luther King, Jr. In motivating his desire to pay homage to the civil rights movement, Dr. Brainin had cited it as an inspiration to the Germans who fought peacefully to bring down the Berlin Wall in 1989.

The concert was performed at Birmingham's Sixteenth St. Baptist Church. The mayor's proclamation recalled that "1993 marks the Thirtieth Anniversary of the Birmingham 'Children's March,' in which thousands of citizens of the City participated in a peaceful action on behalf of the Civil Rights Movement. . . . The late Dr. Martin Luther King, Jr. . . . said of the Birmingham March, 'I am sure that without Birmingham, the March On Washington

wouldn't have been called'. . . .

"Three weeks following the March On Washington, four children of the congregation of the Sixteenth Street Baptist Church were killed in a bombing that became notorious worldwide as a reprehensible crime. . . . That crime was non-violently responded to by means of the Right to Vote Movement in Alabama that was participated in by many courageous people, including citizens of this city."

The mayor cited the fact that Bevel, "who directed the Children's March and formulated the Alabama Right to Vote Movement," and others are "launching a new, international Civil Rights Movement" that was founded in Germany. He proclaimed "Dr. Norbert Brainin Civil Rights Commemoration Concert Day, in Birmingham, in honor of this great musician, and the cause for which he gives this concert."

Texas Senate passes harsh 'hate crimes' bill

The Texas state Senate passed a hate crimes bill sponsored by Sen. Rodney Ellis (D-Houston) by voice vote this month. Ellis called the bill a "clear mandate to send racists and bigots who commit hate crimes to prison." The bill would require a minimum prison term of 10 years for anyone convicted of murder, first-degree aggravated assault, or first-degree arson, who was shown to be motivated by the victim's race, color, ethnicity, national origin, religion, or sexual orientation. The bill was approved over the lone objection of Sen. O.H. Harris (R-Dallas), who warned that the bill is unconstitutional because the wording is too broad and would violate the right to free speech. The bill now goes to the state House of Representatives.

The U.S. Supreme Court will hear arguments this month on Wisconsin's hate crimes law, which also uses "sentencing enhancement" and was effectively drawn up by the Anti-Defamation League of B'nai B'rith. "Thought crimes" laws have already been definitively overturned in Minnesota and Ohio (see interview p.60).

The Texas bill's passage was aided by the outrage over the light sentences recently given to three teenage skinheads in Fort

Worth who were convicted of murdering a black man. Ellis referred to this after the bill's passage, saying, "Under this bill, the skinhead who got a free ride in Fort Worth would be going to jail instead of going to counseling."

World mourns loss of singer Marian Anderson

World-famous contralto Marian Anderson passed away on April 8, at the age of 96.

In Washington, D.C., many people remember her Easter 1939 concert, when 75,000 people gathered at the Lincoln Memorial to hear Anderson sing Verdi, Handel, Schubert, and American spirituals. Through her lifelong efforts to achieve racial justice, Anderson broke the color bar to black Americans singing classical music. She was the first African-American to sing at the Metropolitan Opera in Italian opera, which she did in her 50s.

A spokesman for the Schiller Institute, which launched the international fight to return the tuning fork to the classical pitch of middle C=256 Hz said, "What better way to honor her life and art than the Schiller Institute's efforts to revive bel canto in her native land and to bring down the statue [of Ku Klux Klan founder Albert Pike in Washington, D.C.] representing those who sought her silence."

Penn. prof. exposed as Serbian war criminal

Former West Philadelphia NAACP President O.G. Christian and an Albanian-American author and journalist joined Schiller Institute organizers for several hours of leafletting at the University of Pennsylvania on April 8. The demonstrators charged that Prof. Mihailo Markovic is a war criminal, and called on University President Sheldon Hackney to formally condemn and repudiate him. Dozens of students and others have signed a petition to Hackney demanding action against Markovic.

At a press conference, Schiller Institute spokesman Philip Valenti told reporters: "As recently as December of 1992, Markov-

ic is quoted in two *Philadelphia Inquirer* articles as a spokesman for [Serbian dictator Slobodan] Milosevic, and is identified both as a member of the governing board of Milosevic's Serbian Socialist Party and as an adjunct professor at the University of Pennsylvania. Moreover, Markovic is listed in the current 1992-1993 Graduate Admissions Catalogue as a member of the faculty. His philosophy classes are still listed in the 1992-1994 Undergraduate Admissions Bulletin.

"Of course, Markovic is not teaching in Philadelphia now, since he is busy participating in war crimes in Europe. Will the university assure the public that Markovic shall never return there in any capacity?"

The delegation was formally received by Associate Dean Beeman on behalf of Hackney (who incidentally has been selected by President Clinton to chair the National Endowment for the Humanities). Beeman read an official statement: "Mihailo Markovic, who served as a part-time professor of philosophy and political science for nine years, has not taught at the University of Pennsylvania since 1990. His contract was terminated in 1991. It has always been the university's position to neither condemn nor condone the views of current or past faculty. It has always been university policy not to comment on the political views of its faculty, students or staff."

ATF agent urged Waco raid be canned

An undercover agent for the Bureau of Alcohol, Tobacco and Firearms (ATF) reportedly urged his superiors to abort the Feb. 28 raid on the Branch Davidian compound in Waco, Texas only minutes before four agents were killed and 16 wounded in the assault, according to an article in the April 8 *Houston Chronicle*.

An unidentified source reportedly said that the agent told the ATF strike force, "They know you're coming, and you better hold up." According to UPI, the undercover agent reportedly was stunned minutes later to learn the raid had not been cancelled. The *Chronicle* said the undercover agent gave an extensive, sworn, tape-recorded account to the Texas Rangers, who are investigating the slaying of the ATF agents.

Briefly

● **'VECERNJI LIST'** newspaper of April 10 devoted two pages to an interview with Lyndon LaRouche conducted by Srecko Jurdana, headlined "Dialogue: Lyndon LaRouche, the Most Famous Prisoner in the U.S.A.: The Cultural Roots of the War." It is a leading Croatian newspaper.

● **'GAY' EDGAR HOOVER** was the butt of jokes by President Clinton and Sen. Bob Dole at a recent press dinner, according to the April 5 *Los Angeles Times*. Clinton remarked that it would "be hard to fill J. Edgar Hoover's pumps," if he had to nominate a new FBI director. Dole, meantime, asked UPI reporter Helen Thomas if her "lovely dress" was from "the new J. Edgar Hoover collection."

● **THE EMIRATE OF KUWAIT** hosted former President George Bush for three days this month, in order to express its "gratitude" for his actions during the Gulf war.

● **LEWIS DU PONT SMITH** and his wife Andrea Diano-Smith plan to tour Europe in late April to publicize the "Get LaRouche" task force kidnapping operations against them, documented in the *EIR*'s recently released book *Travesty—A True Crime Story*.

● **THE WHITE HOUSE** signaled on April 8 that President Clinton plans to snub Ukrainian Prime Minister Leonid Kuchma when he visits the U.S. later this month, in protest against Ukraine's failure to ratify the START nuclear arms treaties. In Kiev, a senior Ukrainian government source said Kuchma has postponed his trip.

● **REV. BEN CHAVIS** was elected April 9 to head the National Association for the Advancement of Colored People. On April 7 Jesse Jackson had announced that he was withdrawing to avoid a "fratricidal political battle" that could weaken the nation's oldest and largest civil rights group. UPI quoted civil rights sources in Atlanta stating that Jackson withdrew to avoid almost certain rejection.

Tasks for the next decade

There are two alternative directions possible for the governance of strategic policy over the next ten years. Either geopolitics will dominate, or the method represented by Lyndon LaRouche and his associates will prevail; another way of stating this, is that either we will see a decade of war and devastation, or we will have peace and development.

EIR has recently devoted much space to the importance of the strategic perspective and the methodology embodied in LaRouche's Strategic Defense Initiative proposal, and the missed opportunities which followed it. Another point of departure for treating this question is the strategic significance of Asia, and the necessary emphasis upon the economic and technological development of Eurasia. While there is much to question about the proposed Group of Seven aid package for Russia, the principle of conjoint action by Europe, the United States, and Japan is surely correct. Russia and Ukraine must be rescued now, as a first step in bringing economic relief and stability to the region.

The future of China must also be a most important agenda item. This is not merely a tactic toward China, but recognizes the weight of China's fate in the history of the entire Indian-Pacific Oceans basin, which will be the center of politics, economics, and history during the coming century—if there is, during that century, any history worth mentioning.

In all of this, the role of culture is primary. The economic viability of any society is premised upon the development of the creative potentialities of the whole population—not only the scientists and artists, but the potentialities of every child. The basis for understanding this, within the parameters of western civilization, is the knowledge that man is created in the image of God. For the Chinese, this is expressed in Confucian philosophy, particularly as the Confucian heritage is juxtaposed to the modern version of Taoism as exemplified by Mao Zedong.

The same question arises for the Russians by considering the legacy of the Council of Florence in the 15th century. At issue there were two competing views of the Trinity: the western *Filioque* emphasized that the

Holy Spirit proceeds from the Son (Jesus Christ) as well as from the Father, while the Russian Orthodox Church insisted that this occurred only *through* the Son. Out of the western doctrine came a unique insistence on the creative powers of human beings, acting in imitation of Christ, the God-Man. This was what the Muscovite rulers rejected in the 1440s.

This brings us to the relationship between theology and economy. The genius of western European civilization, as typified by the accomplishments of the Golden Renaissance, is the Christian notion of *imago Dei*. Not only can we know the universe and understand natural law, but we are endowed by the Creator with the moral responsibility to contribute to the continuing perfection of creation. It is this effort which places us in tune with the universe (atonement). This same notion is found implicitly in Confucianism, because unlike the Taoist, the Confucian locates his sense of identity in terms of natural law, as a person within a stream of generations.

In economics, this notion of natural law translates into ensuring the right of every individual, and particularly of all children, to a truly human existence: guaranteeing nutrition, medical care, decent housing, and education for all. It is the antithesis of the economic "shock therapy" based upon Adam Smith's free-market ideology, which is being carried out today under the aegis of ideologues like Jeffrey Sachs. Instead, the kind of development advocated by LaRouche and his associates, for investment in high-technology infrastructure projects, would unify West and East.

Geopolitics takes the view of the primacy of the marketplace over human life, and extends it to a perpetual war of people against people, nation against nation. If variants of economic "shock therapy" are allowed to continue to lay waste to the economies of the former Soviet Union and former East bloc, and if these policies are forced upon the People's Republic of China, then mankind is doomed to descend into a dark age probably far more terrible than any we have known. Geopolitics must not be allowed to prevail.

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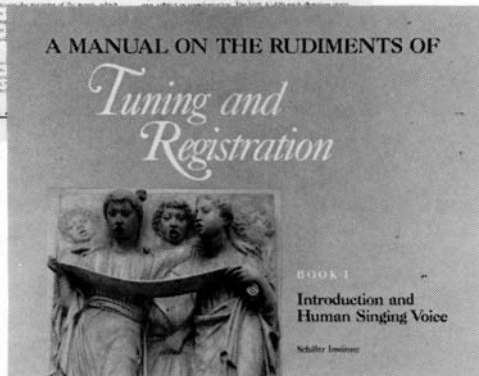
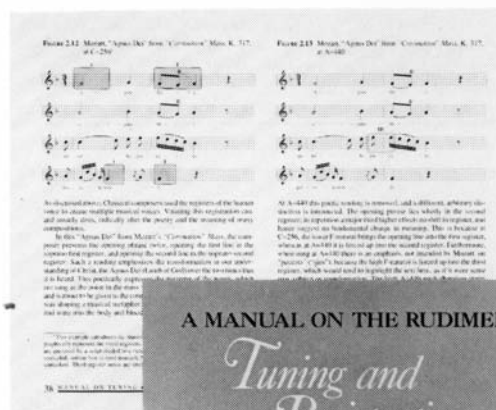
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