

EIR

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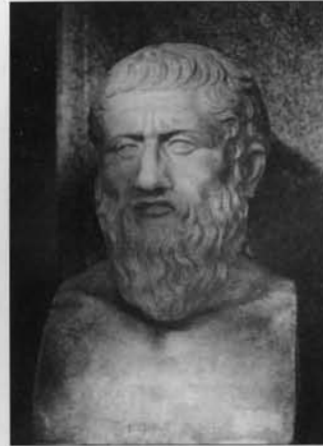
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From the Editor

Three major areas of international policy are the focus of this week's issue.

First, our *Feature* highlights the historic chance afforded by the Cairo signing of peace accords between Arafat and Rabin, with Lyndon LaRouche's speech in Moscow on the topic of a master plan for Mideast economic development. His "Oasis Plan," unlike the U.N.-run globaloney which promises development and delivers debts, will be implemented through accords between sovereign states acting in their national interest.

Second, the *International* lead section recounts the growing pressures against a different Cairo event—the "Nuremberg Rally" scheduled for next September, the so-called International Conference on Population and Development, or Cairo '94 for short. More and more people are blowing the whistle on the reality that un-population and un-development are the aims of this U.N. extravaganza.

Third, a complementary theme leads the *Reviews* and *National* sections: the military doctrine behind the disastrous U.N. "peacekeeping" operations. Linda de Hoyos's review exposes the perverse aims of those who would destroy national militaries and put them under the control of a Boutros-Ghali, the better to enforce the policies of Cairo '94. The national lead reports on one reason the British may be so eager to get rid of Bill Clinton: His administration is footdragging on the U.N. plans for taking down the U.S. military.

One week after friends of LaRouche won 46% and 41% in Indiana and Ohio statewide Democratic Party primary elections, Therese Mallory, the LaRouche Democrat running in Pennsylvania's 7th Congressional District, scored 38% in a two-way primary race on May 11. In Delaware County, Pennsylvania, where Mallory resides, she won 46% of the vote, 6,728, to 7,809 for her opponent.

Saying he expects this electoral trend to "continue and increase," LaRouche commented, among other things, that "people realize that this economy is collapsing; and they're pretty much disgusted with representatives who fail to respond to that issue. . . . The attempt to blemish me with these fraudulent charges and convictions and so forth; that is not washing well, and people are looking at me as probably their best spokesman, a victim like themselves."

Nora Hamerman

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Trash Greenspan, not the dollar!

by Chris White

On May 18, U.S. Federal Reserve Chairman Alan Greenspan and Treasury Secretary Lloyd Bentsen were given the opportunity to testify before Rep. Henry Gonzalez's (D-Tex.) House Banking Committee on the subject of the central bank and related interventions into the currency markets. For perhaps the first time ever, the remit of the hearings reasserts congressional authority, under Article 1, Section 8 of the Constitution. Gonzalez does not believe that legislation can give the Federal Reserve the right to make loans and grant credit lines to other countries without complete and timely accounting.

The immediate trigger for the hearings is the recent announcement of the "NAFTA swap" agreement with Mexico, under which the United States and Canada have put together a \$9 billion facility, under the auspices of the North American Free Trade Agreement, in ostensible support of the Mexican peso.

However, the raising of the flag of Article 1, Section 8, establishes a beachhead for a fight to put the creation of money and credit back onto its proper constitutional basis, for the first time since the establishment of the Federal Reserve system prior to World War I.

New dollar crisis

The announcement of the Mexican swap facility was the first indication that the financial turmoil of February and March, triggered by Greenspan's interest rate increases, was beginning to spill over into a crisis of the U.S. currency and debt.

Essentially, Greenspan and his collaborators on the Federal Reserve Board have been organizing an international credit boycott of the Clinton administration. The boycott has been perpetrated under the cover of the public relations

smokescreen, "When will the Fed next raise interest rates, and by how much will it raise them?"

The "threat" of higher interest rates to come has been the means to organize the collapse of "markets" for government debt, specifically debt with more than two years of maturity. That in turn has begun to set off a liquidation of dollar assets, to the point where, for example, the French daily *Le Monde* has begun to write of a "Crisis of Confidence." Wrote François Renard in the newspaper's lead article on May 6: "The crisis is here! A major monetary crisis, the first since the summer of 1992, is hitting the dollar."

When Greenspan first increased rates in early February, the conventional wisdom had it that increasing rates was necessary to stabilize rates. It didn't happen. Rates on 30-year and 10-year government bonds have risen by more than 20% since the beginning of February.

Then, it was maintained that increasing rates would lead to inflows into the dollar. That didn't happen, either. On May 4, the Federal Reserve organized an international support operation for the dollar, together with 16 central banks, its first such operation in more than 18 months. On the same day, the Federal Reserve was reported active in purchasing five-year government bonds, auctioned the day before, but boycotted by bond-dealers.

During the week of May 9, the regular quarterly auction of 10-year bonds was an equal disaster. Interest rates on those bonds have increased more than 30% since last October. But that day, the dollar fell again, even as Germany's central bank lowered interest rates.

The prospects for increasing interest rates ensure that buyers of government debt, and other debt, will face instant losses. That prospect in turn drives such purchasers out of the dollar. So, rates go up, and the dollar goes down.

What does all this nonsense have to do with anything? And, what is the relevance of Article 1, Section 8 of the U.S. Constitution?

The importance of Article 1, Section 8

The world is in the gravest economic crisis of the last 600 years. It is a crisis caused by the withholding of technology, capital investment, education, and related social services for more than a generation, on behalf of an insane cult doctrine which insists that the existence of mankind is the problem. So, we steal. From the mouths of the more than two-thirds of the world's population who live below the subsistence level, we take the means by which they might be fed. From the infants who will die before their first birthday, we take the sanitary facilities which could provide the clean water which would cut infant mortality worldwide by half. Man's future existence is converted into the claims of speculation and bankers' usury.

Unique among governments around the world, the United States government, with its division of powers, has maintained an Executive Branch which has the constitutional purpose, and thus the power, to "execute the law." Among those laws, apart from the accretion of emergency powers accorded through successive crises since the end of the Second World War, is Article 1, Section 8 of the Constitution. The Presidency's obligation to "execute the law" and Congress's power over money and credit, together give the United States something that no other country has in the same way: the power to reorganize the world economy out of the crisis that has been developing since the period 1963-67.

That power is what is at issue in the insanity about interest rates and currency rates that is coming from the Federal Reserve.

Alan Greenspan's Federal Reserve is acting for those interests which are set on destroying the powers of the U.S. government to organize a world economic recovery, by crushing the institution of the Presidency—just as is the unfortunate Paula Jones, with her "sex harassment" lawsuit against the President. That means the British interests represented by the international advisory board of Conrad Black's Hollinger Corp.

There is a world economic crisis. But that's not what the Fed is concerned with. They say, as Greenspan does, that they're concerned to head off the future inflationary consequences of present economic growth. But, there isn't any economic growth! Look around the world: hunger, disease, death—all avoidable. They say: "That's got nothing to do with economics; that's just moral posturing and sentimentality; we're responsible for protecting the purchasing power of the country's money."

Well then, how come a dollar today has the purchasing power of less than a dime of 25 years ago? How come only one wage earner out of every nine fortunate enough to be employed, is able to support a family on the proceeds of one pay-

packet? How come the combined earnings of two and more wage earners do not come close to providing the same quality of living standard as households enjoyed 25 years ago?

Debase the productive power of labor, and the currency which embodies the existence claims of that labor will also be debased. How can you call that "protecting the purchasing power of the currency," or "protecting the value of money"?

Clearly, Greenspan and company, and their predecessors, are not, and have not been doing what they claim to have been doing, but the very opposite! Yet, they insist that their independence from government, and from the political process, is necessary so they can continue to do what they have been doing, without political interference. What could be more political, than deciding on, and maintaining, a choice about the future of the country and the world, which has led to such destruction?

And now, in the midst of the gravest crisis mankind has faced, they are pulling the plug on the one institution in the world which has the power to do something useful. Precisely because they don't want that institution to accomplish anything useful.

That is the significance of Article 1, Section 8. Can essentially private interests, such as those that control the Federal Reserve, be permitted to arrogate powers which properly belong to the representative institutions of each and every one of us? The Federal Reserve is privately owned, the board members of its regional arms appointed by shareholders whose identities do not have to be disclosed, who presumably benefit from its operations in currency, debt, and money markets.

Two hundred years ago, the answer to such a question was "no." The Preamble to the Constitution defines a purpose, "to form a more perfect union for ourselves and our posterity." Article 1, Section 8, in according Congress the power to create money and credit, provides a means by which a more perfect future might be created for the generations that ought to come after us.

This has nothing to do with the value of money per se, but with the worth of human labor, as a reflection of the image of the unique power of the Creator which shines in all of us. The Preamble to the Constitution's commitment to the principle of perfection, for future generations, asserts the fundamental difference between man and beast, and thereby enshrines the labor which is the means by which that difference is effected. Dumb beasts cannot build a better future for the litters of their litter.

And therefore, Greenspan and company ought to go. Enough of the garbage about the "independence of the Federal Reserve," and its special role. The Federal Reserve is an enemy political interest which is conducting financial and economic warfare against the principle on which this country was based. Private interests, especially private money interests, cannot be permitted to destroy capabilities which mankind needs, if mankind is to survive.

LaRouche: Economic reform is a question of political will

In his weekly radio interview with "EIR Talks" on May 10, Lyndon LaRouche was asked for his evaluation of a series of articles in the French press by Nobel Prize-winning economist Maurice Allais (see p. 16). Allais blasts the free marketeers as the gravediggers of Europe, the real cause of Europe's growing unemployment. Here is Mr. LaRouche's reply.

As far as he goes, Maurice Allais should be considered the only sane man who ever won a Nobel Prize in economics. He is one of the leading economists in the world today. What he is saying about the [speculative financial] bubble and the "Casino Royale" kind of economy, as far as he goes, is absolutely accurate; and people who are not paying attention to him, who don't believe in his credibility in these matters, are behaving foolishly.

The problem with Maurice, as far as I'm concerned, is that he doesn't go far enough. In all of his writings so far, even though nearly everything he has said is true and useful, he has acted like an Aristotelian pedant in standing aloof from the population and throwing down declamations of great truth to them. What Allais has failed to address and what must be addressed today, more than anything (which I'm afraid I'm going to have to do myself), is that the average person in the street does not wish to believe in what is about to occur. It may occur this month, it might occur in the fall, it might occur next year. But it's about to occur soon. What is inevitable is a *complete breakdown* of the entire International Monetary Fund-dominated, Federal Reserve-dominated global financial and monetary system. There is nothing that can be done to stop that system from collapsing, unless we were to shut it down earlier.

When the breakdown comes—and it will come soon—we're going to have to start from scratch and build a new monetary system, a new banking system, and a new credit system generally. We can do that; governments can do that. The United States government has some experience with that, beginning with our first federal government under George Washington, when we took a bankrupt United States with a bankrupt credit system, virtually no banking system worth mentioning, no currency worth mentioning; and within a short time, under George Washington and Alexander Hamilton, we were on the way to being, relatively, the richest and most powerful nation on the planet.

So, we've done that before, we could do it again.

The problem is, the average citizen is frightened, does not wish to believe this could happen, and then is told it never will happen.

The first thing that has to be done, to have good politics in the United States, to have a White House that can function, is to explain to the American citizen, in terms which any intelligent, even if poorly educated, person can understand, exactly what it is about the present system that dooms it to an unstoppable early collapse. Once the citizen realizes that the ship *Titanic* is sinking, the citizen is going to start doing some intelligent thinking about lifeboats, instead of trying to get himself a better stateroom on a sinking ship.

And that's what Maurice Allais has refused to do. He has not faced that political reality, that if we're going to solve this problem, we're going to have to convince the average citizen of the reality of the problem that faces us. Then that citizen will turn back to us, and say: "What do you propose to do to solve the problem? Where is the lifeboat?" And we can deliver the lifeboat.

De Gaulle and Rueff

I had a conversation in the middle 1970s with the chief financial adviser to President Charles de Gaulle of France, Jacques Rueff. We met for an extended period, for the purpose of discussing some proposals I had on international monetary reform. Jacques said to me, "You're right. But the problem is a problem of political will." He explained that, back in that period of the early Fifth Republic, he had gone to President de Gaulle and made his proposal for what was called the "heavy franc" reform. De Gaulle had had contrary advice from other circles, banking and so forth. He turned to Rueff and said, "What guarantee can you give me that your system will work?" Rueff said to him, knowing that he was speaking to a man whose mind was that of a strategist, "Mr. President, I stake my entire life's reputation upon its success." With that information, de Gaulle acted in accordance with Rueff's instructions, and it worked.

There were two reasons it worked. First of all, de Gaulle and Rueff had the *political will* to do what was necessary. They were able to do what was necessary, because the French citizens of that period, in the 1950s, had had their bellyful of a disgusting, bankrupt Fourth Republic. So today, our citizens have had a bellyful—as have citizens of other countries—of this rotten, disgusting, Federal Reserve-dominated system which is ruining us all, and other things.

They are ready to act if they know they must act; and they will expect their political leaders to take the necessary action, the appropriate action, to get us out of the mess. And therefore, someone has to do what Allais has not done. It is not enough to say the situation is bad, to warn about it, to make academic posturing about it. It is necessary to convince the citizen: That is our problem. And when the citizen tells us, he or she wishes us to act, then we can act and solve the problem.

India banking reforms evoke protests

by Ramtanu Maitra

On May 9, the Indian Parliament adopted a bill, introduced by Minister of State for Finance V. Chandrashekhar Murthy, to allow private individuals and companies to hold 49% of the shares of nationalized commercial and development banks. The opposition, aware of the support behind the bill, walked out of the House in protest.

The Banking Amendment bill is the first serious effort by the government to loosen its grip over the commercial and development banks that were nationalized in 1969. When the commercial banks were nationalized, many broad objectives were laid down by the government. One was to provide greater lending to encourage the productive endeavor of the economically weaker section of society, and thus to ensure equitable distribution of credit. Prior to the vote, Murthy said that the central government would continue to hold control over the banks, and assured the House that the banks would continue to provide loans to the rural sector and to lend to priority sectors. He pointed out that partial privatization was necessary to provide for capital adequacy in the banking institutions.

The statement of "objects and reasons" of the bill said that during 1985-93, the central government had provided 40 billion rupees to the paid-up capital of the banks. And 57 billion rupees had been provided during the current budget year. It added that the government now felt that it could no longer continue to make those contributions and had decided that the banks should be allowed to enter the capital market to raise equity to meet the shortfalls and its growing requirements.

The bill also said that out of 15 directors on the board, nine would be nominated by the central government and the other six would be non-official nominees. There will be two directors from among the employees of the bank. The bill also prohibits private shareholders from acquiring total voting rights exceeding 1% in any bank.

The opposition, led by Janata Dal leader George Fernandes, accused the ruling party members of becoming spokesmen of private vested interest groups and of showing enthusiasm for privatizing national banks. He reminded ruling party members of the commitment made by the late Prime Minister Shrimati Indira Gandhi, when banks were nationalized, and said that those in the Congress Party who had opposed the nationalization then are now emerging as the ruling class.

Behind the opposition party bluster lies the fear that the government, by allowing 49% of the shares to be transferred

to private owners, is setting the stage for an eventual denationalization of the banks. The opposition's fears come from a number of factors. First, the World Bank study of India's financial sector reforms, made available in 1991 soon after the Rao government came to power, pointed out that commercial lending had become politicized because of government involvement. This politicization, together with the pressure to meet quantity targets, has led to a serious problem of bad debt.

Identifying the commercial banks as one of the most deteriorated institutions in India, the World Bank said that they are barely profitable and if their bad debts were fully provided against, their low capital base would be completely eroded.

The review committee

Soon after, the Rao government set up a review committee to prepare a report on the financial sector reforms. Led by former governor of the Reserve Bank of India M. Narasimham, the panel report stayed away from recommending any privatization of nationalized banks, but suggested that the appointment of chief executives of the banks and the boards should be depoliticized. The panel also suggested computerization of the banking sector at an enhanced speed, a recommendation which is hotly contested by the trade unions associated with the bank employees. The Narasimham committee also suggested that the government should remove disincentives for the more dynamic among the private banks, to help them to grow.

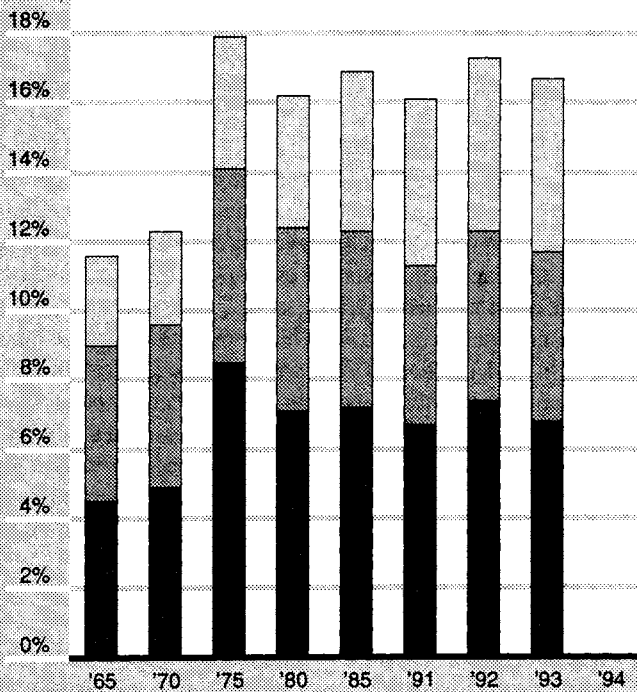
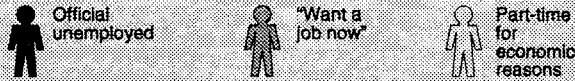
However, the committee said explicitly that the aim was to find ways to make the financial sector lean, mean, competitive, and healthy, without denationalization. The report shifted the onus from "ownership" to efficiency and competitiveness, and did not demand that shock therapy be applied to the financial sector.

While the government has little quarrel with the Narasimham committee report, it is evident that the Rao government's decision to implement only a part of the report is based solely on political exigencies. As the same time, the Finance Ministry has continued with its plan to abide by the report with the ostensible objective of making the financial sector efficient and independent of budgetary sops. A spate of articles have appeared in recent days depicting the poor state of affairs in the commercial banks and the news that the public sector banks suffered a loss of 33.7 billion rupees in 1992-93. In comparison, the Indian private sector banks, much smaller compared to some of the public sector banks, performed well in 1992-93, earning a profit of 600 million rupees.

However, the problem with public sector commercial banks cannot be overcome simply by exposing them to competition, some point out. Banks cannot solve problems inhibiting recovery unless the legal environment is changed. The problems of rural credit do not merely involve regional rural banks, but also relate to the weaknesses of the cooperative structure.

U.S. Unemployment Coverup

Total unemployed and partially employed (percent of total civilian labor force)



APRIL 1994

Official unemployed	8,408,000	6.4%
<i>Last month</i>	<i>8,543,000</i>	<i>6.5%</i>
"Want a job now"	6,574,000¹	5.0%
<i>Last month</i>	<i>6,257,000¹</i>	<i>4.8%</i>
Part-time for economic reasons	4,757,000	3.6%
<i>Last month</i>	<i>4,992,000</i>	<i>3.8%</i>
Total	19,739,000	15.1%
<i>Last month</i>	<i>19,792,000</i>	<i>15.2%</i>
Civilian labor force	130,747,000	
<i>Last month</i>	<i>130,580,000</i>	
Employed	122,338,000	
<i>Last month</i>	<i>122,037,000</i>	
Non-farm payroll employees	112,088,000	
<i>Last month</i>	<i>111,733,000</i>	

1. Compiled quarterly

Source: U.S. Bureau of Labor Statistics

Note: Data from the Household Survey for 1994 are not directly comparable to data for 1993 and earlier years, because of a major redesign of the BLS Survey, and the implementation of new data collection procedures.

Compiled by Anthony Wikrent

What the graph shows

The U.S. Labor Department's monthly unemployment rate (U-5b) is based on a statistical sampling of approximately 57,000 households. But in order for someone to be counted as *unemployed*, the respondent member of the household (often not the person who is out of work) must be able to state what specific effort that person made in the last four weeks to find a job. If no specific effort can be cited, the jobless person is classified as *not in the labor force* and is ignored in the official unemployment count.

But over 6 million of these discarded people are also reported on the quarterly survey indicating that they "**want a regular job now.**" These appear in the graph in dark gray shading. In addition, over 6 million more people are forced into **part-time work for economic reasons**, such as slack work or inability to find a full-time job. These people show up as *employed* in the official statistics, even if they worked only *one hour* during the survey week. These appear in the graph in lighter-gray shading.

Total unemployed and partially employed (1965-94)

(in thousands)

Year	Civilian labor force (a)	Official unemployed		"Want a job now"		Part-time for economic reasons		Total unemployed and underemployed	
		(b)	(b/a) %	(c)	(c/a) %	(d)	(d/a) %	(b+c+d)	(b+c+d)/a %
1965	74,455	3,366	4.5%	na ¹	—	1,928	2.6%	na ¹	—
1970	82,771	4,093	4.9%	3,881	4.7%	2,198	2.7%	10,172	12.3%
1975	93,775	7,929	8.5%	5,271	5.6%	3,541	3.8%	16,741	17.9%
1980	106,940	7,637	7.1%	5,675	5.3%	4,064	3.8%	17,376	16.2%
1985	115,461	8,312	7.2%	5,933	5.1%	5,334	4.6%	19,579	17.0%
1990	124,787	6,874	5.5%	5,473	4.4%	4,860	3.9%	17,207	13.8%
1991	125,303	8,426	6.7%	5,736	4.6%	6,046	4.8%	20,208	16.1%
1992	126,982	9,384	7.4%	6,181	4.9%	6,385	5.0%	21,950	17.3%
1993	128,040	8,734	6.8%	6,319	4.9%	6,348	5.0%	21,401	16.7%
1994 ²	130,692	8,542	6.5%	6,560 ³	5.0%	4,890	3.7%	19,992	15.2%

1. "Want a job now" category estimated as 3,350 or 4.5% for bar graph.

2. Cumulative average.

3. Weighted average of quarterly compiled figure.

Franco-German relations in research and technology need a new spark

by Emmanuel Grenier

Franco-German cooperation in research and technology has a pivotal role to play in the world. As Lyndon LaRouche recognized in 1989 when he launched his proposal for a "Paris-Berlin-Vienna Productive Triangle," the area included within the curvilinear triangle connecting those three great capitals, encompasses the world's most powerful industrial machine and skilled working population.

A glance at the map of Europe shows that two nations, France and Germany, cover most of the territory in that triangle. Only if they cooperate broadly in applying the frontiers of knowledge to great projects, will the European heartland enjoy a nonlinear leap in production capable of catalyzing economic development—and with it, lasting peace—in the formerly communist East Europe, in Africa, and in the Middle East. This mission requires a rebirth, at the level of the state, of the spirit of the de Gaulle-Adenauer years from the late 1950s to the early 1960s, but on a far vaster scale, with programs that cut across the key sectors.

Germany remains Europe's preferred partner in research, as in other sectors—a result of the political impulse of the 1960s, when a climate of growth was dominated by the optimism of building Europe. But today, in a world bristling with restrictions, each new great project has become the object of fierce haggling—fertile ground for ulterior motives, pettiness, and suspicions, all things which radically undermine bilateral relations.

In general, the French and Germans are in the middle of the major European joint research programs: the European Center for Nuclear Research (CERN) particle accelerators in Geneva, the synchrotron radiation machine in Grenoble, the Laue-Lanvegin Institute, the European Space Agency, etc. By a rough estimate, between the two of them, France and Germany represent 50% of Europe's contribution. This ongoing association is augmented by bilateral collaboration, which is increasingly coming to resemble full interlocking.

One example of this is the National Center for Scientific Research (CNRS), France's biggest research institute, which works closely with the Max Planck Institute (MPG) and the German Research Community (DFG). Exchanges of young researchers are frequent, although the flow from one country

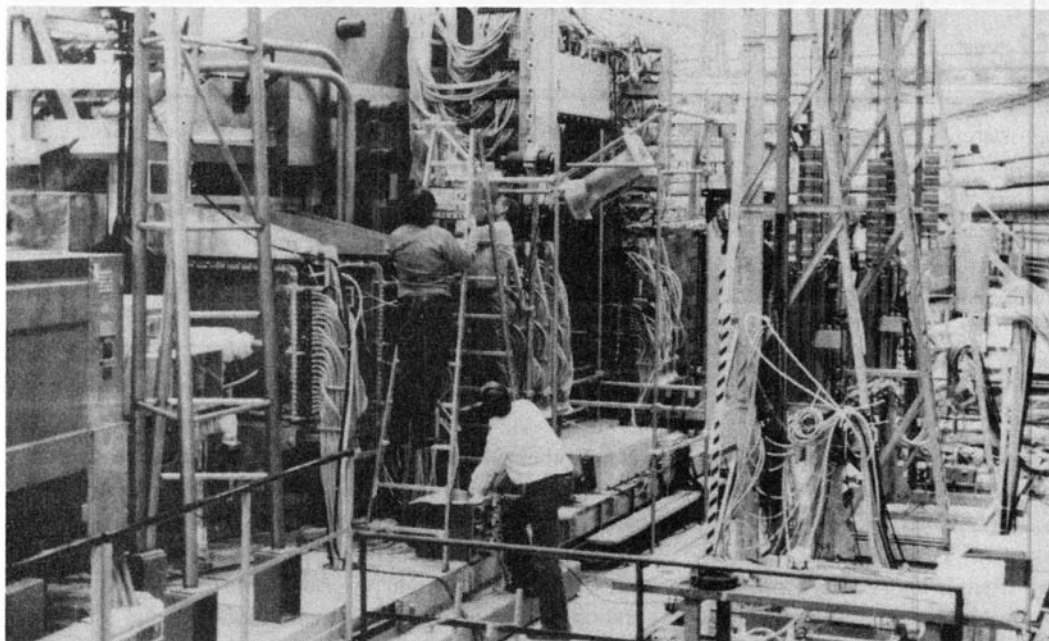
to the other is not always balanced. The freeze in genetic research in Germany has caused numerous researchers to settle in France, where regulations are more flexible. Several years ago, the CNRS set up International Programs in Scientific Cooperation. "Eight programs were the object of a cooperation accord between a French laboratory and a German laboratory," stated Raymond Seltz, who directs the CNRS branch in Bonn. "It is double what we have with any other European country, and equals what we have with the United States for countries outside of Europe. The CNRS also created some associated European laboratories in 1991. Two of them, with the Tübingen University and the Max Planck Institute for Microstructural Physics in Halle, are already in operation. Others are in the course of preparation."

Need for bilateralism

The problems posed by multilateral collaboration are well illustrated by the breakdown in the space effort. Historically, the European Space Agency (ESA) has always been under French domination, because of the strong political desire in France to see Europe get an independent space launch capability. In the 1980s, Germany concentrated on space laboratories and manned missions, working with the United States in an effort to balance out the French influence in ESA by other foreign partnerships.

Indeed, there are more bilateral Franco-American and German-American relationships than between France and Germany. Meanwhile, Germany, France, and the United Kingdom competed to secure adoption of their ideas on recoverable launchers, each one presenting a different project, respectively the Sänger, the STS-2000, and Hotol. But with the economic crisis—and this goes for the other multilateral efforts, too—cooperation is now only seen as a stopgap, something one is forced to resort to for lack of money. It is not the chance to do something bigger, but the solution you fall back on because you have not succeeded in imposing your own. The final result is usually that there is no project, as in the case of the unfortunate demise of the Franco-European Hermes spacecraft.

Telecommunications suffers directly from this state of af-



Experimental equipment is installed at the European Center for Nuclear Research (CERN) in Switzerland. The CERN is one of several major European joint research programs in which France and Germany participate, but stagnating bilateral relations have hampered the advance of science and technology.

fairs. Since 1987, cooperation in this sector between France and Germany has fallen apart, despite the success of the Symphonie satellites. Germany is now pouring everything into the Luxembourg company SES, which manages the ASTRA satellites, and—here the ultimate irony—has them launched by American rockets. In the “Vegetation” program, which consists of observing the Earth to obtain information on ecology and land use, France at first turned to Germany to launch its research. When it was turned down, France went to Sweden and the European Community. Similarly, the Topex/Poseidon program for research in geophysics and very fine-tuned measurements of the sea level, was finally carried out between France and NASA, although initially it was supposed to be mainly a Franco-German operation.

Why talk about bilateral relations at a moment when the 15-country federal Europe is being built up? Why not do everything through the EU bureaucracy in Brussels? First of all, because the programs run in Brussels bear the stigma of the European bureaucracy, a burden of administration and negotiation which makes long-term vision difficult. Second, because Europe must above all be constructed on the basis of projects which are common to *persons*, rather than *institutions*. In the myriad of direct relations between laboratories (the above-mentioned interlocking) and in the few large-scale programs which are decided bilaterally, Europe will arise out of the desire to do something in common.

Seltz emphasizes, “After one and a half years of heading the CNRS office in Germany, I have become convinced that the best trump for the Europe of Research is a living fabric of bilateral relations. And bilateral Franco-German [relations] are an essential factor in this process. The danger today is not in ‘not enough Europe!’ but in the lack of imagination of all the

partners to explore with their neighbor new ways of working jointly.” In the French embassy in Bonn, there are some 20 persons in the research and technology office (the figure is 20 in Japan, 35 in Washington, and only 5 in Great Britain).

The nuclear sector

Given the freeze in the nuclear sector in Germany, nuclear collaboration between the two countries has been kept to a strict minimum. It is essentially concentrated on the issues of nuclear safety and on the end of the fuel cycle (highly radioactive wastes). In the former area, things are going well because the two nations’ nuclear safety agencies have created, beyond their already very close ties, a joint structure: Riskaudit International. The creation of Riskaudit was especially motivated by the two countries’ common desire to cooperate in helping eastern Europe, a desire expressed when French President François Mitterrand met German Chancellor Helmut Kohl at Lille in May 1991 (see *EIR*, July 1, 1993). Since its founding in 1992, Riskaudit has set up an office in Moscow directed by Mr. Teske (Germany) and one in Kiev, Ukraine run by Mr. Golicheff (France).

The other positive aspect of nuclear cooperation relates to Nuclear Power International (NPI), a joint subsidiary of France’s Framatome and Germany’s Siemens. This company is supposed to jointly build and then export a reactor; but its special task is to build the next-generation reactor, the European Pressurized Water Reactor (EPR). Riskaudit has already started its preliminary examination of the NPI project. This will require “a convergence of French and German technical approaches to safety, which is healthy for the joint development of new reactor concepts by the industry of the two countries. In the long run, this convergence will favor

the harmonization of approaches to safety in the European Community countries.”

Beyond these points, collaboration has fallen to very low levels, because of the complete nuclear freeze imposed by the ecologists. The way things are going, it is not even sure that the existing nuclear reactors in Germany will be replaced when they reach the end of their lifespans.

When it comes to breeders, the French Superphénix reactor’s technical problems are well known. Run by NERSA, this 1,400-megawatt machine, the world’s biggest breeder reactor, was another example of good collaboration, this time three-way. NERSA was a company belonging 51% to the French shareholders EDF and CEA, 16% to a consortium of German electricity producers, and 33% to Italy’s national electricity company ENEA.

The initial plan was for NERSA to build a breeder reactor in each of the three countries. Sadly, the moratorium on all nuclear plants in Italy and the ultra-violent demonstrations by red-green terrorists in Wackersdorf, Germany decided otherwise during the 1980s. Even in France, the survival of the Superphénix is imperiled, and, as this article is being written, a “March of Europeans against Superphénix” is heading toward Paris, where it was supposed to arrive on May 8.

Nuclear fusion is an area of science which ought to have helped make things better. Because of tight credits for research, the European NET research reactor, which was initially supposed to replace the JET, vanished and gave way to a European participation in ITER, a reactor financed by four partners: the United States, Russia, Japan, and Europe.

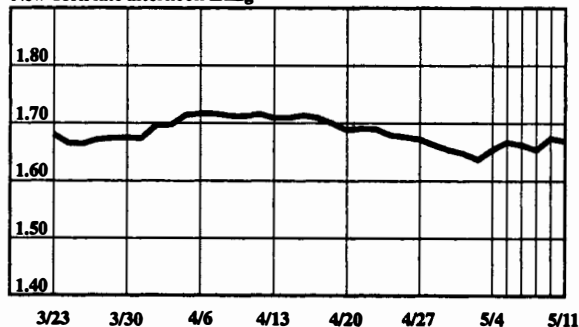
There is already a quarrel over the site. The Germans propose Greifswald. Unlike Garching, Greifswald has no great tradition in nuclear research. It is the old location of a nuclear plant which had been shut down right after Germany was reunified in 1990. The idea would be to create a technological pole and a university in the former East Germany. As for France, it proposes Cadarache as the site, where there is already a small Tore-Supra tokamak experimental fusion reactor. The risk is fighting rearguard battles, where what is needed is a higher-level vision in order to rally all the partners.

The ITER reactor is supposed to cost \$5.8 billion. This figure may seem high, but it is small when compared to even a fraction of the enormously inflated sums of taxpayers’ money spent this year to bail out companies which spent too much speculating on the derivatives markets (such as Crédit Lyonnais in France or Metalgesellschaft in Germany), and especially to the importance of what is at stake: the energy for tomorrow’s humanity. France and Germany ought to play a major role in this domain, and ought to launch a very broad initiative, in Greifswald as well as in Cadarache, in Garching or in the Lyon region, which would let them employ existing skills and relaunch cooperation which will otherwise be left in the lurch.

Currency Rates

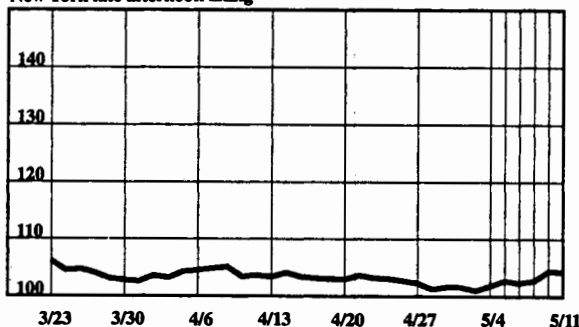
The dollar in deutschemarks

New York late afternoon fixing



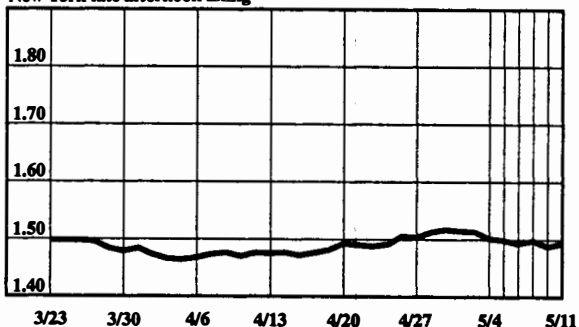
The dollar in yen

New York late afternoon fixing



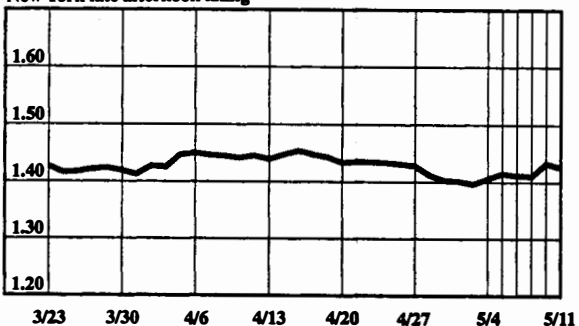
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Behind the lawsuits against Robert Parker

by Philip Ulanowsky

Wall Street's favorite wine critic, Robert Parker, whose early devaluation was forecast in our April 1 issue, has begun running into some serious problems. Parker led much of the speculation surge in wines that began in 1982. For over a decade, he has wielded tremendous power to sell or kill a wine with a numerical rating on his hundred-point scale. Under the pressure of this 1980s-style madness, a growing number of quality wines have been "redesigned" to show their best in early tastings, which considerably shortens the slow-maturing lifespan for which they have been rightly prized for over a century. The effect on the great winemakers is not unlike putting Mercedes engineers to work as Chevy assembly supervisors.

Some in the wine establishment have drawn the line against this reign of destructive irrationality. Since the first cracks in the wall of protection around Parker showed about two months ago, the floodgates have opened.

Some preliminary coverage of Parker's shaky footing respecting his interest in an Oregon winery was published in March in Paul Gillette's trade publication, *The Wine Investor*. This appeared almost simultaneously with a pair of articles in an East Side New York publication, *The Observer*, co-authored by former editor of *Spy* magazine, Tony Hendra, and one John Anderson. The latter articles included quotes from several of the wine establishment's most respected wine writers, illuminating publicly for the first time some of the *modi operandi* of Mr. Parker, so well protected for years by his powerful backers.

Now that open season on Mr. Parker's professional image has been quietly declared, there is probably little—even his reputed friendship with French President François Mitterrand, who once honored him with a medal—that could save him from the repressed fury of wine professionals on both sides of the Atlantic who appreciate the historical-cultural role of wine in pre-yuppie civilization.

Some observers believe that the unusual moves afoot may portend much more significant moves by larger economic and political forces. If so, it could be part of an action to clear the decks for a major battle on economic issues.

Bordeaux to follow Burgundy?

Aside from a brewing scandal about conflict of interest in an Oregon winery which he and his brother-in-law own, Parker is now facing serious charges in France from one of Burgundy's (therefore, the world's) most prestigious wine-makers, François Flaiveley. Though lips at Flaiveley are politely sealed at the moment, no outright denial of the existence of the case is coming from Flaiveley's offices. Henry Cavalier, Flaiveley's importer in the United States, is similarly mute, in deference to French law, under which the case cannot be discussed before coming to trial; however, he indicates that Monsieur Flaiveley is receiving unexpectedly great support from the trade in the United States.

Within days after the first rumors of this case reached these shores, new rumors of other actions have followed. If the latest ones are also true, not only has another Burgundy house, Pousse d'Or, initiated a suit, but a major Bordeaux force, the Moueix family (owners of important properties including the legendary Château Petrus, one of the most coveted wines in the world) is making its own moves.

When the Flaiveley story broke, word circulating among knowledgeable sources was that Parker had overstepped his bounds with a request for wine from Flaiveley. Parker reportedly asked for a bottle or bottles to be delivered to his hotel room for tasting, a practice with which he has gotten away with for some years, according to the *Observer* article. His request was declined by Monsieur Flaiveley, the story goes. In any case, the critic published a remark in his most recent *Buyers Guide* (Simon and Schuster), implying that the wines of Flaiveley that he tasted in France were not the same as those exported to the United States. Flaiveley, whose reputation and financial position are no small factor to be reckoned with, is not taking this lying down.

The economic policy debate

Whatever may be the particulars of the suits and other actions, their significance is that they are taking form in the rapidly heating environment of debate over fundamental economic policy throughout the world. Parker is merely one of many expendable tools employed, directly or indirectly, by market controllers over the past decade, to effect their own financial and political advantage at the cost of the productive economy. The breaking point for many of those in the productive sectors is being reached.

Parker's fate may be something of a weathervane for French agriculture in general. Voices such as that of Nobel Prize-winning economist Maurice Allais have for some time been making forceful arguments in the French press against the ravages of so-called free trade and the mechanisms being used to impose it to the detriment of producers. Meanwhile, the wild turbulence in international markets driven by multi-trillion-dollar speculative flows, has continued to bring ruinous chaos to industry and agriculture both, not to mention general living standards.

Gudmundsson tours Brazil, and Greenpeace hits the ropes

by Geraldo Lino

The fierce battle taking place in Brazil between the Luddites of radical environmentalism, and those who believe that science and technology should guide the relationship between civilized man and the environment, has resulted in an unexpected casualty: Greenpeace, the environmentalist multinational.

Greenpeace (which has operated in Brazil since 1991) is infamous for its aggressive and often violent actions, including the ramming of whalers and other ships on the high seas. But this time it was Greenpeace that was at the receiving end of a hard punch, which sent it reeling against the ropes. The blow was delivered by Icelandic journalist and filmmaker Magnus Gudmundsson, who visited Brazil May 2-10, at the invitation of the Brazilian Nuclear Energy Association (ABEN), an organization of some 1,000 scientists and technicians working in the nuclear sector. Gudmundsson presented the results of his researches into Greenpeace, which he calls "the McDonald's of the world's ecological movement . . . a multinational seeking political power and money."

Gudmundsson started looking into Greenpeace in 1984, while on a visit to Greenland, where he observed first-hand the devastation suffered by the local economy as a result of Greenpeace's campaign against seal hunting. Since then he has produced two film documentaries about radical environmentalism, focusing on the activities of Greenpeace: "Survival in the High North," in 1989, and "Regaining Paradise?" in 1992. Gudmundsson also assisted Denmark's TV-2 in the production of "The Man in the Rainbow," a film which has had an enormous impact on Greenpeace's activities in Scandinavia.

Greenpeace's number one enemy

Even before he got to Brazil, Gudmundsson set off alarm bells at Greenpeace's local headquarters. *Veja*, Brazil's largest circulation magazine, ran a three-page interview with him in its issue dated May 4. *Veja* described Gudmundsson as "the number-one enemy of Greenpeace." Gudmundsson told *Veja* that he is "determined to prove that that they do not create an ecological consciousness; they manipulate hysteria instead."

So far, he has caused serious setbacks for Greenpeace in the Scandinavian countries. "In Sweden, Greenpeace had

360,000 members. It has lost one-third. In Denmark, the numbers have fallen by half. They are no longer in Norway. They only had a half-dozen bureaucrats in Oslo," Gudmundsson told *Veja*.

Greenpeace's executive director in Brazil, Rubem Almeida, admitted in a May 5 interview with the Rio daily *Gazeta Mercantil*, that some of the organization's 3,000 members came out in support of Greenpeace, but many were angry because of what they had learned from Gudmundsson's revelations. Some of the members have even threatened to resort to the courts to recover their contributions to Greenpeace. "The damage is done," admitted Almeida.

Gudmundsson held several news conferences and was interviewed by journalists in several Brazilian cities. He also testified before Brazil's Congressional Committee on National Defense, and before the Committee on the Environment of Rio de Janeiro's State Legislature. He lectured at the Superior War College and elsewhere. In Manaus, he met with Amazonas state Gov. Gilberto Mestrinho, a fierce opponent of radical environmentalism (see *EIR*, Jan. 22, 1993).

The confrontation between Gudmundsson and Greenpeace had its harsh moments. At a news conference in Rio de Janeiro on May 2, Greenpeace director Almeida interrupted Gudmundsson: "All that is missing now is for you to accuse us of being tied to drug trafficking." The Icelandic filmmaker replied that although he had not leveled the charge, he did indeed have documentation showing that in 1987-88, Greenpeace campaigned against plans of the U.S. Drug Enforcement Administration to eradicate coca plantations in South America, on the pretext that this would destroy the economic base of poor rural communities whose livelihood depend on drug cultivation.

Gudmundsson also charged that Greenpeace and other environmentalist non-governmental organizations (NGOs) have conducted blackmail against industries in Denmark and Sweden. Companies pay off the NGOs to avoid being targeted as polluters by the NGOs themselves, said Gudmundsson, adding that some manufacturers have given in by making financial "contributions" to the NGOs.

So distressed was Greenpeace by Gudmundsson's visit, that it attempted to link him to the alleged emergence of an anti-environmentalist movement in Brazil. According to José Augusto Padua, Greenpeace's general coordinator, the

Ibero-American Solidarity Movement (MSIA) is leading this "anti-ecology" drive. Last year, he said, the MSIA put out a pamphlet describing Greenpeace as the "shock troops of international eco-fascism." In statements published by the May 9 *O Globo*, Padua cited "The Greenpeace Guide to Anti-Environmental Organizations," to support his contention that these anti-environmentalist organizations "are linked to the extreme right," one of whose leaders, said Padua, is "Lyndon LaRouche, an American who operates in Germany and who has published anti-Semitic statements in his magazine *21st Century Science & Technology*."

Call for regulation of the NGOs

Also on May 9, *Jornal do Brazil*, the country's most influential daily, published an editorial, "Well-Founded Suspicions," calling for regulating the NGOs:

"The charges made by Icelandic journalist Magnus Gudmundsson during a visit to Brazil, throw another shovelful of dirt on the public image of the so-called non-governmental organizations. Gudmundsson has made the very grave accusation that the environmental organization Greenpeace is not what it seems. It presents itself as an NGO dedicated to protecting the environment, when in truth that's just a cover for diverting millions, for laundering money, and for suborning politicians.

"The international fundraising carried out by Greenpeace, using the cause of ecology as a pretext, feeds the organization's secret accounts in amounts that reach up to U.S. \$200 million per year. There is no public accounting for a penny of that money. All that money seems to have only one certain destination: the publicity campaign to defend the image of the organization.

"The NGOs have become a true black hole through which humanitarian contributions are drained. They receive tax privileges, pay no taxes, and manipulate the good faith of millions of people. Brazil's street children serve as a pretext for dozens of NGOs to ask for funds in Europe and the United States. But, we know that each day the number of children circulating in the big cities of Brazil increases, without these organizations showing up to get them off the streets and help them.

"The suspicions around the NGOs are demoralizing a form of social initiative which could be key for the welfare of the citizenry. The NGOs owe it to their contributors to render accounts. Their books should be fully opened to the public, on penalty of the loss of all credibility for organizations of that sort. It's time to pass specific legislation to severely restrict NGOs, establishing rigid controls. The NGOs cannot continue acting in disregard for the law."

'As much damage as a nuclear accident'

The extensive coverage Gudmundsson got from the media, particularly the interview with *Veja*, drove the Greenpeaceers into hysteria. "Greenpeace's main asset is its credibility," complained Paulo Adario, development director

for the organization, in an interview published on May 6 by *O Globo*. "If a printed medium publishes the words of a slanderer without hearing the other side, those words may be taken as true. That's a real threat to the organization," he said. But, he neglected to add that one of the main tactics of radical ecologists is precisely the use of one-sided information.

In an attempt to counter Gudmundsson, the Brazilian leadership of Greenpeace transformed itself into a virtual "roving directorate," travelling to each of the cities on his itinerary, where they staged confrontations at his public events, calling him "crazy." Finally, frustrated with the poor results of their peregrinations, the leaders of Greenpeace announced that they would instead seek legal action against Gudmundsson.

Assessing the effect of Gudmundsson's visit, *Gazeta Mercantil* commented, "For Greenpeace, it was devastating, equivalent to a nuclear accident."

Indeed, ABEN's invitation to Gudmundsson coincided with the escalation of a campaign against Brazil's nuclear sector, which Greenpeace has been coordinating through the Anti-Nuclear Network (RBA), a coalition of NGOs that seeks not only to shut down the nuclear sector, but every other advanced technology program in Brazil and the rest of Ibero-America.

The very day that Gudmundsson arrived, Greenpeace started its "Anti-Nuclear Caravan." A bus-load of militants took off from Angra dos Reis, site of two nuclear power plants (Angra-1 and Angra-2), and headed toward Brasilia, stopping along the way to gather signatures on an anti-nuclear petition addressed to President Itamar Franco.

Gudmundsson's visit couldn't have happened at a more inconvenient time for Greenpeace. "It is very strange that he comes to Brazil at the very moment that we are engaged in a big campaign against Angra-2," said Greenpeace's Adario, according to the May 4 *Jornal de Brasilia*. The group wants to stop all construction on the plant, which is 75% completed.

Its propaganda campaign includes a video showing a common household pressure cooker exploding, while a voice-over warns that Brazil could suffer a disaster like Chernobyl. In an interview published in the April 1994 issue of the magazine *Ecologia e Desenvolvimento*, Greenpeace director Almeida was very explicit: "Our aim is to make Brazil definitely abandon nuclear energy."

One document put out by the RBA calls for "joint actions in the Latin American sphere." It says that "the Treaty of Tlatelolco, which foresees the denuclearization of Latin America, needs to be expanded," and it targets "Latin American space programs and their possible military links."

Along with the NGOs, the Brazilian anti-nuclear umbrella organization also includes the São Paulo chapter of the Workers Party (PT), which indicates the sort of policies that can be expected if the party's presidential candidate, Luís Inácio ("Lula") da Silva, wins the next elections.

How deep will the ozone lies go?

A conference in British Columbia on ozone depletion is upset by the intervention of scientific truth.

It is not very often that one has the opportunity to witness how new lies are spun by environmentalists, before they become the subject of mass hysteria in the media. This writer not only had that opportunity recently, but was able to derail some of the hysteria.

The occasion was a conference at the University of Victoria, in British Columbia, on the dangers of ultraviolet radiation. The conference, titled "How Deep Will the Burning Go? Ozone Depletion and UV Radiation, Preparing for the Impacts," was held April 27-29, and was co-sponsored by the British Columbia Ministry of the Environment, Lands, and Parks.

It had two principal objectives. The first was to come up with as many different ways as possible to scare the public about alleged increases of UV radiation due to ozone depletion. The second objective was to gather leading promoters of the ozone depletion fraud so they could plan a strategy to counter the growing number of scientists and others who are arguing that the ozone depletion theory is a scientific fraud.

Things did not turn out as the conference organizers had hoped, however. This writer and several other people showed up and demanded that the organizers allow the scientific truth to be presented. Out of 35 speakers at the conference, not a single scientist was present who represented the opposing (and prevalent) views of the scientific community. This is quite a scandal, since the conference was paid for by the Canadian government and was supposed to present the existing scien-

tific evidence in an objective way.

This scandal was reported by the Canadian press on the opening day of the conference. The local daily *Times Colonist*, for example, ran the headline, "Ozone Hole Skeptic Vows to Challenge UVIC Conference." The press coverage forced the conference organizers to allow me five minutes to present the arguments on the other side. Holding up a copy of *The Holes in the Ozone Scare: The Scientific Evidence That the Sky Isn't Falling* (by Rogelio A. Maduro and Ralf Schauerhammer, 21st Century Science Associates, 1992), I presented the evidence proving that the ozone depletion theory is without scientific merit and that the ban on chlorofluorocarbons (CFCs) is going to kill millions of human beings. The intervention was a leading news story in the regional TV news and newspapers.

There was a booth at the conference with copies of the book, *21st Century Science & Technology* magazine, and *EIR*, publications which have not been afraid to present the evidence against the ozone depletion scare. This booth quickly became the center of attention.

Instead of challenging the evidence presented against the ozone depletion hoax, several speakers proceeded to launch a character assassination against the leading opponents of the ozone hoax. Rhys Roth, editor of *No Sweat News*, an environmentalist newspaper put out by the Earth Island Institute, said that the opponents of the ozone depletion theory were "confusionists," part of a conspiracy run by Lyn-

don LaRouche, the Moonies, and industry. He laid out a strategy to discredit these "confusionists" based on "exposing" their ulterior motives. This strategy was laid out in detail the next day, as part of a full-day workshop.

Another speaker was Fred Knelman, Canada's leading anti-nuclear activist. Now at the Whistler Foundation for a Sustainable Environment, Knelman opened his presentation by granting that people in the Third World were going to die as a result of the ban on CFCs, but said that the claims made in the book I co-authored, of more than 10 million deaths per year, were "ridiculous." Knelman said he could prove this, but then changed the subject, saying that the critics of environmentalism always claimed that there would be dire consequences to product bans. He said that he had been accused of being a "mass murderer" and "genocidalist" in the 1970s, because he opposed fusion power.

Knelman said that promoters of the CFC ban would be accused of genocide, and that they should pay no attention to those accusations. Incredibly, he argued at the end of his presentation that India and China posed a grave threat to the world because of their plans to manufacture millions of refrigerators. India, he pointed out, had 11 million refrigerators, and China 30 million. Plans to increase these numbers would pose a threat to the world, in his view, because of all the CFCs these refrigerators would contain. Knelman argued that patents for "ozone safe" refrigerators should be abrogated and the technology given to these countries. At no point did Knelman mention the fact that millions of people die from diseases caused by lack of food refrigeration. Raising this issue will expose the deadly consequences of the environmentalists' policies for all to see.

Business Briefs

Medicine

Anti-oxidant AIDS theory tested

A group of doctors at Stanford University Medical Center has begun clinical trials on 32 AIDS patients in San Francisco, to test their hypothesis about why the body loses thymus (T) cell function during the deteriorative process of clinical AIDS, the May 3 *New York Times* reported.

Their hypothesis is that a sudden inflammatory process generated by the early stage of infection with HIV leads to the production of excessive free radicals. These free radicals are removed from the T-cells by glutathione, which is ordinarily present inside the cells in a plentiful supply. However, as the immune system produces more and more messenger signals, triggering the production of still more free radicals, the supply of glutathione becomes depleted. Once the supply of glutathione drops, the T-cells no longer respond normally, triggering abnormally poor immune function, hyperreactivity to the immune system's own chemical messengers, and, eventually, cell death.

Doctors have ascertained that AIDS patients have diminished levels of glutathione, and will be giving AIDS patients N-acetylcysteine, a precursor chemical from which glutathione is made.

Space

Peenemünde proposed as new launch base

A project to turn the scientific research facilities at Peenemünde, Germany into a new base for space launches has been proposed in a U.S.-German initiative. The plan was inspired by the American space-technology entrepreneur and NASA supplier Roger Coleman and Christian Schwarz-Schilling, the former German postal affairs minister who is now working for the German branch of Motorola Corp.

Space rockets for orbital missions, as well as supersonic airliners could be launched from

the site, since the original 1940s landing strips are still there and could be put back in shape.

The initiative has strong local support, because of the expectation that a large number of jobs would be created. The location is qualified for serving as a German or continental European complement to the U.S.'s Cape Kennedy and France's Kourou (Guyana) bases.

Trade

Reform EU against free marketeers, says Allais

Nobel Prize-winning economist Maurice Allais presented an alternative to the "institutional perversions of free marketeering and monetarism" in the European Union (EU), in the Paris daily *Le Figaro* in early May. Although Allais does not think supranationalism can be avoided entirely, he suggests minimizing its influence by forming institutions run by elected officials.

Allais proposes to replace the EU with a European Political Authority, having only those powers conferred on it by a European Charter to be adopted by referendum in the member states. Officials running the authority would be designated by national parliaments and would work closely with them in a new entity, the European Senate. This Senate, plus the European Parliament, would constitute the two main chambers of the new Europe.

Among the reforms to be carried out by these new entities will be the return to the "community preference" which has been "little by little abandoned in an insidious manner and without any debate." Not to do this would force Europe inevitably into "a considerable increase of social inequalities or major unemployment; and, in the long term, sooner or later . . . a social explosion resulting from an unbearable social situation," Allais warned.

Allais attacked the idea that Europe's current economic problems are caused by Third World competition. "It is not those countries which are responsible for the perverse consequences of unbridled liberalism, but the institutional framework of the present international trade system," he said. While practicing a moderate form of protectionism, Europe must

liberate trade within its borders. Allais proposes to reestablish the community preference not so much through a system of tariffs, but by auctioning import licenses. Inside the community, a percentage of products would be earmarked for national production, but no government subsidies would be granted to companies in order to maintain "fair play" toward competition.

Demographics

Europe needs 20 million immigrants by year 2020

The European Union will need 28 million immigrants by the year 2020 to bolster the work force, which is being shrunk by "population developments," i.e., declining birth rates and rising life expectancy, a study released in April by the Institute of German Business reported.

Without immigration from other countries, the EU's population will decline by 11 million by 2020, to a total of 333 million; if the proportion of the working population does not change, the total work force will shrink by 13 million, to 144 million people. Only Ireland will have an increase in people of working age, but Ireland suffers from serious emigration to the United States and the United Kingdom.

It will not be possible to close the demographic gap by bringing more women into the work force, shortening vocational training, or increasing the age of retirement.

Employment

Jobless figures rising in Germany

The only "upswing" that is visible in Germany is the increase of jobless figures. Examples include:

- The Opel Rüsselsheim plant (General Motors) announced its intention on May 3 to fire another 2,000 workers in addition to the 2,000 that were scheduled to be "phased out" this year. This means that about 8% of the com-

pany's work force will lose their jobs in 1994.

- After the pullout of the ailing Italian steel producer RIVA from a planned big investment at the east German EKO steel plant, the future of about 2,000 steel workers there is uncertain.

- The German state railway confirmed its intention to stick to plans for laying off and "voluntary early retirement" of 35,000 workers and employees, at a press conference in Frankfurt on May 3.

- After the pullout of the last potential investor from the takeover project at the ORWO filmmaking plant in Wolfen, Saxony-Anhalt, 2,200 jobs there are in jeopardy. In 1990, there were still 17,500 workers at this plant.

Meanwhile, the official forecast for the government's chief economic advisory board (the so-called "five wise men") for 1994, is that 400,000 jobs in the western and 70,000 in the eastern states will be lost, irrespective of how the "upswing" develops.

Africa

Algeria now facing 'IMF terrorism'

"After the terrorism of the Islamists, we are now victims of the terrorism of the International Monetary Fund," an Algerian economist told the Paris daily *Le Figaro* on May 3. The conditions imposed by the IMF "are going to provoke a social explosion" in the country, he warned.

The IMF is decimating Algeria. First, Algeria has a \$26 billion foreign debt, and is supposed to pay \$9.5 billion per year to service that debt. With the collapse of the price of oil (its only significant export), export revenues are expected to be only \$8.5 billion.

Yet simply to survive this year, Algeria must import 3 million tons of wheat, costing \$780 million; 400,000 tons of milk, \$560 million; 950,000 tons of sugar, \$320 million; 400,000 tons of cooking oil, \$200 million; and so on. In addition, the nation needs \$500 million for imports of medicine, and \$6 billion in spare parts to keep industry going.

According to the paper, simply to "vegetate at a zero-growth level, Algeria would need

\$10 billion this year."

The IMF agreement of April 1994 nominally eases the debt repayment burden, in exchange for imposition of IMF conditionalities that will be devastating. The IMF is demanding a devaluation of the Algerian dinar of over 40%, a rise in the interest rate from 17% to 25%, liberalization of imports, and more. "This could bring about the laying off of 1.5 million workers, in a country which already has 30% unemployment," the paper noted.

Less than 15 days after the signing of the accord with the IMF, "the Algerians are already terrified by its consequences." Prices on many basic foodstuffs have risen by 50%. Salaries are totally inadequate to buy food at these prices (and one wage earner must feed at least seven other people).

The authorities have made the situation worse by retracting promises to exempt basic medicines and necessities such as sugar from price rises, and promised unemployment benefits are being withheld. Making matters yet worse, a few richer Algerians have been able to make enormous profits by short-term speculation on the dinar/French franc rate, and have used the gains to sell contraband trade at extortionist prices.

Food Supply

CIS republics facing shortages

The food crisis in the Community of Independent States republics of Armenia, Azerbaijan, Georgia, Tajikistan, and Kyrgyzstan requires \$75 million to cover shortfalls for the next year, the U.N. World Food Program reported on May 4.

"War, civil strife, and deteriorating economic conditions in five republics of the former Soviet Union have left 2.3 million people most at risk and in need of critical humanitarian assistance," World Food Program spokesman Paul Mitchell said.

Spokesmen for the agency said the situation was deteriorating on a daily basis, and quick and decisive action was needed in order to avoid "a larger and a more difficult tragedy in the near future."

Briefly

- **JACQUES CHIRAC** and Philippe Séguin, the presidential candidate of the French RPR party and the president of the French National Assembly, respectively, called for making employment the "absolute priority" of economic policy. Abandoning the strong franc indicates that the Maastricht Treaty "no longer exists as the bible" of economic policy, according to *Le Monde*.

- **A TUNNEL** under the English Channel was opened on April 29, crowning six years of construction work. The idea for the tunnel was first suggested in 1751 by French engineer Nicolas Desmarests.

- **A VACCINE** for hepatitis A has been proven effective in a trial on 19,000 children in Thailand, the May 4 *Wall Street Journal* reported. Hepatitis A is spread by contaminated food and water.

- **BANKERS TRUST** New York Corp. was downgraded by Standard and Poor's on May 5 to a credit rating of AA- from AA, affecting \$5.6 billion in outstanding debt. It was "a symbolic warning shot . . . about the bank's aggressive operations in the trading business," AP reported.

- **500,000 JOBS** in the European steel industry have to be cut by the year 2000, along with 36% of the raw steelmaking capacity in the former Soviet Union and 15% in central Europe, because of "overcapacity," a World Bank-backed study by the British engineering consultancy W.S. Atkins International claims.

- **CHINA** has decided to lift electricity price controls, in the hope that it will encourage foreign investment in the energy industry and alleviate power shortages. *China Daily* reported May 5. According to Minister of Power Industry Shi Dazhen, the goal is to raise \$25 billion to import generators with a capacity of 45 million kilowatts.

Arafat-Rabin accord signed; will the World Bank kill it?

by Dean Andromidas

Exactly one week after Lyndon LaRouche addressed Moscow's Institute of Oriental Studies on his "Oasis Plan" for Middle East development on April 27, Palestine Liberation Organization Chairman Yasser Arafat and Israeli Prime Minister Yitzhak Rabin signed a historic agreement on May 4 that could pave the way for a future Palestinian state. Despite what appeared to be last-minute doubts, Arafat and Rabin signed the nearly 200-page document before 2,500 foreign dignitaries and Egyptian celebrities assembled in Cairo. The agreement was witnessed by U.S. Secretary of State Warren Christopher and Russian Foreign Minister Andrei Kozyrev.

The Cairo signing makes particularly timely the Oasis Plan developed by the American economist and presidential pre-candidate Lyndon H. LaRouche, Jr., as summarized in his April 27 speech in Moscow printed here below. Nearly 30 years of military occupation have left the West Bank and Gaza Strip an economic disaster area. Infrastructure is almost nonexistent. Roads, transport facilities, power generation, sewage and freshwater systems, hospitals, and schools, are all urgently needed. A master plan for regional infrastructure is absolutely essential. The LaRouche plan calls for the establishment of regional network of high-speed railroads, deep-water seaports, roads, and a network of nuclear reactors for power generation and desalination of seawater. The last is crucial, since the scarcity of water in the entire region is ultimately a far greater danger to peace than political animosity between Arabs and Jews.

Economic development can't wait

Key elements of the Arafat-Rabin accord include the following pledges: 1) Israeli troops will withdraw from Gaza and Jericho within three weeks after the signing; 2) Israeli military bases will be transferred to the new Palestinian authority; 3) a 9,000-member Palestinian police force will be deployed; 4) the Palestinian Authority will take over civil and police powers and make laws and regulations;



Lyndon LaRouche (in front of blackboard) addresses a seminar at the Institute of Oriental Studies in Moscow on April 27, on his "Oasis Plan" for economic development in the Mideast. For 25 years, LaRouche has maintained that peace requires a program of high-technology infrastructure development, centering on water and nuclear power. Now, the opportunity for that exists.

5) Israel will retain responsibility for Jewish settlements, external security, including the Egyptian and Jordanian borders, and foreign relations; 6) Israel can veto laws made by the Palestinian Authority; 7) human rights will be preserved based upon the principle of "universal human rights"; 8) both sides will prevent acts of terror, crime, and hostility aimed at either of them.

While critics as well as supporters from both camps consider the agreement imperfect, the success of the most perfect of political agreements in the region can only be anchored in the launching of a program of rapid economic development. Arafat underscored this in an interview given to Cable News Network while on a visit to Stuttgart, Germany as a guest of Daimler Benz on May 2:

"I would like to tell you that our dreams are as big as our challenges. We have a dream and we have designs and we have determination that Palestine will restore the claim of its historical role as it has always been for civilization, progress . . . and a beaming light for the three monotheistic religions, Judaism, Christianity, and Islam."

Palestine, he continued, "is an entity that will establish a free infrastructure to test the capacities, the capabilities, and the creative initiative of all its people, in order that we can effect a development that will bring prosperity to our people.

"We have a dream to achieve an economic experience that will be distinguished from others. We are quite sure that the capabilities of our people will enable us to achieve this dream. . . . We have established the structures of our economic man-

agement and we have concluded agreements for economic cooperation with different Arab and European countries as well as Asian countries, and African countries as well, and in Latin America as well as northern America, and I mean in particular the United States of America and Canada. . . .

"I'm talking to you today from Stuttgart, as I'm visiting this country for the same purpose, trying to avail all the requirements to build our economy. And I'm quite sure that you are quite aware that it's an extremely complex operation because we are going to start from scratch [after] what has taken place after the ruin that Israelis have done in our infrastructure in our country.

"Our success in the challenge of rebuilding is quite connected to the international commitment to provide us with financial and technical support. Our success in this particular field is going to be a proof of the viability of the peace process and the international awareness in our region. Peace is necessary to fix the main pillars for the edifice of comprehensive and just peace. Historical building is concomitant with another task which will be quite keen to implement it as early as possible. . . .

"According to our studies which had been done by the help of friends and brothers in different fields, we are in need of \$15.4 billion [?—the transcriber of Mr. Arafat's remarks was uncertain of the exact figure spoken here—ed.] for the next seven years. The donors had accepted to offer us \$2.2 billion for the next five years. We hope that we will cover the rest of our needs bilaterally—from contact with our friends

privately or from the governments in America, in Europe, in Asia, in the Arab world, in Japan, and everywhere. I know it is not an easy mission, but we have no other alternatives."

In the week prior to the Cairo signing, the PLO and Israel signed an economic accord in Paris establishing a customs union between the two economies, which will allow economic vital projects to go forward. The accord provides for the following:

In the area of finance, the Palestinians will establish a monetary authority to regulate banks and foreign exchange and manage currency reserves. Since an independent currency has been ruled out for the time being, the Israeli shekel and Jordanian dinar will continue to be recognized as legal tender. In the area of taxation the Palestinians will collect their own income and property taxes and municipal fees, while the Israelis will turn over 75% of the income taxes collected from Palestinians working in Israel. The value-added tax will be up to 2% lower in the territories. Import tariffs and rates will be coordinated between Israel and the Palestinians, but several categories of products, such as farm machinery, can be imported from Arab states freely. The Palestinians will be able to import their own fuel from Arab states at whatever price they wish, but gasoline prices cannot be more than 15% lower than in Israel. There will be a free movement of goods and people between the two areas, and a joint tourism authority will be formed.

Following the conclusion of the economic accord, senior PLO negotiator Nabil Shaath said, "People will start seeing Palestinian ports, airports, economic institutions. . . . They will see a real opportunity to develop their future."

World Bank spoiler

The World Bank, which was given responsibility to coordinate nearly \$2.2 billion of funds pledged by governments worldwide, has not released a penny, pending the signing of this agreement. While the World Bank itself has pledged less than a few tens of millions of dollars, it is coordinating over \$2 billion in donors' funds, which includes \$600 million from the European Union, \$500 million from the United States, \$200 million from Japan, \$150 million from the Scandinavian countries, \$100 million from Saudi Arabia, and \$75 million from Israel.

Nonetheless it is feared that the World Bank, which takes normally three years to complete the approval of its "development" projects, could still sabotage implementation simply by bogging down the aid program through tacking on "conditionalities," endless red tape, and the notoriously high expense accounts for its "experts."

The Palestinians have set up the Palestinian Economic Council for Development and Reconstruction (Pecdar), as the coordinating agency for defining and coordinating economic projects including infrastructure and industrial programs. The World Bank has been conducting an active campaign to try to discredit this agency because Arafat has been

named its chairman. Nonetheless, the agency hopes to attract substantial resources held by Palestinian businessmen of the diaspora who are active in construction, engineering, trade, and finance.

Arafat's tour of Daimler Benz in Stuttgart on May 2 appeared to point in the right direction. As a guest of Edzard Reuter, chairman of the company, he was shown the full range of the giant firm's capabilities, from road and rail transport to aerospace. Most important of all was the presentation of a "Master Transportation Plan for Palestine," produced by Dornier Management Consulting, a subsidiary company of the Daimler Benz group.

This proposal calls transport, water management, and other types of infrastructure for all of Palestine, which Daimler would finance. According to a source at Dornier Management Consulting, the proposal includes an "emergency action plan" which could go into effect in a matter of weeks. "We see it as absolutely necessary that the Palestinian people see a change on the ground as soon as possible," the source said. A second phase would include a master plan for the West Bank and Gaza. The latter would be developed within the context of a regional plan which would include Israel, Jordan, Egypt, and later Syria and other Arab countries as political developments permit.

According to a press spokesman for Daimler Benz, Chairman Arafat, an engineer, underscored the need for a regional approach and that Palestine's infrastructure has to be integrated with the rest of the Middle East. In 1992 Edzard Reuter toured Israel and met both Prime Minister Rabin and Foreign Minister Peres. Early this year, Daimler founded Intertraffic in Tel Aviv, a company specializing in integrated transportation solutions, which is involved in at least 20 project proposals.

Dangers still ahead

The PLO-Israel accord is just the first hurdle of a negotiating process that will extend over the next years and could lead to a Palestinian state and regional economic and political cooperation among all the states of the region. While serious differences have to be overcome between the best of the supporters of the peace process on both sides, the real danger to the accord lies with outside forces.

As mentioned above, the failure of economic development to go forward is the crucial danger. The political side of that lies with those who engineered the Hebron massacre in February 1994: the faction of the British neo-imperialists typified by the financial and political nexus represented by the Canadian-based Hollinger Corp. This includes Henry Kissinger, former U.K. Prime Minister Margaret Thatcher, and British career diplomat and Kissinger Associates, Inc. partner Lord Carrington. In Israel, the Hollinger Corp., which owns the *Jerusalem Post*, has its footsoldiers among the fanatical Jewish settlers movement that is now waging a secret civil war that pits Jews against Jews (see box on p. 22).

The Oasis Plan: Development is the key to peace in the Mideast

by Lyndon H. LaRouche, Jr.

Mr. LaRouche gave this speech, on his proposal for an "Oasis Plan" of Mideast development, to the Institute of Oriental Studies in Moscow on April 27, 1994. He was in Russia with his wife, Helga Zepp-LaRouche, for a six-day visit, at the invitation of Russian scientific circles. Subheads have been added.

I'll give an outline of my background in this area and then focus upon one particular topic, which is a very narrow part of the total Asian picture: the question of Middle East peace, focused upon cooperation at present, however unstable, between Shimon Peres on the Israeli side, and Yasser Arafat on the side of the Palestinians. And there are some other Arab countries, naturally, interested in this.

Relevant parts of my experience bearing on this are two. First, after returning from the Second World War with a very strong impression of my postwar experiences in India, I ran into a book which angered me very much, a book called *Cybernetics*, by Prof. Norbert Wiener, which became famous in later years. . . .

From 1945 through 1963, the world had been dominated by the idea of postwar reconstruction based on scientific and technological progress, but from 1968 on, after the counter-cultural revolution among youth, the result was that we no longer as nations accepted the idea of the right of developing nations to scientific and technological progress. So the period from the First Development Decade and the aborted Second Development Decade, as announced by U Thant in his famous Second Development Decade proposal at the U.N.—that was over.

At the same time, there was a destruction of all traditional family and related values within the United States, North America, and western Europe.

As an economist, I had known at the time that if the policies of that period were continued, the international Bretton Woods system in its existing form would cease to exist, would collapse—as it did, over the period 1967 through 1971. Because of my somewhat unique success in forecasting the nature of this collapse, I achieved a certain influence; and I faced then the question of the passage of the world from

less than two decades of postwar reconstruction, to what have become today three decades of post-reconstruction deconstruction.

If that policy of deconstruction continues, if the policies of the past 30 years continue, then I would say there is no chance for any part of the planet. There will be a general collapse into barbarism.

As a result of that, some friends of mine and I started some publications and set up an intelligence organization project. People became specialists in various parts of the world and specialists in various subjects; and, through publications which are the result of that effort, I have been involved in most parts of the world over the past 25 years.

One of my primary concerns was with the crossroads of civilization, the Middle East, which traditionally, for geographic and other related reasons, has been the crossroads between the Mediterranean and the Indian Ocean regions historically, for thousands of years, since at least the time of that ancient civilization we sometimes call Harappa.

For special reasons, I became concerned with the injustice suffered by the Arab people in consequence of British operations setting up Israel.

In April 1975, in the course of a visit to Iraq for the annual Baath Party session, I proposed to various Arabs who were there, that they consider a new approach to the Israeli-Arab conflict. The idea was not entirely original; there were brief precedents in Israel for this. There were certain Arabs who had confidence in it, particularly after they discovered, in the middle of that meeting, that the Lebanese civil war had broken out. This had been a subject of some debate. At the time, I insisted that it was about to break out; they said no, and when it did, we had some very serious discussions.

What I proposed—and I had ready acceptance from certain circles in Israel and among some Palestinians and other Arabs—was the following thesis. I stated that the efforts to find a political solution to the Middle East conflict would not succeed under any circumstances, because we had extreme bitterness which could not be settled at the political bargaining table. Before we could have a political solution, we had to have an economic self-interest by both parties in a

political solution.

Some Israelis, of the type you would associate today with Shimon Peres, agreed. By early 1976, there was a very significant effort to bring this to success; but because of a very radical shift in politics in Israel at that time, our efforts failed. We tried to revive this again with some sympathy from certain circles in the United States in the later 1978 Carter period. But that failed because forces inside Israel at the time wished it to fail.

There was a brief effort to revive that on the Israeli side, as well as ours, when Shimon Peres was prime minister of Israel. What I believe were some very useful plans were brought to agreement; but we were cut off because of the change in government.

The plan, as you know, has been revived recently on the initiative of Shimon Peres in negotiations with Yasser Arafat. It could succeed; it is very much in jeopardy.

Water and nuclear power

The typical axes of the proposal were two things: water and nuclear power. One of the key problems there, of course, is the shortage of water. One cannot meet the indices of water consumption for a modern population, for both the Palestinian and Israeli populations, under present conditions. There is a conflict over water because the Israelis have, frankly, been using their conquests to take water from everybody. It's one of the conflicts with Syria on the Golan Heights issue. It involves, in Lebanon, the Litani River, and things of that sort.

If you look at the aquifers in the region, *there is not enough water available for the total population—not for modern life*. Therefore a political division of the water as it exists, would be no solution.

When we were negotiating with the Peres government in Israel in the early 1980s, they came up with a plan which was

ADL's role in sabotage of Mideast peace exposed

The April 1994 issue of the Paris-based newsletter *Israel and Palestine* identified the link between the Anti-Defamation League of B'nai B'rith (ADL) and the fanatical opponents of a Mideast peace accord in Israel. The newsletter is published by Maxim Ghilan, who, for nearly two decades, has acted as a back-channel for Israelis to the Palestine Liberation Organization, and hence is in a position to be well informed on these matters.

Ghilan reports that a "secret civil war among Jews in Israel" has broken out, especially since the February massacre of Arabs in Hebron by Dr. Baruch Goldstein. This war, he writes, is overlapping "into the Jewish Diaspora and, most specifically, into the American-Jewish, French-Jewish, and British-Jewish communities, where elements connected to the Israeli right aid and abet the most militant activists with money, arms, training, lobbying, influence, political propaganda, and advice."

Ghilan continues: "The settlers were depicted as divided into 'moderates' and 'extremists.' The extreme right settler microcosm (never described as what they are—as fascists and in Kach's case with an ideology actually patterned according to Adolf Hitler's *Mein Kampf*) were said to be cut off from Israeli and Jewish public opinion. . . .

"In the United States, the American-Israeli Public Af-

fairs Committee (AIPAC), the Zionist-Jewish lobby, is mostly committed to the Israeli right rather than to Rabin's government in Jerusalem; and part of its members are openly sympathetic to the Orthodox extremists of the Jewish Defense League—the group from which most of the American-born settlers in the Occupied Territories originate. American and Israeli-based Kahanists are also well-connected to the FBI and to the secret Jewish-American intelligence network, the B'nai B'rith's Anti-Defamation League, which spies on Americans and Israelis alike, and prepares briefs for action not only by Israeli institutions—but also by Jewish extremists of the right."

Foxman defends Kahane Chai

The ADL confirmed its role in protecting the Jewish Defense League, the mother organization of the Kach and Kahane Chai groups, of which Hebron murderer Goldstein was a member and which the Israeli government has outlawed as terrorist. In response to efforts by a U.S. government interagency task force to close down the fundraising activities of these groups, ADL chairman Abe Foxman told the April 8 issue of the New York City-based *Jewish Week* (which backs the government efforts) that the government should not make use of tax or fundraising laws to constrain Kahane Chai.

"We have been uncomfortable when the IRS [Internal Revenue Service] was used in this way against groups we agreed with," Foxman said. "So we shouldn't be in a position of advocating that the law be applied especially in this way now. . . . They should be treated as any other group."—*Dean Andromidas*

called the Canal-Tunnel Plan, to bring seawater from the Mediterranean, through Beersheba, and to cut a tunnel in the mountains, into the Dead Sea, which would be partly, in their view, a power-generating project, which would stabilize the aquifers in the vicinity of the Dead Sea.

I suggested that that was not adequate; it was good, but not adequate. We focused on the Gaza area as a key area to look at, in terms of shaping a possible policy. We found the Israelis had done all the paperwork and planning necessary for the development of infrastructure in that region. My friends made an effort to involve some Japanese interests in actually constructing the project and financing it according to these plans.

My particular version of it came in two parts. Of course, the Jordanians and the Palestinians were very interested in that version of the plan, which was to make another cut from the Gulf of Aqaba toward the Dead Sea, which would be largely a Jordanian project, to link the two canals by a cross-canal.

My point was to increase the size of the canals adequately to permit a large-scale desalination project along the banks of the canal. Our concern also was that, since this required nuclear energy, to avoid the problems of nuclear proliferation.

As you may know, back some years ago, at the German nuclear research center at Jülich, a new type of high-temperature reactor was developed, which is sometimes called the Pebble Reactor. It is a fully designed system. It has never been installed due to economic and political reasons. It is the type of reactor which I would recommend to the attention of certain Russian circles as well. It was developed under the direction of a group headed by Professor Schulten of the Jülich Center. At that time, initially Brown Boveri was to be the contractor to build these type of reactors.

My view was to build a series of 300 megawatt electricity plants and put them in blocks of four, to build what was called, in the 1950s, nuplexes.

Although the cost of producing fresh water from salt water by nuclear energy is high, the availability of usable fresh water is such a bottleneck in the region, and fresh water is at such a cost in the region, that the high cost of fresh water or brackish water produced by nuclear desalination or nuclear-assisted desalination, would be perfectly acceptable economically. You could in fact build up a supply of water by such methods which would be the equivalent of a new, added river in the region, which would mean the possibility of creating new cities and recapturing the desert for industry and agriculture. As I'm sure you know, there were plans in Egypt along similar lines which were aborted on orders of international financial institutions.

I merely cite this as an illustration of what can be done. We have the technology available and obviously, in the unused potential of Russia's scientific-military-aerospace re-

search capabilities, there is a capability from this nation, if there were some credit available, to participate in assisting in such projects, for this case or other cases where development would become the key to peace.

The way out of the current crisis

In conclusion, let me state what the issue is, I believe, here.

The issue with the present countercultural trends in economy is obvious; but I can assure you that within a relatively short period of time, the existing global financial and monetary system will collapse. It is finished; it is unstable. What has been seen in the past six weeks on international financial markets is only an advance rumble of much larger financial disruptions to come.

So, soon those problems will be the music of the past. The question will be: how to keep economies going *despite* the collapse. And policies to accomplish that, I think, are the only important policies.

In this case, I propose we drop the sociological or often-accepted sociological view of negotiations and grand politics. I propose that not only the material but the psychological effect of development upon the state of the individual mind is the key to peaceful development of this planet in the coming period. We have seen in recent decades that those sociological ideas which are very popular in, for example, the U.S. establishment, have been worse than a failure. For example, I know intimately most of the countries of Central and South America; and I can assure you that in those countries, those sociological methods have been proven to be worse than nothing.

To me, the key is the fact that man is not an animal. If humanity were an animal, it would be in the same category as the higher primate species, which means that the human population would never have exceeded, in the past 2-3 million years, more than 10 million individuals at any one time on this planet. Man has already shown, many centuries ago, that he can increase willfully the potential population density, that is, the power of man over nature, which no animal can do. We reached the level of several hundred millions during a period of the Roman Empire and afterward. The productive power of man has increased more greatly in the past 600 years than in the millions of years of human existence prior to that time. The secret of it is that we have developed science as a tool of human development. No longer does 95% or more of the population labor in the brutality of rural life—or if they do, they need not, if we use modern technologies.

We have elevated man by making possible a society which required an education in ideas. The cruelest thing I have seen on this planet, is to see a human being, and looking into their eyes, expecting to find humanity reflected there, to find a person instead who has been bestialized. The essential thing is what we used to hear and accept up until the mid-

1960s. I'm sure all of us who were adults then, or who were growing up in that period, would think about justice for the developing nations, and providing them access to technology to solve their problems.

The tendency now, is to look at those faces and say, "The problem is there are too many people."

I would suggest that if we do not change our policy to foster in the individual a sense of his identity as a human being, through access to scientific and other creativity, that we shall bring barbarism upon ourselves.

Questions and answers

Q: There are a lot of questions I could raise to this rather unusual presentation, but let me limit myself to one, concerning our guest. Who are you? What's your education? Are you an economist, a sociologist, or what?

LaRouche: I think I qualify as an economist.

Q: If you consider yourself an economist, and you forecast the collapse of the financial system, please tell me: What's going to replace it?

LaRouche: I can say what *should* replace it. If you don't replace it in its present form, I can assure you that you will have global chaos, in which a very small part of the human population will survive.

A very fundamental error has been made by a presently globally dominant force which has pronounced, I believe, its unfitness to survive and rule.

Q: Excuse me, what force do you mean?

LaRouche: I mean essentially the group of international bankers and financiers who represent the present global policies.

Q: So do they want to kill themselves? Are they deliberately crashing the financial system, knowing they're going to kill themselves doing it? What strange logic!

LaRouche: It is very strange that people should have such logic, but they do. Ideology can be a very dangerous thing.

I think there was no empire that ever collapsed that did not collapse because of ideology. There was no empire that collapsed which could not have foreseen the collapse and averted it, if it had corrected its ideas.

The great political force behind the collapse, as you see it inside the United States (you see it in a lot of little people who graduated from college in 1968 or later), was motivated by the most crude, venal, unthinking greed.

Take the case of Michael Milken.

Q: No, I understood what was being said, but I did not hear any answer to my question, which is you've said that the

financial system is crashing. What's going to take its place?

LaRouche: Remember that the illusion is that, in terms of formal economic theory, there was a British system and that there was a communist system! In point of fact, the first system of formal economy was developed by Leibniz in the late seventeenth century. The Leibniz system of economy was adopted by the United States under Article I of the U.S. federal Constitution and was the policy under which the United States operated its recovery under the leadership of President George Washington and Treasury Secretary Alexander Hamilton.

In the period into the twentieth century, every time the United States followed what was called the American System, we prospered; every time we accepted the British free trade system, we had a disaster.

The central illusion comes from the idea that there is an initial fund of money someplace—whether gold or paper money—in private hands, which you must manage through central banking and through the so-called laws of the market, to create an economy.

The United States in 1789 was totally bankrupt. It was bankrupt as a result of the 1783 Treaty of Paris, which included terms of free trade which had been dictated by the Earl of Shelburne, who was then temporarily prime minister of Britain. The simultaneous bankruptcy of the United States in 1789 and of France in 1789 was a result of the free trade policies adopted through signature to the Treaty of Paris of 1783.

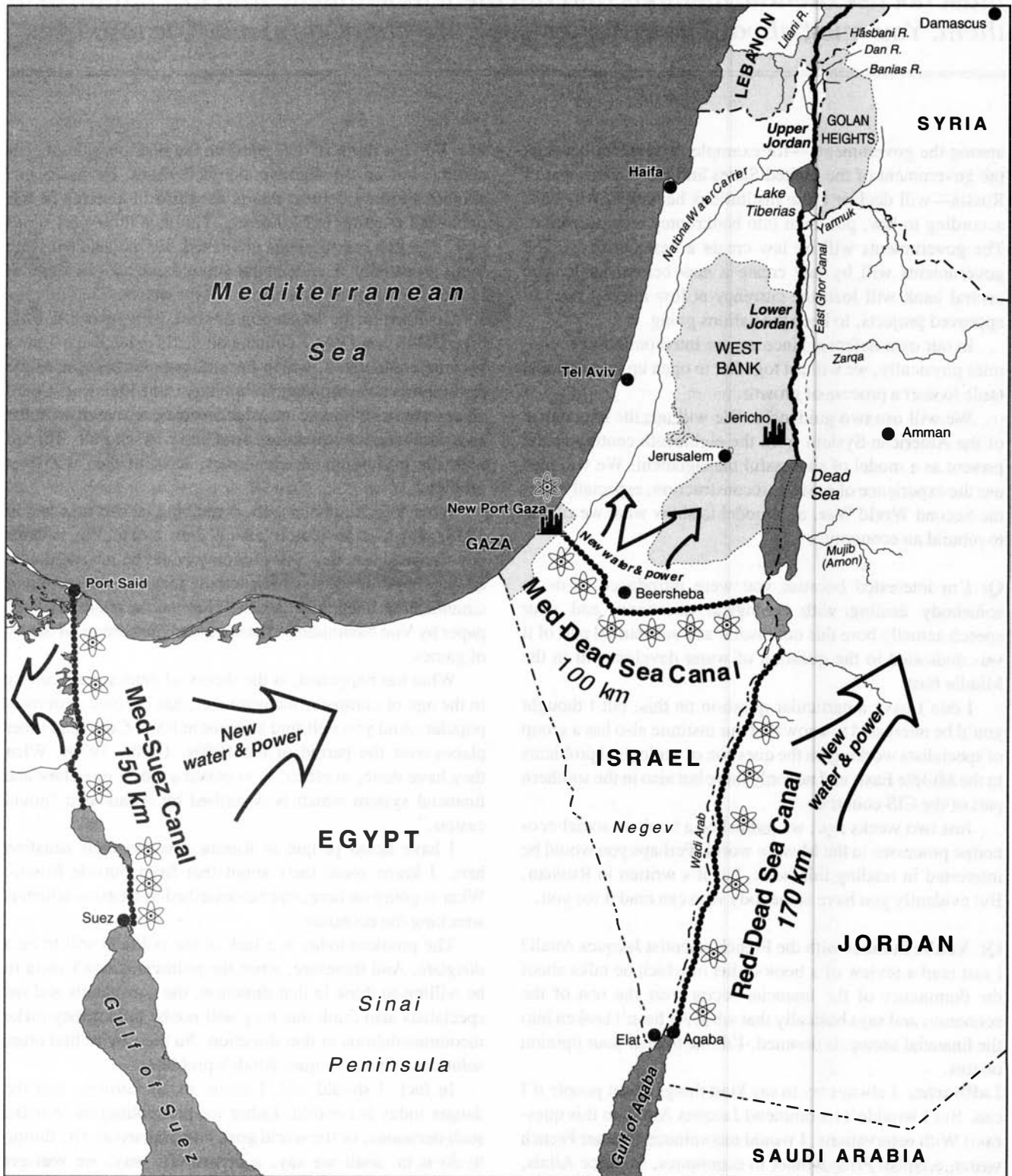
At that point, the United States instituted a new system of banking and credit which is outlined in Article I of the Constitution, and in three famous papers by Treasury Secretary Alexander Hamilton. One in 1790 was on the subject of public credit; the second the same year was on the subject of a national bank, which was extremely important; and the third was on the subject of manufactures.

These three papers define the policy of the American System as understood by the United States until the beginning of the twentieth century. It was the same policy as advocated by Friedrich List, which brought Germany from the 1730s to become a major industrial power over the course of the century. It was the same policy here, which was recognized by Dmitri Mendeleev and Count Sergei Witte, which was the basis for the development of the Russian industrial economy in the late nineteenth century and the early twentieth century into the time of World War I.

For example, suppose the money system collapses, as it probably will soon. In the United States, we have a government. You in Russia have a government. In Germany, they have a government. In France, they have a government; and so forth. Are we going to die because the money system collapses?

We shall not. We shall do what governments can do. The government will act to declare the bankrupt system bankrupt. The banks and other financial institutions, by agreement

FIGURE 1
Selected proposed infrastructure projects for the 'New Mideast'



We have passed the point, where we should have been using nuclear energy extensively. But you must spend the money to have a safe energy system. You must not use archaic methods and run them indefinitely, and loot nature with them. You must always go to higher levels of technology to redefine resources.

among the governments—for example, agreement between the government of the United States and the government of Russia—will declare these institutions bankrupt. We shall, according to law, put them into bankruptcy reorganization. The governments will by law create a new currency. The governments will by law create a new central bank. The central bank will loan the currency at low interest rates to approved projects, to keep the nations going.

In our own defense, since we are interconnected economies physically, we will act together to open up international trade to start a process of growth.

We will use two guidances: We will use the experience of the American System from the eighteenth century to the present as a model of successful management. We will also use the experience of postwar reconstruction, especially after the Second World War, as a model to show what we can do to rebuild an economy.

Q: I'm interested because you were introduced to us as somebody dealing with ecological questions, and your speech actually bore this out insofar as a substantial part of it was dedicated to the question of water development in the Middle East.

I don't have a particular question on this, but I thought you'd be interested to know that our institute also has a group of specialists working on the question of ecological problems in the Middle East, and not only there but also in the southern part of the CIS countries.

Just two weeks ago, we published a book on social-economic processes in the Muslim world. Perhaps you would be interested in reading this book, but it's written in Russian. But evidently you have somebody who can read it for you.

Q: You're familiar with the French scientist Jacques Attali? I just read a review of a book of his in which he talks about the dominance of the financial sector over the rest of the economy, and says basically that whoever hasn't broken into the financial sector, is doomed. I'd like to hear your opinion on this.

LaRouche: I always try to say kind things about people if I can. But I wouldn't recommend Jacques Attali on this question. With reservations, I would recommend another French writer, a Nobel Prize winner in economics, Maurice Allais,

who I do not think is very good on the positive side of economics, but on the negative side is brilliant. He has begun another series, I believe this is the third in a series he has published recently in *Le Figaro*. This is a three-part series now. The first one has been published. He has said the same thing repeatedly. I understand some associates of mine in France have spoken with him in recent weeks.

Go back to the beginning of the 1950s, when a 1938 proposal by John Von Neumann on mathematical economics became popularized, which became popular because of the development of computer technology. The idea was: Could you create an automatic model of an economy based on linear and simultaneous equations? And all of us who are afflicted with the profession of economics, have to deal with that problem.

What Von Neumann said, something he had first said in 1938, which is absolutely absurd but nonetheless became popularized, was that any economy could be analyzed adequately by reducing its characteristic features to a system of simultaneous linear inequalities. This was the result of a 1928 paper by Von Neumann on the so-called mathematical theory of games.

What has happened, is the theory of games, particularly in the age of computer management, has become extremely popular. And you will find it in use at Rand Corp. and other places over the period of the 1950s, 1960s, 1970s. What they have done, in effect, is to create a world monetary and financial system which is described by Allais as a "grand casino."

I have heard people in Russia describe their situation here. I know some facts about that from outside Russia. What is going on here, can be described as a casino which is wrecking the economy.

The problem today is a lack of the political will to be a *dirigiste*. And therefore, since the politicians don't seem to be willing to think in that direction, the consultants and the specialists also think that they will not be paid if they make recommendations in that direction. So they try to find other solutions. That's Jacques Attali's problem.

In fact, I should add, I think, in all fairness, that the danger today is twofold. Either we find politicians to make such decisions, or the world goes into barbarism. Or, failing to do it in, shall we say, a democratic way, we will get

dictatorial regimes which will fill the vacuum.

Q: I would like to return to the Near East. I can certainly endorse the analysis that trying to have a purely political settlement in the Middle East might not work. I believe that the political settlement has to be accompanied by economic agreements. And above all, this is indeed the question of water resources in the Middle East. This is a problem of great concern to both the Israeli and the Arab sides.

But the proposal of a canal between the Gulf of Aqaba and the Dead Sea, is a project which might change the climate and the environment in the Middle East. Don't you think that might be too high a price for providing water to the people of the region?

LaRouche: No, I don't believe so. I think that the fear of changing the climate is not per se a problem. The danger would be if you *deteriorated* the quality of the climate.

Q: What the results would be, are unpredictable.

LaRouche: Actually, that is a problem for some of the mathematicians. We had a project going on this some years ago in Japan, with other people. A lot of the climate theory today is essentially unsound.

I think one person whose work ought to be revived and extended in a much more conscious way on the Russian side, is V.I. Vernadsky. Vernadsky's conception of the noosphere, for me, is the standpoint from which to establish a generalized science—shall we call it ecology. Because I'm sure I read Vernadsky correctly when I say that he understood man to be an integral part of the noosphere.

Of course, going back to the earlier part of the interglacial period, we know something historically about North Africa and the Middle East, as we know about Central Asia, for example, and therefore studies done here on the earlier ecology of Central Asia, say 4000 B.C., would be extremely relevant studies.

There are man-made catastrophes involved in the history of ecology; but most of the problems which come are natural ones, for example, the glacial cycles. As the glacier advances, as it already is going to begin to do, we are going to get a return toward a moister climate in Central Asia and then later, a moister climate in the Middle East.

Our problem is, instead of trying to let these processes occur, that we have the responsibility of *managing natural processes*, to make sure that only the healthy development occurs.

Q: Are you familiar with the way in which the construction of the Kara Kum canal and other canals in Uzbekistan, for irrigation and so forth, drained and dried up the Aral Sea?

LaRouche: That's a problem of management. That's exactly it. You can predict these things, and you must calculate the cost of dealing with these when you do the project.

There's a twofold problem here which is a crucial problem. I used to read regularly the English translations of reports of Soviet economic publications. And there were certain problems which I could recognize easily by reading these publications.

Vernadsky is extremely important, as this fellow Pobisk Kuznetsov is trying to do something important. Others have tried, in the history of the Soviet Union and Russia, to do something important in this direction.

The distinction between a living process and a mechanical process is fundamental in all questions of ecology. Vernadsky was very clear, and correctly so, in his direction of approach to this.

The problem is this. From a thermodynamic standpoint, a mechanical system, we understand that a successful process is one in which the free-energy ratio increases. But in the Vernadsky noosphere—correctly—and in living processes, including human processes, and in the characteristics of a successful society, not only must the free energy increase, but the energy density per capita and per square kilometer must increase.

So therefore, you're dealing with a system which does not conform to the normal mathematics of inorganic processes.

This came up in the Soviet system, in the failure to adequately invest in infrastructure. So today, we have a big discussion about the *looting of the ecology* in the Soviet economy, of which one of the worst examples is eastern Germany.

Therefore, if we calculate the true cost of production or the true energy of the system of productive economy, we must never look upon nature in any form as an inexhaustible reservoir. In the sixteenth century, using wood for fuel was already creating a crisis in many parts of Europe.

We have passed the point in this century, where we should have been using nuclear energy extensively. But you must spend the money to have a safe energy system. You must not use archaic methods and run them indefinitely, and loot nature with them. You must always go to higher levels of technology to redefine resources. As the famous scientist Kapitsa emphasized, you go constantly to higher levels of energy-flux density.

An ancient example is the ancient Chaldean or Akkadian kingdoms. Anybody who's studied ancient Mesopotamia, would never make the mistake that was made in that [Aral Sea] region of the Soviet Union. The people in that region had a bow-tenure system of agriculture which required maintenance. When the users came in and increased the taxation on the peasants, then substituted slaves for peasants, the system broke down.

You must anticipate the cost of maintaining a system without these disasters, as part of the cost of having it. Without increase in technology, you cannot do that.

Opposition mounts against U.N. genocide conference

by Kathleen Klenetsky

A leading U.S. neo-malthusian who is participating in the propaganda buildup for the United Nations' kill-the-population conference in Cairo, Egypt this September, has publicly admitted that one of the main goals of the International Conference on Population and Development (ICPD), as Cairo '94 is officially known, is to usher in a global eugenics movement, similar to that which led to the rise of Adolf Hitler and the subsequent slaughter of millions of "racially inferior" peoples.

The admission came at a May 11 conference in Stockholm, Sweden sponsored by the Netherlands-based World Development Foundation, one of the most important European institutions organizing for the Cairo conference. The featured guest at the event, which drew a number of Swedish influentials, was Mayone Stycos, Professor of Demography at Cornell University in Ithaca, New York.

In prepared remarks, Stycos lauded Sweden as the "mecca for demographers," and praised the savage Chinese program of forced abortion and sterilization as the best model for population control programs today.

During the question period, Stycos was asked by an *EIR* correspondent whether he would agree with the observation that Cairo represents a linear continuation of the 1932 International Conference on Eugenics, held at the Museum of Natural History in New York. As reported in the April 8 *EIR*, the 1932 conference not only laid out an ambitious eugenics program that formed the basis for Hitler's genocide program, but also elected German race scientist Dr. Ernst Rudin, who later wrote Hitler's race purification laws, as president of the International Federation of Eugenic Organizations.

Stycos completely concurred with the questioner's point, saying: "The eugenics movement did accomplish several good things. It has further developed because of scientific

improvements and technological breakthroughs" in the field of sterilization and other contraceptive methods. "If you would attend the 1994 Cairo conference, you would find that the focus is much on eugenics," Stycos added.

Stycos's remarks confirm the charges leveled by *EIR* and by the Schiller Institute, an international organization founded by Helga Zepp-LaRouche, that the ICPD has been designed primarily to carry out the same kind of global eugenics program set in motion by the 1932 eugenics conference. Stycos's bragging stripped away all illusions that Cairo '94 is meant only to promote "women's rights," and "voluntary family planning."

Such revelations will undoubtedly also contribute to the international resistance movement that erupted against the ICPD depopulation agenda at the third and final preparatory committee meeting, which took place in New York City in April. There, a coalition primarily of developing-sector countries, led by the Vatican, fought against blatant malthusian elements of a U.N.-drafted program of action, in particular objecting to the program's support of abortion and to its anti-family bias, as well as its failure to seriously address the issue of economic development.

Some of these countries are reportedly considering the option of refusing outright to sign the final document, which is supposed to be rubber-stamped at Cairo. According to the Spanish wire service EFE, there is a strong possibility that Venezuela, with Nicaragua, Honduras, Costa Rica, Guatemala, and Ecuador, and possibly Argentina, Malta, Benin, and the Ivory Coast, may revolt against the United Nations and decline to sign. Other reports, as yet unconfirmed, contend that some countries may refuse to participate in the conference at all.

Opposition to the U.N.'s genocidal plan has grown so



Around the United States, demonstrations are being held in opposition to the Cairo '94 depopulation conference. Here, Anthony Hadley (right), a candidate for U.S. Congress, leads a demonstration in front of a Planned Parenthood office in Coalsville, Pennsylvania.

intense that U.S. Undersecretary of State for Global Affairs Tim Wirth was forced to admit recently that he expects some countries to refuse to sign the document, although he tried to put the best face on this by claiming that this would not undermine the ICPD's effectiveness as a tool for population control.

Cover stories wear thin

Although the U.N. bureaucracy has taken great pains to present Cairo '94 as a conference on "development" and "empowerment of women," to judge by the mounting opposition, this cover story has not worked all that well.

In Argentina, for example, the Cairo conference, and especially its emphasis on abortion, has become the focus of national concern. In the first week of May, a department of the Argentine Foreign Ministry issued a press release rejecting the mention of abortion and contraception in the Cairo draft program. The issue has become so hot that Argentine President Carlos Menem felt it necessary to speak out against abortion in his May 1 state of the union speech.

Several of the Roman Catholic institutions which have spoken out against the Cairo agenda, have also gone beyond the traditional, narrower focus on the delimited issues of abortion and contraception. New York Cardinal John O'Connor, has zeroed in on the fact that, even though the ICPD is supposed to be about development and population, there has been no attention paid to the development issue at all.

Similarly, the statement issued by the Latin American Bishops Conference (CELAM) attacks the underlying neo-malthusian premises of the Cairo '94 event, and stresses the creative capacity of man, which enables him to constantly discover new resources, capable of supporting increasing number of human beings. The statement says that human creativity has, time and again, overcome the apparent exhaustion of so-called "natural resources." In a section titled "False Premises," it states: "Moreover, these [zero-growth] campaigns are based on false premises: the Earth is 'overpopulated,' its resources 'limited' and its 'carrying capacity' overloaded. We believe that a minimum of seriousness requires that scientific work which contradicts this pseudo-evidence be taken into account. These notions or premises are, in effect, all relative. On the one hand they refer to man's ability to resolve his subsistence problems, and on the other to his genius for transforming into wealth the earth's elements." CELAM argues that "the wind, oil, titanium, sand, sun, and other elements were transformed into resources thanks to man's intervention" (see p. 32 for fuller text).

The Schiller Institute has meanwhile launched an aggressive campaign, not just to change the ICPD agenda, but to shut down Cairo '94 altogether. The institute is collecting signatures endorsing a statement from religious leaders, elected officials, pro-life groups, and others who see the Cairo event as a threat to man's future.

On April 25, Schiller Institute representative William

Jones brought these concerns about Cairo '94 to the U.S. Congress. He testified to a House Appropriations subcommittee on the administration's new foreign aid bill, which lays heavy emphasis on "sustainable development" and other genocidal measures. "You can't go into a nation," he argued, "especially a nation which is only in the beginning stages of development, and tell them to decrease their population, limit their production to the 'environmentally acceptable,' and learn to love the concept 'small is beautiful,' without creating a great deal of havoc."

The Institute is also sponsoring forums in the United States and in other countries to alert people to the danger Cairo '94 represents.

U.N., State Department plot strategy

The growing resistance has forced the U.N. bureaucracy and its allies, including the U.S. State Department, to scramble for a strategy to break down the opposition, before the Cairo meeting opens. As one State Department official said: "We want to avoid any fireworks at Cairo itself."

At a State Department briefing May 3 for non-governmental organizations (NGOs) which are mobilizing for Cairo (i.e., Planned Parenthood, the Population Council, and such groups), the issue of how to shatter the Vatican-led coalition dominated discussion.

A State Department official revealed that the United States is activating its foreign missions in those countries which so far have resisted the Cairo document, to convince them to change their position. The official also said the United States is encouraging those developing sector countries which support the Cairo '94 program, to work on recalcitrant countries.

When an NGO representative said she had heard that a certain Nicaraguan legislator had been "shocked and scandalized" by his country's collaboration with the Vatican at a preparatory meeting held in April in New York City, a State Department official eagerly replied: "Give us the name, and we'll send a cable to our mission there to have them meet with this guy," to work with him to reverse Nicaragua's anti-Cairo position.

The State Department has been extremely active in lining up international support for the Cairo meeting. This news service has obtained a copy of a State Department "action cable," signed by Tim Wirth, that was sent to all U.S. missions last October instructing U.S. emissaries to profile their host governments on population issues so as to forge "a strong international consensus around the need for global population stabilization and environmentally sustainable development" at Cairo.

"[T]he Clinton administration gives high priority to renewed U.S. leadership on international population policy," the cable says, and "will pursue a more comprehensive policy approach which stresses the need for universal access to family planning and related reproductive services, including safe abortion."

Documentation

'Where's the development?'

Excerpts from an article bearing the above-named title, by Cardinal John O'Connor, appearing in Catholic New York, April 4, 1994:

Walter Lord offers a number of . . . reflections on America's sense of its worldwide messianic obligations, in *The Good Years: From 1900 to the First World War*. And now the messianic obsession is with world population and its control, with some in our own nation apparently determined once again that the United States be the Master Controller. How is this control to be effected? Through massive contraception and sterilization and widespread abortion. Who is to be controlled? The poor, of course, especially the black poor and the brown poor, the Latino poor, the Asian poor, the African poor, the Middle Eastern poor. Why are they to be controlled? Because they're poor. They don't "have babies," they simply "breed," like mosquitoes, their would-be controllers would have us believe.

Archbishop Jean-Louis Tauran is the Secretary for Relations with States, in the Holy See. On March 25, he addressed ambassadors accredited to the Holy See concerning the Cairo conference. . . . [Q]uoting the pope himself, Archbishop Tauran told the ambassadors:

"There are some who would say that the major key to resolving the economic problems of developing countries is reducing population growth rates. However, one should look at the evidence presented, for example, at the Latin American regional preparatory meeting, which noted, on the one hand, that 'one of the most outstanding demographic changes in Latin America and the Caribbean in the past 25 years is the pronounced decline in fertility, from 6 to 3.5 children per woman, which reduced the annual average population growth rate to 2% by the second half of the 1980s, and, on the other hand, that 'the region took a giant step backward' in the 1980s 'in terms of real per capita output—which dropped, by the end of 1989, to its lowest levels in 13 years. . . .'"

Of course, many will laugh this off, but what evidence will they offer in return to justify their obsession with population control to the exclusion of all other concerns? The Cairo conference is supposed to be about population and development. Where's the "development" in the almost-fanatical passion to control the poor? . . .

Archbishop Tauran [further said:] "Population policy is only one part of development policy. . . . Health problems, agricultural problems, educational problems, etc., will only

be resolved when they are faced for what they are: health problems, agricultural problems, educational problems, etc. They will not be resolved if they are simply attributed 'en bloc' to 'the population problem'; such an attitude will only prolong their eventual solution. . . ."

Some people assembled around the United Nations these days have been having a field day at the expense of the Holy See and of the Holy Father personally. . . . The church always makes a fine intermediate target for those who prey on prejudice, ignorance, and fear, but the poor of the world are the ultimate target, and we had better wake up to that. *Poverty* won't be the victim of the cheap diatribes. Only the poor will be. Always the poor.

The Schiller Institute is circulating a petition to "Stop the U.N.'s Killer Conference!" Excerpts follow:

The one-worldists who run the United Nations are in the final stages of preparing for a major international conference on population. . . .

The goal of the International Conference on Population and Development . . . is to set the stage for an intensified campaign to drastically reduce population levels, especially in the developing sector. The Cairo conference is also designed to further consolidate the United Nations' emergence as a global government, a new Roman imperium that will rule with savage brutality over the shards of former nation-states, and reduce their populations to the level of animals. . . .

Since the very nature of the Cairo meeting is inimical to the welfare of the human race, it is essential that it not be allowed to occur. As Pope John Paul II rightly stressed, Cairo represents a direct threat to the continued existence of mankind.

All individuals and institutions who uphold the principle of the sacredness of human life must rally to shut down the ICPD! The Egyptian government, which is hosting the conference, must be convinced to withdraw its invitation.

What humanity desperately needs at this critical juncture is an ecumenical alliance that will defend human life, which is under assault from all sides, and that will force governments to institute the kinds of economic and social policies required to support increasing numbers of people at an improving standard of living.

An international conference on the dignity of man, that would bring together people of good will who wish to fight for a better future for humanity, would provide an excellent starting point for reversing the culture of death which has gripped our institutions. The serpent's head of neo-malthusianism and "free market" economics must be crushed once and for all. Instead, we must build societies based on the principle that man is made in the image of God, and that each child born into this world is a gift, whose unlimited potential for good must be nurtured.

African bishops blast Cairo '94 meeting

The official "Message" at the end of the Catholic Bishops Synod on Africa, which ended on May 6, calls for stopping the U.N. depopulation program. "During the Synod," the message says, "we became [aware] of certain orientations of the preparatory document for the Cairo conference. These create a situation in which there is a deliberate intention to impose, with strong financial backing, on the nations of the world as a whole the liberalization of abortion, the promotion of a lifestyle without moral reference, and the destruction of the family as it was willed by God. . . . We condemn the enslavement of man to money, the new god, through which pressure is put on the poor nations to force them to choose options in Cairo which are contrary to life and morality. We appeal to all men of good will to take action with a view to putting a stop to this anti-life plan, and we appeal to all believers to join with us in uninterrupted prayer that this plan may not see the light of day."

The bishops' message also contains a strong plea for a remission of the foreign debt of African nations, which, they point out, has been unjustly piled up through the imposition of unjust terms of trade:

"The Synod demands greater justice between North and South. There should be an end to representing us in a ridiculous and insignificant light on the world scene, after having brought about and maintained a structural inequality and while upholding unjust terms of trade! The unjust price system brings in its wake an accumulation of the external debt which humiliates our nations and gives them a regrettable sense of inferiority and indigence. In the name of our people, we reject this sense of culpability which is imposed on us. But at the same time, we appeal to all our African brothers who have embezzled public funds that they are bound in justice to redress the wrong done to our peoples. . . .

"It is a matter of urgency to find a just solution to the problem of the debt which crushes the greater part of the peoples of the continent and which renders futile every effort at economic recovery. Together with the Holy Father and the Pontifical Council for Justice and Peace, we ask for at least a substantial, if not a total, remission of the debt. We also simultaneously call for the formation of a more just international economic order, in order that our nations may eventually be able to take their place as worthy partners."

'Contraceptive imperialism'

Following are portions of a letter written by the Latin American Bishops Conference (CELAM) and directed to Nafis Sadik, secretary general of the United Nations Conference on Population and Development.

We, the presidency of the Latin American Episcopal Council (CELAM), its directors and presidents of the Latin American conferences, in representation of the bishops of this continent, whose population exceeds 460 million inhabitants, the majority of which is Catholic, write to you in your capacity as secretary general of the Conference on Population and Development which will be held in Cairo in September 1994 to express to you, and through you to all the delegates of same, our grave concerns and reservations regarding the purposes indicated as the primary goals of said conference.

Rest assured that our motive in writing you is none other than the absolute sacredness and value of life, God's fundamental gift to humanity, and the co-natural dignity of the human being, [which] precedes and is superior to any societal right or reasons of state. . . .

1. The Documents. The documents, a product of the preparatory discussions and meetings for the conference, are, in effect, worrisome to us. They clearly reveal a marked disregard for the basic human right: the right to life. This disregard appears in different reports from international organizations, both public and private. They confirm the UNFPA's [United Nations Fund for Population Activities] pressure on programs for the control and destruction of human life in the so-called countries of the "Third World."

These documents reveal the undeniable intention of publicizing, promoting, establishing, and imposing—on a universal scale—every means possible to contain the growth of the world's population. In the name of "sustainable development," considerable sums are dedicated to campaigns through which the world population "must be" stabilized. Today, in many developing countries, over half of all foreign economic assistance is tied to anti-natalist activities. Man is increasingly presented as one more product among many, subject to quotas and even criteria for selection, defined according to the "demands" of the "new world order." In the name of the "need to integrate population and development," man's existence ends up being subordinate to environmental and economic imperatives. In short, it has been forgotten

that economic and technological development has been made for man. . . .

2. The Incontrovertible Facts. Desolate facts testify to the implacable intentions of the architects of these programs. The Inventory of Population Projects in Developing Countries Around the World enumerates, without reservation, the programs projected, the funds allocated for those ends, the agencies implementing them, and the victim countries. Campaigns to legalize abortion are regularly launched in our nations. The Preparatory Documents recommend [that governments] remove "legal obstacles" and proceed directly to "structural adaptation" in order to better control life.

In some countries, unacceptable programs of sex education are being imposed, financed by prestigious international banking entities, and through International Planned Parenthood, and publicized among our youth.

Our countries' fertility rates are on the decline almost everywhere, and considering infant mortality and life expectancy rates at one year of age, the populations of our continent are aging and can only be renewed with difficulty. The situation of countries such as Bolivia, Colombia, the Dominican Republic, Honduras, Brazil, and Mexico are particularly worrisome, and the percentage of sterilized women, especially among the poor, is alarming. . . .

3. Our Protest. In the face of this reality, our duty is to publicly protest this large-scale violation of human rights. Each man and woman has the inalienable right to physical integrity, and it is incumbent upon the legislation of each country to protect that right against all those who would violate it, including international agencies, the state, bilateral assistance organizations, and non-governmental organizations. . . . The human being's right to life, from conception, is, moreover, recognized and defended in the majority of Latin America's constitutions, and should become reality. Nor can we permit our states' sovereignty to be violated, much less when that violation is the work of foreign agencies whose [stated] purpose is to serve those states, and not to impose a supranational power on them, in an abusive manner.

We therefore cannot remain silent in the face of these facts, much less when we receive information that the allocation of loans to our nations will sometimes be conditioned on the acceptance by "beneficiary" states of population control programs. Finally, we denounce the complicity of certain leaders of our nations who, in disregard of the dignity of their offices, place their mandates at the service of imperial interests from the rich nations.

4. False Premises. Moreover, these campaigns are based on false premises: [that] the Earth is "overpopulated," its resources "limited," and its "carrying capacity" overloaded.

We believe that a minimum of seriousness requires that scientific work which contradicts this pseudo-evidence be taken into account. These notions or premises are, in effect,

all relative. On the one hand, they refer to man's ability to resolve his subsistence problems, and on the other to his genius for transforming the Earth's elements into wealth.

The wind, oil, titanium, sand, sun, and other elements were transformed into resources thanks to man's intervention.

In the face of the real demographic problem, there are two options: drastic birth control, or "economic development and social progress in solidarity." With the latter, the goal is to have production grow at the same rate as the population increases, and that the new wealth created be distributed equally among the world's population. Simply put, the idea is to increase food and to distribute it better, rather than to reduce the number of consumers.

5. The Ideology Underlying These Premises. It is impossible for us to accept the materialist, hedonist, and egotistical ideology which inspires these campaigns. Their argument is that the security (well-being and luxury!) of the rich nations grants them the right to control poor populations, their resources, and knowledge and technology to which those populations would have access. We cannot permit a kind of "contraceptive imperialism" to rule, in this regard, the relations between "North" and "South."

6. What Our Countries Need. Public authorities have the responsibility to protect children, because they are the future of the family and society. . . . The criteria by which a child is considered a mere consumer, or even a parasite, have long been discarded for its malthusian content; we know that, sooner or later, the fate of adults when they age rests with the child. Let us again call attention to the millions and millions of children, especially in the Third World, who walk the streets without shelter or home, persecuted and even eliminated by the police, and exposed or recruited to all classes of crimes. . . .

7. Conclusion. We know that every totalitarian regime has sought to destroy the family, to statize procreation, and to control human sexuality. In its contemporary form, this totalitarianism has even gone to the extreme of legalizing the destruction of the child, the weakest and most defenseless of the family community. . . .

We reject [the plan] of powers and institutions foreign to us, who wish to throw us into a "demographic winter" which has already begun in many rich countries.

Honorable Secretary General: In the name of the nations of Latin America and the Caribbean, we ask that you be good enough to reverse the dynamic which appears in the Cairo preparatory documents, heeding the voices of the poor and respecting their dignity, integrity, and their rights.

Knowing that you are personally concerned about these problems, we ask that you protect the poor of our continent and the entire world against the manipulations of those who, abusing their power and making undue use of their responsibilities, reinforce, for the benefit of the wealthy, the mechanisms of domination and exploitation.

Battle for life in Peru is red-hot

by Manuel Hidalgo

In Peru, the battle between those who defend human life and those who favor genocide is red-hot. Voices in the Congress, the Catholic Church, and the press oppose the depopulation conference organized by the United Nations and slated to occur next September in Cairo, Egypt. Although the pressures of the United Nations Fund for Population Activities, the U.S. Agency for International Development (AID), and the malthusian lobby in the Peruvian government are very strong, many national sectors have come out denouncing the criminal agenda of the International Conference on Population and Development, and impugning the official Peruvian delegation to it.

On April 15, in response to the appeals of Pope John Paul II against this conference, the Peruvian Bishops Conference issued its "Message of the Bishops Concerning the Meeting on Population," where they emphasized their "full communion" with the pope, and called upon the government of President Alberto Fujimori not to allow itself to be influenced by "fallacious arguments without any support, which . . . attempt to establish a direct [negative] relationship between population growth and economic development."

In a series of articles published in the daily *Expreso* on April 24-27, the influential journalist Patricio Ricketts supported the pope's position, and denounced the "obscure reasoning" for which "the population control centers of empires, and especially the United States, will try to impose on the world in . . . Cairo." Ricketts named Henry Kissinger as the inspiration behind the notorious NSSM-200, a U.S. National Security Council memorandum which establishes birth control in the Third World as a national priority, because it considers that demographic increase there is a "threat" to U.S. security.

Ricketts charged that with the Cairo conference, "the family is endangered," and he called for saying "no to the human zoo" to be set up under U.N. auspices.

Violation of Peru's constitution

On April 27, Congressman Enrique Chirinos Soto made public a letter he sent to Peruvian Chancellor Efraín Goldemberg. The letter says that the official Peruvian delegation "to the pre-meetings of the conference" in Cairo "should be . . . publicly disavowed" for having assumed "an openly

pro-abortion stance.” Chirinos stated that the Constitution and the criminal code of Peru prohibit abortion.

On May 5, journalist Guillermo Bustamante asked in the daily newspaper *Gestión* that Congress interrogate Chancellor Goldemberg, “because he has permitted, with culpable negligence, that the Peruvian delegation be . . . openly pro-abortion, in patent, outrageous violation of the Constitution . . . and of the Peruvian laws.” On April 28, Health Minister Jaime Freundt denied that the government instructed the official delegation to defend abortion, and gave assurances that this is not the government’s position.

On April 30, the Ibero-American Solidarity Movement (MSIA) made a crucial demand during an interview on Radio del Pacífico: that the national government not attend the Cairo conference. Sara Madueño, speaking on behalf of the MSIA, a continent-wide movement inspired by the ideas of American presidential pre-candidate Lyndon LaRouche, said that the government must not harbor illusions that it will be possible to “fight from within” the conference, as some believe. The siren songs which are trying to involve Peru in the anti-life agenda have to be rejected, she said.

Instead, said Madueño, Peru should resolve the “paradox” of human rights by mounting a no-holds-barred defense of the human rights of the unborn; to respond to the destabilizing slanders of the U.S. State Department, which accuses the Fujimori government of violating the human rights of terrorists.

Despite the rising tide of charges against the genocidal planners of the Cairo ’94 meeting, the Peruvian malthusian lobby is still on the offensive. On May 2, *Expreso*, where the malthusian apologist Rosario Abrahms exerts great influence, editorialized in favor of legalized abortion and universal birth control, supposedly because underground abortion is occurring on a massive scale and cannot be fought. The latrine out of which these “arguments” leak is a report of the Alan Guttmacher Institute, entitled “Clandestine Abortion. A Latin American Reality,” which cheerfully claims that 30% of Peruvian pregnancies end in abortion, and that 60% of children are “unwanted.”

Fewer people than expected

Peru’s malthusian lobby has been making gains since the 1980s, thanks to the support of every successive administration. The dozens of non-governmental organizations (NGOs) which receive millions of dollars in financing from the United Nations or U.S. AID, have infiltrated schools and hospitals. The effects are seen in the difference between the projected figures that Peru’s population would rise to about 24 million, and the reality registered by the 1993 national census, which counted only a little more than 22 million. *Expreso* brags that “in the last three decades the number of children in Peru has dropped from 7 to 3.5 per family,” but it does not say that one cause of this decline has been clandestine sterilizations.

Goldsmith readies to destroy Europe’s

by Mark Burdman

The same British-centered Hollinger Corp. crowd that is destabilizing the American presidency has now unleashed a new movement to destabilize countries across the continent of Europe.

The effort comes during a time when the western European political party and institutional structures which have been hegemonic over the past decades are rapidly falling apart in the face of financial crisis and an epidemic of scandals hitting almost every European nation. British intelligence services are therefore shaping the new movement to fraudulently portray itself as the defender of the tradition of the late President Charles de Gaulle, in favor of a “Europe of the Fatherlands,” and against the one-world federalist schemes typified by the recently signed General Agreement on Tariffs and Trade and the Maastricht Treaty for a single European currency and political system.

‘The Other Europe’

The new movement is called “L’Autre Europe” (“The Other Europe”), and is directed and financed by Sir James Goldsmith, an Anglo-French multibillionaire, who was knighted by Queen Elizabeth.

Goldsmith is on record as a bitter opponent of Judeo-Christian values. He hates scientific and technological progress, and generously finances the global “green ecology” movement, one of whose chief spokesmen is his brother Edward, a.k.a. “Teddy.” On that evidence alone, Sir James’s new-found support for the sovereign nation-state has the stink of a classic deception operation, which aims at channeling—often with the aid of large sums of money—political unrest in Europe into suicidal populist directions. This in turn would ensure that continental Europe is massively weakened—which for centuries has been an Anglo-Venetian strategic aim—and would give the British more maneuvering room for imposing their balance-of-power and deindustrialization schemes in Europe.

Goldsmith et al. plan to capitalize on the mounting popular rage over the bankrupt policies of “free trade” that have caused massive unemployment across the continent. Goldsmith’s British circles are well aware that there is now a higher potential than in normal times for masses of people

new movement nation-states

to be mobilized in support of legitimate new movements for the economic and industrial reconstruction of Europe, in accordance with the “Atlantic to the Urals” *dirigiste* designs of de Gaulle, or with Lyndon LaRouche’s 1989 proposal for the establishment of a Paris-Berlin-Vienna “Productive Triangle” which would serve as a “high-technology driver” for the rest of the world.

The Hollinger connection

The founding meeting of The Other Europe on April 22 took place at the King George V Hotel in Paris. Attending were Britain’s Lords Rees-Mogg, Falkland, and Stoddart; France’s Philippe de Villiers, who is co-head of a new French political party that also bears the name The Other Europe, and Charles de Gaulle, grandson of the late French President; Germany’s Dr. Manfred Brunner, head of a much-publicized protest party; and representatives from Spain, Finland, Norway, Denmark, Sweden, and Austria.

Following the meeting, Rees-Mogg wrote a hyped-up promotional for Goldsmith in the April 25 London *Times*. His lordship waxed ecstatic about Goldsmith’s “charisma,” and about how the group’s so-called anti-Maastricht “European Declaration of Independence” would revive de Gaulle’s notion of a “Europe of the Fatherlands.”

Rees-Mogg got so carried away with himself that he boasted that Goldsmith’s movement already runs the government of one country in Europe—Italy—to such an extent that it had not even been necessary for an Italian representative to be present at the founding meeting. He asserted that both new Italian Prime Minister Silvio Berlusconi and Northern League leader Umberto Bossi were opponents of Maastricht, in opposition to the “Euro-federalist” combinations that had earlier ruled in Italy.

The British propagandist obviously got tripped up in his own propaganda; Bossi’s regional secessionist Northern League (née Lombard League) is in fact the avant-garde of a movement that seeks to entirely break up nation-states, beginning with Italy itself, and to replace the “Europe of the Fatherlands” with an impotent and conflict-ridden “Europe of the Regions.”

Rees-Mogg’s falsification vis-à-vis Italy is only one sign

among many that Goldsmith’s talk of defending the Gaullist tradition is a monstrous fraud. To begin with, Goldsmith is a member of both the international advisory board and board of directors of the Hollinger Corp., a key operational arm of British intelligence that exists for the purpose of *destabilizing* sovereign nation-states. Hollinger, via its London *Daily Telegraph* and *Sunday Telegraph*, is the manufacturer of “Whitewater,” “Fornigate,” “Troopergate,” and other scandals against President Bill Clinton, with the aim of undermining the institution of the American presidency. Hollinger’s international advisory board includes two senior international advisers, Lord Peter Carrington and Henry Kissinger, and has numerous British or British-linked cutthroats as its international advisers and directors (see p. 56).

Goldsmith is also one of the funders of the *American Spectator*, the Washington, D.C.-based magazine that has been publicizing many of the scandals against Clinton. Some intelligence insiders have identified him as a member of the “old boys” network of the British Secret Intelligence Service (SIS).

‘The bully, the thief, the mugger’

Linked to this, is the fact that Goldsmith is a business partner of George Soros, Lord Jacob Rothschild, and Rees-Mogg. Soros’s speculative raids on the currencies of sovereign states are notorious, and have drawn the ire of patriots in France, Italy, and many countries across Europe.

As for Rees-Mogg, his philosophy was adequately summed up in his book, *Blood in the Streets: Investment Profits in a World Gone Mad*, co-authored with James Dale Davidson in 1987. Forecasting a future in which there will be “financial upheaval,” and when “blood will, indeed, ‘run in the streets,’ ” they stressed that this was not upsetting in the least, since “many people will suffer staggering losses. Others, who take the right investment steps, at the right time, will earn handsome profits.” The authors invoked the “raw power” of the British Empire in former times, arguing, “Why do we tell you about the gruesome deaths of thousands of Africans in a faraway colonial war? Because those deaths illustrate important points about the way the world works today—and the way it will work in the future. . . . The rules that apply are the rules of the bully. The thief. The mugger. They are the rules that power sets. They change as the balance of power changes. . . . Like it or not, that is reality . . . throughout the globe.”

From the investment world, Goldsmith also numbers among his old friends New York’s John Train. Aside from advising some of the world’s richest families in dubious schemes for investing their funds, it was Train who hosted, in his New York salon in April 1983, the initial planning meetings of what later became the U.S. government’s “Get LaRouche” task force in the United States. Goldsmith himself has liberally spread the “big lie” that LaRouche’s wife Helga Zepp-LaRouche is an “East German agent.”

A pagan party

But Goldsmith's nature is best exposed by looking at his book, *Le Piège (The Trap)*, which he promotes as representing his philosophy and political and economic platform (see *EIR*'s review, Dec. 10, 1993). In this book, Goldsmith emits much Gaullist-sounding verbiage about Europe protecting itself against American-authored "free trade" policies. In substance, however, his policies are diametrically opposed to everything that the devoutly Christian de Gaulle stood for.

Sir James lambasts intensive agriculture and nuclear energy, citing a wide range of ecology fanatics to back up his case, including United Nations "Earth Summit 1992" general secretary Maurice Strong, former Brazilian environment minister José Lutzemberger, U.S. ecology freak Amory Lovins of the Rocky Mountain Institute, and World Bank entropy economist Herman Daly.

In his last chapter—obviously meant to be the place where he sums up his philosophy—Goldsmith is very straightforward about what he is opposed to: "the religion of modern western man," which is "premised on the existence of one God, Who created man in His image; the belief that man—and only man—personifies Man on Earth; that he enjoys, in this world, a status apart, privileged in relation to all the other forms of life; and that nature has been created to be at his disposal." Later, Goldsmith singles out for attack that section of the Bible's Genesis 1:27-28, which reads: "God created man in His image. . . . And God said to them, Be fruitful, and multiply, and replenish the earth, and subdue it; and have dominion over the fish of the sea, and over the fowl of the air, and over every living thing that moveth upon the earth."

Man considered a 'little creature'

To this, Goldsmith favorably contrasts "the religious vision of the peoples said to be primitive. . . . The men and women of primitive societies have an approach to nature that is full of respect and veneration. In the primitive world, the relation of man to nature is not that of exploiter to exploited, but a relation of harmony." Among such "primitive" groups, he puts "Buddhists and traditional Hinduists," as well as that current in Chinese philosophy in which man is assigned "a humble position," and is made to be a "little creature among the multitude of elements of nature." He also praises those pseudo-Christians who interpret these words to mean that man must have "stewardship" over the Earth.

Of course, such primitive societies don't have the networks of personal computers that expedite the speculative raids of a Soros or Rothschild, so they wouldn't, for long, whet the Goldsmith species' appetite for mugging and thievery.

Hence, Sir James Goldsmith pretending to be in favor of the sovereign nation-state, is as absurd an idea as Adolf Hitler announcing he had become a rabbi. The sovereign nation-state is inextricably linked to the notions that Goldsmith op-

poses; it emerged out of the Golden Florentine Renaissance, from the tradition of statecraft and philosophy associated with Dante Alighieri, Cardinal Nicolaus of Cusa, Niccolò Machiavelli, and other great figures from that period. Much to the point, is that France, under the 15th-century sovereign King Louis XI, was the first nation-state in Europe. That tradition, strengthened in later centuries by Cardinals Richelieu and Mazarin and by Jean-Baptiste Colbert, was later embodied by de Gaulle. It is precisely this heritage that Sir James Goldsmith and his British partners-in-crime seek to demolish.

A Europe of Pol Pots

This fact is otherwise proven by the attendance at the April 22 founding meeting of one Freda Meissner-Blau, as representative of Austria. She is identified in the literature distributed by The Other Europe as "president of the most important pan-European ecological association, Ecoropa Europe."

Ecoropa is one of the institutions that launched the global ecology movement in the first place. When it was created in 1976, one of its stated purposes was to create "the Europe of the regions." One of its founders and early presidents was Switzerland's Denis de Rougemont, a Luciferian figure who bitterly opposed Judeo-Christian civilization and the sovereign nation-state. In his 1974 book, *The Future in Our Hands*, he wrote that what had to be eliminated was "the European virus: Europe as a colonizer spread throughout the world the formula of the nation-state, the belief in 2,500 calories a day for all and the morbid desire of having nuclear power plants."

Brother Teddy

A leading light of Ecoropa, and member of its executive committee to this day, is Goldsmith's brother Teddy, from whom Sir James has borrowed a number of ecologist ideas. On April 23, in the course of reviewing a new book on the British green-ecology movement in the London *Guardian*, Patrick Wright stated that Teddy Goldsmith, while at the *Ecologist* magazine, pursued a "hunter-gatherer ideal," leading to the publication in 1972 of the "influential" *Blueprint for Survival* (a book which the LaRouche movement thoroughly refuted shortly thereafter in a widely circulated pamphlet titled "Blueprint for Extinction"). Wright reported that "members of this doomsaying circle were capable of drawing bizarre and lamentable conclusions. They foresaw a significant role for the police and the courts in supervising the cataclysmic changes that were surely to come, described racial tolerance as a sign of cultural decline, and even got around to commending Pol Pot's Khmer Rouge as 'pioneers of decentralized rural society.'"

Such are the creatures that that great defender of the "Europe of the Fatherlands," Sir James Goldsmith, patronizes and befriends.

Did Cisneros pay \$600,000 to frame up Peña?

by Valerie Rush

Little did the Cisneros clan know that when they took Venezuelan Labor Party leader Alejandro Peña to court to try to silence his voice, that they were opening a Pandora's box. Far from intimidating its enemies, the Cisneros empire has brought upon itself an avalanche of denunciations which could mean the end of its corrupt reign in Venezuela.

Back in February, Peña had demanded that the multibillionaire Cisneros family—longtime agents of Rockefeller interests in Venezuela—be investigated by the government for its role in the January bankruptcy of Banco Latino, which wiped out the life savings of 1.2 million Venezuelan families and posed, in Peña's words, "a national security threat." Peña also called on the government to confiscate assets of principal shareholders, including Ricardo Cisneros and others, to guarantee reimbursement of the bank's thousands of defrauded and desperate depositors.

Peña was answered by a Cisneros-financed witchhunt through the courts intended to put him behind bars and, at the same time, to intimidate both anti-Cisneros media and the Rafael Caldera government. The Cisneros organization, which gained its fortune and achieved formidable influence in financial and political circles in the shadow of the corrupt regime of former President Carlos Andrés Pérez, is feeling especially vulnerable since the impeachment of its protector last year.

The maneuver has so far backfired, however, and Peña's right to freedom of expression became a rallying cry for those who have had enough of the Cisneroses' thuggery. An international outcry was also raised, forcing the judge to release Peña on bail.

Dirty tricks exposed

In the days following Peña's release, a flood of details exposing the dirty tricks employed by the Cisneros clan has been published in *El Diario de Caracas*, a part of the IBC media conglomerate which has stood up to the Cisneros empire. Journalist Rodolfo Schmidt penned a series of exposés on the *Cisneros v. Peña* case skewering the Cisneros organization; not the least of Schmidt's revelations is the fact that Cisneros reportedly spent a cool \$600,000 to frame up Peña!

Schmidt also charges that the Cisneros family has consis-

tently forced Venezuelan law to work for its interests, while ignoring that same law when convenient. Thus, Ricardo Cisneros—a Banco Latino director and one of 83 bank officials indicted for fraud after the government intervened and took over the bank—remains a fugitive from justice in Miami, instead of answering to Venezuela's courts for his responsibility in the bank's failure. As brother Gustavo Cisneros explained in a recent interview with the *Miami Herald*, "Venezuelan justice does not function." And yet, writes Schmidt, while Cisneros was lecturing about the shortcomings of Venezuelan justice in Miami, his people were "showing mastery in how to make it function . . . conveniently" against Peña.

In a followup article, Schmidt notes that there are two kinds of lawyers: those you hire for what they know, and those you hire for *whom* they know—that is, "who use the law to violate justice. In this case, Cisneros lawyer Ricardo Koesling knows Judge Oscar Noel Vera Sandoval of the 42nd Criminal Court," in charge of the Peña case. Schmidt details the multiple irregularities committed by Judge Vera Sandoval in ramming through the Peña prosecution.

Are there judges on the Cisneros payroll? According to Schmidt, Judge Guillermo Heredia Rodríguez, who took over the 42nd Criminal Court long enough to issue the indictment and arrest warrant against Peña (during a brief but convenient "sick leave" taken by Judge Vera Sandoval), also served as lawyer for the political police (DISIP) deputy commissar Leovigildo Briceño some years back, when the officer was caught with 15 kilos of cocaine in his possession. Briceño, now serving time in jail, led the Cisneros-instigated raid on Venezuelan Labor Party headquarters and on the homes of *EIR* correspondents in Venezuela in 1985, to confiscate the book *Narcotráfico, S.A. (Dope, Inc.)*. That book exposed the links of the Cisneros family to drug money-laundering interests, and was eventually banned from circulating nationally by Judge Ana Luisa Gandica, also an attorney for Pepsi Cola in Venezuela. Pepsi is owned by the Cisneros clan.

Schmidt writes that both the judges and witnesses against Peña have murder in their past. For example, Judge Vera Sandoval "is known for his behind-the-scenes role in the murder of Attorney Ramón Carmona Vásquez," while at least two Cisneros witnesses, ODC security chief Efrén Díaz Rojas and Braulio Enrique Gudino, director of operations for Cisneros's Venevisión TV network, are former DISIP agents involved in murders.

In 1982, Díaz Rojas participated with other DISIP agents in the "Cantaura Massacre," murdering 25 students, and later in the "Yumare Massacre," in which 9 Colombian guerrillas were double-crossed and killed while picking up a shipment of weapons they had purchased from the DISIP. And in the mid-1970s, Gudino was charged with murdering political figure Jorge Rodríguez with a karate kick that split open his liver, during "interrogation" while in police custody.

British eye Argentina for Chiapas-style insurgency

by Cynthia R. Rush

Very soon after a phony "indigenous" rebellion occurred in Chiapas, Mexico, on Jan. 1, 1994, leading to Mexico's destabilization, individuals inside the Argentine government told *EIR* that President Carlos Menem feared that a similar process could be unleashed in his own country, particularly in the poorer northwestern region. Argentina had already experienced social upheaval in Santiago del Estero province in November 1993, and similar, although less violent, incidents erupted in Salta and Jujuy early this year.

The Buenos Aires daily *Clarín* reported that Menem stayed in frequent phone contact with Mexican President Carlos Salinas de Gortari to get briefed on the Chiapas situation and convened his cabinet, including top military brass, several times to instruct them to "pay close attention to any local indication that might appear similar to the rebellion set off by the Zapatista Army"—a reference to the Mexican narco-terrorist group which launched armed attacks on six Chiapas municipalities on Jan. 1.

On March 25, *Clarín* reported that Menem "has seen a dark hand which might attack the continent and a risk from which Argentina would not be exempt." He told visiting U.S. Trade Representative Mickey Kantor two days later that he would have never sat down to negotiate with hooded terrorists the way the Mexican government had done with the Zapatistas, and identified the continent's indigenous movements as a source of potential destabilization. "If we act quickly," he told Kantor, "we can prevent that explosion from expanding in Latin America. In a small country like Guatemala, with 4 million inhabitants, there are 28 ethnic groups. That's dangerous. Ask the President of Ecuador how Chiapas is reverberating in his country. He told me there are fears that this will expand."

Can't have it both ways

The Argentine President has good reason to be worried. Like Mexico and the rest of Ibero-America, his nation is a target for destruction by the same British-directed forces behind Mexico's Zapatista insurgency. And Argentina, which Britain has always felt naturally "belonged" to its empire, is particularly coveted by these evil interests. It's not enough that its founding institutions have been emasculated by the last ten years of "democracy"; the aim is to smash every vestige of national sovereignty and usher Argentina

into the New Age of United Nations-led one-worldism.

If Menem has any illusions that his obedience to British policy will save him, he should think again. Similar subservience by Mexican President Salinas did not stop the British from destabilizing his country, once he had outlived his usefulness to them. Attacks from the political opposition arguing that Menem comes from the same mold as Mexico's ruling party, the PRI, point to the strategy already under way against him and Argentina's national institutions. He should be wary that Andrew Graham-Yooll, a former employee of the Hollinger Corp.'s newspapers in London (the same crowd trying to destroy the U.S. presidency), has just arrived in Buenos Aires to run the British press outlet the *Buenos Aires Herald*. And Menem should watch his back, now that the British intelligence agencies, MI-5 and MI-6, have signed an agreement to train agents of the Argentine state intelligence service SIDE.

The irony is that the policies Menem's government has applied since 1989 have assured the nation's economic and military defenselessness in the face of this British onslaught. Nowhere is this more visible than in the disastrous policy toward the Armed Forces.

Menem has sought to transform the military into an instrument of the new world order through "downsizing" and "restructuring" and incorporating it into United Nations peacekeeping operations, which he boasts has gained Argentina added "international prestige." Buenos Aires is slated to become an international center for the training of U.N. forces beginning later this year, and Argentina is one of the countries being counted on to join a supranational military intervention into Haiti.

The success of this United Nations strategy depends on silencing the voice of the imprisoned Col. Mohamed Ali Seineldín, who is not only Argentina's leading military patriot, but a figure respected continentally because of his opposition to British imperialist designs. A hero of the 1982 Malvinas War, the colonel has publicly defended American statesman Lyndon LaRouche, whose own unjust imprisonment in January 1989 was ordered by the Bush administration.

In mid-April, in statements made before a Buenos Aires federal judge, Seineldín denounced attempts coming "from within the government" not only to discredit him, but to

target him for murder through a lying campaign linking his *carapintadas*—Army nationalists—to acts of terrorism and robbery. That campaign intensified on April 26 when police raided a weapons arsenal on an island in the Paraná River delta in Buenos Aires, and claimed that the weapons were to have been used in a commando operation to free Seineldín from Magdalena Prison. On May 3, Menem himself insisted to Radio América that one of the people arrested in the case had stashed weapons “for the cause, the *carapintada* cause.” He also implied that Seineldín’s nationalists were responsible for the bombing of the Israeli embassy in Buenos Aires three years ago—a charge strongly and repeatedly denied by Seineldín.

As the colonel noted in a statement to another federal judge on May 6, “from my cell it is difficult to identify the people and places from which these bastardly reports are being issued; but one need only read the press to see that we are being permanently linked to every criminal act committed in our country.” In a statement April 26, Seineldín had warned that attacks on him prove the existence “of a malicious service which intends to stain the Army.”

Enter the São Paulo Forum

This assault on the military, and on the individual capable of rallying national and continental forces in defense of sovereignty, has fueled the growth of the very forces seeking Argentina’s destruction. In the April 10 elections for seats in the Constituent Assembly which will reform Argentina’s 1853 Constitution, the leftist Frente Grande (Large Front) coalition won in Buenos Aires with 35% of the vote and in the province of Neuquén, where Bishop Emeritus Jaime de Nevares led their slate. Much of their polemic was centered around “fighting government corruption.”

The Frente Grande is not just a motley collection of leftists and communists. It is a branch office of the São Paulo Forum, the continentwide apparatus of narco-terrorists created by Castro’s Cuba which intends to seize power in several Ibero-American nations this year. Among those groups which congratulated the Frente on its electoral victory were the narco-terrorist Guatemalan National Revolutionary Union (URNG) and Uruguay’s Frente Amplio (Broad Front), also members of the São Paulo Forum.

The Frente’s Argentine leaders include as well assets of the Anti-Defamation League of B’nai B’rith, such as Carlos “Chacho” Alvarez and socialist Alfredo Bravo, both of whom have publicly slandered Lyndon LaRouche and demanded that *EIR* be expelled from Argentina. Jaime de Nevares, a follower of schismatic Liberation Theology, has been heralded as the Argentine version of Mexico’s existentialist Bishop Samuel Ruiz, a central figure in the plot to destroy that country’s national institutions. Not accidentally, it is Luis Sobrino Aranda, a top freemasonic defender of the São Paulo Forum and opponent of LaRouche, who is most loudly praising the bishop. The Frente Grande has launched a cam-

paigned to make De Nevares the president of the new Constituent Assembly.

Menem’s goal of being reelected President in 1995 is contingent on the Constituent Assembly eliminating the constitutional ban on two-term Presidents. Late last year, Menem agreed to the so-called Olivos Pact with former President Raúl Alfonsín to secure the latter’s support for that change. Now, much the way that Cuauhtémoc Cárdenas is operating in Mexico, the Frente Grande is targetting the deal and the “authoritarian” presidential system it supposedly represents—not because Menem is so much of a threat to their policies, but because even Argentina’s weakened institutions cannot be allowed to stand under the United Nations agenda.

Jacobin mobs

The Frente’s leaders are proposing a grand alliance among all the country’s “democratic” elements, similar to what Brazil’s Workers’ Party (PT) under presidential candidate Luís Inácio “Lula” da Silva has attempted to do. In late April, Alvarez, Bravo, and Federico Storani, a dissident member of Alfonsín’s UCR party, spoke by telephone with Peronist Sen. José Octavio Bordón to discuss possibilities for broadening the coalition, looking toward the 1995 elections. Bordón, a member of the Washington-based Inter-American Dialogue think-tank, some of whose members are “on loan” to Ibero-American governments, is a presidential pre-candidate for 1995 whose platform emphasizes fighting corruption and modernizing political parties. He has no objection to the International Monetary Fund’s economic program applied by Menem and Finance Minister Domingo Cavallo.

Alvarez, Bravo, and Bordón try to pass themselves off as respectable political leaders whose only goal is strengthening democracy. But the Frente Grande’s role in leading the organized hysteria which occurred around the unexplained, early-April death of a young Army conscript in Neuquén, and the activities of some of its members in provoking unrest in the country’s northwest, reveals its actual nature as a force for unleashing mob violence.

When the beaten body of young Omar Carrasco was discovered at the Army base in Zapala, Frente leaders joined with the pro-terrorist Mothers of the Plaza de Mayo, the human rights lobby, the Communist Party, and affiliated groups to march in protest and demand that obligatory military service be banned in Argentina.

In the public debate around the Carrasco death, politicians and media linked to the Frente intensified the attack on the Army and implied that nationalist military officers were responsible for the young man’s death. Mirta Mantaras, a leftist lawyer working for the Carrasco family, urged parents to engage in “civil disobedience” by not sending their sons to do military service. “The military despises civilians,” she said. “The institution is like a caste. . . . This is the heritage passed down from the Proceso [the 1976-83 military government] and the Prussian tradition of the Argentine Army.”

CEC organizing unhinges oligarchs

by John Sigerson

The sheer quantity of slanderous vilification launched in recent weeks against the Citizens Electoral Councils, an Australian political party which supports the policies and world-outlook of Lyndon LaRouche, assumed truly astounding proportions in recent weeks, and then went off the scales altogether with the arrival on Australia's shores of Rev. James Bevel, former chief strategist of Dr. Martin Luther King and former vice-presidential running mate with LaRouche in the 1992 elections. The number of anti-CEC slanders per capita in Australia—a highly underpopulated country with only 17 million souls—has even outstripped the United States during the hectic days in the spring of 1986, when every news announcer across the country couldn't mention the name "LaRouche" without burping out the "political extremist" label concocted by British-Venetian financial interests and imposed by their private mafia, the Anti-Defamation League of B'nai B'rith.

When an enemy attacks wildly and desperately, one knows one has encountered a particularly soft spot in their defenses, and this is no exception. Australia, although nominally a sovereign nation, still hangs onto the coattails of the "home country" Great Britain, which sent its "genetically inferior" convicts (see article on p. 41) into the Australian bush to mate with the aborigines and hack out a nice little garden for the occasional refreshment of the Upper Classes. In early February, Australia welcomed the embattled British Prince Philip with open arms; one news columnist went so far as to propose that Philip be made king of Australia if things get too hot for him at home.

The CEC, on the other hand, has been growing by leaps and bounds in Australia, partly because of the rapidity of the economic collapse, which has wiped out its vigorous independent agricultural sector virtually overnight, and partly because of its message that Australians, too, are human and can act in the image of God, and don't have to swallow the "multi-racialism" which is being crammed down their throats as a way of keeping them under oligarchical control during the coming troubled times.

Reverend Bevel's 10-day tour during early May spread those messages far and wide. Under the slogan "harmony of interests," Bevel spoke at forums, radio interviews, and private meetings with legislators in the capital Canberra, against the adoption of so-called "racial vilification laws"—

a law which, just as the "hate crimes" laws in the United States, is aimed at deepening public "awareness" of supposed "racial differences," in order that these differences can be manipulated by classic British "divide-and-conquer" ploys. At a forum held in the agricultural town of Bundaberg in Australia's northeast, Bevel warned that the bill "will establish the notion that Australia is made up of different races and incite a racial awareness, creating divisions where none should exist. I give no credence to the assumption of race being a valid discussion."

During an eight-minute radio interview broadcast nationally by the Australian Broadcasting Corp. on May 2, Bevel stressed that in his view, any focus on "racial" issues is a distraction from the real *constitutional* issues, such as the right of all Australians for a scientific education.

Demystifying the 'aborigine' question

The absurdity of the "racial" outlook embedded in the vilification laws, was clearly evident in Bevel's meetings with groups of aborigines and aboriginal affairs specialists. The issue of "aboriginal rights" has been taken up with a vengeance by the entire anti-development, anti-technology mob, who have been manipulating the issue in order to prevent any agricultural development on huge tracts of Australian outback—despite the fact that by now, only a few hundred "pure-blooded" aborigines are left on the continent. Bevel attacked this entire fraud, and told groups of aborigines that they should stop their colonialist whining about "black rights," and instead should demand their rights as members of the *human* race in the image of God. "Your problem," he told them, "is that you haven't asked for enough. You have to be the government in this country."

Sponsors of the Bevel tour also extended an invitation to World Jewish Congress co-chairman and vilification law backer Isi Leibler to debate these matters with Bevel in public. Leibler declined, arguing that he "didn't want to give credibility to the man by appearing with him on radio." Instead, Leibler's circles responded by deploying goons from one of their assets, the International Socialist Organization, to disrupt campus meetings and hand out fliers attacking Bevel as a "LaRouche extremist" (apparently, they didn't think their usual line about "racist LaRouche" would go over well in this case). Pressure from Isi Leibler and his brother Mark also succeeded in cancelling planned addresses by Bevel before the Labor Party's Aboriginal and Torres Straits Islanders Committee and the Parliament's Christian Fellowship.

But even the hostile media admitted that Bevel's tour had caught them flat-footed and grasping for straws. A reporter for SBS Television admitted privately that he would not cover Bevel because "we couldn't trap him into saying something anti-Semitic. . . . He is too professional, too sharp. He handles himself extremely well. The CEC has brought him out here to give them a godly face."

New British research exposes Churchill as genocidal racist

by Mark Burdman

In 1943, Winston Churchill, then prime minister, was speaking to the British Cabinet about the famine that was raging through Bengal, India. Churchill told the secretary of state for India, Leo Amery, that the Indians were “the beastliest people in the world, next to the Germans,” and would continue to breed “like rabbits.” After another such outburst somewhat later, Amery was prompted to remark of Churchill that he, Amery, “didn’t see much difference between [Churchill’s] outlook and Hitler’s.”

This story has been recounted by British historian Andrew Roberts, both in the April 8 *London Times* and in an article in the April 9 issue of the weekly *The Spectator*, the latter on the theme of “Churchill’s life-long antipathy to colored people.” Roberts has completed a book, *Eminent Churchillians*, which will be published in July. His writings are among a spate of works now being previewed or released in Britain, that are challenging the mythologized image of Winston Churchill that has been carefully cultivated over the past decades, as the great defender of “western freedoms” against Adolf Hitler and, later, against the communist menace.

Whatever might be the final verdict on Churchill’s role in the 1940s, and whatever might be the ultimate motives of Roberts and other authors in presenting their findings, the reality that emerges from their research among various archives and documents, is that Winston Churchill was a racist degenerate, who supported the sterilization of “inferior” races, eugenics measures to defend the “British race,” and the establishment of apartheid in South Africa to separate the races, among other atrocities.

The revision in the public portrait of Churchill, and the debate erupting in Britain about it, are most timely. British influentials are now taking the lead, internationally, in organizing for the September 1994 United Nations-sponsored depopulation conference in Cairo. Meanwhile, the British have been flagrant, often using the U.N. as their vehicle, in imposing genocide on Bosnia, Iraq, Africa, and elsewhere in the world.

The findings on Churchill conform to these realities, and the fact that he is so important in the British 20th-century

pantheon makes the revelations the more devastating in their implications. In this regard, the various diatribes against Roberts and Churchill biographer Clive Ponting that have been published in late April and the first days of May have, perversely, been rather useful: The most persistent line taken in defending him, is that Churchill was “only” expressing views that were, after all, typical of the British upper crust in the first half of this century! For human beings who don’t subscribe to the bestialist British worldview, the public airing of this “debate” should help in further discrediting the British ruling elites.

Roberts and Ponting have been attacked across an ecumenical spectrum, ranging from the neo-conservative Sir Peregrine Worsthorne and others in the Hollinger Corp.’s *Sunday Telegraph* and *Daily Telegraph*, to writers for Rupert Murdoch’s *Sunday Times* and the left-liberal London *Guardian*. The *Guardian* recently merged with the London *Observer* weekly, owned by Lonrho Corp. magnate Tiny Rowland, the front-man for the British Foreign Office in much of black Africa.

‘A national and race danger’

The most controversial of the new works is that of University of Swansea (Wales) Professor of Politics Ponting, who in 1982 had, as Royal Family biographer Philip Ziegler put it in a hostile review of Ponting’s new book in the April 30 *Daily Telegraph*, “fallen spectacularly foul of Her Majesty’s Government” when he revealed damaging information about the British sinking of the Argentine ship *Belgrano* during the 1982 Malvinas War. For doing that, he was tried—and acquitted—under Britain’s Official Secrets Act.

Ponting bases his findings on Churchill on secret British government papers that have been made available to the public in recent years at the U.K.’s Public Records Office in Kew. Churchill’s own papers will probably not be available for another quarter of a century, perhaps considerably longer, because of a bizarre arrangement that the papers would only be released 20 years after his official biography is completed. Official biographer Martin Gilbert is still toiling away on his multi-volume *magnum opus* on Churchill. Careful readers of

Gilbert's meticulously detailed work up to the present, remark that he seems to have strangely "overlooked" his subject's racist/eugenicist views.

According to previews of Ponting's research published in the *Hindustan Times* and London *Guardian*, Churchill was a racist who wanted to forcibly sterilize 100,000 "mentally degenerate" Britons, and to send tens of thousands of others to labor camps, in order to halt the decline of the "British race." In 1899, Churchill sent a letter to his cousin Ivor Guest, stating that the improvement of the British breed is my "political aim in life."

By 1900, Churchill was embracing the proposals of the Royal Commission on the Care and Control of the Feeble Minded, which concluded that "the feeble-minded" were a danger to the British race, and should not be allowed to "breed." He wrote privately to Prime Minister Herbert Asquith: "The unnatural and increasingly rapid growth of the feeble-minded and insane classes, coupled as it is with a steady restriction among all the thrifty, energetic and superior stocks constitutes a national and a race danger which I find impossible to exaggerate. I feel that the source from which the stream of madness is fed should be cut off and sealed up before another year has passed."

As Home Secretary in 1910, he unsuccessfully tried to introduce forcible sterilization. He also circulated to his government colleagues a pro-eugenics lecture by Dr. Alfred Tredgold, an adviser to the Royal Commission, who spoke on the theme, "The Feeble-Minded: A Social Danger." In this paper, Tredgold argued that "the feeble-minded" made up the class of "criminals, paupers and unemployables, prostitutes and ne'er do wells," who were breeding almost twice as fast as the national average. The dilemma facing Britain came from the fact that, in the natural world, these "inferior people" would be eliminated, but the modern state kept them alive. Hence, what was needed urgently were social laws, to ensure that the unfit did not propagate and did not interbreed with "healthy" members of society and thereby "lower the general vigor of the nation." In his note of recommendation to his colleagues, Churchill affirmed that "Dr. Tredgold speaks from wide experience and with special authority. This address gives a concise and, I am informed, not exaggerated statement of the serious problem to be faced."

In fact, writes Ponting, newly released Home Office files, originally closed to the public for 100 years because of their sensitivity, "show that Churchill was an extremist on the subject [of sterilization], and wanted to go much further than the Royal Commission, Dr. Tredgold, Home Office officials, and ministers." He was especially impressed with projects for "the forcible sterilization of degenerates" that were then being carried out in such American states as Indiana. He began to promote the idea, rejected by others in the Home Office, for forced labor camps, or labor colonies, for the "feeble-minded."

According to Ponting, Churchill "thought blacks were

inferior. He said so after his trips to Africa. He even thought Australians were a bad lot because of the stock they came from."

Churchill's "belief in the inherent superiority of the white race, in the world mission of the British empire, and his belief in the efficacy of public hanging were formed in the last two decades of [the 19th] century. . . . At that time, racist beliefs were prevalent in Europe and America, and equally influential were the ideas of social Darwinism, a 'philosophy' which argued that nations were like species—in the international struggle only the fittest would survive. In the decade after Churchill entered parliament in 1900 many among the political and social elite felt the nation was falling behind and its future was at stake. Britain was rapidly losing its industrial preeminence and share of world markets to the United States and Germany, and the Boer War had shown that its strategic position was weak and its defense organization a shambles. Among the elite there was a movement for 'national efficiency' . . . on the fringes [of which movement there was support for] social eugenics, the idea that the 'British race' had to be purified to fit it for the struggle with other nations."

Reviewers hit the ceiling

Ponting's book has produced a kind of lynch mob reaction among British reviewers. *Guardian* reviewer Richard Gott, on May 4, labeled Ponting and Roberts "punk historical jackals." Gott asserted that Churchill's use of such words as "blackamoor," "coolie," "nigger," "chink," and "Hottentot" was "common to an English (and, indeed American) of his age and class."

Gott seems to find it perfectly normal that Churchill was "clearly intrigued" by "forcible sterilization" programs that had been mandated in certain U.S. states (notably the Commonwealth of Virginia), adding in parentheses that such treatment of "the inferior" was "a favorite project, incidentally, of the socialists Beatrice and Sidney Webb"—as if this might make Churchill's behavior more palatable to the left-liberals who read the *Guardian*. Ultimately, Gott argued that since Churchill led the fight against the Nazis, he was therefore a hero of the "anti-fascists" to this day, and that anybody attacking him, must be more or less equivalent to the notorious David Irving, the anti-Churchill historian who denies the Nazi Holocaust, and who blames Churchill for unnecessarily and wrongly (in Irving's view) having mobilized Britain for war against Hitler's Nazis.

An unrepentant Anglo-Saxon supremacist

Ponting's basic contentions are amply supported by Roberts, who has even been accused by some reviewers of having rushed his article into the Hollinger-owned *Spectator* in order to preempt, and possibly limit the damage of, the Ponting book. Irrespective of the fact that Roberts has, since the article was published, been claiming that he is not unsympa-

thetic to Churchill's racist views, the material he provides is highly damaging.

Writes Roberts:

"By the standards of today—and possibly even of his own time—Winston Churchill was a convinced racist. For all his public pronouncements on the 'Brotherhood of Man' he was an unrepentant white—not to say Anglo-Saxon—supremacist. For such a zealous child of the Empire, anything else would have been astonishing. Part of the British Empire's *raison d'être* was its assumption of racial superiority. . . . Neither were Churchill's assumptions about human worth confined to ethnicity. He dabbled in eugenics. . . .

"For Churchill, Negroes were 'niggers,' Chinese were 'chinks' or 'pigtails,' and other black races were 'baboons' or 'Hottentots.' Italians were 'mere organ-grinders,' and when an Egyptian crowd attempted to burn down Shepherd's Hotel in 1952, he described them in a memorandum to [Anthony] Eden as 'lower than the most degraded savages now known.' "

According to Roberts, Churchill once asked his doctor, Lord Moran, what happened when blacks caught measles, could the rash be spotted? When Moran responded that blacks suffered a high mortality rate from measles, Churchill growled, "Well, there are plenty left; they've a high rate of production." Roberts claims that Churchill maintained a consistently racist view from the turn of the 20th century through the 1950s.

Apartheid: made in Britain

On April 18, the London *Independent* added its voice to the fray, with a feature by Africa editor Richard Dowden entitled, "Apartheid: Made in Britain." Dowden debunked the myth, widely propagated by the British government and in the British media these days, that the British are the conceptual authors of "democracy" in South Africa, and that democratic practices there were nonexistent until the British arrived on the scene. "In fact," cautioned Dowden, "the British tradition, as purveyed by both English-speaking South Africans and the parliament at Westminster, has played a less than glorious role in establishing democracy."

Dowden went on:

"It was two renowned Englishmen, Cecil Rhodes and Winston Churchill, who at crucial moments planted the seeds that were to ripen into policies which deprived black people of democratic rights in South Africa. A third, Jan Smuts—an Afrikaner by birth who became a committed supporter of the British Empire—was also an architect of laws which were later to become the framework of apartheid. Like Churchill, Smuts has a statue in Parliament Square, but in South Africa both will go down as men who destroyed rather than built democracy in the country. . . .

"Rhodes believed that the world should be ruled by the Anglo-Saxon and Teutonic races: One of his dreams was to force the United States of America back into the British

Empire. . . .

"[Smuts] is usually regarded as the man who represented liberal democratic values in South Africa. In fact, Smuts believed that South Africa should be a 'white man's country' and he believed in 'segregation'—which is simply English for apartheid."

Dowden asserts that apartheid was institutionalized when the Union of South Africa Act was passed in 1910, with Churchill playing a "vital role" in establishing the system. Churchill was then Under-Secretary for the Colonies, and had campaigned for years for a system of "Afrikaner self-rule" that, in practice, excluded black Africans from the right to vote.

'The foul Hindu race'

Even a newly released work that is reported to be more sympathetic to Churchill cannot escape from admitting some damaging points. Norman Rose, professor of international relations at the Hebrew University in Jerusalem, in his book *Churchill: An Unruly Life*, challenges the notion of the late British leader as an opponent of the appeasement of Hitler.

According to Rose, "The convention is that he was an anti-appeaser in the thirties and opponent of [Neville] Chamberlain. Yet, in fact, he rarely opposed the Government during that period. He was certainly in favor of appeasing Mussolini over Abyssinia and was sympathetic to Franco."

Rose has also uncovered what some believe to be the most damaging racist quote from Churchill, his description of the Hindus as "a foul race protected by their pollution from the doom that is their due."

For further reading

1) Mark Burdman, "H.G. Wells and the Roots of British Social Engineering," review of *The Intellectuals and the Masses: Pride and Prejudice among the Literary Intelligentsia, 1880-1939*, by John Carey; and *The Invisible Man: The Life and Liberties of H.G. Wells*, by Michael Coren, in *EIR* Vol. 20, No. 28, July 16, 1993.

2) Mark Burdman, "What the British Taught the Nazis About Eugenics," *EIR*, Vol. 19, No. 49, Dec. 11, 1992, review of *Eugenics, Human Genetics and Human Failings: The Eugenics Society, Its Sources and Its Critics in Britain*, by Pauline M.H. Mazumdar.

3) Anton Chaitkin, "Cairo Population Conference Repeats 1932 Nazi Planning Meeting," *EIR* Vol. 21, No. 18, April 29, 1994.

Pro-British apologists seek to revive 19th-century colonial China

by Michael O. Billington

EIR's coverage of the Chinese reforms of the past 15 years has repeatedly pointed to the close parallel between the "coastal development zones" of today and the 19th-century "treaty ports," established by force as concessions to the British following the Opium Wars of the 1840s through the 1860s.

The apologists for today's "coastal development zone" policy, both East and West, generally go to great lengths to argue that there is no similarity to the imperialist outposts of the 19th century. However, one leading China scholar, MIT's Lucian W. Pye, has dropped all pretense by crudely *praising* the old colonial treaty ports as the shining light of the 19th century. He asserts that China's backwardness and misery of the past 150 years are not due to the colonial looting or the forced inundation with drugs under the auspices of British gunboats, but rather to the Chinese failure to appreciate and adapt to the "superior culture" displayed in colonial Hongkong and Shanghai. His intention is clear: China must today adopt as national policy the extension of the free trade economy and libertarian culture of the "free trade zones"—the Hongkong-modeled foreign treaty ports of the present era.

Pye follows in the tradition of Max Weber, who in the early 1900s extended his sociological gibberish to an "analysis" of China. Although Weber had only the most superficial knowledge of China, he nonetheless concluded that China's backwardness was unrelated to the British rape of the nation, but was entirely the result of the Confucian world view and the *negative impact* of the high degree of unity and peace that prevailed over the millennia under Confucian moral leadership. Only by divisiveness and war, said Weber, can the competitive juices be released that bring about modern capitalist development. Weber's perverse view became the standard of China scholarship even today.

Pye proves himself a proponent of Weber's world view in his article "How China's Nationalism was Shanghaied," published in the January 1993 issue of the *Australian Journal of Chinese Affairs*. Pye states:

"Put bluntly, the fundamental problem in China's modernization is that China is really a civilization pretending to

be a nation-state. . . . China today is what Europe would have been if the unity of the Roman Empire had lasted until now, and there had not been the emergence of the separate entities of England, France, Germany, and the like. But, of course, it was precisely the breaking up of Europe into separate nation-states that not only gave birth to the distinct phenomenon of nationalism but which produced the phenomenon we call modernization."

China, unlike Europe, shares a common language-culture, which is the basis for the existence of a single national entity. However, despite Pye's strained comparisons to Rome, the fact is that China's unity was often broken in the course of the past 2,500 years, and the history of the British role in China reveals repeated use of the Roman "divide and conquer" techniques by the British themselves. Two examples will demonstrate the method of those who sponsor the likes of Professor Pye.

The British strategy

Following the First Opium War in 1842, the British seized Hongkong as booty, along with the agreement to establish several other "treaty ports" along the coast (it should be noted that precisely the same cities have been designated as the Special Economic Zones in the current reform era), and the right to "free trade" in Indian opium and other commodities in those ports. One effect of the rapid spread of opium and the general economic crisis which ensued was the outbreak of peasant revolts. In the 1850s, when the British decided they needed further concessions—in particular, the right to sell their opium directly in the interior of the country rather than through Chinese middlemen in the treaty ports—they decided to support the largest of these peasant revolts, the Taiping, a messianic Taoist cult with pseudo-Christian aspects, which eventually took over much of southern China. The British threatened Beijing with full British backing for the Taiping if the central government failed to make every concession demanded of them. As it turned out, British Prime Minister Lord Palmerston organized a second direct Opium War against Beijing, and, only after burning the Summer Palace, occupying Beijing,

and forcing a change in government, did the British then reverse their support for the Taiping Rebellion and help the government armies crush them. The total cost was over 50 million Chinese lives.

In the 20th century, a similar divide-and-conquer tactic was used in an effort to destroy Dr. Sun Yat-sen's republican movement and prevent it from replacing the collapsed Qing Dynasty following the 1911 revolution. From their command centers in the treaty ports, the British controlled the customs income and much of the domestic taxation services for the Chinese government—some of the “concessions” of the Opium Wars. They used this power to sponsor and manipulate various warlords, including the commander of the old Qing Imperial Army, Yuan Shi-Kai, successfully dividing the country into numerous competing military fiefdoms. Also, at the 1919 Versailles Conference, the sovereignty of China was brutally ignored as the British chopped up their supposed Chinese “ally” of World War I, handing out the pieces to the other, more powerful allies. Only when Sun Yat-sen and his leading general Chiang Kai-shek built an army and a movement strong enough to defeat the warlords in 1927 was the era of anarchy ended, and a decade of dramatic economic and social progress unleashed.

Pye dismisses Sun's extraordinary statesmanship and leadership with a single flippant comment: “It is true that Sun Yat-sen was western trained and members of the Soong family [influential leaders in the Nationalist government under Chiang Kai-shek] were politically influential in the 1940s, but these and a few others were the odd exceptions to the general rule.”

It is a return to the anarchy and division which Professor Pye and his British allies are proposing as an option in the crisis unfolding in China today.

The ‘maligned treaty ports’

It is instructive to hear Pye's words in defense of the “maligned treaty ports,” as he calls them. He ignores the fact that it was just this system which was laying waste to the interior economy, while controlling the primary sources of income to the Chinese government, diverting them to meet the outrageous reparations imposed after the Opium Wars. Pye writes: “The fundamental and lasting effect of the treaty port system was that it provided vivid and all-too-concrete evidence of the weakness of Chinese political rule and the apparent merits of foreign rule. The huge mass population of interior China were cursed with the incompetence, inefficiency, and corruption of governments by warlords, while in the enclaves there was an environment where Chinese could prosper and realize the spirit of modern life.” This, of course, is precisely the view of the International Monetary Fund crowd today toward the “lessons” to be learned from the free trade zones. Pye warns that China must show more respect for the foreign-dominated trade zones this time around, and claims that the hatred of the

unequal treaties and the colonial power represented by the old treaty ports “rested upon a serious misunderstanding about the realities of Chinese life in the enclaves.”

He then proceeds to paint a glowing portrait of Shanghai and Hongkong, claiming that they do not deserve their reputation as “sordid, immoral cities.” They were really not foreign cities, he reports, since “in 1865, there were 55,465 Chinese and only 460 foreigners living in the French Concession,” and “by the 1930s, Shanghai had less than 500 British administrators and police officials who presided over a civil service that was essentially Chinese.”

Pye concludes with a straight face, that “anyone who knows Hongkong, knows that it is a product of Chinese efforts.”

This is not to deny that Shanghai became the center of extraordinary cultural and intellectual development, primarily during the “Development Decade” from 1927-37. This was the brief flowering of the Chinese economy and culture under Chiang Kai-shek's National government, which was brought to a close by the Japanese invasion. But this was achieved *in spite of* continued British presence and lingering control. While Chiang Kai-shek was trying to overturn the unequal treaties, his only significant western support came from Germany, which was also cut off when Hitler came to power and allied with Imperial Japan.

Pye, sounding every bit like a British colonial governor, is looking to the present when he writes: “In retrospect, it is surprising that it could once have been said that what took place in Shanghai was the exploitation of China. If that was exploitation, it is a pity that there was not more of it throughout China.” What Pye is ignoring is that the bubble economies of the old treaty ports *and* the new free trade zones today are *dependent* upon the impoverishment of the vast interior of the nation. The drugging of the population and the stealing of the national income to pay “reparations” for the Opium Wars sustained the luxury of the treaty ports, just as today the flow of 150-200 million desperate, unemployed peasants from the collapsing interior, fighting for the few million jobs in the coolie labor sweatshops of the trade zones, is the actual source of the “China miracle.”

Pye has previously prided himself in his Weberian thesis on why Mao failed to modernize China. “The process of modernization,” he writes, “has usually involved a transition from legitimacy based on a moral order to a political order based on law and responsive to the interactions of political processes composed of competing interests. Unfortunately, the evolution of China did not include such a transition. Instead there was an attempt to reestablish a moral order, this time based on Marxism-Leninism-Mao Zedong Thought. Again China was to be ruled by people who claimed to be morally superior people.”

By this sleight of hand, Pye places the Maoist nightmare of the past half-century on a par with the Confucian moral tradition, which governed China for 2,500 years and created

one of the great cultures in human history. The exact opposite is the case: Mao's ideology was explicitly based on the Legalist Qin Dynasty of Emperor Qin Shi-huang during the 3rd century B.C., most famous for burning the Confucian classics and killing or silencing the intelligentsia—an approach which Mao repeated in the massacre of the intelligentsia during the Cultural Revolution.

In fact, as I have shown elsewhere, every period of progress and development in China was achieved under the impetus of a renewed Confucianism, while every period of decay and collapse followed the ascendancy of the anti-Confucian influence of Taoism and the related Legalist forms of political tyranny. The Confucian world view ennobles man as uniquely capable of fulfilling the Mandate of Heaven through the exercise of reason, distinguishing man from beast, while the Taoist view reduces man to the level of a beast, to a "straw dog," which was a convenient ideology for tyrants such as Qin Shi-huang or Mao Zedong. It is precisely the *moral order*, which Pye denigrates, which gave rise to scientific and economic development, both in China and in the West (despite the sociological pretensions of Weber and other social Darwinists).

Hamilton's 'third way' ignored

The underlying assumption of Pye's work, and the actual message of virtually all British historiography since at least the days of Adam Smith's apology for British colonial looting, is that there exist only two choices for the form of government for any nation: dictatorship (identified today with communism) or the "free trade" regime proposed by the IMF and the Anglo-American financial cartels (identified with shock therapy in Russia and the free trade zones policy in China). As is becoming increasingly clear in eastern Europe, in the Third World, and in the western nations themselves, this second alternative is in fact a submission to the economic control of a bankrupt global financial apparatus which is bleeding the world to death to service the largest financial bubble in history. The "Third Way" of Hamiltonian economics, with National Bank control of credit generation in order to insure an expanding base of infrastructure development, scientific and technological progress, and expanding education and health services, is simply ignored or misrepresented.

Pye, in fact, makes a point of lying about the one effort to implement such a Hamiltonian system in 20th-century China—that of Dr. Sun Yat-sen. Dr. Sun's efforts of the 1910s, and Chiang Kai-shek's efforts to follow Dr. Sun's policies during the 1927-37 "Development Decade," were explicitly based on Sun's analysis of the superior policies of Alexander Hamilton and his followers, as opposed to the failed, fraudulent "free trade" policies of the British system.

Sun refused to accept "the West" as a single philosophical entity, but clearly differentiated between the moral, republican, Christian tradition which was the basis of the

Hamilton-Lincoln leadership in America, and the amoral, oligarchical world view of the British free trade colonialists. By the same standard, he rejected the iconoclastic, mindless denunciation of classical China as encouraged by the British and adopted by many of the angry young intellectuals of the May 4th movement (the nationalist upsurge which followed the sellout of China at Versailles in 1919). Sun recognized the value in the Confucian teachings which had generated the great Chinese civilization, and the coherence between Confucianism and Christianity as the basis for building a republican China capable of contributing to a revival of the world economy as a whole.

Pye, ignoring all this, simply lumps Sun Yat-sen's republican movement together with Maoism as failing to meet his Darwinian criteria for "modernism" (i.e., legalism and free trade). Pye writes: "Fundamentally, each Chinese regime since the fall of the Qing Dynasty [1911] has sought to reestablish the legitimacy of the Chinese state by formulating a new moral order to replace the Confucian order. In doing so, they have in effect tried to establish an essentially traditional political system rather than advance toward a modern one."

Hiding the unique and crucial role of Sun Yat-sen is a priority for such oligarchs today, in the tradition of Bertrand Russell's role in the 1920s in China, directing the youth away from Sun's republicanism and toward Taoism and the emerging Communist Party. Many of the intellectuals of the resistance movements of the 1970s and 1980s have fallen into an iconoclastic rejection of the "interior" culture of China, including the Confucian tradition, in favor of the "coastal" culture of the "westernized" free trade zones. What Pye's sponsors don't want these intellectuals to consider is that:

1) the IMF-based economies of the West are themselves collapsing under the weight of the massive bubble of derivatives and related speculative instruments; and

2) the fate of China itself depends on a massive emergency project to develop the infrastructure of the nation as a whole, like that proposed by Dr. Sun Yat-sen in 1919.

The proposals for China's development that were prepared by Dr. Jonathan Tennenbaum (see *EIR*, Feb. 11, 1994, "An Emergency Plan for China for the Next 100 Years") update Dr. Sun's proposals by calling for 1,000 new nuclear-powered cities to be constructed over the next 100 years. Although the coastal cities must continue to play a crucial role both in trade and in production, the emphasis is on *development corridors* which follow the rivers, canals, and the cross-country rail lines, both existing ones and new ones, deep into the interior. By this means, the interior and the population will be *transformed* through *universal* scientific methods, rather than relegated to poverty, sustained like livestock as a source of cheap, unskilled labor, recycled through Deng Xiaoping's—and Professor Pye's—new "treaty ports."

Cárdenas and Iran-Contra

Why hasn't the PRD presidential candidate responded to charges that he took part in Ollie North's arms trafficking?

Despite the numerous public reports that Cuauhtémoc Cárdenas participated in the CIA's Iran-Contra operation, the candidate of the Party of the Democratic Revolution (PRD) and member of the pro-terrorist São Paulo Forum remains absolutely silent on the matter.

On April 15, *Novedades* columnist Juan Ruiz Healy reproduced in his "A Fondo" column the open letter of Ibero-American Solidarity Movement (MSIA) leader Marivilia Carrasco, in which she demands that Cuauhtémoc Cárdenas clarify the charges against him.

The letter says: "In the context of the enormous campaign by British intelligence and its collaborators in the United States to overthrow President Bill Clinton, unleashed by, among others, Ambrose Evans-Pritchard, correspondent for the *Daily Telegraph*, your name as governor of Michoacán has emerged as a participant along with former U.S. President George Bush and Lt. Col. Oliver North in the arms and weapons trafficking between the United States and Central America, known as the 'Iran-Contra' operation.

"In the recently published book *Compromised: Clinton, Bush and the CIA*, written by Terry Reed and John Cummings (New York: Shapolsky Publishers, 1994), the operations of the 'Iran-Contra' case in Mexico are described. As is documented, these included the trafficking of weapons for the Nicaraguan 'Contras' and of drugs into the United States through the Guadalajara airport. Terry Reed, implicated in those operations and a co-

author of the book, relates how he met with you at the beach resort of Zira-huén Lake, and that you were introduced by CIA agent Félix Rodríguez, who operated under the pseudonym Max Gómez, accompanied by Pat Weber, which was the pseudonym of Amiram Nir, who died in an airplane accident on Nov. 23, 1988 in Ciudad Hidalgo, Michoacán.

"In the book *Compromised*, Terry Reed notes that Bush agent Max Gómez told him the following: 'Look, let me present you to Mr. Cárdenas,' Gómez said. . . . 'He is a very important man in the Mexican government. His father was President of Mexico. But don't forget, we have him in our pocket. Personally, I am paying him a lot of Agency money to make this project work. Don't pay attention to his regal attitude during the meeting today. He's ours' (page 323). According to Reed, the meeting was about the establishment in Michoacán of the company Maquinaria Internacional, which would manufacture weapons parts.

"Because of the gravity of these public accusations, and the fact that it has become a scandal inside the United States and internationally—a virtual 'Bushgate'—we believe that you are obliged to clarify this matter before the public as quickly as possible."

Columnist Ruiz Healy, for his part, asked: "How much truth is there in the statements of these sources. . . ? Should the PRD candidate respond to these accusations? If he doesn't, will it be the equivalent of accepting the charges of his detractors? Have we reached the point in our country of hav-

ing a collaborator of the CIA as the candidate of a national party?"

On April 16, the newspaper *El Heraldo de México* editorially commented that "a charge of this nature, no matter what the sources, requires a full explanation from Cuauhtémoc Cárdenas to the nation. Not to do so would always leave doubts." On April 20, this same daily published an article entitled "Cárdenas, Drugs, and Weapons," by Vladimir Rothschuh, who writes that "the dark past of the PRD appeared to have been overcome, until last week when the leader of this party, Cuauhtémoc Cárdenas, was implicated in the dirty Iran-Contra war. The book *Compromised*, by Terry Reed, relates how Cuauhtémoc Cárdenas was bought by the CIA while governor of Michoacán, to facilitate the creation of a weapons-part-manufacturing plant in the area."

After linking together the Basque terrorist ETA, the Lázaro Cárdenas Foundation, the Zapatista National Liberation Army, Bishop Samuel Ruiz, and the PRD, Rothschuh concludes: "To what degree is the Terry Reed book the missing piece of the puzzle?"

In statements to the daily *La Jornada* of April 27, Sen. Miguel Alemán Velasco, son of former Mexican President Miguel Alemán, declared that the current kidnappings in Mexico are not political, but strictly business. He explained that "there already existed a list of 'kidnappables' in Nicaragua. Wasn't that a business there, which went even into Guatemala and in which those weapons ended up in Chiapas and were sold here and everywhere? There are many books which could provide information on this, primarily one called *Compromised*, which describes the entire Iran-Contra route, and in which the names of some Mexican governors appear on the lists."

International Intelligence

Britain's Tory party suffers election losses

The Conservative Party of Prime Minister John Major suffered massive losses on May 5, in municipal elections throughout the United Kingdom. With approximately 5,000 candidates vying for 1,500 seats in local councils around the country, BBC reported that these are the "worst ever" results suffered by the Tories in local elections.

The Conservatives lost in various local councils that they have controlled for over 100 years. They also lost in Basildon, an area where Prime Minister Major campaigned personally. Overall, the Tories are credited with a meager 26.5% of the vote, in contrast to the Labour Party's 40%. The Liberal Democrats gained most, relative to the last local elections.

Labour Party head John Smith said that the Conservatives had been "humiliated" by the results. There is widespread discussion, according to BBC, that Major may have to step down soon, and will face a leadership challenge within Tory ranks "in the next months." Conservative Party chairman Sir Norman Fowler hurriedly dismissed reports that Major would resign.

Tarpley: British out to wreck U.S. and Mexico

Webster Tarpley, the president of the Schiller Institute in the United States and a member of *EIR's* editorial board, told a press conference in Mexico City on May 4 that the same British intelligence operation that is running the "Whitewater" destabilization of the U.S. presidency is also out to destroy Mexico.

According to the Mexican daily *El Herald* on May 5, Tarpley said, "There is a British intelligence network plotting in Mexico and the United States to destabilize both countries and to destroy such solid institutions as the Catholic Church and the Mexican Army, with the primary beneficiary being PRD presidential candidate Cuauhtémoc Cárdenas." Tarpley presented

an analysis of the Chiapas insurrection and the murders of presidential candidate Luis Donaldo Colosio and Cardinal Juan José Posadas Ocampo, and said, "None of the principal intellectual authors of those events is a Mexican," reported *El Herald*. "Mainly, these involve members of the Hollinger Corp., such as former British Prime Minister Margaret Thatcher and former U.S. Secretary of State Henry Kissinger, who are orchestrating a campaign to discredit important institutions in both countries."

Tarpley said that Mexico "is important to London because of its proximity to the United States and its leadership role in Latin America." The Hollinger Corp., he said, according to *El Herald*, "the same group that concocted the Whitewater scandal against Clinton, includes at least 80 American newspapers, and the *Daily Telegraph* and the *Sunday Telegraph* are part of that corporation." He added that "the British want to remain as the arbiters of international diplomacy, politics, and finance, and they have even forecast that Clinton will remain in the presidency only until the end of this year."

Spain hit with more scandals, resignations

The political crisis in Spain intensified during the first week in May, with new scandals, arrests, and resignations by the day. During the 24-hour period of May 4-5:

- Agriculture Minister Vicente Albero resigned, having been implicated in a financial speculation scheme together with Madrid Stock Exchange chief Manuel de la Concha.

- De La Concha and former Bank of Spain head Mariano Rubio were arrested, charged with involvement in tax fraud and falsifying public documents. Current Bank of Spain head Angel Rojo is also being named as involved in illicit activity.

- The former and current interior ministers resigned their parliamentary seats, as did the parliamentary whip of the Socialist Party (PSOE), Carlos Solchaga.

- The head of the Catalan National Par-

ty, Jorge Pujol, who steered his party into the ruling coalition that keeps the government of Prime Minister Felipe González in power, declared that he now supports early general elections.

- The Spanish stock exchange fell by nearly 2%, and Spain's debt rating was lowered.

- Prime Minister González told a press conference that he was prepared to face a vote of no-confidence in the Parliament. Rumors are rife that he will step down, however, perhaps to be replaced by another Socialist as President for an interim period.

Yemen civil war worsens; foreigners are leaving

Fighting is escalating between north and south Yemen, as both Sanaa, the national capital located in the north, and the former southern capital of Aden came under military attack during the first week in May. Southern forces launched a Scud B missile which hit Sanaa, while northern forces continue their drive south to the port city of Shuqrah, which would isolate Aden from the rest of southern Yemen.

Northern military leaders are said to be committed to capturing Aden and have branded the southern leaders loyal to Ali Salem al-Biedh, former President of South Yemen and former prime minister of the United Yemen, as "war criminals." Over 400 foreigners have been evacuated, including French, British, German, and Russian nationals. U.S. State Department mediator Robert Pelletreau was reported to be stranded in Sanaa.

British intelligence sources are blaming Saudi Arabia for fomenting the fighting. Interviewed by BBC on May 5, the *Economist Intelligence Unit's* Andrew Smith said that the Saudis were "not happy about seeing Yemen unified." A unified Yemen has, by far, the largest population of any country in the Arabian Gulf, and also has oil reserves. The Saudis, he said, have been "actively undermining Yemeni reunification."

The Saudis are also angry at Yemen for

its opposition to the Gulf war, although Smith did not mention that. They further resent the fact that Jordan's King Hussein, who heads the Hashemite dynasty that is traditionally a rival of the Wahhabites of Saudi Arabia, had, some months back, successfully mediated between north and south in Yemen.

Smith said that what was unfolding now was "the beginning of the end of a unified Yemen; there is an absolute drift toward separation."

New crackdown on dissent in China

The Chinese National People's Congress has promulgated 18 new repressive measures to reinforce the country's arsenal of juridical security measures, in an obvious sign of growing nervousness about social and political unrest in the country. This was reported by Agence France Presse (AFP) from Beijing on May 6.

These measures, announced by Prime Minister Li Peng, are intended to "reinforce the struggle against political opponents" and to bolster the Jan. 1, 1987 law on measures to be taken against "threats to public order." The new decrees are directed mainly against "dissidents, Muslims, and Tibetans," according to AFP. Among the actions that can be considered as "undermining public order" are: activities by "non-registered associations"; activities by "superstitious sects and secret societies," which undermine the health and well-being of the population; and "fomenting conflicts between nationalities and promoting separatism."

The French daily *Libération* added that, according to information from human rights groups, there has recently been a new round of arrests of dissidents, and condemnations to hard labor in "reeducation camps," despite Beijing's propaganda about softening up and releasing dissidents.

In what is apparently a related development, Reuters reported on a legal order issued in Beijing, to weed out older army commanders and place the officer corps un-

der greater control of the communist government. The Central Military Commission, headed by President Jiang Zemin, decreed that the rank of first-grade general will be eliminated, in a move designed to reinforce the country's supreme commander, who would have no peer. Also, it was decreed that officers' pay would be raised, and that the mandatory retirement age would be lowered. These are seen as moves to placate restless second-ranking officers.

German politicians reject myth of 'Islamic threat'

Politicians across the political spectrum in Germany are indicating that they don't buy the idea of an "Islamic threat" to the West, and are calling for a dialogue to prevent conflicts between the Christian West and the Islamic South.

Foreign Minister Klaus Kinkel and his Dutch counterpart agreed in public, at a joint German-Dutch conference in Mannheim on May 3, that the Islamic states do not automatically constitute a "fundamentalist threat." Kinkel added that the German population opposes religiously motivated crusades.

Defense Minister Volker Rühle declared in Washington, D.C. on May 3, after meetings with U.S. Defense Secretary William Perry, that Germany is committed to participate in U.N. "Blue Helmet" missions in the future, including outside Europe, but on condition that it does not occur in the context of "religious" wars nor in another war like the 1991 war against Iraq, which he said would not find a majority of Germans to back it today.

Former Chancellor Helmut Schmidt declared at a presentation of his new book in Berlin on May 3, that he disagrees with Samuel Huntington's thesis of the religiously motivated "clash of civilizations," especially where it is based on the assumption that Islam as a whole constitutes a threat to the Christian West. Schmidt said that if the West did not keep a dialogue with Islamic countries, such a "clash" might become a self-fulfilling prophecy.

● **GEN. RATKO MLADIC**, commander of the Serbian forces in Bosnia, threatened in an interview with the Belgrade journal *Duga*: "I have only liberated what belongs to the Serbs. But I haven't yet finished my job. Trieste is an old Serbian city. This war will end somewhere between Trieste and Vienna."

● **RUSSIAN** Foreign Minister Andrei Kozyrev harshly rejected NATO's "Partnership for Peace" program on May 7. It "does not suit Russia," he said. "Russia needs a more serious program of cooperation, one that corresponds to its status and special conditions."

● **THE GERMAN** Ministry of Justice has charged Alexander Schalck-Golodkowski, former director of the East German Commercial Coordination agency, with spending 37 million marks (\$22 million) of public money on furnishing the villas of former communist leader Erich Honecker and others. Schalck-Golodkowski, a key link in the East-West arms trade, has already been charged with arms smuggling.

● **LAVRENTI BERIA**, Stalin's security chief, may be rehabilitated, according to an article from the London *Sunday Times* reprinted in *The Australian* on May 3. Beria's son Sergo has written a book claiming that his father "was no worse than any of the other Politburo members who took part in Stalin's purges."

● **THE DUTCH** Christian Democratic Party (CDA) suffered heavy losses in parliamentary elections on May 3, as a result of growing disgust with the government's austerity policies. The CDA lost 35% of its voter support, dropping from 54 seats in parliament to 34 seats. Its coalition partner in the government, the Labor Party (PVDA), lost 25% of its constituency, going from 49 seats to 38.

CFR issues program for a U.N. dictatorship

by Linda de Hoyos

Enforcing Restraint: Collective Intervention in Internal Conflicts

Edited by Lori Fisler Damrosch
Council on Foreign Relations Press, New York,
1993
403 pages, paperbound, \$17.95

Enforcing Restraint is "must" reading for any patriotic person in a position of policymaking, particularly those in the developing countries. Conceived and published as it is by the New York Council on Foreign Relations (CFR), the sister institution in the United States to the London Royal Institute of International Affairs, the book's audience would appear to be those in the United Nations bureaucracy and in U.S. government and think-tanks who have already discarded notions such as natural law and the sovereign nation-state. In its attempt to muster arguments for "collective intervention in internal conflicts," the book is a preview of the "legal" blandishments that are being fashioned to force others to toss out such principles and accept U.N. Security Council dictatorship over their countries.

The book consists of a series of essays on points of international law that require work in order to fully legitimize armed intervention by the United Nations. The middle section of the book is devoted to case studies of "enforcing restraint" in "Yugoslavia," Iraq, Somalia, Haiti, Liberia, and Cambodia. Contributors notably include Domingo Acevedo and Tom J. Farer, experts on the Organization of American States and international law at American University. American University's international law and "democracy project"

was the headquarters for the production of the "Bush Manual," also known as *The Military and Democracy: The Future of Civil-Military Relations in Latin America*, by Lewis Goodman, Johanna S.R. Mendelson, and Juan Rial, which has served as the manual for the dismantlement of the sovereign militaries of the Ibero-American countries.

Enforcing Restraint wastes no time getting to the point. Max Kampelman, author of the Foreword, evokes the image of humanity now plunging into a "new dark age," and implies that collective intervention is required to save civilization. But there's a hitch: "For hundreds of years, international society has been organized on the basis of separate sovereign states whose territorial integrity and political independence are guaranteed by international law. The United Nations charter, in embodying and reflecting the values of the state system, reaffirmed the principles of non-use of force across international boundaries and non-intervention in internal affairs. . . . But do these principles possibly impede a collective response to equally brutal warfare occurring *within* national boundaries?" (emphasis in original).

Thus, the book's purpose is to find ways to circumvent this commitment to the nation. Tom Farer, writing an essay on "Legitimate Intervention," notes that before 1990, such challenges to the nation-state were inconceivable: "The Gulf War seems to have functioned as the inaugural event of a new political age." Now, as Lori Fisler Damrosch concludes in the final essay of the book, "Instead of the view that interventions in internal conflicts must be presumptively illegitimate, the prevailing trend today is to take seriously the claim that the international community ought to intercede to prevent bloodshed with whatever means are available."

If the trend is to abrogate the concept of national sovereignty, then to whom is this authority to be relinquished?

Kampelman supplies the answer: "What is clear is that there is a shifting line [of intervention] and it is evident that it is the U.N. Security Council, which, by its decisions, places the legal imprimatur between what is justifiable and unjustifiable international intervention."

But the "U.N. Security Council" is not a homogeneous body; in reality, the legitimacy once possessed by the nation-state is handed over to the Permanent Members of the Security Council—the United States, Russia, the People's Republic of China, with the two former colonial powers of Great Britain and France—all of which are well-armed nuclear-weapon states. In short, power is turned over to the "Big Five" with the implicit threat of both economic and military pressure exerted against any nation which might protest.

Secondly, the Security Council itself has become the target of pressure by the United Nations bureaucracy, now led by Secretary General Boutros Boutros-Ghali. Beginning with Boutros-Ghali himself, whose grandfather signed over Egypt to the British in 1899, the U.N. bureaucracy, as *EIR* has documented in other locations, is composed primarily of either direct representatives of the British-European oligarchies and American offspring, or by Oxford-Cambridge-Sussex University coopted compradors of the British Commonwealth. All of these people are wedded to the notion that the rights of usury, through the instrument of such U.N. organizations as the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund, and the World Bank, retain a higher value than the sanctity of human life.

The Trilateral Commission, along with Boutros-Ghali himself, has recommended that the U.N. maintain its own standing army to operate at the will of the Big Five. This option is not a point of contention with the authors of *Enforcing Restraint*. Their concern is merely to define ways to gain acceptance for such one-world strategems.

Outcome-based diplomacy

The language itself of *Enforcing Restraint* helps explain how the concept of outcome-based education (OBE), in which the goal of the student is to aid in creating and then abiding by a "consensus," was hatched at the U.N.-headquartered Lucis Trust. As knowledge and truth are thrown out the window by the OBE brainwashers, so in the world of *Enforcing Restraint*, natural law, the sanctity of human life, the sovereignty of the nation-state, and truth (not to mention economic development, which bit the dust a long time ago), are shoved to the side. Instead, as Farer asserts, law is treated as "a matter of degree, the degree of consensus and of clarity about what behavior is demanded, permitted, or proscribed."

Debate revolves around such terms as "the normative." "The normative" means what people are currently willing to "take" (at the point of a gun) from the oligarchy. Damrosch, for instance, happily notes in the introduction, "On the normative dimension, our case studies establish that large segments of the international community have been willing to

endorse strong collective action in a wide range of situations . . . genocide; interference with delivery of humanitarian relief; violations of ceasefire agreements; collapse of civil order; and irregular interruption of democratic governance."

In conclusion, Damrosch shows the way in which the U.N. bureaucracy and its backers are hoping to play the same role as the "brainwasher-facilitator" of the OBE classroom: "As the focus shifts from unilateral intervention to collective involvement, the values of conflict containment and autonomy implicit in the non-intervention *norm* should not and need not be abandoned. . . . Among these reasons are the desirability of allowing the institution [the U.N. or subsidiary regional organization] to play the role of 'honest broker' and to hold itself available for good offices or mediation functions. . . . Strengthening of the *norm enforcement function* is ultimately critical for the maturation of international society" (emphasis added).

The overall concept as outlined by Damrosch is to shift the "norms" inch by inch toward the one-world dictatorship that the CFR and like bodies desire. For this reason, Damrosch opposes the creation of new treaties that would "pin down" the norms: "I favor allowing trends to continue to develop and *precedents to accumulate*, without any explicit move in the near term to change existing legal texts. Gradual growth in the Security Council's powers is fully consistent with methodologies of [current] treaty interpretation."

The media also have a significant role to play in the "gradual accretion of precedents" sought by Damrosch. She notes that "televised images of fleeing Kurds and starving Somalis galvanized the international community for action." And Jeffrey Clark of the U.S. Committee on Refugees and the Carter Center notes in his case study of Somalia that "the 'CNN factor' simply did not allow the U.N. and the international community to continue avoiding action as the situation deteriorated." In short, media manipulation of suffering is consciously deployed as a weapon of the one-worlders. As in the OBE classroom, molding perception, not seeking truth, is the objective.

Aristotelian calculus

From the standpoint of their overall goals, the legalists of the U.N. dictatorship then spin off sub-criteria as justification for acts of force against populations. This is most evident in the chapter by Damrosch on the subject of the "civilian impact of economic sanctions." She is forced to admit that "there is the perception, and possibly the reality, that the sanctions, rather than the crises to which they respond, have created humanitarian emergencies."

Ergo, clear criteria must be agreed upon for action. There is the "conflict containment criterion" which must be weighed against the "differentiation criterion," which is then broken down into the "civilian impact criterion (absolute form); wrongdoer impact criterion (absolute form); and wrongdoer/civilian impact criterion (relative form). Once

these parameters have been established, the logic maze to reach the goal—justification for economic sanctions—is not too difficult to reach.

The sticking point is the civilian impact criterion/absolute form, which evidently states that “a program of economic sanctions should not diminish the standard of living of a significant [a word certainly open to “interpretation”] segment of society below the subsistence level” which leads to death. Damrosch is quick to point out that this does not mean that the international community is responsible to ensure a “subsistence standard of living.” Once the criteria are named, then it is just a matter of seeing into which slot a sanctions policy fits. Damrosch emphasizes: “Conceivably, a program with adverse relative effects, or even adverse absolute effects, might have to be tolerated—reluctantly—in deference to the value of containing conflict, which in my view is and should remain hierarchically superior.”

In addition, Damrosch calls for arms embargos against both sides in a conflict. This translates into stated justification for the U.N.-enforced arms embargo against Bosnia, making it impossible for Bosnia to defend itself against Serb aggression. This is but one of many instances in which the abstract legalities of Damrosch can be easily “interpreted” to serve the geopolitical interests of the Big Five—in this case, Great Britain.

And in the case of Iraq, Damrosch says, the embargo has been used for geopolitical ends: “The embargo formally applies to all of Iraq’s territory, but the actual situation is one of de facto autonomy for Iraqi Kurdistan, policed by coalition troops operating out of Turkey.”

Another peculiar benefit of arms embargos to the U.N. dictators is that it weakens a potential adversarial force if U.N. multilateral military intervention becomes necessary down the line, as Damrosch points out. This is by no means irrelevant. It must be recalled that colonialist forces took over entire areas in Africa and Asia on invitation from one local force under attack from another. The colonialist possessions were first called “protectorates” before becoming full-fledged colonies. The imposition of U.N. forces introduces the same danger, as Farer is at least honest enough to point out: “Indeed, as it has evolved, the U.N. operation in Somalia has passed far beyond old-fashioned peacekeeping, beyond peace enforcement, to something approaching a de facto trusteeship.”

The Big Lie

Alongside the legal abstractions, the book’s case studies are a picture of candidness. Reading them, one cannot escape the conclusion that in each case, the situation would have been solved more quickly and with less loss of life if the United Nations or its regional surrogates had left the targeted country alone.

In the case of Somalia, the case study, while obfuscating the western backing given to President Siad Barre’s opposi-

tion, does relate how the U.N. pulled up stakes as soon as Barre had been overthrown and declined any intervention until the political and physical situation in the country had completely broken down. Even then, the U.N. intervention was one misadventure after another.

The case of former Yugoslavia is notorious, as the U.N. secretary general, in league with neutral negotiators such as “Dr. Death” Lord Owen, have ensured the prolongation of the war, to the advantage of the Serbs.

In Liberia, Ecomog intervention prolonged a war that was almost over, thus broadening the war to not only encompass more forces in Liberia (the resurgence of forces loyal to the deceased leader Samuel Doe), but ensured that the war spread into Sierra Leone.

In Cambodia, the U.N. forces intervened to protect the genocidal Khmer Rouge when the newly established government forces were at the point of removing the Khmer Rouge from Pailin, the main source of the rebel group’s economic and hence military strength.

And in Haiti, the U.N. has simply been used to impose a “democracy” on the country, in keeping with the Bush Manual project to destroy the military forces of the entire Ibero-American continent, no matter the enormous suffering of the Haitian people.

If anything, the case studies demonstrate the continued inefficacy and immorality of U.N. “legitimate interventions.” Such ineptitude is deliberate and calculating. The reality is that “peacekeeping” is the guise through which any institutional opposition to one-world dictatorship is to be eliminated.

All the authors agree that the current level of multilateral interventions into countries would have been impossible during the Cold War. “The constellation of forces backing the post-colonial status quo rejected any and every justification for secession,” notes Farer. Since 1945, Nigeria, Uganda, and Indonesia have been among the countries that faced massive loss of life in internal wars or unrest. In the case of Bangladesh’s declaration of independence from Pakistan, only a Soviet veto protected India from a Security Council resolution forcing India to withdraw when it went to defend Bangladeshi civilians.

Now, in the post-Cold War era, the U.N. dictators are rushing to build up the precedents and acceptance for their control over world affairs. It should not be surprising, given the utopian presumptions of the authors, that reality is being overlooked. First, the collapse of the biggest speculative bubble in human history is about to bring the U.N.-stamped international monetary system to an abrupt end. Second, the shock therapy policies of the U.N.’s sister agencies, the International Monetary Fund and the World Bank, can be expected to force a backlash in Russia and possibly in China, throwing the post-Cold War geopolitical chessboard up in the air. But as long as that reality remains obscured, the perception game of the U.N. legalists continues to hold sway.

Petrus Christus: How the Florentine Renaissance crossed the Alps

by Warren A.J. Hamerman

The first exhibition ever devoted to the works of the Flemish Renaissance artist Petrus Christus (born in the early 1420s—active by 1444—died 1475/76) opened at the Metropolitan Museum of Art in New York on April 14 and continues through July 31.

The Metropolitan exhibition, “Petrus Christus: Renaissance Master of Bruges” featuring 21 paintings, five drawings, and an illuminated manuscript of Petrus Christus demonstrates that he was one of the pivotal artists in the city which was at the center of transmitting the Florentine Renaissance into the North.

He began his painting career in 1444 in the Bruges studio of Jan van Eyck, the artist once thought of as the inventor of oil painting itself, three years after the master’s death, and the very same year as the closing session of the Council of Florence. Later in the century the German artist Hans Memling (1465) and the Dutch artist Gerard David (1485) also left their native lands for Bruges. During the 15th century, Bruges, the site of the Florentine Medici bank’s most important foreign branch between 1439 and 1490, was one of the Renaissance’s principle cross-fertilization commercial centers of northern Europe filled with immigrant trading families from Italy and Spain.

Petrus Christus is the pivotal figure of Northern Renaissance painting first and foremost because he was the first Flemish artist to utilize the Florentine perspective system of Brunelleschi and Alberti. He was probably born in Baerle, a small town on the present Dutch-Belgian border, sometime in the early 15th century and acquired citizenship in Bruges in 1444, where he lived and worked until his death in 1475-76. What is unique about the art of Petrus Christus is that he combined the jewel-like colors and light interplay achieved through the Flemish breakthroughs in the use of oil paints and glazing technique associated with Jan van Eyck and Rogier van der Weyden, with the Florentine revolution in perspective. Christus’s early training in manuscript illumination is demonstrated in his masterful small panels and miniatures.

Mastering Florentine perspective

He developed his mastery of Florentine perspective gradually over nearly two decades. In his Berlin *Annunciation* of

1452, he demonstrated the ability to render convincing depth through a single-point perspective on one plane, and on all planes in the 1457 *Madonna Enthroned with Saints Jerome and Francis*. The exhibition has an entire fascinating display of X-radiographs which show that Christus followed the precise Florentine method of inserting a stylus in the ground preparation to set the focal point(s) of the composition at the intersection of the horizontal and vertical axes. He then incised and ruled brush lines on the floor tiles and architectural features so that all the orthogonals would converge.

His late works, such as the *Virgin and Child Enthroned on a Porch*, the *Death of the Virgin*, and the *Holy Family in a Domestic Interior*, present complex spaces which establish the Florentine Renaissance’s metaphoric concept of the interaction between heavenly space and visible space through the subtleties of the interplay of light, space, form, and poetic idea in one coherent composition.

Although it is unlikely that Christus traveled to Italy, Italian artists were constantly in Bruges and almost half of his paintings were commissioned by Italian or Spanish patrons. His later works, such as the *Madonna Enthroned*, display a beautiful mastery of the typical Florentine format of the “sacred conversation.”

Radiating the Council of Florence

Petrus Christus matured as an artist just as the refreshing and inspiring ideas of the Council of Florence (1439) radiated throughout Christendom. The key concepts of the Council of Florence were the secret for the incomparable beautiful artistic images which were created.

In addition to its emphasis upon the importance of the fact that, in the Trinity, the Holy Spirit flowed both from the Father “and from the Son,” or *Filioque* in Latin, the Council of Florence focused attention upon the role of the Virgin Mary in history.

A direct result of the Council of Florence, and the secret poetic beauty of Renaissance art, was the immediate proliferation of images of the Virgin Mary and particularly scenes of the Annunciation, the moment when the Angel Gabriel hails her and announces that she will mother the Christ baby without being touched by a man. Mary’s unique role in history is

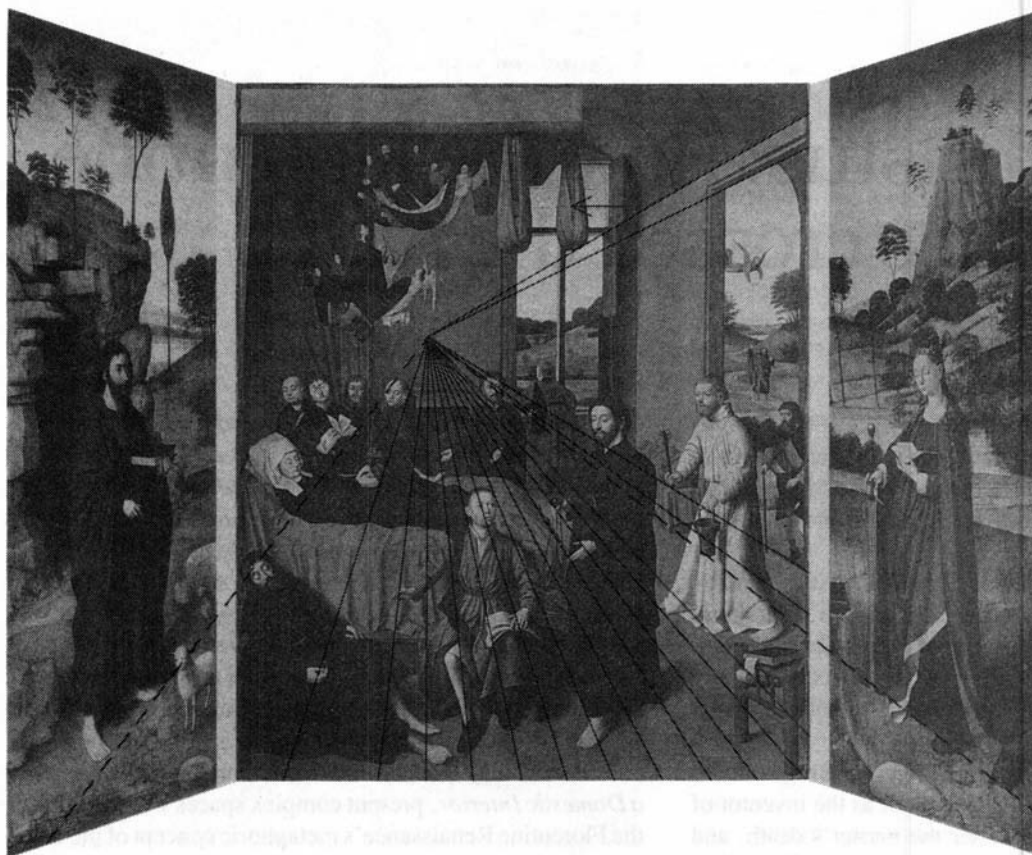


Diagram of the altarpiece, The Death of the Virgin, about 1460-65, made by Petrus Christus for an Italian patron. Central panel: Timken Art Gallery, Putnam foundation, San Diego. Wings: formerly Berlin, Kaiser-Friedrich Museum (destroyed). As in the Devotio Moderna, Christus maintains the direct devotional experience associated with reading a prayer book. All three panels are coordinated along a one-point perspective, the only known instance in his work.

that she chose to say “yes” to God with her own free will. In the Renaissance, this was the poetic image for all divinely inspired art, scientific discovery, and philosophic truth, because all creative achievement involves the collaboration of man and God.

The artists who painted in Florence in the first years after the Council of Florence—such as Fra Angelico, Fra Filippo Lippi, Domenico Veneziano, Piero della Francesca, and the great French painter Jean Fouquet who was in Italy at that time—returned again and again to these themes in their masterpieces. Later, Raphael and Leonardo da Vinci developed this tradition to new heights in their famous Madonnas and Annunciation scenes.

Petrus Christus, who came to artistic maturity in the immediate aftermath of the Council of Florence, was the conduit of this poetic image into the North. Thus, it is by no means a coincidence that the subject of his first true perspective painting was the *Annunciation* nor that he adopted the Florentine depiction of Mary whilst reading to emphasize that she was fully using the intellectual capacity of reason when she said “yes” to God.

Mary and Bruges

In fact, both Christus and his wife were members of a Franciscan confraternity dedicated to the Virgin Mary which

emphasized that because of this special role in history she was destined to play, she was conceived without sin, or the Immaculate Conception, which is often mistakenly believed to be related to Christ’s birth and not Mary’s. Along with Christus and his wife, all the leading artists, musicians, and political leaders of Bruges were members of the same confraternity, “Our Lady of the Dry Tree.” Also, members of this confraternity were a high percentage of the foreign merchants in Bruges, especially the Florentines—the Portinari, Tani, Altoviti, Ricasoli, Villani, and Cavalcanti families were included along with merchant families from other Italian cities as well as from Spain.

The confraternity had its chapel in the north side of the choir in the church of the Bruges Franciscan monastery. It was founded before 1400 in support of the Immaculate Conception, adopting a name referring to the infertility of Saint Anne, Mary’s mother, before the Virgin was conceived: a doctrine propounded and defended by the Franciscan Order during the period of the Italian Renaissance for theological, artistic, and philosophic reasons.

The international city of Bruges in which Petrus Christus lived was a thriving commercial center which had pledged allegiance in 1440 to the Duke of Burgundy. The general standard of living from 1440 to 1470 was said to be the highest of any town north of the Alps, with large sections of

the population able to afford meat, dairy products, and grain on a regular basis. The developing economy between 1440-70, well-developed shipping and banking contacts with Mediterranean markets, strong currency, and low taxation in a cultural climate of intense international cross-currents created the conditions favorable for the production of fine cloth and tapestries, illuminated manuscripts, art, and metalwork.

Bruges was one of the four headquarters of the Hanseatic League which imported mainly organic products such as grain, charcoal, wood, tar, and fur, and shipped luxury textiles to Prussia, the Baltics, and the western part of Russia. The commercial contacts with the Mediterranean markets, especially of Spain and Italy, were also extensive. The Florentine Medici bank had its most important foreign branch in Bruges between 1439 and 1490.

Like Brunelleschi in Florence, Petrus Christus became famous throughout the city for his large-scale public artworks for festive occasions. In 1463, Duke Philip the Good of Burgundy and his sister Agnes, the wife of Charles, duke of Bourbon, made a triumphal entry into the city by boat, complete with sets and adorned scaffolds floating in the river. Two weeks later Christus built and painted two additional gigantic props which were installed in the streets of Bruges—one scene representing a *Tree of Jesse* and another of *Jerusalem*.

From 1467 onward, Christus, along with Hans Memling, became dues-paying members of an additional religious association dedicated to the Virgin Mary known as the Confraternity of Our Lady of the Snow, which was founded in 1450. Its name referred to the miraculous snowfall prior to the founding of Santa Maria Maggiore in Rome.

Kempis, Cusa, and Christus

Christus flourished in the culture shaped by Thomas à Kempis. One of the most remarkable paintings by Christus in the exhibit is an early small devotional painting of the head of Christ *Ecce Homo* painted about 1445 in oil on parchment on oak; 5¾×4½ inches (14.6×10.4 cm). During the 14th and 15th centuries, the Low Countries were the site of an upsurge in devotional piety and literature on the Passion. This broad religious upsurge was catalyzed in part by the growth of movements such as the *Devotio Moderna*, which was propounded by the famous Thomas à Kempis.

Kempis was born in Kempen in the Rhineland, very close to the border between the Low Countries and Germany. In his 1425 book *Imitation of Christ*, Kempis described a devotional life based on imitating Christ's life and passion through daily prayer and meditation. A demand was created immediately for small private devotional paintings of the faithful in this movement.

Christus, as many of the Renaissance masters, composed his *Head of Christ* in a way to demonstrate a form which was the most beautiful and perfect of heads, a higher species of "head" which bounds the many human heads whose form



Head of Christ (Ecce Homo), about 1445, The Metropolitan Museum of Art, New York. "Christus's emphasis on a face-to-face confrontation between the suffering Christ and man compels the viewer to acknowledge or witness Christ's perpetual sacrifice for man's redemption," writes curator Maryan Ainsworth.

approaches but never reaches this perfect form.

The Metropolitan Museum of Art's 232-page handsome catalogue (by Maryan Ainsworth; hardbound \$60, paperback \$45) of the exhibition comments:

"The composition of the head is based on the harmonious intersection of the circle and the square. The distance between the eyes established the base measurement, which is used to divide the entire head, including the neck, into six equal parts vertically and two equal parts horizontally. Infrared reflectography of the Metropolitan *Head of Christ* reveals a ruled underdrawn line down the exact center of the head, made to ensure that the features of each side of the face would be aligned accurately in order to mirror each other. Reflecting Nicolaus of Cusa's discussion of the nature of devotional images in his 1453 *De visione Dei sive de icon liber*, van Eyck and Christus painted the head of Christ in such a way as to achieve direct eye contact between the portrait and the viewer. When the viewer moves, the eyes of the painted Christ follow him. The idea was to 'see through' the depiction to the actual physical presence of the figure represented. With a particular purpose in mind, Christus appears to have



Virgin and Child in an Archway (detail), about 1450-55, Budapest, Szepmuveszeti Muzeum.

developed an entirely new type, fusing the Holy Face and the Ecce Homo. The subtle ways in which the *Head of Christ* differs from the Holy Face may suggest its specific meaning and liturgical use. Instead of the red robe and regal demeanor characteristic of the Holy Face paintings, this Christ wears a crown of thorns and a purple robe and, with deeply furrowed brow, shows us his state of suffering. The tripartite floriated nimbus reinforces the mocking tone of the label 'King of the Jews!'. The related text may be either Mark 15:17-18 or John 19:1-5, the only passages in which Christ's tormentors dress him in a purple robe."

The ideas, writings, and personal influence of Nicolaus of Cusa were at the center of the Council of Florence which had ended the year before this painting was made.

The exhibition also features numerous examples of Christ's devotional images including a tender small panel of the *Virgin and Child in an Archway*, oil on oak about 1450-55 and others extolling Christ's true presence in the Eucharist, a theme later brought to the highest artistic level in various masterful works of Raphael.

The exhibition catalogue notes that the demand for devotional images of the Virgin Mary increased significantly in the Netherlands in the second half of the 15th century because, at the Council of Florence, devotion to Mary was viewed as an area of fundamental common ground between the Roman Catholic and Eastern Orthodox churches.

Christus's work, measuring only $21\frac{7}{8} \times 12\frac{1}{8}$ inches (55.5×31.5 cm), depicts the idea that Redemption is made possible through Christ's Incarnation. The Virgin supports the wobbly Christ child who holds a light-reflecting orb, symbol of the Salvator Mundi. This orb is exactly at the intersection of the orthogonal lines of the perspective construction, the so-called vanishing point of the composition.

After Christus died, his reputation endured in Italy, where there are continual references to him during the 16th century including a reference to one of his portraits listed in the 1492 inventory of the collection of Lorenzo de' Medici. He is referred to as "the famous painter in Flanders" in a 1524 letter citing his painting of *Christ in Majesty* then in Naples. Giorgio Vasari talks of him in his famous *Lives* of 1568.

Conrad Black's sins of omission

by Joseph Brewda

Conrad Black: A Life in Progress

by Conrad Black

Key Porter Books, Toronto, 1993

522 pages, hardbound, Can \$32.95

Conrad Black, the 50-year-old chairman of Hollinger Corp., has written a tedious and uninformative autobiography: Left unsaid in his account is that far from being the maverick world-class businessmen that he claims he is, Black is merely a third-generation British intelligence agent. Except for his posting, he would be of little interest.

Although largely unknown to the general public, Hollinger, nominally a Canadian-based newspaper holding company, is one of the most powerful British intelligence agencies operating today. The firm, for example, is directing the "Whitewatergate" scandal targeting the U.S. presidency—certainly one of British intelligence's most important strategic operations. Hollinger had been originally established following World War II to oversee British intelligence operations aimed against the United States, and, over the years, it has fulfilled that purpose all too well. More recently, it has also been deployed to extend its reach globally. For example, Hollinger is central to ongoing British efforts to plunge China, Turkey, Israel, and South Africa into civil war.

Who formed Hollinger

Hollinger, originally known as Argus, was formed in 1945 by a network of Canadians grouped around Edward Plunkett Taylor, Winston Churchill's personal representative in wartime Washington, and also a longtime side-kick of George Montagu Black, Conrad's father. Taylor had been detailed to the United States from Canada in 1940 to obtain war supplies for Britain at a time when such purchases were still illegal under the U.S. Neutrality Act. To facilitate this purchase, Taylor formed the nominally private War Supplies Ltd. and staffed it and its affiliates with several Canadian-bred British operatives, including George Montagu Black.

As crucial as the purchase of war supplies was, the group's primary function was to infiltrate U.S. intelligence

and to establish networks through which the British hoped to covertly govern the United States covertly in the postwar period. To this end, the British naturally concentrated on using Canadian colonials. Taylor and company worked closely with Churchill's right-hand man, Lord Beaverbrook, a fellow Canadian, who was then the British Minister of Munitions and Supply. They also worked in close coordination with Sir William Stephenson, another Canadian, then detailed to run British intelligence's Special Operations Executive (SOE) out of New York City.

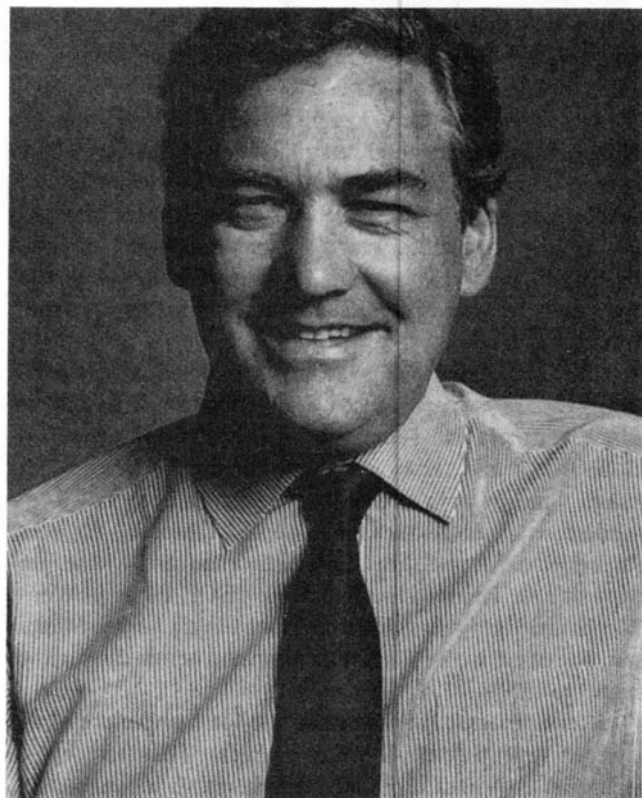
Following World War II, the British simply transformed War Supplies Ltd. into another private firm, Argus Corp., charged with carrying forward the task of War Supplies Ltd. into the postwar period. Taylor was in charge; George Montagu Black was one of his lieutenants.

Among the reasons Black was chosen was that his family had been the agents of Viscount Rothermere, a British press lord and associate of Beaverbrook, for at least a generation. During the U.S. Prohibition, both the Black and Taylor families had been big in the booze and booze-smuggling business, a fact of no little importance considering Hollinger's later role as a meeting-ground for some of the world's biggest money-laundering and narcotics-smuggling intelligence officials.

Other Canadian-bred British agents detailed to join the firm at the time included Col. Max Meighen, the son of the former Canadian prime minister; Col. W. Eric Phillips, a career British intelligence official who had worked directly with Taylor in World War II; and later, Gen. Bruce Mathews, a close associate of future Canadian Prime Minister Lester Pearson, a top British agent in his own right. Also detailed to the firm was Arthur Ross of New York, who, according to family members, was British intelligence's U.S. station chief in the 1950s and 1960s while handling insurance accounts for the CIA.

Perhaps through black funds acquired during the war, and certainly through British establishment patronage, Taylor, Black, Phillips, et al. rapidly made Argus into one of the most powerful Canadian industrial holding companies. Among their early partners were the Duke of Wellington, the Marquess of Abergavenny, and Lord Crathorne. The firm was and is especially close to the Canadian Imperial Bank of Commerce, one of Canada's five major banks—a bank which provided cover for Stephenson's wartime operations in the United States. Its rapid growth in the postwar years could not be understood without considering its role in the narcotics trade.

A few years after establishing Argus, Taylor moved to the Bahamas, where he drafted the banking legislation for the Cayman Islands, and other hot-money havens, which helped make the Caribbean into a British base of operations for taking over U.S. banking through deregulation and money laundering. There, Taylor, still chairing Argus, became a business partner of Daniel K. Ludwig, the mobster whose



Hollinger Corp.'s Conrad Black, in a photo on the book jacket.

earlier "Great Lakes Navy" had smuggled Canadian booze into the United States. Not so far away, Sir William Stephenson lived in Jamaica, nominally in retirement. Meanwhile, Black and several other Argus partners began buying up mansions in Palm Springs, Florida, making the town—then also Meyer Lansky's residence—into a second corporate headquarters.

Of course, none of this is reported in Black's book, which, for all its length, provides a sanitized account of his life and his firm. The pre-history of the firm, and its history prior to 1978 when he was assigned to take it over, is dispensed with in a few pages. If we were to believe Black, Argus was no more than a groceries and minerals wholesaler until he, a self-made man, took it over.

Media mogul

In its early days, Argus concentrated on controlling heavy industry as a means of penetrating U.S. intelligence and policy circles. Soon after the ascendancy of Black, Argus (renamed Hollinger), began shedding these concerns, and instead concentrated on taking over newspapers in Canada, Britain, Israel, Australia, and the United States. In the process the firm emerged as one of the world's biggest media conglomerates. This process Black does describe, but not very honestly.

The most important development in Hollinger's recent

history was in 1985, when Sir Evelyn de Rothschild, the leader of the famous banking and intelligence family, arranged for Black to take over the London *Daily Telegraph* from its previous owners, Lord Hartwell and Lord Camrose. This was part of a general reorganization and concentration of the international media under a few British intelligence firms. Five years earlier, the Australian Rupert Murdoch was deployed to take over the London *Times* from Lord Thomson's family. Thomson, like Beaverbrook, was a Canadian, who had been brought in to run the British press before World War II.

The *Daily Telegraph* is the largest circulation newspaper in the western world; it is also a mouthpiece for British intelligence. Partners and controllers of Black's at the paper include Rothschild (who also publishes the *Economist*); Sir James Goldsmith, a British intelligence officer and Rothschild cousin who also is a major owner of the *Daily Express*; Rupert Hambro, one of Britain's richest bankers, whose family firm J.O. Hambro handled British SOE funds in World War II; and Henry Keswick from Hongkong's Jardine Matheson, one of the world's leading opium and heroin distributors since the 1850s.

In the process, Hollinger became the mouthpiece of the interests behind Prime Minister Margaret Thatcher, who is today the chairman of its advisory board. Simultaneously, Black took over the London *Spectator*, the model for the *American Spectator*, which is now central to Hollinger's efforts to wreck the U.S. presidency.

At the same time, Black also took over *Encounter* magazine, formed in 1953 by British intelligence officials Lord Bertrand Russell and Julian and Aldous Huxley as part of the general project to penetrate U.S. intelligence. *Encounter* had been the mouthpiece of the Congress of Cultural Freedom, which served as the clearing-house for dozens of former Communist Party officials and leftist literati on the British intelligence payroll, who were being sent into U.S. intelligence. In 1990, *Encounter* was quietly laid to rest; its successor, the *National Interest*, the flagship publication of the American "neo-cons" published in Washington, D.C., includes Black on its advisory board.

In 1989, Black was detailed to take over the *Jerusalem Post* in preparation for an Armageddon in the Middle East, to which his patrons remain dedicated, notwithstanding the PLO-Israel peace accords. The *Jerusalem Post*, Israel's English-language international newspaper-of-record, used to speak for moderate circles in the Labor Party. Black purged the editorial board, installed a former Mossad station chief in Canada as its editor, and made it into a megaphone for the war party associated with Gen. Ariel Sharon.

Meanwhile, Black took over a half-dozen Australian newspapers in partnership with the mysteriously wealthy Kerry Packer, whose association with the underworld has been so lurid that a Royal Commission was even forced to investigate him. Australia serves as a transshipment point for

Chinese heroin shipped to the West and Packer is among those suspected of being complicit.

Hollinger began to take over U.S. newspapers in 1986. At first, he concentrated on picking up small-town newspapers and/or those in remote states—for example, rural Arkansas—to better prepare for taking over opinion-makers in major cities. Black calls this his "Mao Tse Tung strategy." In 1991, Black tried, and failed, to take over the *New York Daily News*. In 1993, he successfully took over the *Chicago Sun Times*. It is expected that he soon will gobble up other large U.S. dailies.

Hollinger has added onto its advisory board some of the top figures in British intelligence, many associated with the late Siegmund Warburg, the British banker and spook whom Black cites as his personal mentor. Among these figures are Thatcher; Lord Peter Carrington, Thatcher's former foreign minister; and Henry Kissinger, the former U.S. secretary of state and Carrington's business partner. Directly serving on the board of Hollinger or its subsidiaries are: Peter Bronfman, representing the famous Canadian booze interests; Paul Reichmann, a real estate operative and sub-agent of the Bronfmans; Gen. Shlomo Gazit, the former chief of Israeli military intelligence; former Reagan defense department official Richard Perle, another Kissinger associate; and Lord Weidenfeld, a British publishing baron.

Hollinger and Li Kai Shing

One crucial fact entirely excluded from the book is Black's relation to Li Kai Shing in respect to Hollinger's 1980s expansion. A member of the 14K Triad, the executive body of China's secret societies, Li Kai Shing, is one of the most important British agents operating in China and Hongkong today. Also one of the world's leading drug bankers, Li had secretly purchased a whopping 10% of Canadian Imperial Bank of Commerce in the 1990, in large part made possible by his vacuuming tens of billions of dollars out of China and Hongkong and into Canada in the 1980s. Li is secretly one of the major bankrollers of Hollinger. In February 1994, Li was a founding partner in the New China Hongkong Group, which is designed to rule Hongkong after the city reverts to Chinese control in 1997. Through Li, among others, Hollinger is poised to run the same kind of penetration operations against China that it had earlier run against the United States.

Another poorly reported issue is the nature of Black's relations with the Roman Catholic Church. Although raised an Anglican like most of the Toronto elite, Black converted to Catholicism in 1986, simultaneous with his takeover of the London *Daily Telegraph*, and shortly before his marriage to a Mossad-connected Jewish divorcée, Barbara Amiel, a reporter for the Bronfmans' Toronto *Sun*. One figure guiding Black's entry into the church was Cardinal Emmett Carter, the former Archbishop of London, and more recently, of Toronto. Now in retirement, the cardinal serves on the board

of one of Hollinger's subsidiaries, Unimedia, which is also one of the largest Catholic publishers in North America. Black claims to be an admirer of Cardinal Newman, an Anglican bishop and British intelligence official, who converted to Catholicism in the 19th century, bringing large numbers of Anglicans with him. Together with Cardinal Manning, another such convert, Newman hoped to orchestrate an Anglican-Roman Catholic reconciliation. The aim of that effort, from the standpoint of some in the British ruling class, was to weaken or annihilate Vatican opposition to the bestial, Venetian-originated philosophy that ruled the British Empire, a philosophy which also guides Black and his patrons' actions today. That a similar effort might now be afoot is indicated, for example, by the recent, and apparently sudden, embrace of Catholicism by the Duchess of Kent, the wife of the head of Freemasonry and cousin of the Queen.

French book exposes narco-terrorism

by Ivès Zilli

Les superpuissances du crime: Enquête sur le narco-terrorisme

by Xavier Raufer

Editions Plon, Paris, 1994

303 pages, hardbound, FF 139

This review has been translated and adapted from the newspaper Nouvelle Solidarité.

The Superpowers of Crime: Investigation into Narco-Terrorism is a guided tour into the heartland of world organized crime. The drugs-for-guns traffic carried out in the Golden Triangle, Colombia, Peru, the West, and elsewhere funnels hundreds of billions of dollars each year to true criminal superpowers. These supranational powers use their colossal profits to buy the military expertise and weaponry they need for their private armies. They infiltrate or get someone to "sing" inside the policymaking circles of numerous countries. Yet, these criminal phenomena are little known to the public at large.

The cartels' stomping-grounds are the poorer regions of the south of Europe: Naples, the fiefdom of the Camorra; or Galicia in the northwest of Spain, where destitute former

fishermen have been retooled as patsies for the drug traffic. A two-man crew, recently arrested, had brought 1.8 tons of cocaine and 2 tons of hashish into Spain in only 15 months. By 1996-98 tens, or even hundreds, of tons of drugs may be on the market in Europe.

Yet most Europeans are ignorant of this extent of the threat, and the first part of the book aims to remedy that ignorance. Where do the uncontrolled territories lie? How, and for how long, have certain guerrillas been engaged in major crime? Why are practices considered to be a thing of the past, such as piracy, becoming wedded to new specialties in the areas of finance and science?

Raufer states—echoing what *EIR* has documented for over a decade (cf. the bestselling book *Dope, Inc.*, 3rd ed., 1985)—that the distinction between terrorists and drug-runners is less and less clear. Whether it is Peru's Shining Path, the Colombian Revolutionary Armed Forces (FARC), the Kurdish Workers Party (PKK), the Liberation Tigers of Tamil Eelam (LTTE), or the Afghan resistance, all of them use drug-running to finance their activities, and virtually operate as mercenaries for the big drug cartels. Some now produce and sell narcotics themselves. Of course, all this would not be possible without the overt complicity of the major banks which launder their dirty money.

Ecological disaster

The "gray zones" where these entities operate are often threatened by ecological or epidemiological disasters. Yet the "ecologists," who are so enamored of hypothetical threats, become strangely untalkative when it comes to these real threats to the environment.

In Central Asia, as in the Andes, the savage deforestation of the mountain masses and plateaus in order to plant coca or poppy is causing floods and mudslides. The waterways of the Andean *cordilleras* are being seriously polluted by cocaine refining. Every year, this "industry" uses some 200,000 tons of calcium sulfate, ether, quicklime, acetone, sulfuric acid, kerosene, and acetic chlorhydride, and discharges the residues without the least safeguards, into the nearest water sources.

Drugs and Balkans genocide

The last part of the book, devoted to the Balkans, shows how drug-running serves not only to finance irregular wars by guerrillas, but also wars between nations. The author explains that most of the illegal Yugoslav banks are still operating, but far more discreetly. This did not fool Bernd Schmidbauer, the German minister coordinating the intelligence services. In May 1993, he accused "elements of the Serbian state apparatus" of covering up for a direct and deliberate traffic in tens of millions of dollars in illegal drugs in order to finance the Serbian war against Bosnia. Such a blunt statement is practically unprecedented in the history of European diplomacy.

Clinton directive reins in 'aggressive multilateralism'

by Edward Spannaus

After over a year of debate on "multilateralism" and the proper role of the United States in United Nations "peacekeeping" operations, the Clinton administration has issued new guidelines limiting the role of U.S. troops in U.N. operations. Presidential Decision Directive 25, issued on May 5, states U.S. opposition to the creation of a U.N. standing army, or the earmarking of U.S. military units for U.N. service, and puts strict conditions on the placing of U.S. troops under U.N. command.

PDD-25 also appropriately gives the Pentagon a larger policy voice vis-à-vis the State Department regarding U.S. participation in peacekeeping operations, and stresses the importance of bringing "a clear military perspective" to bear on such operations.

The long-awaited promulgation of PDD-25 comes after an extended and often confused policy debate over U.S. strategic policy and over the relationship of U.S. policy and military operations to the United Nations.

During the 1992 campaign, candidate Bill Clinton called for the creation of a new international army, standing by ready to intervene anywhere and everywhere to prevent aggression, combat terrorism, or deliver humanitarian relief—the euphemisms under which the U.N. "new world order" rides roughshod over the sovereignty of nation-states.

In late May 1993, Peter Tarnoff, the Undersecretary of State for Policy Affairs, gave a controversial background briefing on the theme of "multilateralism," calling for a reduced U.S. role in the world, together with "genuine power-sharing and responsibility-sharing." But many viewed Tarnoff's briefing as an after-the-fact rationalization for the administration's retreat regarding Bosnia, which President Clinton had been forced into the previous week under pressure from Britain and France.

In August, the debate erupted anew. On Aug. 18, the

New York Times quoted Clinton administration officials saying that a new presidential decision directive, PDD-13, permitting regular assignment of U.S. troops to U.N. command, had been drafted "and is expected to be signed by President Clinton next month." That same day, a State Department spokesman confirmed that a fundamental policy review was under way, but said that "substantial questions" remained to be addressed before changing the traditional policy of having only U.S. commanders for U.S. troops. (PDD-13 was reportedly drafted by Morton Halperin, whose nomination for a high Pentagon post was sensibly later withdrawn by the Clinton administration.)

The idea of putting U.S. troops under U.N. command met with an immediate barrage of criticism. Sen. Malcolm Wallop (R-Wyo.) denounced the plan as a "nutty idea," and said, "I can't imagine the Congress going along with it." Sen. Strom Thurmond (R-S.C.) termed it a "dangerous precedent." Sen. Richard Lugar (R-Ind.) said, "I'm surprised all this has occurred without much discussion with the Congress." Lugar also pointed out that integrated commands have not necessarily worked very well in the past, and pointed to the example of Somalia. Sen. Robert Byrd (D-W.Va.) characterized the plan as "more than dubious."

It was widely reported at that time that the PDD-13 draft also contained a section on the former Soviet Union which discussed the possibility of the United States becoming involved in "mediation" of conflicts and peacekeeping operations in the former Soviet republics. This was combined with mootings of a tilt away from a Russia-centered policy, and toward greater support for the claims of the former Soviet republics and the regions against Moscow. These leaks, whether true or not, did provoke a barrage of attacks on the idea from Russia as well as within the United States. These reactions quickly led the administration to deny any intention

of trying to act as a mediator between Russia and the other former Soviet republics, or of having U.S. troops be part of peacekeeping operations in the former Soviet Union.

What PDD-25 says

The unclassified summary of PDD-25 issued on May 5 reflects a sharp turn away from the reliance on the U.N. which characterized earlier proposals. This undoubtedly comes as a consequence of the failures of U.N. operations, notably in Bosnia, but also the loss of U.S. lives in Somalia and in Iraq, where U.S. military forces were deployed under multilateral command. The repeated subversion of U.S. and NATO policies in Bosnia, by the U.N. and in combination with British military commanders, has contributed greatly to a healthy disgust toward the U.N. in the United States.

"It is not U.S. policy to seek to expand either the number of U.N. peace operations or U.S. involvement in such operations," declares the summary of PDD-25 issued by the administration on May 5. "Instead, this policy . . . aims to ensure that our use of peacekeeping is selective and more effective." National Security Adviser Anthony Lake, who earlier had described the administration policy as "aggressive multilateralism," described the new policy directive as an effort to reform and limit U.S. involvement in such U.N. operations. U.N. Ambassador Madeleine Albright, appearing before Congress on the same day, said that the new directive is "not designed to expand U.N. peacekeeping but to fix it, to make multilateral peace operations more selective and more effective." And in welcome contrast to candidate Clinton's 1992 campaign speeches, his administration now declares: "The U.S. does not support a standing U.N. army, nor will we earmark specific U.S. military units for participation in U.N. operations."

The tone of the directive was most striking on the issue of whether U.S. troops would be placed under U.N. command. The administration's written summary emphasized in boldface type that "the President will never relinquish command of U.S. forces." However, it then continued, "as commander-in-chief, the President has the authority to place U.S. forces under the operational control of a foreign commander when doing so serves American security interests, just as American leaders have done numerous times since the Revolutionary War, including in Operation Desert Storm."

The directive defines "command" as "the authority to issue orders covering *every aspect* of military operations and administration" (emphasis in original). It continues: "The sole source of legitimacy for U.S. commanders originates from the U.S. Constitution, federal law, and the Uniform Code of Military Justice, and flows from the President to the lowest U.S. commander in the field. The chain of command from the President to the lowest U.S. commander in the field remains inviolate."

The directive goes on to explain the notion of "operational control": "It is sometimes prudent or advantageous (for reasons such as maximizing military effectiveness and ensur-

ing unity of command) to place U.S. forces under the operational control of a foreign commander to achieve specified military objectives."

Within the "subset" of operational command, PDD-25 emphasizes that "a foreign U.N. commander *cannot*: change the mission or deploy U.S. forces outside the area of responsibility agreed to by the President, separate units, divide their supplies, administer discipline, promote anyone, or change their internal organization." Even under these conditions, PDD-25 declares, "the fundamental elements of U.S. command still apply." U.S. commanders will maintain the ability to report to their own superior officers, as well as to the U.N. commander. Orders which are illegal, or which violate the mandate of the mission, are to be referred to higher U.S. authorities, if the matter cannot be resolved with the U.N. commander.

Pentagon role

The new directive assigns a more significant role to the Defense Department than was suggested in earlier discussions, undoubtedly in response to Pentagon concerns. Under what is called "shared responsibility" within the U.S. government, PDD-25 assigns to the Department of Defense "lead management and funding responsibility for those U.N. operations that involve U.S. combat units and those that are likely to involve combat, whether or not U.S. troops are involved."

The State Department, it says, "will retain lead management and funding responsibility for traditional peacekeeping operations that do not involve U.S. combat units." If this appears to contradict elements of the previous paragraph, it is probably a reflection of the fierce debates that went on regarding the new doctrine.

The document says that the assignment of lead responsibilities to the Defense Department "will ensure that military expertise is brought to bear on those operations that have a significant military component." Later, it comments that it is no longer sufficient to view such operations "solely through a political prism," and that "a clear military perspective must be brought to bear." All well and good, but there is a price tag attached. Note that the Pentagon obtains management and *funding* responsibilities for U.N. combat-related operations. Thus, a big chunk of U.S. obligations to the U.N. for peacekeeping operations—already in arrears—will come out of the strained Pentagon budget.

Meanwhile, all caution was being thrown to the winds by those in Congress and elsewhere who are putting pressure on the administration for a U.S. military intervention in Haiti. Most of the proponents of this genocidal intervention are pressuring for U.S. troops to be involved in an invasion sponsored either by the Organization of American States and/or the United Nations.

If the President gives in to this pressure and authorizes U.S. military involvement, the United States will find itself stuck in a new multilateral quagmire, from which all the fine-tuned policy directives in the world cannot extricate it.

Defense budget must be expanded to drive aerospace recovery

by Leo F. Scanlon

As the Clinton administration steers its first defense budget through Congress, the question is: Will defense spending be cut to reduce the budget deficit, or will it be properly funded to stabilize the collapsing national aerospace and defense production capabilities? The answer will have domestic and international ramifications, as Russian policymakers are wrestling with similar problems, in crisis proportions. The Bush administration systematically gutted defense spending in order to cook the national accounting books, and the effects of that folly have now hit home for both the military and civilian economies. Now is the time to reassert the fundamental importance of high-technology military research and development for the entire economy.

The Clinton budget itself presents no such perspective. It mostly attempts to manage existing crises, within the confines of the international financial mudslide which is dragging down the world economy. But the problems facing the U.S. defense establishment have become so severe that a full-scale overhaul of the science and industrial policies of the Bush era is now inescapable.

The problems are most acute in the national laboratories, where decades of talent and know-how are being scrapped and laid off, while the labs face the danger of being turned into "hobby shops," adapted to the latest politically correct science fad. Likewise, the Armed Services are facing broad-based problems caused by collapsed procurement budgets and the continued erosion of Operations and Maintenance (O&M) funding, which is being squandered to support genocidal U.N. "peacekeeping" missions. Worst of all, congressional mandates are pitting the labs and the services against the defense producers, in a fratricidal competition which is characterized by wave after wave of layoffs of the most skilled technicians in the world.

The administration did not address these basic issues seriously until the failures of Secretary of Defense Les Aspin forced the question. The ferocious reaction against Clinton's subsequent choices for defense secretary hints at the real issues involved.

On the surface, the problems facing the military are the result of a prolonged process of demobilization, initiated by the Bush regime, which occurred just as an increased tempo of military deployment—from Iraq to Bosnia—stretched the manpower and infrastructure of the services. The important

flaw in the Bush legacy is not the inadequate defense budgets, but the fact that the military resources are being squandered in pursuit of an agenda which is both expensive and criminal, a combination which is inherent in the support of United Nations policies which put population reduction as a top priority.

The administration's recent Presidential Policy Directive 25, outlining a reform of the policies governing U.S. participation in U.N. multilateral operations, indicates the economic burden these deployments impose (see article, p. 60). Point number two calls for a reduction of U.S. costs for U.N. peacekeeping operations, "both the percentage our nation pays for each operation and the cost of the operations themselves." In point three, the administration asserts that "the President will never relinquish command of U.S. forces." Then, in point five, it states that "the Department of Defense will take lead management and funding responsibility for those U.N. operations that involve U.S. combat units and those that are likely to involve combat, whether or not U.S. troops are involved."

So far, this fledgling opposition to U.N. military adventures is merely negative, or reactive, and does not offer an alternative path for the nation. The prime obstacle to the debate which could help shape a positive strategic perspective is the phenomenon that Adm. Bobby Inman (ret.) labeled "the new McCarthyism." That label is accurate. It captures the venal nature of the attack which was mounted against the nomination of Inman for secretary of defense, and which continues against the presidency itself.

The term evokes the curious parallels between the crises facing the "Cold War" military establishments of the United States and Russia, and implies that larger strategic questions are lurking behind the attack rhetoric.

Policy shifts provoke media hysteria

In the negotiations which preceded Admiral Inman's nomination to succeed Aspin as secretary of defense, the admiral made his acceptance conditional upon the President's willingness to meet regularly on matters of international military strategy.

Inman was well suited to the task, possessing a depth of intelligence experience and an overview of the structure of the defense scientific and industrial base. Despite the absence of that dialogue, critics have begun to snipe at Defense Secre-

tary William Perry on the same grounds. For, while Perry does not have the experience and clout of a figure such as Inman, he has been involved with the two most important elements of the defense structure—scientific research and procurement policy.

Press articles have routinely criticized Perry for statements which put him out in front of the administration in delicate foreign policy situations, such as the simmering crisis in Korea. More revealing are the criticisms levelled at Perry's advocacy of defense procurement reform, an advocacy which dates back to his tenure in the Carter Defense Department.

In his role as the chief of high-technology weapons procurement for the Carter administration, Perry became one of the secrets to the success of the "Reagan military buildup" in the 1980s. (It is little exaggeration to say, that except for Reagan's adoption of Lyndon LaRouche's strategic proposal to use defensive weapons as a science driver—the Strategic Defense Initiative (SDI)—his buildup was achieved by throwing much-needed money at the last Carter defense budget.)

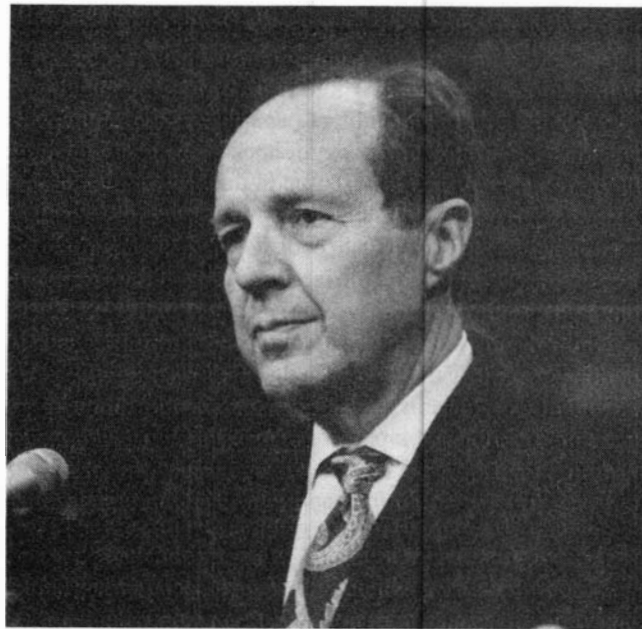
The parallels with the present situation are striking: Then, as now, the military was suffering from the effects of a hasty and poorly executed demobilization, especially the problems associated with "hollow forces"—manpower with no equipment or training budget. An emergency overhaul of the weapons procurement bureaucracy was critical to preventing a meltdown of the military under Carter, and Perry directed that effort.

Perry developed 'concurrency'

The prime target was the Federal Acquisition Regulations (FARs) and "Mil Specs," which do little to guarantee quality weapons development, but do maximize the ability of Congress (and the press) to micro-manage the defense establishment. Perry developed an acquisition process labeled "concurrency," in which phases of design, testing, and production of a new system are run concurrently, bypassing the bureaucratic procedures and sequential testing which can render a new technology obsolete before it is fielded as a weapon.

"Concurrency" is the closest the United States has come to "crash program" methods in the post-Apollo era, and it yielded great success in the development of the F-16 (a program managed by future SDI director James Abrahamson) as well as in the development of stealth technologies, cruise missiles, and uncatalogued "black" (top secret) programs.

Failures in concurrency-run programs (Division Air Defense Weapon, DIVAD, is most notable) were used to attack the principle involved, and by 1983, media scandal-mongering had energized Congress to crush anything that smelled of crash programs. The emerging SDI soon became the main target of this "anti-concurrency" campaign. When the Bush-leaguers wanted to signal that the LaRouche version of SDI was dead, the administration simply announced that the program would be run under the FAR regime. No "concurrency," no "crash program," all research "in the black," i.e., the tech-



Secretary of Defense William Perry at a Senate Armed Services Committee hearing on the military budget, February 1994. His past involvement in scientific research and procurement policy is a plus for the administration.

nology breakthroughs won't be spun off into manufacturing.

This reverse in course was the hallmark of the Bush regime throughout the Gorbachov period. By 1990, Undersecretary of Defense Fred Iklé had fully revived the follies of the McNamara era, telling Congress that the best approach to scientific R&D was to separate the national laboratories from production and manufacturing. Weapons should be developed, but not procured he said, since deterrence would be the watch-word in the "new world order."

The problems facing Perry have their roots in this idiocy. Congress is doing what it is inclined to do in the absence of any presidential leadership—imposing an array of rules and regulations, now couched in the rhetoric of "privatization," which militate against the emergence of any strategy which would combine the strengths of the national labs and the defense industry. Once again, procurement policy is the key issue, since decisions here will determine how defense money flows to the manufacturing sector. Ideologues define the issue as a fight between "privatization" and "industrial policy."

Reality can't be ignored

On March 22, John H. Nuckolls, director of the Lawrence Livermore National Laboratory shocked Congress with a charge that the federal government's failure to preserve the national laboratories was tantamount to "failing to meet its constitutional responsibilities to 'provide for the common defense' and to 'secure the blessings of liberty to ourselves and our posterity.' "

Nuckolls resigned from his position under pressure with-

in weeks of these statements. His warnings are not "Cold War rhetoric." The most dangerous and unstable aspect of the relations between the United States and Russia do not come from the residual military capabilities of potential adversaries, but from the economic shock effects caused as the scientific R&D capabilities, based in the military apparatus, are destroyed.

The legacy of the Bush budgets includes an array of problems stretching from the labs to the shop floor:

Congressional pressures for privatization exacerbate conflict between the labs and the aerospace industries, which are reduced to fighting the labs for budget scraps—small satellite development programs, for example.

Congressional "competitive bidding" mandates are similarly shaping a conflict between the services, which need to overhaul their depot maintenance programs, and the manufacturers who badly need contracts to employ their skilled work force. Procurement and long-term maintenance contracts for new weapons systems are a vital tool to strengthen and stabilize a shaken defense industry.

The C-17 program has been delayed so long that the workhorse of the transport fleet, the C-141, has deteriorated to the point that it operates at less than 75% of its design capability. Self-sufficient military airlift, in effect, is nonexistent.

The Air Force predicts a serious shortage of bombers by 1995, and all services are dealing with huge expenses related to the extensive flying done during George Bush's murderous "Persian Gulf live-fire exercise."

The most deadly legacy of the Bush budgets is the equipment and mission failures directly related to cuts in O&M. You can't balance a budget simply by cutting weapons procurement, because the programs are budgeted over long periods of time. Cash savings are found by cutting the training and maintenance funds—a move which puts the lives of the troops at risk.

The cuts in O&M funds, which began under the Bush-Reagan administration in 1985, built a \$1.7 billion backlog in maintenance and repair and an \$11 billion backlog in depot-level maintenance. A \$5 billion increase in O&M funding in the 1995 Clinton budget is eaten up by an identical expenditure in "environmental security" drawn from the same account. Dismantling of the nuclear arsenal of the former Soviet Union draws \$400 million from the same account, and, most absurdly, \$300 million of O&M funds goes to support U.N. peacekeeping.

Unless there is a national mobilization to defend the scientific research and development capabilities of the United States and Russia, Clinton's defense budget will founder: Rep. John Murtha (D-Pa.), chairman of the House Appropriations Defense Subcommittee, told the *Armed Forces Journal* that "we are really in a position where this two-front war strategy cannot be done. . . . As long as [the administration] gives us an honest budget, and they do not deploy overseas we will be all right."

Hamilton's economics draws new interest

by Jeffrey Steinberg

During his recent trip to Moscow, Lyndon LaRouche emphasized to Russian intellectuals that no nation will survive the imminent global financial blowout unless it adopts Hamiltonian economic policies and fights to establish an international system based on those principles.

Up until very recently, LaRouche was practically a lone voice on the American political scene preaching the virtues of the economic, credit, and national banking policies of our first secretary of the Treasury, Alexander Hamilton. LaRouche has gone far beyond Hamilton in his own unique contributions to the science of political economy, but has been a persistent advocate of the cornerstone policies spelled out in Hamilton's 1791 *Report on Manufactures*. In January 1992, *EIR* devoted its entire New Year issue to a commemoration of the 200th anniversary of that Hamiltonian recipe for economic progress, featuring excerpts of the work of some of the world's most important "Hamiltonian" economists of the past two centuries.

Last year's tumultuous debate over the North American Free Trade Agreement (NAFTA) sparked a mini-revival of Hamiltonian ideas. Now, with the world financial system teetering on the edge of a blowout, and with the General Agreement on Tariffs and Trade (GATT) before the U.S. Congress for ratification, a second burst of enthusiasm for protectionist policies and a growing worry about the implications of the new global free trade pact are bubbling to the surface.

Writing in the *Washington Times* on May 4, conservative syndicated columnist and recent defector from the free trade camp Patrick Buchanan railed against the assault on national sovereignty embedded in the GATT treaty. Referring to the World Trade Organization, the new one-world body that would have authority under GATT to impose sanctions on any nation seeking to protect its domestic manufacturing or agricultural bases, Buchanan wryly noted: "The glittering bribe the globalists are extending to us is this: enhanced access to global markets—in exchange for your national sovereignty! . . . Washington, thou shouldst be living at this hour!"

Another longtime free trader, House Minority Whip Newt Gingrich (R-Ga.), the man who delivered the GOP votes to President Clinton at a crucial point in the NAFTA fight, is also edging toward defection from the GATT treaty, a 29,000-page, 300-pound document that the most obsessive number cruncher would have difficulty digesting. He recently told the

“Meet the Press” television program, “I’m for world trade, but I am against world government.”

For political animals like Buchanan and Gingrich, the clashes over NAFTA, GATT, and the role of the United Nations tend to trigger short-term bursts of patriotism that sometimes even drive them to invoke the images of the Founding Fathers, particularly Washington and Hamilton. However, for a growing minority of more serious thinkers, the more gradual but deadly erosion of the United States’ manufacturing and agricultural base, and the all but total disintegration of the nation’s infrastructure and credit system, have forced a serious reconsideration of Hamiltonian policies.

It hasn’t caught the attention of Hollywood yet, and CNN hasn’t felt the obligation to launch a smear campaign, but a debate is beginning to surface in some of the establishment’s scholarly journals and on the financial pages of some major daily newspapers over the viability of Hamiltonian solutions to the current breakdown crisis. And while the American System of Political Economy, the school of economics developed by Hamilton and his leading followers—Mathew Carey, Henry Carey, Friedrich List, et al.—has not been invoked by anyone aside from Lyndon LaRouche and his closest collaborators, the message is beginning to get out to broader layers: There is a viable alternative to the insanity of the free trade, free market British System.

Former Fed official invokes List

On Feb. 28, 1994, the *San Francisco Chronicle* published a “Point of View” column by former San Francisco Federal Reserve Bank Vice President William M. Burke, calling for a revival of the ideas of the German-American economist Friedrich List. Burke wrote:

“Writing in *The National System of Political Economy*, published in 1841, [List] argued that policymakers can assure national greatness only by supporting their industries with a system of tariffs, subsidies and other protectionist policies. . . . List and his theories were involved in all three of the great economic success stories of the past century—America, Germany, and Japan. . . . He was strongly influenced by Alexander Hamilton’s *Report on Manufactures*, where the first Treasury secretary made a strong case for protectionism for the nation’s infant industries, and by Henry Clay’s ‘American System’ of Clinton-style public works.

“Returning to Germany, List led the fight for the Zollverein, an early model for the European Community, which eliminated internal German tariffs but erected high trade barriers against the outside world.

“Then, a generation after his death in 1846, Japan’s Meiji-era reformers adopted List’s book as a model for transforming their country into a military-industrial power.”

Burke noted that economist John Kenneth Galbraith has also been a recent convert to the theories of List, quoting Galbraith: “The former infant-industries exception has become the aged and senile industry exception. In tactful modern ter-

minology, it is called not protection but an industrial policy.”

Burke’s plea for a revival of List’s policies was aimed at the Clinton White House, which, he attempted to argue (albeit unconvincingly), had unknowingly borrowed a leaf from List’s national system of political economy in its pursuit of its “aggressive managed trade policy,” particularly toward Japan. Concluded Burke: “We will hear much more about Friedrich List in future years.”

Hamilton’s role featured

The Winter 1993 issue of the *American Scholar*, the quarterly journal of the Phi Beta Kappa Society, featured a call for a Hamiltonian renaissance. Thomas K. McCraw, Strauss Professor of Business History at the Harvard Business School, penned a lengthy biographical account of Alexander Hamilton’s unparalleled contributions to the American Republic, titled “The Strategic Vision of Alexander Hamilton.”

Presenting a competent summary of Hamilton’s major contributions as the nation’s first secretary of the Treasury, McCraw gave a compelling argument for a revival of Hamilton’s policies today, warning: “The practical lesson of Alexander Hamilton is that such success requires a combination of unusual talent and rare opportunity, but also that the possibility of great achievement exists if things are done right.”

McCraw highlighted Hamilton’s role as the great defender of the federal system a decade prior to his penning most of *The Federalist Papers*, citing a 1782 essay in which Hamilton wrote: “There is something noble and magnificent in the perspective of a great Federal Republic, closely linked in the pursuit of a common interest, tranquil and prosperous at home, respectable abroad; but there is something proportionably diminutive and contemptible in the prospect of a number of petty states.” He identified Hamilton as the staunch opponent of both Thomas Jefferson and Adam Smith, “both of whom emphasized individualism in politics and consumption in economics. Hamilton stressed nationalism in politics and production in economics.”

McCraw underlined the importance of Hamilton’s fight for the First National Bank of the United States, and his two other seminal reports as Treasury secretary: the *Report on Manufactures* and *Report on Public Credit*. “In the pivotal years 1790 and 1791, he had made a carefully calculated reciprocal wager. He had bet the viability of his monetary and fiscal system on the country’s capacity for economic growth. And he had reinforced the potential for that growth with this very same system. Both bets came through in grand fashion.”

McCraw summed up his case for a Hamiltonian revival by observing: “Because of the economic nature of his achievement, Hamilton as a statesman is best compared historically not with his contemporary rival Jefferson . . . but with the builders of modern economies in other countries at other times. He was the direct intellectual descendant of Jean Baptiste Colbert, the great French minister who devised a system for the promotion of manufactures during the reign

of Louis XIV. . . . In turn, Hamilton was himself an inspiration to Friedrich List, who envisioned and tirelessly promoted the German customs union, national railway network, and other measures leading to the eventual unification of the German Empire in 1871, long after List's own death. . . .

"In Japan, the program of forced modernization carried out by the Meiji reformers of the late nineteenth century was almost purely Hamiltonian in its economics, though not in its repressive politics. Hamilton's *Report on Manufactures*, written nearly a century before, could have served as a blueprint for Japan's phenomenal leap into a modern industrial economy. Even the post-World War II Japanese economic miracle, based on a deliberate, focused development of competitive domestic manufacturing in selected strategic industries, was fundamentally Hamiltonian in its conceptualization and execution. So too with the more recent development of the economies of Korea and Taiwan."

Call to arms on infrastructure

McCraw's article was not the first recent call for a reconsideration of America's economic axioms. In the November and December 1993 and January 1994 issues of the *Atlantic Monthly*, economist James Fallows had written about the differences between the Hamiltonian-Listian system of political economy and that of free market zealot Adam Smith. Although flawed in many respects, the Fallows articles drew a great deal of public attention to the debate, and Fallows elaborated some of those themes in a just-published book-length comparative study of American and Japanese economic policies.

A less ambiguous series of articles was given prominence in the Winter 1993 issue of the *Wilson Quarterly*, an establishment organ produced by the Smithsonian Institution. The cover of the issue and two lengthy articles were devoted to the theme: "To Build A Nation: America's Infrastructure." The editors introduced the package by noting: "President Bill Clinton's campaign pledge to 'rebuild America' has lifted 'infrastructure'—that most unlovely term for roads, sewage-treatment plants, and other essentials—near the top of the national agenda. Clinton's \$80 billion shopping list includes not only the usual public works, but 'information superhighways,' 'bullet trains,' and other exotica. In the past, the debate over how to build America has occasioned some of the great shifts in American political history . . . and some very ingenious solutions."

The first of the two articles, a historical account of the buildup of America's national economy by Bruce Seely, a Michigan Technological University professor and secretary of the Society for the History of Technology, was titled "A Republic Bound Together." Seely was blunt in his assessment of the wretched state of America's infrastructure, and called for a national debate on how to revive it:

"For almost two centuries, there has been broad public support in America for infrastructure development. The issue

has been how, not whether, to build and more to the point how to pay. Americans, rarely fettered by ideological dictates on the proper role of government, have shown great ingenuity in solving the latter problem. The political process, however, has never produced a coherent infrastructure policy. Our infrastructure has been cobbled together with little understanding of how one system affects and is affected by others—a failing that has at times brought disastrous consequences, including the decline of the railroads. For nearly a century, from the late 19th century to the 1970s, the nation dealt with the question of what to build and how to build it by vesting much control in engineers and other technical experts. Today our unquestioning faith in such expertise is gone, but infrastructure systems have increased in complexity, size, and expense. The 200-year ebb and flow of infrastructure debate, it appears, is approaching yet another high water mark."

Seely proceeded to provide a detailed history of the debate, beginning with President George Washington and his Treasury Secretary Hamilton's push for a strong federal role in "internal improvements," and following through the 19th-century buildup of America's railroads, and the 20th-century efforts of people like New York's Robert Moses to develop urban infrastructure, and the post-World War II buildup of America's highways.

Fissures in the free market camp

Other publications, with more clearly defined political connections, like *Forbes* magazine and *CEO* magazine, have given a forum to critics of the free market system and of such recent expressions of the Adam Smith mania as the International Monetary Fund's shock therapy recipes for Russian entry into the "free market system."

An unlikely article in the March 30, 1992 issue of the *New Republic*, by John Judis, reported on a growing split among conservatives over the free trade issue. Judis cited a 1984 article in the *National Review* by economist William Hawkins. Hawkins, describing himself as a "neo-mercantilist," called for a revival of the Hamiltonian policy of using government to create "an environment in which Americans would attain economic success." Free trade guru Milton Friedman dismissed Hawkins as a "socialist" in the very next issue of the William F. Buckley journal. According to the Judis article, the fight between free traders and "neo-mercantilists" has produced further fissures, with the Heritage Foundation admitting that it lost over \$200,000 in contributions in 1992 alone because of its free trade stance.

Judis summed up the situation: "In the nineteenth century, when the United States had difficulty holding its own against imports, no issue except for slavery was as important to American politics. Now, as American producers are once again threatened, the issue has reemerged among both liberals and conservatives." This is "not the end of the debate, but the beginning."

Back to the Bilderbergers

Henry Kissinger is to keynote the exclusive, annual Bilderberg Society meeting, and Bilderberg organizers hope he will remember to come in black-tie, rather than wear the bear-skin he will be sporting at the Bohemian Grove meeting in California woodlands a few weeks hence.

"Uncle Henry will speak with a . . . loud voice at the Bilderberg Society meeting," said a North American steering committee member of that organization, who added: "It is because of his book that he will be a keynote speaker." This is a reference to the geopolitical bowdlerization of Harvard history courses that His Pomposity has titled *Diplomacy*.

This year, the Bilderbergers will meet at the Kalastorjatorppa Hotel in Helsinki, Finland on June 2-5. As the location suggests, leaders confirm most of the agenda will have to do with the ex-Soviet Union.

"There is evidence of civil war in Russia before the end of business as we know it there," the Bilderberg steering committee member said. He added in regard to the effect of shock therapy being applied to Russia: "There has been a reduction to 20% of industrial production. You can't live on that. . . [But] nobody knows how far you can go with shock therapy."

Asked about Vice President Al Gore and Deputy Secretary of State Strobe Talbott's statements that what is needed is "less shock and more therapy," the Bilderberg leader said: "There has never been anything like a country indoctrinated over 50 years in an ideology opposite to the western world, which overthrew that system without getting a demagogue. I am rather pessimistic."

The Bilderberg Society leader dis-

missed Vladimir Zhirinovskiy as a "transitional figure," quoting the French saying: "The Revolution eats its children." He added, "There's been quite a change in personnel in Bilderberg, too." Perhaps Fat Henry has eaten them.

Sally Shelton Colby (wife of former Director of Central Intelligence Bill Colby), who is awaiting confirmation as administrator for global programs at the U.S. Agency for International Development and who had attended previous Bilderberg meetings, refused to say if she would be there this year. But a former Bilderberg habitué, who had been U.S. ambassador to Moscow, said: "It is typical of most government programs that they concentrate aid to Russia on the USAID. They shouldn't contract to USAID, because it doesn't know anything about Russia."

Asked whether Kissinger shared a concern about a backlash from International Monetary Fund shock therapy, the Bilderberg steering committee leader said: "Uncle Henry talks about Russian expansionism, but claims nothing can be done about it economically."

Another grandstand play

The Bilderberg Society was founded in the 1950s by Prince Bernhard of the Netherlands with the assistance of the late *éminence grise* of Europe Joseph Retinger—a man accused variously of being a Soviet agent, homosexual, and Nazi-lover. While not the oldest of policymaking bodies, like the Royal Institute of International Affairs, it is by far the "most exclusive," often hosting royalty such as the queens of the Netherlands and Spain, and Britain's playboy Prince Philip.

The last time Bilderberg regular Henry Kissinger is known to have been a major voice at one of its meetings was the April 22-25, 1971 gathering at the Woodstock Inn in Vermont owned by the Rockefeller family. Kissinger leaked information on the proposed economic freeze of the Nixon administration, and he also revealed President Nixon's plans for a trip to China—invaluable information for those present. But according to coverage in the *Manchester Union Leader*: "The main topic of discussion at the secret conference was 'the radical change of the American role in world affairs and the subsequent consequences.'" What the self-confessed British agent meant by the "radical change of the American role in world affairs," was the emergence of a two-and-a-half-empire arrangement as envisioned by Bertrand Russell, between "détente" with the Soviet Union and the "open door" to China.

'The book'

Kissinger's latest book, *Diplomacy*, is a continuation of British geopolitics, calling for a "radical change of the American role in world affairs." At the National Press Club "rap" on his book on April 7, Kissinger quipped that *Diplomacy* was shorter than his memoirs by hundreds of pages, because he left out the word "I." He said the United States was losing its superpower status, and that it must minimize its belief in "principles and causes to determine its national interest." Kissinger was met with groans when he brought up his heroes of "balance of power" and "stability," which he stated must become the predominant U.S. "strategy," namely Prince Metternich and Lord Castlereagh at the 1815 Congress of Vienna.

LaRouche visit to Moscow highlighted in testimony

The visit to Moscow of economist Lyndon LaRouche was featured in testimony given on May 4 by the Schiller Institute to the House Appropriations Subcommittee on Veterans Affairs, HUD, and Independent Agencies on the economics of space exploration. The testimony outlined LaRouche's article, "A Science-Driver Program to End Russia's Depression" (*EIR*, April 22, p. 22), as the basis for Russian-U.S. space cooperation.

The mention of LaRouche's trip to Moscow to elaborate on these ideas together with Russian space scientists, raised a few eyebrows among those waiting to give testimony and from Marcy Kaptur (D-Ohio), who was chairing the hearing.

This subcommittee is critical for whether the Space Station will be funded. The chairman of the House Science, Space and Technology Committee, George Brown (D-Calif.), has threatened to cancel the Space Station if the subcommittee further reduces funding for NASA.

Abortion clinic protests targeted in House vote

The House on May 5 approved a bill by a vote of 241-174 making it a federal crime to obstruct access to abortion clinics. The measure was a compromise between bills passed last November by the House and Senate. It now goes to the Senate for final action.

The debate was heavily clouded by the murder of a doctor working at an abortion clinic in Florida by an anti-abortion activist who used the cover of the clinic blockade to kill the doctor. (His actions were denounced by the group.)

Under the measure, use of force,

threat of force, or efforts to injure, intimidate, or interfere with abortion clinic patients would be a crime subject to fine or imprisonment or both. Violent offenders could face fines of \$100,000 and one year in prison for a first offense. Non-violent physical obstruction would carry a possible \$10,000 fine and up to six months in prison.

Budget of \$1.5 trillion for FY 95 passes House

The House passed by a vote of 220-183 a compromise version of President Clinton's proposed \$1.5 trillion budget for fiscal year 1995 on May 5, including \$13 billion more in spending cuts over five years. The budget has no new taxes and projects a deficit of \$175 billion for FY 1995, which starts on Oct. 1, the lowest projected deficit in five years. No Republicans voted for the measure.

The budget resolution will now be sent to the Senate, which is expected to act quickly. The resolution sets ceilings on spending that will be considered later in the year, and does not require a presidential signature.

The new cuts, starting with a \$541 million cut for FY 1995, are from programs not yet specified, i.e., the real fight will come later. "My advice to those who are concerned about where these additional cuts will fall is to expect your favorite program to be affected and be pleasantly surprised if it is not," warned Budget Committee Chairman Martin Olav Sabo (D-Minn.), who had opposed the cuts.

Earlier, the Senate approved \$26 billion in cuts over five years, lowering existing discretionary spending caps, while the House had wanted no additional cuts. Sabo said the two sides split the difference.

The deficit is the difference be-

tween the projected income of \$1.338 trillion and projected outlays of \$1.513 trillion for the fiscal year. The cumulative annual deficits are the total debt owed by the government, which is about \$3.5 trillion.

Compromise eyed on Clinton health plan

The Senate Finance Committee considered on May 4 whether to push for a health care reform plan that covers all Americans, or start with one that covers 90% with the option of adding more later.

President Clinton's plan, which would require all employers to help pay for health insurance for their workers and allow the government to set ceilings on increases in insurance premiums, is being attacked by the insurance companies. The President has been able to recruit only a single Republican to cosponsor his bill in the Senate.

Sen. John Chafee (R-R.I.) has introduced a bill that does not require employers to pay for health insurance for their workers, nor does it call for any direct cost controls over private-sector health spending, but it would require individuals to buy health care insurance. It has picked up important endorsements from Bob Kerrey (D-Neb.) and David Boren (D-Okla.). Boren, who sits on the Senate Finance Committee, and Kerrey said they were backing Chafee's bill to help end a stalemate in Congress over health care reform. The Chafee measure is sponsored in the House by Bill Thomas (R-Calif.).

Boren's support for the Chafee bill could upset a delicate balance on the Finance Committee, comprised of 11 Democrats and 9 Republicans. "It is much more likely that that stalemate will be broken if this particular piece

of legislation is used as the markup vehicle," Kerrey said at a news conference. "I think what endangers the chances of passage of meaningful health care reform this year more than anything else is the possibility that we could polarize along party lines," Boren added.

An alternative, introduced by Rep. Jim Cooper (D-Tenn.) and Sen. John Breaux (D-La.), emphasizes managed care, particularly health maintenance organizations (HMOs), to bring down health care costs and make insurance more affordable and accessible. The plan relies on purchasing cooperatives and offers tax incentives to make insurance more affordable. But millions of Americans would still have to voluntarily buy their own health insurance.

Haiti policy splits Democrats, Republicans

President Clinton's new policy toward Haiti got a mixed reception in the Senate. Republicans said it would not work and some advised a hands-off policy. Democrats were split on the possible use of force and the utility of stepping up economic sanctions.

Clinton has been under fire from the Congressional Black Caucus and liberal Democrats such as House Appropriations Committee Chairman David Obey (D-Wisc.), who have been demanding tougher measures against the Haitian military government and that ousted President Jean-Bertrand Aristide, who advocates "necklacing" opponents, be returned to power. "We have to fashion an intervention," said Rep. Maxine Waters (D-Calif.) on the ABC News program "Meet the Press" on May 8. The head of the Transafrica Institute, Randall Robinson, went on a hunger strike protesting Clinton's Haiti policy. On

May 8, Clinton announced a new policy, seeking tighter economic sanctions and threatening use of force. Instead of turning Haitian refugees back when they are apprehended at sea, they will now be processed by immigration officials on U.S. ships to determine if they qualify for asylum. Clinton also appointed Bill Gray, president of the United Negro College Fund and former House majority whip, as a special adviser to the President and to the secretary of state on Haiti.

After being briefed by administration officials, Christopher Dodd (D-Conn.), who had previously been critical of Clinton's policy, told reporters he believed the administration was "back on track" in proposing to tighten sanctions. He supported the administration's position on refusing to rule out military force to remove Haiti's military rulers, but said it would be shortsighted to disregard the value of sanctions. Dodd added that any suggestion that Clinton was chafing at the bit to use force "is a foolish remark, in my opinion."

Both senators from Florida, the destination of thousands of Haitians fleeing their homeland, advocated a credible threat of force. "Tightening sanctions is just not going to work," said Connie Mack (R), who questioned whether the embargo would hurt the people intended as its target. "The only way to facilitate change in Haiti is a credible statement of willingness to use force." Bob Graham (D) said restoring Aristide to power would be accomplished only with a credible threat to use military force. Use of force, ideally with the United States acting with other countries, was "appropriate," he said.

But Majority Leader George Mitchell (D-Me.), who supported the President's policy, does not favor military action now. Military force "would not be prudent or wise at this

time," he said.

Minority Leader Bob Dole (R-Kan.) said flatly, "We should not intervene in Haiti." He added that stepped-up sanctions would only enrich the military leaders and hurt the poor.

Richard Lugar (R-Ind.), a ranking member of the Foreign Relations Committee, said it would be "a bad idea to put Aristide back in power at the point of the bayonet."

Larry Pressler (R-S.D.) said that Haitians should be left to work out their own problems. "I feel the administration is about to embark on a foreign policy venture driven by domestic politics," he said.

Tom Harkin (D-Iowa), who with Dodd had drafted legislation to tighten up sanctions, said, "There may come a point, and it may not be too distant, when American military intervention will be required."

Dorgan: Curb banks' gambling in derivatives

Sen. Byron Dorgan (D-N.D.) announced on May 5 that he was preparing legislation which would restrict commercial banks that are heavily engaged in derivatives trading from having the benefit of federal deposit insurance.

"We should not have institutions in this country whose deposits are insured by the federal government, and ultimately the taxpayer, involved in gambling," Dorgan said. "Just as they should not have been involved in buying junk bonds, so now they should not be involved in proprietary trading in derivatives. . . . The principle of safety and soundness and the perception of whether the people think the institution is safe and sound are what determine whether our financial institutions succeed."

National News

Bush worries about sons' gubernatorial chances

In an interview with the *Houston Chronicle* that appeared on May 3, former President George Bush explained that he "is resolute he will give no more interviews this year," in part because of his concern for the gubernatorial campaigns his sons are running: George W. in Texas and Jeb in Florida. (Political wags have referred to the two as "sons of a Bush.") With the same eloquence that characterized his presidency, Bush said, "If I take a position on domestic—or even foreign—policy, reporters will want to know what they say and they differ or agree."

Perhaps trying to prove that he can do more damage to his own campaign by opening his mouth than his father can, George W. Bush responded to a question from the *Chronicle* about whether he has used illegal drugs, with a definite: "Maybe I did, maybe I didn't. What's the relevance? How I behaved as an irresponsible youth is irrelevant to this campaign. It does not matter what I did, nor what [incumbent Democratic Gov.] Ann Richards did. What matters is how I behave as an adult."

New slander against LaRouche under way

The circles around New York investment adviser John Train are preparing a new slander campaign against Democratic presidential pre-candidate Lyndon LaRouche, *EIR* has learned. A former journalist for *New York* magazine, Christopher Byron, has been procured by *Worth* magazine as the task force's poison-pen. *Worth* boasts that John Train counsels them on investment tips.

In April 1983, after President Reagan had announced as U.S. policy LaRouche's Strategic Defense Initiative, Train assembled a private task force including NBC producer Pat Lynch; Dennis King, whose book *Lyndon LaRouche and the New American Fascism* was funded by the CIA-connected

Smith Richardson Foundation; former CIA employee and Anti-Defamation League (ADL) "fact-finder" Mira Lansky Boland; and National Security Council staffer Roy Godson. Slanders against LaRouche were soon shopped out to the *New Republic*, NBC's short-lived TV magazine "First Camera," and *Reader's Digest*.

In the late 1980s, Byron defended junk bond swindler Michael Milken, saying he was the victim of Ivan Boesky, who was blackmailed by the government to set up Milken for prosecution. Milken's foundation has been a major funder of the ADL's "World of Difference" multicultural curriculum, which, under the guise of teaching tolerance to schoolchildren, included a lying attack on LaRouche's earlier presidential campaign.

An *EIR* source, who has extensively investigated the Bush administration's cover-up of Syrian involvement in the bombing of Pan Am Flight 103, characterized Byron as "a U.S. government hack. He was fired from *New York* magazine because he was too blatant a hatchet-man, employed to go after anybody who was telling the truth on Lockerbie, doing this on behalf of the U.S. government. He's connected with the U.S. Drug Enforcement Administration."

Kahane Chai funding under close scrutiny

New York *Jewish Week* has succeeded in getting the New York State Attorney General's Office to formally look into violations of state law by Kahane Chai, one of the terrorist successors to the late Rabbi Meir Kahane's Jewish Defense League. Kahane Chai-controlled groups had been soliciting tax-exempt contributions for the Jewish settlers movement in the Israeli Occupied Territories. Dr. Baruch Goldstein, who carried out the massacre of 50 Muslim worshippers in Hebron in February, was a member of Kahane Chai in Brooklyn, before emigrating to the Kiryat Arba settlement.

The U.S. State Department Office of the Coordinator for Counter-Terrorism is directing an interagency task force that is looking into their U.S. funding sources. The

IRS is looking into the Kahane Chai-controlled American Friends of Yeshiva Harav Meir, which ran ads in Kahane's old newspaper in Brooklyn, soliciting allegedly tax deductible contributions to finance the settlers in the Territories. The State Department, however, has yet to follow Israel's lead and declare Kahane Chai a terrorist group.

The probes are causing some consternation among pro-Zionist groups, however. Shoshanna Bryen of the Jewish Institute for National Security Affairs (JINSA) in Washington, D.C. tried to brush off the investigation: "The talk of an interagency task force is only conversation; they go on all the time. Most of the settler groups are long-established religious organizations with tax-exempt status." Bryen may be whistling in the dark: One prominent JINSA member, Galen Kelly, is now serving a seven-year federal sentence in a "cult kidnap-for-hire" scheme; his co-defendants, now awaiting trial, are members of the Lubavitcher sect.

Minnesota party hacks exclude Van Bergen

LaRouche Democrat and Minnesota gubernatorial candidate Richard Van Bergen was illegally expelled on May 1 from the convention of the Second District Democratic-Farmer-Labor Party, and his resolution in defense of the presidency was sabotaged by DFL hacks allied to Minnesota Attorney General Hubert "Skip" Humphrey. (The DFL is the Democratic Party in Minnesota.) As in 1990 and 1992, Van Bergen was expelled solely because of his support for Lyndon LaRouche.

Van Bergen had been elected as a delegate from the Wright County party to the state convention on April 9, only to have his credentials challenged at the state convention by Wright County DFL chairman Kevin LeVoi.

Van Bergen and his supporters had also collected 35 signatures on a petition to introduce his resolution condemning the "McCarthyite witchhunt" against President Clinton and the presidency, which began with the phony "Whitewatergate" scandal.

Briefly

The treacherous Humphrey forces sabotaged it, when they moved to adjourn the convention before the resolution could be considered.

Baltimore schools: local control and privatization

Baltimore School Superintendent Walter Amprey called for a system of so-called enterprise schools to begin on July 1. In a move which complements the city's hiring of the predatory Education Alternatives, Inc. (EAI) to run its schools on a for-profit basis, the city will turn over \$32 million of the school budget to local "site-based councils," which will decide how to spend monies for libraries, janitorial staff, teacher training, gifted and talented programs, and other school functions, according to the *Baltimore Sun*.

The new system, called enterprise schools, is being marketed as allowing local communities to break through red tape and regulations which impede "creative" decisions about how to spend money: Financially strapped districts will be able to decide for themselves what gets cut. Presumably, these autonomous districts will be free to contract with EAI for services, threatening union contracts that have been negotiated with the central school board.

Drug legalizer promotes city services privatization

Richard Dennis, a Chicago commodities speculator, leading funder of the pro-legalization Drug Policy Foundation, and a trustee of the Libertarian Party's the Reason Foundation, will be introducing a Chicago conference sponsored by the foundation on the privatization of public services. The conference deals with such topics as "Performance-Based Budgeting," "Innovations in School Management: Making Schools Work," and "Mining the Public Balance Sheet."

The Reason Foundation and its "Privatization Center" works closely with the Mackinac Center for Public Policy, based in

Midland, Michigan, which, in turn, has the backing of Gov. John M. Engler. The Reason Foundation and Mackinac Center have co-authored numerous policy briefings, including one on the privatization of schools and school services which promotes Education Alternatives, Inc. (EAI), the Minneapolis-based company that runs public schools for profit.

Other joint efforts of the New Age privatization institutes include: "Satellite Schools: The Private Provision of School Infrastructure"; "Designing an Effective Bidding and Monitoring System to Minimize Problems in Competitive Contracting"; and "Privatization and Public Employees: Guidelines for Fair Treatment."

Dennis's "Drugpeace Award" was given to pro-legalization economist Milton Friedman in 1991. Dennis is also the author of a book, *Let's Legalize Drugs*.

Burst water mains in Michigan cause emergency

President Clinton agreed to declare several counties in Michigan's Upper Peninsula a federal disaster area, where the unusually cold winter and equally rapid thaw burst water mains. The *New York Times* reported that President Clinton said on May 6 he would declare a disaster in the area to provide \$7.1 million in federal assistance.

The cold winter caused a freeze far below the normal frost line, and unusually warm weather this spring thawed the ground faster, causing soil shifts which placed greater stress on the cast iron pipes. Roughly 1,025 broken water mains have been reported in a 10-county area, with 203 households forced to rely on temporary hookups (such as a garden hose from a neighbor's house); 71 homes and two businesses are completely without water; and 8,500 homes remain under orders to let their water run continuously to prevent the pipes from freezing.

"We'd never seen anything quite like this before, with so many water lines broken," Gary Pearson, head of the infrastructure program in the Chicago office of the Federal Emergency Management Agency, told AP. Local officials say that it will take all summer to fully restore water service.

● **THE EFFECTS OF OBE** showed up when some Pennsylvania schoolchildren were recently herded out to oppose a demonstration against the brainwashing curriculum called outcome-based education. One child wrote a signboard, complete without punctuation and misspellings: "Shut Up Go Home Bevis [sic] and Butt-head Are Cool They Kick A—."

● **MURDER CHARGES** were reinstated against Jack Kevorkian by a Michigan appeals court this month, overturning a lower court's dismissal. The charges were brought in the 1991 deaths of Marjorie Wantz, who was found at autopsy to have no physical illness; and Sherry Miller, who suffered from multiple sclerosis and became deeply depressed after her husband left her.

● **PRESIDENT** Bill Clinton met at the White House on May 6 with Malaysia's Prime Minister Mahathir Mohamad. Mahathir is in the United States on a private visit with his wife, who is to receive an honorary degree from the University of Indiana at Bloomington. According to Malaysian sources, the initiative for the meeting was taken by the White House.

● **MARYLAND** Gov. William Donald Schaefer has signed a law giving Baltimore City permission to initiate a needle-exchange program for drug addicts, ostensibly to fight AIDS. Baltimore Mayor Kurt Schmoke is an international spokesman for drug legalization. The city council is also debating making homosexual couples jointly eligible for city health benefits.

● **THE SAN FRANCISCO** *Chronicle* hyped the fears of overpopulation in a May 6-7 weekend editorial, "California's Population: Nightmare Potential." The editorial cited a new Census Bureau report that the state's population will be almost 50 million by the year 2020.

Editorial

Not for sale

Never before in U.S. history has a sitting President been forced to defend himself in a court of law. The reason for this is quite obvious: Lesser matters should not be allowed to take precedence over affairs of state. In the instance of Paula Jones's claims of sexual harassment, we can only agree with President Clinton's lawyer, Robert Bennett, when he characterized the \$700,000 lawsuit as "tabloid trash."

On a certain level the whole business is laughable. As even Jones's sister Charlotte has told the press, the rewards for Paula Corbin Jones from this frivolous prosecution are great: She has been catapulted into media stardom. For the United States, however, the situation is serious. This is not merely political harassment of the Clintons, but it is a bald-faced attempt to discredit the institution of the presidency by any and all means.

Bennett's claim that a constitutional question is raised by the suit is not an overstatement. It is already well established by the courts that a President cannot be sued for actions taken while he is President. The question of whether a President can be sued for prior acts has never been decided. When Richard Nixon was sued even after leaving office, the Supreme Court said that he could not be sued, relying heavily on the argument that forcing a President to defend himself in a civil suit would be too draining on his time.

This is what Bennett referred to in his press conference, when he said that "the courts have shown great sensitivity to the importance of the President's role and the importance of the President's time." It reflects a recognition, Bennett continued, "that you can't paralyze a presidency by filing actions against the President. It would seem to me," he went on, "those principles would be all the more important and applicable in this situation where you have such a meritless complaint which has been filed years after it should have been brought, if it were to be brought at all."

It is expected that Bennett will quickly move to have the Jones lawsuit thrown out of court on that basis. Still, the penalties for the Clinton family, simply in terms of the legal bills which they are incurring, are

now estimated to be near \$1 million.

As in the case of the malicious, political persecution of Lyndon LaRouche and his associates, bankrupting one's opponents by forcing them to incur huge legal debts defending themselves against abuse of the courts is a well-known tactic. The misuse of regulatory authority by environmentalists is a parallel instance.

On May 9, the *Wall Street Journal*, the mouthpiece of the eastern banking establishment which has been encouraging the witchhunt, bragged about how the First Family is being caught in an economic vise.

The *Journal* points out that the White House insisted the Clintons would pay for legal costs out of their own pockets. The *Journal* suggests that allowing them to have a large debt to lawyers, or to solicit help by forming a legal defense fund, is impermissible because it could "implicitly involve the selling of political favors."

One must support Mrs. Clinton charges that she and her husband are the victims of a "witchhunt" by "paranoiac conspiracy-driven" right-wingers who are feeding the media with faxes from "secret headquarters devoted to destroying Bill and Hillary Clinton." But she should realize that these people are dupes in a much larger, more vicious conspiracy, being run not from the United States but from the offices of the Hollinger Corp., which owns Britain's *Daily Telegraph* among other media.

In the May 8 *Sunday Telegraph*, reporter Ambrose Evans-Pritchard admitted that not only is he leading the pack against the Clintons through the pages of that newspaper, but that he was personally involved in legal strategy meetings with Mrs. Jones, where the filing of the suit was planned. "By pure chance," says Evans-Pritchard, "I happened to be present at a strategy meeting last month in a boat on the Arkansas River when her attorney, Danny Traylor, was weighing up the pros and cons of legal action."

It is about time that the American people wake up and recognize that it is their country, not the Clinton family, which is really under attack.

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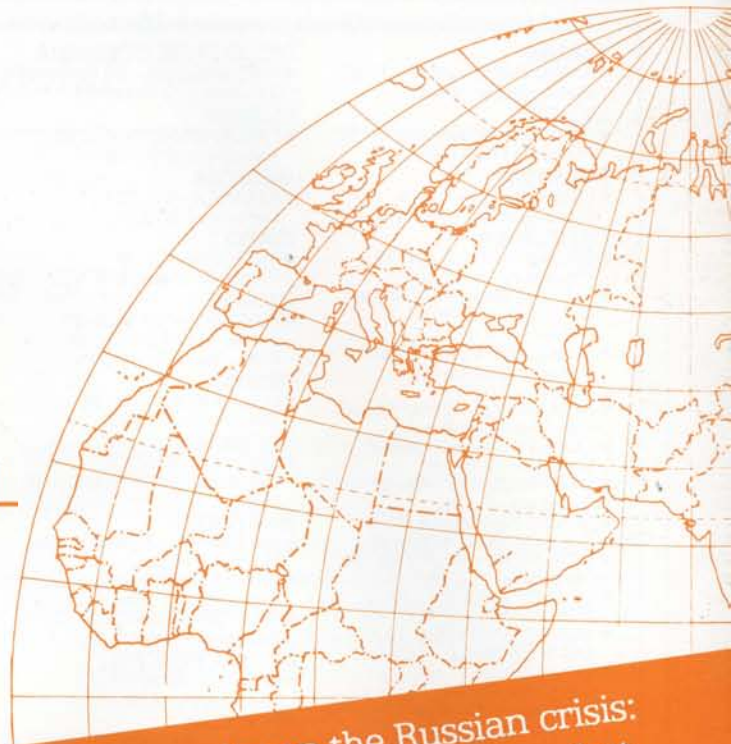
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Boris Yeltsin orders assault on the Russian Parliament,
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