

EIR

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Italy: no end in sight to instability

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on Prince Philip's leash**



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From the Editor

‘Mexican peso plunges further.’ “Brazilian President imposes austerity regime.” “Orange County, California has major shortfall.” “French companies lose more than 14 billion francs in Mexico crisis.” Such are the top news items of the first week of 1995. The handwriting is on the wall for a gigantic crash of the financial markets and the unraveling of the entire international monetary system, as Lyndon LaRouche had forecast in mid-1994.

What have these news items to do with the topic of our cover *Feature*, which is one of a series of followup packages to the Oct. 28, 1994 Special Report, “The Coming Fall of the House of Windsor”? Very much indeed.

Mexico’s case is both crucial and exemplary. *EIR* had reported in April 1993 in a cover story, entitled “Mexico’s ‘Success Story’: The Charade Is Ending,” that the market liberalization imposed on Mexico was Wall Street’s latest Potemkin Village, covering up a breakdown in physical output and infrastructure, to the point of unprecedented hardship and suffering in the population (see p. 6 for an extensive chronology of our authority on this subject). Later in 1993 and in early 1994, *EIR* showed how an artificially created, foreign-steered “indigenous” movement defended by political demagogues like Cuauhtémoc Cárdenas, had *no quarrel* with the debt-collection policies being imposed on Mexico, but hankered to exploit the hardships in order to blow up the United States of Mexico and demolish its national institutions, lighting the fuse on a social time-bomb on the southern border of the United States of America.

Cárdenas’s friends in the Zapatista National Liberation Army (p. 32) are just one sub-species of the biodiverse fauna of the suddenly “greened” international banking cartel, and the oligarchs who promote them in order to keep the loot flowing into their coffers. Our *Feature* traces these eco-terrorist stooges up to the stringpullers, foiling the trap which has gulled many a populist—of trying to fight the shock troops without challenging the false “free-trade,” “free-market” ideologies popularized by their controllers.

EIR has always stressed the lessons of Mexico for the formerly communist-ruled nations of eastern Europe. See *Economics* for a report on how one such nation, Ukraine, recently heard about LaRouche’s alternatives.

Nora Hamerman

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Who will learn the lessons of Mexico?

by Gretchen Small

On Jan. 3, Mexican President Ernesto Zedillo bowed to the dictates of the international financial community, and announced an Emergency Economic Program whose sole premise is the further sacrifice of the Mexican economy and people to the survival of the speculative cancer called the global financial system. Combined with a promise of \$18 billion in foreign *short-term* loans—half provided by the U.S. Federal Reserve and Treasury—Zedillo's austerity and privatization program had been expected to restore "confidence," and thus keep Mexico "attractive" for panicked international investors.

That did not happen. The bleeding of the peso and Mexican equity worsened. The crash of other global financial equities escalated also, blamed on the panic over the Mexican blowout. Investment houses such as Salomon Brothers, busy recommending collapsed Poland as a replacement for Mexican investments, found the bond markets of so-called emerging markets across the world "savaged" on Jan. 4. Stock markets in Brazil and Argentina fell faster than the Mexican market.

Wall Street and London blamed "mishandling" of the package by the Mexican President for the continued bleeding, and demanded that Mexico put up its national oil company, Pemex, for sale, to prop up their plummeting financial values. Media outlets for the banks warned the Clinton administration not to break ranks. If the \$18 billion fund is not enough to stop market panic, "even more substantial support will be in order as a matter of vital U.S. security interests," the *Baltimore Sun* wrote in its Jan. 4 editorial. "This nation cannot afford to have a collapsed Mexican economy."

The lessons of Mexico's peso crisis are otherwise, however. The braver people in leadership positions around the globe have recognized the Mexican crisis as a textbook example of the speculative bubble that Lyndon LaRouche described in his June 1994 ninth economic forecast, "The Coming Disintegration of the Financial Markets" (see *EIR*, June 24, 1994). From China, to Poland, and Brazil, people have pulled out their copy of that document, to reread more carefully what steps to take to assure their nation's survival as global financial implosion nears.

Since the crisis broke, newspapers in Mexico, Peru, Venezuela, and the Dominican Republic have published declarations by LaRouche and his Ibero-American friends that the "Mexican" crisis, is a crisis of the system as a whole.

Feeding the debt crisis

The Wall Street rescue package announced by the Mexican President demonstrates precisely LaRouche's analogy between the terminal phase of a cancer, and the maintenance of the speculative bubble. A cancer, if not removed, requires ever greater resources to sustain it, until at last, the once-healthy body dies, taking the cancer with it, too.

With that in mind, start with the foreign side of the rescue package, the \$18 billion in contingency credits and plans to issue new Mexican debt. Financial markets are desperate, because with only \$6.1 billion in foreign reserves and a hefty import bill, Mexico has no funds to pay its foreign obligations. In the midst of the steadily worsening derivatives crisis, bankers fear the financial system would not survive a major debt moratorium.

Figures vary, but the going estimate is that \$16.9 billion of *tesobonos* (dollar-denominated Mexican government paper) come due between now and June. June is a long-term crisis, compared to the estimated \$10-11 billion in *tesobonos* and *Cetes* (peso-denominated Mexican government paper) which matures between now and Feb. 2. Some 70-80% of those are held by foreign institutions. Until the Dec. 20 peso devaluation, the Mexican government just kept rolling over those bonds; now, investors are cashing in their bonds when they come due, and refusing to buy more. In the first week of January, the government could not find more than a handful of buyers for its three-month *tesobonos*, even at wild 12.5% interest rates.

The emergency plan seeks to resolve this cash crunch, by *increasing the debt bubble*. The U.S., Canadian, and European governments, plus major U.S. banks, made available \$18 billion in *unsecured* loans, the first such to Mexico in 12 years, for Mexico to borrow as it needs to cover obligations and defend the peso. Whenever used, however, those credits *must be repaid within six months!* U.S. banks are so desperate, that Citibank and J.P. Morgan put up \$3 billion of the \$18 billion.

Those credits are just to buy time, however, while the Mexican government and its New York creditors put together some package of *new debt*, of longer duration, with which to repay its old debts. The plan is to float new bonds to cover those coming due, and to do that with terms which will entice investors to come back into Mexican paper. Under discussion are a combination of measures, each wilder than the next.

One proposal, is that the *United States* government would guarantee the new *Mexican* government debt. That is, that the collapsing Mexican financial system would be absorbed, de facto, into the U.S. Federal Reserve System—exactly as *EIR* warned would happen under the secret accords of the North American Free Trade Agreement (NAFTA). Another proposal on the table, most likely linked to the first, is that Mexico use its oil to back up the debt, giving debtors first lien on the country's oil revenues. Financial circles are also discussing interest rates which might have to range as high as 20% on three-year bonds, and which must be denominated in dollars.

To add to Mexican foreign debt and bonded obligations as a *solution* to this crisis, is sheer lunacy—never mind the insanity of the U.S. government's stepping in to guarantee it. Mexican debt figures are already astronomical. Its *official* public and private sector foreign debt rose from \$119 billion in 1993 to \$140 billion in December 1994, an increase of \$21 billion (largely in private sector debt) in one year. These figures do not even include the very government bond obligations whose payment so worries the bankers! To reach an estimate of the *real* foreign debt, you have to add on these bonds, as well as foreign holdings in the Mexican stock market. In 1993, this real foreign debt totaled an estimated

\$183 billion. Today, it stands at around \$210 billion!

The domestic side of the rescue package commits the Mexican government to generating a larger income stream to pay off that ever-greater debt, through two principal mechanisms. The first is privatization, that is, selling off more of Mexico's productive capabilities. President Zedillo announced that the government will be selling four major ports, its railroads, more toll roads, its communications system, and its airports.

A national garage sale

The calculators are at work figuring out how many billions can be raised for debt payments through what the *Washington Post* dubbed this "national garage sale." One Mexican stock brokerage estimates that \$38 billion could be raised through privatization, if downstream parts of Pemex are added in. Creditors reacted to Zedillo's program with disappointment, in fact, because he did not put either the nation's electricity utility nor any part of Pemex on the auction block, at least not explicitly. Pemex is the only large plum left unsold in Mexico; as the *New York Journal of Commerce* greedily noted in its Jan. 5 editorial, Pemex is "one of the world's biggest oil producers . . . [which] controls reserves estimated to be worth up to \$750 billion."

The second income-generating mechanism is to gouge the living standards of Mexicans even further. The government emergency program includes drastic cuts in both domestic credit and government spending, hikes in rates charged for public services and goods (the price of gasoline, for example, was raised by 10%, and will be increased another 10% over the course of 1995), and ensuring that wages do not rise more than 7% in 1995, even as inflation is officially projected to be 16%. The idea is both to reduce the government's costs and increase its revenues, so it can send more money out to pay debt, and to cheapen Mexican labor costs sufficiently to entice foreign investors back to the country.

This is a plan to pay the debt through slavery and murder. If little is left to sell of Mexico's productive capabilities, even less remains of its living standards after 12 years of gouging to meet debt payments. Real wages were *halved* between 1982 and 1992; in 1993, *EIR* calculated Mexico's real unemployment to be 50%.

Industry has been gutted. A study carried out by one Mexican bank calculated that 600,000 manufacturing jobs were lost in Mexico in 1994. The Mexican daily *El Financiero* warned on Jan. 4 that the combined effect of the devaluation and contraction in the internal market brought about by the emergency program, threatens to eliminate six already-weakened manufacturing industries: textiles, printing, wood, basic metals, non-metallic minerals, and plastics, rubber, and oil-derivative products.

These measures are not only murderous; they also won't work, as each measure to "save" the system, worsens another

part of it. Exemplary is the government decision to raise interest rates sky-high to keep foreign capital rolling in. That move bankrupted the domestic banking system. On Jan. 4, the Mexican Bankers Association petitioned the government for emergency relief, citing the soaring rates of defaults on loans, the high cost of money, and the effect of the devaluations on the banks' own dollar obligations.

Preparing the lifeboats

Meanwhile, the debts and banking systems of the rest of Ibero-America are also beginning to blow out. Argentina is very much like Mexico, where "the dike broke," economics editor Daniel Muchnik of the Argentine daily *Clarín* wrote on Jan. 1. Since Mexico and Argentina have implemented similar economic policies, the "million-dollar question" is whether the Mexican peso devaluation has unleashed a broader financial crisis which is "more unpredictable" throughout the continent.

The economic team of Brazil's new President, Fernando Henrique Cardoso, is convinced that the Mexican crisis is not over, and that Mexico may have to declare a debt moratorium, the daily *Jornal do Brasil* reported on Jan. 2. If that were to happen, or if the shaky Argentine financial system were to blow, Brazilian officials believe that all of Ibero-America would be placed on the investors' "black list."

Quiet recognition is growing, that those nations which kept a degree of protection from the free trade swindle, are today the best prepared to face the crisis. Venezuela, whose government declared exchange controls in 1994, is the most notable case. The Mexican economic crisis dominated discussion at the first cabinet meeting of 1995 in Venezuela, with various ministers noting that Mexico was a victim of "neo-liberalism" (as the radical IMF-free trade school is known in Ibero-America), the Venezuelan daily *El Globo* reported Jan. 5. One minister pointed out that Mexico adopted the decisions which the neo-liberal theoreticians wanted; had Venezuela done so, it would be in a similar condition, he argued.

Documentation

EIR called the shots on Mexico's debt crisis

For nearly four years, as the world's governments and financial elites held up the market liberalization and debt reorganization in Mexico as a "success model" for the rest of the

world to emulate, *EIR* repeatedly warned that Mexico was suffering a breakdown of its physical economy, which the free market reforms, privatization, austerity, and the North American Free Trade Agreement (NAFTA) would only accelerate. The only ones to benefit, *EIR* warned, would be the special banking interests that have been able to continue looting Mexico through its foreign debt payments and through speculative manipulation of the stock market.

In three cover stories and one 75-page Special Report issued during that period, and in a multitude of other articles, we showed that the looting schemes being imposed on Mexico must lead to a financial blowout. In April 1993, the cover story entitled "Mexico's Economic Model: How to Destroy a Nation" asked: "The charade about the 'Mexican success story' is about to end. Will the nations of eastern Europe, of Ibero-America, and of the rest of the Third World wake up in time?" Here are some highlights of the record: what we said, and what the others said:

Feb. 4, 1990: On the occasion of the signing of the Brady debt restructuring plan, U.S. Treasury Secretary Nicholas Brady declares: "Mexico is on the move again. Jobs are being created. Flight capital is returning. Investor confidence is growing. In short, a new dawn is rising. Mexico stands as a beacon of hope for other debtor nations."

Mexican debt neN\$%1M9+.HPMgel Gurria: "We are beginning the period of life after debt in Mexico."

September 1990: Citibank's William Rhodes, speaking at the annual trade fair in Leipzig, Germany, says that the Mexican model for dealing with debt should be used as a solution for Poland and other eastern European countries.

May 1991: *EIR* publishes a Special Report, "Auschwitz Below the Border; Free Trade Pact Is George 'Hitler' Bush's Mexican Holocaust," which describes the North America Free Trade Agreement as follows: "NAFTA and its sequels are designed to bolster the shaky, overextended international credit pyramid by vastly increasing and solidifying the flow of Third World debt payments to the international banks. It will do this by thoroughly absorbing the economies of the nations of Ibero-America into an extended dollar zone, annexing their raw materials (such as oil), and using their labor forces as captive cheap labor in runaway shops, principally for production for export back into the United States.

"Along with this projected new looting of Third World economies, NAFTA will also reorganize the entire Ibero-American banking structure, and thereby create the conditions under which the vast financial flows originating in the Ibero-American drug trade can be more readily laundered into the cash-strapped Anglo-American banking system."

June 21, 1991: *EIR* warns that Mexico is "becoming a world paradise for financial speculation and fraud," and that the means by which Mexico will be "kept current on its over \$9 billion in yearly interest payments" on its debts is to "hand over to the creditors title to more and more chunks of the Mexican economy, and use the Mexican stock market to do

this.”

July 3, 1992: An *EIR* report on the June 17, 1992 stock market plunge says: “The Mexican market is saturated with new and not very marketable bonds. . . . The immense speculative bubble that has been created on the basis of *expectations* of Mexico’s ‘economic miracle’ has already reached its limit, and can no longer *pay itself* the superyields that its own speculative dynamic imposes.”

Aug. 7, 1992: *Forbes* magazine Editor-in-Chief Malcolm S. Forbes, Jr. interviewed Mexican President Carlos Salinas and suggests: “Spend time with Mexican President Carlos Salinas and with his personable, brilliant Finance Minister Pedro Aspe, and you’ll wish they could be cloned for the rest of the world’s countries. The Mexican government is performing a miracle rivaling those of Germany and Japan after World War II, and of Korea and the other so-called Asian Tigers in recent years. . . . [The U.S.] Congress should take a crash course in economics from Carlos Salinas. . . . His almost revolutionary program of economic liberalization . . . has lots to teach our own politicians.”

Nov. 27, 1992: *EIR* details the problems already surfacing for Salinas’s “Mexican miracle,” and asserts: “What is in crisis is not the Mexican model per se, but rather the economic model applied by the international financial institutions to enable Mexico to continue to pay its foreign debt . . . based on looting of Mexico’s natural wealth. . . . If the Mexican economy was presented to the world during 1988-89 as the model for those nations wishing to escape insolvency, the crisis of the Mexican economy today can only be seen as the *prelude* to what is happening to the entire international financial system which spawned the so-called Mexican miracle in the first place.”

April 23, 1993: *EIR* runs a cover story on “Mexico’s ‘Success Story’: The Charade Is Ending.” *EIR*’s forecast singles out the soaring current account deficit as the gravest symptom of the crisis, covered over by massive speculative capital inflows: “The government’s policy for the current account deficit is simply to keep interest rates very high. It is doubtful how long that measure alone can keep the floating crap game going. It is increasingly likely that Salinas will be forced to devalue the peso—a measure which he has desperately tried to avoid, as it will deflate the international myth of the ‘Mexican model,’ and bring the country’s foreign debt crisis back to center stage.”

Noting that countries from Russia to Poland to Kenya have been told that Mexico’s “success” proved that shock policies work, *EIR* warns: “Not only has Mexico’s physical economy been looted to the point of collapse, but the figures show that even the final phase of bankers’ speculative gain has been reached, and a financial blow-out is imminent. Other Ibero-American economies that have followed similar regimens, such as Argentina and Brazil, are also rapidly approaching a blowout phase.”

The feature concludes: “In short, the charade about the

‘Mexican success story’ is about to end. Will the nations of eastern Europe, of Ibero-America, and of the rest of the Third World wake up in time?”

June 4, 1993: *EIR* publishes a story entitled “Mexican Farmers Demand Debt Moratorium, As Protests Mount,” which details the collapse of the Mexican farm sector due to the failure of Salinas’s economic model. Brutal deregulation, the elimination of agricultural subsidies, and increasing the costs of production while indiscriminately opening up trade “has made for an exponential increase of the farm debt of such magnitude that is now physically unpayable,” setting the conditions for widespread defaults, dislocation of farm populations, and consequent impulse to mass migration to the United States.

Aug. 6, 1993: *EIR* publishes an interview with U.S. economist Lyndon LaRouche, conducted July 20, 1993 by Monterrey radio station XEAW, in which LaRouche warns that “Mexico cannot continue to survive as a nation, if the present trends are continued. . . . Mexico is suffering the spillover of a global pattern typified by the growth of the derivatives bubble. . . . When it will pop, we can’t say; but looking over the period of the next 9-12 months, we must expect *major financial implosions*, monetary implosions, coming out of the activities of pirates, buccaneers, thieves, such as George Soros.”

Oct. 8, 1993: *EIR* publishes a feature entitled “Secret NAFTA Accord Threatens U.S. Sovereignty,” which charges that secret financial agreements built into the NAFTA agreement would 1) “actually increase Mexico’s more than \$100 billion nominal foreign indebtedness through the brutal looting mechanism of the ongoing so-called privatization program”; 2) “transform such increased dollar indebtedness into a source of offshore dollar credit through the proliferation of derivatives markets”; and 3) “use the offshore dollar credits thus generated as a lever for a new form of financial control over the United States itself.”

Oct. 15, 1993: *EIR* says that Mexico’s “debt bubble” requires a massive looting scheme to keep it afloat, ranging from raising interest rates and expropriating millions of Mexican farmers through foreclosure, to setting up secondary mortgage and other derivatives markets, looting Mexico’s pension system, and taking over its oil industry. Since the 1989 “Brady Debt Reduction Plan,” Mexico’s debt has *risen* an incredible \$27 billion. “The only factor which has prevented the payments on this debt from causing a financial blow-out, is today’s relatively low international interest rates which, should it rise, would plunge Mexico back into a monetary catastrophe” comparable to 1982, or worse.

Oct. 25, 1993: *Forbes* carries an article by self-proclaimed expert on the Mexican economy David P. Goldman, entitled “The Mexican Revolution, Phase II,” which claims that Mexico’s “dynamic economy is on the move and will stay that way, NAFTA or no.” Writes Goldman, “In my view, nothing can stop Mexico’s economic modernization.”

Nov. 19, 1993: *EIR* carries in full the testimony submitted by Alberto Vizcarra of the Permanent Forum of Rural Producers in Sonora, Mexico to a hearing on NAFTA of the U.S. House Banking Committee on Nov. 8, chaired by Rep. Henry Gonzalez (D-Tex.). Vizcarra's testimony details the fabulous growth of the Mexican foreign debt *since* the Brady debt restructuring plan, and warns that "the only thing that has thus far kept these onerous debt payments from causing a financial collapse has been international interest rates, which are relatively low at present: should these rise, Mexico will find itself in total financial catastrophe."

Vizcarra details the disintegration of the Mexican banking system, which he estimates at the time to have a non-performing loan portfolio as high as 20-30%; he describes the collapse of farming because of the impossible cost of credit and inputs, and the lack of protection from imports of milk, meat, and other products. He concludes with a demand for a thorough investigation of the financial accords of NAFTA, secret and otherwise, which he charges were opening up the Mexican economy to unprecedented looting schemes and to its virtual annexation by the U.S. Federal Reserve.

Dec. 3, 1993: *EIR* carries a report on a meeting of 250 agricultural producers in Sonora held Nov. 11, where the farmers demanded that the Mexican Congress "launch an immediate in-depth investigation into probable financial accords of a secret character concluded by Mexican officials with the U.S. Federal Reserve" in the \$QYMnis Small, who addressed the meeting, explaining that the illegal Mexican farm debt was but one element of the cancerous bubble of usurious debt, speculation, and drug money that was corroding the world financial system and destroying useful production, in Mexico and everywhere. Small warned that Mexico's *real* foreign debt was as much as 50% higher than its *official* foreign debt of \$119 billion.

May 13, 1994: *EIR* reports on secret IMF-World Bank discussions on the indebtedness of the Mexican banking system and, in particular, on the high degree of foreign involvement in Mexican banking, largely in the form of dollar deposits and dollar borrowings by individual banks. "These dollars can leave at any moment, triggering a huge financial collapse," warns the article, which adds that from January through May 1994, Mexico had already drawn down one-fifth of its central bank foreign reserves, and \$10 billion had pulled out of the stock market, and fled the country.

June 3, 1994: *EIR* runs a cover story, "About to Explode Again: Ibero-America's Debt Bomb." It begins: "You've heard it said that the Third World debt crisis of the early 1980s has been solved permanently. You've been told that the countries of Ibero-America, with Mexico in the lead, have reformed their economies and are back on the road to recovery. . . . Well you'd better think again. Because it is highly likely that 1994 is going to witness an explosion of the Ibero-American 'debt bomb' that is going to make the 1982 crisis pale in comparison, and could well bring down

the entire international financial house of cards with it."

After reviewing the Bush scheme to "resolve" the debt crisis with Brady bonds, *EIR* warns that the resulting "globalization" of the world economy would destroy the United States, along with the rest of the world economy: "The result of these measures . . . has been the full 'dollarization' of their economies. This does *not* simply mean that the dollar has become increasingly used throughout Ibero-America. It means that . . . entire national financial systems are becoming mere *onshore enclaves* of the giant *offshore* (i.e., unregulated) international financial system. This means that the national banking systems of Mexico, Argentina, and other countries are rapidly becoming virtual branch offices of the U.S. Federal Reserve System. . . . This means the elimination of U.S. sovereignty as well."

Specifically on Mexico, the report notes that while the country's "official" public and private foreign debt in 1993 was \$119 billion, foreign-held treasury bonds (Cetes) and cumulative foreign portfolio investments—which constitute a *de facto* foreign obligation—bring the real foreign debt to an estimated \$183 billion.

Aug. 7, 1994: *EIR* financial columnist Richard Freeman speaks at a seminar in Mexico City on LaRouche's analysis of "The Coming Disintegration of the Financial Markets," in which he warns, according to the Mexico City daily *Excélsior* of Aug. 8, that the only solution to the collapse of the speculative system is "to reorganize the international financial system on the basis of banking systems which correspond to each nation's interests and their real economy, and not to the particular interests of speculative profits; we must return to the basic system of production."

Sept. 16, 1994: *EIR* reports on the crisis hitting the Mexican banking system, including the government's forced takeover of the Banco Unión-Banco Cremi: "What underlies these developments is the fact that the Mexican banking system is beginning to crumble, much as the Venezuelan banking system did earlier this year. Both cases are symptomatic of the fundamental insolvency of the entire world financial system, which has begun to shred at its weakest points."

Nov. 9, 1994: The New York *Journal of Commerce* editorializes that "Carlos Salinas, Mexico's President, leaves office later this month with a record most other leaders would envy. . . . The turnaround in Mexico's public finances offers a good lesson for most other countries."

January 1995: *Harvard Magazine* runs a piece, evidently written prior to the Mexico peso blowout, entitled "Emerging Markets," by New York investment counselor John Train. Train presents Mexico as a "boom market," and laughs at cautious investors who "couldn't believe it. By the time they finally did, the market had boomed and has risen dozens of time since." Train argues that the trend toward "privatizing, deregulating, and letting pension funds buy stocks" is what is making emerging markets like Mexico's so attractive to investors.

S.G. Warburg: Crown's banker in trouble?

by William Engdahl

Shortly before Christmas, one of the elite City of London investment banks, S.G. Warburg and Co., made a surprising announcement that it was in negotiations with the Wall Street investment house Morgan Stanley on a proposed merger of the two firms to form a global financial entity. Immediately stories were planted in London and New York financial media touting the merger as a marriage of two giants which would create a formidable international financial power on both sides of the Atlantic. Stock prices of Warburg shot up in speculation over the outcome.

Now details are emerging which offer a far different picture than the "conderella" version issued by Warburg senior management in early December.

Just days before Christmas, Morgan Stanley issued a terse statement that the talks had broken down over the refusal of Warburg's lucrative fund management subsidiary, Mercury Asset Management, to accept the overall merger with the American firm. A spokesman for Morgan Stanley in New York confirmed that the firm had little interest in a merger, other than to gain access to the multibillion-dollar asset base of Warburg's 75% owned Mercury Asset Management. But the actual reasons for the merger talks in the first place were obscured by a loyal British press.

City of London sources have told *EIR* that the merger talks had little to do with creation of a new financial giant, but rather with the fact that Warburg, a central part of City of London financial power, was in deep financial crisis. "These were not merger talks," a senior member of another London merchant bank told *EIR*. "Both parties agreed to term it merger, rather than takeover of Warburg by Morgan Stanley, in order not to damage Warburg's reputation."

City of London sources report that the Bank of England had secretly sought out Morgan Stanley as a suitable partner in order to bail out one of the premier merchant banks of London. The head of Morgan Stanley European operations in London, David Walker, had previously served as a senior official of the Bank of England. Also not incidentally, Warburg chairman Sir David Scholey sits on the Court of Directors (board of governors) of the Bank of England. A failure of Warburg's would not only "embarrass" the Bank of England, it would deal a devastating blow to London's bid to become the dominant world banking and finance center.

Reliable sources among City of London bond dealers say that Warburg has sustained devastating losses over the past 12 months on its bond portfolio trades. Last Sept. 30, the bank announced losses for the half-year of several hundred million dollars, down 43% over a year earlier, but in itself hardly grounds for filing for bankruptcy.

In reality, however, according to these reports, Warburg hid the scale of its true losses, in desperate hopes that a resounding recovery in world bond and financial markets would occur before the end of the Warburg fiscal accounting year on March 31, 1995. When bond markets continued to fall into the early days of December and book losses on Warburg's accounts brought the bank to what some believe is a state of de facto insolvency, the Bank of England was forced to take emergency actions and to find an appropriate partner, while allowing Warburg's to portray it as a merger of strength to quiet rumors of Warburg problems.

Those problems are slowly coming to light. Within days of the breakdown of the talks, Warburg announced the firing of a director responsible for group-wide bond trading, Peter Twachtmann. The dramatic move was attributed to the breakdown of the merger negotiations, a hardly plausible cover story. The market in British government bonds in 1994 underwent its most severe losses since 1955.

Broker to the queen

But there is more at stake with the future of Warburg, because it is no ordinary British merchant bank. It is one of the institutions at the very core of what has been termed the "Club of the Isles," an ultra-secretive informal group of the leading royal families of Europe and their financial assets around the House of Windsor.

Warburg indeed is no ordinary securities firm. It is the official stockbroker to the queen through its stockbroker subsidiary, Rowe and Pitman. Rowe and Pitman is also stockbroker to the world's most influential oil company, Royal Dutch Shell, in which Queen Elizabeth is reported to have a major private shareholding. But these are not the only ties to the House of Windsor's "Club of the Isles." The chairman of Warburg, Rt. Hon. The Earl Cairns, also serves as the personal financial investment adviser to Prince Charles, among whose titles, in addition to being Prince of Wales, is the title Lord of the Isles. The "Isles" is a historical reference to Britain's northern islands near Norway, including the Shetlands, Orkney, and such. The name "Club of the Isles" is said to refer to a broader grouping of old secretive families of the northern European "black oligarchy" whose wealth and power is tied to firms like Warburgs and N.M. Rothschilds in London.

In any case, on approximately March 31, the world will likely have a clearer idea. All indications are that the results will be grim unless the powers of the Bank of England are able to quickly find another solution to their financial problem.

Let us begin organizing the economic recovery of Eurasia

by Lyndon H. LaRouche, Jr.

The following speech by Mr. LaRouche was written on Nov. 17, 1994, and read for him at a conference in Kiev, Ukraine which took place on Dec. 1-4.

Let me begin by reciting a fact known to us all: *A symptom is not the cause of the disease it expresses.* The present problems of the economy of Ukraine are chiefly a symptom of the fact that the entire world is presently in the grip of a worldwide economic depression. To be precise, a tired and decadent, International Monetary Fund-dominated, global financial system has entered into its collapse-phase. Under these circumstances, the only satisfactory economic policy is a combined set of policy-guidelines and key projects designed to bring about a recovery from the imminent disintegration of the IMF system.

Just as the effects of any epidemic vary somewhat from victim to victim, the recent history of Ukraine affects the way in which the disease expresses itself here, but the underlying sickness is a worldwide epidemic with international causes.

My remarks here are limited to summarizing three points which define the global crisis within which Ukraine is presently trapped. First, a very brief summary, outlining the ongoing, worldwide breakdown of the IMF system. Second, a very brief summary of policies needed to produce economic recoveries in the national economies which are the victims of this collapse. Third, an outline of the proposed key set of infrastructure-building projects needed to bring Eurasia out of the worst crisis of this century.

The breakdown of the IMF system

Thirty years ago, in the aftermath of the post-missile-crisis nuclear condominium agreements reached among London, Washington, and [Soviet General Secretary Nikita] Khrushchov's Moscow, the powerful, dominant faction of Anglo-American financial capital, led by British Prince Philip's World Wildlife Fund [now the World Wide Fund for Nature], decided to bring to a close the era of reliance upon investment in scientific and technological progress.

Consequently, during the interval 1964-65, there was a transition to what was often called a "post-industrial" utopia. Over the interval from November 1967 through the London-directed 1973-74 oil-price hoax, and the 1975 Rambouillet monetary conference, the world's monetary and financial system was decoupled from its traditional inter-dependency with the levels of physical output and productivity of labor. Then, beginning with U.S. Federal Reserve Chairman Paul A. Volcker's 1979 introduction of policies which he called the "controlled disintegration of the economy," the world's economically decoupled monetary and financial systems were transformed into a hyperbolic bubble of purely parasitical financial speculation, typified in the extreme, today, in the operations of George Soros's Quantum Fund.

Through the dominant role of the IMF and related institutions, the bulk of the trade and finance of the entire world has been drawn into this bubble of speculation. This global system has now entered the end-phase of its collapse. The collapse itself is already in progress. When the collapse will be completed is still uncertain: It could be a matter of weeks, more probably of months. I am certain that, whether through the alternative of a rational bankruptcy proceeding, or the irrational disintegration of the financial system, the end is now rapidly approaching.

Only two possibilities

There are only two economic possibilities for each and every part of the world today. The best possibility, is that leading governments use their sovereign political power to put the global system of both monetary and financial institutions into financial bankruptcy. If the governments lack the intelligence or courage to put the existing global system into bankruptcy, the inevitable and early result will be the disintegration of the system brought about through the kind of chain-reaction which can be described fairly by the famous equations for chemical explosions.

In the latter alternative, the result will be chaos, the descent of the entire planet into a dark age worse than that

Kiev conference seeks alternative to shock therapy

On Dec. 1-4, 1994, a conference, entitled "Social and Economic Problems of Ukraine as a Transitional Society," was held on behalf of and under the auspices of the Supreme Rada (parliament) of Ukraine. Assistance in organizing the conference was provided by the Ukrainian Association of Socio-Economic Development, Management, and Prognosis; the International Center for Policy Studies; the National Academy of Management; the Olzhych Research Foundation; and the Council of Advisers to the parliament of Ukraine.

In addition to a representative of American economist Lyndon LaRouche, representatives of the European Commission, the International Labor Organization in Geneva, the United Nations, the Eastern Europe Institute in Munich, and the World Bank were invited to the conference. Also in attendance were economists from France, Britain, Denmark, Poland, Germany, Italy, and Russia.

The conference took place a few weeks after President Leonid Kuchma and the Ukrainian government began implementing a new round of International Monetary Fund (IMF)-dictated economic shock therapy measures—similar to those that have already failed in Russia. The parliament, under President Olexander Moroz, organized the conference in hopes that it would provide a counterpoint

to the shock therapy policies.

Even without the imposition of the latest measures, Ukraine already is suffering a deep economic depression. Hyperinflation, deindustrialization, increasing poverty (especially in the countryside), a rising death rate, and epidemics such as cholera and diphtheria characterize the crisis. Deregulation, privatization, and price liberalization (i.e., price increases) will lead the country into further catastrophe, although the government thinks that it is more clever than the Russians, and that it can avoid the results of shock therapy which occurred there.

Two relevant presentations

The conference was addressed by the head of parliament, Economic Minister Roman Shepek, and head of the State Property Fund Yuriy Yekhanurov, who is in charge of privatization. The latter two speakers gave an ideological defense of IMF conditionalities. Most of the western economists were only moderately critical of the IMF, and were unable to offer a solution to the crisis.

However, Prof. Taras Muranivsky, from the State Humanitarian University in Moscow, and a speech by American economist Lyndon LaRouche, delivered to the conference by a representative of the Schiller Institute, put forward workable alternatives to the IMF policies. Muranivsky spoke about the Russian experience with shock therapy, and the methods of physical economy that are needed in order to get a solution to the crisis, through a program for reconstruction of infrastructure, industry, and the high-technology sector.

which Europe suffered following the chain-reaction collapse of the Lombard debt-bubble during the middle of the 14th century.

However, if the United States and a few other leading nations react in a sane and courageous way, and put the bankers and speculators into forced bankruptcy reorganization, a general, worldwide economic recovery can be organized immediately. Under those more rational political conditions, an accelerating general economic recovery of Ukraine, and other nations, could be launched. If we take the view that such an alternative to chaos will be forthcoming, then we can take certain immediate steps now which prepare the way for that kind of general economic recovery.

I focus now upon that policy perspective.

Recovery as a renaissance

A few historical facts about the modern western european economy point to the kind of recovery measures which will be successful under present world conditions.

It is useful to describe the global economic collapse now in progress as the end of a centuries-long dynasty of modern european civilization, what had been the most powerful civilization which ever existed up until the present moment. It must be our purpose to discover what was right, and what was wrong in that western european dynasty which came to dominate this planet. What was the source of that civilization's great power; what were the causes of its presently ongoing collapse. From this vantage-point, an economic recovery is to be seen as an economic renaissance, a revival of the good principles of european civilization, but minus the foolish principles which have brought about the collapse.

For example, prior to A.D. 1440, the population of this planet never exceeded several hundred million persons. The level of productive technology reached prior to the 15th-century Renaissance did not permit the human species to reach the potential population density needed to rise above a few hundred million. More than 90% of the human population of all cultures lived in a condition which may be fairly



Independence Square in Kiev. "The present problems of the economy of Ukraine are chiefly a symptom of the fact that the entire world is presently in the grip of a worldwide economic depression."

described as brutish misery, that of serfs or slaves. The source of the power which enabled the culture of western Europe to achieve world domination were three revolutionary changes in political institutions which were introduced approximately the middle of the 15th century: the idea of the modern nation-state republic, the principle of generalized scientific progress, and the general commitment to investing in the fruits of scientific and technological progress for the increase of the productive powers of mankind per capita, per household, and per square kilometer of land-area.

The trouble has been, the stubborn persistence of those feudal traditions of oligarchism and usury which, unfortunately, came to dominate the political and financial institutions and policies of the most powerful states within the orbit of western european culture. It is the triumph of usurious financial speculation over technological progress in both basic economic infrastructure and physical production, which is the specific cause for the presently ongoing doom of the existing global monetary and financial systems.

We see that, since 1989, the levels of output in the former Comecon sector have fallen to less than 30% of their levels under the former communist regimes. The specific cause for this collapse has been the policies of reform which were imposed upon the former Comecon sector, first by Britain's Prime Minister Margaret Thatcher, U.S. President George Bush, and the International Monetary Fund. These

states received from Thatcher, Bush, and the IMF all of the bad features of a dying western european civilization, and virtually none of the advantages.

One might say that the peoples of eastern Europe spent decades traversing the vast desert of socialism, to arrive finally at the gates of a powerful city. They arrived tired, famished, and thirsty, hoping to find a better, freer life. Instead, they arrived at the time that city, ruled by madmen, was struck by a savage epidemic against which the arriving people had no developed resistance.

In the science of physical economy founded by Gottfried Leibniz, the measure of prosperity is the number of persons who can be sustained with improved health, increased life-expectancy, with greater potential population-density. This accomplishment is made possible by two interdependent means. First, the general application of advances in science and technology to increase the productive powers of labor per capita and per square kilometer. Second, those improvements in land which must be made and sustained to absorb these advances in productive technology.

Voluntaristic creativity and the state

The accomplishment of modern western european civilization was to discover that the realization of improvements in technology was better obtained through utilizing the factor of voluntaristic creativity, under the institution of private

FIGURE 1

The European 'Productive Triangle' area

This area of Europe has the highest concentration of productive power in the world. Ensuring proper investment and infrastructure development here is key to boosting productivity and ensuring peak functioning, vital for leading an economic recovery worldwide.

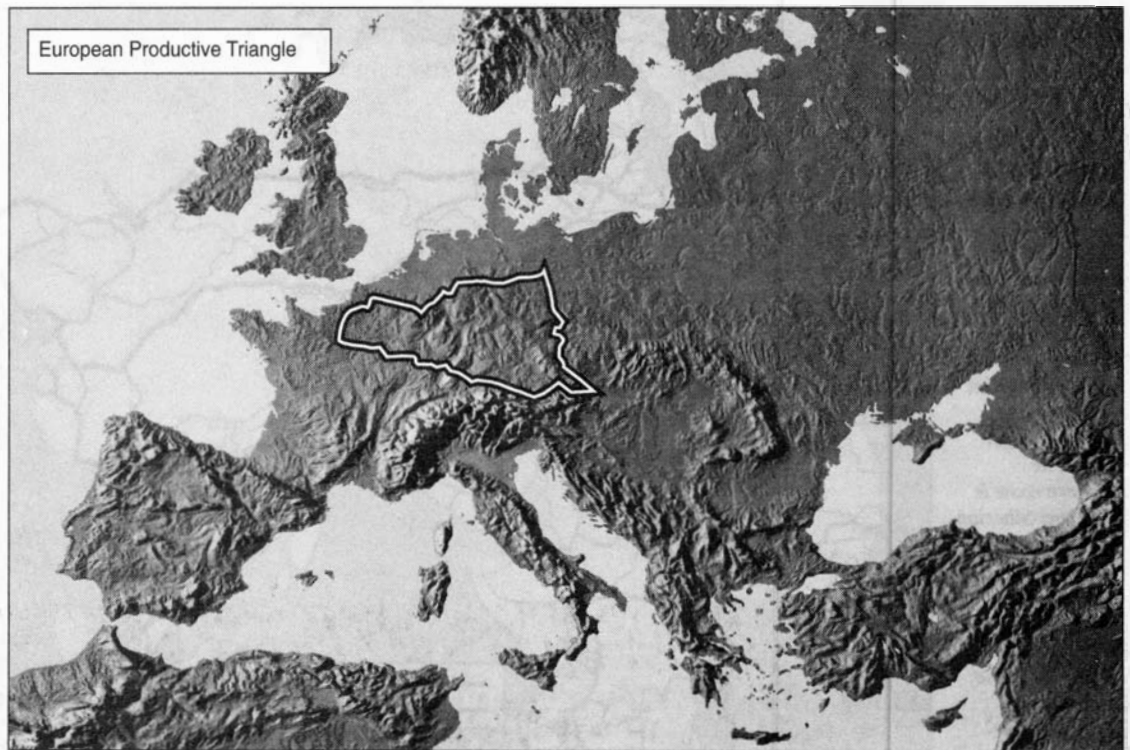


FIGURE 2

Proposed European 'Productive Triangle' rail development

The European "Productive Triangle" of high-speed rail lines and intensive infrastructure investment was proposed by LaRouche after the Berlin Wall fell in 1989. It encompasses an area whose vertices are Paris, Berlin, and Vienna. "Spiral arms," or corridors of development, would extend to Scandinavia; eastern Europe, Russia, Ukraine, and farther east to Asia; the Balkans and the Middle East; and to Iberia and North Africa.

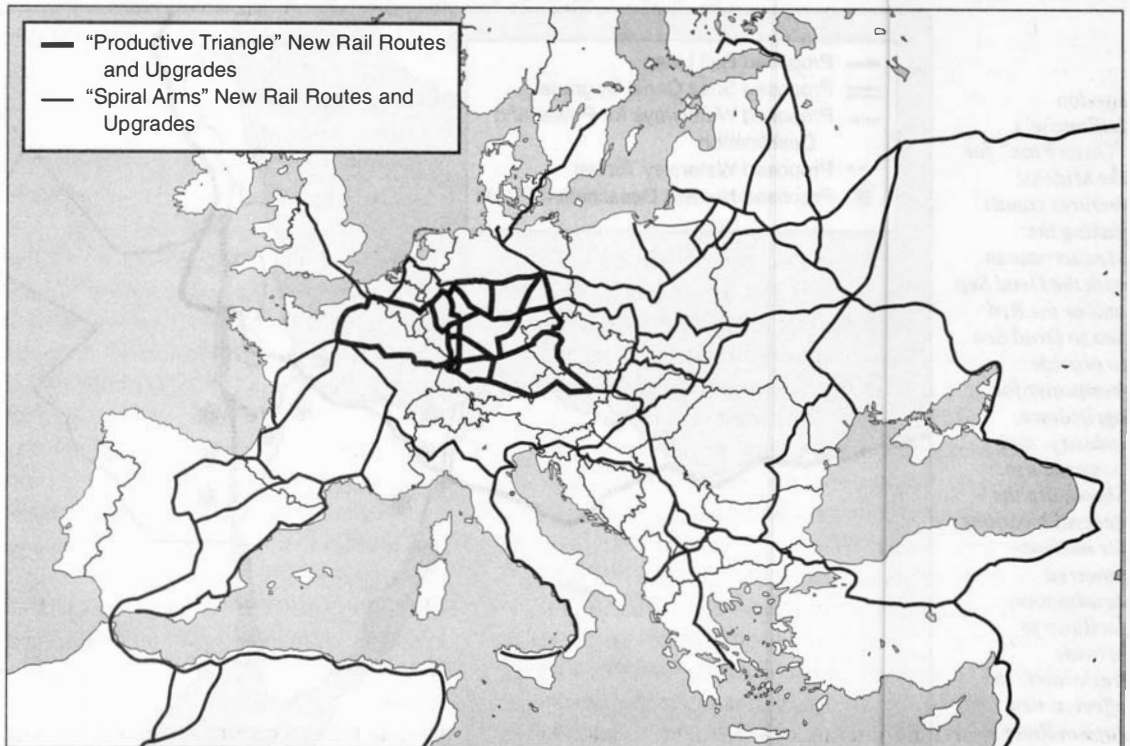


FIGURE 3

Proposed 'Eurasian land bridge' rail development

High-speed and maglev rail corridors form the Eurasian land bridge. Rail lines from France to Africa, and to Russia and China, and into Japan, were the 1896 "Great Project" of France's Gabriel Hanotaux and Russia's Sergei Witte. The northern route is the Trans-Siberian line; farther south, the new Silk Road line branches into China and India; the third main trunk goes to the Mideast and Africa.

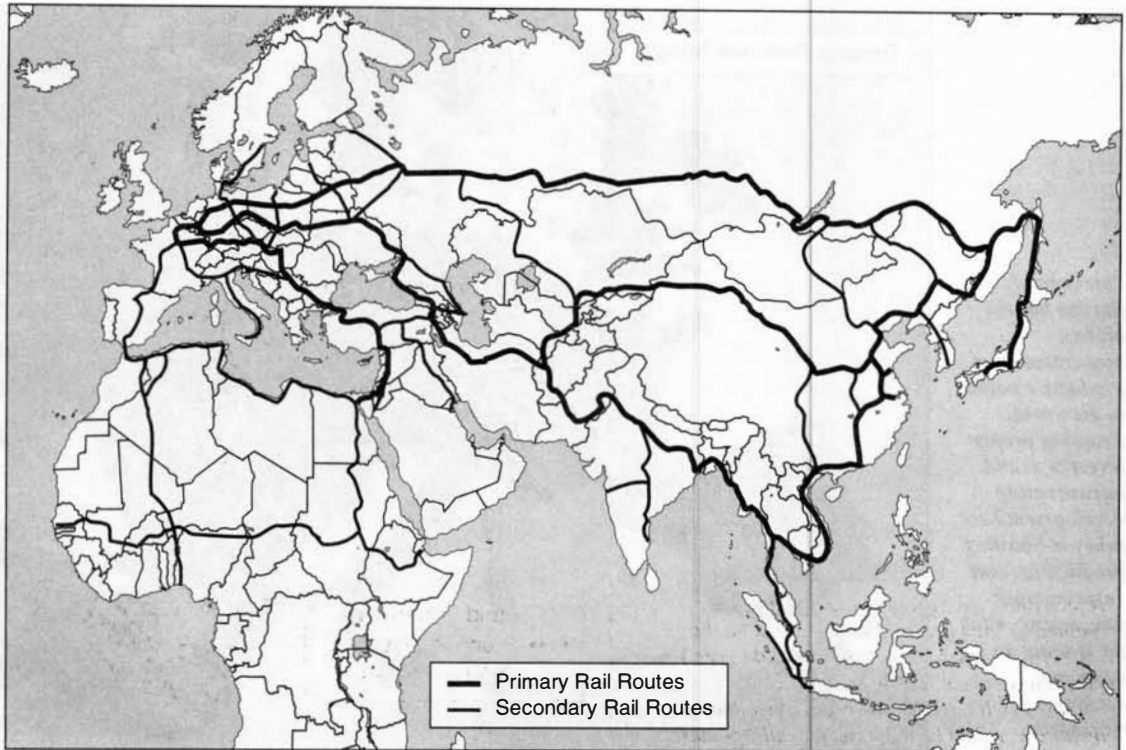


FIGURE 4

LaRouche's 'Oasis Plan' for development of the Middle East crossroads

Lyndon LaRouche's "Oasis Plan" for the Mideast features canals linking the Mediterranean with the Dead Sea and/or the Red Sea to Dead Sea to provide freshwater for agriculture, industry, and domestic use. Shown are the general locations for nuclear-powered desalination facilities to provide freshwater; in effect, a new Jordan River.

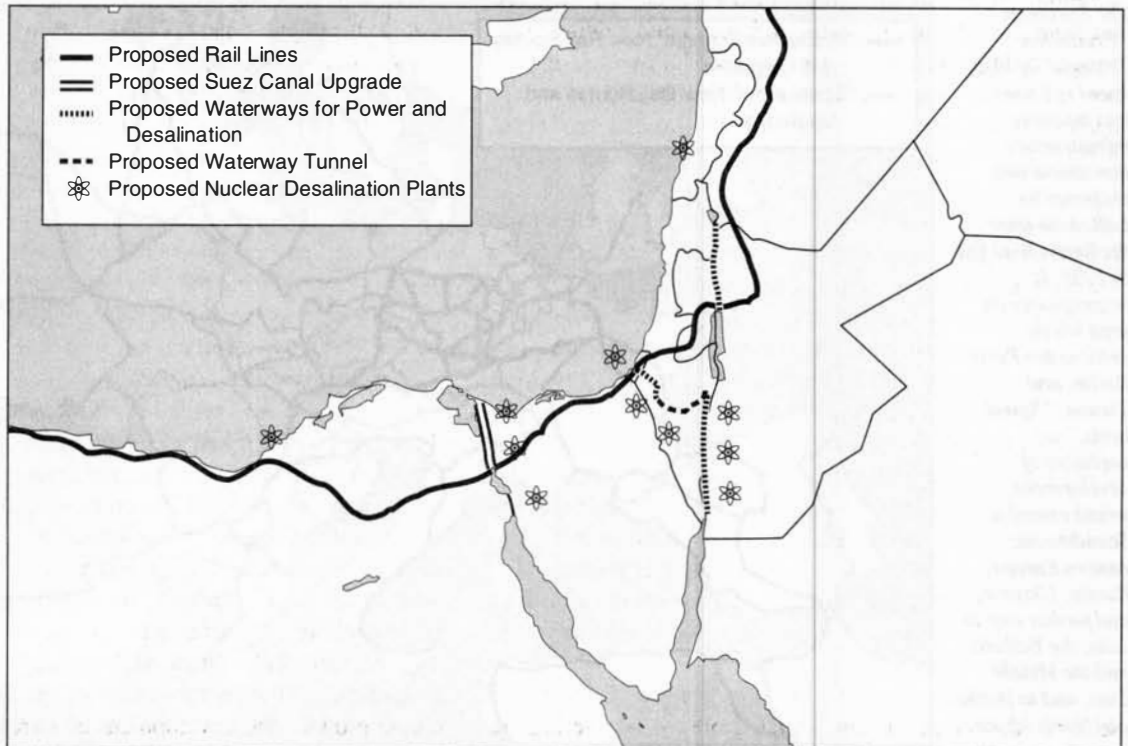
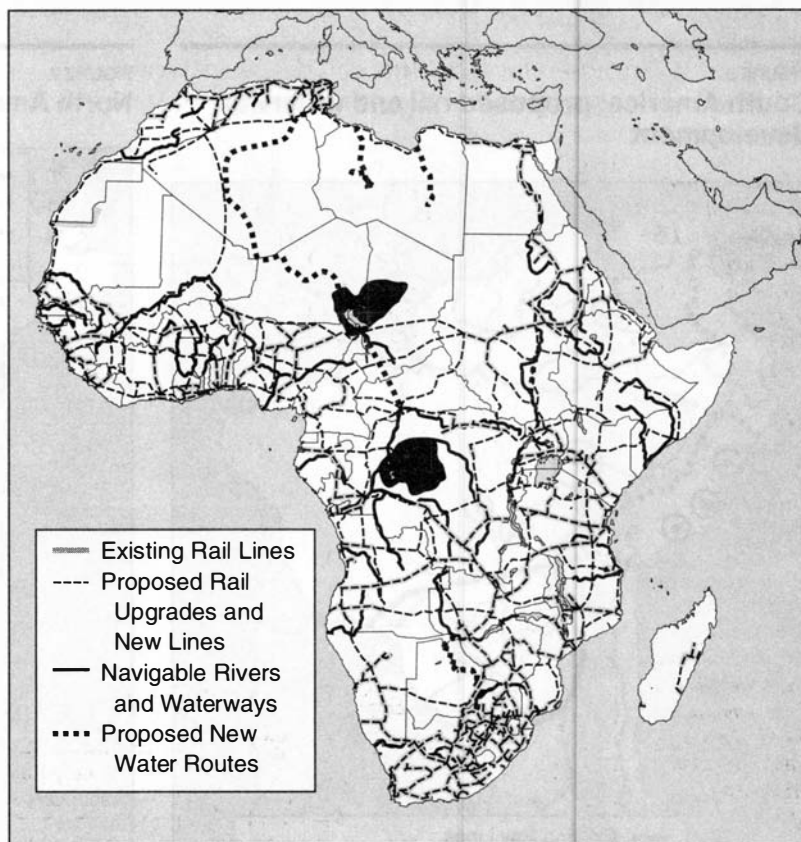


FIGURE 5

Rail and waterway development for Africa



The transcontinental rail and priority water projects show the vast potential for this huge continent. Finishing the Jonglei Canal on the White Nile in southern Sudan could add over 5% to the flow of the Nile. All such projects, combined with nuclear-powered development complexes, would be the basis for billions more people.

entrepreneurship in agriculture and industry, but, that the potential success of such private entrepreneurship required the state's responsibility for providing and maintaining those necessary improvements in land-area we know as basic economic infrastructure. This was the form of capitalist development we find in the United States of Presidents George Washington and Abraham Lincoln, and the Germany of the Humboldt brothers and Friedrich List.

The most successful growth of industrial capitalism occurred when this division of labor between the state sector of the economy and the entrepreneurial sector was applied. The most efficient mechanisms were as follows. First, the state exerted its responsibility for a monopoly in the creation, issuance, and protection of the national currency. This issuance of currency served as the backbone of the public credit supplied to both the state and private sectors through a national banking system. This primary issuance of new credit was made available to selected classes of responsible borrowers at low borrowing costs. These loans were concentrated in enterprises of the public sector, including credit supplied to contractors participating in those public works of infrastructure-building. That provided the stimulant of growth for the private sector as a whole.

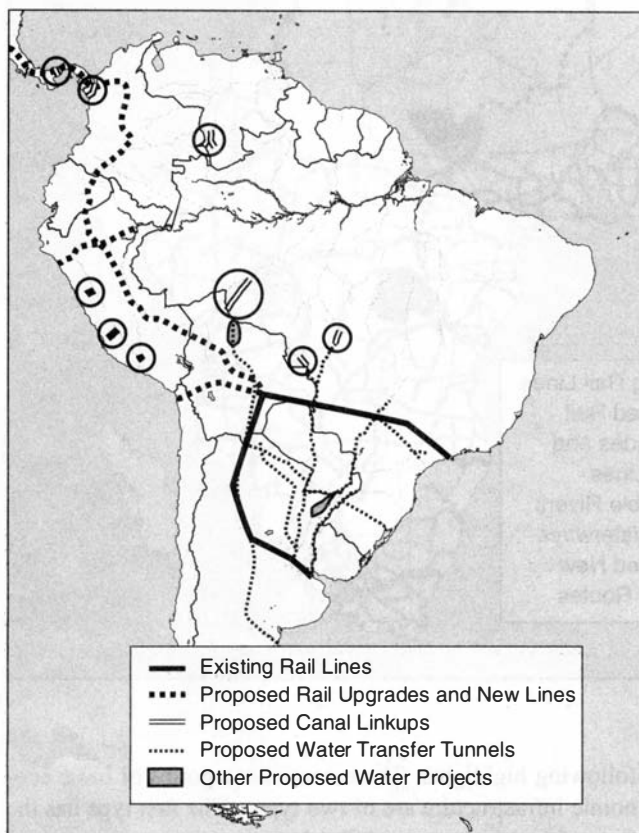
Military expenditures to one side, the role of the public sector of the economy is made intelligible by considering the

following highlights. The essential categories of basic economic infrastructure are of two types. The first type has the form of the improvement of land: water management, general transportation, power, sanitation, and public communications. The second type is represented by those social services indispensable for developing and maintaining the productive powers of labor: education, health care, and science. Both types are primarily the responsibility of the state sector. The level of development of both categories of infrastructure, per household and per square kilometer, is a measure of the potential for realizing the lifting of the productive powers of labor to some specific level.

For example, given any level of productive technology, we can measure the requirements of power and water for agriculture and for industries. Water and rail transport are the cheapest and most efficient modes of medium-range transport of goods, by a large margin of advantage over any other modes of transport. By comparing the maps of power, water, water-transport, rail-transport for various nations today, we are showing the relative economic potential for industries and farms located in the various regions and localities of the maps. There is a similar case for the locations of schools, medical facilities, and centers of scientific research and practice. Thus, in the history of successful cases of economic growth, the development of infrastructure preceded

FIGURE 6

South America: proposed rail and waterway development



Existing and proposed water and rail projects include a new interoceanic canal through the Panama Isthmus. The Orinoco-Amazon River canal and the Amazon-Rio de la Plata canal would integrate the three huge river basins, allowing ships to operate over 10,000 kilometers. The dream of the Pan-American Railroad would be completed as a high-speed rail system.

and stimulated the successful development of farms and industries.

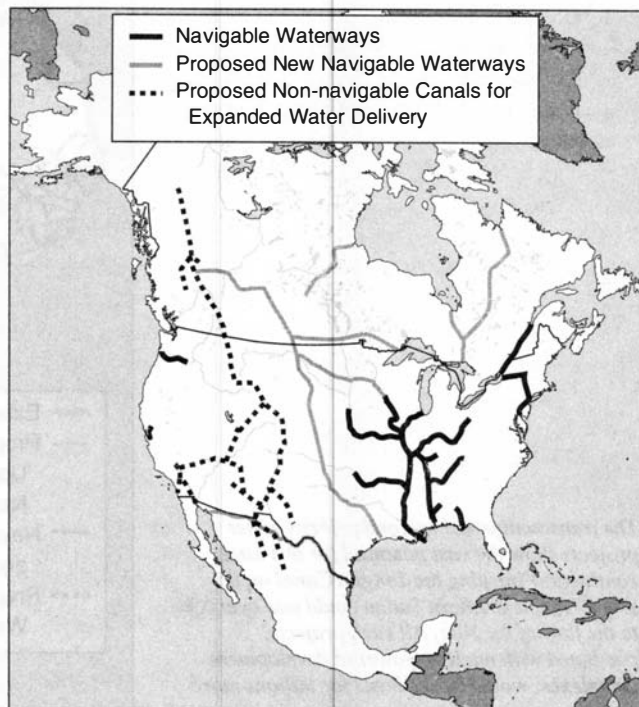
Economic development programs

For that reason, over the years, my associates and I have designed a number of large-scale economic-development programs, including that which we proposed in late 1989 and 1990 for the United States, and western European assistance for the rapid development of the economies of the eastern European nations.

Our design for eastern Europe was centered in the part of Europe which has the highest density of infrastructure development, and the highest productivity (Figure 1). This is an approximate spherical triangle which runs from Paris

FIGURE 7

North America: water development (Nawapa)



The North American Water and Power Alliance (Nawapa). This 1960s engineering plan by the Ralph M. Parsons Co. would divert enough unused water now flowing north to the Arctic, southward through a natural and engineered Rocky Mountain Trench, to bring a new supply of 135 billion gallons a day to the Canadian and U.S. plains, the Great Lakes, and Mexico.

down to Vienna, up to Berlin, and back to Paris by way of the German Ruhr region and Lille. From this “Productive Triangle,” as we have named it, we specified corridors of rail-centered infrastructural development reaching out to the south and east (Figure 2).

Back in 1984, we had already designed and published policy proposals for the development of the land areas bordering the Pacific and Indian oceans. Now, beginning in 1989, our concern was to link the development of the European “Productive Triangle” beyond the Balkans and Russia, through rail links into East and South Asia. It is now clear that others were thinking similarly (Figure 3). Since April 1975, we have been committed to the securing of Arab-Palestinian peace through cooperative economic development of the Middle East (Figure 4). During the 1970s and 1980s, we also worked with relevant institutions in the development of similar proposals for parts of Africa (Figure 5) and the Americas. Here, Figure 6, from a South America project. Here, Figure 7, one sees reflected our modification

of an engineering design for general water and power development plan for North America.

Government-created credit

In the best possible situation which might exist anywhere in the world a short time ahead, most of the world's central banking systems and financial institutions will be either closed down, or operating under rules of government-supervised financial reorganization. Under such conditions, to speak of an economic recovery which relies upon private lenders for investments, is a very cruel joke to play upon the people of any nation. Only sovereign governments can create the masses of new credit needed to halt a catastrophe.

If that government-created new credit is provided and used in the right way, it will be a noninflationary stimulant for rapid progress through full employment and growth of the private sector in agriculture, industry, and commerce. The foundation of this recovery must be higher priorities for large-scale programs of building up basic economic infrastructure, and issuing necessary credit for payrolls and materials to private entrepreneurs who win contracts to assist in creating those new infrastructure developments.

It is not difficult for any logistic specialists who know how to read maps, to determine what pathways on the map the main corridors and sub-corridors of infrastructure must

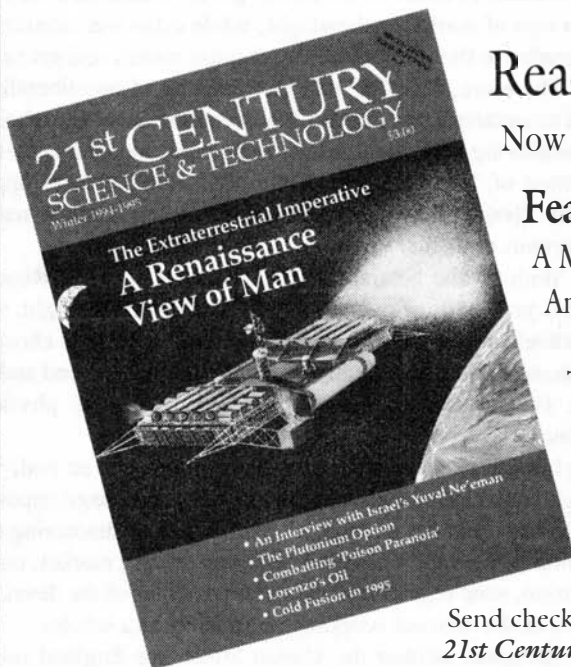
follow in the national interest. Any good choices will be the best practical choices, since we must begin very quickly, in order to ensure a national economic recovery and recovery of popular confidence.

My proposal is, that such infrastructure projects be planned now, and some parts of the projects actually begun. As most of us are painfully aware, at present, with the continued dominant role of the City of London and International Monetary Fund in determining what is allowed or not allowed in the economies of any part of eastern Europe today, large-scale infrastructural programs will be either sabotaged, or openly forbidden by these monetary and financial authorities. Once the financial system crashes, which will be soon, those authorities will be either nonexistent or very much weakened politically.

It is important to plant the seeds of the future large-scale projects now, by proceeding with useful smaller portions of those projects.

As I have described this proposed policy elsewhere, think of this as a process of building a bridge from Hell to Purgatory. Build the first foundations of that bridge on this side of the chasm today, and so assemble the cadres needed to put through the completion of the project on an expanded basis, once the political opposition to economic recovery has been neutralized by its own bankruptcy.

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The IMF-dictated economic reforms in Russia were doomed to failure

by Prof. Taras Muranivsky

The following speech was given at an international conference on "The Social-Economic Problems of Ukraine," held in Kiev on Dec. 1-4, 1994.

The number of people, not only in Russia but abroad, who would express unqualified support for the Russian reforms, begun with price liberalization and privatization in 1992, is steadily declining. Scholars more and more often emphasize in their presentations, that the current reforms in Russia are an illustration of how an economic policy carried out by the state led to results contrary to its proclaimed goals and purposes.

But one ought to distinguish the positions from which these evaluations are given. At least two approaches can be observed on the part of the monetarists: Some of them reproach the reformers' team for indecisiveness in the conduct of "shock therapy," while others reproach them for conducting the reforms in the wrong sequence. But the slogan which unites all of them is the transition to the spontaneity of the so-called "free market."

We are less familiar with the economic schools and individual specialists, who sharply criticize the monetarism of the Chicago School of Milton Friedman, Jeffrey Sachs, the International Monetary Fund (IMF), the World Bank, et al. The conception known as "physical economy," further developed by our contemporary, the American scholar and politician Lyndon LaRouche, deserves special attention in this connection.

The principles of physical economy are receiving wider and wider dissemination through the numerous publications, conferences, and seminars of the Schiller Institute, which has branches in the Federal Republic of Germany, the United States, France, and many other countries. This institute performs a great service by its regular analysis of the activity of the IMF et al. in various countries of the world.

For example, Schiller Institute publications have published data which show the dynamic of how the activity of the IMF in Ibero-American countries led to such results as cuts in production, hyperinflation, dollarization, the flourishing of the narco-economy, the growth of external debt, and, finally, to the IMF's utilization of the difficult position of these countries for imposing on them its conditions and dictates, for economic and social policy.

The IMF's emissaries impute the failures in reforming the economy according to the prescription of the IMF, to the countries themselves. For example, Jeffrey Sachs explained the failure of "shock therapy" in Bolivia, begun in 1985, thusly: "Bolivia was used to being an impoverished country, suffering from hyperinflation; now, it has become an impoverished country, but without hyperinflation."

From the standpoint of physical economy, the present Russian reforms (if a rebirth of the economy were actually expected from them) were doomed to failure from the very outset. Lyndon LaRouche predicted this long before they began.

The problem of monetarism

The reasons for what is happening should be sought in the theory of monetarism, a manifestation of the ideology of neo-liberalism, which traces its roots to David Hume (1711-76) and Adam Smith (1723-90). The process of the exchange of commodities in the market is viewed by this ideology as the focus of the power of the economy as a whole. The production of material (physical) goods is allocated the role of a sort of market makeweight, while economic science is degraded to the study of how to acquire money and get rich.

Therefore, together with the ideology of neo-liberalism and monetarism, the practice has been introduced into Russia of achieving individual results (basically, monetary) by the method of "elbowing out of the way" one's weaker opponents. Hence follow spiritual bankruptcy, criminality, mafia behavior, and other vices.

With all the bestialization that has swept over Russia, hopes yet remain of overcoming the deadlock if the right, scientifically valid path for social-economic rebirth is chosen. In doing this, it is critically important to comprehend and to use (where this is possible) the principles of physical economy.

Insofar as the market is a means, and not an end, we ought to gradually renounce the metaphorical image imposed upon us—"market economy." We should be discussing the rebirth of a socially oriented economy (with a market, competition, state regulation, and other attributes of the development of the national economy and society as a whole).

At home, neither the United States nor England (even during the Thatcher government) has employed monetarist

prescriptions in pure form; they only imposed them on dependent countries (including also Russia) through IMF ultimatums. Nor have they employed the principles of physical economy; but the whole world economic system only loses from this.

The development of 'physical economy'

The sources of physical economy date to Gottfried Leibniz (1646-1716), Benjamin Franklin (1706-90), Alexander Hamilton (1757-1804), Friedrich List (1785-1846), Sergei Witte (1849-1915), and others. Its ideas found realization in the economic programs of Adenauer, de Gaulle, and the state leaders of postwar Japan.

According to this conception, economy is essentially the sphere of production of material (physical) products and services. And the market and money are merely the means for stimulating production and carrying out exchange and the redistribution of newly manufactured real (physical) goods and services.

Only that economic policy may be well-grounded, which recognizes that the normal and continued existence of mankind fully depends on the constant development and perfection of those types of production which we usually connect with universal scientific and technological progress.

Therefore, the authors and followers of physical economy see the prospects for the economic rebirth of Russia along the path of utilizing existing scientific-productive capacities, including the military-industrial complex, raising investment and innovation activity, carrying out a structural reorganization on the basis of a broad dissemination of new technologies, supporting conversion [of defense production], and developing and utilizing science-intensive products.

From the standpoint of physical economy, no less odious than the "free market" is the utopia of the so-called "post-industrial society." We can only regret, that this thesis was so easily snatched up and automatically used by almost all Russian economists and sociologists, including by thoughtful ones. If this term is applied to an actual evaluation of the state of the world economy, then "post-industrial society" would be the name not of that society which one must strive for, but that from which mankind must be saved.

Already in 1988, the French economist, Nobel laureate Maurice Allais in his writings showed that the daily volume of world trade in real (physical) goods comprised \$12 billion, while the volume of financial transactions was approximately \$420 billion. "Never up to now has history known such a piling up of financial bubbles," lamented the scholar. Today this gap has increased. In physical economy these and other financial mechanisms are quite appropriately called usury, a dangerous disease of the economy and society as a whole.

In Russia, this financial swindle has shown up, to date, in the form of the well-known "MMM syndrome." But at the existing rates of deindustrialization of the country, these "pranks" can be compared with the worldwide "post-industri-



Taras Muranivsky (left) and Lyndon LaRouche in February 1994. Only these two speakers put forward a solution to Ukraine's economic crisis at a Dec. 1-4, 1994 conference in Kiev.

al" bubble.

From the standpoint of physical economy, "the greatest financial swindle of all times" in the world today (despite its still powerful organizations and structures) is *collapsing*. And if the needed urgent measures are not taken, then this downfall can turn into a most serious economic disaster for the whole world, including for Russia.

A wrong tax policy

The tax system of Russia is now copying the western tax system, where an income tax, a tax on profits, and a value-added tax, are basic. Theoretically, such an approach to taxation is correct. But the high tax rates which have been established in Russia (this is perfectly well understood by everyone, but they do nothing about it) have prompted people to seek ways of evading taxes. They find great opportunities for concealing income in the service sector, in the kiosk trade, and so forth. This in turn "steals" people away from the sphere of production, where it is more complicated to hide income and avoid taxes on it.

Insofar as the system of taxation in Russia is oriented basically to reducing the budget deficit, it (alongside other factors) leads not to growth, but to the decline of production. From the standpoint of physical economy, taxation policy (besides covering current payment obligations of the government) fulfills the function of distributing the "weight" of taxes across all spheres of the economy, in order to impose fewer taxes on those spheres in whose development the state is interested, and higher taxes on those spheres whose devel-

opment is undesirable (for example, usury in all its forms, illegal drugs, prostitution, and other immoral types of business).

The conception of physical economy envisages that the government will observe a humanistic principle of justice in raising taxes from various layers of society. A heavy tax burden on working families is not only immoral, but also regressive, because it destroys human life and puts a brake on the progressive development of society. Taxation of private capital should also be flexible: A high tax ought not to be levied on high incomes for punitive purposes, but it should be taken into account how this income is being used. For example, it is advisable to establish certain tax rebates for investments seen as useful from the standpoint of physical economy.

The rise of inflation

Questions of taxation are closely linked with problems of inflation. Physical economy shows correlations of monetary inflation, with inflation from expenses and taxes. Money or its substitutes (securities as a means for transactions, credit as a means of payment, and so forth) put into circulation, serve as a means of payment for physical goods or labor. Irrecoverable losses occur in the payment on accounts of financial usurers or ground rent. The recipient of such money renders nothing in exchange. It is simply a removal of money. In essence, the payment of debt service functions as a tax, which adds to the price of physical goods or labor. Expenditures grow correspondingly, which raises prices. More has to be paid for the same volume of output of goods, without receiving anything in exchange. This causes the growth of inflation.

Later on, this money again can be used for usury, ground rent, and so forth. Thus, usury expands like a cancerous tumor, sucking the economy ever drier of monetary resources. If this disease is not stopped, the production of physical goods and services will contract, and stagflation will ensue, that is, economic stagnation in conjunction with inflation, which inevitably becomes stronger as monetary incomes grow, being withdrawn from the economy into the hands of usurers.

As the usurers wring out more and more resources from the national economy, the structure of social and productive processes changes, the nonproductive sphere of activity expands, including the financial swindle and other bubbles on the body of the economy. And finally, the components comprising national income are altered. Now monetary inflation assumes the form of cost inflation.

The figures for Gross National Product, for example, show income from the narcotics trade together with other indicators of fictitious growth, having nothing in common with the productive growth of the economy. The "post-industrial" horrors are fully confirmed.

The monetarists believe that too rapid economic growth causes inflation and, therefore, to struggle with it, one must regulate monetary emissions under conditions of a decline of production. From the standpoint of physical economy this is

'Use physical economy to develop agriculture'

The fruitful ideas of physical economy, thanks to the work of professor Lyndon LaRouche and his followers, promote economic theory to a category of the exact sciences and give clear reference-points for the development of technological systems. The key thesis of physical economy, on the development of society through technological progress, appears to us representatives of the engineering sciences to be irrefutable. However, there exists a real problem of distinguishing true and imaginary progress, and of adequate assessment of the processes of development of technological systems on the macro- and micro-levels.

We undertook an attempt to establish a hierarchy of criteria for the development of agrarian technological systems, starting from the key connections of nature, society, and production. The development of technological systems (production) is evaluated by its efficiency in relation to society and its ecological quality in relation to nature. To establish qualitative evaluations of the ecological quality [*ekologichnost*], it was necessary to define its connections with the net usefulness of the results of the system, with the costs for attaining this usefulness, as well as with the harmful consequences of the functioning of the technological system.

The usefulness of the system is evaluated by the end

not so. For the struggle against inflation it is necessary:

- to stimulate high rates of technological progress in the production of physical goods and production infrastructure;
- to increase the quantity of money in circulation (not excluding emission) with the aim of extending special purpose loans only for appropriate productive investments;
- to impose high taxes on usury and kindred wasteful activity (such as currency speculation and so forth), creating the conditions for their complete disappearance.

One must not hurt production

In Russia, the monetarist policy is leading not to the suppression or restraint of inflation connected with the costs of production, but only to an acute shortage of means of payment in the country. As a result, the artificial restraint of monetary inflation leads to a crisis-level decline of production and other negative phenomena (such as the notorious non-payments). In other words, a slowing of the rise of prices turns into a fall of production, which is fraught with new inflation.

Therefore, one must seek methods for the struggle against inflation which would lead not to a decline of production, but to its stabilization and to ensuring the social support of the

results of the work, which may be expressed by qualitative indicators in natural, monetary, or energy units. The attainment of net usefulness demands certain expenditures of resources and labor, which can be expressed quantitatively in analogous units. The indicators of usefulness and expenditures make up the lower hierarchical level of the criteria of development of technological systems.

The relationship of net effect to outlays, as is known, characterizes the efficiency of a system. In particular, for agrarian technological systems, it is convenient to use the criterion of efficiency of labor, which corresponds to physical economy's notion of economy of labor as the criterion of progress. The criteria of efficiency of technological systems comprise the second level of generalization.

If, besides the harmful consequences of a technogenic nature, the level of net usefulness of the results in the concept of the ecological quality of a system and the system's consumption of natural resources are included, then one can create a more general indicator, which we call the ecological quality indicator. For this we proceed from the fact that inefficient technological systems cannot be ecologically propitious, since they consume natural and labor resources without a proper return to the maintenance of the vital functions of society. The level of consumption of non-renewable resources is also a determinant of the viability of society, and thus weakens the viability of society and is a component of the ecological quality.

Using such a broad interpretation of the ecological

quality, it becomes possible to construct a hierarchical system of criteria of development of technological systems, to establish the quantitative interconnections between net usefulness, efficiency, and the ecological quality of production. For the practical purposes of improving agrarian technological processes and technologies, particular and generalized criteria are provided, as well as limitations on some individual characteristics of technological systems. The ordered totality of goals, criteria, restraints, and preferences forms a system of professional values, which allows specialists to take effective and ecologically propitious decisions in the course of making innovations.

While conducting structural and functional analysis of agrarian technological systems, we are frequently convinced of the valid emphases of Lyndon LaRouche concerning the importance of developing the infrastructure of technological systems on both the micro- and macro-level. This allows us to develop a methodology for the rationalization of technological systems, as well as models for the development of technological systems on the basis of Lyndon LaRouche's concepts of free energy of the system, information as a qualitative characteristic of development processes, and the use of conical-spiral functions.

This report has only briefly showed the productivity of the ideas of physical economy, which gives a powerful impulse for the theory and practice of developing technological systems.

—*Prof. Yu. Nagirny, of the Lviv State Agricultural Institute, Lviv, Ukraine*

population.

Unfortunately, in the developing countries, where stimulative and anti-inflationary measures are used as recommended by Keynesians, monetarists, and structuralists, success has not been achieved. Inflation in these countries stimulates the flight of capital not into productive sectors, but into spheres relatively protected from the negative impact of inflation (finance, foreign trade, foreign holdings, etc.), and also into nonproductive consumption. The factor of hidden unemployment also acts negatively. In these countries, unfortunately, the principles of physical economy are still little studied and have not received widespread application.

Questions of property, the implementation of privatization in particular, occupy an important place among economic reforms in Russia. The method chosen in Russia may be called compulsorily revolutionary, political (not economic): They decided to introduce a new form of property (private) at the expense of the total destruction of the former (state) form. This is a purely Bolshevik path of appropriation of someone else's property, only in an inverse direction, that is, "dekulakization"¹ of the state. Unfortunately, Ukraine today has taken this road.

Lyndon LaRouche has perfectly correctly noted, that the development of an economy requires state regulation. In a number of sectors, state ownership is preferable. Moreover, the state has no few constructive methods and means for monitoring and intervention both in the organization of the work of the private sector, and in the processes of price formation.

Contemporary economic life in Russia is being kept afloat by trade mainly in imported goods. But it is well known that this path leads to nowhere. Essentially, the economy faces the choice: either destructive processes will be continued and will "get" the "still breathing" islands of the economy; or the state will take the path of selectively prioritized, but sufficiently substantial stimulation of the national economy through injecting monetary means (including emissions) into the productive sectors and infrastructure, through investment. Purely monetarist methods of struggle against inflation can ruin the economy itself. The lessons of Russia should be taken into account in the conduct of social-economic reforms in Ukraine.

Notes

1. Dekulakization: dispossession of the peasantry, executed with special cruelty in Ukraine in the 1930s under Stalin.

The free market economy is a criminal's dream

by Roman Bessonov

Recently, some Russian mass media began to use a new and unexpected combination of words: "the demographic explosion among criminals." It is used in the context of the frequent attacks on representatives of the criminal elite. Yegor Yakovlev's *Obshchaya Gazeta* seems to be most anxious about this "ecological" problem.

Several papers report that on Dec. 8, a high-level meeting of influential bosses of organized crime was convened in St. Petersburg, at the famous Metropol restaurant. The most powerful figures of the criminal world from different regions of Russia and the rest of the former U.S.S.R. sent over 60 delegates to discuss perspectives for their "peaceful cooperation" in a solemn and friendly atmosphere. Some formerly significant persons, such as "Kirpich" ("Brick")—real name, Vladislav Kirpichov—were not invited, for the probable reason of their having compromised the criminal's code of honor by too open and close connections with government officials. A much more significant person of the new generation, one "Petrukha," age 23, from Krasnoyarsk, was representing the world famous "Yaponchik" (Vyacheslav Ivankov), now residing in the United States. "Kum" (Vladimir Kumarin), one of the greatest in the old generation, was absent on excusable grounds: Having been seriously wounded last summer, he is now recovering in Switzerland, after spending a while in Düsseldorf.

The most prominent of Kumarin's disciples, Aleksandr Malyshev, has been imprisoned since the autumn of 1992, desperately awaiting trial; it has been postponed several times. Too many officials are less than interested in the process: Malyshev knows too much about them. Recently a rumor was spread that Malyshev attempted to commit suicide; this news came soon after it became clear (after the governmental crisis) that Anatoly Sobchak, who was rumored during a recent national government crisis to be in line for a job in Moscow, is not going to leave the St. Petersburg mayor's post.

For more than a year, police officials were still speaking of Malyshev as of an uncrowned king. Only in November 1994 did they realize that while (and due to) his being in jail, Malyshev had lost all his influence and become a "historical character" rather than a real authority.

The latest official police reports contain at least two obvi-

ous lies. First, they say that the meeting at the Metropol restaurant was summoned on the question of integrating the St. Petersburg region into the all-Russia criminal network. Actually, St. Petersburg, Russia's second largest city and a port, had known organized crime since before perestroika, since the late 1970s, and was, along with Moscow, one of the centers of spreading criminality after 1985-87.

Second, the "conference" at the Metropol is not such an outstanding event as has been described in the media. Such meetings are convened from time to time, and officials are almost always aware of them. This time they were just trying to report on their "great achievements," in the style of the late Communist boss Leonid Brezhnev. But it was impossible to discern from these reports even the number of honorable guests arrested in the Metropol operation. Only the arrest of "Petrukha" is mentioned.

When crime is not crime

Right after this and a series of other police operations against organized crime, *Delovoy Peterburg*, the most respectable(-looking) business paper, published an interview with the aforementioned V. Kirpichov. "Brick," age 57, had spent over 30 years in prison. Now he offered his opinion as an "expert on criminality," explaining that the government is to blame for the proliferation of organized crime, for it had



The port of St. Petersburg, Russia. Contrary to what some people are saying these days, organized crime is not something new to the city, but got its start in the late 1970s.

not wanted to unfetter the economy totally.

According to "Brick," organized crime would disappear if radical free market advocate Yegor Gaidar, or Grigory Yavlinsky, came to power! (It's remarkable that for him there is no great difference between them.) Probably "Brick" is right. He's a criminal, not a police veteran, and the very fact that he praises Gaidar means that the criminal world will lose much if Gaidar, or Yavlinsky, comes to power. "There will be no crime" simply means that crime would not be considered crime. Just free market economy.

The mafia helps businessmen, "Brick" says, and they gladly accept this help. Replacing courts and arbitration, criminals act more quickly and provide more guarantees to their customers. Even foreign businessmen appeal to the mafia to solve problems, not to local authorities.

"Nobody struggles against violence, against slaughter and theft, for to arrest a gang and get a rank is easier than to arrange peace in a city," regrets Kirpichov. He suggested taking the Japanese example: There, every district is controlled by a certain gang, which is responsible for order. Japan doesn't suffer from this, but remains a highly developed country.

A week later, *Obshchaya Gazeta* published an article by I. Kondratyev, titled "Two Genies Are Too Much for Russia." He is concerned about the public's indifference to killing off the major figures of the criminal world. "There's a possibility that this process will cause a serious problem, comparable to the Chechen conflict." For example, the President's edict "to reinforce measures to fight organized crime," and the extraordinary treachery of the Russian bureaucracy's predatory nature. President Boris Yeltsin, he alleged, is responsible for aggravating the situation, because with the help of this edict, criminal gangs betrayed each other.

On the other hand, some officials would also be to blame. They "like the idea of self-destruction," and would appear to be exploiting a "new generation of juvenile delinquents" against older criminals. "Youth" may be induced to kill traditional mafiosi, the so-called "thieves-in-law." The quantity of "killed" is transformed into quality. Was it worth it to shoot a 70-year-old "thief-in-law," who was out of business, three times in the back?

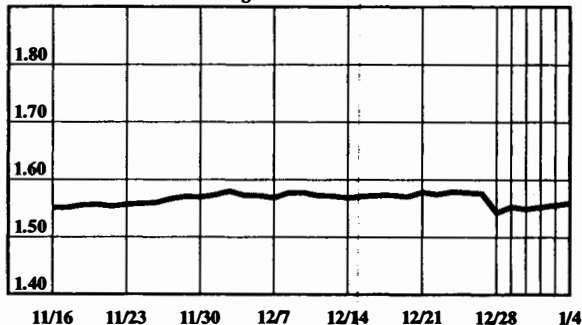
Kondratyev adds, "Not only serious and real mafia, but journalists as well have started talking about permanent long-term action, inspired by power-authority organs, with help of 'youth.' . . . A dangerous and paradoxical situation has come about: One segment of the criminals has started to blackmail and intimidate others . . . under supervision of official agencies." That's true. But it's still unknown who gave Kondratyev a hint to understand it.

At present, St. Petersburg "business circles" are making efforts to free Valeri Ledovskikh and other representatives of the Tambov-Malyshv criminal association. The city office of public prosecutor was recently reorganized, the special department supervising gangs' actions being eliminated.

Currency Rates

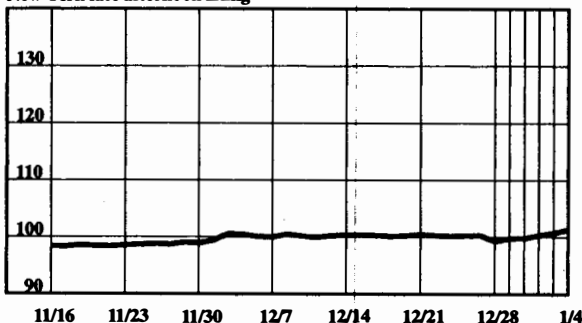
The dollar in deutschemarks

New York late afternoon fixing



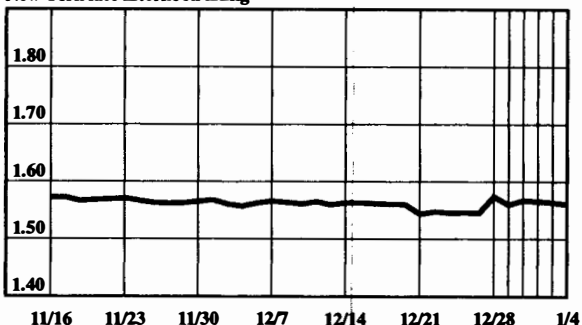
The dollar in yen

New York late afternoon fixing



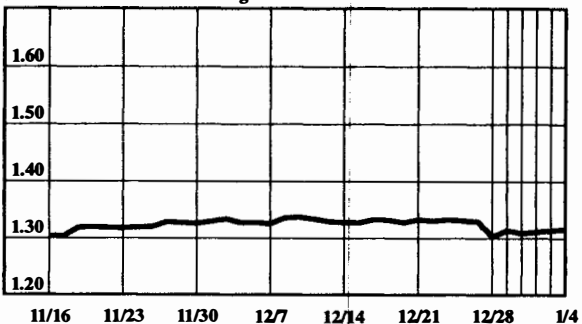
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Business Briefs

Energy

China, Russia form joint nuclear company

A \$10 billion company was launched by Russia and China in November, that will be involved in "all areas of civilian nuclear technology," including importation of super-clean isotopes from nuclear reactors in Russia for industrial uses, according to a company spokesman.

Victor Mikhailov, Russian minister of nuclear power engineering, made a "private visit" to Shenzhen, where a facility will be located, to sign the deal. China's top nuclear scientist Sun Zuxun, head of the Research Institute of Atomic Energy, represented China. Another plant is planned for Hainan.

The spokesman said that Shenzhen (the leading free trade area in China, across from Hongkong) had approved the land usage for the facility, "despite the dangers of radioactive materials, because of a desire to shift the local economy away from labor-intensive processing industries."

Transportation

Berlin must commit to maglev, says official

A commitment must be made now to develop magnetically levitated rail networks, Herwig Haase, minister of transportation for the city-state of Berlin, said in a debate in the Berlin House of Representatives on Nov. 24, 1994. Maglev trains could travel the 9,000 kilometers between Berlin and Beijing in 24 hours, posing a realistic alternative to airlift early in the next century, he said. He endorsed extending the lines for the German Transrapid from Berlin toward the southeastern regions of Europe, through Dresden to Budapest and Prague.

"I want to emphasize explicitly that the Transrapid must not be confined for long to the Hamburg-Berlin line," Haase said. "I am expecting a European network here—yes, a network—that one day, like the railway, will reach out beyond Europe. Most of all, I am convinced that the Transrapid will have a

chance concerning eastern Europe, for example, along the route toward Warsaw, Minsk, and Moscow. . . . I am furthermore convinced that it is only a question of time until this system will have replaced the old system. . . . A pioneering spirit in the transportation sector always has pushed Germany forward. This kind of pioneering spirit is required at the end of this century."

Haase said that the Transrapid project between Hamburg and Berlin would create up to 12,000 jobs annually during construction. After completion in 2005, about 2,800 jobs would be created in Berlin linked to operation of the system.

Haase rejected claims by a Green parliamentarian that maglev trains would be too costly under current budgetary constraints. "When our grandfathers built the east-west rail link which is so much to our benefit today. . . they did not have money either. . . . The city of Berlin never at any time was a rich city, but it was a city that saw its chance and has used it, and that is what we have to do as well!"

Bilateral Relations

Gore, Chernomyrdin sign 15 agreements

U.S. Vice President Al Gore and Russian Prime Minister Viktor Chernomyrdin signed a series of 15 agreements during Gore's visit to Moscow on Dec. 14-16, covering areas such as space, energy, health, defense conversion, customs cooperation, and prevention of pollution in the Arctic.

The two sides agreed to carry out joint space research to gather data on the Earth's atmosphere and to cooperate on an international space station. A U.S. astronaut is due to join a Russian mission to the Mir space station in March, and the first docking between an American space shuttle and Mir is scheduled for June.

The two also committed their nations to ensuring safe and secure nuclear warhead dismantlement, and to fund studies on viable energy alternatives to replace plutonium-producing reactors.

The U.S. Overseas Private Investment Corp. has offered up to \$500 million in financing and insurance for U.S. business participa-

tion in defense conversion, Gore said. "OPIC has given fresh impetus to work on defense conversion. . . . We've also made impressive strides in our joint work on an international space station."

Eurasia

India, Russia sign eight long-term agreements

India and the Russian Federation signed eight agreements during Russian Prime Minister Viktor Chernomyrdin's visit to India the last week in December. The agreements cover long-term military and technical cooperation, merchant shipping, investment promotion, trade, and space technology.

The agreement in space technology opens up cooperation in space meteorology, monitoring the earth's environment, materials processing, remote sensing, space medicine, biotechnology, and use of space infrastructure. Cooperation is also envisaged in space research, production of equipment, unmanned and manned space activities, practical applications of spinoffs from space technology, and joint use of launch-related facilities.

Russia

Renationalize strategic industries, says minister

Russian Minister of Privatization Vladimir Polevanov, who recently replaced Anatoly Chubais, called for renationalization of "wrongly privatized" industries, especially in the aluminum, energy, and military-industrial sectors, the Russian daily *Sevodnya* reported on Dec. 30, according to Reuters.

Speaking of possible foreign participation in management of such companies under the privatization law, Polevanov said, "This directly threatens national security." *Sevodnya* added, "It is known that Chubais is not only against Polevanov's nationalization line, but is trying to oppose it with his actions."

Meanwhile, industrial output in Russia fell 21% in 1994, and is now less than 45% of 1991

levels. Most badly hit have been such sectors as machinery and chemicals. Overall capital investment fell by 27% between January and November 1994, and by year-end was at 39% of 1991 levels, the London *Financial Times* reported on Dec. 31. Even that pro-shock therapy paper acknowledged that the capital investment collapse undermines the Yeltsin entourage's argument that closing down "unproductive" sectors would mean a growth in investment, as people switch to more "profitable" investments.

South Africa

Rift on economy grows between ANC, union

There is a growing rift over economic policy between the African National Congress (ANC) and the Congress of South African Trade Unions (Cosatu), its affiliated trade union umbrella group. A paper by Cosatu trade union leader Sam Shilowa is the "clearest indication yet of a serious policy divergence between Cosatu and the government," the Johannesburg-based *Sunday Times* said on Dec. 18, 1994.

In his paper, Shilowa objected to various ANC economic policy shifts, which generally tend to bow to dictates of the International Monetary Fund:

- "We have received unsolicited advice to embark on wholesale privatization, drop all tariff barriers, adopt a wage freeze, and cut back on social spending. . . . Cosatu believes these are ideologically driven proposals which are not dictated by the needs of the people of South Africa."

- "We reject the current approach which seems to suggest that large cutbacks of personnel in and of itself is a desirable objective, and that a mathematical, percentage-based formula can be used to achieve this."

- Referring to Trade and Industry Minister Trevor Manuel's tariff-reduction program, Shilowa said: "Cosatu will oppose the current trend of dogmatic adherence to rapid, unplanned trade liberalization and the lifting of protective tariffs."

- A third area of looming confrontation is over privatization. The ANC government has already stated it will have to sell off certain

of its assets to help finance the Reconstruction and Development Program. Said Shilowa: "The RDP is in fact in danger of being destroyed by the kind of economic thinking currently doing the rounds in Pretoria. . . . Privatizing parastatals [state-sector companies] and subjecting them to the laws of profit would have the effect of denying the poorest South Africans, the majority of our people, access to health, electricity, transport, communication, and other services."

- Shilowa described the Reserve Bank as an institution reflecting "elements of the old Thatcherite bureaucracy and the large conglomerates." He added, "We want to destroy the myth that the Reserve Bank is somehow above society and operating as an 'independent' institution."

A former adviser to former British Prime Minister Margaret Thatcher, Sir Alan Walters, was in South Africa in November. Walters insisted in particular that real wages in industry were too high in South Africa—"almost as high as Taiwan and about double those in Brazil. . . . None of these countries is plagued with unemployment on anything like the scale of South Africa, and they have much higher productivity."

Infrastructure

Environmentalists given setback in Berlin court

A federal court in Berlin ruled in December against a legal motion by the German Alliance for the Environment and Protection of Nature (BUND), which had tried to block a key section of the Middleland Canal, one of 17 priority projects in the National Transport Infrastructure Plan of Germany, because it allegedly affected the integrity of the Droemling Nature Park, northwest of the city of Magdeburg.

Completion of the modernization of the canal, scheduled before the year 2000, would make it navigable for "Euro-barges" that can transport bulk cargo of up to 1,350 tons.

The canal links the western Ruhr region to Berlin, and is a key corridor of east-west waterway transport. Minister of Public Transportation Matthias Wissmann welcomed the court ruling against the ecologists.

Briefly

- **UKRAINE** is facing a diphtheria epidemic which so far has killed 13 people and infected 450, Reuters reported on Dec. 28. "The outlook is not good. . . . Large sectors of the population are not vaccinated and do not want to be vaccinated," said epidemiologist Vasily Bonenko. "We appear to be dealing with a new strain which is resistant to vaccines."

- **CHINA** will soon begin building the Wanjiashai aqueduct, to be finished by the year 2000 at a cost of \$1.4 billion, to divert water from the Yellow River to industrial centers in Shanxi province. It will enable Datong, Zhuozhou, and Taiyuan to sharply to increase electrical power generation, officials said.

- **A MALAYSIAN** businessman, Yong Teck Ming, of the Berjaya Group, said on Dec. 29 that he intends to sue Crédit Suisse Financial Products and CS First Boston Ltd. for \$50 million in damages due to derivatives losses. Berjaya is the first Malaysian company to disclose losses incurred in derivatives trading.

- **UNISYS** Corp. of Pennsylvania will cut 4,000 jobs worldwide in 1995 while shifting its focus from mainframes to desktop computers, Associated Press reported on Dec. 30. It blamed a weak market and slow business in Europe for the cuts.

- **ISRAELI** Minister of Industry and Trade Michael Harish invited India to partake of the economic benefits of the Mideast peace process, during a visit to India on Dec. 29. India and Israel extended Most Favored Nation status to each other for five more years.

- **CADILLAC FAIRVIEW**, Inc., one of Canada's biggest remaining real estate firms, filed for bankruptcy in Toronto on Dec. 23, the *Wall Street Journal* reported. The move was supposedly forced by Whitehall Street Real Estate L.P., a fund run by Goldman Sachs. The firm has \$2.5 billion in debt.

Prince Philip deploys worldwide green terrorism

by Jeffrey Steinberg and Rogelio A. Maduro

In the event that I am reincarnated, I would like to return as a deadly virus, in order to contribute something to solve overpopulation.

—Prince Philip Mountbatten, quoted by Deutsche Press Agentur, August 1988

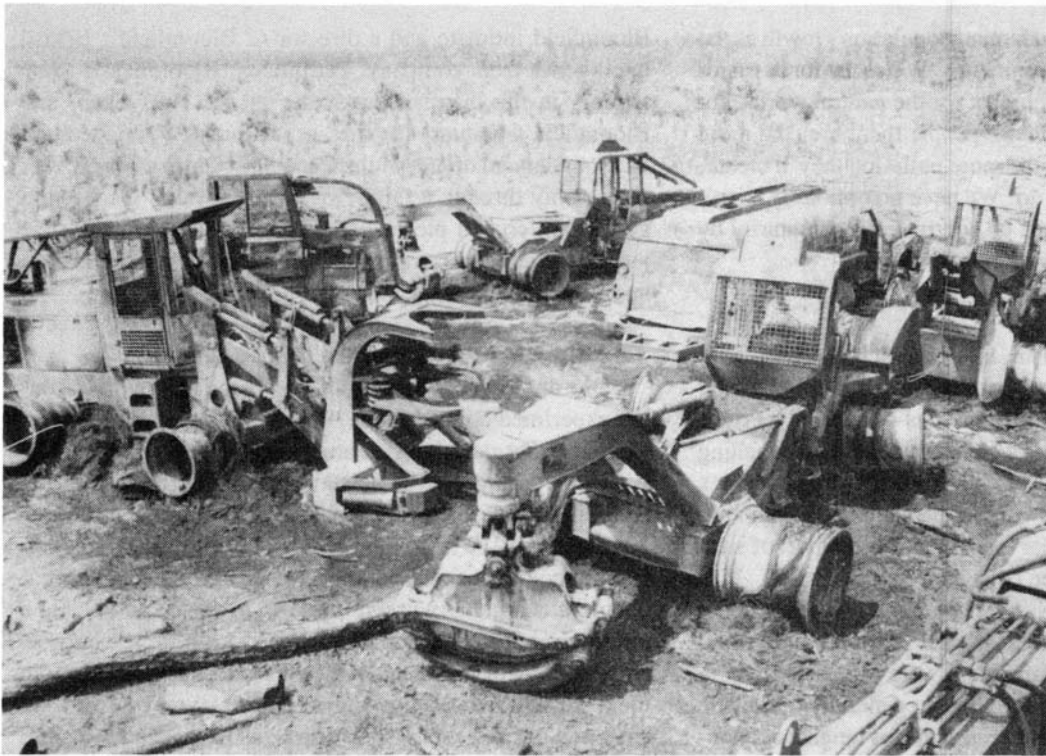
AIDS is not a malediction, but the welcome and natural remedy to reduce the population on the planet. . . . Should human beings disappear, I surely wouldn't mind. . . . Just as the Black Plague ended the feudal era, so AIDS will end the industrial era of progress. This is a good thing, since industrial progress brings population growth.

—David Foreman, founder of the green terrorist group Earth First!, writing in the Nov. 8, 1987 issue of *Earth First! Journal*

One of the grandest hoaxes of the past 25 years is the idea that the environmentalist movement sprang up spontaneously as a grassroots social protest against industrial pollution, pesticides, nuclear energy, overpopulation, and similar "scary abuses" of industrial progress.

Only the most naive consumer of media propaganda could believe this. Today's radical ecology movement was the creation of Prince Philip's World Wildlife Fund (WWF, now the World Wide Fund for Nature) and similar agencies controlled by the secretive and powerful London-based Club of the Isles. Using the vast financial resources of an international network of tax-exempt charitable trusts (the *fondi*), and buttressed by its preeminent role in the world illicit narcotics trade and its control over a global offshore money-laundering apparatus, the Club poured tens of billions of dollars into founding a plethora of groups aimed at shutting down virtually all advanced technology.

A sizeable portion of these funds went into the creation of an international ecological-terrorist underground, which today poses the greatest terrorist threat on earth.



The green terrorists in action: Arson destroyed \$750,000 worth of logging equipment in July 1989. The fire was so hot that it melted the rubber tires of the logging vehicles. The culprit was never found.

Hundreds of millions of dollars alone went to one vast public relations stunt, Earth Day 1970, to get the “green movement” off the ground. Earth Day was bankrolled by the United Nations, the Atlantic Richfield Oil Co., the Ford and Rockefeller foundations, and was run through the British intelligence-sponsored Aspen Institute for Humanistic Studies, a leading North American outpost of the late Lord Bertrand Russell. The major media contributed billions of dollars in free advertising by trumpeting such pieces of environmentalist quackery as Rachel Carson’s 1966 *Silent Spring*, Barbara Ward’s 1966 *Spaceship Earth*, and Teddy Goldsmith’s *Blueprint for Survival*.

The media contribution was part and parcel of the WWF orchestration. A review of the membership roster in the exclusive 1001 Nature Trust, founded in 1971 by Prince Bernhard of the Netherlands to serve as the principal funding conduit for the WWF, shows that many of the world’s leading publishers, including the Hollinger Corp.’s Conrad Black and Venevision’s Gustavo Cisneros, were charter members.

Similar efforts, including the propagation of the New Age “Aquarian Conspiracy,” were secretly bankrolled and otherwise sponsored by such Club of the Isles entities as the Royal Dutch Shell Petroleum Co., whose former chairman, John H. Loudon, served since 1977 as international president of the WWF. Stewart Brand, the founder of the *Whole Earth Catalogue*, one of the early icons of the “green” movement, for years has been heavily bankrolled by Royal Dutch Shell through an obscure San Francisco “consulting” firm, Global Business Network, which serves as a front for Shell’s Plan-

ning Group and Stanford Research Institute (SRI), a think-tank linked to Britain’s Tavistock Institute, a center for the study of brainwashing and psychological warfare.

Trashing western civilization

Under an ever-expanding list of organizational names (at last count there were over 12,000 environmentalist groups registered as non-profit organizations in the United States alone), the radical environmentalists serve as the shock troops in the Club of the Isles’ drive to bring about the destruction of western civilization.

It is impossible to comprehend the current activities of the Greens without grasping the agenda of the WWF and the Club of the Isles: to “cull the human herd,” to drive the human population from its present level of over 5 billion, to below 1 billion over the next two to three generations.

To accomplish this goal, Prince Philip, the founder and “high priest” of the WWF, is committed to unleashing a level of global genocide unprecedented in human history (see *EIR*, Oct. 28, 1994, “The Coming Fall of the House of Windsor”). The slaughter that the WWF unleashed in Rwanda in April 1994 is the paradigm for what is in store for all of humanity, if Prince Philip and his cohorts succeed. Since April 1994, over 80% of the population of Rwanda has either been exterminated or driven into refugee camps that are little more than death camps, as the consequence of the British-sponsored war there.

This is Prince Philip’s idea of how to “save the environment.” In a Dec. 21, 1981 interview with *People* magazine,

the Royal Consort described human population growth as the greatest threat to the environment: "We're in for a major disaster if it isn't curbed—not just for the natural world, but for the human world. The more people there are, the more resources they'll consume, the more pollution they'll create, the more fighting they will do. We have no option. If it isn't controlled voluntarily, it will be controlled involuntarily by an increase in disease, starvation, and war."

Brainwashing

Radical environmentalism, like eugenics, has been a favorite ideology of European oligarchs for over a century, and leading figures in the Club of the Isles—especially Prince Philip and Prince Bernhard—were instrumental in launching the WWF in 1961. But it was not until the drug-rock-sex counterculture was in full swing in the late 1960s, that anything approaching a "popular" movement in support of such a suicidal agenda could even be contemplated.

British psychological warfare specialists working in the United States after World War II were alarmed to discover that the majority of young Americans were enthusiastic about science, believed in progress, and were generally optimistic about their future. These values reached new heights of popularity during the presidency of John F. Kennedy.

William Sargant, a British psychiatrist from the London Tavistock Institute (which ran the British Army's wartime Psychiatric Division), spent much time in the United States during the 1950s and '60s working on experimentation in mind control. He wrote a blueprint for crushing this optimism in a 1957 book, *Battle for the Mind: A Physiology of Conversion and Brainwashing*. He wrote:

"Various types of beliefs can be implanted in many people, after brain function has been sufficiently disturbed by accidentally or deliberately induced fear, anger or excitement. Of the results caused by such disturbances, the most common one is temporarily impaired judgment and heightened suggestibility. Its various group manifestations are sometimes classed under the heading of 'herd instinct,' and appear most spectacularly in wartime, during severe epidemics, and in all similar periods of common danger, which increase anxiety and so individual and mass suggestibility."

Six years before the assassination of President John F. Kennedy and a decade before the assassinations of Martin Luther King Jr. and Robert Kennedy, before the onset of the Vietnam War and the urban race riots, Dr. Sargant spelled out the broad stratagem for crushing the American faith in scientific and technological progress.

As *EIR* recently documented (Dec. 9, 1994), it is no coincidence that one of Prince Philip's leading collaborators in the launching of the WWF, Maj. Louis Mortimer Bloomfield, a Canadian officer in British intelligence, was personally implicated in the plot to assassinate President Kennedy. The only person ever tried for the conspiracy to assassinate Kennedy, New Orleans businessman Clay Shaw, was a

Bloomfield intimate and a director of Bloomfield's British intelligence front company, Permindex. Bloomfield's name appears in the membership roster of the 1001 Club, and Bloomfield's obituary (he died in the mid-1980s) listed him as a founder and officer of the Canadian branch of the WWF. It was only through a failure of prosecutor Jim Garrison to get certain crucial pieces of evidence presented before the jury that Shaw was acquitted of the Kennedy murder plot, and Bloomfield's name kept out of the hall of infamy.

The counterculture spawns the Greens

One of Dr. William Sargant's collaborators in mind-control experimentation, Aldous Huxley, spoke in far more blunt terms than Sargant about the emerging "technology" of brainwashing, during a 1961 lecture at the California Medical School in San Francisco, sponsored by Voice of America:

"There will be in the next generation or so a pharmacological method of making people love their servitude and producing dictatorship without tears, so to speak. Producing a kind of painless concentration camp for entire societies so that people will in fact have their liberties taken away from them but will rather enjoy it, because they will be distracted from any desire to rebel—by propaganda, or brainwashing, or brainwashing enhanced by pharmacological methods. And this seems to be the final revolution."

Was Huxley speaking of the "green movement?"

Huxley, a British transplant to Hollywood, became one of the early gurus of the American drug-rock-sex counterculture. His book *Brave New World*, elaborating his vision of a world dictatorship "without tears," administered through mind-bending drugs, was a counterculture classic. In the mid-1960s, he helped launch the Esalen Institute in Big Sur, California, a counterculture mecca that was bankrolled and run through the same Royal Dutch Shell/Stanford Research Institute team that backed Stewart Brand. Esalen founder Michael Murphy is today a member of the Global Business Network along with Brand, radical environmentalist Amory Lovins, and Donella Meadows, co-author of the zero-growth propaganda tract *Limits to Growth*.

While Aldous Huxley was extolling the virtues of psychedelic drugs at a U.S. government-sponsored conference, his brother, Sir Julian Huxley, the president of the Eugenics Society in London, was co-founding the World Wildlife Fund with Prince Philip and senior British Crown operators Max Nicholson and Sir Peter Scott.

By 1969, the drug-rock-sex counterculture had erased the earlier commitment to scientific and technological progress from the minds of many of America and Europe's youth. The stage had been set by Prince Philip and his friends for launching their pilot project in eco-terrorism: Greenpeace.

In the dossiers that follow, we will show how Greenpeace, Friends of the Earth, and related groups were created and are deployed, who funds them, and what role they play in worldwide political and economic destabilization.

British oligarchs created the eco-terrorist movement

by Jeffrey Steinberg and Rogelio A. Maduro

In preparation for Earth Day 1970, one of the oldest environmental groups in the United States and Canada, the staid Sierra Club, an outgrowth of the English Rambler Clubs, helped launch the first two environmental "direct action" groups, Greenpeace and Friends of the Earth (FOE). Those two groups would in turn "mother" a proliferation of ecological-terrorist gangs, all working on behalf of the World Wildlife Fund (WWF, now known as World Wide Fund for Nature) and the Club of the Isles.

From its inception, the Sierra Club had been a British Crown project, and therefore, it was a logical partner for Prince Philip's WWF in unleashing the "New Age" of eco-terrorism. The Sierra Club had been founded in 1892 by preservationist John Muir, with ample funding from E.H. Harriman. Harriman's fortune was made as he served as the proxy for the Prince of Wales, later King Edward VII, in his secret takeover move against the Union Pacific Railroad, and the Harriman fortune was a British treasure long before Averell Harriman married the ex-wife of Winston Churchill.

But while the Sierra Club would provide some of the early leading cadre for both FOE and Greenpeace, and would later be a secret source of sponsorship and financing for the terrorist Earth First!, every step along the way, it would be prominent figures from the WWF and the Club of the Isles who would pull the strings to get the eco-terrorist underground up and running.

The real story of Friends of the Earth

The student protest movement against the U.S. war in Vietnam had politicized a stratum of the drug-rock-sex counterculture. The launching of FOE and Greenpeace was aimed at drawing these disoriented, drugged, and culturally pessimistic youth into a shock-troop formation that would later spawn hard-core terrorist cells like Earth First!, the Animal Liberation Front, Sea Shepherd, Lynx, and the Rainforest Action Network. These groups, in turn, have found common cause with an even larger collection of separatist, indigenist, and narco-terrorist guerrillas, which have carried out a campaign of terror and mass murder in the developing sector. Ultimately, this entire terror underground is the direct product of Prince Philip's WWF/1001 Club.

In 1969, Sierra Club Executive Director David Brower staged a widely publicized walkout and launched Friends of the Earth, as one of the first radical "direction action" groups for the "Green" revolution. A decade later, the Sierra Club would again play the role of junior partner to the WWF in launching the terrorist Earth First!, by arranging covert financing for Earth First! founder David Forman, the man whose delight at the prospect that AIDS would wipe out millions of people was quoted at the beginning of this *Feature*.

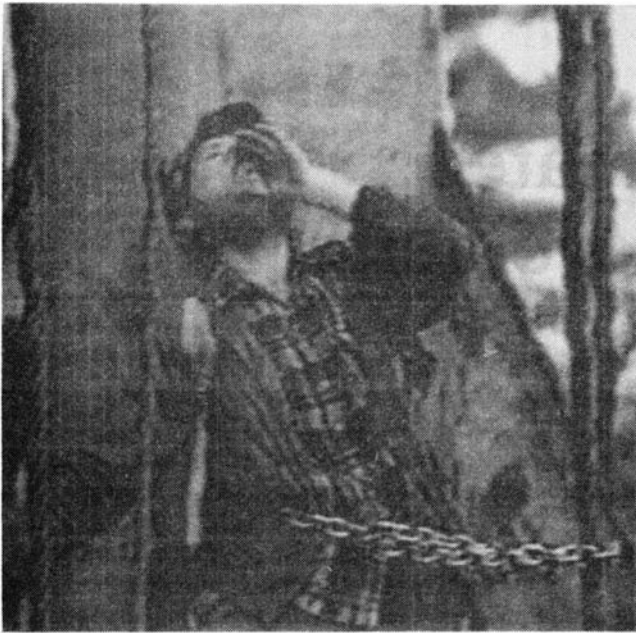
The FOE never succeeded in attracting large numbers of people, and by 1990, Brower merged the group with two green think-tanks, the Environmental Policy Institute and the Oceanic Society, to obtain tax-exempt status from the Internal Revenue Service.

But the real story of FOE's hand in launching the eco-terror movement is found in western Europe, where FOE became a manpower and funding conduit for Greenpeace, a group that would be pivotal to all of the WWF's eco-terror operations.

Shortly after Brower launched FOE, a close friend, Edwin Matthews, an American lawyer working in Scotland, recruited a group of English and French radicals to start up a string of European branches of FOE. In France, Matthews recruited Brice Lalonde, who would lead FOE until he became the presidential candidate of the Green Party and later President François Mitterrand's environmental affairs minister.

The key player in FOE Britain during the early period was Graham Searle, leader of the student protest movement at Kings College, Cambridge, one of the British Crown's most elite training academies for senior intelligence operators. However, Searle was an unusual "radical," in that he worked closely with the college's principal, Gen. Sir John Hackett, former commander-in-chief of the British Army of the Rhine. While other English student radicals manned the barricades, Searle negotiated backroom deals with Hackett to "win" student demands.

Despite his military credentials, Hackett was one of the important public figures peddling the "one world" agenda of Lord Bertrand Russell and the Pugwash Conference. In the



An Earth First! activist chains himself to a piece of equipment. The terrorist group was founded under the auspices of the "respectable" Wilderness Society and the Sierra Club.

late 1970s, he co-authored a widely publicized scenario about nuclear Armageddon, *The Third World War: August 1985*.

Whether it was through General Hackett or some other equally prestigious connection, Searle was able to win hefty financial backing for FOE from some leading figures in the House of Windsor apparatus. By 1973, FOE was being heavily bankrolled by Lord Rothschild (a charter member of the 1001 Club and one of the personal bankers for the Windsors), Sir Jimmy Goldsmith, and John Aspinall.

Aspinall owned one of England's largest gambling casinos, the Clermont Club in Mayfair, and it was at the club that some of the early fundraising meetings for FOE were held.

Back in the 1950s at Oxford, Aspinall had hooked up with Jimmy Goldsmith and his older brother Edward ("Teddy") Goldsmith, and the three have since maintained an intimate collaboration as behind-the-scenes controllers of the eco-terrorists. While Sir Jimmy went off to become England's most "ecologically correct" business magnate, Teddy Goldsmith and Aspinall founded the Primitive Peoples Movement along with WWF Executive Director Sir Peter Scott in the mid-1960s. That outfit later changed its name to Survival International, and serves today as the interface between the WWF and indigenous guerrilla and narco-terrorist movements all over the world. In a tract written at the time of the launching of the Primitive Peoples Movement, Teddy Goldsmith wrote: "I began to realize that the modern world destroys traditional cultures. The survival of primitive peoples and of the environment were inseparable."

In 1970, Teddy Goldsmith launched *Ecologist* magazine,

the organ of the most radical wing of the green movement. He also published a call for the creation of a Movement for Survival. In England, in the early 1970s, such a group was founded under the name People's Party. It later changed its name to the Ecology Party, and, eventually, to the Green Party.

Thus it was Teddy Goldsmith, the brother and ideological twin of billionaire "industrialist" Sir Jimmy Goldsmith, who personally launched the Green Party movement internationally! In a 1989 book, *The Great U-Turn: Deindustrializing Society*, Teddy Goldsmith called for the destruction of all modern industry and a return to primitive society. He had earlier called for a worldwide ban on human migration and for compulsory birth control and abortions as a means of reducing world population. Even some other environmentalists branded Goldsmith as a kook and a fascist for his radical solutions to the "population bomb."

With backing from such well-heeled aristocrats as Goldsmith, Rothschild, and Aspinall, it was only a matter of time before the FOE installed a member of the Windsor apparatus at its helm. The move came in the mid-1980s, when Jonathan Porritt became president of FOE England. The London FOE office, by this time, was also housing the group's world headquarters. Porritt, an Eton graduate, was the son of the former governor general of New Zealand. Porritt promptly arranged even bigger funding for FOE from the flagship Tory newspaper chain, Telegraph Plc. Telegraph Plc had been recently taken over by the Hollinger Corp., owned and operated by 1001 Club member Conrad Black of Canada.

Hollinger's international advisory board, chaired by Lady Margaret Thatcher and co-chaired by Henry Kissinger and Lord Peter Carrington, also includes the FOE's patrons Lord Rothschild and Sir Jimmy Goldsmith, as well as members of the Canadian Bronfman family.

Behind the Greenpeace myth

The launching of Greenpeace was an even more blatant project of the Club of the Isles, working through the WWF and some veterans of British intelligence. The importance of Greenpeace cannot be overstated: Over the past 14 years, it has spawned the majority of hard-core eco-terrorist gangs.

Greenpeace got its start in Vancouver, British Columbia, a favorite "retirement colony" for British naval intelligence officers and a notorious center for British intelligence operations aimed against both the United States and other nations of the Pacific Basin.

Greenpeace started out in protest against American nuclear weapons testing off the coast of Alaska, under the name "Don't Make a Wave Committee." Its ranks were filled with Canadian members of the Sierra Club, with affiliates of the American Weatherunderground, the Vancouver Liberation Front, and assorted hippies, Maoists, and Trotskyists.

A group of Canadian Quaker peace activists, funded through the Cadbury Trust and led by Irving Stowe, played

a prominent role during this early phase.

The Cadbury family figures prominently in the WWF, with Peter Cadbury, the chairman of the trust, being a charter member of the 1001 Club, and Christopher Cadbury sitting on the executive board of the WWF U.K. The other leading outfit for the English Quakers, Barclays Bank, dominated by the Buxton family, figures equally prominently in the WWF hierarchy, with Baron Aubrey Buxton of Alsa serving as the vice president of WWF U.K., under Prince Philip, and with board members of the bank holding seats on the boards of directors of such Club of the Isles power bases as British Petroleum, Unilever, Rio Tinto Zinc, and Telegraph Plc.

In addition to the Cadbury patronage, Greenpeace was dominated by several key players with very different pedigrees than their rank and file. When the "Don't Make a Wave Committee" changed its name to the Greenpeace Foundation in 1971, its first head was Ben Metcalfe, a veteran of the British intelligence apparatus. Metcalfe, after serving in the Royal Air Force from 1936, was assigned to work for the British Foreign Office during the postwar occupation of Germany. He served in Heidelberg, where the British occupation forces conducted some of their most "creative" psychological warfare experimentation. (Those British psychological warfare operatives would be later implicated in the creation of the second generation of the Baader-Meinhof/Red Army Faction, out of the Heidelberg Mental Patient's Collective.) Metcalfe also worked for the British Broadcasting Corp. and for one of England's leading press barons, in several overseas assignments, before settling in Vancouver as a "public relations" and political campaign specialist.

Another early Greenpeace operative was Robert Hunter, a senior correspondent for the Vancouver *Sun*, whose semi-official histories of Greenpeace are full of open admissions that the group employed Marshall McLuhan's black propaganda methods to build up the organization. Hunter exploited his post as chief ecology correspondent for the *Sun* not only to trumpet Greenpeace, but to publish scare stories about the dangers of U.S. nuclear weapons tests.

Hunter later acknowledged to writer Fred Pearce: "It's not that we ever lied. That's one thing you never do with modern propaganda. But we have painted a rather extravagant picture of the multiple dooms that would be unleashed . . . tidal waves, earthquakes, radioactive death clouds, decimated fisheries, deformed babies. We never said that's what would happen, only that it could happen." Hunter boasted that as the result of his articles and other Greenpeace propaganda, "children all over Canada were having nightmares about bombs."

Shortly after the creation of Greenpeace, Metcalfe and Hunter were supplanted by David McTaggart as the "high priest" of the group. A Canadian by birth, McTaggart, according to Greenpeace's official propaganda, joined the group in New Zealand in 1972 in response to an advertise-



Banner from an Earth First! demonstration in Montana. Note the words "Shoot Ron M.," referring to Congressman Ron Marlenee.

ment by Metcalfe seeking a skipper with a boat who was willing to disrupt a planned French nuclear test in the South Pacific.

This story, however, is pure fiction. Equally fictional is the story put out by some of McTaggart's detractors, that he was just a con-man who saw Greenpeace as a big money-making scam, like his earlier ventures in California ski resorts that ended with a suspicious fire that may have been arson.

Some of the clues to McTaggart's true pedigree are contained in a file at the Office of the United States Attorney in Sacramento, California, according to knowledgeable sources. The file is listed in the Criminal Index as M-03574439. "M" denotes a file that is manual—i.e., not computerized in any of the Justice Department's central data archives. Inquiries by several governments with membership in good standing in Interpol turned up little more than confirmation that the numbered file exists, that it does contain information about McTaggart, but that it is otherwise classified.

Some of the file undoubtedly deals with McTaggart's conviction *in absentia* by a Colorado court on securities fraud charges. But the real meat of the dossier probably relates to McTaggart's substantial intelligence pedigree.

What is known is that McTaggart turned up in New Zealand in 1972 with a boat perfectly suited for one of Greenpeace's first big public relations stunts, a sea-borne intervention against a French nuclear test site. McTaggart's crew for that "direct action" included at least two veterans of Her Majesty's Royal Navy, Oxford graduate Lt. Nigel Ingram and Grant Davidson.

After successfully stalling the French nuclear test for two weeks, and grabbing worldwide headlines, McTaggart went back to Vancouver, where he immediately took control over

Greenpeace. During that trip back to Vancouver, McTaggart conferred with Canadian Prime Minister Pierre Trudeau about further steps to shut down France's nuclear weapons testing program.

When he returned with his ship, the *Vega*, to New Zealand in 1973 to intervene against a French hydrogen bomb test, his Greenpeace fleet was joined by warships from both the Australian and New Zealand navies, whose governments were also protesting against the French tests. The 25-ship flotilla also included a boat captained by French FOE head Brice Lalonde.

Back in Canada, McTaggart's takeover was greatly facilitated by the 1974 death of Irving Stowe, the Quaker activist who had opposed the increasingly overt terrorist track being pursued by Greenpeace. With Stowe out of the way, McTaggart was able to sweep aside all resistance to what was dubbed "Operation Ahab," the purchasing of a fleet of high-speed zodiac boats to begin a global campaign of "direct action" to shut down the whaling industry. It would be the whaling campaign that would put Greenpeace on the map, and also

reveal the top-down control by the WWF.

McTaggart's next move was to establish a base of operations for Greenpeace inside Europe. Relying on his ties to Lalonde, McTaggart obtained office space, financing, and key personnel from the FOE. By the late 1970s, Greenpeace's London office was being run by Paul Wilkinson, a founder of FOE, and its Paris office was being run by another FOE founder, Remi Parmentier.

But the biggest boost for Greenpeace came directly from the WWF and the Club of the Isles. On one occasion, Royal Dutch Shell, one of the corporate stars of the Club of the Isles, covertly funneled an estimated \$2 million to Greenpeace, which reportedly went into a slush fund run by McTaggart. The total amount of secret funding from Shell to Greenpeace is unknown.

By 1977, the WWF was publicly bankrolling Greenpeace for the purchase and outfitting of a fleet of ships. That year, the Dutch branch of WWF bought the ship *Rainbow Warrior* for Greenpeace, conduiting the money through Greenpeace's London office. Three years later, Netherlands WWF bought

'We are all Zapatistas'

The Native Forest Network, the eco-terrorist umbrella organization created under the personal supervision of Prince Philip, has officially joined the Zapatista guerrilla insurgency in Mexico. At an international NFN conference in Missoula, Montana on Nov. 9-13, 1994, the group, which already draws together the most violent eco-fascists as well as indigenist and separatist insurgents, had Cecilia Rodríguez, a spokesperson for the Zapatista National Liberation Army (EZLN), deliver the keynote speech. She called for joint actions against "some of the multinational corporations that threaten both environmental quality and indigenous self-determination across North America and the globe." Her call for joint action was endorsed and was reflected in subsequent NFN communiqués.

The conference was attended by representatives of "indigenous nations" from Siberia, Argentina, England, Scotland, Australia, Mexico, and Canada. Among the American delegates were members of an alphabet soup of eco-terrorist and support groups, a majority of whom are current or "former" members of Earth First!

EZLN's war against Mexico

The Zapatistas launched their separatist uprising on

Jan. 1, 1994. Based in the Lacandón jungle in the southern Mexican state of Chiapas, the EZLN has conscripted Mexicans of Indian descent into its ranks through methods perfected in Peru by the bestial Shining Path terrorists. These methods include forcing entire villages to witness hideous public torture of any who resist joining its ranks. Weapons, training, and manpower have been provided in part by the Guatemalan Revolutionary National Union (URNG), the long-entrenched terrorist insurgency which lives off the narcotics trade in Guatemala.

NFN support for the EZLN is not surprising, as the EZLN is an integral part of Prince Philip's World Wide Fund for Nature apparatus. EZLN operations have been centered for several years in four principal "ecological reserves" in Chiapas—Lagunas de Montebello National Park, Montes Azules Biosphere Reserve, Agua Azul Cascades National Park, and El Ocote Ecological Reserve—all either run by the WWF itself, or by programs affiliated with the WWF. The EZLN's first training camps were maintained in the Lagunas de Montebello Park, years before their insurgency was launched; the WWF played an active role in the creation of that park, and in its subsequent management. The WWF coordinates "community development" programs in the Chiapas region, and runs centers for "education, training, research, conservation, and sustainable use of the Lacandón jungle," whose principal focus has been to fight any and all proposed government-run development projects in the area.

Thus it is not surprising that the *Ecologist* magazine

another ship, the *Sirius*, and gave it to Greenpeace. By now the Dutch government was in on the act, selling the *Sirius* to WWF/Greenpeace at a price far below its actual value.

But for every dollar openly passed from WWF to Greenpeace, there were apparently vastly larger sums turned over covertly. Over a period of a decade beginning in the late 1970s, this WWF/Greenpeace "special relationship" centered around a joint effort to take over the International Whaling Commission (IWC) and shut down the whaling industry altogether.

McTaggart's controller: Sir Peter Scott

According to the Danish TV documentary "Rainbow Man," a critical biography of McTaggart, and other sources, beginning in 1978, WWF Executive Director Sir Peter Scott and Prince Philip set up a secret task force to take over the IWC. Members of the task force, which met in secret at the headquarters of the WWF in London, included Scott, McTaggart, marine biologist Dr. Sidney Holt, and Jean Paul Gouin. The WWF hired Dr. Francisco Palacios to administer

of Teddy Goldsmith, a leading British financier of the WWF and founder of the global environmentalist movement, endorsed the Zapatista uprising in May 1994 as "a dignified reaction to too much development." Has such support been more than propagandistic? Teddy's brother, banker Sir Jimmy Goldsmith, reported in 1990 that he had bought a part of the southern Mexican rainforest in a debt-for-nature trade.

On Dec. 19, 1994, the EZLN announced a new military offensive, aimed at expanding its base of operations out of the largely jungle areas which it had controlled since the January battles. Its declared purpose was to establish larger "autonomous" regions, outside government control. That day, several hundred Zapatista fighters took over several towns, and blockaded over a dozen highways and roads in Chiapas.

One day later, on Dec. 20, the NFN activated its support operations. The NFN used the Internet to circulate an emergency action bulletin written by Cecilia Rodríguez, the official representative of the EZLN in the United States. The bulletin claimed that paramilitary units of the EZLN had "penetrated" the lines of the Mexican Army, and called for actions by U.S. groups in its support. On Dec. 22, the NFN held a rally and press conference in Burlington, Vermont, where the group has its eastern U.S. headquarters. There, Orin Langelle, one of the leaders of the NFN, threatened that the NFN would "not tolerate military retaliation . . . within the new Zapatista territory."—*Leo Scanlon and Gretchen Small*

the project. A score of British Commonwealth countries, with no role whatsoever in the whaling industry, were paid under the table through the WWF/Greenpeace slush fund to join the commission. In many instances, Prince Philip personally wrote to the relevant government officials to get them on board. French radical ecologist Gouin was widely suspected of laundering illegal drug profits into the steering committee bank accounts in the Bahamas, to cover the costs of the bribes to the new "delegates" to the IWC. Among the nations to join the IWC in this way were: St. Lucia, St. Vincent, Belize, Antigua, and the Seychelles. Palacios admitted on film that he had a budget of over \$5 million.

One source familiar with the operation told *EIR*: "The steering committee would draw up a list of government officials and hand it over to Sir Peter Scott. He would then take the list to Prince Philip, who would write the letters."

By 1982, membership in the IWC had increased from 17 to 37 nations, and the new majority voted up a permanent ban on whaling.

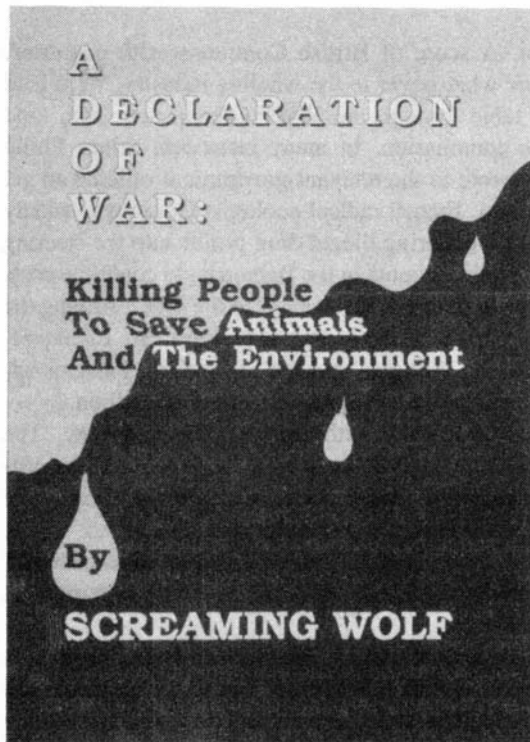
At the same time that McTaggart was operating as a de facto agent of Sir Peter and Prince Philip, Greenpeace was running a propaganda and paramilitary campaign against the world's whaling fleets. Greenpeace's now well-outfitted navy began in 1977 engaging in a series of highly publicized "direct actions" against whaling ships from Iceland, Russia, Japan, and other countries. At the same time, Greenpeace branched out to attack seal hunters in Norway and Newfoundland.

As the Greenpeace "direct actions" became more and more violent, the group began to spawn various hard-core terrorist gangs and to create the appearance of distancing itself from their actions.

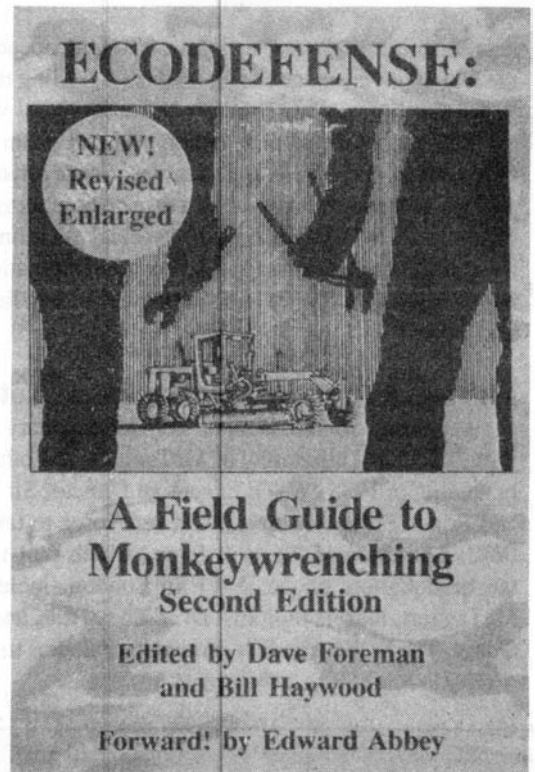
Paul Watson, a founder of Vancouver Greenpeace, split out of the group in 1977 to create the Sea Shepherd Conservation Society. Watson had been a member of the terrorist Vancouver Liberation Front. He was a participant in the 1973 shootout with the FBI at the Wounded Knee Indian Reservation in South Dakota. Watson was also one of the most effective kamikazes manning Greenpeace's early fleet of zodiac speed boats.

Sea Shepherd was bankrolled by the Windsor circuit through WWF-U.S.A. activist Cleveland Amory and by the British Royal Society for the Prevention of Cruelty to Animals. In July 1979, with Watson at the helm, the ship *Sea Shepherd* rammed a Portuguese whaling ship, the *Sierra*, off the coast of Portugal. Coast Guard ships seized the *Sea Shepherd*, demanding reparations from Watson. Instead, Watson blew up the *Sea Shepherd*, and, six months later, the *Sierra* was blown up while docked in Lisbon. A caller to the Lisbon office of UPI took credit for the bombing on behalf of the Sea Shepherd Conservation Society.

In 1985, Watson led a group of Greenpeace activists in a kamikaze attack against an Icelandic whale-processing facto-



Propaganda of (left) the Animal Liberation Front and (right) Earth First! The Earth First! book is a terrorist's guide to destroying machinery.



ry, causing \$2.5 million in damage in one night. Simultaneously, Sea Shepherd operators sank two Icelandic whalers—half the small nation's whaling fleet.

In 1985, another terrorist outfit spun out of Greenpeace's campaign against fur trapping: Lynx, which was founded by a group of Greenpeace members. After a series of bombings of London department stores that marketed furs, the Hudson Bay Company shut its fur warehouses in England, and London's Harrads department store stopped selling fur coats altogether.

As Greenpeace shed its terrorist operations by creating splinter groups, the WWF money and manpower continued pouring in. By 1989, Greenpeace had established its own "research laboratory" at Queen Mary College, London. The effort was underwritten by the Norwegian Institute for Atmospheric Research.

During this period, McTaggart ostensibly retired from his position as chairman of Greenpeace (in reality, he continues to run the organization from behind the scenes, still reportedly maintaining a string of Swiss bank accounts to handle the group's more "sensitive" operations). Lord Peter Melchett became the director of the London office of Greenpeace, their most important one. Melchett, a former Labour Party MP, is the heir to the Imperial Chemical Industries fortune, another of the corporate "crown jewels" of the Club of the Isles (see flow chart, p. 39).

In 1979, another terrorist outfit was launched under the direct sponsorship of the "above suspicion" environmentalist

movement. According to Ron Arnold and Alan Gottlieb, whose 1993 book *Trashing the Economy* told the story of the U.S. green movement, Earth First!, the most notorious of the North American eco-terror gangs, was launched out of the posh offices of the Wilderness Society and the Sierra Club.

Hard-core terrorism: Earth First!

Earth First! founder David Foreman was an employee of the Wilderness Society in 1979, when he was approached to launch an eco-terrorist group that would be "so extreme it would make even the most radical environmentalist groups seem tame by comparison."

Foreman, according to Arnold, "made the deal . . . under the condition that funding would be steady and adequate, and that his participation was a limited-term ten-year deal." Foreman quickly hired four other radical ecologists: Mike Rosselle, Howie Wolke, Bart Koehler, and Ron Kezar.

Arnold described the structure of Earth First!: "The structure would have to be informal to avoid prosecution. From the beginning, it was called 'a movement,' never an organization. The founders made much of Plains Indian tribalism as a cover for the strange arrangement, touting autonomous groups that shared the same beliefs. There would be no bureaucracy, no lobbyists, no organizational spokespeople. There would be only unpaid grassroots activists (as far as anyone knew). No organization, no membership, no list of names. Only anarchy. It would drive law enforcement nuts."

'Eco-tage' terrorism kills and maims

by Rogelio A. Maduro

The ecological terrorist underground carries out thousands of attacks each year in the United States alone. Yet this "low-intensity war" against America's farmers, loggers, and cattlemen goes largely unreported, because the Federal Bureau of Investigation has refused to open any serious probe into this pattern of what Earth First! calls "eco-tage."

For each of the incidents that we cite here, thousands of similar attacks occur on a regular basis, causing hundreds of millions of dollars in property loss and scores of serious injuries each year.

May 1987: George Alexander, a 23-year-old sawmill worker at Louisiana-Pacific Corp.'s Cloverdale sawmill, is injured as the result of eco-terrorist "spiking." The saw blade at the mill hit a 15-inch nail embedded in a redwood log, and shattered. Alexander is nearly decapitated. Although horribly disfigured, he fortunately survives.

Driving metallic or ceramic spikes into trees is one of the favorite tactics of Earth First! Spiking techniques are detailed in *Ecodefense: A Field Guide to Monkeywrenching*, written by Earth First! founder Dave Foreman (see photo on page 31).

If a chainsaw hits the spike, it kicks back, causing injury to the loggers. The effect of spikes on a sawmill is even more devastating. The large saw blade shatters with a force equivalent to a 155 mm howitzer shell exploding, sending shrapnel all over the mill.

In response to the installation of metal detectors at lumber mills, Earth First! members now advocate the use of ceramic spikes, which can't be detected by such equipment.

January 1989: An arsonist nearly destroys a building in Dixon, California, where livestock auctions are held. The amount of damage is greater than \$250,000. An individual claiming to be a member of Earth First! takes credit for the action, in a phone call to the Associated Press office in San Francisco. The caller also takes credit for acts of vandalism against the offices of the California Cattlemen's Association, California Wool Growers Association, and the Agricultural Council of California.

Feb. 28, 1992: Animal Liberation Front terrorists firebomb a Michigan State University animal research facility, de-

stroying more than 30 years' worth of research and causing over \$200,000 in damages. Rodney Coronado is indicted for the attack and is ultimately placed on the FBI's Most Wanted List. Coronado was director of Sea Shepherd between 1987 and 1989, during which time he also participated in Earth First! actions. From 1987 to 1990, Coronado worked for People for the Ethical Treatment of Animals (PETA), and then for Friends of the Animals.

May 6, 1994: Suzanne Pardee, who works in Greenpeace's Seattle office and is also a member of Earth First! and the Native Forest Network, sends the following message out on the Internet: "Hunt cows, not Cougars. That's right, shoot cows. They don't run. They can't bite. They don't charge. They don't maul. They produce only 2% of the beef from 70% of the public lands. A pound of beef requires 2,000 gallons of water; a pound of wheat only 20. There's WAAAY too many of them. Happy hunting."

July 31, 1994: David Littlejohn Logging Co., located in Washington state, is burned to the ground by a sophisticated arson attack. Damage is estimated at over \$350,000.

Aug. 9, 1994: The Washington Contract Loggers Association in Olympia, Washington receives a phone call from a person identifying himself as an Earth First! activist, taking responsibility for recent attacks suffered by timber companies in Washington state.

Sept. 28, 1994: Rodney Coronado of the Animal Liberation Front is arrested at the Pascua Yaqui Indian Reservation in southern Arizona, for his role in the firebombing of Michigan animal research facility.

November-December 1994: A letter from Coronado is published in the *Earth First! Journal*, boasting of his connections to Earth First!, the Sea Shepherd Society, the Hunt Saboteurs, and other radical organizations. Coronado takes credit in the letter for sinking two of Iceland's four whaling boats in 1986 and destroying that nation's whaling station.

September 1994: *Earth First! Journal* publishes detailed accounts of cattle shootings, like the following: "Frank C. McMurry, rancher, lost six head of cattle in July on a National Forest grazing allotment near Nathrop, Colorado. All animals were shot by a .270 caliber rifle. Sheriffs investigators said the cattle deaths were the work of an expert marksman intent upon killing the cattle, adding that there is reason to believe the marksman is anti-cattle, and possibly a member of a group opposed to cattle grazing federal lands forage."

During an Earth First! rendezvous in Ennis, Montana, an Earth First!er brags about killing cattle in Garfield County, Utah, where 21 cows and calves were killed by a sharpshooter.

Global targets of the Native Forest Network

In late 1993, the Native Forest Network held a planning session at Lake Willoughby, Vermont, following up an earlier meeting in Tasmania. After that meeting, NFN published a world map listing 14 targets for “direct action.” By May 1994, three of the targets had been bombed. NFN is, by its own description, an “autonomous collective” of green activists. It is made up largely of members of Earth First!, Greenpeace, and “direct action” terrorist and proto-terrorist cells.

NFN was directly sponsored by Prince Philip and the World Wide Fund for Nature (WWF). It was created in 1990 at a founding conference in Tasmania. Since 1963, the entire Australian environmentalist apparatus—NFN included—has been the personal domain of Prince Philip, who created the Australian Conservation Foundation in that year, and served as its chairman from 1971-76.

The map shows the recently declared NFN targets, as identified in the Winter 1993-94 issue of *Native Forest News*.

1. Caledonia: NFN campaign focused on reforestation of much of Scotland, and militant land seizures to roll back “colonization” and repatriate “native peoples of Caledonia scattered all over the globe.”

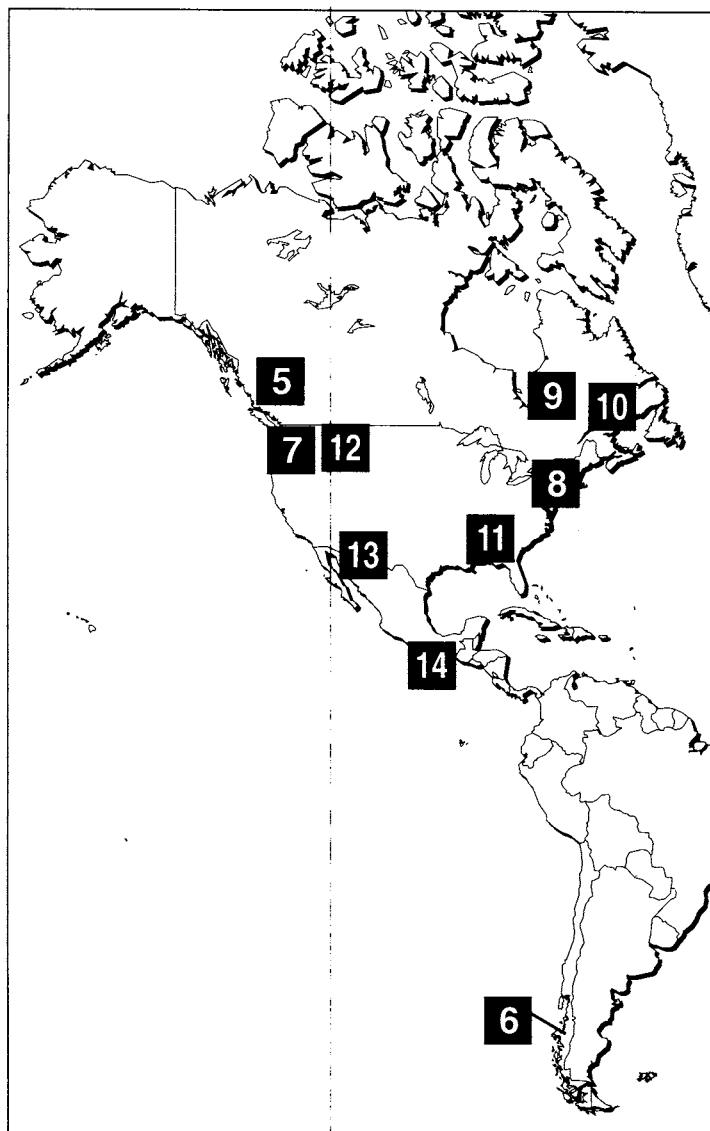
2. Siberian Far East: NFN campaign targeting the South Korean company Hyundai and the Russian timber company Dallesprom to block their logging activities in the taiga forest area. Activities coordinated with WWF’s campaign to “save” the Siberian tiger.

3. Tasmania: Campaign intersects activities of WWF in Australia to shut down logging and create a new, 350,000-acre Tarkine Wilderness Rainforest World Heritage Area, to “protect” both forests and “aboriginal” people.

4. Victoria: NFN targets the Japanese company Dai-showa, in East Gippsland, which employs 400 loggers.

5. British Columbia: NFN claims that the entire province is “unceded stolen native land belonging to the Independent Qwa Ba Diwa State and the Sovereign Lil’ Wat Nation.” “Ecosystem annihilation and indigenous rights are issues that cannot be separated,” they say. In 1993, some 800 demonstrators were arrested blocking roads leading into major logging sites; in May 1994, a bomb was found near one of the targeted logging facilities.

6. Chile: NFN recently opened new operations in the

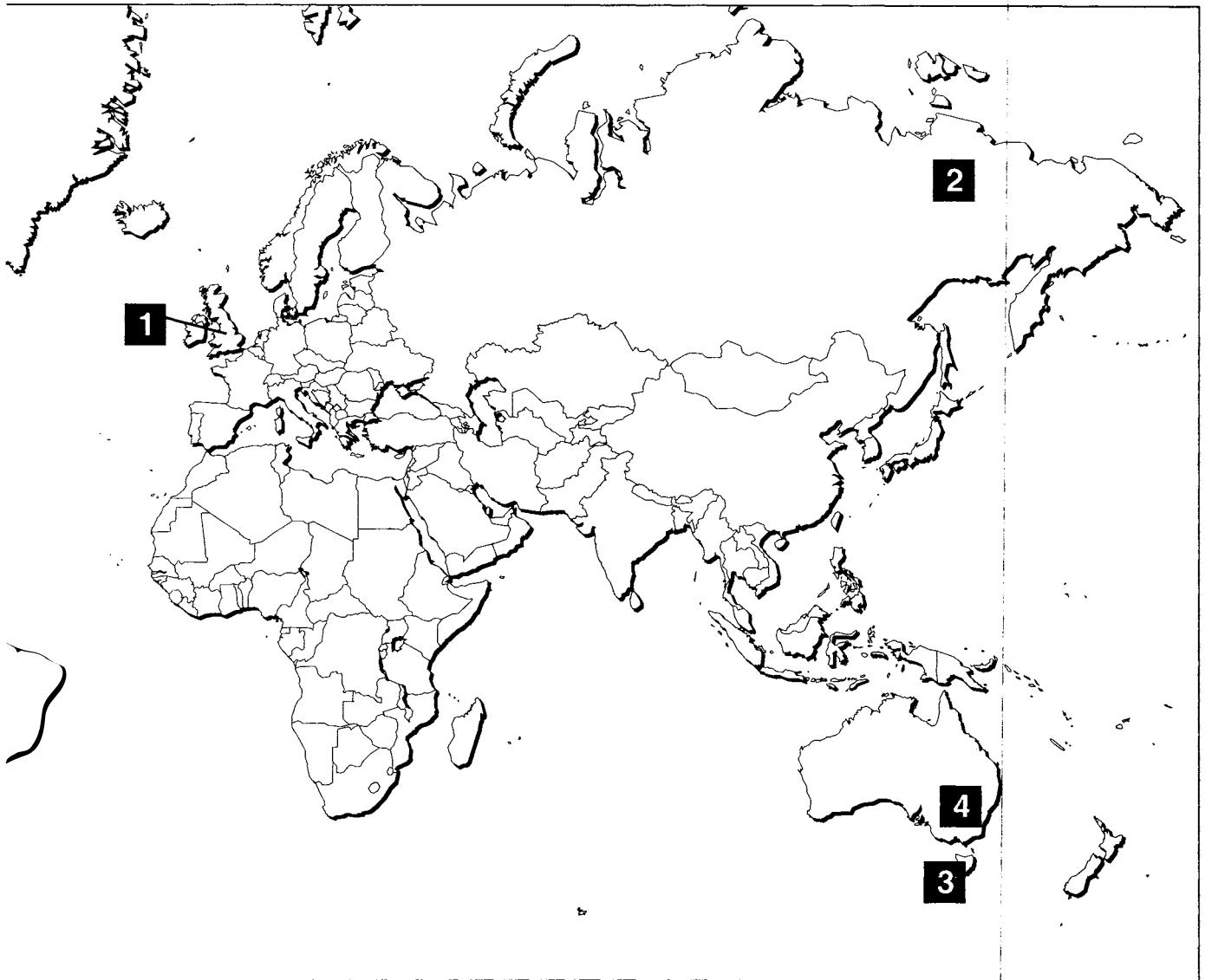


Southern Cone, targeting Chilean forest product exports to Japan.

7. U.S. Northwest: A longstanding center of radical green operations, including sabotage and terrorism against logging sites in northern California, Oregon, and Washington. NFN propaganda targets President Clinton’s Pacific Northwest Forest Plan, which calls for road construction and managed logging in the region.

8. U.S. Northeast: NFN targets Maine and New Hampshire logging industries, but also focuses on urbanization and industrialization of the region, which, they say, led to the extinction of caribou, wolverines, etc.

9. Quebec: NFN operations in James Bay, Canada intersect a major separatist push directly sponsored by Queen Elizabeth II and the WWF to establish “independent” indige-



nous nations of Cree Indians and Inuit natives. NFN targets large dam and river development projects which, according to NFN propaganda, “destroyed traditional lifestyles of thousands of indigenous people, particularly the Cree.” Hydro-Quebec sites were bombed on March 20, 1994.

10. Quebec: NFN joins WWF in targeting the Sainte Marguerite-3 hydroelectric construction site on the Sainte Marguerite River, to defend the “9,000-year-old” primitive culture of local Indians.

11. Central/Southeastern U.S.: NFN targets the Tennessee Valley Authority and Army Corps of Engineers for dam projects that allegedly killed off migratory songbirds and caused “urban sprawl” along the Ohio River.

12. Idaho: NFN boasts of a two-year “direct action” effort by Earth First! and other NFN-linked eco-terror groups

in Cove/Mallard, to block construction of major new road infrastructure through Nez Perce National Forest. Some \$300,000 in property damage has led to arrests and convening of a grand jury to investigate terrorist activities of NFN. In April 1994, police discovered bomb components near one of the construction sites targeted by the NFN.

13. Arizona/Mexico: NFN targets a joint project of the University of Arizona and the Vatican to construct a \$70 million astronomical observatory on what the greens claim is a “sacred” site of the San Carlos Apaches. NFN and Earth First! activists are fully integrated into indigenist separatist operations on both sides of the U.S.-Mexican border, involving Tepehuan and Tashurnaran Indians in Mexico and Navaajo Indians in the United States.

14. Chiapas: NFN calls for international mobilization of support for Zapatista terrorists in Chiapas, Mexico.

Prince Philip's green Order of Battle

by Jeffrey Steinberg

At the Gland, Switzerland headquarters shared by the World Wide Fund for Nature (WWF) and the International Union for the Conservation of Nature (IUCN), Prince Philip's transnational "green" insurgents reportedly maintain a war room to track the deployments of their international legions. In some parts of the world, like Africa, these operations are predominantly covert military operations, staged out of the vast infrastructure of game preserves, national parks, and nature reserves that they administer.

But in the United States, western Europe and other "First World" areas, where the conditions have not yet been set for such blatant and genocidal "military" actions, the WWF runs a broad front of ostensibly independent operations aimed at "softening" the targeted nation-states for eventual slaughter.

Figure 1 is not an official WWF-IUCN document. It is a reconstruction of their *actual* irregular warfare order of battle, drawn from thousands of pages of documentation, eyewitness accounts, and other investigative efforts.

Top-down controls

Ultimately, all the decision-making power in the green insurgency rests with the Club of the Isles, the London-centered apparatus of oligarchic power over which the House of Windsor presides as the delegated *primus inter pares*.

However, the operational deployments are set through a vast, highly coordinated structure of private agencies, most of which were established during the post-World War II period. At this level, Prince Philip and his longtime ally Prince Bernhard of the Netherlands maintain a working overview of the apparatus's deployment.

Well over \$15 billion a year is budgeted for this green insurgency against western civilization, with the principal financing administered by the 1001 Nature Trust, by an infrastructure of over 1,000 tax-exempt charitable trusts in the United States, Europe, and elsewhere, and through covert corporate financing. The leading corporations sponsoring Prince Philip's army are all owned or controlled by the Club of the Isles. The role of the Royal Dutch Shell Corp. in bankrolling Greenpeace, the "New Age" Global Business Network, etc., is perhaps the most glaring case of Club

corporate largesse fueling outright green terrorism.

Along with the WWF-IUCN-1001 Club command center and its funding conduits, the upper levels include an extensive legal apparatus, a number of well-heeled think tanks, and key agencies of the United Nations. Unesco, the United Nations Environmental Program (UNEP), and the United Nations Development Program (UNDP) are all private fiefdoms of the WWF-IUCN, created and staffed by leading figures from Prince Philip's inner circle.

'Citizens above suspicion'

As a buffer between Prince Philip, the Club of the Isles, and the terrorist underground, the World Wide Fund for Nature and IUCN maintain a large number of "respectable organizations" manned by "citizens above suspicion." Some of these conservation groups pre-date the founding of the WWF (1961) and IUCN (1947). The Audubon Society was created in 1905; the Wilderness Society in 1935; the Sierra Club in 1892. Yet, it was top officials of the Wilderness Society and the Sierra Club who covertly hired and bankrolled Earth First! founder David Foreman to launch that terrorist gang.

Others "respectables" were created as direct projects of WWF-IUCN-Club of the Isles apparatus, like the Environmental Defense Fund, the Conservation International, and the Natural Resources Defense Council.

One step below these "respectable organizations" is an even larger apparatus of radical groups, which serve as the recruiting ground and support apparatus for the terrorists. The cases of Greenpeace and Friends of the Earth have been documented elsewhere in this *Feature*. At this "radical" level, there is often open coordination with the hard-core terrorists.

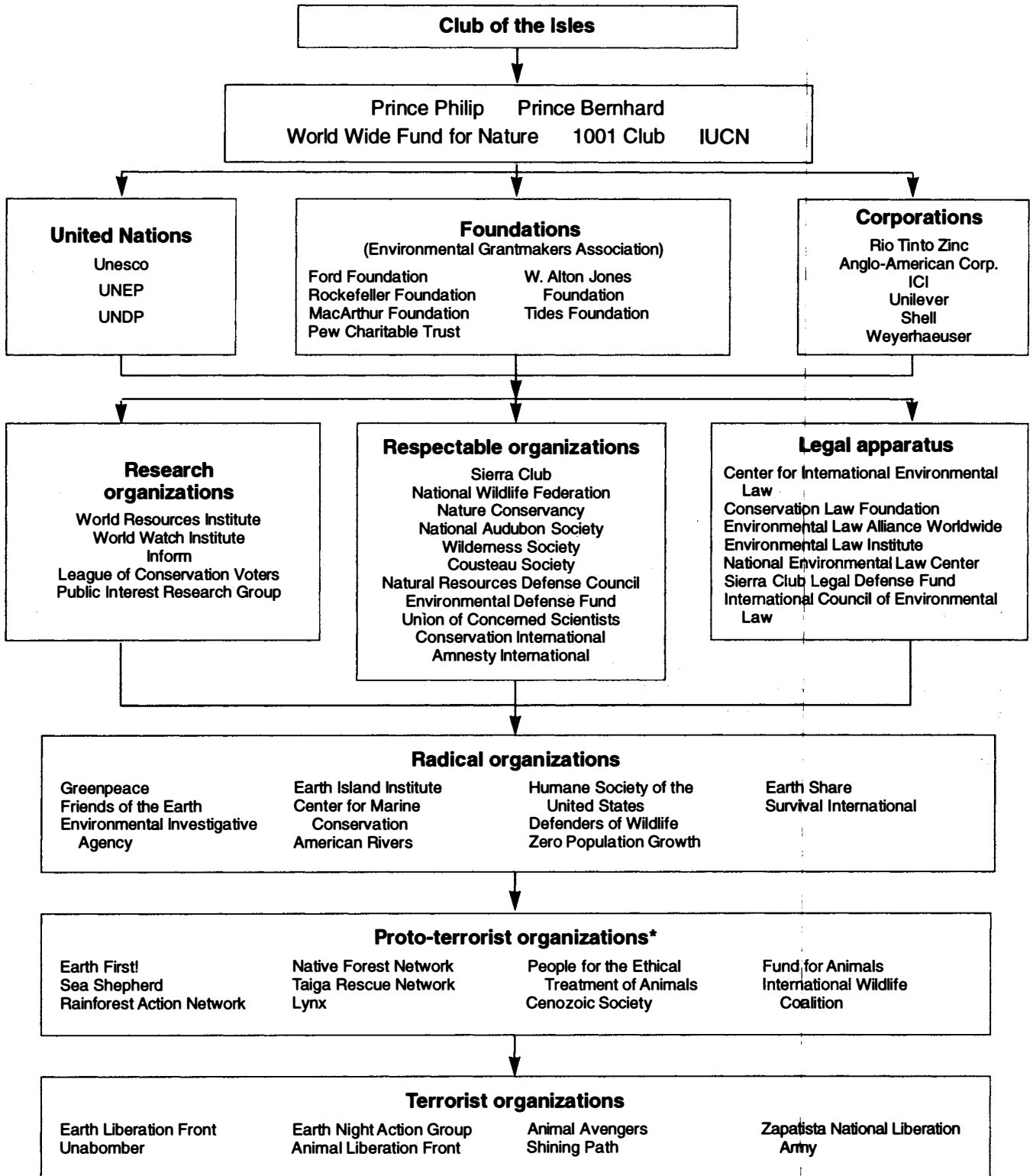
The recent demonstration against the logging industry shown on the cover of this issue is a typical instance where "radical" groups launch actions that are then endorsed by the hard-core terrorist network. The targeting by the radicals often results in acts of terrorism and sabotage by the underground gangs; however, the "radicals" are able to "plausibly deny" any direct role in the violence.

At the level of the proto-terrorist and terrorist groups, differences are often less clear cut. Among the animal liberation networks, it is widely believed that groups like the People for the Ethical Treatment of Animals (PETA) maintain secret cells that carry out terrorist actions and claim credit for them on behalf of otherwise non-existent groups like the Animal Liberation Front or the Animal Avengers. Recently, a new hard-core terrorist group, Earth Liberation Front, modeled on the ALF, has become active in Europe.

The success of this vast terrorist infrastructure can be at least partially attributed to the fact that no one has previously "cracked" the command structure/support apparatus. The most efficient way to eliminate this growing terrorist menace is by dismantling it from the top down!

FIGURE 1

The green Order of Battle



* These groups engage in terrorist activities, but do not acknowledge it in public. For example, Earth First! spikes trees and sabotages equipment, but does not consider that to be terrorism or violence, since it is directed against inanimate objects.

A firsthand look at eco-terrorism

Barry Clausen is an investigator who spent many months as a member of Earth First!, investigating its sabotage operations against the logging industry. These “actions” have cost hundreds of millions of dollars in damage to equipment, and have killed and maimed many loggers and sawyers who are the victims of EF! tree spiking.

Despite the fact that the activities which Earth First! openly takes credit for meet the strict definition of terrorist activity—as the term is used by the Department of Justice and the State Department—this organization has never been the target of serious investigation or prosecution by any agency of the U.S. government.

As Clausen describes, sabotage—or “ecotage,” as it is called—is cleverly designed to allow EF! to take credit for the terrorism, but leave no incriminating evidence. Only skilled undercover work can pierce this screen.

But getting into the inner circles of EF! is not simple. Clausen recalled an incident, described in his book *Walking on the Edge* (reviewed in *EIR*, Nov. 11, 1994), which illustrates the problem. He had invited his girlfriend and her daughter to attend an EF! rally, commonly held on the eve of protest actions, and often feted by rock music bands. As they approached the site, they noticed that this was not a regular concert, but was some sort of dance. As they drew closer, their curiosity turned to shock as they realized that the dancers were men and women, moving in a circle, howling EF! chants, stark naked, with testicles and breasts painted black.

Clausen was interviewed by Leo F. Scanlon.

EIR: So, these are not impressionable students or overenthusiastic members of the Garden Club.

Clausen: Not at all. They also have something that is called the stump dance—they chant “Stumps suck, Earth First!” on many different occasions. An EF!er would want to talk about my book, for example, [and] would get on the stump. Then they do this war dance, it’s almost an Indian ritualistic dance, it’s a war dance, really, a victory dance. They call it a war dance.

You have to understand something. You don’t just walk in and say, “Hi, I want to spike a tree.” That’s a no-no. You have to work your way up. I started off by carrying picket signs and petitions. Then I was asked if I wanted to become part of a “campaign,” part of a human blockade to stop a logging truck. Now, standing in front of a running logging truck

is stupid, but you have to do those things, or you don’t get to spike a tree. Next I became part of a ground support group for a tree sitting [a protest where EF! activists climb into trees about to be cut down]. Eventually I was going into the woods and confronting loggers with running chain saws and telling them they can’t cut that tree.

You have to prove yourself as a warrior and work your way up, to the point that someone says, “Do you want to do this?” or “Would you be interested in being involved?”

EIR: You report that EF! activists who reach that level of involvement are highly trained in the art of sabotage, trained to levels of military specialty.

Clausen: Here again, you get back to a very elite group of people within EF! itself. I had to play everything very, very cautiously. At that point, at Baker Lake, they asked me to become involved in sabotaging a helicopter. Now I know that the guys that asked me would have done it, but the actual core group [the saboteurs] weren’t the ones asking me. They were there, but they weren’t the ones doing the talking. So, if something did happen, and somebody was caught, the core group could say, “We didn’t have anything to do with it, we didn’t advocate it.” It’s a process, and they understand how the laws work.

EIR: But the FBI would not agree to completing your investigation?

Clausen: You need “the blessing” of federal law enforcement officials who will prosecute based on evidence you develop, because you will be participating in a crime. [Local federal agent assigned to monitor environmentalist violence] Bob Winchell admitted that he lied to me; Ed Bodenlose in California also. They never intended to request approval [for the investigation]. It never happened.

Now, the FBI and ATF [Bureau of Alcohol, Tobacco, and Firearms] won’t even talk to me. Sen. [Slade] Gordon requested Michael Bromwich, the inspector general of the Department of Justice, to do a thorough review of the information I have presented.

EIR: The response of the major corporations that are targeted by this activity is suspicious, at best.

Clausen: I can establish that Jake Kreilick has been to Weyerhaeuser corporate offices on at least five occasions. Kreilick is a key part of EF! and leader of the organization for years. I know he was under federal investigation quite some time ago. Nothing ever came of that either. Scott Marshall of Weyerhaeuser was actually scheduled to be at the Native Forest Network [NFN] conference at Missoula [see article, p. 32].

Another example: Just recently, Daishowa arranged a tour of their mill for a group from EF!, on the basis that EF! would attack Macmillan Bloedel [a competitor paper mill]. But today I read in a Vermont NFN newsletter [published in Australia] that NFN has announced a plan to attack Daishowa!

How the 'fondi' finance eco-terrorism

by Rogelio A. Maduro

It was over a thousand years ago that the Venetian oligarchy established the first tax-exempt foundations, the *fondi*, administered out of the Doge's private chapel, St. Mark's Cathedral. Today, the legacy of the Venetian oligarchy is maintained by the Club of the Isles. Prince Philip, the chief operations officer for the Club of the Isles and international president of the World Wide Fund for Nature, draws on an international network of tax-exempt charitable trusts to bankroll every facet of the global environmental insurgency.

In the United States, since the "Green" revolution was launched in the late 1960s, tax-exempt foundations have poured more than \$30 billion into more than 12,000 ecology, animal rights, indigenous, conservation, and land trust groups. The sums are so vast that in recent years, the foundations have formed a secret funding cartel to more centrally dispense their untaxed dollars. The Environmental Grantmakers Association was launched in 1985 by Donald K. Ross, executive director of the Rockefeller Family Fund.

Since its inception, the EGA has been housed in the New York City headquarters of the Rockefeller Family Fund, although the association has no listing in the telephone directory and is not registered with the New York secretary of state. For all intents and purposes, EGA is invisible. By 1988, Ross had drawn 184 foundations into the EGA, accounting for more than \$350 million in annual payouts to the ecologists.

The EGA includes top executives from a number of multinational corporations that are also "crown jewels" of the Club of the Isles, including Atlantic Richfield Corp., Chevron, and Waste Management, Inc. The Aspen Institute also participates in EGA strategy sessions. These corporations, along with Royal Dutch Shell (not a formal participant in EGA), also pour an estimated \$1 billion a year into the coffers of the environmentalist gangs, matching the tax-exempt payouts. The best estimate of the total annual cash flow into "Greens"—including tax-exempt funding, corporate donations, commercial profits, payments extracted from targets of the environmentalist movement who are inundated with "public interest" legal actions—exceeds \$15 billion!

Tape recordings of the EGA's October 1992 meeting on Orcas Island in Washington State have been obtained by *EIR*. The session included 24 panel presentations identifying organizations, individuals, and industries to be targeted by the eco-fascist apparatus. One panel was devoted to blocking the economic development of eastern Europe and the former Soviet Union; another spelled out plans for teaching the pagan Gaia religion in America's public school system.

Top 25 'green' bankrollers

The Foundation Center, a New York- and Washington-based center managed by the Russell Sage Foundation, maintains records of all tax-exempt foundation grants given in the United States. According to its records, over 1,000 tax-exempt trusts bankroll the environmental and animal rights movement. The following is its list of the 25 top bankrollers of the "Green" revolution for 1993.

1. David and Lucille Packard Foundation: \$27.2 million
 2. Ford Foundation: \$26 million
 3. John D. and Catherine T. MacArthur Foundation: \$26 million
 4. Pew Charitable Trust: \$25.3 million
 5. W.K. Kellogg Foundation: \$18.1 million
 6. Andrew W. Mellon Foundation: \$11.6 million
 7. W. Alton Jones Foundation, Inc.: \$9.3 million
 8. Rockefeller Foundation: \$8.6 million
 9. Charles Stewart Mott Foundation: \$7.6 million
 10. Joyce Foundation: \$6.3 million
 11. Longwood Foundation, Inc.: \$5.8 million
 12. Surdna Foundation, Inc.: \$5.4 million
 13. William Penn Foundation: \$5.3 million
 14. Northwest Area Foundation: \$5 million
 15. Robert W. Woodruff Foundation, Inc.: \$4.4 million
 16. Kresge Foundation: \$4 million
 17. Public Welfare Foundation, Inc.: \$3.9 million
 18. Bullitt Foundation: \$3.8 million
 19. Energy Foundation: \$3.8 million
 20. Florence and John Schumann Foundation: \$3.5 million
 21. Rockefeller Brothers Fund: \$3.4 million
 22. Richard King Mellon Foundation: \$3.3 million
 23. James Graham Brown Foundation, Inc.: \$3.3 million
 24. Gebbie Foundation, Inc.: \$3.3 million
 25. William and Flora Hewlett Foundation: \$3.1 million
- Total: \$227.3 million**

Italy: no end to instability in sight

by Claudio Celani

The government that was supposed to end the decades-long series of unstable Italian cabinets, has revealed itself to be one of the most unstable. Silvio Berlusconi's coalition, formed by his party, Forza Italia (Go Italy!), the Northern League, the National Alliance, and the tiny CCD, collapsed on Dec. 22 after only seven months. The reason is that the institutional alchemies which were supposed to solve problems originating in the economic crisis, brought to power a generation of politicians much more stupid and manipulable than the previous one. Now the danger is that the faction calling for more institutional alchemies (and more stupidity in power) will prevail in the negotiations to establish the next government.

The crisis of the Berlusconi government was programmed from the beginning, given the conflicting nature of the government coalition, but it erupted when it was clear that his government would not be willing to implement the radical social and economic reform requested by the International Monetary Fund (IMF), such as the total privatization of the pension system and of major state-owned companies.

Additionally, the crisis has erupted at a strategic moment in which Italy is playing a crucial role in three of the most important conflict areas in the world: the Balkans, the Middle East, and Algeria. These areas border the Mediterranean, from the northeast, southeast, and southwest. Italy is an industrial power in the center of that region, stretching as a bridge from Europe to North Africa and tied by intense trade relationships with its neighbors. The country is therefore key in any policy to stabilize the area based on economic development, an approach that the Italian government has so far supported by joining the Clinton-Peres policy on Palestine and taking initiatives favoring a dialogue between the government and opposition in Algeria. On the Balkans, Italy is logistically indispensable if NATO, under American leadership, decides to undertake an effective military intervention

against the Serbs in Bosnia. All this could change if the pro-British faction becomes dominant in the next government, or if a crisis, resulting in early political elections, creates a months-long political vacuum.

An impossible alliance

The government coalition organized by Berlusconi was from the beginning destined to explode because of internal conflicts. Last spring, Berlusconi founded a new party, Forza Italia, and forced an electoral alliance with two other totally antagonistic forces, the northern separatist and radical-liberal Northern League, and the centralist, traditionally anti-liberal National Alliance. Many southern Italians voted for National Alliance candidates exactly because they offered anti-League policies; many northern Italians voted for League candidates in protest against policies they thought the National Alliance would represent. This "miracle" was accomplished by waving the specter of a victory of the opposing front, dominated by the former Communist Party, now called the PDS. The common denominator of the coalition was therefore a supposed "anti-communism."

In reality, Berlusconi moved to prevent what he correctly perceived as the takeover of Italy by a political front dominated by Anglo-Venetian forces, represented by the Agnelli-Caracciolo-De Benedetti media group. The PDS-led "progressivist" front was in fact dominated by the Anglo-Venetians, exemplified by the fact that they ran a candidate against Berlusconi in Rome, a technocrat who is an employee of one of Carlo De Benedetti's financial holdings, Silvio Spaventa. De Benedetti's brother, Franco, an admirer of Adam Smith, was also elected as a "progressive" member of Parliament.

Berlusconi also had compelling personal reasons to enter politics. His financial and media empire, Fininvest, was soon to be targeted by the politically motivated "Clean Hands"

investigation, an "anti-corruption" campaign through which the Anglo-Venetian group has successfully destroyed the political parties that had been hegemonic on the Italian constitutional scene for 45 years.

The Northern League was forced to form an electoral bloc under Berlusconi, or stand accused of delivering Italy to "the communists." But the League interests were, from the beginning, exactly on the side of the Anglo-Venetian front. Berlusconi won the elections, but it was only a matter of time until the conflict would explode.

Behind the pensions crisis

One of the reasons behind the crisis is the IMF-requested privatization of the pension system, which is currently centralized under the state-owned INPS company. Allegedly, one of the contributing causes of the Italian huge public debt (almost \$1.25 trillion, more than the Gross National Product), is the deficit of the pension system. Thus, the IMF first requested that the government reduce entitlements (which Berlusconi did in part); then, in mid-December, an IMF delegation visited Italy and issued a much harsher ultimatum: The pension system must be privatized by May 1995.

It is clear that no politician can do that, and hope to be reelected. Therefore, you need a technocratic government to come in to do the job. Exactly what League head Umberto Bossi, and opposition leaders such as PDS Secretary General Massimo D'Alema and Popular Party Secretary Rocco Buttiglione, have publicly supported.

The whole discussion is based on a fraud. Italy's pension system has no deficit. Published figures released by INPS show that as much money goes out for pensions, as comes in from active workers' payments. The so-called deficit consists in that portion of payments which INPS has been forced to

issue in the past years in the form of unemployment, short-work, and other compensatory benefits, as a result of government decisions often forced by large companies such as Fiat and Olivetti, which were laying off workers and wanted to avoid troubles from the trade unions. These same corporations are today behind the campaign over the "bankruptcy of the pension system."

It is the London-centered financial markets that are bankrupt, in fact, which is why they want to get their hands on Italy's pension funds. In case the IMF reforms are implemented, the equivalent of roughly \$90 trillion would be placed in the hands of London-controlled private funds. This money would be channeled into derivatives speculation, or used in asset-stripping operations such as industrial privatizations.

Berlusconi's capital failure

During his election campaign, Berlusconi had promised he would create 2 million jobs through an investment policy. His newspaper *Il Giornale* had even published a list of infrastructure projects which Forza Italia had indicated were top priority for government policy. Berlusconi has done none of that, and instead has implemented budget cuts. Figures released at the end of the year show that in 1994, unemployment rose by 400,000, which added to the 2 million unemployed produced under the previous Amato and Ciampi governments.

Instead of facing reality, at his year-end press conference, Berlusconi defended his policy and the idea of an existing "economic recovery." In reality, the recovery consists of a mini-export boom limited to those companies which were able to exploit the lira devaluation in 1993. Large corporations such as automobile producer FIAT are announcing profits because they laid off more than 40,000 workers in the last three years. At Olivetti, a balanced budget was reached

Behind London's war with the Berlusconi government

Almost from the outset, the City of London has been in open war with the Berlusconi government, conducting press campaigns and assaults against the Italian currency and state bonds. The hidden reason behind this was London's exposé of the allegedly "neo-fascist" component in the government, around the National Alliance regrouping. The reality of the matter, however, is that members of National Alliance in the Berlusconi government last summer had indicated their desire to put under executive control the activities of the Banca d'Italia, to curb speculation through a regulation of financial derivatives, and even to reintroduce nuclear power as an energy source, after a manipulated voter referendum banned it in 1983.

A leader of the campaign against financial speculation was National Alliance member and Deputy Budget Minister Antonio Parlato. On Oct. 14, he released a document calling for "the Banca d'Italia to intervene to reduce the worrying weight of financial derivatives, which is splitting an enormous mass of resources from investment savings . . . [diverting it] into financial speculation, moving an amount equal to our public debt around the world." Referring to the present financial and monetary system, Parlato characterized it as "a weak system even threatening to undermine national sovereignty."

Parlato was the first member of Parliament, in 1993, to confront the Ciampi government with *EIR's* revelations about the infamous meeting onboard Queen Elizabeth's yacht *Britannia*, a conspiratorial gathering to plan Italian privatizations. In another initiative, Parlato had also requested from the Italian government an investigation into the illegal jailing of Lyndon LaRouche.

by laying off one-third of their labor force in the last four years. The same occurred at Pirelli. Furthermore, a recent study showed that most industrial firms which increased production, did so by bringing their utilization of capacity up to close to 100% and by making no investments. They were able to do it by forcing workers to accept shifts around the clock, in many cases without paying overtime.

The two alternatives before Italian President Oscar Luigi Scalfaro are both going to worsen that picture: either a technocratic government, or a Berlusconi caretaker government leading to early elections in the spring. In the first case, the composition of the cabinet will define what Italy's foreign policy will be. One of the worst cases would be if Scalfaro appoints former President Francesco Cossiga, a British puppet through and through. Cossiga has been preparing for that in London, as he did during the last government crisis. If Berlusconi succeeds in keeping his party united under him, there will be elections and a months-long vacuum.

Jacobin prosecutors

Whoever becomes the next Italian prime minister, he will face a Jacobin persecution if he does not comply with IMF dictates. This persecution is called the "Clean Hands" investigation, run by a group of magistrates under Milan Chief Prosecutor Francesco Saverio Borrelli. The function of the "Clean Hands" investigation is, more or less, similar to the Whitewater operation against President Clinton. For instance, they tried to eliminate Berlusconi by accusing him of having authorized a bribe of police officers inspecting the books of Berlusconi's company Fininvest. The accusation concerns events which occurred back in 1990, and the bribe was less than \$200,000. By mounting a press campaign, however, they aimed to discredit Berlusconi and to force him to resign. Instead, Berlusconi accused them of "conspiracy" against his government, even after he was forced to submit to a humiliating "interrogation" for seven hours, in early December. Instead, he ordered a government investigation into the Milan prosecutor's office. Polls taken by Berlusconi's people then showed that half of Italy's voters supported him against the magistrates. That is probably why Borrelli's team hesitated to arrest him, which they will probably do as soon as Berlusconi is no longer prime minister.

Recently, the "Clean Hands" operation lost its chief member, Antonio Di Pietro, who resigned to prepare for a political career on the advice of his close friend Cossiga. Di Pietro, a former policeman in the 1970s under Carabinieri Gen. Carlo Alberto Dalla Chiesa (a member of the secret Propaganda-2 masonic lodge, later killed by the Mafia), has become the most popular figure in Italy, thanks to his spectacular "anti-corruption" investigation. Depending on how the situation develops, the Anglo-Venetian oligarchy is keeping Di Pietro as an ace in the hole, to launch him either as a candidate for prime minister or justice minister. Politically an incompetent, Di Pietro will be a puppet in the hands of his masters.

After Grozny debacle, time running out for Yeltsin 'reforms'

by Konstantin George

The bloody war waged by Moscow's Yeltsin government against the breakaway Caucasus region of Chechnya, which had killed thousands by the New Year, is serving as a catalyst to a historical process. It can be confidently foretold that 1995 will see the demise of the Yeltsin regime and the burial of the "reforms" inspired by the International Monetary Fund, which have wrecked the physical economy of Russia. The conduct of both Russia's military leadership and the Russian Orthodox Church during the Chechnya war, signals that powerful Russian national institutions were committed to overturning the "reforms" before the war began. The military adventure of Yeltsin and his coterie, has been an attempt to preempt or postpone the termination of the ruinous policies that have ruled Russian since 1991.

Army and church in opposition

The debacle in Chechnya has accelerated since the Army's New Year's Day failure to take the Chechen capital of Grozny. Hundreds of Russian troops were killed, hundreds of others captured, and dozens of tanks and armored vehicles destroyed. According to information from eyewitnesses, the Chechens allowed the Russian tanks and armored vehicles to penetrate their outer positions and advance to the center of the capital. Then, the Chechens cut off the Russian advance troops, opening fire on them from all directions. After suffering very heavy losses in men and equipment, the remaining Russians were forced to withdraw. The Chechens claim that they took up to 300 Russian prisoners, including a general and four colonels.

The chaotic Grozny ground attack mirrors the rejection by the unified military high command of the Yeltsin regime's policies. The high losses are, to be sure, being very angrily swallowed by these leaders as the price paid to let the regime play out its hand, with the pragmatist calculation that this evident catastrophe may speed up the process of moving to the post-"reform" era.

The public side of the military's attitude is seen in: 1) the historically unprecedented refusal by Russian high-ranking officers to take any part in the Chechen war, with one after the other rejecting operational command positions; and 2) the outright opposition to the war by at least three of Russia's deputy defense ministers, Generals Kondratyev, Gromov,

and Mironov. This phenomenon has been heavily covered in the western media as a "split" in the Russian military command. In reality, the Russian military command, and above all the General Staff, is united in its opposition to the regime, except for a tiny, institutionally meaningless coterie around Defense Minister Grachov.

It needs to be underscored that not one of the generals who has either spoken out against the war, or rejected operational command responsibilities, has been removed. Grachov drafted decrees to this effect, but Yeltsin has not given them the required presidential signature. These generals would have met a very different fate under war conditions if their opposition were merely the function of a "split" in the military command.

Besides the Army, the most important national-patriotic institution is the Russian Orthodox Church. The church has echoed the policy of the General Staff in opposing the regime's policies, using the war in the Caucasus as the public issue around which to express this opposition. From Dec. 19 through New Year's Day, when he delivered his latest address against the war, Russian Orthodox Patriarch Aleksii II has spoken out three times against the war in Chechnya. Each time he has called for an immediate end to military operations, and negotiations with the Chechens.

Political forces poised

On the political side, the most vocal civilian opposition to Yeltsin's war in Chechnya has been heard from the camp of the "reformers," including former Prime Minister Yegor Gaidar. They sniff the winds that are blowing harder against the reform period, and believe foolishly that Yeltsin is dooming the reforms, whereas the truth is that the disaster of the reforms and following IMF prescriptions is dooming Yeltsin.

The most important political opposition is not so audible in public, but is reaching a crescendo behind closed doors. The leadership of the State Duma, or parliament, and the leaders of most of the political parties are against the regime's pro-IMF economic measures and against the military adventure. Indeed, Yeltsin's war decision put off the expected mid-December showdown in the State Duma over the government's IMF-approved 1995 draft austerity budget. On the war itself, the Duma has avoided falling into the trap of provoking too soon a showdown with Yeltsin. They do not wish to give him any pretext to dissolve the Duma, which would, in the opposition's view, bring the Moscow political crisis prematurely to a head. Duma Chairman Ivan Rybkin refused to convene an extraordinary session during the New Year's and Russian Orthodox Christmas recess. He and others prefer to wait till the normal mid-January reconvening, by which time the debacle in the Caucasus can be expected to have plunged Yeltsin's crowd to a nadir of credibility.

What will have also greatly increased by that time will be the gaping fissures *inside* the regime. Leaks from the Dec. 26 Russian Security Council meeting featured a loud clash



Russian Orthodox Patriarch Aleksii II, an outspoken opponent of the war in Chechnya.

between Yeltsin and Prime Minister Viktor Chernomyrdin. Chernomyrdin was reported to have denounced the war in the Caucasus as "pure military idiocy." Earlier, on Dec. 14, a spokesman for Chernomyrdin came out opposing the plans of the Yeltsin coterie for storming Grozny. The "leaks" about Chernomyrdin are more than credible. He has not uttered a peep in support of the military operations in Chechnya, even though, up until Dec. 26, during Yeltsin's prolonged absence, it was he who chaired all the Russian Security Council meetings that dealt with the war in the Caucasus.

On Jan. 4, Chernomyrdin began a series of closed-door meetings with the leadership of the Duma to discuss Chechnya.

Flight forward

Yeltsin began the military adventure in Chechnya as a pre-emptive move to buy time for his position. In light of the trend against him, accentuated by the New Year's military debacle, Yeltsin's only recourse is to escalate the war through razing Grozny to the ground, and a scorched-earth policy in general in Chechnya. In the 48 hours after the failed attempt to take Grozny, Jan. 1-3 produced the heaviest air and artillery bombardments against the city. Hundreds of people are being killed each day in Grozny alone. An escalation of air attacks against villages in the northern part of Chechnya has also occurred, though this aspect of the war generally escapes media attention. It came out on Jan. 3, when Russian planes "in error" bombed a village across the border from Chechnya in the neighboring region of Ingushetia, killing four Ingush civilians.

Nearly one-third of Chechnya's 1.2 million people had been made refugees by Jan. 2. According to statistics released Jan. 3 by the Russian immigration service, at least 80,000 people had fled from Chechnya to Ingushetia, and a further 30,000 to the region of Dagestan, to the east. According to the International Red Cross, there are an estimated 250,000 refugees inside Chechnya. These figures increase daily.

East and West fingerpointing as Barschel case reopens

by Edward Spannaus

On both sides of the Atlantic, and on both sides of the formerly divided Germany, intense nervousness is appearing as new revelations surface concerning the death of German official Uwe Barschel in 1987. At the time of his death, Barschel was reportedly involved with a collection of arms dealers involving both the Communist bloc and western intelligence agencies. Now that the case (originally ruled a "suicide") has been officially reopened by a court in Germany's northernmost state, Schleswig-Holstein, accusations are flying between officials of the former East and West Germany, accompanied by suggestions that Barschel was murdered either by the CIA or by the former East German secret police, the Stasi.

In fact, Barschel was somehow enmeshed in a high-level joint *East-West* weapons network, which involved not only East and West Germany (particularly Rostock and Kiel), but also Sweden, Britain, the United States, Israel, and Iran. On the East German side, Barschel was known to have been meeting with Alexander Schalck-Golodkowski, the Stasi officer who was East Germany's deputy foreign trade minister. Schalck-Golodkowski controlled the trading company IMES, which had come under scrutiny when documents were seized in a September 1985 raid at the offices of Swedish businessman Karl-Erik Schmitz in Malmö, across the Baltic from Rostock, at the southern tip of Sweden.

The Malmö raid was part of a crackdown by Swedish Prime Minister Olof Palme on illegal arms dealing running from Sweden into Iran, among other locations. Palme's actions against this arms network were unquestionably a factor contributing to his assassination on Feb. 28, 1986. And that assassination is undoubtedly closely related to the murder of Barschel some 18 months later.

The Stasi files

Shortly after Palme was eliminated, a diversionary operation was launched by Department X (Ten) of the Stasi to finger then-U.S. presidential candidate Lyndon LaRouche as the person who was allegedly behind the assassination. Not coincidentally, Department X—which was responsible for political dirty tricks as well as disinformation—is also reported to have targeted Uwe Barschel, and may have carried out similar diversionary actions in that case.

Since the official reopening of the Barschel case on Dec. 21 by officials in Lübeck, Schleswig-Holstein (the state which Barschel once headed as governor), the issue of the Stasi files has become exceedingly prominent. Some of the files dealing with the mid-1980s period cannot be located; some people are suggesting that U.S. agencies may have come into possession of them.

While many are pointing fingers at the Stasi and the East German secret services, a onetime close aide to former East German foreign intelligence (HVA) head Markus Wolf has said that the West should open up its own files, rather than trying to blame the East. These comments came from Peter Feuchtenberger, who worked for the HVA on dirty tricks and disinformation, in an interview with the German *Focus* weekly.

Feuchtenberger, whose name has been mentioned in various German news media reports as being the mysterious "Roloff" whom Barschel was to meet in Geneva on Oct. 10, 1987, told *Focus*: "What is all this nonsense about the Stasi killing Barschel? The western agencies should just put everything [they have] on the table."

The national daily *Die Welt* suggested in an early January editorial that it could not be ruled out that Barschel had become an obstacle for more than one intelligence agency. The *Die Welt* editorial likened the mysteries in the Barschel case, to those that surround the John F. Kennedy assassination, and commented that indeed, Uwe Barschel might have been a target of the "Stasi, KGB, Mossad, CIA, and others," such as arms dealers who had a vested interest in keeping Schleswig-Holstein as an illegal arms hub. Barschel might therefore be called a "victim of international intelligence agencies," *Die Welt* concluded.

The American angle

One of the groupings which has a lot to lose if the Barschel case is thoroughly pursued, is the "secret government" apparatus run by Vice President George Bush in the early and mid-1980s. The "Enterprise" run by Oliver North, Richard Secord, and former CIA agent Tom Clines under Bush's supervision had regular dealings with Schalck-Golodkowski's IMES trading company. A shipload of East bloc arms found on board the ship *Pia Vesta* in Central America

in 1986 had been picked up in Rostock; the ship was chartered by documented agents of the North-Secord-Clines arms network. IMES was also known to have worked closely with several CIA covert airlines in the early 1980s.

One of the more bizarre aspects of the Barschel case is the recent publication in the German press of a "CIA telegram" purportedly involving Barschel. A number of German papers, and the *New York Times*, have reported that the Stasi had intercepted a cable from a CIA officer in Switzerland which reports on an Oct. 10, 1987 meeting between Barschel and Israeli and Iranian arms dealers in Geneva. (The next day, Barschel was found dead in a bathtub in a Geneva hotel.)

From the wording of the Stasi-intercepted cable, it appears to be from U.S. military intelligence rather than the CIA. It is addressed from the Military Attaché at the U.S. Embassy in Bern, to "ITAC CO/JOINT STAFF"—an apparent reference to a U.S. Army intelligence unit known as the Intelligence Threat and Analysis Center. "Joint Staff" is the common designation for the staff component of the Joint Chiefs of Staff (JCS).

Both Army intelligence, and sections of the JCS staff, were in fact deeply involved in covert intelligence operations in the early 1980s; many operations attributed to the "CIA" were in reality run by military intelligence and military special operations units. The North-Secord operation, run out of the National Security Council staff (actually a White House staff under George Bush), routinely utilized the JCS special operations unit. Indeed, both for legal and political reasons, the Bush-directed secret government machinery was set up so as to *bypass* the CIA: CIA director William Casey deliberately used these channels to circumvent more cautious CIA career officers.

Behind the 'CIA telegram'

Efforts by *EIR* to determine the authenticity of the "CIA telegram" produced some fascinating responses.

The CIA's Public Affairs Office unequivocally denied that the cable was theirs. "This is not a CIA cable," a CIA spokesman told *EIR* on Dec. 30, after reviewing a fax of the reproduction of the cable as produced in the *Berliner Zeitung*. The spokesman said that the CIA had received a number of calls about the cable, and he half-jokingly inquired whether the reporter was going to ask "if the CIA killed Barschel."

The Department of Defense (DOD), on the other hand, has refused to either confirm or deny the cable's authenticity. This attitude certainly implies that the cable—or some variant thereof—did in fact originate with U.S. military intelligence agencies.

A copy of the cable had been faxed to the DOD's Public Information office on Dec. 29. On Dec. 30, a DOD spokesman said he could not comment until someone from the Defense Intelligence Agency (DIA) had examined it. On Jan. 3, after consulting with the DIA, the spokesman told *EIR* only

that some of the acronyms used in the cable were familiar, but that he could not say anything more. The only acronyms he would confirm were "CONUS" (Continental United States), the "date-time" line, and the "JOINT STAFF" in the address line.

Asked about the authenticity of the cable, the spokesman stated that since he was looking at a fax of a xerox of a newspaper article of a cable that was seven years old, "I don't know whether it's possible to determine if it's authentic or not," adding, "There's no way it could be proven or disproven."

When the reporter remarked that on other occasions, he had been able to get the Public Information office to explain virtually all the markings and codings on DOD cables, the spokesman responded: "All I can say is that there are some commonly used acronyms on this xeroxed document. Other than that, I just don't have anything to say."

Various military specialists and other sources contacted by *EIR*, on the other hand, readily volunteered that the cable bears numerous indicia of a fabrication or a forgery.

"My gut reaction is that it's a fabrication," said one high-ranking military official who has spent time at the Joint Chiefs of Staff; he cited a number of important discrepancies, including the lack of necessary classification marking and contradictions among the classification codings on the cable as reproduced in the *Berliner Zeitung*. "It's obviously doctored," said another military official who has also served with the JCS, observing that there are just too many inconsistencies in the administrative markings on the document for it to be authentic.

Among the half-dozen or so significant discrepancies noted, are the fact that the classification coding for the document corresponds to "unclassified," although non-coded words would indicate that it is "top secret." Also, a number of required classification markings are entirely absent.

The code "Perch" (English for "*Barsch*," referring to Barschel) would not be used in any military or intelligence communication, according to a number of sources consulted. It is too simple and too obvious. In military intelligence, code names are assigned, not chosen or made up, and there is no logic to them. An intelligence officer would have to assign a code name from a pre-existing list of codes, and the center would have a corresponding list for decoding purposes.

Although the document is described in the German press as discussing a meeting which took place at 2130 hours on the evening of Oct. 10, the cable is dated for the morning of Oct. 9.

According to initial reports in the German press, the cable was intercepted and decoded by the Stasi. Despite the obvious problems with it, there is probably enough verisimilitude attached to the cable to make certain U.S. circles very nervous—especially those around George Bush and Oliver North, who had no qualms about secret dealings with Communist bloc arms dealers.

Quebec's Jacques Parizeau: a pawn on a British chess board

by Raynald Rouleau

Jacques Parizeau is not just "another premier of Quebec," or just "another leader of the Parti Québécois." He is a pawn in a British chess game which is now "being played" to further the goal of the "Club of the Isles," a super-secret grouping of European-wide oligarchs centered around the House of Windsor in the British Isles, to checkmate the United States. One of their covert irregular warfare operations, is to divide the Americas along "ethnic" lines and "regional interests," using the "environmental" and "native" movements and the U.N. non-governmental organizations (NGOs) to ultimately break whatever power of nation-states remains. Destabilizations are being run south of the U.S. border, most visibly in Chiapas, Mexico, but also north of the border, in British Columbia, and more immediately in Quebec. With the recent victory of their creature, Newt Gingrich, in the U.S. Congress (a man who considers the U.S. federal government "enemy number one"), Parizeau's plan to separate Quebec from Canada fits right in, and strengthens the populist "states' rights" movement in the United States.

Thanks to Parizeau and Her Majesty Elizabeth II, the Inuits are now claiming one-third of Quebec's territory, the Cree Indians two-thirds, and the French-speaking Québécois are claiming it all. Inuits against the Crees, Crees against French Québécois, English against French, and the French against them all—a British recipe for chaos.

The chameleon

Let's focus on the chameleon Jacques Parizeau. His career spans several governments and, more importantly, encompasses several political parties. His agenda is not "party politics." To understand better where Parizeau is going, let's first look at where he came from.

In 1960, the Quebec Liberal Party was putting on a new face, in order to beat Union Nationale which had been in power for 15 years. The Liberal Party was headed by Jean Lesage, but its purse was under the control of the gang centered around Power Corp. of Canada. Peter N. Thomson, the majority owner of Power Corp., was the treasurer of the Liberal Party. Maurice Strong became executive vice president of Power Corp. in 1961 and president in 1963. (As

shown in the *EIR Special Report*, "The Coming Fall of the House of Windsor," Strong is an integral part of what could be called the "executive committee" for the Club of the Isles. He became well known in 1992, as the secretary general of the pagan United Nations Earth Summit in Rio de Janeiro, Brazil.)

It was the Power Corp. gang that prompted Jean Lesage to bring in Canadian Broadcasting Corp. political television star René Lévesque, in order to ensure the defeat of Union Nationale. Lévesque was an expert in propaganda. He learned his ways working in the London branch of the Office of War Information during World War II. Lévesque has said that he informally reached a rank "equivalent to that of a colonel" by the end of the war. It was Lévesque who would later create the Parti Québécois in October 1968.

Lévesque, after becoming the first minister of natural resources—a ministry the Liberals had created just for him—was given the task of nationalizing the electricity sector. Lévesque put the dossier in Parizeau's lap. They already knew each other: Parizeau had twice been a guest on Lévesque's TV show "Point de Mire" at CBC.

Parizeau, a teacher at the Ecole des Hautes Etudes Commercial (HEC) in Montreal¹ from the time he had returned from England with a doctorate from the London School of Economics, was also doing consulting work. This whole process of "nationalization" in fact meant that lots of cash was going to flow in Power Corp.'s direction, since it was the largest private power-holding company in Canada. It seems as if Parizeau and Lévesque did a good job, because Strong rose from executive vice president in 1961 to become president of the company in 1963. Strong, in a 1992 interview with Elaine Dewar of *Saturday Night* magazine, said of the time he was president of Power Corp., "We controlled many companies, controlled political budgets. We influenced a lot of appointments. . . . Politicians got to know you, and you them."

Parizeau was doing a lot of consulting work for the newly elected Liberal government, mostly on setting up government-run companies. He also worked for the parliamentary Porter Commission in 1963, on a study of the Canadian

banking and financial system. He had access to all the day-to-day working data of the Bank of Canada (the Canadian equivalent of the U.S. Federal Reserve System). This study was so sensitive that Parizeau's final report to the Porter Commission carried the label "secret" on each page, and has, to this day, never been made public.

To make a long story short, a few years later, when Union Nationale leader Daniel Johnson took power in an upset victory in 1966, he kept the financial wizard Parizeau as an adviser to his cabinet. Not too long after Johnson's tragic death in 1968 (only days after an official meeting with President Charles de Gaulle in Paris), Lévesque created the Parti Québécois. Parizeau later went to work with Lévesque, and, aside from a brief period in the 1980s, Parizeau has stuck with that party.

Creating a nation-state is the issue

Now, contrary to all accepted public opinion, Lévesque and his Parti Québécois never wanted to create a nation-state out of Quebec. As a matter of fact, the Parti Québécois was specially created to attract and quench the real independence movement that existed at the time. All during the 1960s, Lévesque opposed everything Daniel Johnson stood for. Johnson was the only Quebec politician who ever officially offered a project for a republican constitution, which, if adopted, would have explicitly ended the British Empire's control of Canada and its dirty operations against the United States. Now, that's the issue. Parizeau is not doing anything that would, from even the most remote standpoint, look as if he were going against Her Majesty's will.

When one talks about Quebec independence, one has to ask, "Independent from whom?" and "For what purpose?" If Parizeau were to say, "We cannot stand any longer being part of the British Empire, an empire which is directly responsible for setting up the conditions for World War I and World War II, an empire which is directly responsible for the deaths of millions of people in Iraq, in Rwanda, in Bosnia," or if he were to say, for example, that a person like Canadian General MacKenzie, who was hailed by the Canadian government and by Her Majesty personally, "should be tried instead, under the Nuremberg standards for crimes against humanity for abetting the genocide going on in Bosnia," that would be different. If Parizeau were to denounce the International Monetary Fund (IMF) system of usury, or to denounce the United Nations one-world government scheme, that would certainly show the necessary courage, but more importantly, it would give the people of Quebec an international high moral ground on which to build a new nation, and would provide leadership to the other countries of the world that are on the verge of taking these moral steps. Only something of that nature could be called "a good reason" to form a new country, a better country.

But even then, Parizeau first has to offer all Canadians, to join him in the effort to create the Republic of Canada, as

the late Daniel Johnson did in his 1968 draft constitution. Then, and only after all the avenues have been tried and failed, would it be proper to create the Republic of Quebec, which, by the way, would have to have its own national bank—a policy that Parizeau has opposed. Any attempt to "separate" from Canada without these kinds of prerequisites, and without giving the newly formed Quebec republic a sense of "national mission" toward a higher moral purpose, will undoubtedly fail. You may get a "Yes" vote on a piece of paper, but you will also get chaos. But that's the unfortunate path Parizeau has taken.

How can one claim to want sovereignty on one hand, and on the other, say that one is eager to join the North American Free Trade Agreement (NAFTA), the General Agreement on Tariffs and Trade (GATT), and the United Nations? How can a nation be sovereign and not control its currency? Parizeau stated repeatedly that Quebec would keep the Canadian dollar, and therefore, as he said in Washington, "our policy toward the IMF will stay the same." Parizeau's "plan" is not a progressive move, it's a negative one, because it's done in the furtherance of destruction of institutions of the nation-state, for the benefit of entities which are subservient to the IMF.

The man is a phony

In April 1993, I confronted him with the fact that his party's idea to enshrine in Quebec's founding documents the creation of an Environmental Tribunal, was the same policy as Prince Philip's. Parizeau replied, "I have a great deal of consideration for Prince Philip," but he said that he didn't know that Prince Philip supported the idea—I'm sorry, Mr. Parizeau, but you cannot be George Washington and at the same time praise George III.

To show just how subservient he is toward the Club of the Isles and its institutions, Parizeau, in his first trip to the United States as premier of Quebec, went to New York on Dec. 12, 1994 to address a financial luncheon sponsored by the New York Council on Foreign Relations. He told investors not to worry, just to sit back and relax. He was responding to a report by Salomon Brothers issued in late November, which warned that Quebec's bond rating may be downgraded if the Quebec government doesn't decrease its deficit. He said, "Our parliament will be the first among the provinces to pass the enabling legislation putting into effect those parts of the NAFTA agreement dealing with provincial jurisdiction. . . . We will also hold a vote favoring the latest GATT agreement."

Parizeau made good on his promise. The piece of legislation supporting GATT and NAFTA was introduced on Dec. 19, 1994 into the Quebec National Assembly, and is sure to pass, because the Parti Québécois holds the majority vote in the provincial legislature.

Parizeau does have quite good foresight (or he knows of certain plans because of the people he associates with). In

1977, while finance minister for the Parti Québécois, he made a fundraising trip to Europe, for the purpose of trying to sell Lévesque's "sovereignty-association" plan. While he was in Edinburgh, Scotland, Parizeau is reported to have said, "In 10 to 15 years, the Canadian-American customs unification will have been done and North America is bound to be economically unified."

The writing on the wall

There was another message, however, of a much more important nature, a message of subservience to Her Majesty even more direct than what Parizeau has said so far. The same day that Parizeau was bowing down to a few Wall Street financial parasites, the Quebec pro-separation establishment newspapers *Le Journal de Montréal* and *Le Journal de Québec*, both owned by an acquaintance of Parizeau, started what became a week-long slander campaign against American

Canada's queen can veto Quebec independence

Jacques Parizeau and his Parti Québécois on Dec. 6, 1994 officially introduced a draft bill into the Quebec provincial legislature (the National Assembly) on the status of Quebec. Its first statement reads: "Quebec is a sovereign country." Under title 16, it reads, "This Act comes into force one year after its approval by referendum, unless the National Assembly fixes an earlier date."

Parizeau has said the draft bill will be discussed in public hearings that would start in February 1995. The Parti Québécois has mailed a copy of the draft to every household in Quebec. In order to be ratified, the bill must then receive a majority of votes in a referendum, which is most likely to be held in June of this year. "This will be a remarkably interesting period in our history," Parizeau told a news conference. "I think that year, 1995, will never be forgotten."

According to the draft, the referendum question will be, "Are you in favor of the act passed by the National Assembly declaring the sovereignty of Quebec? Yes or No." Public opinion in Quebec is split about 50-50. If the people of Quebec vote "Yes" to the referendum, the bill still has to be approved and signed by Her Majesty's representative, Lieutenant Governor of Quebec Rt. Hon. Martial Asselin, before it becomes law. So, if by this method, Quebec becomes independent, it would directly be because the queen has approved of it.

physical economist Lyndon LaRouche, which all the Canadian establishment press then parodied. The timing could not have been better for Parizeau's purpose—to show his allegiance to the Club of the Isles.

The underlying reasons for this media assault on LaRouche, however, was not only that *EIR* had in the past exposed what a British tool the Parti Québécois is, or that *EIR* had exposed the editor-in-chief of *Le Journal de Québec*, Serge Cote, for performing black masses in the basement of his house, but, more importantly, for *EIR* exposing the fact that the Club of the Isles' British monarchy is committing genocide in several parts of the world, through what was formerly known as the World Wildlife Fund (WWF, now the World Wide Fund for Nature), and the fact that *EIR* has proven that the British monarchy has killed several U.S. Presidents, and is now trying to get President Clinton. LaRouche's support among prominent Canadian politicians, typified by the eight parliamentarians who signed a call for his exoneration, is a big reason to go after LaRouche, as the slanderers themselves noted several times.

There was, however, an interesting slant, compared to all previous slanders that have appeared in the Canadian press. It was the first time that LaRouche's physical-economy principles were openly attacked as such, by any establishment press in North America.

But when one looks at Parizeau's message to the Council on Foreign Relations gathering, the picture of the "who, what, when, where, why" becomes clearer. Parizeau reiterated his opposition to infrastructure development, such as Hydro-Quebec's Great Whale project. "Somebody had to say it. . . . It's the end of a myth. We don't need Great Whale," he said.

The 3,000-megawatt Great Whale project was going to be followed by the NBR Complexe and the GRAND Canal—the latter being an integral part of the North American Water and Power Alliance (Nawapa) to bring water from James Bay to the Great Lakes and then to the U.S. Midwest, a policy Lyndon LaRouche is known to have been advocating for years. There were dozens of articles in the press, focusing on the support LaRouche's ideas on physical economy have among elected officials. One article was titled, "L'Economie Physique: Un Mysterieux Concept" ("Physical Economy: a Mysterious Concept").

As Parizeau was leaving the Council on Foreign Relations luncheon, a Canadian reporter asked him about the American attitude toward Quebec independence. He replied: "Here is a case where neither Canadians nor Quebecois would feel that American involvement would be welcome."

Notes

1. In the context of the recent slanders in the Canadian press, journalists have asked HEC economic professors in Montreal about "physical economy." The professors said that they had never heard of it. "In any case, it is certainly not part of the official school of thought," said Sylvie Brisson, a spokesman for HEC.

EIR's Windsor report shakes up Pakistan

by Saqlain Imam

For the first time, the British-Pakistani elite in Pakistan has been forced onto the defensive, with the serialization of *EIR's Special Report*, "The Coming Fall of the House of Windsor" (*EIR*, Oct. 28, 1994), in the Islamabad-based weekly *Pulse*, beginning on Dec. 29.

Coincidentally, the Islamabad weekly had published a report in its Dec. 23 issue on the murder of Mohammad Salahuddin, the editor of the Karachi-based Urdu weekly *Takbeor*, linking it with the arrival in Pakistan of Prince Philip, consort of the reigning queen of the United Kingdom, and Prince Agha Karim Khan, imam of the Ismaili sect, and with the installation of an Ismaili as deputy chief executive of the Northern Area Council by the Benazir Bhutto government, at the expense of her former ally, Tehrik-e-Jafaria Pakistan (TJP), a Shia majority group in the Northern Area. The TJP had emerged as the largest single political group, as it secured 8 seats in the recently concluded election, out of a total of 24. It wanted to get the office of the deputy chief executive, the only position of power left for elected people. But Bhutto's Pakistan People's Party (PPP) managed, through wheeling and dealing, to install the Ismaili-sponsored Pir Karam Shah as the deputy chief executive instead.

Power politics

Prince Philip was the guest of Syed Babar Ali (his father and grandfather minted money by serving the British soldiers during their stay in India before Independence). The prince awarded a shield to Shoaib Sultan, a retired civil servant and ex-general manager of the Agha Khan Rural Support Program (a non-governmental organization in the Northern Area) for his services to "protect nature and the environment."

The Northern Area Council (NAC) is a newly created body of elected representatives in the strategically important Northern Area of Pakistan, consisting of Gilgit, Hunza, Deer, and Sikardu. The political games being played there were preceded by the arrival of Prince Philip and Prince Karim Agha Khan, and the murder of Salahuddin.

According to the report published in *Pulse*, the two princes ensured, through Benazir Bhutto, that no one from the TJP should be allowed to become deputy chief executive of the Northern Area Council. According to PPP sources, Benazir Bhutto had told the TJP, her erstwhile ally, that she could give anything to the TJP, but not the office of deputy chief

executive. Interestingly, all non-TJP members of the NAC, including those from the camp of parliamentary Opposition Leader Nawaz Sharif, formed an alliance and blocked the TJP candidate's election. Mohammad Salahuddin had published an article three years ago on how the creation of an Ismaili state in the Northern Area was in order to fulfill the interests of the CIA and the British intelligence agencies in the regional power game. He was a great critic of the foreign games and interference in Pakistan.

Right after the election of the deputy chief executive of the NAC and the murder of Salahuddin, Maulana Abdul Sattar Edhi, a renowned social worker alleged to be a British/Mossad agent, suddenly left Pakistan for England, from where he issued a statement which virtually bailed out the foundering government of Benazir Bhutto. Ever since, the Bhutto government has been making a political comeback, despite the fact that it has become very unpopular following the step-wise increase in the prices of utilities such as electricity, gas, and oil, on the instructions of the International Monetary Fund and the World Bank.

The Islamabad-based weekly's report had connected the murder of Salahuddin with the arrival of the two princes in Pakistan and the flight of Maulana Edhi to England, establishing that all of this was engineered to promote the vital interests in the region of the British foreign intelligence agency MI-6. Upon the publication of this report, the British High Commission in Islamabad threatened the editor of *Pulse*, Shireen Mazari, with serious consequences. She decided to give a tough fight to the British diplomats.

Meanwhile, the editor received a copy of *EIR's Special Report* on the House of Windsor and the World Wide Fund for Nature (WWF), which challenged the unassailable position held by the elite environmentalists in Pakistan. The publication of the report has changed the tone of the discussions among political circles, and a change is expected not only in the government, but also in political trends in the country in the foreseeable future.

Bhutto and the British

Apparently, Benazir Bhutto has been bailed out, but her policies will still cause instability, as she is bent upon refusing to share political power with the urban-based Mohajir Quami Movement, known as an ethnic organization, but which in fact is a political expression of the urban-based lower and middle classes that have been denied their due share in the political system of the country. At present, the MQM leader, Altaf Hussain, is in the "protective custody" of the British government in London, which has engineered a bailout for Benazir Bhutto. She recently admitted that the price hike in utilities is due to IMF-World Bank policies. She has now started talks with MQM local leaders. Meanwhile, Opposition Leader Nawaz Sharif has unofficially called off, after an unannounced visit to London, his campaign to topple Bhutto's government.

LaRouche economics, exoneration call brought to Malaysia and Philippines

EIR's Richard Freeman and Gail Billington of the Schiller Institute traveled to Kuala Lumpur in Malaysia, and Manila in the Philippines, for two weeks in mid-December to present LaRouche's ninth economic forecast on the impending global financial blowout and his solution centered around Eurasian development programs, as well as the campaign for the full exoneration of LaRouche and several associates, including Michael Billington, Gail Billington's husband. The three themes were elaborated at a series of symposia organized by friends of the Schiller Institute and *EIR* at the University of Malaya in Kuala Lumpur, and at the University of the Philippines, the Asian Institute of Management, and De la Salle University in Manila.

Starting in Kuala Lumpur, Freeman and Billington attended a two-day conference titled "Rethinking Human Rights," sponsored by the Just World Trust of Penang, Malaysia. The conference was keynoted by Prime Minister Mahathir Mohamad and addressed by Deputy Prime Minister Anwar Ibrahim, both of whom used the event to challenge western assumptions, especially as reflected in the activities of governments and human rights advocacy groups such as Amnesty International and Asia Watch. Prime Minister Mahathir offered a review of the evolution of the West's concept and practice regarding human rights in the post-World War II era, sharply criticizing the cynical abuse of the term in enforcing western geopolitical assumptions in the areas of economic policy and political institutions.

The Malaysian prime minister was particularly harsh on the rhetorical abuse of "human rights" in the era of the Bush-Thatcher "new world order" after the collapse of the Soviet Union. He pointed to the Iraq war and the genocide in Bosnia-Herzegovina as sufficient evidence of the West's commitment to subject (see *Documentation*).

Bosnia was a major sub-theme of the conference, which included a scheduled address by Bosnian Prime Minister Haris Siladjic that was canceled due to an emergency meeting of the Conference on Security and Cooperation in Europe (CSCE). Nevertheless, conference organizers determined not to entertain any specific motions or initiatives regarding current human rights violations, such as Bosnia, lifting the sanctions on Iraq, or LaRouche's exoneration. The purpose of the conference, they insisted, was philosophical, to define

a new concept of human rights. Several speakers also attempted to take human rights out of a purely secular context, and approach it from the standpoint of religious teachings—in this instance, Islam. The conference participants numbered 350 people from 60 countries.

Following this conference, Billington was invited to address a forum organized at the University of Malaya on the subject of the LaRouche cases, attended by professors and students. The effect was to shatter a rather monochrome view of the United States, prompting a lively discussion, which ended with invitations for a return visit to examine in greater detail LaRouche's decades-long policy fight for global infrastructural development. Several private meetings also took place with some of the Malaysian parliamentarians who had signed the public call for LaRouche's exoneration.

In Manila, Freeman and Billington addressed three symposia outlining in detail LaRouche's ninth economic forecast, the global and China Silk Road development programs, and the exoneration campaign. Some 130-150 people attended these events, which took place at the largest university, the University of the Philippines; the premier graduate school in business management in the Philippines, the Asian Institute of Management (AIM); and the Catholic De la Salle University. Each event was scheduled for two hours with an hour for questions and discussion; but in all three cases, the event went well over the three-hour limit. Armed with graphs, charts, maps, and slides, Freeman gave comprehensive classes on why, from the standpoint of LaRouche's physical-economic method, the derivative-driven speculative bubble must burst, and on the necessity for replacing the bankrupt system with a global infrastructure program and national (as opposed to central) banking systems.

Freeman emphasized the epistemological basis for this physical economic approach in the concept of man as *imago viva Dei*, in living image of God. Each symposium became a class. The power of these ideas was driven home by Billington's briefing on the history of the association's fight for these ideas, the legal assault to silence the movement, and the successful mobilization of an international outcry demanding exoneration.

A symposium at the Asian Institute of Management brought together a wide spectrum of institutional layers in the

Philippines, including representatives of the RAM military group, a representative of the Armed Forces of the Philippines, the political party of President Fidel Ramos, three congressional aides, one congressman, several businessmen and industrialists, and a half-dozen or more leading business columnists and journalists.

The event at the University of the Philippines included several representatives of the Freedom from Debt Coalition, which has played a leading role in opposing Filipino membership in the General Agreement on Tariffs and Trade (GATT), which was being debated on the floor of the Philippines Senate at that moment. At De la Salle University, an entire class had to be turned away from the symposium for lack of space; several students were overheard after the event whispering, "He just destroyed Adam Smith!"

Over the course of the week, in which the symposia took place, on Dec. 15 the Philippines Senate finally voted 18-5 to ratify the GATT agreement. Each day Manila television news was reporting the unraveling of the Orange County, California derivatives fiasco, and the speculation-fed financial crises in municipalities across the United States. In all of these public meetings, whatever materials *EIR's* representatives had to give, were snatched up in a matter of minutes.

Documentation

Human rights: 'western hypocrisy at its worst'

The following are excerpts from the keynote speech presented by Prime Minister Dato Seri Dr. Mahathir bin Mohamad of Malaysia at the international conference on rethinking human rights, hosted by the Just World Trust (JUST) of Penang, Malaysia, on Dec. 6, 1994. The excerpts are from the printed text provided to conference participants, which was written with numbered paragraphs, as reproduced here.

The prime minister reviewed the evolution of the western conception of human rights. These excerpts pick up at paragraph 10, after he has quoted the reaffirmation of "faith in fundamental human rights" from the Preamble of the United Nations Charter following World War II.

. . . To cut a long story short, the erstwhile colonies gained independence one by one. Mostly the imperial powers gave up with little grace, frequently fighting against the granting of independence with the kind of cruelty which makes nonsense of their subscription to human rights principles.

11. But old imperialistic ways do not die. They merely

metamorphose. Almost as soon as the colonies became independent colonialism by other means was initiated.

12. Economic forces, the western media and non-governmental organizations (NGOs) carried on where the colonial governments left off. . . .

14. Much later, the Cold War ended and the Soviet Union collapsed, leaving a unipolar world. All pretense at non-interference in the affairs of independent nations was dropped. A new international order was enunciated in which the powerful countries claim a right to impose their system of government, their free market, and their concept of human rights on every country. . . .

16. Most nations agree that the democratic form of government is better than the feudal or totalitarian systems. . . .

18. Developed countries can do with weak governments or no government. But developing countries cannot function without strong authority on the part of the government. Unstable and weak governments will result in chaos, and chaos cannot contribute to the development and well-being of developing countries. Divisive politics will occupy the time and minds of everyone, as we can witness in many a developing country today.

19. The developing countries, by and large, want to practice democracy. . . . But they are continuously being harassed through economic pressures, including withdrawal of aid and loans, by carping criticisms and deliberate misinformation by the western media, and by campaigns on the part of western NGOs, who sometimes finance pressure groups within the country to obstruct the government which they label as undemocratic. Even if the government is replaced, the new government would still be harassed.

20. But that is not all. While the western liberals would badger people to opt for democracy and where they thought fit to overthrow their "undemocratic" government, they can expect no help if they get into trouble while attempting to democratize their country. Thus the Kurds of Iraq were urged to shake off the rule of Saddam Hussein and establish their own country. When, after the western countries had forced the Iraqis out of Kuwait, the Kurds rebelled, they were given no help except for gleeful reports by the western media regarding the problems posed by the Kurds against Saddam Hussein's government. . . .

21. In Yugoslavia, the different states of the federation were encouraged to democratically strive for independence. All the states had to face military opposition from the dominant Serbs. In Croatia and Bosnia-Herzegovina, the Serbs mounted a savage attack and openly declared their intention to carry out ethnic cleansing, a euphemism for genocide. . . .

26. But it is with regard to freedom from oppression and brutality that western hypocrisy is at its worst. Western governments, their media and their NGOs, are tireless in their condemnation of non-western countries for their human rights records. They threaten sanctions, withdrawal of aid, stoppage of loans, economic and trade union boycotts, and

'Incorporate values and philosophies of whole human race in definition' Dr M: Redefine human rights

By Jayakrishnan
SINGAPORE: The United Nations Human Rights Commission today called for a new global definition of human rights to incorporate the values and philosophies of the whole human race.

Dr Mahathir said the existing definition, which was formulated by Western nations after World War II, was "out of the world" and "not reflective of the values and philosophies of the whole human race".

"We are in a country where we have a mixture of cultures, races and religions. We need a definition of human rights that is not just for the West but for the whole world," he said.

Dr Mahathir said that the new definition should be based on the values and philosophies of the whole human race, and not just the West.

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WORKING TOWARDS A JUST WORLD — Dr Mahathir shaking hands with Chandra Muzaffar, human rights activist and a director of World Council for Human Liberty and Justice.

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Group awarded first airport job

By A. Rasel
SINGAPORE: The United Nations Human Rights Commission today called for a new global definition of human rights to incorporate the values and philosophies of the whole human race.

Tough-talking Serbs hold five observers as human shields

SARAJEVO — Serbs, taking advantage of the... The Serbs held five international observers as human shields...



Three more Perak soccer players arrested
By Chong Ser Son and Tengku Sarifuddin

The front page of the Malaysia's Dec. 7 New Straits Times featuring Prime Minister Mahathir bin Mohamad's strong words against the hypocritical "human rights" mafia. He is pictured seated, shaking hands with Chandra Muzaffar, director of Just World Trust.

actual military strikes against those they accuse of violating human rights. They even kidnap people in other countries in order to try them in their courts under their laws if they see fit to do so. They have no respect for independence or territorial integrity in their zeal to uphold their human rights principle.

27. After the collapse of the Soviet Union and the much-vaunted victory over Iraq, the western powers declared that the independence of nations notwithstanding, they have a right to interfere in the internal affairs of a country if there is evidence of human rights violation. This is very noble, but the method is questionable. . . . And so, among other things, people in distant lands who unknowingly breach the laws of powerful nations are tried *in absentia* and sentenced. The implication of this is frightening. When you can be tried under the laws of another country where you have no rights, you have lost your freedom and your independence. You have become colonized again.

29. And among the other things is western hypocrisy in Bosnia-Herzegovina. . . .

30. The Serbs have the weapons. The Bosnians have none. The champions of human rights believe this is an ideal situation. . . .

31. This, then, is the reality and irony of western human rights. . . .

34. No one, no country, no people, and no civilization has a right to claim that it has a monopoly of wisdom as to what constitutes human rights. . . .

35. But admittedly, Asians are not the best examples of the protagonists of human rights, either. They have been guilty in the past, and, perhaps, lately, too. But not as pictured by the western media.

36. I hope your conference will be able to examine human rights not as Asians or Europeans, but as members of the human race. It is timely, for faith in modern civilization is fast diminishing. We can put a man on the Moon. We can examine stars light-years away, we can achieve instant contact with every part of the world, we can build intelligent machines and many more wonders. But we are still quite uncivilized, for when it comes to killing each other we are worse than animals. The liberal views of the West on human rights and on other issues do not provide the answers to the woes of today's world. Everyone, including "the bunch of Asians," must be allowed to make suggestions and contribute towards devising new sets of values which may help resolve some of the problems we face today. . . .

Ireland's Sinn Fein was founded on 'American System' of economy

by Paul Gallagher

No nation which has established its existence and national sovereignty in the past six centuries, has had to overcome, with no outside aid, a more overwhelming domination and oppression than did Ireland in 1921, when it forced the end of 750 years of British rule. It should not surprise us that the man most responsible for the founding of the Irish state is rarely mentioned in popular discussion of Ireland today. This identifies him as an opponent the British oligarchy hated for his achievements against them. He is Arthur Griffith (1872-1922), the journalist, printer, and student of universal history who founded the Sinn Fein movement in 1902, which founded the Irish Free State in 1921, with Griffith as its first President until his death a few months into 1922.

Sinn Fein, though battered by 70 years of political faction in Ireland and British-instigated civil war in Ulster, remains today at the center of British anger over President Clinton's initiative to bring peace and economic development to Ireland.

Griffith understood the geopolitics of the British elite of the 19th century—the geopolitics which today, 100 years later, is repeating the policies and events which led to two world wars. He understood British Prime Minister William Pitt, who reshaped British policy from 1785 until 1805 after the American Revolution, to keep the American republican idea from succeeding in Europe or Ibero-America. Griffith forecast the cause and course of World War I in a 1911 article in the Sinn Fein newspaper, *The United Irishman*:

This is Pitt—the ABCs of Pitt's Continental policy—"No one Continental Power must be permitted to dominate the Continent. Against any Power seeking the hegemony of the Continent combinations of other Continental Powers, supported by the English fleet, must be formed." Germany in the 20th century is to England as France in the 18th and 19th, and Spain in the 16th. [Germany] stands in the same relation to English policy as did Philip of Spain, Louis XIV, and Napoleon Bonaparte. One day the ring of steel will be drawn tight, and then war will happen . . . and Germany, in its turn, like France, must face a world in arms.

It needs no gift of prophecy to foresee so much. It is plain to the student of English policy. It may be in a few years, or it may not be for 20, but the world will

assuredly rock with a war . . . a war that Pitt's policy has made inevitable.

Griffith also understood Britain's mid-19th century "Heaven-sent Foreign Minister" Palmerston, master of the zoo of "Young Europe" insurrectionary movements which hamstringed or overthrew European governments for British policy purposes. From the same series of articles in *The United Irishman* in 1911:

From the day of Canning's death until the end of his own days [40 years] Palmerston dominated English foreign policy. . . . He slaughtered brown and yellow men for the benefit of British speculators and the opium trade, but these things were by-the-way. He bullied little Kingdoms . . . and supplied munitions of war from the government ordnance factories to insurgents in countries whose rulers were too weak to make England respect international law. But such things the commonplace English Foreign Minister can always do. . . . Palmerston added nothing to English foreign policy. But he enforced it as he had learned it from Pitt. . . .

France, refusing to fall in with Cobden's idea [of free trade] was discovered to be living in an intolerable state of tyranny. . . . It asserted itself and Palmerston replied by a French Revolution. The British Embassy in Paris, with admirable skill, utilized French discontent to the end of firing Louis Philippe off the Throne [in the 1848 Revolution]. . . . Young Ireland, with its dream that this regenerate France would unsheathe its sword for Ireland, hastened to Paris. . . . M. Lamartine bowed Young Ireland out, informing it, much to its astonishment, that the French Republic was on excellent terms with England. . . .

And as to the British sponsorship of the French Revolution of 1789:

By the end of the 17th century Spain's strength was broken. The 18th century witnessed England concentrating her power to break France. . . . The revolt of the American colonies gave France and Spain the opportunity of humbling England forever. . . . The En-



Sinn Fein leader Arthur Griffith.

English fleet was defeated, but owing to the gross mismanagement of the war by the Allies it was not conquered. England escaped destruction as a great naval power in 1778-82 by the blunders of her foemen.

Since the two steps necessary to Pitt in the policy were the overthrow of France and the subjection of Ireland . . . his support of the French Revolution for four years is explicable. The French Monarchy was the ancient enemy of England. Pitt made the Revolution in order to overthrow the Monarchy.

As to the two nations whose collaboration the British were determined to prevent, and are determined to prevent now: "Modern Germany and modern America—England's political rivals and commercial competitors—are the creation of [Friedrich] List and [Henry] Carey."

Sinn Fein and the American System

The Sinn Fein movement, widely described today merely as "the political arm of the Irish Republican Army (IRA)," built all the institutions of the sovereign and constitutional Irish state in the period 1904-21, finally forcing the British Crown to remove its armed forces and to recognize the Irish Free State. Sinn Fein was guided by Arthur Griffith's understanding of the "American System" of political-economy, or "physical economy." Beginning with Gottfried Leibniz's founding of the science of economy as a science of technological progress in the 17th century, the "American System" became known worldwide through the accomplishments of

Alexander Hamilton as treasury secretary of the young United States of America—defining its responsibility and means of government to build manufacturing and agricultural sufficiency and progress of a nation. Its leading combatants in the 19th century were Friedrich List and Henry Carey; the former, creator of German national economic strength, the latter Abraham Lincoln's economist.

From an article by Arthur Griffith in a 1911 number of *The United Irishman*:

[Pitt's] end was the commercial conquest of the world. In the early 18th century this aim had been freely avowed. But the subsequent misfortunes of England compelled her to wear a mask.

Adam Smith, Mr. Pitt's mentor, supplied the mask. His *Wealth of Nations* was, is, and will remain the best example of a subtle scheme for English world-conquest put forward under the guise of an essay on political economy, flavored with that love of man which hooks in the sentimentalists of all countries. . . .

The doctrines of Adam Smith were sedulously promoted on the Continent by England, while she kept her own ports closed to imports. The Secret Service money of England was lavished on Continental journalists and Continental theorists to influence them to advocate Free Trade and opening the Continental ports to English produces. . . . It was at this time a man appeared in Germany whose keen mind, intense patriotism and fearless character laid the foundation for the German power of today.

The man was Friedrich List. . . . Fearing his propaganda would displease England, his native Wurtemberg expelled him. Seeking refuge in other States of Germany, he was in turn by the same influence expelled from them. . . . He was cast into prison. On his release he retired to America. Here he fell under the influence of the two Irishmen Carey, whose ideas, incorporating with his own, formed the foundation of his doctrine of National Economy, on which modern Germany is built.

. . . Henry Carey is the author of the United States as England's commercial rival. List, his colleague, is the author of Germany as England's competition in sea power.

From Arthur Griffith's speech to the 1905 Sinn Fein national convention:

We in Ireland have been taught by our English Lords Lieutenant, our British Education Boards, and our Barrington Lecturers, that our destiny is to be the fruitful mother of flocks and herds—that it is not necessary for us to pay attention to our manufacturing arm. . . . The fallacy dissolves before reflection—but it is a fantasy which has passed for truth in Ireland. With List I reply:

A nation cannot further and promote its civilization, its prosperity and its social progress as well by exchanging agricultural products for manufactured goods as by establishing a manufacturing power of its own. A merely agricultural nation can never develop to any extent a home or a foreign commerce, with inland means of transport and foreign navigation, increase its population in due proportion to its well-being, or make notable progress in its moral, intellectual, social and political development: It will never acquire important political power, or be placed in a position to influence the cultivation and progress of less advanced nations. . . .

"My object," said List, "is at all costs to save Germany from the destruction which the commercial policy of England designs for her." Our object is, at all costs, to save Ireland. . . .

It is part of the Policy of the National Council [of Sinn Fein] to bring about that Unity of Material Interests which produces national strength.

I here again quote List against the charlatans who profess to see in a nation's language and traditions of culture, things of no economic value—"in every nation will the authority of a national language and national literature, the arts and the perfection of municipal institutions keep pace with the development of the manufacturing arm."

List was bitterly opposed in his own country, where Dr. Bowrins, paid by the British government, lectured to discredit him. . . .

Sinn Fein, from 1904 to 1921, used the colonial port and Harbor Boards and canal authorities of Ireland, the local colonial governments and cultural institutions *exactly as Franklin and Washington had used them in America*, to build up the institutions of national economy. Eventually, Sinn Fein built a nation, under the dumbfounded eyes of British prime ministers, of Winston Churchill and Austin Chamberlain, and of their more than 100,000 British-armed soldiers and military police in Ireland, whom they eventually had to withdraw. The first Irish (Cosgrove) government after Griffith's death, ended the civil war, quickly and successfully raised national loans, passed through a fundamental land reform establishing farmer ownership and prosperity, and carried out electrification centered on a new hydroelectric plant on the River Shannon.

Universal history and Sinn Fein

Arthur Griffith's excellent pamphlet, *The Resurrection of Hungary: An Example for Ireland*, was continuously and widely circulated throughout the years 1904-20 by the Sinn Fein movement. By it, Griffith lifted Irish nationalist leadership *above* the dead-end Irish-centrism of protest/insurrection, to its place in the history of nation-states. He showed that Hungary achieved independence from the Austrian Hapsburg Empire in 1867, and subsequent national prosperi-

ty, by a constitutional, nation-building resistance which Ireland could also build. He showed that the British feared this by the example of British diplomat Charles Boner:

Boner was not a fool. He was a shrewd Englishman, employed in the British Diplomatic Service. He wished for the defeat of the Hungarians, because he apprehended that if they succeeded in beating down Austria, Ireland would imitate the Hungarian tactics and paralyze England. "What I saw and heard," he wrote, "continually reminded me of Ireland. . . . Pitt saw that if matters were to mend, others besides Irishmen must legislate for Ireland."

And by the example of the *London Times* in August 1861:

"The Hungarian Diet has been invited to do at this time," wrote the *London Times*, "precisely what the Irish Parliament did at the end of the last century. . . . The Irish Parliament assented, after some vehement debating, to the Union" with Britain. . . .

But Hungary resisted. The *Times* of 1861 was very sad. It hoped Austria would have been freed to fight Prussia, for England's benefit, and the Hungarians spoiled the game of the English diplomats.

Further reading

For background on the historical topics addressed in this article, two earlier issues of *Executive Intelligence Review* are especially recommended:

Vol. 19, No. 1, Jan. 3, 1992: "200 Years Since Hamilton's 'Report on Manufactures.'" This thematic commemorative issue includes writings by Alexander Hamilton, Friedrich List, and Henry Carey as well as their opponents, Adam Smith and Thomas Malthus, and admirers of the American System of political-economy from Russia to Argentina to Japan.

Vol. 21, No. 16, April 15, 1994: "Lord Palmerston's Multicultural Zoo." Includes a 36-page package presenting research developed under the direction of Lyndon H. LaRouche, Jr., including articles on "Palmerston's London during the 1850s: a Tour of the Human, Multicultural Zoo"; "How the Venetian Virus Infected and Took Over England"; "The Bestial British Intelligence of Shelburne and Bentham"; and "Palmerston Launched Young Turks to Permanently Control Middle East," among others.

Griffith showed that the Hungarian national leadership of Ferencz Déak and Lajos Kossuth had also been guided by Friedrich List in economics. But Griffith referred the Irish national leadership to the example of Leibniz's great Irish collaborator, Jonathan Swift of the famous *Gulliver's Travels*:

Then came Swift. . . . By his giant genius he invited all Ireland, peer and peasant, Catholic, Protestant, and Dissenter, Normal, Cromwellian, and Gael in opposition to England, and when he had it united launched his thunderbolt in the famous "Fourth Letter" . . . that by the law of God, of nature, and of nations, the Irish people were as free as people as the people of England. . . . Swift died without seeing the independence of his country achieved, but his spirit lived.

[In the 1780s] The Irish Volunteers observed this [British free trade crushing Irish manufactures], came to understand that it was not France who was the enemy, and accordingly, drafted and adopted the famous "Non-Importation and Non-Consumption Agreement." . . . The whole nation had been drawn together by the "Non-Importation Agreement," and now demand its freedom. . . .

England renounced her claim to govern this country, awed by the bayonets of 200,000 Irish Volunteers, Catholic and Protestant. . . . This Renunciation Act—by it, England renounces forever all pretension to govern this country—remains inscribed on the British Statute Book. Under the Constitution [the Irish Constitution won in 1782] no power exists or has existed since the year 1783 in the British Parliament to legislate for this country.

In *The Resurrection of Hungary*, Griffith described the subsequent undermining of this Irish Constitutional movement (itself a reflection of the American Revolution) by Prime Minister Pitt's free trade pressures, backed by British introduction of more and more British troops, until Pitt bribed the Irish Parliament into the Act of Union (with Britain) in 1801. He showed that by declaring that "Union" lawless and invalid—as the Hungarian resistance had done with Austria, upholding Hungary's Constitution—and by the nation-building policies of the American System of physical economy, Ireland could gain its national sovereignty:

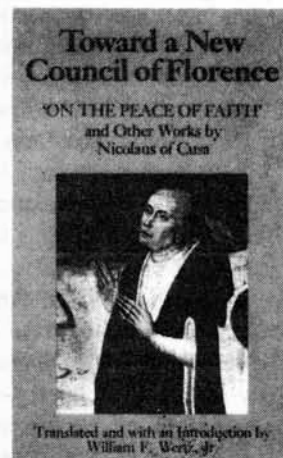
If it be necessary to suffer, the Nation will submit to suffering in order to preserve and hand down to future generations that Constitutional Liberty it has inherited from its forefathers. . . . For what might and power take away, time and favorable circumstances may restore, but the recovery of what a nation renounces of its own accord through fear of suffering, is a matter of difficulty and uncertainty.

Toward a New Council of Florence

'On the Peace of Faith' and Other Works by Nicolaus of Cusa

The Schiller Institute has just released this new book of translations of seminal writings of the 15th-century Roman Catholic Cardinal Nicolaus of Cusa, who, through his work and writings, contributed more than anyone else to the launching of the European Golden Renaissance. The title of the book, *Toward a New Council of Florence*, expresses our purpose in publishing it: to spark a new Renaissance today.

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Swedish Anti-Drug Coalition says: Stop drug legalization!

The following statement was issued by Ulf Sandmark, chairman of the Swedish Anti-Drug Coalition, in Stockholm on Jan. 1, 1995. The release of the statement coincided with the entry of Sweden and Finland as official members of the European Union on the same date. As nations whose populations and political parties strongly oppose the legalization and proliferation of illegal narcotics, they in particular are being called upon to lead other EU members in the fight against drugs.

On April 28, 1994, in the Stockholm resolution, a joint declaration of the European Cities Against Drugs (see EIR, May 13, 1994, p. 11), 21 major European cities joined forces to resist the legalization drive and the massive increase of drugs pouring into Europe.

For further information, contact the Swedish ADC at Box 177, S-162 12 Vaellingby, Sweden. Telephone (46) 8 704 26 43; Fax: (46) 8 704 26 33.

In a time when economic depression, war, and bestial culture are threatening to pull Europe back into a new Dark Age, the question of the enslavement of minds, i.e., the use of illegal drugs, will be decisive. What is at stake, is the very kernel of the Renaissance tradition: the ability of populations to create and assimilate new ideas that can make living conditions better for whole nations. The Renaissance principle is based on free minds, being able to work creatively and to concentrate long enough to conceptualize new ideas.

Today every young person in Europe is confronted with drugs, and has to make a decision whether to use them or not. Cultural pessimism, misunderstanding of the nature of creativity, hedonistic habits, or outright bestiality often induce young people to try them, thereby short-circuiting the mind into endless fantasies. Drugs establish habits for the mind to avoid hard and concentrated creative work, and to instead use them as escapes to flee into fantasy worlds. This effect of drug use continues long after drug use has ceased. In fact, proponents of drug use have described it as the main "entry point" to artificial religions, where this drug-like experience can continue without drugs.

In this way, drug use poses the most concrete choice for every young person, between real creativity or fantasies, between freedom and slavery, between republicanism or feudalism, and between civilization or barbarism. Often this decision is one which determines what direction the life of

an individual will take, and also, on the aggregate level, the direction of entire countries and entire continents.

The Scandinavian countries must follow the Gustaf Adolphus principle, of not waiting for the enemy to grow so strong that it cannot be defeated. Before the Hapsburg-led, feudal Counter-Renaissance had worked itself all the way up to Sweden, Adolphus saved the Renaissance principle by intervening into the European battle, allying with both Catholic and Protestant anti-feudal forces, thereby giving the marginal extra strength that ensured victory.

Expand the ban on consumption

In Sweden, just as in Finland and Norway, all political parties from left to right, work for the goal of totally eradicating illegal drug use. Under the pressure of lobbying and general campaigns by the Anti-Drug Coalition and other anti-drug groups, during the 1980s and 1990s, the laws against narcotics in Sweden have moved in the direction of the more strict law of Finland, where consumption of illegal drugs is directly forbidden. The direct ban on consumption, rather than the usual laws against possession of illegal drugs, has made it possible for earlier detection and registration of drug use. Drugs in the body can be detected all the time, but possession can be limited to seconds. This new, more strict law has made it possible to open new fronts against drug use, for instance, in connection with dangerous activities such as driving while under the influence, or in the workplace.

The Stockholm resolution

In the Stockholm resolution of the European Cities Against Drugs, the major cities of Sweden, Finland, and Norway joined forces with their allies in continental Europe. This must be the main vehicle for establishing a strong alliance to roll back and defeat the legalization forces. It will mobilize the cities and their capabilities for prevention campaigns and therapy.

In the European Union, the rallying point must be the new Swedish commissioner, Anita Gradin, who will be in charge of police and anti-drug policy. The drug legalizer of the Radical Party of Italy, commissioner Emma Bonino, must be isolated with new initiatives to strengthen the anti-drug policy of the EU. The Swedish and Finnish delegates must make it a priority to swing the majority in the European Parliament to a policy to eradicate drugs. The Swedish Social Democratic, Socialist, and Green parties, especially, must go into the battle to convince their continental European counterparts to stop the pro-slavery, neo-feudal legalization campaign. The Scandinavian anti-drug organizations must also contribute their efforts, and can become the swing factor that can roll back the drug legalizers in cooperation with all the European organizations of a similar outlook.

Victory against the drug legalizers is a necessary condition for saving European civilization and its contributions to the whole world!

International Intelligence

Bhutto offers powers to separatist chief

Pakistan's Prime Minister Benazir Bhutto said that her government would be willing, if necessary, to offer the post of Chief Minister of the Sind province to the Mohajir Qaumi Movement (MQM), led by Altaf Husain, who lives in voluntary exile in London. Fighting between the separatist MQM and other parties in Karachi, the Sind capital, has taken hundreds of lives in the last few months.

According to the prime minister, who was visiting Karachi, the post of Chief Minister could be offered to the Mohajirs on the condition of service to the nation and not on the basis of ethnicity. Mohajirs are Urdu-speaking Muslim migrants from India.

In making her offer, Bhutto reportedly said: "No power on the earth will be allowed to further dismember the country, and those thinking on such lines are living in a fool's paradise."

Silajdzic hits Europe's appeasement of Serbs

Bosnian Prime Minister Haris Silajdzic said on Dec. 31 that Europe had acted wrongly in appeasing what he termed "Serbian fascism based on ethnic, biological distinctions," while imposing an arms embargo on Bosnia's sovereign government.

"They committed a cosmic mistake by tying the hands of the victim and we are seeing the consequences of that now," the prime minister said, referring to the siege of Sarajevo which reached its 1,000th day on Dec. 31. "Had we been able to acquire arms, there would have been a peace a long time ago. They neither wanted to intervene nor allow us to defend ourselves. If you start from the wrong premise, the results must be wrong," he emphasized.

Silajdzic blasted the "mediators" who have been meeting with the same Serb military and political leaders who plotted the war against Bosnia-Herzegovina, in which 250,000 people are believed dead and another 2 million made homeless.

"Those who are the perpetrators, the killers, are not called to the courts of justice, but are called to the courts of negotiation in Geneva, New York, London, and Paris," Silajdzic said. Referring to Sarajevo, which hosted the winter Olympics in 1984, he continued: "This Olympic town, this civilized town, this jewel of Europe, is now in ruins just because the establishment, especially in Europe, thought they could appease the perpetrators. You cannot contain the virus of chaos."

Aide to Philip: U.N.'s Cairo conference failed

The U.N.'s International Conference on Population and Development, which met in Cairo in September 1994, backfired against its organizers and led to an "increasing rapprochement between the Vatican and the Islamic world" that will have profound consequences in the coming years, according to an adviser to Britain's Prince Philip. The promoters of the Cairo conference, including the circles around Britain's Royal Consort, had wanted the conference to adopt a policy linking economic aid to the malthusian goal of curbing population growth, especially in the so-called Third World.

The source stated: "Cairo . . . strengthened the hand of those in the Vatican and in the Muslim world who want to club together, in an increasing rapprochement. Look at the fact that the pope sent his top cardinal, [Nigeria's Francis] Arinze, to that interfaith charade, that so-called dialogue in Khartoum, Sudan, some months back. They are talking about a new world interfaith body. King Hussein of Jordan is talking about an 'Islamic Vatican' to control fundamentalism."

The source and his collaborators are countering by, among other operations, renewing efforts to build up the "religion and ecology" movement that Prince Philip began with a conference of his World Wide Fund for Nature (WWF) in Assisi, Italy in 1986. Prince Philip will host a conference on "Religion and Ecology" at Windsor Castle in May, in a valedictory act as president of WWF-International, before he steps down in June.

Armenian President bans opposition party

Armenian President Levon Ter-Petrossian announced on Dec. 28 in a television interview, that the largest opposition party, Dashnak, has been banned. He alleged that the party is involved in drug trafficking and terrorism, and is responsible for opening the drug route from Beirut to Moscow, through Armenia's capital Yerevan. Ter-Petrossian stated that his action was taken in coordination with the Russian secret services.

The offices of Dashnak were seized on Dec. 29, and 16 of its members were arrested. Members of the Union of Constitutional Rights, whose office is in the same building, were not allowed to enter the premises. In the view of UCR members, the truth is that Ter-Petrossian and the Russian secret services are involved in a nasty operation. The President used the holiday period and the media concentration on the war in Chechnya, to smash the strongest opposition party, shortly before scheduled elections in May.

British Labour Party would trim monarchy

Trimming the British monarchy is one of the chief commitments of the British Labour Party, party leader Tony Blair told British media in a year-end interview. But many leading British establishment figures regard a Labour regime as a necessary "damage control" measure, to slow down the process of institutional disintegration around the monarchy and other institutions as support for the current Conservative Party government plummets.

The Italian press reported on Dec. 31 that media magnate Rupert Murdoch has editorially thrown his backing behind Blair for next British prime minister. And the Dec. 30 *Daily Mail* likened the rise of Blair to that of Labourite Harold Wilson, who replaced the scandal-ridden Conservative Harold Macmillan as British prime minister in 1964.

Blair's other planks include "devolu-

tion" (i.e., granting the Scots their own parliament and the Welsh their own assembly) and reforming the House of Lords. Prime Minister John Major labelled Blair's program "one of the most dangerous propositions ever put before the British nation," and charged Blair with giving "no thought whatsoever to the future unity of the United Kingdom." Labour foreign affairs spokesman George Foulkes retorted that Major has "gone completely off his rocker."

Khmer Rouge on rampage in Cambodian province

According to wire stories, between Dec. 6 and 16, Khmer Rouge guerrillas torched 100 homes in Ek Phnom district, 10 miles from the capital of the western province of Battambang, forcing more than 200 families in four villages to flee. They also barred 200 boats from returning to the area and from fishing in Tonle Sap lake.

A provincial official reported that since Dec. 27, the Khmer Rouge guerrillas have also torched 4,500 acres of rice fields. So far, provincial troops have failed to stop the destruction.

Floods and drought also have damaged 100,000 acres in the province. A Battambang official said, "We expect 50% of the 100,000 family provincial population will be facing rice shortages in 1995." Natural disasters are expected to result in a 300,000-ton shortfall in rice.

A U.N. official said on Dec. 31, "There's a lot of fear and psychological warfare. It's very clear that it's a destabilization strategy. I think we're looking at 1973 tactics all over again."

Aristide supporters want President-for-life

Some 3,000 supporters of Haitian President Jean-Bertrand Aristide who are members of the jacobin Lavalas movement, marched through the streets of Port-au-Prince, the capital, on Dec. 28, demanding that Aristide abolish the Army and remain in power for life, Reuters reported on Dec. 28. Marchers

shouted, "Aristide for life! No elections!" and "Smash the Army."

The Haitian Constitution prohibits an incumbent President from being reelected after serving a five-year term, but Lavalas member Gary Bastien said, "We the people are the constitution. If we want something, it should be done." Upon his reinstatement as President last October, Aristide vowed that he would finish out his current term, and not seek reelection.

On Dec. 29, leaders of two-dozen "grassroots" organizations also demanded that the government abolish the Army, saying that Aristide's plan to reduce that institution to 1,500 members doesn't go far enough.

Tensions inside Haiti are growing. On Dec. 27, a group of 50 dissident soldiers stormed Army headquarters and opened fire to protest reports that the government would withhold December pay from some soldiers. Three of the dissident soldiers died and six others were wounded when Haitian and U.S. troops returned fire. There was also one reported confrontation last week between Haitian and U.S. soldiers, in which the latter confiscated 500 weapons, including grenade launchers and M-16 rifles.

Vatican offers regrets to Sri Lankan buddhists

On Dec. 22, the Catholic Church expressed regret that Sri Lanka's Buddhists were hurt by comments on their religion by Pope John Paul II and said the pontiff will make a gesture of reconciliation when he visits the island in January.

"We accept that Buddhist prelates and the public have been hurt" by the pope's comments, said Bishop Malcolm Ranjith, chairman of the committee organizing the pope's visit to Sri Lanka. "The church is very sorry and we express our regrets to the [prelates] and the public."

Ranjith said Nicholas Marcus Fernando, the Archbishop of Colombo, had written to Buddhist prelates to clarify the pope's remarks and that the church hopes to meet leading Buddhist priests to persuade them not to boycott the pope's visit.

Briefly

● **BRAZILIAN** President Fernando Henrique Cardoso was scheduled to hold a private meeting with Paraguayan President Juan Carlos Wasmosy, to get a briefing on coup threats in Paraguay, according to the Jan. 2 issue of *Jornal do Brasil*. Wasmosy reportedly requested the meeting while attending Cardoso's Jan. 1 inauguration.

● **PAKISTAN** has launched a new diplomatic initiative to bring the warring Afghan groups together in a bid to restore peace. Pakistani Foreign Minister Assef Ali held talks with a key Afghan leader, Gen. Abdul Rashid Rashi Dostum, at the end of December. There are rumors that another Afghan leader, Gulbuddin Hekmatyar, was in Pakistan at the same time.

● **ISRAELI PREMIER** Yitzhak Rabin halted the expansion of a West Bank settlement that had been the object of protests by both Palestinians and Israelis in the Peace Now movement. However, he said, an alternative building nearer the settlement would be permitted. The Palestine Liberation Organization had called the expansion of the settlement a "threat to peace" and a violation of the Israeli-PLO peace agreement.

● **EIGHT EGYPTIAN** policemen and three civilians were shot and killed in four separate incidents on Jan. 2 by terrorists disguised as policemen. The attacks took place within one hour of each other near the Nile Valley town of Mallawi, 160 miles south of Cairo. The gunmen are suspected to be members of Egypt's largest militant organization, the Gama'a al-Islamiya (Islamic Group).

● **MONIKA GRIEFAHN**, the former head of Germany's Greenpeace organization and currently environment minister for the state of Lower Saxony, said she would rather be a whale than a politician, in an interview with *Berliner Morgenpost*. If she cannot be a whale, she continued, she would like to be like aging rock star Tina Turner.

Conservative Revolution takes aim at Clinton

by William Jones

As a deeply divided Republican Party assumes a majority on Capitol Hill for the first time since the Eisenhower years, with the fanfare and tinsel of a gala rock concert, all on-the-record statements of leading political figures still exude cooperation and bipartisanship. But meanwhile, in the back rooms, knives are being sharpened for an all-out effort to destroy the Clinton presidency. Heartened by their mid-term victory, the hard-core ideologues of the Conservative Revolution—even though many Republicans do not share their fascist world view—now feel that they are well-poised for capturing the presidency in 1996, and seem intent on doing so by wrecking the Clinton presidency, since they have little faith that the austerity policies in their bag of tricks can be imposed on their own “merits.”

In recent weeks, the Whitewater scandal has taken a back-seat to the month-long hype around the Republican “Contract with America” and the triumphal march of the *Wunderkind* of the conservative movement, Newt Gingrich. But as the 104th Congress gets down to business, Whitewater again moves to the top of their agenda, promising endless months ahead of media hype, hearings, and frivolous accusations in an attempt to whittle away at the commander-in-chief’s credibility.

Whitewater déjà vu

One of the first to jump back on the Whitewater bandwagon was Wall Street’s own Sen. Alfonse D’Amato (R-N.Y.). D’Amato, whose entire career has been fraught with scandal and suspicion of corruption, is now, to the delight of his Wall Street backers, the Republican chairman of the Senate Banking Committee. On Jan. 3, one day before the opening of the new Congress, D’Amato held a press conference on

Capitol Hill, at which he accused high-ranking Clinton administration officials of “serious misconduct and malfeasance.” Among other things, D’Amato claimed that former Deputy Treasury Secretary Roger Altman had “deliberately lied” to Congress. D’Amato has urged Independent Counsel Kenneth Starr to look at alleged “contradictions” in committee testimony by White House officials for possible criminal violations, and to determine whether any “orchestration” of this testimony took place. The testimony was given last year by White House officials on Whitewater in hearings held by the Senate Banking Committee.

D’Amato is also demanding to know “what Webster Hubbell knew, and how he was involved in this information flow, either to the President or to the Justice Department.” Hubbell, a former associate attorney general, pleaded guilty last month to mail fraud and tax evasion in a deal made with Independent Counsel Kenneth Starr.

The Democrats on the Senate Banking Committee also issued a report on Jan. 3 with their findings from those hearings. While indicating that “too many people were having too many conversations about matters that they shouldn’t have had in the first place,” the Democratic majority found that no laws or ethics standard had been violated, and they saw no evidence of improper conduct in the Park Police investigation of the suicide last year of White House Assistant Vincent Foster. Both of these issues have been the brunt of Republican attacks on the Clinton White House for months on end.

Although D’Amato now accepts the conclusion of the majority report that Foster’s death was indeed a suicide, he now is demanding to know more about why Foster took his life. “There are unanswered questions as to why he took his

own life and what happened to the documents in his office after his death," D'Amato claims. D'Amato is also investigating any communications between President Clinton and Arkansas Gov. Jim Guy Tucker regarding Madison Guaranty, the savings and loan institution which is at the center of the overblown Whitewater affair.

The fact that "Big Al" was flanked at the press conference by such Republican heavies as Senate Judiciary Committee Chairman Orin Hatch (R-Utah) and Senate Budget Committee Chairman Pete Domenici (R-N.M.) is yet another indication that the Whitewater obsession is not simply the individual ravings of the highly erratic New York senator, but that many Republicans truly want to follow the orders issued by British intelligence, and beat this dead horse all the way to the next presidential election in November 1996.

At the same time, the media hype around Whitewater is providing a backdrop to the dire threat to the President's physical safety. The high density of security-related incidents in and around the White House, including the spraying of the White House with an automatic weapon by Francisco Duran, gives an indication of far more deadly operations already in the works.

Government by subpoena?

Republican legislators are also being seconded by Independent Counsel Starr, who is in fact a very partisan and hard-nosed Republican operative, and who was a key player in the Bush administration. At the urging of the Senate Banking Committee, Starr has renewed an investigation into the White House-Treasury contacts, including a review of the hearing testimony.

Although new hearings will be postponed so as not to interfere with the investigations of the independent counsel, D'Amato is intent on continuing his investigation, and has declared that he will "only go forward when we feel that we will not jeopardize his [Starr's] investigation—hopefully sooner rather than later." As investigations wind up again, the country may again be treated to "government by subpoena," as the Executive Branch gets locked up in endless hearings over frivolous accusations. At the same time, the Republican-dominated Congress hopes to ram through its package of budget cuts, driving the country deeper into destitution.

In his press conference on Jan. 3, Sen. Chris Dodd (D-Conn.) warned that the Whitewater affair is in danger of turning into a "political circus." "If this Congress turns into a squabble over politics, and people trying to gain the high ground politically, and to damage the President because it's a presidential election, then I think the people who engineer that kind of activity are going to pay the price," Dodd warned.

GOPers on a British leash

Pursuing Whitewater may very well backfire on the Republicans who are pushing it, in more ways than one. Most of the Whitewater dog-and-pony show is being orchestrated

by others, who play a much more low-key role than the outspoken senator from New York. Almost every bit of the Whitewater "sludge" was dredged up and kept alive by British intelligence operative Ambrose Evans-Pritchard in his scribblings in the London *Sunday Telegraph* and elsewhere. Every step along the way—Madison Guaranty, Troopergate, allegations that Vincent Foster was murdered—have all been stoked by Evans-Pritchard's rantings. The initial articles on Whitewater, printed in the Anglophile journal *American Spectator*, the paper which claimed to have "broken" the story, relied heavily on Evans-Pritchard.

At this point, it is only willful blindness which is preventing the puppets in this staged affair from seeing who is pulling their strings. Washington, D.C. and other major U.S. metropolitan centers have been inundated with hundreds of thousands of copies of a *New Federalist* pamphlet entitled "Why the British Kill American Presidents," which documents how Evans-Pritchard's controllers have never forgiven Clinton for severing the umbilical cord of the Anglo-American "special relationship" and instead establishing a strong working relationship with a reunited Germany as the main European interlocutor for the United States. As the pamphlet documents, the British oligarchy eliminated Presidents Lincoln, Garfield, McKinley, and Kennedy for identical reasons.

In his most recent scribblings, Evans-Pritchard has predicted a revival of the notorious story involving the running of drugs through a CIA operation based in Mena, Arkansas. In his Jan. 1 *Sunday Telegraph* column, he warned, "There are strong grounds for suspecting that the CIA used the corrupt rural state as a base for a covert supply operation, manufacturing untraceable weapons parts for shipment south to the Nicaraguan Contras, and possibly to the Guatemalan and Peruvian governments." Bill Clinton, as governor of Arkansas, Evans-Pritchard claims, had a "cozy" relationship with Ronald Reagan's CIA, and therefore is also implicated.

The operation described by Evans-Pritchard did in fact happen. But whatever connection Clinton may have had to it, one thing is sure: Republican Vice-President George Bush's relationship to it was infinitely closer. So, if the "big stick" of Mena, Arkansas is raised against the President, it could very well strike the very people who are attempting to eliminate him. Concerned about this possibility, the Jan. 3 *Washington Times* ran a one-page special report on Mena, attempting to give the story an anti-Clinton "spin." But even the *Washington Times* had to admit that one "thread" of the Mena story runs right back to former White House aide Oliver North, who is accused of having used Mena as a base for sending arms to the Contras. And connected to all of this, are such people as George Bush, his national security adviser and henchman Donald Gregg, and other characters of Iran-Contra infamy. Suddenly, out of the Mena, Arkansas story pops—the Conservative Revolution!

As the lid comes off this story, the stench is sure to sully the rosewater of the Gingrich revolution.

LaRouche must be exonerated, says former Congressman Mann

The following speech by former Rep. James Mann (D-S.C.) was presented to a conference sponsored by the International Caucus of Labor Committees and the Schiller Institute in Eltville, Germany on Dec. 10, 1994.

Mann served on the House Judiciary Committee from 1969 to 1979. In May 1989, when the main appeal brief on behalf of American statesman Lyndon LaRouche was filed with the U.S. Court of Appeals for the Fourth Circuit, Mann signed an amicus curiae (friend of the court) brief decrying the violation of fundamental standards of due process and fair trial in the LaRouche case. By the time oral arguments occurred in October 1989, close to 1,000 of America's most prominent attorneys joined as signers of that brief. Since then, Mann has actively lobbied his former colleagues in Congress to demand that they exercise their oversight powers to review the gross misuse of prosecutorial and investigative powers by agents and officials of the U.S. government that occurred in this case.

I see by the program that my topic is "Why LaRouche Must Be Exonerated."

Injustice in any form will not be tolerated. And knowing Mr. LaRouche, you know very well that injustice in any form, whether it involves him, society, or the least of us, will not be tolerated by him. You know he has a mission; that, I know, we all appreciate. I particularly appreciated what he had to say in a document issued in July concerning his mission. He doesn't state it that way; I do. He discusses his record of achievement, which we know is substantial, and then he says: Given that record, if I were not running for President, the proper question of any informed journalist ought to be: "Why are you running away from your moral responsibility?"

Imprisoned for political beliefs

How could this man be sent to prison in America? How could it be that this man was sent to prison, basically, for his political beliefs?

As an American lawyer, and as a part of that system, I assure you that I am not here to defend it. One who loves his country ought to improve it. One who loves his country does not want to cover up its faults.

I always believed that the jury system was the best system in the world, and that the Anglo world was most fortunate to

have their own peers to judge their guilt or innocence, a precious right that had its embryo among the peasants in 1100 A.D., and was etched out at the Magna Carta (when the barons got that concession out of King John), and that has remained the system since that time. The jury system, if it is to operate properly, must be uncontaminated; the jury in LaRouche's case was contaminated.

Where do I begin among the great number of sins and errors that were committed in the Judicial branch of our government in the LaRouche case?

I think first that I must—having due consideration for those of you who have no experience with American law—tell you that the judiciary system of trials, our system of justice, is independent. It is not contaminated by the legislative body, by the Senate or the House of Representatives. There may be some illegal exceptions to that, but I tell you that, as a member of the elected body of the people in Congress, I dared not interfere with any judicial proceeding. I had no input into it, it would have risked my whole career and my life to attempt to influence a judicial body.

That separation of powers is pretty well observed. The judicial body, on the other hand, is the Judiciary of the United States, who are elected by Congress for life. They don't have to cease to perform, unless they reach senility or some other handicap that causes them to be unable to perform; they are independent. The Department of Justice has its political aspects: The Attorney General is appointed by the President. The Attorney General is instrumental in the appointment of the prosecuting attorneys in each of the federal districts of the United States. They hold office at the will of the Attorney General, or the President.

Therefore, when they get a message in the Justice Department, that the emphasis needs to be on this or that, they respond. They are political to that extent. One would hope that they maintain their objectivity when it comes to such things as trials and the rules of evidence, but, unfortunately, that branch of the government is a little bit more human than the Congress or even the judges.

The Kissinger letter

So when the message goes out from the President, the Attorney General, or anyone who has any input into that system—such as, for example, this letter, addressed to the director of the FBI, dated Aug. 19, 1982: "Dear Bill, I ap-



"So why should Lyndon LaRouche be exonerated? He is handicapped by the stigma of this conviction. . . . He has something to give to the world, and this outrageous conviction prevents that from happening." LaRouche is shown here being taken to prison on Jan. 27, 1989; he was not paroled until five years later. In the background on the right is LaRouche's colleague Michael Billington, who is still in prison in Virginia serving a 77-year sentence.

preciated your letter forwarding the flyer which has been circulated by Lyndon LaRouche, Jr. Because these people have been getting increasingly obnoxious, I have taken the liberty of asking my lawyer, Bill Rogers, to get in touch with you to ask your advice, especially with respect to security. It was good to see you at the Grove, and I look forward to the chance to visit again when I am next in Washington. Signed, Warm regards, Henry A. Kissinger."

Problem with "security"! A later complaint had to do with illegal money that the LaRouche organization was allegedly receiving from foreign governments, or some such wild suggestion.

In any event, given the climate of the Reagan-Bush years, and given the fact that this "obnoxious" person was coming up with too much good stuff, the word seemed to have gotten around, and a prosecution was commenced in Boston. They had a favorite prosecutor up there by the name of William Weld, a Republican, who undertook to prosecute LaRouche and some of his associates in Massachusetts, and after seven and a half months, he made such a botch of it, knew that he hadn't proved his case, that he contrived to cause the case to be a mistrial, meaning an abortion. Meaning, significantly, however, that it was not double jeopardy, it was not a final judgment, the case could be tried again. The judge, in granting that mistrial, recognized and stated that he had hardly ever seen more prosecutorial misconduct than he had in that case.

The Attorney General, and I give him the credit, had the case transferred to Alexandria, Virginia, near Washington, D.C. And he put it on what they call the "rocket docket," which means you get about 30 days to get ready to go to trial.

(Interestingly enough, the courts in my state of South Carolina just this year enacted a rule that nobody could be forced to trial in less than a year—of course, you can volunteer to go to trial in less than a year—in order that the appropriate discovery procedures could be conducted.)

For some of you who don't understand American courts, each of the 50 states has its own court system, its own method of selecting judges, its own method concerning judicial tenure, its own court rules. There are great variances in the states. For example, the northern states are primarily of English origin, and we have what we call the "common law." States such as Florida, Louisiana, and those which were settled largely by France and Spain, are called "civil law" states, and their procedures are different. But there is only one federal court system. And under the rocket docket rules, a judge, who in this case happened to be Judge Albert Bryan, could almost set the schedule.

Discovery yields no results

And so he ordered the case for early trial. I think the defense had somewhere around 28 days to prepare after getting notice of the trial date. The defense, of course, started making motions for discovery of material, i.e., what's the



Former congressman James Mann (D-S.C.) speaking about the violation of fundamental standards of justice in the LaRouche case, in Eltville, Germany on Dec. 10, 1994.

government got? They did the same thing in Boston; they didn't get good results in either case. The U.S. Attorney was not forthcoming, and that is a legal responsibility.

So LaRouche and his associates went to trial without the kind of information that a defendant is entitled to, i.e., just what am I being charged with, and just what evidence do you have? That's what the word "discovery" means—you tell us what you have. And most jurisdictions, particularly in the United States, now require the prosecutor to cough up and let the defendant know what he has. Not only that, but on a timely basis, so that the defense will have an opportunity to at least prepare.

The U.S. Attorney in the federal district where this case was tried, was not forthcoming. He did not furnish the evidence to the defense; the defendants had no opportunity to prepare. The case was called for trial, the jury was drawn.

Jury was not impartial

I started talking about the jury system. An impartial jury is what we imply by those words, and you arrive at that impartiality by a system that we call *voir dire*, it's French—to see you speak, to see you hear. Ordinarily, the judge asks the jurors general questions to determine whether or not they have formed or expressed any opinion in the case, and then the defense, and the state, too, the government, has the right to ask any questions that they want to, to determine whether or not a specific juror has any bias, prejudice, experience, litigation record, or anything of that sort that might help them determine whether this juror is impartial.

Judge Bryan did not permit free *voir dire*. He asked a few questions, permitted the lawyers to ask maybe one or two questions, as a result of which the foreman of jury, Buster Horton—which there was no way of determining without asking in-depth questions—turned out to be an employee of the federal government who was on a special, 100-person committee, of which Oliver North was also a member, two from each branch of the government, basically, to plan for emergency procedures for continuity of government in case of a major disaster. Horton, who ended up as foreman of the jury, was strongly governmentally oriented. The government basically could do no wrong as far as he was concerned. Or, if the jury were to come back with a not-guilty verdict, his status might be affected. So that's the type of jury that tried this case.

The bankruptcies

Now, let's flash back to how this case got that far. Many of you are familiar with the operation in Leesburg [Virginia]—the publications, the bookstore, the various things that have permitted the LaRouche organization to make itself heard throughout the world. The government decided that it needed to do something about that.

In late 1986, over 400 FBI, local sheriffs, and other people, in the middle of the night—1 or 2 o'clock in the morning—descended on Leesburg, broke down doors, conducted searches, confiscated documents, in effect, emasculated the operation of its ability to continue to function. Its ability to continue was based on publication, subscription fees, the sale of books, the sale of *EIR*, and all of those things—emasculated.

Worse, because certain confidential records were not being immediately coughed up, the federal judge held that Mr. LaRouche and his organizations, particularly three of the publications, were in contempt of court for their delay in furnishing their records. As a result, they were fined by the judge somewhere between \$2 and \$6 million—I hear both figures [court records refer to it both ways]—for contempt of court, for not jumping when the judge hollered.

What did that do? That made it impossible for the LaRouche organizations to continue to manage their debt-service. They had loans from many faithful people; many of the loans of course were, basically, political contributions, but the lenders had the right to call them if they wanted to. Many loans of that nature could no longer be serviced.

So, the LaRouche organizations could not pay their bills. What, then, did the government do? The government put the LaRouche organizations—or three of them, in any event—into bankruptcy, froze their assets, made it impossible for them to operate. And then, FBI agents spread out all over the country, saying:

"Hey, you loaned money to the LaRouche organization?" (There is sinisterness even in that question.)

"Well, yes."

“And you know that you are not going to get paid? You know, they don’t intend to pay.”

“No, I don’t know that.”

“Well, you need to know that they are bankrupt.”

After canvassing thousands of people in the United States, they scared about seven or eight or nine people into saying, “Well, maybe I guess I was defrauded.” And those were the witnesses that they used in the trial of the case. That was the evidence. They included something about not complying with IRS rules, something of that sort. That was the case. A manufactured case.

Well, the jury system didn’t work. Lyndon LaRouche and several associates were found guilty, and LaRouche was given 15 years, and his friends were given lesser sentences.

They filed an appeal with the Fourth Circuit Court of Appeals. (The United States is divided into nine circuits, and the circuit in which Virginia exists also includes South Carolina. It is the Fourth Circuit.) The Fourth Circuit has about seven or eight judges, but they sit three to a panel—three judges hear an appeal. Some of you may not be familiar with the appeals process in the United States.

An appeals court, these three judges, receive the written record from the circuit court that tried the case. They review the written record. The attorneys have the opportunity to argue before that court on the record—no new evidence, but on the record. Unless the court finds that the circuit judge erred in the inclusion or exclusion of vital evidence, unless the jury had no evidence—and that really means no evidence, we sometimes call it a scintilla or an inference—on which to base the verdict of guilt, meaning that if there is some evidence to support the verdict of the jury, and the jurors did not err substantially (and the circuit judges used to be district judges and they don’t like to be found wrong), unless there is no evidence, or unless the judge made a grievous error in the law, the case is affirmed.

I don’t want to overstate it when I say that that appeals court is not interested in the justice of the cause, they are interested in whether or not the person apparently had a fair trial. The outcome is of no interest to them; only, is there enough evidence to support what the jury did, and did the judge do anything bad? That, of course, is a very tough test. And so the court said, well there is enough evidence, if you believe everybody—which the court did for purposes of the appeal, to support this verdict.

No action by the U.S. Supreme Court

So, then we appeal to the United States Supreme Court. The Supreme Court hears about one case out of every 5,000 that is appealed to it. It considers cases of first impression, when the law needs to be decided, where it is not statutorially determined, or to interpret the statutes, or some major social issue, such as race relations and abortion, and things of that sort. They formulate the law, virtually, because in the United States and under the common law system, the decisions of

courts establish the majority of the law. The statutory law passed by legislatures is a minority of the laws that prevail in the United States. And that’s strange if they can go somewhere and file the law on whether or not someone really was driving in the wrong direction on a certain day. You won’t find it, it comes from precedent. That’s why lawyers have a library full of books, dating from the English Common Law up until last week—you subscribe to CD-ROM or something so that you can get the decision of an appeals court last week, so that you know what the law is on a case you will be trying next week.

It’s almost that complex, and it is court-written law that governs a great portion of American justice. And it is fairly stable, but different circumstances come up. I used to have a law professor, who said, “The law must be stable, but it must not stand still.” Unless you find something in the book, for example, in an old case that was tried in 1722, where it says this is the law, then you make new law.

That didn’t happen in this case. The court was following traditional appellate court practices, of finding that there was evidence, and there was no substantial error of law. The U.S. Supreme Court had no interest in considering this ordinary case, it only involves guilt or innocence. They would only do that—this is almost a dogmatic statement—in a death-sentence case, because our death penalty laws have been somewhat in a state of flux over these past 25 years. So, there was no appeal to the U.S. Supreme Court.

A few months had expired, and along about this time, the attorneys for the defendants were able to determine that much had been excluded from discovery. Much had been withheld by government agencies, vital information had been withheld. Evidence about the jury, like Buster Horton, had not been revealed. And so they filed a 2255 motion. Unfortunately, that motion goes back to the same judge who tried the case, and you try to convince him, based on these after-discovered prosecutorial errors, prosecutorial abuse, failure to deliver documents, failure to identify witnesses, failure to advise the defendant, in effect, of what the case was really about. And in this case, they attempted to conceal what this case was really about.

Exculpatory evidence not revealed

Now, LaRouche’s organizations had been put into bankruptcy by a bankruptcy court, which is a different court under the federal system. Only federal courts have bankruptcy courts, so this was a federal bankruptcy court, based on a petition of the government, which is almost unprecedented. Bankruptcy usually doesn’t exist unless two or three creditors who have not been paid, apply, alleging that the defendant is insolvent and therefore must be liquidated and the debts paid.

In this case, the federal government brought the bankruptcy proceedings by itself, primarily based on the allegation that the organizations could not pay the fine that the judge had put on them for contempt. That happened on, let’s

say, a Tuesday. In the meantime, the government crafted its indictment so as to allege that the crimes committed, these financial crimes of not paying people or not intending to pay people and that sort of thing, that that conspiracy existed up until Monday. So the indictment was based on a period that ended on Monday; the bankruptcy was filed on Tuesday.

So the judge ruled by motion which we call *in limine*, in which the government moved that no evidence developed after that Monday, such as the fact that the LaRouche organization was put into bankruptcy, was admissible; it was ruled irrelevant—had nothing to do with the case that they were put into bankruptcy. The period of Monday and prior thereto was the period in which these alleged offenses were committed.

In the meantime, I have already told you about how the operations of the LaRouche organizations were paralyzed. That's the kind of lack of honest prosecutorial activity and lack of the appropriate application of judicial discretion which could have been prevented, but it wasn't. So that was the atmosphere, hands tight.

A significant part of the pre-trial activity comes under what we call the Brady motion. A motion that requires the government to reveal to the defendant anything good you may have to say about this defendant, any exculpatory evidence—any evidence that you paid all your bills for the last 100 years, and just because you missed paying last week. . . . One of the FBI men who had roamed out across the country pursuant to the witchhunt to find a witness, reported back to the FBI in Washington—his name was Tim Klund, and he was a middle-grade FBI official—by an air telegram: "I have interviewed many people, and none of them think they have been defrauded. Most of them feel that they are supporting a political movement and are satisfied with what they know about the whole situation."

That was not revealed. That was found through the Freedom of Information Act many months later. As a matter of fact, more than 10,000 pages, about six big volumes that take up shelf-space that long, of after-discovered evidence was accumulated and was made available to the court—not on Judge Bryan's refusal to grant the 2255, but in an appeal filed on Judge Bryan's ruling.

Two years have passed and the Fourth Circuit Court of Appeals has not considered that appeal; it does not have to consider that appeal. It's discretionary whether it considers that appeal or not, because it was a discretionary decision based on the right of the circuit judge who tried the case, to deny that appeal.

The independent commission

But all of that evidence was examined by me and some other so-called intelligent people in September. We met in Tysons Corner, Virginia, and I will not tell you we read the whole 10,000 pages, but we took a good sample, plus the record evidence that was available to us from the trial.

The persons on that group are: Curtis Clark, a criminal trial attorney from San Luis Obispo, California; Hon. James Mann, former member, U.S. House of Representatives, South Carolina; Hon. Theo W. Mitchell, state senator, South Carolina; J.L. Chestnut, Selma, Alabama, author, *Black in Selma*; James Wilson, vice president, Alabama New South Coalition; Hon. Rufino Saucedo, member, Congress of Mexico and, member, Human Rights Committee of the Mexican Congress; Patricio Ricketts Rey de Castro, former minister of education, Peru, and journalist; Chor-Bishop Elias El-Hayek, collegial judge, Montreal Regional Tribunal, former professor of Philosophy of Law, Notre Dame School of Law; Prof. Kurt Ebert, member, Center of European Law, University of Innsbruck, director, Institute of Austrian and German Legal History, Austria; Viktor Kuzin, chairman, Bureau for Human Rights Defense Without Borders, Moscow, former member of the Moscow City Council; Godfrey Lukongwa Binaisa, former President, Republic of Uganda, former Attorney General, Republic of Uganda.

Gross abuse of power

That committee issued a report; I will read part of it: "We, the undersigned, assembled in Vienna, Virginia on Sept. 1 and 2, 1994, having studied numerous documents concerning the case of *United States v. Lyndon LaRouche, Jr. et al.*, have come to the conclusion that there has been a gross, even conspiratorial, misuse of prosecutorial and investigative powers by officials and agents of the U.S. government. The common purpose and concerted action of the conspirators was to secure criminal convictions of Lyndon LaRouche and his associates to destroy their political movement." That was just another voice raised seeking justice.

So why should Lyndon LaRouche be exonerated? After all, he is right most of the time, and there are people throughout this world who need the benefit of his rightness. He has been more right than any leader that you and I can name. He is handicapped; he is handicapped by the stigma of this conviction and, incidentally, even a presidential pardon would not remove the fact that he was convicted.

Only one of these judicial procedures, or some extraordinary procedure by the Department of Justice, or some legislation by the Congress, which is unlikely, but possible; only something that would erase this crime, erase the verdict of guilty, or would remove the stigma to his satisfaction, and to my satisfaction, would be acceptable.

He needs to be free to travel. He has limitations, he has a parole officer looking down his throat and setting his schedule. He has something to give to the world, and this outrageous conviction prevents that from happening.

Those of you who are here are, I know, already soldiers in that effort. It is a tough route to go, the consequences of the actions of the Reagan-Bush era are not likely to be reversed by the Gingrich cabal. So we have a tough job. The Dreyfus case took many years; it will take as long as it takes.

LaRouche exoneration campaign is expanding

by Nancy Spannaus

A half-page paid advertisement calling for the exoneration of economist and statesman Lyndon LaRouche appeared on page six of the *New York Times* on Jan. 5, 1995. The ad, which has appeared since September in nine major U.S. newspapers from Texas to Massachusetts, features the findings of an independent committee of 11 legal experts who met in August to review the six volumes of evidence which the courts continue to ignore in the case of *United States vs. Lyndon H. LaRouche, Jr. et al.*

The committee issued its findings on Sept. 3, 1994, noting that “there have been grave violations of the fundamental right to a fair trial,” and that they agreed with former U.S. Attorney General Ramsey Clark, one of LaRouche’s attorneys, that this case, viewed in context, “represented a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the federal government than any other prosecution by the U.S. Government in my time or to my knowledge.”

The ad was taken out by the Schiller Institute, an international think tank founded by Mrs. Helga Zepp-LaRouche in 1984, which campaigns on issues of economic justice and Classical culture internationally. The institute has also taken out two full-page ads in the *Washington Post*, in which political and human rights leaders and elected officials from around the world have urged President Clinton and the Congress to move for LaRouche’s exoneration.

Cracking the barrier of fear

The Schiller Institute’s campaign of ads, supplemented by lobbying visits and the LaRouche Exploratory Committee’s mass distribution of pamphlets on the evidence which shows LaRouche and his associates are innocent, has been aimed at breaking the barrier of fear around the officials who must act to restore justice in this case, particularly in Washington, D.C. Many congressmen and other leaders who understand full well the travesty of justice in the LaRouche case will not express their views publicly, for fear of retaliation by groups such as the national news media, the Anti-Defamation League of B’nai B’rith, and corporate funders.

But the determination to challenge political persecution is growing. Particularly responsive to the exoneration cam-

paing have been those who themselves have been targeted by the establishment. This includes African-American legislators in particular, who have no problem understanding the political targeting process which predominated under the Reagan-Bush Justice Department.

From the spring of 1994 to the present, LaRouche’s presidential campaign has been working to cut through the climate of fear, by distributing close to 6 million booklets which summarize both the federal and Virginia judicial misconduct in the anti-LaRouche prosecutions. The mass propaganda campaign is designed to counter “drip by drip” the more than 10 years of press venom against LaRouche’s political association—venom which was part of the concert of action among government officials and private individuals to put LaRouche and his associates in prison.

The barrier of intimidation has not yet been broken, but many more prominent Americans have been willing to cross it. In the full-page ad which the Schiller Institute took out in the *Washington Post* on Nov. 4, 1994, nine former U.S. congressmen joined more than 100 current state legislators from 31 states in signing an open letter to the President urging LaRouche’s exoneration.

Despite some negative publicity, none of these persons have withdrawn their signature on the call. But the problem that still exists is shown by the fact that eight current Canadian parliamentarians who signed came under massive fire in virtually all the major media of that Queen-dominated land. Three of these officials capitulated to the pressure by withdrawing their names.

In nations further away from the United States and Great Britain, where LaRouche’s importance as a challenger to the financial oligarchy is better understood, the dozens of members of parliament who have signed the ad for exoneration have held firm.

The Virginia cases

The latest edition of what what has become known as the “exoneration pamphlet” contains not only the findings of the independent committee of legal experts, but also a legal motion for a state habeas corpus for Michael Billington, a LaRouche associate who was convicted in both the federal and state cases. Billington is now serving a 77-year sentence in Virginia; four other LaRouche associates—Anita and Paul Gallagher, Laurence, Hecht, and Donald Phau—are serving sentences of ranging from 25 to 39 years.

Like LaRouche and the other federal prisoners, these political leaders are innocent of the charges on which they have been convicted. Billington’s case is the most egregious, since he was in effect the victim of double jeopardy between the state and federal cases, and is serving what amounts to a life sentence for the alleged crime of not having registered as a securities agent to take a corporate loan—a charge which had never been ruled to be a crime until two weeks after he and the other Virginia LaRouche associates were arrested.

National News

King family orders Park Service to quit MLK home

The Martin Luther King Center for Non-Violent Social Change in Atlanta, Georgia, has instructed the National Park Service to remove its personnel and property from the birthplace of Dr. King. The center is run by Coretta Scott King and other family members and associates of the slain civil rights leader. Amelia Boynton Robinson, vice chairman of the Schiller Institute, is a board member.

The Park Service, which by agreement has occupied the property for 14 years, is now planning to build an \$11.8 million visitor's center across the street, but never consulted King's family. The family has announced its intention to build its own multimedia museum on the same site. Responding to cynical media ridicule that favors the Park Service scheme, the center's chairman and Dr. King's son, Dexter King, told the *Washington Times*: "Their intent is to annex this area to control the dissemination of history. Our history has always been diluted. We can tell our history. We know it best."

Judge throws out bulk of CAN leader's suit

A federal judge in Chicago has thrown out most of the libel suit of Cult Awareness Network (CAN) executive director Cynthia Kisser against *New Federalist* editor Nancy Spannaus and its publisher KMW. The judge ruled that Kisser provided no evidence that Spannaus or KMW acted with reckless disregard for the truth when the weekly newspaper reported allegations, made in a sworn affidavit by a former topless dancer, that Kisser had worked as a topless dancer in Tucson, Arizona. The judge also said that most of Kisser's other complaints were baseless. Kisser denies she ever worked as a topless dancer.

Judge James B. Zagle ruled that Kisser "has sufficiently injected herself into the

fray to become a limited-purpose public figure," and therefore must prove the statements were known to be false or made with reckless disregard for the truth.

Judge Zagle further stated, "Statements charging Kisser with exposing her breasts in public for remuneration could affect the public's assessment of her as a critic of religious cults. Some might regard such activity as the symptom of a character so deeply flawed that they would expect other symptoms, such as untruthfulness." Zagle said that statements made to undercut Kisser's effectiveness and credibility in her work at CAN were "an entirely legitimate objective since her work at CAN includes participation in the public debate over religious cults."

Zagle left standing her complaint about the *New Federalist* statement that Kisser "now defends the pedophile crowd in Nebraska," and "took to the airwaves and newspapers to protect a pedophile ring in Omaha, Nebraska," but said that Kisser must specify how these statements damaged her, something she has failed to do. In fact, Kisser has stated that she has suffered no economic or mental damage as a result of the circulation of these statements. Zagle invited a new legal motion by KMW and Spannaus concerning this issue.

HHS allows Mississippi to impose welfare slavery

On Dec. 23, the Department of Health and Human Services issued a waiver to the state of Mississippi allowing a pilot program for workfare slave labor. As it is, Mississippi welfare allotments are among the lowest in the country: A parent with one child receives \$96 a month plus food stamps, and an additional \$24 a month for each subsequent child.

The pilot program would involve 1,000 welfare recipients in five counties, including the state's largest cities: Jackson, Natchez, and Gulfport. The recipients, who are paid under Aid to Dependent Children entitlements, would no longer get food stamps or ADC. Instead, they would be hired by sweatshops and receive minimum wage,

\$4.25 per hour. In turn, the companies that hire them would directly receive \$3.25 for each hour worked by ADC recipients, either in the form of ADC payments or food stamp equivalents; the scheme would leave the companies responsible for only \$1 an hour per workfare victim.

Furthermore, if the recipient quits the job, or is fired, he or she loses everything: One state representative leading the fight against the workfare scheme said, "We are being sold back into slavery."

EAI tied to 'managed' health care firm

Companies that run health care and public education on a profit-making basis have more in common than just subjecting "soft infrastructure" to corporate management criteria, according to the Dec. 27 *Minneapolis Star Tribune*. The daily reported that Education Alternatives Inc. (EAI), the Minneapolis-based "education for profit" company, has just acquired a new board member, Richard Burke, the founder of United Healthcare, a health maintenance-based system.

Privatization consultant Ted Kolderie told the *Star Tribune* that the arguments being raised in favor of privatizing public education are the same as those which led the federal government to support for-profit managed health care. Kolderie claims that education and health care have the same problems—uncontrolled costs, and a negative public image. Lehman Brothers analyst Michael Moe also subscribed to this view when he gave EAI a "buy" recommendation this fall, according to the article. "We believe education is the next health care. EAI has a potential solution to an enormous problem in a huge market; this is the classic recipe for a big investment opportunity." EAI raised \$31 million on Wall Street in 1993 (and lost a third of their portfolio in financial derivatives).

In fact, children's test scores in Baltimore public schools run by EAI have fallen, following much the same pattern of drastic drops in health-care delivery as a result of for-profit managed health-care systems.

Briefly

President to run in '96; suit against him delayed

President Bill Clinton said on Dec. 29 that he intends to seek reelection in 1996, and can see nothing that would make him change his mind. In an interview with wire services in the Oval Office, Clinton said: "I'm just going to keep doing the very best job I can and do my very best to say I intend to seek reelection, but that is not uppermost in my mind."

Clinton discounted opinion polls: "I also believe that this is not a time when people tend to love folks who are in public life," Clinton added. "I knew that the day I showed up and put my hand on the Bible" to be sworn in nearly two years ago, he said. "But the oath of office . . . basically commits you to try and meet the challenges of your time and protect the national security and uphold the Constitution."

On the same day, his attorneys expressed their satisfaction with a court decision to postpone trial of a sexual harassment suit until after he leaves the White House. The plaintiff, Paula Jones, is charging that Clinton, as Arkansas governor, had sexually harassed her, but did not bring the suit until after he had become President. However, Clinton's attorneys may appeal the judge's decision to allow pre-trial discovery to go forward.

Congress demands D.C. eliminate budget deficit

Congress is demanding that Washington, D.C. eliminate its \$531 million deficit (out of a \$3.4 billion budget) with austerity measures that will make a brutal example out of the nation's capital; the deficit was only "discovered" in November, after Marion Barry won his bid to again become mayor. Before that, the deficit was \$140 million.

The District is in a unique position vis-à-vis the U.S. Congress, in that the Congress has often granted D.C., during its 20-year home-rule arrangement, special federal

monies to subsidize various programs and to cover shortfalls in areas like education and public works, with the consideration that the city budget must also account for funding what are normally considered state and county programs, such as Medicaid, welfare, universities, and prisons.

Now, threats from House Speaker Newt Gingrich (R.-Ga.) and his cohorts who will serve on the subcommittees that deal with D.C., include the revocation of home rule. Barry has indicated his anguish over what he considers necessary pain to balance the budget, in order to maintain the city's home rule status. Barry, who was inaugurated on Jan. 3, spoke with the *Washington Times* on Dec. 14: "If House Republicans knew how much trouble running the District really is, the lawmakers wouldn't talk so tough about grabbing financial control of the city. . . . They would gladly let me have it."

Some in Congress don't appreciate the "complexities of it and see the kind of decisions that have to be made on a daily basis to make it work," Barry said.

Virginians blast governor's new budget

Four hundred Virginia citizens crowded legislative hearings in Alexandria, Virginia on Dec. 29 to criticize Gov. George Allen's proposed austerity budget. It was the third of six hearings scheduled around the state by the legislature before the General Assembly opened in January. Allen, a leading "poster boy" for the Conservative Revolution, has proposed \$403 million in budget cuts, as well as tax cuts that will affect local governments, while inking in an \$80 million increase in spending on building prisons.

The chairman of the Parent-Teachers Associations in Fairfax County, one of the largest school districts in the country, testified that Allen's proposal to cut education, while increasing funds to prison-building, reflects a "warped sense of priorities."

More than 200 people—municipal leaders, farmers, and spokesmen for the young, the elderly, the handicapped, and the mentally ill—had shown up at each of the first two hearings in southern Virginia.

● **NEW YORK'S** Republican Mayor Rudolph Giuliani announced on Dec. 29, while vacationing in southern California, that he intends to impose nearly \$800 million in spending cuts, slashing virtually all municipal services. This is the first time a New York mayor has made such huge cuts unilaterally, according to the *New York Times*.

● **DEMOCRATS** intend to emphasize economics in future election campaigns said Martin Frost, the newly elected chairman of the House Congressional Campaign Committee at a Dec. 29 press conference. Frost, interviewed by Fox Morning News, said that the Democrats will focus on "basic economic issues" but gave only one example, tax relief for families making \$75,000 or less.

● **CIA CHIEF** James Woolsey, who had been under fire for his allegedly lenient treatment of the superiors of confessed spy Aldrich Ames, resigned on Dec. 28. It is anticipated that Deputy Secretary of Defense John Deutch will be nominated to replace him.

● **DAN GLICKMAN**, a former leading member of the House Agriculture Committee, was nominated to replace Mike Espy as Secretary of Agriculture on Dec. 28. Glickman, a Kansas Democrat, lost his bid for a 10th term in November; his nomination was welcomed by fellow Kansas Sen. Bob Dole (R).

● **THE SCHILLER** Institute, founded in 1984 by Helga Zepp-LaRouche, will celebrate Martin Luther King Day 1995 with the first full-length presentation in Washington, D.C. of Amelia Platts Boynton Robinson's play "Through the Years" on Jan. 14. The play, written in 1936 by Dr. King's former collaborator, traces the development of the African-American spiritual and features a cast of local children and a volunteer "a cappella" choir.

Editorial

Let's not sell our children short

The influence of John Dewey and his followers on educational standards unquestionably caused a decline in American schools over the first half of this century. Basket-weaving courses in sociology tended to replace history; classical language became an optional choice in the academic curriculum only to be virtually phased out completely; the science curriculum fared little better.

Whereas in the last century the academic curriculum in secondary schools in the United States was comparable to that of Germany and elsewhere on the European continent, in this century, this ceased to be so. As harmful as the watering-down of subject matter was, the introduction of group-think, especially at the upper elementary and junior high school level, was even more so.

Under the influence of Deweyite reforms, individual intensive study of a more advanced topic was replaced by projects assigned to a group of children to work on jointly. Concomitant with this was the parallel judgment made on students, along with academic performance, typified on report cards by evaluations of whether a student "worked and played well with others."

In the 1960s, under the impetus of the Sputnik shock, there was a salutary effort to upgrade the quality of science teaching in the schools, most notably by making well-stocked laboratory facilities available. Under the Kennedy administration, science and foreign language training were emphasized, and backed by a federal grant system.

Over time these gains were eroded. While the grant system remained, the emphasis shifted to federal subsidy for various Deweyite programs which were infiltrated into the schools as curriculum, even including driver education. Educational standards were again diluted, and electives were allowed to substitute for hard-core academic subjects. Still there was a good deal of variability in the quality of available education. It was not all that bad.

Now, however, it looks as if the United States may be on the point of countenancing the absolute destruc-

tion of education, in the name of setting a national standard which all schools must meet. The problem is not in having such a standard. Indeed, if moves to privatize schools continue, it will be essential to monitor the quality of education, since the aim of private management will be to make a profit from administering a school, and what happens to the child will be of secondary importance to school administrators. Similar problems will emerge under circumstances of widespread home education by parents, or a new category of private schools which would be poorly funded by some variant of the voucher system.

It is rare that we agree with the *Wall Street Journal*, but in their Dec. 30 issue they ran an editorial calling for an alert on the American History Standards being put forth as a guide for primary and secondary schools. They reported on a critique offered by Lynne Cheney, former head of the National Endowment for the Humanities. For example, for American History, students learn about a feminist convention held in 1848, but there is no mention of the first session of the United States Congress in 1789.

Not only is George Washington virtually eliminated from the curriculum, but a course of study on World History is positively grotesque in its focus on the so-called woman question. For example, students are asked to evaluate which among Maya, Inca, and Aztec societies seem the most positive and which seemed the most negative for women. That the Aztecs practiced human sacrifice is apparently considered less relevant in judging the merits of their society. China is unfavorably compared to the Mongol empire—based upon the fact that women's feet were bound—and the papacy is taken to task for a report by a papal emissary to the Vatican, on the Mongol *threat*. Western civilization as a whole is considered inferior to Native American beliefs, because American Indians held land in common.

American schools were deficient in many ways in the 1950s and early 1960s, yet they gave young people a basis upon which they might continue to educate themselves. To the extent it is accepted, this proposed new curriculum can only produce ignorant ideologues.

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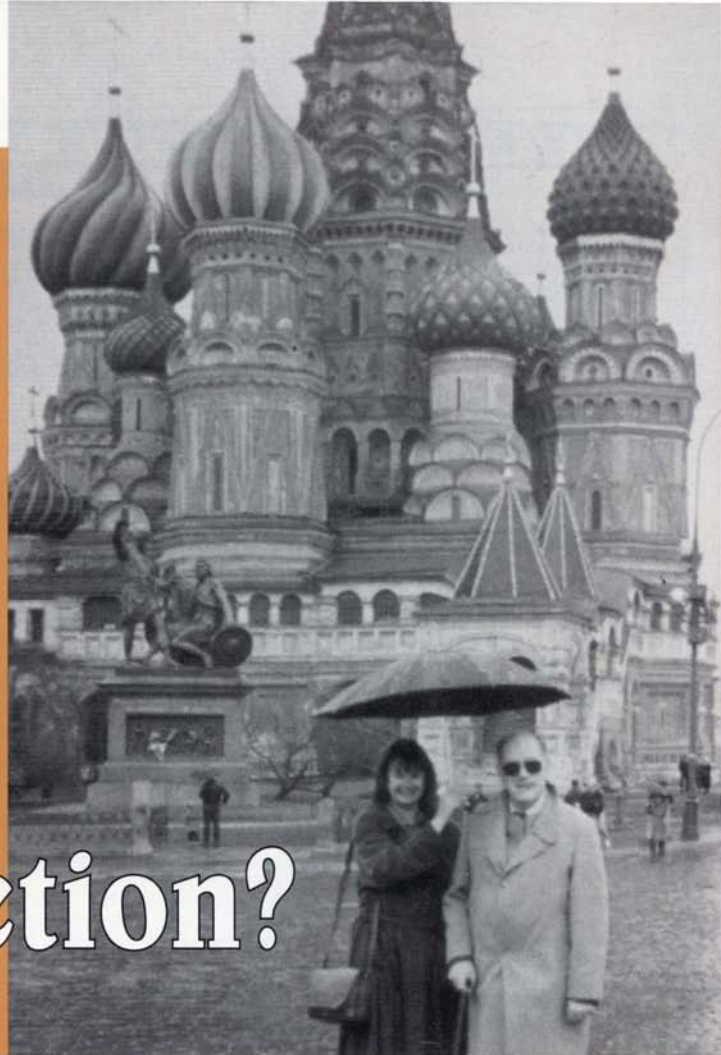
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