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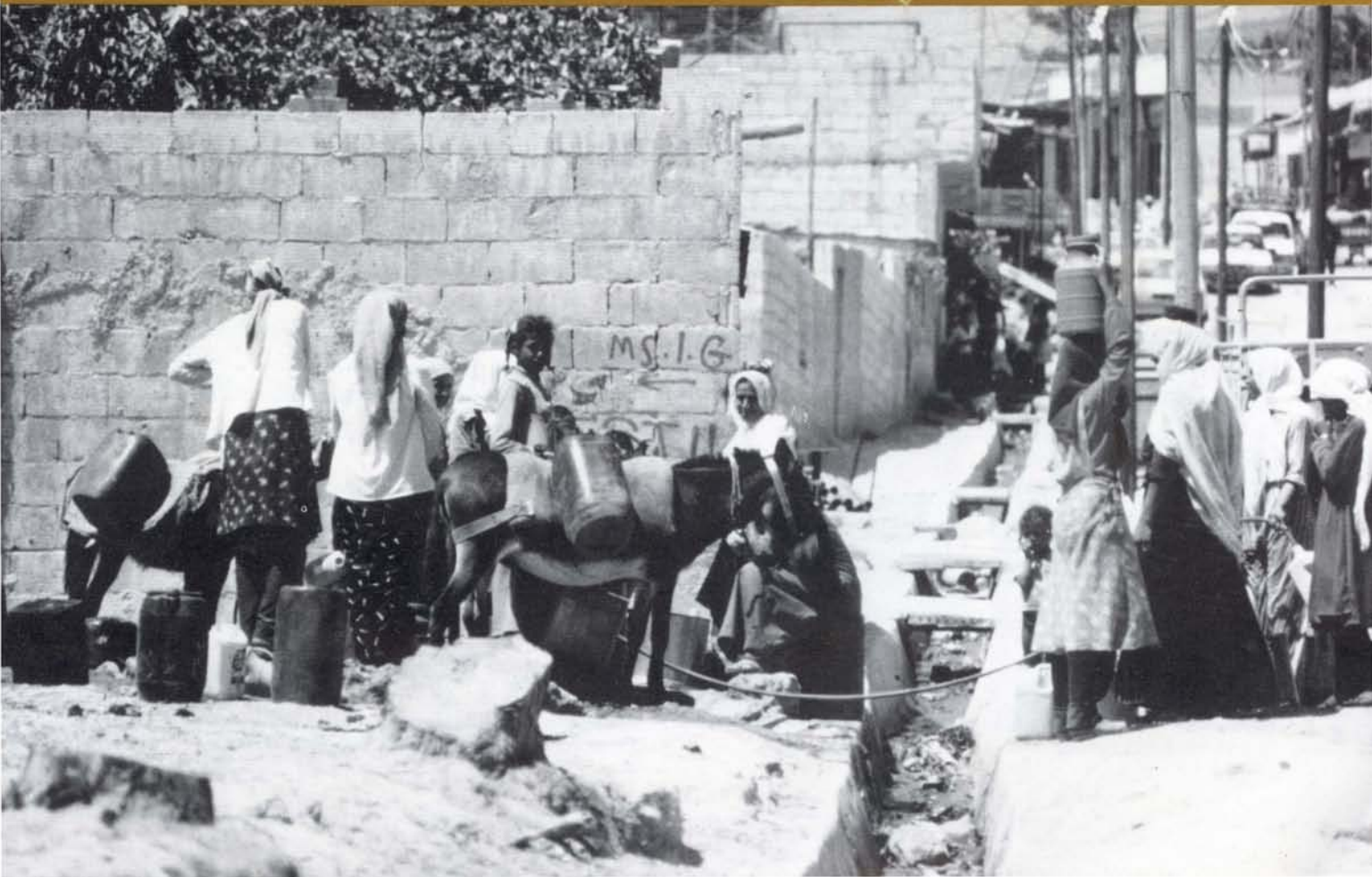
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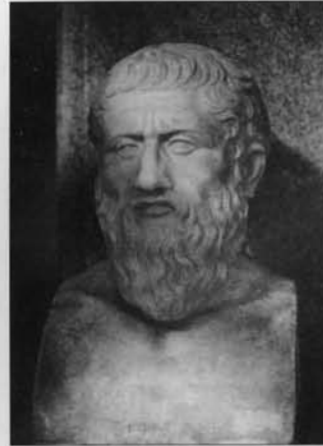
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From the Associate Editor

Those among our readers who are of a populist bent, are going to find a lot of “shocking” things in this issue. We hope to make you rethink the demagogic line coming out of certain Washington circles these days, to the effect that the main problem we face is “big government.” In fact, big government is no problem at all—provided it is pursuing policies in the national interest.

Look at Speaker of the House Newt Gingrich, the guru of the Conservative Revolution. In our report on a conference held at his think-tank, the Progress and Freedom Foundation, you will find his statement upholding Adam Smith’s 1759 book *The Theory of Moral Sentiments*, calling it “an inherently philosophical and moral work.”

Moral? Lyndon LaRouche, in many of his books and articles over the years, has drawn attention to a quotation from this very work, which aptly summarizes the hideous, anti-human worldview of Smith and his minions: “The administration of the great system of the universe . . . [and] the care of the universal happiness of all rational and sensible beings, is the business of God and not of man. To man is allotted a much humbler department. . . . Hunger, thirst, the passion which unites the two sexes, the love of pleasure, and the dread of pain, prompt us to apply those means for their own sakes, and without any consideration of their tendency to those beneficent ends which the great Director of nature intended to produce them.”

That immoral “pleasure-pain” principle is the ideological basis of the Conservative Revolution. It is also what weds Gingrich to the “leftist” New Age kooks: “If it feels good, do it!”

This is the very opposite of what the U.S. Constitution was intended to uphold, as Nancy and Edward Spannaus document in *National*. In fact, the Gingrich program is a throwback to the 1781 Articles of Confederation, and to the southern Confederate Constitution.

The financial crisis provoked by the peso devaluation in Mexico has begun to open the eyes of some, at least. See *Economics* for reports on the growing receptiveness to the “American System of Political Economy” of LaRouche and Friedrich List.

Susan Welsh

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Correction: On p. 6 of our last issue, a computer malfunction produced garbled text in the article "EIR Called the Shots on Mexico's Debt Crisis." The sentence should read: "Mexican debt negotiator Angel Gurria: 'We are beginning the period of life after debt in Mexico.'"

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Financial mudslide is spreading beyond Mexico

by Valerie Rush

Panic spread through financial centers around the world on Jan. 9, when the billions of dollars—and pledges of billions more—that were poured into financially bankrupt Mexico failed to reinflate the speculative bubble upon which the myth of the “Mexican miracle” has rested for the past decade. The country’s stock market meltdown, coming on top of the peso’s plunge, has since been followed by a slow-motion collapse of the banking system. Similar scenarios are beginning to unfold in virtually every part of the world, as it becomes evident that this is a crisis not just of Mexico, but of the entire international financial system.

In Canada, the other partner of the United States in the doomed North American Free Trade Agreement (NAFTA), the currency hit a nine-year low, despite central bank intervention, while analysts point nervously to Canada’s \$540 billion foreign debt liabilities, expected to double by 1998. These were incurred, like those of Mexico, to finance the nation’s trade deficits in recent years. Countries as diverse as South Africa and Indonesia are issuing statements denying that they have Mexico-style currency and debt troubles. In Europe, as of mid-January, the devastation was spreading from country to country:

- In **Italy**, saddled with a \$1.2 trillion debt (\$60 billion of which is due in January alone), the lira is in free fall, triggered by a full-scale government crisis. With \$120 billion in foreign money invested in its stocks and bonds, Italy could face capital flight rivaling Mexico’s at a moment’s notice.

- In **Sweden**, the U.S. credit agency Moodys has downgraded the debt rating, citing an out-of-control budget deficit and public debt of more than 90% of Gross National Product.

- The financial crisis in **Spain** has caused the peseta to plunge below the floor limits of the European Monetary System’s currency band. Capital flight and an official unemployment rate of over 18% has heightened the instability.

- In **France**, already burdened by a huge budget deficit and soaring unemployment, the state is having to pump some \$5 billion into the giant Crédit Lyonnais bank to keep it from going under.

Most dramatically affected are Ibero-America’s other “showcase models” of liberal free-trade economics, such as Argentina, Peru, and Brazil, where bank collapses, capital flight, and stock market crises are dominating the headlines. Also suddenly in the headlines are U.S. economist Lyndon LaRouche and his 19th-century predecessor, German-American economist Friedrich List, whose principles of physical economy (known as “the American System”) are diametrically opposed to Adam Smith’s free-market prescriptions, whose consequences are today in evidence for all to see.

LaRouche was right

In June 1994, LaRouche issued his “Ninth Forecast,” foreseeing a crash of the financial markets and the unraveling of the world monetary system (see *EIR*, June 24, 1994). He warned governments to get off the *Titanic* and onto the lifeboats while there was still time. In most cases, LaRouche’s warnings have not been heeded. The problem is that the financial whiz-kids who are running the banks, the stock markets, and the governments in many parts of the world are refusing to believe that what’s going on is a disintegration of the international financial system to which they’ve pledged their allegiance. They still think they can manage their way out of the crisis. So, instead of abandoning the sinking *Titanic*, they are drilling holes in it to try to drain it.

Washington’s response to the Mexico crisis is an example. Under intense pressure from Wall Street and the bankers who run the U.S. Federal Reserve, President Clinton has offered to put together a package of loan guarantees of \$30-40 billion for bankrupt Mexico, effectively pledging the U.S.

Treasury as collateral. The money is not for Mexico, however. It will go to the Wall Street and City of London parasites who are killing their Mexican host, and as a result are now dying themselves. But not even the U.S. Treasury can bail out a world financial system that is going belly up.

Foolishly, Mexican President Ernesto Zedillo has responded to the crisis with measures that can only exacerbate it. He has put virtually the entire Mexican economy up for sale—with the “plum” of Mexico’s oil apparently being kept in reserve as a last resort—and has unveiled a wage-gouging policy which makes *EIR*’s May 1991 prediction of an “Auschwitz south of the border” frighteningly accurate. In the face of *official* forecasts of 19% inflation for 1995—a forecast already being laughed at as absurdly low by world financial experts—Mexican workers have been offered a 4% wage increase for the entire year, along with an “optional” 3% supplement in the form of so-called productivity bonds!

On Jan. 11, it was announced that prices on some 80 items of the “market basket” of commonly consumed goods would be allowed to rise to compensate for the impact of the peso devaluation on “imported components.” The consequence? The next morning, Mexicans woke up to stunning price increases of 30-40%. Many Mexicans are now wondering how long they will be able to keep up the mortgage payments on their homes; others are wondering how long their jobs will last; still others are wondering how much longer they can feed their families.

How long Mexicans will put up with the murderous austerity and the “fire sale” of Mexican patrimony remains to be seen. Pressures are already being applied to get President Zedillo to attempt a *La Quinazo*, supposedly to “restore his credibility.” The reference is to former President Carlos Salinas’s decision early in his administration to send in the Army to arrest Mexican oil workers’ union president Joaquín Hernández Galicia (known as “La Quina”), a politically influential figure who was an important obstacle to Mexico’s entrance into George Bush’s NAFTA. “La Quina” has just finished his sixth year in prison. Zedillo is resisting these pressures, but growing labor discontent over his newest austerity measures could change that.

Despite the fact that on Jan. 9 the Mexican government drew on the \$18 billion emergency credit line set up by its NAFTA partners and others, and despite an unprecedented intervention by the U.S. Federal Reserve Bank into the foreign exchange markets to buy up pesos, the speculative capital that has poured into Mexico by the billions in recent years continued to flee the country at record rates. On Jan. 10, the peso plunged to nearly 6 pesos to the dollar, compared to 3.4 pesos less than a month previously. Simultaneously, Mexico’s foreign reserves were revealed to have sunk to an unacceptable \$5.5 billion, equivalent to just one month’s worth of imports. That day, U.S. brokers began telling their clients to “get out of Mexico, no matter what losses you incur.”

Desperate government efforts to pull dollars back into the country included hiking interest rates on short-term treasury

notes (*Cetes*) to a whopping 50%, which translated into a similar increase in interest rates on overnight (interbank) loans. Consumer loans are expected to follow suit. The immediate consequence was a stock market meltdown, as “investors” fled into the more lucrative government paper, and a more generalized banking panic as the prospect of new waves of consumer and business defaults on top of already unmanageable debt arrears hit home.

At the same time, foreign holders of certificates of deposit (CDs) in Mexico’s banks—which account for some \$8 billion in Mexican bank debt—began to cash in their CDs, forcing the dollar-strapped banks to turn to Fobaproa (the Mexican equivalent of the U.S. Federal Deposit Insurance Corp.), which has in turn wrung a promise from the government to fork over more dollars for its bailout fund. At the same time, of course, the government is being forced to turn to the U.S. and Canadian treasuries to come up with dollars to pay off maturing dollar-denominated treasury notes known as *tesobonos*, \$18 billion of which are in the hands of very nervous foreigners.

‘The tequila effect’

A string of crises has broken out elsewhere on the continent, and has been dubbed “the tequila effect” by the Ibero-American press. Most striking is the case of Argentina, whose President Carlos Menem was still bragging about a month ago, “We’ve done everything Mexico has done, only faster.” Today, with its own stock market in crisis, interest rates soaring, and a banking system which has started to go under, Finance Minister Domingo Cavallo is monotonously repeating, “Argentina is not Mexico.”

A \$200 million “safety net” set up in early January by five major Argentine banks to help out smaller banks with “liquidity problems” began to fall apart almost immediately when depositors began pulling dollars out of the system, to the tune of \$20 million a day, despite a one-to-one parity with the Argentine peso. On Jan. 9, Central Bank head Roque Fernández reported that today there are more than ten banks which have turned to the safety net, “and the number will grow.” Cavallo himself went off to New York, armed with charts and graphs to convince investors and bankers of Argentina’s solvency and to announce, “We’re going to sell whatever is still left,” as the Buenos Aires daily *Clarín* headlined its coverage of his trip.

Brazil was similarly described as highly vulnerable to the “tequila effect” by former Finance Minister Antônio Delfim Netto, in an article published in the Jan. 9 *Gazeta Mercantil*. Delfim Netto referred to the volatile nature of \$25 billion in foreign-held short-term government debt and another \$15 billion in foreign stock holdings—in combination, the equivalent of Brazil’s \$38.7 billion (and falling) foreign reserves—combined with what he called a 30% overvaluation of the Brazilian currency, the *real*. Delfim Netto urged a currency devaluation as the answer. The government’s “solution” has been to sell more than \$2.65 billion worth of dollar-

denominated debt titles, called NTN-Ds (the equivalent of Mexican *tesobonos*), in 17 days, reportedly at the suggestion of the International Monetary Fund and the U.S. Federal Reserve, as a way to signal the market that Brazil isn't planning to devalue the *real*.

Looking to Friedrich List

Although many governments still blindly insist that the Mexico "storm" will soon blow over, others are beginning to decipher the handwriting on the wall. The spate of articles that has appeared internationally on 19th-century "American System" economist Friedrich List suggest that some are beginning to look for alternatives. On Jan. 7, for example, the *International Herald Tribune* ran an article by U.S. commentator William Pfaff, who attacks the "religions of markets" for sacrificing people to "speculative advantage," and promotes the Listian policy followed by the Asian "economic miracles" and by the American economy in the 19th century.

List has also been promoted in the press in Venezuela, a country which has thus far escaped the worst of the "tequila effect," thanks to exchange controls imposed last year after its own speculation-riddled banking system collapsed. On Jan. 9, widely read economics columnist Alfredo Schell wrote in *El Universal* that List's books "are being dusted

off" by many who are "participating in the debate between liberalism and interventionism, including in the United States of America." Schell wrote that Venezuelan President Rafael Caldera, although "not an economist, has—unlike what many people opine—a definite and clear conception, a doctrinaire vision of the focus that should be given the economic issue." That focus, suggests Schell, is based on "the rational and up-to-date identification of the President with the instructive lessons of List."

The "instructive lessons of List" are being echoed by members of the Venezuelan diplomatic corps, to judge from the comments of Venezuelan Ambassador to Brazil Alfredo Toro Hardy, who wrote in a Jan. 5 article in the Caracas daily *El Universal* that the lesson of Mexico is that "the dictatorship of the stock market has failed." Wrote Hardy, "The policies of countries are priced in the stock markets as if they were corporate stock. . . . The great decisions of a country in effect now depend less on national projects or goals than on what Wall Street 'traders' say in their reports." Hardy contrasted this approach to the German and Japanese models, which used the great national banks to provide capital for industry, for research, and for building up human resources as the means to improve technology and increase productivity.

Media spotlight on LaRouche's forecasts

Since the devaluation of the Mexican peso on Dec. 20, the views of American economist Lyndon LaRouche—who forecast just such an international financial crisis and designed proposals to revitalize the physical economy—have been getting increased attention in Ibero-America. Following is a sample of some of the recent coverage.

"Economist LaRouche Forecasts 'Foreseeable' Collapse of World's Financial System," headlined the Jan. 9 issue of the western edition of Mexico's business daily *El Financiero*.

"Crisis of Financial System Was Forecast by Controversial American Economist Lyndon LaRouche," headlined the Peruvian daily *Correo* on Dec. 31.

"Argentina Is Next," headlined the Argentine newspaper *Punto Critico* on Jan. 6. The coverage was based on statements made by LaRouche in a radio interview on Dec. 28, during which he also said that the crisis "is not a Mexico problem, it is a Wall Street problem." The statement was also covered by Peru's leading opposition daily *La Repub-*

lica on Jan. 2 and by the business newspaper *El Inversionista* on Jan. 9. It also received radio and TV coverage, including on Jan. 2 on "Encounter with the Truth," hosted by Julio Ortega on Panama's Radio Metropolis, and on Jan. 3 on Channel 2 in the Dominican Republic.

"Mexico Needs an About-Face in its Economic Policies: Debt Moratorium and Exchange Controls," headlined the Jan. 5 issue of the daily *Ultimas Noticias* of Venezuela, reporting on a statement issued on Dec. 28 by the Mexican branch of the Ibero-American Solidarity Movement (MSIA), which includes many LaRouche collaborators.

The Mexican crisis is a symptom of "the collapse of the system, a symptom of the collapse of the philosophy of Milton Friedman and Newt Gingrich," said LaRouche in a Jan. 4 radio interview with "EIR Talks," which was covered by Argentina's *El Informador Publico* and *Punto Critico* on Jan. 13.

"Stop the Bankers' Takeover of PEMEX; Stop the Takeover of Chiapas by the British Mercenaries of the EZLN," a second statement issued by MSIA on Jan. 7, was covered in the Jan. 11 issue of *Diario del Yaqui* of Sonora, Mexico, among other places.

"LaRouche Says NAFTA Is Dead," was the headline in the Jan. 13 issue of the Dominican Republic daily *El Nuevo Diario*.

Orange County bankruptcy forces Senate Banking Committee hearings

by Anthony K. Wikrent

The commercial and investment bankers who create, sell, and trade the \$1.3 trillion a day in financial derivatives, may have thought that the Republican takeover of Congress would help blunt further inquiries into derivatives losses. The bankers were particularly happy that the Senate Banking Committee is now under the chairmanship of Alfonse D'Amato (R-N.Y.), who has long been a staunch friend and ally of Wall Street.

But only one month after the GOP sweep in the November elections, Orange County, California was hounded into bankruptcy by over \$2 billion in losses resulting from the county's highly leveraged investment fund that was structured to take advantage of declining interest rates. At the time of the bankruptcy on Dec. 6, the fund had about 40% of its investments in derivatives, the financial contracts that derive their prices or values from other, underlying contracts, assets, commodities, or indexes of these. These derivatives were hemorrhaging losses as the U.S. Federal Reserve raised interest rates from 3% in February 1994, to over 6% by December. As a result, Orange County is unable to meet 40% of its near-term funding requirements, and has laid off thousands of county workers, slashing many county services.

Overnight, the Orange County bankruptcy altered the political dynamic the bankers and dealers had so gleefully welcomed in November. This was readily apparent in hearings before D'Amato's Senate Banking Committee on Jan. 5 and 6, held to "examine issues involving municipal, corporate, and individual investors in derivative products and the use of highly leveraged investment strategies."

Further regulations 'not needed'

On Jan. 5, the committee heard Acting Secretary of the Treasury Frank Newman, Securities and Exchange Commission Chairman Arthur Levitt, Jr., Commodities Futures Trading Commission Chairman Mary Schapiro, and Federal Reserve Chairman Alan Greenspan continue the line of argument U.S. regulators began almost two years ago, that further regulations of derivatives are not needed and may actually prove harmful by precluding regulators from responding to rapidly changing financial conditions and activities.

Greenspan, for example, declared, "The decline in the

value of many portfolios has been a consequence of the rise in interest rates over the past year. That derivatives have been implicated in many recent losses should not be surprising. Losses to holders of bonds amounted to many hundreds of billions of dollars in 1994. Derivatives, as we know, transfer risk from one market participant to another, and in such a market they inevitably will be involved in large gross losses. Of necessity, they also accounted for large gross gains since contracts tend to cancel each other net, but the gains are less newsworthy."

Newman, who was formerly the manager for risk management of a large bank, stated, "Of late, each time a market participant suffers a large newsworthy loss, the term 'derivatives' is used almost as if it were an explanation. . . . In the Orange County case, the losses were not caused by over-the-counter contracts that market participants normally consider derivatives."

Levitt declared, "Commentators have tended to make the Orange County bankruptcy and derivatives synonymous. I think this is a mistake. Derivatives did not cause the Orange County pool's problems. . . . It would be a grave error to demonize derivatives and blame them for the loss. As I've said on prior occasions, derivatives are not inherently bad or good. They're something like electricity: dangerous if mishandled but bearing the potential to do great good."

Under questioning, Greenspan actually argued that derivatives made Orange County's investment strategy less costly. If Orange County Treasurer Robert Citron, Greenspan declared, "had no derivatives, but insisted upon the same strategy that he was involved with, he would have come up with the same problem; it just would have cost him a little more."

Ayn Rand ideologue Greenspan also reiterated his longstanding warning against meddling in the free market. "Although the convenience and the low cost of using derivative instruments to meet portfolio objectives may have facilitated some investors reaching for more unconventional and possibly riskier strategies, it would be a serious mistake to respond to these developments by singling out derivative instruments for special regulatory treatment. Such a response would create artificial incentives to structure transactions on the basis of regulatory rules rather than of the economic characteristic

of the transactions themselves. A shift to the use of less efficient instruments as a substitute for derivatives would mean greater cost to hedgers as well as speculators, and a net loss in market efficiency.”

Too much to swallow

It was too much for even D’Amato to swallow. D’Amato asked, “Should a broker-dealer . . . watching a tragedy unfold [alluding to Orange County] . . . don’t they have some duty” to steer their client away from the tragedy?

The regulators weakly replied that the banks Citron did business with were acting as brokers, not advisers, and could not be expected to shoulder such responsibility.

That led Paul Sarbanes (D-Md.) to ask Greenspan, “Are you concerned that millions of people, including widows and orphans, through pensions and so on, have invested in derivatives?”

Greenspan launched into a monologue about derivatives being “more efficient investment products.” Sarbanes, clearly irritated, interrupted to ask his question again. Greenspan quietly replied, “Yes, certainly.”

Sarbanes then read a quote from the March 1994 *Fortune* cover story, “The Risk That Won’t Go Away,” about how derivatives are speeding out of anyone’s control, including the dealers that create and sell them. Sarbanes also referenced the May 1994 report by the General Accounting Office which warned of the same thing. “My concern in listening to you,” Sarbanes told Greenspan, “is that you have an almost sanguine attitude. . . . How do you explain the gap between your testimony, your attitude, and what we’re reading in the press?”

SEC chairman Levitt jumped in to save a clearly discomfited Greenspan, claiming that the regulators have come a long way in understanding derivatives in the past two years. Then, Levitt said that if he were given a magic wand that could make derivatives disappear, it would be a “national economic catastrophe.”

Later, Sarbanes attacked again, noting that Orange County is “talking now about school districts [that] are going to have to cut back, in fact, one of them is saying they’re going to have to ask the parents to help as janitors . . . they say they’re going to have to cut services in health, welfare, police, and fire services.” Sarbanes quoted from a recent speech by Federal Reserve Board Governor John LaWare, who has, Sarbanes noted, “a lot of jurisdiction in this particular area.” Sarbanes then read LaWare’s statement: “There is no evidence that gullible widows and orphans are playing the derivatives market unless they are very rich widows and orphans.”

“This is the kind of cavalier attitude that I absolutely condemn,” Sarbanes told Greenspan. “The fact of the matter is that the money of widows and orphans was being put into these derivatives and other potentially risky investments by people who handled their money. . . . And the consequence of that now is that orphans, children, are going to have an

impact on their education, and widows are not going to go to the senior citizens center; they’re going to find it closed. I don’t think there’s any excuse for the kind of attitude that’s reflected in [LaWare’s] statement. . . . This is a serious problem and it needs to be addressed as a serious problem.”

Smaller investors targeted

Barbara Boxer (D-Calif.) had obviously come well prepared for the hearing, and Chairman D’Amato repeatedly allowed her to speak long after her time had expired. Noting that when she was a broker, she was always expected to ascertain the suitability of an investment for a client, Boxer launched a series of attacks on the regulators. She read from a Dec. 20 *New York Times* article, which described how many broker dealers had been unable to convince large municipalities to buy derivatives, and turned to fix their sights on smaller, less sophisticated investors. “The most aggressive sales tactics and the riskiest securities were pitched to smaller towns and less sophisticated finance officers. Many of the derivatives were the leftovers of arrangements tailor-made by Wall Street customers like scraps of fabric after the name-brand suits are cut,” Boxer read aloud.

Speaking of how the credit-rating agencies failed to warn of the Orange County situation, Boxer said she “was stunned to learn that Orange County got glowing reviews from Moody’s this past summer. . . . How did these credit-rating agencies miss the fact that Orange County was in trouble?” None of the regulators ventured an answer.

Boxer concluded, asking, “And how on Earth can widows and orphans be expected to understand [derivatives] if these credit-rating agencies don’t have full disclosure?” Again, none of the regulators provided a direct answer.

The next day, when representatives of financial trade associations testified, Boxer repeatedly brought up the issue of suitability. “I don’t see how you take a short-term fund and invest it long term. . . . This was for meeting the *daily* needs of *school districts, of children,*” she exploded in exasperation when Securities Industry Association President Marc Lakritz argued that Orange County was a sophisticated investor to which no broker should be expected to provide guidance.

By contrast, many Republican senators, such as Phil Gramm (Tex.) and Lauch Faircloth (N.C.), appeared as sanguine as the regulators. Moreover, even Democratic senators agreed that derivatives legislation mandating new regulation is probably not a good idea. “I think Orange County going broke will do more to stop speculation than any legislation we can pass,” Boxer declared.

But more financial shocks are coming that will further shift the political sands. When Christopher Dodd (D-Conn.) asked if other municipalities were in the same risky situation as Orange County, SEC Chairman Levitt replied to nervous laughter, “I guess my experience in the securities industry over recent decades suggests that very few problems are unique.”

Beijing's New Year resolution for the agriculture crisis

by Cho Wen-pin

At each year-end, reports on China's agriculture arrive at Zhongnaihui compound, where the core leadership of the Communist Party and the government issues its New Year's resolutions. In 1995, the matter of food sovereignty has become a critical, strategic issue for China. To avoid the vulnerability caused by being dependent on food imports, as seen in Egypt and Russia, will require a fresh, new policy toward agriculture and agriculture-related industries.

For decades, the first annual document from the central government, Circular No. 1, has addressed the past year's harvest, in order to spell out a new agricultural strategy. As the end of 1994 approached, Zhongnaihui indeed is nervous, as it has been in many years. For farmers, 1994 was another bad year, but the 57 million hectares of crops hit by drought in central China, and by floods in southern and northern areas, hardened not only the farmer's life: Reports on labor migrations, soaring food prices, skyrocketing inflation, and the peasants' urgent appeals to control the corrupt grassroots party apparatus, present the real picture—agriculture is again in trouble and it could drag down China's economy to unprecedented crisis, the Beijing government warns.

But the reality is that national policies as a whole, not only toward agriculture, need fixing, because for decades they have been sucking resources out of the land to rejuvenate dying industries, holding the peasants back from being modernized, and thus reducing their purchasing power as consumers for domestic industry.

A recent report from southern China provides the latest proof of this: Days before the new year, police in Zhuhai city dispersed 500 peasants after a protest outside a government office against insufficient compensation for the sale of their land for commercial development, turned into a riot.

More than a land problem

China's agriculture has experienced several major crises which forced the central government to readjust its rural policies. Each time, a new policy was centered on granting more land-use rights to the peasants and more free market access on grain prices. The periods 1958-63, 1966-73, and 1978-83 demonstrate the setbacks and shifts of these policies, as well as the ups and downs of Beijing's political power groups.

The latest policy, implemented at the end of 1978, divid-

ed and leased the majority of state land to peasants. This resulted in a big leap in grain output, which peaked per capita in 1984. But to the 800 million peasants, the policy also meant that they could only count on themselves, because the government no longer took responsibility for agricultural infrastructure investment. The bitter result was seen in 1992 and 1994, when heavy flooding and drought forced China to expand food imports from the United States and other countries.

The state councilor responsible for agriculture, Chen Junsheng, warned the nation about the danger in its agricultural production, the *People's Daily* reported on Dec. 29. According to Chen, in some areas, especially coastal provinces, planted crops have dropped to under 10% of peasant family income, as a result of the increasing migration of the rural population into urban areas.

In talking to Chinese government officials and researchers, or American agricultural experts on China, one often hears about the famous "land problem"—China's arable land per capita amounts to only about 11% of what the average American has, or, China is feeding 22% of the world population on about 9% of the world's arable land.

Such claims, while statistically correct, often come from senior leaders as an apology for Beijing's unsound economic policies, which today ironically encourage enterprises to take scarce arable land for commercial use, and, throughout history, have often sacrificed agriculture when facing big losses in the state industrial sector.

During fiscal year 1990-91, in order to bail out state firms that are losing money, the central government pledged 150 billion yuan worth of loans to solve the "triangular debt" problem among the large state firms. At the same time, it scrapped subsidies to smaller state firms responsible for purchasing and distributing farm goods. These firms responded by investing their limited capital, which was supposed to be used for purchasing food to supply the cities, into quick-profit schemes such as real estate, food services, and entertainment.

Farmers, who had to sell grain to such state distributors, saw sales drop by 20%—what city residents see only as a hike in the price-tag on food staples. When farmers are unable to get their product to market, they migrate. But worse yet, they become consumers in the cities where food shortages

are more likely.

In 1993, partially as a result of the 1990-91 policy, average national inflation hit 27%, the highest since the Communists took power in 1949; in some coastal cities, rice prices doubled within a year, while some cities in provinces such as Gansu, Xinjiang, Anhui, and Liaoning, reintroduced government coupons to enable the poor to buy cheap rice and edible oil. Grain prices in China's 35 major cities rose at an annual rate of 59.5% in November.

The agricultural policy of 1995

The current policy from the central government, which has a long-held objective of food self-sufficiency, is set to achieve its goal of 500 million tons annual output of grain by the year 2000—a 10% increase from that of today. To that end, China has decided to direct more loans to the agricultural sector, and strengthen the Communist Party organization at the village level—a policy which emerged from a four-day annual economic strategy session of top leaders in December.

For the new year, Beijing is also promising to strengthen the series of laws, first activated in the beginning of 1993, to rescind several improper tax-levying regulations that had been placed on farmers by local governments across China, according to a vice chairman of the standing committee of the National People's Congress.

In December, the *People's Daily* issued an urgent appeal for investment in agriculture. The new State Development Bank announced that its working policies in 1995 will emphasize grain production, by increasing loans by up to 20% to agriculture-related water projects. In addition, China will keep its ban on the export of grain and other agricultural products to stabilize rising prices, plus all imports of grain, oil, cotton, sugar, and fertilizer will be put directly under central government control. The state will also require local authorities to fulfill grain-purchase quotas from farmers, and will then supply grains and edible oil to areas most in need.

As on other matters, the top leaders are not united on agricultural policy, while all economic activities remain “experimental” and under constant debate.

To one faction, peasants are there to sacrifice for the nation's economic takeoff. Its policy bonds peasants to the land with *hukou*, a resident registration system. This group is now calling for tightening the screws with a variation of Mao's commune.

Others, while realizing that China's limited arable land will eventually release more than 200 million peasants by the year 2000, promote rural industries and small townships scattered along roads and rails. According to *China Daily*, the objective is to build 3,000 towns. The government comes in with blueprints and supervision, but no investment. The excuse is that when up to one-third of state firms are facing potential bankruptcy, there are simply no resources available to build big new cities which require infrastructure and jobs.

The local models

The local governments on the other hand, advised by young experts, advocate a trial-and-error approach in various villages. The top models being showcased are, first, the “twin-field system” of Pingdu County, which divides farmland into two uses, one for basic household consumption, or *kou liang tian*, and the other for contracted sales to the state and markets, or *ze ren tian*; second, the “free circulation” model of the southern coast, in which farmland leased for longer terms changes hands quickly according to market fluctuations, in the form of stocks or contracts; and third, the “collective farm” model of relatively rich Wuxi County, where the village pays farmers wages equivalent to those earned by workers in their own village industries.

The models to “fully tap the potential of the peasants' input,” or to “mobilize their initiative,” will invite future troubles, because there are technical and physical limits to such individual farming. Some in Beijing clearly foresee this. But policy as such is still being touted by the party paper. “At present, and for a relatively long period to come, our rural policy should emphasize improvement of the internal institutions of the contracted responsibility system on a household basis with remuneration linked to output,” said a signed article in the *People's Daily* on Dec. 16, 1994.

The problem with this policy is that with the current farming techniques applicable to this type of tiny-paddy, labor-intensive production (small waterpumps, new types of seeds or fertilizer), yield per hectare, high by world standards, is rapidly approaching its limit; stagnating yield per capita can't possibly raise the income of the grain producers without raising the grain price.

How the increased loan and other measures of control, including the agricultural law of 1993 to ease improper taxes on the peasants, could be applied to agricultural production in order to halt wrong practices which are “still rampant and sparking rural discontent,” as a senior legislator put it to the People's Congress, relies on the party's plan of overhauling its grassroots organization.

Under the current political system, most of the party's grassroots cadres, although few have decent education or strong morality, redistribute loans, collect taxes, and raise funds for the local government. They also administer land distribution and, more importantly, implement the birth control policy.

In early January, senior Communist Party officials were quoted saying that about 80% of its 800,000 village branches are “lax and paralyzed” when encountering rapid economic changes, causing “chaotic security” problems in rural areas. The party is to renovate the branches in 1995.

Beijing's 1995 policy pushes agriculture a little higher among its priorities, a move that is overdue. But a far-sighted plan, one which does not prefer agriculture or industry but would develop both, has yet to come.

China refuses to capitulate to GATT; Kantor threatens trade war

by Michael O. Billington

The negotiations for the reentry of China into the General Agreement on Tariffs and Trade (GATT) broke down in December, thwarting China's strongly expressed desire to be a founding member of the World Trade Organization (WTO), which took the place of the GATT accords on Jan. 1. Although the world press reported the breakdown as a defeat for China, it was in fact a significant victory for Beijing on at least two counts.

First, China stood firm in the face of the International Monetary Fund (IMF)-GATT thugs who had orchestrated a global assault against China over the past year, aimed at forcing Beijing to open up the Chinese economy to the ravages of the London and Wall Street financial institutions as a "condition" of GATT membership. One faction within the Clinton administration, centered around Trade Representative Mickey Kantor, worked in tandem with the GATT free-trade warriors, in obvious cross-purposes to the President's infrastructure development plans for China. Kantor's representatives broke off talks on bilateral trade issues with the Chinese at the same time that the GATT talks collapsed, and Kantor is now threatening to launch trade war against China in retaliation for its refusal to capitulate to his demands. He expects to get full support from the yahoo Newt Gingrich wing of the new Republican majority in Congress.

In addition to the wisdom of rejecting the "shock therapy" approach demanded by the IMF and GATT, there is a second reason that the breakdown in the talks must be seen as a victory for China. The resulting pause in negotiations on how far China will go in cutting tariffs, opening domestic markets, accepting foreign financial institutions and practices, and so forth, may provide Beijing with the breathing space needed to realize that the entire GATT-IMF structure is in the process of terminal collapse. "Success" in joining GATT would be like successfully injecting oneself with the AIDS virus. The same message holds true for Taiwan as well, whose government is busily overturning every crucial policy which helped build their economy into one of the strongest in the world—all as "conditions" for acceptance into GATT along with (or ahead of) the mainland. The current explosion of a financial crisis in Mexico should be a warning that the free-trade mania, be it GATT, the North

American Free Trade Agreement, or the Asia Pacific Economic Cooperation forum, is merely aggravating the crisis caused by collapsing real production and an expanding speculative bubble in the world financial markets.

Negotiations began eight years ago, when China requested readmission into GATT, having dropped out after the Communist takeover in 1949. China began participating in GATT meetings while adjusting its economy to GATT requirements, although it was not an official member. By 1994, Beijing insisted that it had made adequate adjustments to be admitted, and set a deadline of Jan. 1, 1995, with the intention of gaining the political prestige of being a founding member of the new WTO.

A new condition

But last July, the GATT spokesmen suddenly added a new condition: China must enter GATT not as a developing nation, but as an already developed nation, which would place upon it vastly more stringent demands, including the abolition of all non-tariff trade restrictions such as import licenses and quota systems, the opening of the banking system to large foreign banks, and similar measures which would have devastated China's fragile and backward agricultural sector, destroyed many emerging industries, and generally sacrificed the nation's sovereignty.

This demand was preceded by a massive hoax carried out by the IMF, which introduced a new accounting mechanism in 1993, which suddenly thrust China into the position of the third largest economy in the world, from only eleventh the night before. The new "Purchasing Power Parity" method simply assigned a world value to goods and services and recalculated Gross Domestic Product for a nation based on its estimates of the average market basket of an average family, using world prices. This sleight of hand ignored the vast difference in value of goods and services defined by the accumulated value of physical and human infrastructure and technology which define the productivity of labor in a given nation. The new "fact" that China was the third largest economy in the world was inserted into every western analysis and news report.

Beijing refused to give in to this ploy, however. Minister

LaRouche interviewed in Chinese journal

As a sign of the awakening to the scope of the current global economic and financial crisis among Chinese intellectuals who are searching for solutions for their country's development, a bimonthly journal, *Strategy and Management*, in its last issue of 1994, printed an extensive interview with *EIR* Founding Editor Lyndon LaRouche.

The interview, conducted by a Chinese economist, was headlined "The General Crisis of the International Financial Capital System and China's Reform." In it, LaRouche discussed the emerging global financial explosion and, using examples from world and Chinese history, outlined the physical-economy alternatives that China could adopt to reverse the current economic crisis.

"Mr. LaRouche promotes a new renaissance of industrial civilization and the European Classic cultural heritage, which needs to be combined with infrastructure development and high-technology advancement. And he ridicules the free market theory in the West and other academic theories represented by the Harvard and Oxford schools," the editor of the semi-official journal wrote in the preface to the interview.

The journal ran the interview next to another with Harvard professor Jeffrey Sachs, the architect of the International Monetary Fund's "shock therapy" policies, which a growing number of Chinese recognize as the cause of the current economic disaster in Russia.

of Foreign Trade Wu Yi repeatedly warned the West that China "will neither sacrifice its fundamental interests for the GATT re-entry nor trade away its principles." The official *China Daily* reported on Dec. 29, 1994 that it was obvious that the West was aware that China was an underdeveloped nation, since "otherwise they would not have pledged over \$10 billion in the Chinese market to take advantage of one of the cheapest labor forces." The article continued: "Just make an excursion into China's vast interior, and one can well reason with those contracting parties which insist on labeling China as a developing nation." Ironically, it has been China's willingness to offer up a desperate, impoverished peasantry to the globalization (i.e., search for the cheapest labor supply) of the depressed economies of the West during Deng Xiaoping's "reform era" that has brought on the current crisis in the Chinese economy.

Trade war or development?

Much of the GATT attack was publicly orchestrated by U.S. Trade Representative Kantor, whose thug tactics have threatened to undermine President Clinton's efforts to dramatically upgrade trade relations between the United States and China. Last summer, after Kantor aide Charlene Barshefsky announced to the Chinese the new demand that China be considered a developed country for GATT entry, President Clinton sent Commerce Secretary Ron Brown on a special mission with a different message, aimed at the establishment of massive infrastructure development agreements between the United States and China. Brown announced that Clinton had "junked a 12-year tradition of laissez-faire government." Other officials told *EIR* that the administration intended to change the policy of "using China for sourcing" (using the impoverished, cheap labor for the production of goods shipped back to the United States), in favor of investments in major infrastructure and the promotion of high-technology exports into China, helping both the Chinese economy and U.S. industry.

Kantor has renewed his sabotage of the President's efforts by manipulating the conflict over Intellectual Property Rights (IPR), referring to the copyrights of computer software, videos, pharmaceuticals, and so forth. Kantor's aide Lee Sands, who was handling the negotiations, suddenly walked out of the meetings in a huff, in an obvious effort to insult the Chinese. He claimed that Beijing had not made any serious efforts to solve the problem, especially concerning the pirating of Hollywood videos and music compact discs (obviously of great concern to Kantor, who is infamous as the representative of the Hollywood mafia). Kantor admitted that he was using the IPR talks as a lever to force the Chinese to accept the GATT conditions, and has now set Feb. 4 as the deadline for China to meet U.S. demands or face punitive tariffs of 100% on imports worth up to \$2.8 billion. China promptly announced its own set of retaliatory measures, including the suspension of negotiations with U.S. auto companies, and imposition of tariffs on videos, CDs, cigarettes, and cosmetics.

China is keeping the door open for further talks to avoid trade war. Beijing is aware of the different contradictory policies of the Clinton administration. *China Daily* pointed out that "even U.S. Department of Commerce General Counsel Ginger Lew has recognized the progress" in regard to IPR matters, and points to the upcoming return visit of Commerce Secretary Ron Brown in April as a promising sign for bilateral trade relations.

At the same time, as *EIR* has reported over the past weeks, Beijing has publicly challenged several western banks over the introduction of highly speculative derivatives trading into the fragile emerging markets in China, refusing to honor derivatives contracts which they contend were obtained by unscrupulous means, and warning that they did not want to be caught in any potential financial crash in the West.

LaRouche on creativity and paradox: What is true science?

Lyndon LaRouche responded to the following questions at the International Caucus of Labor Committees-Schiller Institute conference in Eltville, Germany over Dec. 10-11.

Q: First, on biodiversity. You recently said there were two evolving processes, one by which mankind elevates the potential of the planet which causes some species to disappear, and, at the same time, a financial oligarchical system which makes certain useful species disappear. We have to consider these two processes you specified.

You also said we have to use species for the benefit of mankind. I understand the concept perfectly, but it is not so easy to judge that. For example, in the case of Florida, there are those who want to empty Miami of men for the panther, and it's very clear that the panther is not useful for mankind. But for the tropical forest, it's less clear.

A second question. There is a huge scientific program going on in the world called Global Change, which purports to prove that mankind is destroying the atmosphere. Of course, some of this research brings useful results here and there in the field of geophysics, but most of it is bad because it is based on a political compromise with greenie ideology. My question is, do you think we can change that in a better direction?

I put that in the context of what you said about Purgatory—the point from which we see the possibility to build a better world. The conquest of Mars is one way to show mankind the possibility of raising itself up. If we want to have a colony on Mars, we have to have an atmosphere and therefore to create one. So it is interesting to understand in a detailed way how our atmosphere was created and functions. So do you think it possible to reorient this huge Global Change program in a more positive direction?

LaRouche: First of all, on biodiversity, I will make an observation which is axiomatic in nature and covers both question areas. I used to have fun years ago in the university, which enhanced my certainty that I should get out of there at the end of the war. That was because of my experience in defending Leibniz, in my own way, against Kant, it was my

refutation of Kant in the late 1930s which established the foundation of everything I have done in history since. Being aware of this, when I would find myself in a room where insanity was descending like a sickening disease, you would want to do something to break windows, so some ventilation could occur. Somebody would be talking about physics or something, and it would always come down to a certain form which comes up in biology. Somebody would ask the biology professor, "Well, how do we know that life is possible?" from the standpoint of chemistry or biology. How can we prove from mathematics that life is possible? The same thing is: "How do you prove mathematically that God exists?"

It's like the case of Pietro Pompanazzi, the teacher of Gasparo Contarini and others, who represent the Venetian tradition in Protestantism and in nominal Catholicism. The basic premise of their reasoning is they can only prove that neither the human soul nor God exists. And then they say, "Well, we can't prove it, but we know He does."

"Why?"

"Well, I heard a rumor from a well-informed neighbor," or, "a priest once told me."

"What did he say?"

"That it's a mystery."

That question is crucial. What is the difference between a living process and a chemical process which apparently has the same chemical composition as a living process?

Take a tissue at the moment you pronounce it dead. There is a point at which the tissue is alive, and a point at which it is dead. What is the moment of death? Now define a chemical or a biophysical principle by which you can define this. Immediately you create a crisis, because in formal mathematics and formal science in all universities today, they advocate what they call scientific method, the notion of *causality* which Pompanazzi gave to [Francesco] Zorzi, which they gave to [Paolo] Sarpi then to Galileo, to Bacon, to Fludd, and to Bacon's homosexual wife, Thomas Hobbes, etc. This method is generally called "science."

So, most people called scientists are not really scientists. The ones who are useful are rightly called engineers. The

distinction is very simple, although certain engineers do go on to become scientists, as Gaspard Monge understood it. The engineer learns how to repeat and master certain proven techniques and to apply them in a responsible, professional way. But he does not intrinsically represent knowledge, only professional skill.

Knowledge is located in answers related to the question typified by this one: What is the difference between a living and a dead tissue? What is the event that defines the difference in a chemical process which is living at one point, and in the next is no more? That question defines knowledge.

The distinction between man and beast

The second question is of the same form. What is the difference between man and the beast? We can demonstrate that if you look at the human species biologically and in terms of its behavioral propensities, it is not capable of any greater potential population density than one of the higher apes or baboons. The ape has a more or less fixed behavior; it can not change its range of adaptability. Man can intervene with a lower species to direct it to rise to capabilities which the species would otherwise not have. The perfect example is dogs. We have one in the room. This dog has been cared for by a person I've known, and has reached a state of moral and intellectual development as a dog which would not be possible for a dog in the wild. The Sicilian donkey is even more intelligent, but also more troublesome, more mischievous.

But no species can increase willfully its potential population density. So, the fact that we have more than several million people on the planet proves that man is not an animal. How do we achieve that? Through ideas. We achieve progress through non-traditional ideas. If somebody talks to you about tradition, you say, "Wait a minute. We are not animals, we do not have traditions. Animals have built-in traditions. We have a higher capability, which is to create."

Ideas can never be expressed in words. No dictionary can define an idea, as Jonathan Tennenbaum referenced in the case of the Chinese with the little parables (see *EIR*, Jan. 1, 1995). A paradox can not be literally explained by any computer. If you can find the meaning of a word in the dictionary, it is not an idea. An idea can be communicated only by replicating in the mind of the hearer a paradox of the form of the solution principle to Plato's *Parmenides* paradox.

A dog would never understand that, nor a parrot. That paradox can only be solved inside the mind of the individual, not by behavioral conditioning, but rather only within the creative powers of the individual, that which makes the individual in the image of God—the creativity which is inexpressible in words, which is the leap from a lower state of knowledge to a higher state which occurs in the human mind.

Thus you need a Classical education which is not based on "repeat after me," an education which forces the child

from the beginning to face the paradoxes. One of the best things for children, without any trigonometry involved, without any arithmetic, but only simple geometric construction, is to show a child how ancient Greeks such as Eratosthenes, who never saw the curvature of the Earth, not only knew the curvature of the Earth, but measured it with an accuracy of Earth diameter of about 50 miles. How did the Ancients of the same period find the distance from the Earth to the Moon? They made errors in the calculations, but how did they do it? How did the Ancients know the distance approximately, even with great error, from the Earth to the Sun? Only by line of sight, no telescopes? You can show a child how to do that with a technique which is outlined and developed in Jacob Steiner's *On the Method of Construction using only Straight Lines and Circles*. You can show a child how to make a good estimate of the curvature of the Earth, or the distance to the Moon, using a few eclipses to help you out.

Once he has understood that method, he has made a breakthrough from ignorance to pre-science. He has the grounding to understand science at a later point. We use the same thing with poetry, with drama, using metaphor. The child develops his creative ability, waiting to be awakened from a sleeping form. You show the child not that he is creative, but that creativity can be communicated. When you can communicate something, not by words, but by paradox, that paradox now becomes an object of consciousness, of thought, an intellectual object which has no sense perception, no sound, no visual image, it exists independent of all senses, and yet it is a definite object. You can show that this object increases man's power over nature, and that in no other way can man's power over nature be increased. We can measure that in terms of population density, in terms of the intellectual level of those with whom we communicate.

Only when we get to physical economy do you have real science. Without it, as I have defined it—and that is my *unique* contribution—there is no true science. What you must prove is not an experiment, but that a method of creative discovery is valid for all humanity, insofar as it produces repeatedly results which increase man's power over nature. You can only prove this in terms of physical economy. There is no other possible proof. That was my discovery. I was able to deal with it through the help of [Georg] Cantor, and especially of [Berhard] Riemann. Before me, only Riemann answered this adequately, not in terms of economy, but of the difference between mathematics and physics. That is not competently taught in any text I have ever read, even though the language of Riemann is absolutely clear and lucid.

Our responsibility toward nature

Once you understand that, two things follow in answer to the question: On biodiversity, we have a moral responsibility in respect to all of nature, including the universe in general—a moral responsibility which is to use reason, and to use

When we have learned to build a city on Mars, we can use that to build a city in the Sahara. If we can solve the problems of man's habitation in space, there is no problem on Earth we will not solve by the same means, in terms of man's habitation. So we have to go to Mars to establish a science city simply in order to discover the new knowledge which we need to have to meet the requirement of the human race over the coming period. So, the cup is given to us, and we must drink from it.

it against the yardstick of the increase of man's power over the universe. We are especially sensitive to life. We do not terminate the life existence of any species carelessly. We use reason. We say, "Will the extinction of this species increase the potential population density of future generations or not?" Obviously, bubonic plague and a few other things should be eliminated. Diseases should be eliminated. Rats carry viruses, in some cases for which we have no cure—they should be eliminated. Many other animals carry deadly diseases. Their presence in areas of human habitation should be controlled. Some species are very useful to us. Some should be curtailed. We should always keep the possibility—if we do make a mistake—of correcting it. We should not extinguish a species, although we may curb it, because, if we have made a mistake, we want to be able to bring it back.

Our attitude on this is a moral one. If we apply the injunction of the Book of Genesis, we make no mistake. We must look at every species, every form of matter, in general in this way: Is it useful for human existence? It is God's law that man use the universe for his advantage.

Those who bring man down to the level of animal, who say mankind must be sacrificed for the sake of the animals, arbitrarily, for species that have no usefulness, that is *evil*. The people who say so are *evil*, because they are attacking the fundamental difference which separates man from the beast. They reduce people to equality with beasts, as Prince Philip proposes to do. Prince Philip does not have to kill a single person for us to know he is evil. What he says is evil,

and he organizes on behalf of what he says, to bring it into effect.

If you reject the difference between man and beast, you become a beast—like Prince Philip and the World Wildlife Fund. We have no moral obligation to respect them, but we do have a moral responsibility to do nothing irrationally and to measure what we do in a scientific way.

Man's extraterrestrial imperative

As our dear friend Krafft Ehrigke said years ago: Man has a manifest extraterrestrial imperative. Man is not given instructions by God on what way to walk—not directly. But man is given instructions very clearly by the principle which we in Christianity know as the principle of Gethsemane. Sometimes, the man of the family faces it when there is a catastrophe in the household—a responsibility is thrust upon him, a cup from which he must drink.

By simply responding to our moral imperatives, we find constantly that there are things we find we must do morally, even though there are no written instructions. So we come to space: In order to get some knowledge about the nature of physical processes, we should know more about the universe. Human knowledge is always based on human creativity, which Kant denied to exist and, therefore, for Kant, is evil. (And his tastes in art stink.)

Man's progress has always been based on astronomy. The root of science is in solar sidereal astronomy. The solar calendar as modified by a sidereal criterion is the foundation of all natural science in man's history and pre-history. We can trace that in central Asian culture back about 20,000 years, to ancient Chinese calendars. I must examine the stars, I must learn, as Kepler did, from observation. But I can't make the observations, because the atmosphere doesn't let me. I can't get certain frequencies in the right proportions. If I go out into Earth's orbit, I find the Sun is a very dirty place, electromagnetically.

What I want to do is to put some giant radiotelescopes out as far as possible from the Earth in order to fix upon measuring the observable anomalies in the full range of the spectrum, invisible as well as visible. So I put these radiotelescopes out. But how far can we go? With a fusion energy driver-system, using the only fuel readily available in space, on the Moon, helium-3, the best we could go, on a round trip, in a vessel carrying its own fuel at one Earth gravity acceleration-deceleration, is about the asteroid belt.

We could go further if we used matter/anti-matter reactions or if we could develop artificial environments to compensate for the lack of gravity on a slower moving vessel. But human beings can not go conveniently further than the asteroid belt. With those technologies, the nearest place we can get is in the vicinity of Mars. Then you need a base to manage all these telescopes and scientific laboratories. Therefore you have to build a base for this work, and the only

available real estate is Mars, which has a fractional gravity which is probably tolerable. We can build a self-sustaining science city on Mars. There are many technologies we have to master to be able to do that; it would take about 30-40 years, but we could do it. We build a city of about 250,000 of so on Mars, of engineers and logistical people who sustain it. That would be a great profit to Earth.

We will not bring back any minerals from Mars, except for scientific purposes, but when we have learned to build a city on Mars, we can use that to build a city in the Sahara. If we can solve the problems of man's habitation in space, there is no problem on Earth we will not solve by the same means, in terms of man's habitation. So we have to go to Mars to establish a science city simply in order to discover the new knowledge which we need to have to meet the requirement of the human race over the coming period.

So the cup is given to us, and we must drink from it. We must make the trip to Mars.

But we can't just go out and get a bus ticket. Therefore we have to prepare. How shall we pay for it? It won't cost us anything to get to Mars, because the improvement in the productive powers of labor on Earth as a result of the scientific and engineering developments will make everybody on Earth rich. The net cost of the project will be less than zero: a pretty good investment. Only groups of nations can do it. We have the technologies so why don't we do it?

But the problem on this with the pseudo-science is the same thing. Knowledge is often used to describe what passes for engineering knowledge or what enables you to pass a multiple choice questionnaire in the course of getting a useless degree from the university. But knowledge is the communicable ideas which cannot be expressed in words. We practice that knowledge first of all by poetry. The principle in all great poetry is the same: metaphor, or in all great Classical tragedy, or in Classical musical composition. In mathematical science, we know it as the principle of discovery. We don't have science today, because science means knowledge. Leibniz had science, Riemann understood the principle of science, Kepler was a great scientist, so was Leonardo. Cusa was the first real scientist, because he was the first to understand this principle of human knowledge in this way, even though the precedent for it was established by the Greeks.

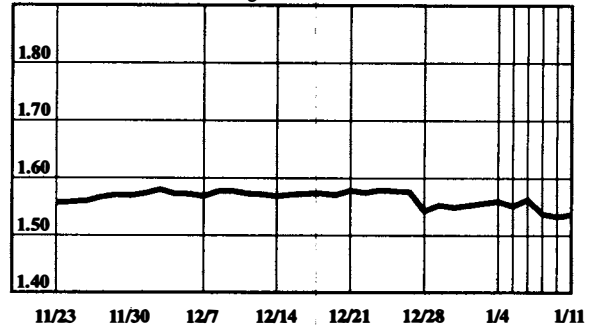
If we enforce the idea of the distinction between living and dead processes and then among living processes, the difference between thinking processes and animal processes, if we learn the lesson of what we can do with the dog of Renate Müller and her husband Dino de Paoli—of how they elevated her to something more than a dog could be—and then understand real human creativity; if we address all these questions from that standpoint, with the science of physical economy to help us, then these things are no problem.

I'm sorry to be long-winded, but I thought the axiomatics had to be addressed in this case.

Currency Rates

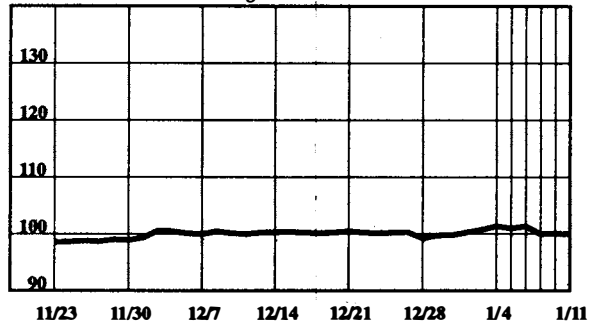
The dollar in deutschemarks

New York late afternoon fixing



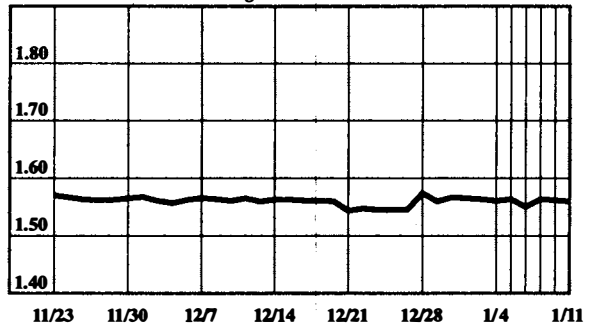
The dollar in yen

New York late afternoon fixing



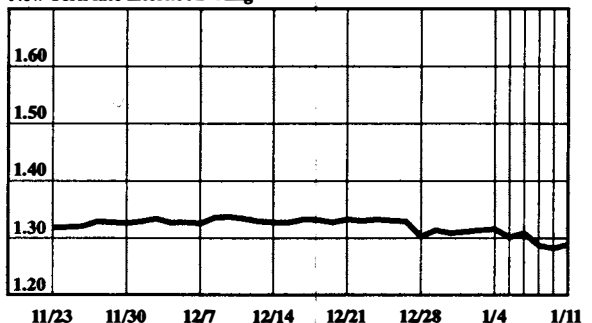
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Westerners react to green assault

Will the anti-green movement back American System policies or the feudalist Conservative Revolution?

More than 600 people met on Jan. 6-7 in Salt Lake City, Utah, to draft a strategy to defend the western United States from the relentless attempts by the environmentalist international to destroy the physical and economic infrastructure of the region.

The Western States Coalition, which organized the conference, is a loose grouping of individuals, from state legislators to county commissioners, leaders of trade associations, and grassroots organizations, that have come together to fight back against what has become known as "The War on the West." This is a systematic war being waged on the western states by the environmentalist movement and its co-thinkers in federal agencies and multinational corporations, to shut down infrastructure and economic activity, and to depopulate the entire region.

How effective that movement will be will depend on whether it falls under the sway of the Conservative Revolution, which fuels an anti-big government, states' rights populist rage, or adopts an American System outlook which tackles the physical-economic problems blocking economic development.

For example, one major topic of discussion was water rights. At present, attempts are under way to halt the agricultural and industrial uses of the water supplies of the West, a move that would destroy farming, ranching, and many communities across the region. However, the defensive reaction of the movement to environmentalists, reflects its weaknesses.

As this author pointed out in his

speech to the conference, even if the West were to succeed in retaining control of the water supply, it would still lose in the long term.

The fundamental problem is that the West is going to run out of water in 10 to 20 years. What is required is a positive approach, taking the initiative in promoting great infrastructure projects, including irrigation, water works, transportation, rail lines, and electrical power generation and delivery. The proposed North American Water and Power Alliance (Nawapa), for example, developed in the 1960s by the Ralph M. Parsons Co., would divert enough unused water now flowing north to the Arctic, southward through the Rocky Mountain Trench, to bring a new supply of 135 billion gallons of water a day to the Canadian and U.S. plains, the Great Lakes, and Mexico.

The political shortcomings of the movement are also apparent in its attempts to understand who the enemy is. For example, more than 50% of western lands are still under the control of the federal government (over 80% in Nevada), and the controllers of the environmentalist movement have been busy over the past years turning enormous areas of the West into "wilderness areas," in which the presence of human beings is outlawed, or "national parks," in which all economic activity is prohibited. The situation has become unbearable.

Most of the conference speakers consider the federal government to be the enemy. In fact, while it is true that hundreds of federal bureaucrats are dedicated to waging war on the West,

the command and control apparatus is in Europe, centered among the oligarchical families in the Club of the Isles led by Prince Philip of the British monarchy. This assessment was brought to the attention of conference participants by the circulation of hundreds of copies of *EIR*'s Oct. 28, 1994 *Special Report*, "The Coming Fall of the House of Windsor."

Speakers represented a broad spectrum of viewpoints, and some were even internally inconsistent. Sen. Orrin Hatch (R-Utah), for example, detailed the destructive effects of environmental legislation, but then completely changed subjects and pleaded with legislators to support the balanced budget amendment and a three-fifths majority to pass tax increases, measures which would virtually ensure that major development projects could never be gotten off the ground.

Many Democrats pointed out that the real Democratic Party is not one of environmentalist zealots intent on destroying the West. But an aide to Rep. Billy Tauzin (D-La.) said in his speech that the congressman is pulling together a bipartisan coalition to support all aspects of House Speaker Newt Gingrich's (R-Ga.) Contract with America.

The outlook of the Conservative Revolution, Gingrich's cyberspace version of environmentalism, was most prominently represented by Richard Leshner, president of the U.S. Chamber of Commerce. Leshner hailed the wonderful world of British System free trade—the General Agreement on Tariffs and Trade, the North American Free Trade Agreement, the proposed balanced budget amendment, and the Conservative Revolution agenda generally. If the western states support these policies, instead of promoting the development of basic economic infrastructure, they will lose "The War on the West."

Business Briefs

France

Drastic rise in local, regional indebtedness

There has been a drastic increase in French municipal, departmental, and regional indebtedness over the last few years. Long-term debt rose from 57.3 billion francs in 1985 to 82 billion francs in 1993, while total bank lending reached FF 697 billion in 1993.

Unable to sustain their rate of lending to corporations, banks have massively increased lending to municipalities and departmental and regional authorities. Fueling the increase has been stiff competition among both French and foreign banks, which have waged an interest rate war to set credit costs at rates that "nobody can refuse."

In the past, such debt was held by public banks, which were obligated to keep interest rates low. Now, however, debt is held mostly by private French banks and foreign banks, which are under no such obligation. Deutsche Bank and Deutsche Girozentrale, for example, are big lenders to the Rhône-Alpes region of France; this means that as interest rates rise in international markets, French cities and entities will be hit hard. There is already talk that interest rates will start going up after next year's municipal elections.

Taiwan

Ban on shipping to mainland to be lifted

Taiwan's cabinet approved a plan on Jan. 5, subject to a final okay by Parliament, to lift the ban on shipping to mainland China, which has been in effect since 1949, according to a statement released by the cabinet. The proposal calls for a section of the southern Kaohsiung port to be turned into an "offshore" shipping center for exports to the mainland.

Aimed at making "Taiwan's economy more free and more open," and Taiwan an Asian commercial hub, the cabinet plans to turn the island into a regional center to rival Hongkong and Singapore in the 21st century. The plan restated previous proposals for large

infrastructure projects and more financial deregulation.

Finance

A new giant crash is certain, says Leuschel

Another giant financial crash is certain, and it may come this year or next, Roland Leuschel of the Banque Bruxelles Lambert told the weekly supplement of the German daily *Süddeutsche Zeitung* in early January. Asked when the next crash would come, he declared: "It is already here. It is becoming a salami crash. We just had the crash on the bond market. And we have losses of \$3,500 billion in bonds alone. This is already one-half of the crash. The stock market is next. It is faced with a similar fate. When exactly the crash will come, nobody knows. The crash always comes by surprise. Otherwise, it wouldn't be one."

However, Leuschel has no serious proposals to deal with such a crisis. He hinted that he has prepared himself for the crash according to the rule that "a king in the crash is he who has cash," and has not invested in a stock market that will go down. Leuschel gave the prognosis that the crash would come at the "end of 1995, maybe 1996. There will be a recession in America and, as a consequence of that, also here."

Not ruling out an emergency reaction of the central banks in that case, Leuschel pointed out that "the next recession will occur against the background of high jobless rates and state indebtedness. This will have political consequences." He added sarcastically, referring to the suicides in the financial community in the Great Depression in the 1930s, "I've asked not to pave the ground around my bank with cobblestones but only with marble tiles and tar."

Natural Gas

Nigeria to supply Benin, Togo, Ghana

Nigeria has signed an agreement to supply natural gas to Benin, Togo, and Ghana. The deal,

signed by Oil Minister Don Etibet, might also include Ivory Coast. The agreement would go into effect in 1998, after construction of a pipeline and other facilities are completed. The project developer, yet to be named, would be responsible for raising the \$260 million to finance the deal. Chevron (the producer of the gas), the German power group MAN, and U.S. investors expect to form a consortium for the project.

According to a World Bank study carried out by Italian consultants Bain, Cuneo Associates in 1992, the project could reduce primary energy costs in the region by \$500 million over 20 years. The potential demand in the region for Nigerian gas is expected to rise from 50 million cubic feet per day to 160 mcf/d in 2018, mostly for electric power generation. The gas supply will be from Chevron's West Delta field near the Escravos terminal in mid-western Nigeria.

Political Economy

List, Hamilton policies led to all successes

All postwar economic successes were based on the economic policy tradition of Friedrich List and Alexander Hamilton, William Pfaff wrote in the Jan. 7 *International Herald Tribune*.

Pfaff attacked the belief "that maximizing global trade is the way to produce the greatest prosperity for all." This "religion of markets" and "orthodoxy of international labor division" has led to the "transformation of 10 to 20% (or more) of the workforce from active and remunerated participation in the national economies—as contributors of wealth, consumers, and taxpayers—into state dependents, at best. At worst, they are simply excised from the national accounts."

However, Pfaff wrote, "history gives evidence" that "the economic 'miracles' that took place in Japan in the 1950s and 1960s, and elsewhere in Asia in the 1970s and 1980s, all occurred under regimes of formal or informal protectionism—which continue. The same is true of the great surge of the American economy in the 19th century. And imperial Britain dominated the world economy when it

preached free trade but practiced imperial preference. . . .

"Current orthodoxy, dominated by American and British economists . . . prefers to ignore the reasons for the postwar success of the continental European economies and Japan. They gave (and give) primacy to production, not consumption. They acted in the intellectual tradition of the 19th-century German economist Friedrich List (and . . . of Alexander Hamilton as well). List said that 'society's well-being and its overall wealth are determined not by what a society can buy but what it can make.' Note Germany and Japan's continuing determination today to remain manufacturing societies."

Principle "says living people should not be harmed for the sake of some speculative advantage to society in the future. The latter is what totalitarian utopians do. They sacrifice the living for a theory about the future. The harm is real. The promised benefits, for those not born, may or may not arrive." Therefore, it is "wrong to throw people out of work—out of a creative role in society itself—for the sake of a theory."

Aerospace

Indonesia to build planes in Europe, U.S.

Indonesia is looking to set up joint-venture aircraft assembly plants in Europe and the United States, according to the official Antara news agency. Research and Technology Minister Jusuf Habibie said in December that Indonesia is looking at a European site for an assembly plant for the N-250 turboprop aircraft. The plant, in principle, would be similar to the one that state aircraft maker Industri Pesawat Terbang Negara (IPTN) hopes to build in the United States.

The N-250 is a medium-haul, 70-seat commuter plane due to make its maiden flight early next year. Habibie said IPTN would have a 40% stake in the joint venture. In February, President Suharto is to announce the choice of the U.S. site from a short list of Alabama, Georgia, Arizona, and Oregon.

The Indonesian government has invested \$1.6 billion in IPTN since its founding in 1976,

and the N-250 is the centerpiece of the country's aerospace program. The plane costs \$13.5 million apiece; commercial production is targeted to begin in late 1997. The plane has been in the making for 10 years. IPTN now produces the CN-235, a smaller version of the N-250, with CASA of Spain.

Germany

Deutsche Waggonbau sale will mean production cut

The late-1994 decision by the Treuhand agency to sell Deutsche Waggonbau, eastern Germany's biggest producer of rolling stock and other railway equipment, to Advent International Corp., a Boston-based investment group with European headquarters in London, will bring the shutdown of two production sites (in Dessau and Niesky) that have specialized in producing rolling stock for Russia and other eastern European nations. Advent has said that it will keep only 3,200 of the 6,700 employees at the three remaining plants in Halle-Amendorf, Bautzen, and Görlitz, and in the company's administrative headquarters in Berlin.

The decision is contested by the German metal workers union and the state governments of Saxony and Saxe-Anhalt, on whose territories the plants lie. But Treuhand President Birgit Breuel has repeatedly said that there is no future for the firm in the traditional markets in the former Soviet Union and in eastern Europe. Strangely enough, the Russians and other eastern clients have an immense need for new rolling stock.

Deutsche Waggonbau, which built more than 40,000 rail cars for the U.S.S.R. State Railways, especially for the Trans-Siberian Railway, in the 50 years since the end of World War II, also has contracts with the People's Republic of China.

Advent, established in 1984 by "venture capitalist" Peter Brook, operates in conjunction with a worldwide network of 23 other nominally independent venture capital firms in 30 countries; it runs 600 projects worth \$2 billion. Its modus operandi is to buy into firms with temporary capital shortages, "streamline" them, and sell them off.

● **ISRAEL** and China have agreed to co-produce the Lavi fighter-bomber. The deal is a better indication of what is happening between China and the Clinton administration than the much-publicized trade war, a Russian source told *EIR* on Jan. 2. "The Israelis couldn't have made this approach without American support."

● **SAUDI ARABIA** is facing more speculation against its currency. Dumping of the riyal, mostly by London and New York banks, came in reaction to the new Saudi budget, which forecast a \$4 billion deficit and revealed a budget gap of more than \$10 billion in 1994. Dumping was also related to fluctuations in world oil prices—crude oil dropped at one point by 40¢ a barrel in early January.

● **INDONESIA** has accepted bids from Japan, Germany, Britain, and France on a \$1 billion rapid transit system for Jakarta, the *Jakarta Post* reported in December. Findings of a government feasibility study on an underground or elevated rapid rail transport system are expected to be released in early 1995.

● **MERRILL LYNCH** will lay off as many as 500 employees, including 180 traders and others from its global capital markets business, because of the slumping trading and underwriting markets, the Jan. 8 *Wall Street Journal* reported.

● **JAPAN** will provide \$1 billion to upgrade drainage and flood protection for Vietnam's capital, Hanoi, according to reports in the semi-official Vietnam Investment Review (VIR) released on Jan. 1. Japan has earmarked \$600 million a year in aid to Vietnam in recent years and is its biggest donor.

● **THE MALAYSIAN** firm Aris-ton signed a \$1 billion deal on Jan. 2 to develop infrastructure for tourism in Sihanoukville, Cambodia. The project includes upgrading the city's airport and construction of a hotel-casino resort and the infrastructure to support it.

Casablanca agenda: Begin development of the Mideast now

by Marcia Merry

On Oct. 31-Nov. 2, 1994 in Casablanca, Morocco, representatives from 60 nations attended the Middle East and North Africa Economic Summit, for which special development reports were prepared by many attendees, in particular, from the governments of the greater Jordan basin region: the Palestinian National Authority, Israel, and Jordan. These reports outline infrastructure, social services, and other projects that are presented as either options or priorities for the nations involved.

Getting these projects under way is long overdue. The historic Palestine Liberation Organization-Israel Peace Accords, signed on Sept. 13, 1993, contained economic protocols that outlined mutual-interest projects that could have been started within weeks of the signing (water supply and electricity grid improvements, housing, etc.). Starting essential projects now is the only path to peace in the Middle East, and the only right course to take, out of respect for the dignity of peoples in the region denied access to basic necessities for so long.

Moreover, the launching of needed development projects here would set the precedent for economic emergency measures around the globe. A program based on building infrastructure is the only sound alternative to the disintegration of the prevailing financial system.

Therefore, we present in this issue short excerpts from each of the three reports released at Casablanca. While the media play up the incidents of terrorism in the Middle East—much of it directly or indirectly tied to outside financial interests opposing infrastructure development there, or anywhere—the coverage of the Casablanca development proposals has been almost nil.

An important agenda item at the Casablanca conference, put forward by the Israeli government, concerned the financing of these projects. Israel proposed the formation of a Middle East Development Bank specifically for this purpose. The idea was strenuously opposed by the International Monetary Fund and World Bank, and no decision was made at Casablanca. But in meetings in Washington, D.C. on Jan. 11, the idea made substantial progress, as we report on p. 24.

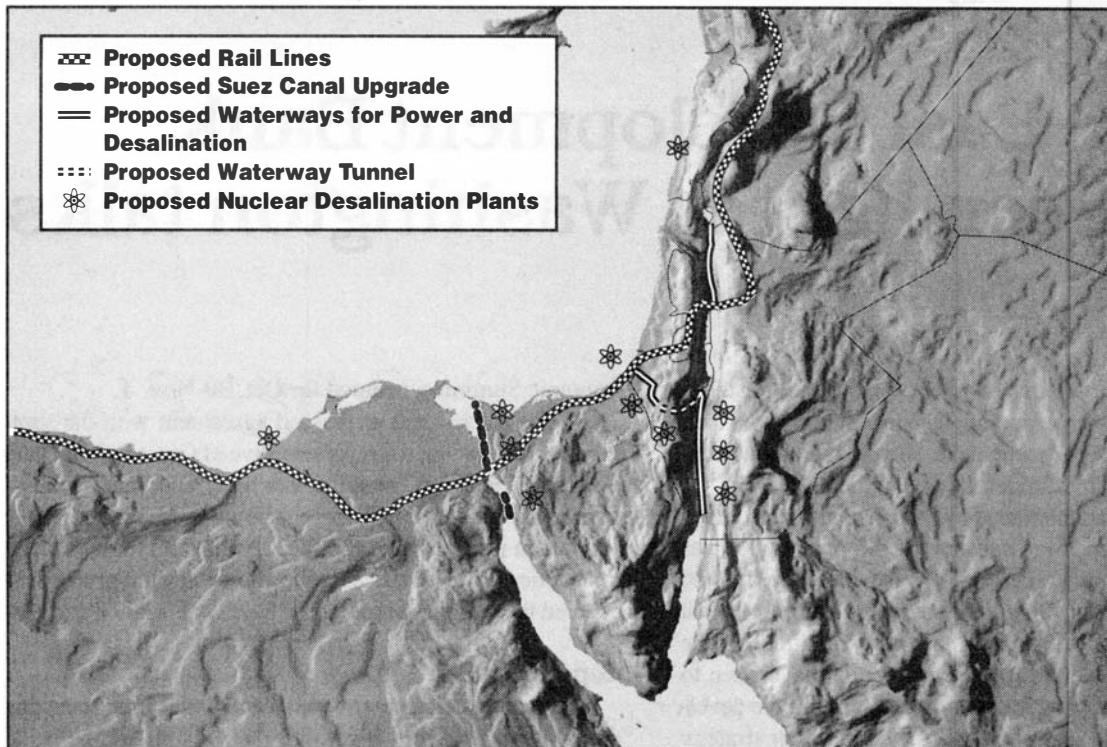


FIGURE 1
LaRouche's
nuclear
power-based
Oasis Plan

The atomic symbols on coastal and canal sites illustrate how "nuplexes" (nuclear-powered desalination complexes of high-technology agriculture and industry) could create oases of development in the desert. Just 20 such sites could provide the freshwater equivalent of the entire Jordan basin's present flow: a "Second Jordan River."

Priorities for development

The reports provided by the Palestinian Authority contain a detailed listing of dozens of projects, ranging from school-rooms, to toilet stalls, to hospital beds, to housing units, which uncontestedly should be built on a crash basis. For almost 30 years, next to no construction or refurbishing of needed plumbing, buildings, roads, and waterworks has taken place for the Arab population in the West Bank and Gaza, while thousands of people are living in camps in Gaza.

Apart from the category of short-term emergency construction for the West Bank and Gaza, the next most pressing feature of the three nations' proposals is the question of water supply.

Geographically, this region does not have the freshwater volume to support the economic activities required for the population now living in the region. The nearest freshwater "surplus" areas are the Anatolian highlands in Turkey, the Sudd in southern Sudan, and the run-off from the Ethiopian highlands.

In response to this geographical constraint, Israel, over the past 25 years, simply diverted water from the Jordan system by building its National Water Carrier, thus shorting users in Jordan and the Occupied Territories.

The Casablanca reports all have modest proposals for better water-sharing and management. However, no amount of engineering the existing supplies will provide the ratios of water per hectare and per household usage required.

In partial recognition of this, larger-scale water projects are proposed, such as the Mediterranean-Dead Sea Canal,

and the Red Sea-Dead Sea Canal, from which electricity for desalination is an objective. A Haifa-to-Beisan "northern" conduit is proposed by Israel, for desalinating Mediterranean seawater by reverse osmosis. And Jordan proposes additional water transfers.

Nuclear-powered 'Oasis Plan'

What is conspicuously absent from all three governments' reports is any mention of nuclear power. In fact, advanced designs for nuclear-powered desalination installations—strategically located along the proposed canal routes and coastal sites—could provide the increments of electricity and freshwater on the scale needed to create "oases" and corridors of development in this desert land. The map above shows schematically how this would look. For example, with the new man-made water resources, the modern day "gardens of Jericho" could showcase hydroponic and aeroponic greenhouses. Lyndon LaRouche, in consultation with others in the region since the 1970s, has called this the "Oasis Plan." Without nuclear power, LaRouche has repeatedly emphasized, no Mideast development plan can succeed.

Israeli Foreign Minister Shimon Peres proposed locating nuclear power installations in zones that would serve as "islands of international cooperation," in his book *The New Middle East* (New York: Henry Holt, 1993). Although chapters of the book served as the introduction to the Israeli government's Casablanca report, all mention of nuclear power was omitted.

Middle East Development Bank gets green light in Washington talks

by Dean Andromidas

On Jan. 11, a group of experts from the Middle East and North Africa concluded a meeting in Washington, sponsored by the U.S. State Department, with almost unanimous support for the creation of a Mideast Development Bank.

In a summary statement read by State Department Undersecretary Joan Spero, the chairman of the meeting, it was stated that the initiative taken by Egypt, Israel, Jordan, and the Palestine Liberation Organization in proposing a Mideast Development Bank "illustrates the new realities of the Middle East. . . . These parties in the region have risen to the challenge posed by the international community to develop their own institutional proposals to support their strategy for moving from conflict to partnership." The State Department meeting, comprising both the nations of the Mideast and North Africa as well as the countries of the Organization for Economic Cooperation and Development (OECD), agreed to the general characteristics of such a bank. The bank should focus on projects to promote regional integration, and should be a catalyst for private sector investment, Spero said. It should have a sound financial structure and a mandate to command strong support from international capital markets; it should be not a carbon copy of existing regional development banks, but rather a "multifaceted" institution "tailored to the unique needs and opportunities of the region." The bank should "cooperate closely with the IMF [International Monetary Fund], World Bank, and other regional institutions, whose role would remain essential in the region."

Another clause states that "funds should be lent only at market rates. However, it could administer voluntary trust funds that could offer concessional rates for special activities."

The broad economic goals of the "New Middle East" discussed at the meeting involve 1) building trans-border infrastructure projects; 2) invigorating the private sector and stimulating private capital flows; and 3) enhancing regional economic policy dialogue, reform, liberalization, and integration. The Washington meeting also set up a task force that will develop detailed proposals for the new institution, including mandate, membership, eligibility for borrowing, operation functions, capital requirements, and the like. The task force will meet again in Washington in March and every month thereafter, and will present its proposals at the Amman

Economic Summit scheduled for Oct. 30-Nov. 1.

All the participants expressed agreement with the summary as read, except the representative of Great Britain, who complained that the "mandate confuses ends and means," and cautioned that the task force "should not assume that one mechanism is better than another," but should remain "open to all options." With that proviso, he somewhat grudgingly accepted the summary report.

Stop the foot-dragging

The Israeli delegate stressed that it was important that "the political decisions regarding the bank should be made by Oct. 30." "After Oct. 30, the real work has got to begin," he said. Seconding his Israeli colleague, the Jordanian delegate emphasized that the next meeting must deal with the specifics of the operation of the bank, rather than be another discussion about principles, which he hoped had been totally resolved by this meeting. The Italian delegate urged the need to make some headway on the proposals even before the March meeting.

This commitment for the creation of a new financial institution dedicated to regional economic development began as a proposal last October at the Casablanca regional economic development conference sponsored by King Hassan of Morocco, under the initiative of Israeli Foreign Minister Shimon Peres. Referencing a disagreement about the formation of such a bank which arose at the Casablanca conference and resurfaced in Washington, Undersecretary of State Spero, speaking before the concluding press conference, said that the "difference of opinion" manifested earlier at Casablanca "had narrowed quite significantly" in favor of such a bank.

There were alternatives presented, however, in particular from the European side, which was pushing some other form of economic cooperation institution as an alternative to a bank. The decisive influence, Spero noted, was the "visionary perspective" of the regional countries themselves, which since Casablanca had united around the bank concept. Egypt, Israel, the PLO, and Jordan presented a paper with a "unified, clear, and powerful vision," in their call for the establishment of a bank, she said. Although "all the i's and all the t's have not been dotted and crossed," concerning whether there should be a bank or an economic cooperation institution,

Spero said that a strong consensus was developing. How such an institution will actually look is still to be decided, however. "The final solution may be a combination of the two," Spero said.

From the discussion, it was clear that the United States acted strongly in favor of the bank. The task force that will dot the i's and cross the t's consists of the Group of Ten countries, as well as the steering committee countries of the Peace Process Groups (European Union, Russia, Saudi Arabia, United States, and Tunisia). At the request of the United States, the regional cooperation group (Egypt, Israel, Jordan, and the PLO) was added to the task force, as was the case at Casablanca, because of their role in hosting the first conference.

The cornerstone of the Middle East Peace process initiated by the 1993 Oslo accords and the Gaza-Jericho agreement between the PLO and Israel was economic development, built on the foundations of regional infrastructure projects in the water, energy, and transport sectors. On the table for discussion is the Mediterranean-Dead Sea Canal and a Red Sea-Dead Sea Canal for the production of electricity and the desalination of seawater. In a discussion with *EIR*, Spero said that a Red-Dead-Med Canal, "or whatever combination they may finally come up with," would be a potential recipient of financing from the new bank. Nonetheless, an official present at the conference, who wished not to be named, responded to a question on who opposed the concept at the meeting: "Well, of course, the financial institutions expressed their usual caution in the face of something new."

Spero indicated that the bank could move forward even without a Syrian-Israeli agreement. The only requirement is that the countries wishing to become members accept the Madrid peace agreements. When questioned whether that meant the country must also recognize Israel, she indicated that that issue was not totally resolved. The Saudis, who were opposed to the bank, have softened their opposition, although they still have not formally given their support to it. Spero also said that it was intended that all the details be worked out by the time of the Amman summit. "At Amman," Spero said, "the political-level decision must be taken concerning the creation of that institution."

Beware of the World Bank and IMF

The commitment to a Middle East Development Bank represents yet another crucial step on the way to the creation of a new Middle East committed to economic development. Yet the fight over the various bank proposals represents a continuing tug-of-war between the partisans of peace and economic development, and the opposition, led by Britain and allied institutions including the World Bank, International Monetary Fund (IMF), and the United Nations. To "cooperate closely" with these institutions is what is at the heart of the danger to the peace process.

The terrorist provocations by the Hamas organization, which is leading the Palestinian opposition to the accords, and the provocations of the right-wing Jewish settlers movement, although financed and manipulated as British assets, are given fertile ground in the impoverished conditions prevailing in the Palestinian National Authority as well as Egypt, Jordan, and other countries of the region.

A ranking member of the Palestinian National Authority (PNA), who recently concluded a trip to the United States for talks with IMF and World Bank representatives there, confirmed the role of these banking institutions as saboteurs of the peace process. While technical assistance is being offered in the area of banking and finance, the money already allocated for development projects is still not flowing. When asked why they were stalling, the IMF and World Bank representatives in the United States claimed that they "had to respect the will of the donor countries." This is the line given to mean that they do not accept the role of the PNA's economic coordinating agency, the Palestinian Economic Council for Development and Reconstruction (Pecdar), as a reliable, trustworthy entity for channelling development funds. An IMF delegate currently in Gaza responded to the same question, saying that "big projects require more time, at least two to three years."

In addition, highly reliable sources in Gaza report that 60 to 70% of U.S. government aid for the Palestinians is being channelled through the hundreds of non-governmental organizations (NGOs) now operating in the Palestinian autonomous areas. These "No-Good Organizations" use the money to fund institutions which do not even exist in the area in question. What is the money being spent on? "They have opened shops, little offices, and have bought agents. They are creating agents and agencies which serve their own interests," these sources report.

On the Israeli side, the Rabin government, under pressure from the settlers movement, which is heavily supported by the British-controlled wing of the international Zionist movement, has been unable to deal forcefully with the question of illegal settlements. There is said to be growing concern for the upcoming 1996 elections, and whether the Labor-led government can be returned to power.

Parties supporting the Middle East peace process in Palestine, Jordan, and Israel are eager for the White House to assert more direct leadership, to reintroduce momentum to the negotiations. This is the assessment of a leading Palestinian politician and a journalist close to both the PLO and the Israeli Labor Party. A few months back, President Ezer Weizman gave an interview on Israeli TV, comparing the PLO-Israeli peace agreement to Israel's Camp David agreement with Egypt. Weizman, who was defense minister at the time of Camp David, stressed that if the United States had not taken a decisive stand at that time, the agreement would not have been reached. Weizman's point was that the same thing is true today.

A six-year plan for developing Palestine

A 100-page executive summary of the first official development program in the history of Palestine, "Program for Development of the Palestinian National Economy for the Years 1994-2000," was circulated at the Casablanca conference. Called the Palestine Development Program (PDP), the document reviews the hostile setting for development in the past, and gives an investment overview for the future, by sector.

Along with the PDP document is an appendix, "Invest in Palestine," presented by the Palestine Economic Council for Development and Reconstruction (Pecdar), an agency established soon after the 1993 PLO-Israel peace accords to coordinate economic planning and projects. Both documents are excerpted below.

*The "Invest in Palestine" document presents three categories of projects. First, a project budget of \$128 million for 1994-95 for "Emergency Rehabilitation" in Gaza and the West Bank of roads, water and sewage facilities, schools, and health care. Second, a list of projects amounting to \$165 million for "Emergency Investment" in eight economic sectors (see **Table 1**). The third element, what Pecdar calls "long-term, large-scale projects," includes the Gaza Port, the Gaza and Jericho airports, regional highways, a Palestinian corridor between Gaza and the West Bank, Gaza and West Bank industrial parks, and a Mediterranean-Dead Sea Canal.*

Most of the PDP seven-year plan and the "Invest in Palestine" report consists of straightforward lists of projects of the most basic kind—housing units, plumbing, and the like. However, also reflecting the World Bank's bias against generalized economic development, the PDP report (for which the World Bank was among the advisers) states: "We should, at the very least, be cautious about proposed regional mega-projects. Do they address real needs? Might they not create more problems that they help to overcome? How thoroughly have we assessed potential environmental impacts? And are there any realistic alternatives?"

In reality, both emergency and the long-term large-scale projects are essential for the required levels of population potential per square kilometer in the region.

Palestinian Emergency Development Program

Introduction

The economy of the West Bank and Gaza is currently in a state of crisis. Over the past decade, income levels have

stagnated, unemployment and underemployment continue to rise rapidly; social services and public infrastructure [are] grossly, extremely inadequate; and the fragile natural resource base is threatened with irreversible damage. Above all, the economy remains highly vulnerable to external developments, as shown vividly by the economic hardship being experienced in the aftermath of the border closure with Israel.

The main previous sources of economic growth in the West Bank and Gaza, employment in Israel and in the Gulf, have been lost, either completely or partially. The loss of labor opportunities abroad is largely permanent, and structural change is needed to reorient the development path toward one which encourages domestic job creation. Expansion of domestic production is the only way to create jobs and improve the overall living standards in the Occupied Palestinian Territory (OPT).

In order [to] redress this deterioration in the Palestinian economy, the Palestinian Economic Council for Development and Reconstruction (Pecdar) has set out to define the objectives and priorities of economic strategies. Planning in this respect will be both short-term and long-term in an endeavor to ensure the sustainable OPT economic growth. Pecdar has commenced its work by preparing the Emergency Rehabilitation Project, the Emergency Investment Project, and the Technical Assistance Program. The first stages of these programs are ready for implementation. . . .

Areas

The West Bank and Gaza cover a combined area of about 6,160 square km, of which 5,800 square km are in the West Bank and 360 square km in Gaza. The area is generally hilly with a cultivated area of over 1,550 square km in the West Bank and 165 square km in Gaza. Some 66% of the cultivated area in Gaza is irrigated, while the percentage drops to about 15% in the West Bank. The overall area is administratively divided into 29 municipalities, 69 village councils, and 400 localities without a local government structure. Furthermore, there is a total of 27 refugee camps run by the UNRWA in the OPT.

Population

The Palestinian population is estimated to be 2.2 million, of which 1.3 million live in the West Bank (including East Jerusalem) and 900,000 in Gaza. This estimate is somewhat in line with the estimate of the World Bank mission which suggests that official Israeli figures underestimate the real size of population by 10-15%.

Population density in Gaza is very high, more than 2,500 persons per square km. This is more than ten times as high as the density in the West Bank. Population growth rate is also very high, with an annual average of 4.4% in the West Bank and 5.0% in Gaza during 1990-1992. More than one-half of the total population is less than 15 years of age, and the population of Gaza is slightly younger than that of the West Bank.

TABLE 1

Allocation of investment in Palestine, 1994

(millions \$)

| Sector | Emergency Rehabilitation Project (ERP), Stage 1 | | | Emergency Investment Project (EIP) | | | ERP and EIP | | |
|--------------------|---|--------------|--------------|------------------------------------|--------------|---------------|-------------|--------------|---------------|
| | West Bank | Gaza | Total | West Bank | Gaza | Total | West Bank | Gaza | Total |
| Municipal roads | 11.37 | 17.27 | 28.64 | 18.38 | 20.27 | 38.65 | 29.75 | 37.54 | 67.29 |
| Solidwaste | — | — | — | 10.62 | 7.99 | 18.61 | 10.62 | 7.99 | 18.61 |
| Water and sewage | 11.4 | 7.6 | 19.0 | 15.01 | 11.93 | 26.94 | 26.41 | 19.53 | 45.94 |
| Municipalequipment | — | — | — | 7.0 | 7.1 | 14.1 | 7.0 | 7.1 | 14.1 |
| Education | 4.35 | 4.9 | 9.25 | 17.03 | 8.51 | 25.54 | 21.38 | 13.41 | 34.79 |
| Health | — | — | — | 15.25 | 6.02 | 21.27 | 15.25 | 6.02 | 21.27 |
| Socialwelfare | — | — | — | 4.94 | 3.43 | 8.37 | 4.94 | 3.43 | 8.37 |
| Accessroads | — | — | — | 11.65 | — | 11.65 | 11.65 | — | 11.65 |
| Total | 27.12 | 29.77 | 56.89 | 99.88 | 65.25 | 165.13 | 127 | 95.02 | 222.02 |

Source: Palestinian Economic Council, *Palestinian Emergency Development Program*.**International assistance**

The cost of urgent development needs in the West Bank and Gaza to cover investment in social and physical infrastructure as well as current start-up expenses comes to US\$2.4 billion over a five-year period, 1994-1998. This amount refers mainly to public sector investment (excluding the Housing Sector) and is supplied through international assistance. A further US\$1.3 billion of private capital flow will also be needed over the next five years in order to secure a sustainable annual per-capita growth rate in excess of 3% in the West Bank and Gaza. It is important to note that these estimates are based on certain optimistic assumptions, for example, that there will be a gradual reduction in the number of Palestinians employed in Israel.

'Invest in Palestine'**Investment program, 1994**

Pecdar has proposed an Investment Program for the year 1994, and subdivided the program into different projects, details of which are as follows:

1A. Emergency Rehabilitation Project (ERP): This project budget is US\$128 million; out of it, is the first phase of the project for the year 1994 budget which amounts to US\$57 million, covering the sectors of Municipal and Village Roads, Education, and Water and Sewage in both Gaza and West Bank.

The financing for this project is administered by the World Bank, and allocated by the World Bank, Saudi Arabia, Arab Fund, Denmark, and Switzerland.

Several projects among these were tendered and awarded to contractors, a group of 12 projects are due next week, some are under preparation by municipalities and by contracts to local consultants, the last group is yet to be designed and

prepared for tendering.

It is worth mentioning, that certain difficulties are created by the Civil Administration in the West Bank, such difficulties must be overcome and the routine procedures to be reduced to the minimum, taking into consideration the urgency of these projects, and as well their nature as rehabilitation ones within the Municipal or Village Council boundaries.

1B. Emergency Investment Project, 1994: A list of projects worth US\$165 million was prepared in eight sectors for both Gaza and the West Bank. The list considered the most urgent and the most ready projects within a set of criteria. These projects are yet to be funded and presented to the donors for funding purposes.

Some of the above-mentioned projects are ready for tendering once funds are available, others are either under preparation or yet to be prepared within the next two to four months.

It is, however, to be noted that some difficulties through the Civil Administration procedures are affecting the implementation of the projects.

2. Long-Term, Large-Scale Projects: Several large projects are badly needed in view of the fact that not a single large project was constructed during the last 27 years. These projects will have a major impact in boosting the Palestinian economy for many years to come. Following are some of the projects for consideration:

- The Gaza Port.
- The Gaza Airport and Jericho Airport.
- The Regional Highways and the Palestinian Corridor.
- Gaza Power Station with Desalination and West Bank Power Station.
- Gaza Refinery.
- Oil and Gas Pipeline from Egypt to Gaza.
- Gaza and West Bank Industrial Parks.
- The Mediterranean-Dead Sea Canal.

Israel's 'regional development options'

The 250-page report released at Casablanca by the government of Israel, called "Development Options for Regional Cooperation," presents 10 categories of "sectoral development options." The report, excerpted below, takes up the vital issue of financing, proposing the formation of a Mideast development bank: "There is no doubt that it would be possible to get assistance from existing sources such as the World Bank, the European Investment Bank, and private banks. However, it is preferable to concentrate all investment money for Middle Eastern development in a bank set up exclusively for that purpose. This approach offers a number of important advantages. First, only 1% of the necessary capital is needed to establish the bank. Second, from a sociopsychological standpoint, the bank will encourage people living in the Middle East to see the regional framework as an entity in its own right."

Financial requirements

. . . Initial estimates of the investments that will be necessary for regional cooperation projects in the Middle East region as presented in this document over the coming 5 to 10 years amount to between \$18-27 billion. . . .

The breakdown of investments according to sectors is as follows:

Water: \$4-6 billion
Agriculture: \$1-1.5 billion
Combatting desertification: \$1 billion
Tourism: \$2-2.5 billion
Transportation: \$3-4 billion
Energy: \$3-6 billion
Communication: \$1 billion
Environment: \$0.5-1 billion
Industry: \$0.5-1 billion
Canals Project: \$2-3 billion
Total: \$18-27 billion

Canals to the Dead Sea

The difference in altitude between the Mediterranean Sea and the Dead Sea, and between the Gulf of Aqaba and the Dead Sea, about 400 meters, and the extensive evaporation from the Dead Sea produce a unique, important energy potential. Several possible alignments exist for a canal to convey seawater from the Mediterranean Sea or the Gulf of Aqaba to the Dead Sea. A canal could facilitate the production of hydroelectric energy, or alternatively, desalination of seawater and the production of water for domestic, agricultural and

industrial use.

The Canal project will yield additional economic benefits apart from hydroelectric, such as: balance the Dead Sea evaporation, marine agriculture, tourism facilities, production of salt, power station cooling, supply for solar ponds, etc.

Alternatives:

1. The central route
Mediterranean-Dead Sea Canal starting from Gaza Strip
2. The Southern Alignment
Red Sea-Dead Sea Canal
3. The Northern Alignment
Mediterranean Sea-Dead Sea Canal starting near Haifa.

The central alternative: Mediterranean Dead Sea (starting in the Gaza Strip)

The completed Mediterranean Dead Sea (MDS) Project (see map) will transfer water from the Mediterranean to the Dead Sea in two consecutive periods. During the initial period more seawater will be pumped through the system than can be balanced by Dead Sea evaporation, and as a result the level of the Dead Sea will be slowly raised to its approximate pre-1930 level. During this 17-20 year "Filling Period"—about 1,750 million cubic meters of Mediterranean water will flow annually into the Dead Sea. During the "Steady State Period," after the Dead Sea level has reached the target elevation of -390.5 m (its "Steady State" level), the flow will be reduced to some 1,200 million m³ per year, at which the lake level will remain stable. With this operation regime, the hydroelectric project will be able to generate electricity for many tens of years to come.

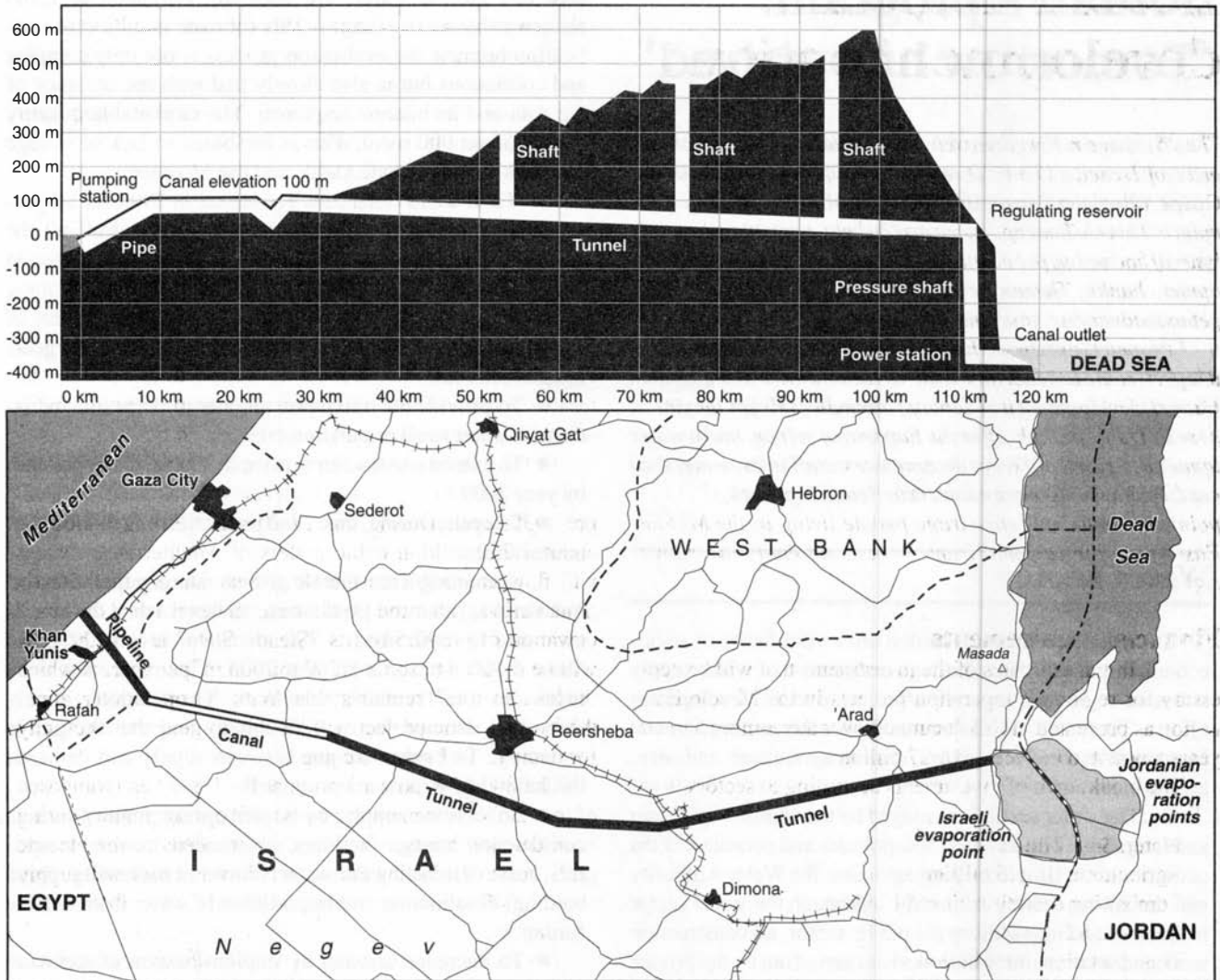
The 800 MW power station at the Dead Sea (composed of four 200 MW generating units) will operate mainly during peak demand hours, according to the needs of the electric grid. During the Filling Period, the Power Station will supply about 2,000 million kwh/year, to be reduced to about 1,300 million kwh/year during the Steady State period. . . .

According to this alternative Mediterranean seawater will enter a Pumping Station near the Gaza shore which will raise the water to Elevation +100 m. At this level, the water will flow in an open 20 km long canal, to the Main Tunnel. The Pumping Station will consume about 630 million kwh/year in the Filling Period and about 420 million kwh/year during the Steady State period. About 70% of this energy will be recuperated at the Power Station which will utilize the added head. Since the Pumping Station will operate mainly during non-peak load hours and the Power Station will operate during peak hours, the electrical system will benefit from pumped-storage effects.

The Project comprises the following main components:

- An Intake Structure to be built at the Gaza shore with a stilling basin. . . .
- A closed concrete conduit ("Elevation Zero Conduit") that carries the seawater from the Intake Structure to the Pumping Station. The 15×8 m rectangular twin cell conduit,

FIGURE 1
Mediterranean-Dead Sea Canal proposed by Israel



Sources: Uri S. Würzburger; *Development Options for Regional Cooperation*, Government of Israel, October 1994.

1.4 km long, is buried so as not to disturb surface traffic.

- A Pumping Station, equipped with four electric pumps, that will discharge the water through a Pressure Pipeline to an elevation of about +100 m. . . .

- A Pressure Pipeline, made of precast concrete tubes and steel liner membrane, with a diameter of 6.1 m and length of about 7.6 km, will reach the border of the Gaza Strip at an elevation of 100 m above sea level. . . .

- An open trapezoidal canal ("Elevation 100 Canal"), about 40 m wide at water surface and 20 km long, that carries the water from the outlet of the Pressure Pipeline to the Main Tunnel near Kibbutz Ourim. . . .

- The Main Tunnel, which begins at the Elevation 100

Canal outlet near Ourim, carries water to the Regulating Reservoir above the Dead Sea cliffs at a flow rate of up to 64 m³/sec. The tunnel length route passes south of Beersheba, avoiding fresh water aquifers and other water-bearing strata. . . .

- The Regulating Reservoir, with an active storage volume of 9.5 million m³ is to be built at the Main Tunnel outlet, on a plateau north of the Parsa ravine and west of the Dead Sea escarpment. . . .

- The Power Station is to be constructed in a system of caverns excavated into the rock and shall comprise four generating units, each consisting of a turbine and a generator of 200 MW capacity, transformers and auxiliary equipment.

Jordan's program: 'Tomorrow has arrived'

The Hashemite Kingdom of Jordan released at the Casablanca conference a 158-page report by the Ministry of Planning, titled "Jordan: Tomorrow Has Arrived—Investing in People." This document, excerpted below, presents proposals for 10 sectors of the economy: agriculture, energy, environment, health, human resources, industry, transport, telecommunications, tourism, and water.

Among the proposals are the water projects shown on the map: the Red-Dead Sea link, a water conveyance system from Disi-Mudawara to Greater Amman (350 km length), a Jordan pipeline link-up to the Euphrates in Iraq, and a water pipeline southward from the southwestern Turkey watershed of Ceyhan and Seyhan rivers (the Peace Pipeline).

Water sector

1. Water resources in Jordan are a vital factor of socio-economic growth. Any shortage or decrease of water supply is bound to have a negative effect on overall development efforts. Therefore, development of the water sector is crucial for growth in the other sectors, such as agriculture, industry, and tourism.

2. The water sector is managed by the Ministry of Water and Irrigation. The ministry sets policies and coordinates the activities of two implementing agencies, the Water Authority and the Jordan Valley Authority. Although the water sector is financed and managed by the public sector, all construction work and some maintenance work is carried out by the private sector. Due to the large volume of investment needed and due to the advent of peace in the area, private participation in this important sector is plausible and encouraged, and can be accomplished through a variety of financing schemes such as BOO and BOT.

3. Currently approximately 97% of the population has access to public [water] supply through house connections, stand pipe, or mobile tankers. Fifteen cities and towns have sanitary sewerage systems serving about 2.2 million people representing approximately 55% of Jordan's population. The per capita share in water supply stands at around 90 liters per day, taking into account the amount wasted within the network, which ranges roughly from 25% to 30%. This level of service is considered poor when compared to countries with similar circumstances.

4. Jordan suffers from limited water resources due to its dry climate and relatively scarce, uneven, and fluctuating

rainfall. Average annual rainfall ranges between approximately 600 mm to under 50 mm per year. In addition, evaporation rates are very high. Renewable water resources, surface and ground water, are currently estimated at 1,200 million cubic meters (mcm). This estimate is subject to verification because the evaluation process is not only complex and continuous but is also closely tied with the accuracy of the data and its historic sequence. The exploitable quantity is only about 900 mcm. This is attributed to lack of storage facilities, aquifers' safe yields and use by others.

5. Total water quantities consumed in 1992 for all purposes is estimated at 900 mcm including over draft vs. the demand of 1,100 mcm, the deficit of 200 mcm reflected in lesser quantity of water allocated for agriculture and rationing of municipal supplies. Consistent with the requirements of social and economic development in Jordan, the main goals in this sector are:

- To provide the maximum amount of domestic and industrial water to all population clusters.
- To extend wastewater service to 70% of the population by year 2000.
- To optimize use, care, and protection of available water resources.

6. Assuming a reasonable growth rate in population and industrial/agricultural production, the total water demand is estimated to reach about 1,700 mcm/year in year 2010 and about 2,900 mcm/year in year 2025. This represents three times the total available resources. These figures clearly show that demand far exceeds supply and that the gap is widening. To bridge the gap between supply and demand, the following options are proposed:

- To increase supply, by implementing projects such as construction storage facilities, abstraction from new aquifers, reuse of treated wastewater, rainwater harvesting, cloud seeding, desalination and importation of water from outside Jordan. . . .
- To decrease demand by implementation of technical conservation resources measures.
- To introduce certain managerial and regulatory measures to improve efficiency in the sector. . . .

The Red Sea-Dead Sea Canal

Background: The level of the Dead Sea has been falling steadily due to the diversion of the Jordan River waters, and the expansion of minerals for production from its waters by APC, and Dead Sea works in Israel. Moreover, with full development of the Jordan River Basin and of the Dead Sea east basin, the rate of water flow into the sea will be minimized. Therefore, to keep the Dead Sea level at its present level, water has to be diverted from the Red Sea to the Dead Sea through a pipeline and canal at the rate of 850 mcm per year.

Project objectives: The project aims to generate power of about 1,975 mwh/year, using the 400 meters difference in elevation between the two sites 625 mwh will be consumed

by the pumps to lift the water to the highest point in the pipeline route, which means that the net amount of power generated will be 360 mwh/year. Moreover, the project will increase the coastline in the northern part of the Gulf which will allow development in tourism. Finally the sources of potable water can be increased by desalination of sea water.

Project components:

- Pump stations
- 220 km pipeline/and open canal
- 4 reservoirs
- 4 hydro-electric power stations.

Project estimated cost: The estimated cost is US\$ millions 3,000.

Project status: A feasibility study for the project is required. It should include technical feasibility research based on adequate tectonic studies of Wadi Araba, an economic feasibility study including benefits of tourism and environmental benefits or potential hazards, social feasibility research including the capacity to create jobs, as well as an integrated development study of Wadi Araba, and a proposal for joint management of the project. Final design and tender documents are needed.

Project implementation time: The implementation time is eight years.

Water conveyance system from Turkey (Peace Pipeline)

Background: . . . The issue of a Peace Pipeline was conceived a few years ago by Turkey to serve the needs of neighboring countries in the Middle East. The Peace Pipeline will originate in south central Anatolia and convey the renewable water of Turkey's Ceyhan and Seyhan rivers south to populous areas in the region. These surplus waters are currently lost to the Mediterranean Sea.

Project objectives: To supplement the existing water resources available in Syria, Jordan, Palestine, and Israel with a large and dependable water supply to meet their present and anticipated needs; this additional source of water will allow for greater economic expansion and development of the region.

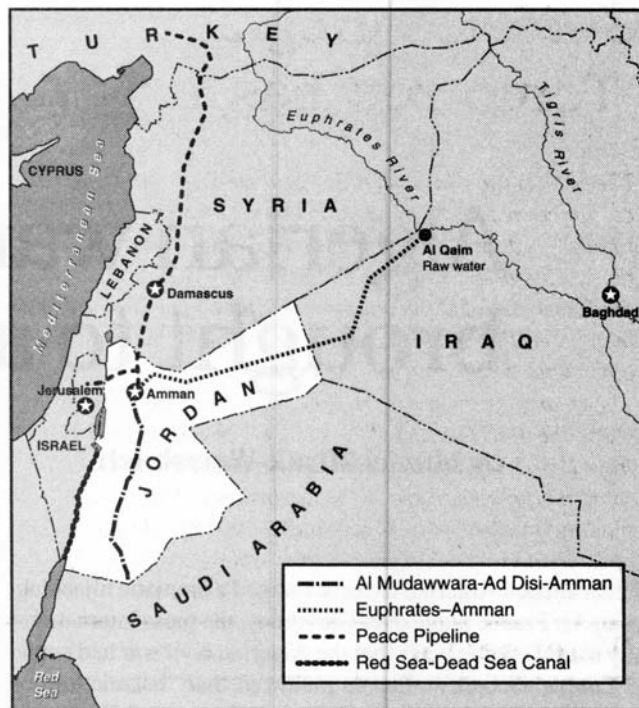
Project components: 600 km of pre-stressed concrete pipe with a diameter of 4 m, and a carrying capacity of 2 mcm per day:

- 5 pumping stations to lift water to maximum elevation of 900 meters.
- 3 hydro-electric power plants utilizing head differences.
- Several treatment plants in each country.

Project estimated cost: Based on the final actual cost of the "Great Man-Made River" in Libya, the project cost is estimated at about US\$ millions 3,000.

Project status: The project requires a prefeasibility study to be followed by a full-fledged feasibility study as well as detail design if proven feasible. This may take until end of 1997.

FIGURE 1
Water projects proposed by Jordan



Source: *Tomorrow Has Arrived. A Sectoral Analysis*, Jordan Ministry of Planning, 1994.

Project implementation time: eight years.

Water conveyance system from Euphrates to Jordan

Background: . . . In 1980 a feasibility study was conducted by the Consulting Firm of Howard Humphreys to examine the various options for the abstraction and transmission of Euphrates water to Jordan.

Project objectives: To increase Jordan's water resources by an additional 160 mcm per year to meet municipal and industrial needs.

Project components:

- An intake station on the Euphrates near Al-Haditha.
- A pump station to lift the water to a treatment plant.

Conventional treatment plant:

- 3 pump stations.
- 600 km of twin 1.2 m steel pipeline each carrying 80 mcm.

Project estimated cost: The estimated cost is US\$ millions 1,500.

Project status: A feasibility study is in hand but should be updated and followed by a detail design.

Project implementation time: Implementation time is four years.

Algerian war could be brought to a rapid close

by Muriel Mirak-Weissbach

When alleged Algerian terrorists staged a dramatic hijacking of an Air France plane over Christmas, the press internationally blared out the news that the Algerian civil war had come to Europe. Security officials predicted that "Islamic terrorism" would soon make itself known in France and Germany. Editorialists proclaimed that the "clash of civilizations" popularized by Samuel Huntington had begun, and that soon all of Christian Europe would find itself in the sights of the machine-guns of Islamic "fundamentalists."

The press barrage peaked around Jan. 9, ironically, just as an initiative of a totally contrary nature was getting under way, in Rome. Thanks to this initiative, there is reason to be confident that the Algerian civil war, which has been killing up to one thousand people a week, could be brought to a close, and a political solution found for the country. Whether or not this optimistic perspective will be realized, depends on how the Algerian government and the French government respond to the unexpected turn of events within the Algerian opposition. The actions of the White House, and of international financial institutions, will also have direct bearing on the outcome of the battle of Algiers.

In the second week of January, leading representatives of the Algerian opposition met for the second time in over a month, in Rome, to attempt to find a way out for their nation. Convoled by the Catholic lay association *Comunità di Sant'Egidio* (Community of Saint Egidius), the round table gathered Ahmed Bën Bella, first President of independent Algeria, now head of the Movement for Democracy in Algeria; Hocine Ait Ahmed, leader of the Front of Socialist Forces (FFS); the secretary general of the National Liberation Front (FLN), Abdelhamid Mehri; and the head of the League of Human Rights, Ali Yahia, who is also the defense attorney for the two leaders of the Islamic Salvation Front (FIS) under

house arrest, Ali Belhadj and Abassi Madani. According to a *Libération* report Jan. 9, Madani and Belhadj met with FLN leader Abdelhamid Mehri and Ali Yahia, before the latter traveled to Rome. The FIS leaders reportedly sent a document to the meeting containing their conditions for negotiations with the government. Officially representing the FIS was U.S.-based Anwar Haddam of the FIS parliamentary group, whereas the executive member of the FIS in exile, Germany-based Rebah Kebir, was not allowed to travel to Rome.

The "platform for peace" which the group presented on Jan. 12 listed the conditions for a military truce. First among them, according to lawyer Ali Yahia, is that "all the leaders of the political and military wing of the FIS, jailed in Algeria, or underground, or in exile abroad, must be allowed to meet together." This demand, which the FIS has repeatedly put forward, is "indispensable," explained Yahia, "so that tomorrow no one in the Islamic Front can say that he was not informed, had not participated in making the decision, and therefore does not feel committed; only in this way will a truce be something more than a piece of paper." The second condition foresees a "transition period" during which representatives of the government and opposition manage affairs "in order to pick up the electoral process which was interrupted by the coup d'état of Jan. 11, 1992," according to Yahia. Finally, the opposition called for the creation of an independent commission of inquiry, to investigate the acts of violence in Algeria. The platform also fixed the following principles: "guarantee of territorial integrity and popular sovereignty, democracy and alternation of power, refusal of violence as a method of struggle to reach power, and respect for ethnic and linguistic minorities," according to the Italian daily *La Repubblica* Jan. 11.

For the first time, the Algerian opposition leaders have agreed on a common platform, which spells out principles and modes of action which cannot be construed to be extremist by any account. The consolidation of a political front in Rome has widened the rift between the FIS and the Armed Islamic Group (GIA), the latter held responsible for much of the violence in Algeria. The FIS had been quick to denounce and distance itself from the Air France hijacking, and went on record opposing the murders of foreigners, the killing of civilians ("regardless of their political tendencies or religion, and regardless of who is responsible for such acts") and the terrorist threats against foreign embassies in Algeria. The GIA publicly branded the FIS as "collaborators" by virtue of the fact that the political movement seeks a negotiated solution to the war. Islam expert Gilles Kepel in *Der Spiegel's* coverage was quoted saying, "The FIS leaders in jail or in exile abroad have no influence anymore over such radical factions as the GIA." A GIA speaker, interviewed under a pseudonym, told *Der Spiegel*, "The FIS has failed, it is factionalized, and according to our information, is ready to negotiate with the criminals in uniform."

If the FIS is allowed to convoke the meeting of its political and military leadership, as demanded in the Rome platform, this will make it possible for the FIS to arrange a cease-fire; those elements, like the GIA, which are not under FIS political control, will thereby be isolated, and exposed as a separate, gang-like operation being manipulated by corrupt elements in the Algerian and French intelligence services.

Zeroual government must react

This puts the ball squarely in the court of the Algerian military government. The Algerian regime's first response was to denounce the talks, in the words of its ambassador in Rome, as "an ambiguous meeting which incites to interference in the internal affairs" of the country. Although formally committed to dialogue "on Algerian soil," the Zeroual government cut off contacts with the opposition last November. The Algerian press, under strict government control, blasted the Rome initiative and its sponsors; the government paper *El Moujahid* on Jan. 10 labeled the Community of Saint Egidius "a Trojan horse of interference and conspiracy." As had been the case during the first Rome talks in November, the Algerian government also protested against the Italian government and the Vatican, which it assumed was supporting the initiative behind the scenes. The Italian Foreign Ministry's position has been that it has the sovereign right to organize whatever meetings it sees fit. Although Vatican spokesman Navarro Valls specified in remarks to the press that the Community of Saint Egidius was an autonomous, lay organization, still it is well known that the group, which negotiated a settlement to the Mozambique conflict, is pursuing a policy which is coherent with Pope John Paul II's concern for peace. The pontiff laid stress on the importance of solving the Algerian conflict, during his annual reception

of the diplomatic community, which took place parallel to the Saint Egidius round table.

As a result of the turn of events in Rome, an important shift in political perception of the situation in the north African country has taken hold. As the *Frankfurter Allgemeine Zeitung* commented Jan. 12, the Rome conference has established the fact that the Algerian government, by unilaterally blocking elections and banning the opposition in 1992, contributed to fueling the crisis which since then has become a civil war.

The Zeroual regime is isolated. Its only allies are in London and Paris. The British have pursued their policy of promoting a "clash of civilizations" by lending political, economic, and "security" support to the discredited military junta in Algiers. London explicitly advised the Zeroual government back in December not to engage in dialogue with the FIS. London's backers in France are grouped around Interior Minister Charles Pasqua, who has pioneered the confrontationist stance against "Islam" there. France has organized police-style roundups of Muslim "suspects" and a hysterical campaign against Muslim girls' wearing kerchiefs to school. The Pasqua faction has been supplying the Algerian military with weapons and logistical equipment to pursue the civil war. The French government has put the squeeze on Bonn to expel FIS leader Rabah Kebir from Germany, where he lives as a political exile. The press and electronic media campaign launched on the heels of the Air France hijacking was replete with references to alleged connections between "Algerian fundis" of the GIA, in France and Germany, and Kebir was fingered as a "key figure" in the network, accused of trafficking arms to Algeria. Several British-influenced media figures like Egmont Koch of ZDF-TV, *Der Spiegel*, and *Welt am Sonntag* lined up against Kebir, but the *Frankfurter Allgemeine Zeitung* did not join in. A spokesman of the German Counterespionage Agency (Verfassungsschutz) declared Jan. 4 that Kebir was "a person who has an important role in the broad-based FIS movement, but is definitely not the protector of a small terrorist group." This view echoed the official estimate issued by the U.S. State Department in March 1994.

President Clinton, who has been pursuing a policy diametrically opposed to Britain's, of dialogue with the FIS (and other moderate Islamist movements) over the last year, has sought to steer French policy away from confrontation, working through Foreign Minister Alain Juppé. Clinton has had the backing of German Chancellor Kohl in this effort. It was precisely as these signals from Washington were being received in Paris, that the Air France hijacking occurred, sweeping away any thoughts of dialogue.

The price of war

Now, pressure is being brought to bear on France—and Algeria—in a new form: the financial card. In this, the International Monetary Fund (IMF) is being subjected to rather

novel treatment.

It is well known that at the root of Algeria's sufferings lie the IMF and its conditionalities policy. As *EIR* has documented, the classical recipe of IMF austerity—monetary devaluation, price liberalization, subsidy cutting to state enterprises, privatization, slashing of social expenditures, etc.—has turned Algeria from a modern developing sector nation into an economic basket case. The IMF's policy, especially since the political crisis broke out in early 1992, has been to offer emergency loan packages for the military regime, to give it a few more months of credibility in the banking world. The IMF seal of approval guarantees not only fast cash to keep up interest payments, but also continuing expressions of "understanding" on the part of other creditor institutions, like the Club of Paris group of countries and the Club of London private bankers, who follow suit by arranging re-scheduling of their debt. The IMF has been playing this con game with Algeria for years, with the result that the country has an estimated \$27 billion external debt and no hope of ever repaying it, as with each new loan, more stringent conditions are imposed which further erode the productive base of the economy.

Last year, \$5 billion of the \$27 billion public debt was thus rescheduled, and negotiations have been going on to reschedule up to \$3 billion of the \$4.7 billion private debt. Algeria stopped payments on this debt last year, and is at least \$1 billion in arrears. Debt payments suck up 82% of Algeria's foreign trade earnings, most of which come from oil and gas exports. In addition, the country has to import about 80% of its food, and France is the only country so far to have renewed its credit line (6 billion francs, \$1.1 billion) to finance these imports.

Now, in a last-ditch effort to prop up the regime, again, the IMF is scurrying to put together another emergency loan of \$1 billion to Algeria.

Camdessus in the dock

Someone, however, is calling the bluff, and it may well be Washington. Just as the Rome talks were drawing up a perspective for a different solution to Algeria's crisis, a spate of articles appeared in the financial press, questioning for the first time the wisdom of throwing more IMF-organized money at the regime in Algiers, and mooted the possibility of accepting a political solution including the FIS. The *International Herald Tribune* led with a front-page article on Jan. 10, entitled "France and the IMF Press Aid for Algeria: Risk Seen to Funds if Government Falls to Islamic Fundamentalists." The gist of the article by Alan Friedman was that IMF director Camdessus was personally rigging IMF policy in order to pursue French policy aims in Algeria, and that these aims were ill-advised, to say the least. "Government and financial officials on both sides of the Atlantic described the campaign [to bail out Algeria again] which is being spear-headed by Michel Camdessus . . . as potentially risky and

even controversial. Their main worry," it continued, "is that any new funds for Algeria could be at risk if Islamic fundamentalists were to come to power."

Camdessus is blasted in the article for plunging ahead regardless, in the blind belief that more money will stabilize the government. He is further accused of "trying to ram through international funding programs in order to serve the policy interests of France, which ruled Algeria for 132 years," i.e., serving the aims of a colonial policy. The article cites "a financial official in Washington" who criticizes the IMF managing director, this time for the substance of IMF policy. The official said, "I saw Camdessus in Madrid [at the IMF meeting] sit there and say with a perfectly straight face that the Algerian stabilization program was a model for the rest of the developing world." The next day, Jan. 11, the *Wall Street Journal* in Europe carried a lead editorial on "IMF Selectivity," which repeated the same motif: France is behind the Algeria bail-out deal.

The same day, the *IHT* lined up an attack against France's policy vis-à-vis Algeria, as a whole, and drew out the options which were evidently being discussed behind closed doors, stating surprisingly:

"Some officials in Paris now believe that it was a mistake for the Algerian government to cancel the 1992 election, and for France to support that cancellation. The mistake, they think, has to be put right."

The international consensus, that the Algerian military regime must be supported at all costs, has been broken. Pragmatic financial considerations have been uppermost in the minds of bankers, particularly in a moment in which the entire financial system threatens to unravel, around the crises in Mexico and the rest of Ibero-America. As the first *IHT* article, which announced the new trend, had asked between the lines, what happens to the \$25 billion-plus debt if the FIS takes power in Algeria? The article refers to the situation in Iran after 1979, offering the solace that "while Iran repudiated some of the foreign debt," Teheran "has honored other obligations."

But, obviously, there are no guarantees of this. The FIS representative at the Saint Egidius meeting, Anwar Haddam, said, although an FIS government would "support an open market based economy," the FIS "would consider 'illegal' both the IMF accord and any contracts signed between the government and foreign companies after 1991."

The FIS spokesman in Rome last November and this month at the Saint Egidius conference, traveled there from his exile in the United States, with the permission of the Clinton administration. The question that remains open is: To what extent does Washington realize that to win the peace in Algeria, the cause of the crisis—IMF policy—must be uprooted? The other question, this time addressed to the Algerian opposition, is: Do they have a clearly articulated alternative to the IMF policies which have ravaged the nation's economy?

Gloves come off on U.N. complicity with Serb aggression

by Paolo Raimondi

Croatian and Bosnian political leaders are finally taking the gloves off in their fight against United Nations complicity with the "Greater Serbia" designs of Bosnian Serb leader Radovan Karadzic and Serbian President Slobodan Milosevic and their crimes against the people and nations victimized by their aggression. On Dec. 20, Prof. Zvonimir Separovic, the former foreign minister of Croatia and currently the leader of Libertas, the opposition movement to Croatian President Franjo Tudjman, speaking as chairman of the Society of Victimology of Zagreb, announced an *actio popularis* initiative against U.N. Secretary General Boutros Boutros-Ghali for his complicity and negligence in dealing with the crimes of the Serbian aggressors.

Actio popularis is a form of popular denunciation in old Roman Law, a demonstration of popular, informal, non-institutionalized denunciation of someone or something operating against the people.

Professor Separovic, speaking in the name of millions of victims in Croatia and Bosnia, accused Boutros-Ghali of being morally and politically guilty of the crime of omission vis-à-vis the crimes perpetrated by the Serbian aggressors. Among other accusations, Separovic charged Boutros-Ghali with sabotaging the measures adopted by the U.N. to stop the aggressors' genocidal actions, thus contradicting the principles of right and international law; preventing NATO air strikes and military intervention against the aggressors; maintaining the weapons embargo against Croatia and Bosnia, thus preventing effective self-defense by the victims; making impossible the carrying forward of the investigations by the commission of experts against the war criminals in former Yugoslavia, starting with Milosevic, Karadzic, and General Martić; demanding that European Union mediator Lord David Owen reduce the number of Serbian actions classified as crimes; and attempting to equate the responsibility of the aggressors with that of the victims. Separovic charged that Boutros-Ghali committed these crimes with full knowledge of the consequences.

Some of the results of Boutros-Ghali's crimes of omission, Separovic said, have been the failure of the mandate of the U.N. Protection Forces (Unprofor) in Croatia and Bosnia, the failure to disarm the aggressors, and the go-ahead given to the Serbs to launch attacks against Bihac (a U.N. protected

zone) from Unprofor-controlled zones in Croatia.

The denunciation against Boutros-Ghali was just the first of similar *actio popularis* petitions expected to be forthcoming against Lord Owen, former U.S. and U.N. mediators Cyrus Vance and Thorvald Stoltenberg, Gen. Sir Michael Rose, General MacKenzie, and others who allowed the crimes to be perpetrated.

As reported in the Croatian daily *Slobodna Dalmacija*, the initiative was also signed by the Mothers of Vukovar; the Association of Displaced Croats of the areas of Sisak, Ilok, Skabrnje, and Nadina; the Association of Displaced Persons from Bosnia-Herzegovina; and the mayor of Bihac, Hamdija Kabiljagic, on behalf of 70,000 people who are still trapped in that Bosnian city.

Part of the 'new world order'

Presenting his initiative to the public, Professor Separovic, in an interview in *Slobodna Dalmacija* on Dec. 22, said that the activities of the United Nations in the Balkans have to be seen in the context of "a scenario of a new geopolitics at work, of a Trilateral, Kissinger new world order, and in the context of freemasonic interests in the Balkans [working] against the existence of nation-states." He also exposed the agreement of the Triple Entente among London, Paris, and Moscow to create a new Yugoslavia, or Greater Serbia.

The most recent U.N.-proposed initiatives and agreements also fit the same pattern of complicity with the aggressors as in the past. Croatian President Tudjman and Serbian President Milosevic have worked out, under U.N. sponsorship, a "peace" plan whose implementation can only lead to the re-creation of a U.N.-British-controlled new Yugoslavia. With big propaganda fanfare at the end of December, the highway from Zagreb to Belgrade was reopened after more than three years of interruption, following the Serbian aggression and occupation of the eastern part of Croatian territory. In fact, a section of the highway goes through Serbian-occupied Slavonia. Leaders of the Croatian opposition have denounced this deal as a sellout of the Croatian national interest and as a signal that the perspective of regaining national territorial integrity is being abandoned.

Political analyst Srećko Jurđana, writing in *Slobodna Dalmacija* on Jan. 6, put it bluntly: Instead of using the unsecured corridor of Bosanska-Posavina to resupply the Serbian-occupied territories in Croatia with weapons and men, the Serbs now can use a four-lane, high-speed highway from Belgrade to Okučani (in Slavonia), and Banja Luka to Knin. It is clear that the acceptance of such a deal implies the implementation of the Lord Owen plan of carving up Bosnia-Herzegovina and dismantling it as a state.

On the Bosnia front, the U.N. (with the unhappy help of former U.S. President Jimmy Carter) orchestrated a four-month cease-fire between the Bosnian forces and the Chetniks of Karadzic, but this has proven to be a farce, designed just to help the Serbians troops reorganize and continue their

siege and blackmail tactics. While the U.N. is demanding significant military concessions and withdrawal of troops by the Bosnians, such as from around Mount Igman near Sarajevo, at the same time, Serbian forces, undisturbed, are daily breaking the truce and stepping up artillery attacks against Bihac, Velika Kladusa, Bosanska Krupa, and Otoka. The artillery shelling against Bihac is being carried out, even after the cease-fire had allegedly been agreed on, from the U.N. Protected Areas (UNPA) in occupied Croatia.

The first January 1995 issue of the Bosnia weekly *Ljiljan* revealed several examples of the cooperation of high-level Unprofor officials with Karadzic's group. For example, the adjutant of General Rose, the Unprofor commander in Bos-

nia-Hercegovina, is Michael Stanly. Stanly's real name is Mihajlo Stevanovic, a British-Serb liaison officer who provided Karadzic's Maj. Milenko Indjic with information on Bosnian Army movements. Two Unprofor officers, Ronald Hagen and Charles Megres, rejected an order issued by a commander of the U.N. Sarajevo sector, Gen. André Subirou, to alter the reports of the U.N. military observers to the effect that the cease-fire agreements were violated by the "Bosnian side." Those officers were transferred as punishment. Subirou also transferred the officers of the North Battalion, after their troops responded with heavy fire from their Leopard tanks to an ambush by Karadzic's soldiers near Lopare, northeast of Tuzla.

How Europe could face down Serbia

The following article appeared in the French press and appears here in translation by permission of the authors.

Europe would do well to remember that, between 1912 and 1918, three wars pitted Serbia against Turkey, Bulgaria, and the Austro-Hungarian Empire. Five countries could now be drawn into the Balkans tinderbox: ● Albania, allied to Kosova, Montenegro, and Macedonia; ● Greece, historically opposed to Turkey and Macedonia; ● Bulgaria, interested in annexing part of Macedonia; ● Hungary and Romania, concerned to protect their communities which have settled in Vojvodina.

The U.N., NATO, the EEC [European Union], the U.S.A., and France have been outdoing one another in explanations, excuses, or pretexts to justify doing nothing, faced with Serbian ethnic cleansing. The fact is, that western political leaders want public opinion to believe that a humiliating Munich is somehow necessary, the pretext being that they lack the means to impose international decisions. The official thesis is that a military intervention would imply sending a major expeditionary corps, which would be bogged down in a new Vietnam War.

The argument does not hold water. Europe could easily face down a Serbian Army, equipped with a great quantity of matériel which is, however, outdated. Better still, the operation could be conducted without our suffering losses. In order for an effective campaign to be waged, the new weapons systems proven during the [Persian] Gulf war have only to be deployed. These known and tested, sophisticated systems are: observation satellites and drones, cruise missiles, multiple rocket launchers,

tanks equipped for night combat. As for mastery of the air, this can be considered as certain. Neutralizing the Serbian Navy would call for only limited means.

A 60,000-man army corps, made up of two armored Franco-German divisions, backed by two infantry divisions from other EEC countries, would suffice to force the Serbians to withdraw, whether willingly, or by force. This army corps would apply 10 MRL (multiple rocket launcher) batteries (90 pieces) and a few hundred cruise missiles. Half the troops would be deployed east of Zagreb to hasten the liberation of the Krajina and then Bihac, and half north of Mostar to break the siege of Sarajevo. Parallels to Vietnam or the German invasion in 1941 are merely specious, as, on the contrary, the issue is to push back an invader here. The European units would not have to intervene directly: The terrain is or should be held by the Croatian or Bosnia infantry alone, eager to free their native soil.

What missions are to be assigned to an expeditionary corps which does not directly intervene? These are of three types: ● to secure the rear bases of the army corps and the MRL batteries; ● to destroy strategic objectives with Cruise missiles (airports, radars, etc.); ● to nail to the ground any attacks and pulverize any resistance to evacuating unjustly conquered territory, using MRL firepower.

There is every reason to believe that, faced with the threat of being annihilated, as was done to Iraq, the Serbians will withdraw to the areas assigned to them.

Contrary to what is now being said, the Yugoslavian question is not military, but political: Is there, or is there not, the will to impose international law?

If Europe continues to flaunt her impotence, she will not reap peace, as public opinion might imagine, but on the contrary, will foster national irredentism and the danger of an all-out explosion. This is not the voice of Cassandra, but the memory of two world wars.

—Lt. Gen. de Zélicourt (ret.) and H. de Beaufort.

LaRouche: No nation can solve any problems within IMF conditionalities

The following exchange took place at the International Caucus of Labor Committees-Schiller Institute conference in Eltville, Germany on Dec. 10-11, between Hrant Kachatrian and Lyndon LaRouche. Mr. Kachatrian, a member of Armenia's parliament, is the chairman of the Union of Constitutional Law.

Q: During the last four years, we have become convinced that the Schiller Institute genuinely supports the aspirations of the Armenian people to restore the separated part of our homeland, and to restore its independent statehood. So far, however, the consolidation of humanist forces is going rather slowly, and during this time, Armenia is being turned into a testing ground for destructive International Monetary Fund policy. The ideological background for this is created by the broad propaganda of cosmopolitanism and the distorted concept of the allegedly common values of humanity, and phony liberalism. Therefore, what we are confronted with, is not temporary economic difficulties, but the genocide of an entire people. What we are confronted with, is not so much solving questions of development, but rather how, in a short time, to ensure that we even survive.

Posing the task in this way is dictated by the tactics of our struggle, in the process of which we have been forced to use a kind of romantic nationalism. In addition, some political parties have attempted to solve these national problems through geopolitical games involving the great powers, including Russia. We understand very well how outside forces can manipulate the national liberation struggle of our people for their own purposes. Therefore we are doing everything in our power to establish peace in our region on the basis of the independence of Nagorno Karabakh from Azerbaijan.

I have the following question for Mr. LaRouche: Do you see possibilities for better coordination of tactics among peoples sharing a common strategy?

LaRouche: I think we have been trying to do that this past weekend. It's obvious that the zeal for confining attention to practical solutions does not work, and could not work. We are dealing with nations which, individually, have no solution to their problems. There are abstractly possible solutions, but no practical solutions that could be affected by one nation alone. So, while on the one hand we insist on national

sovereignty, because spiritually, as well as in fact, it is good to have—it is good to have it spiritually if you cannot have it otherwise, because that enables you to think and function as a person who represents a sovereign nation—but there are no practical solutions available, even if you could design some, because the circumstances don't exist.

The International Monetary Fund and the World Bank, which are simply agencies of the British monarchy, have no good intention towards any nation. Their intention is a malicious one. The IMF and World Bank will never give any advice or accept any proposals which will do you any good. If you solicit or accept their advice, you are cutting your own nation's throat. Therefore as long as these institutions are supported, or the new GATT institutions, or others you are up against, the only practical question is: Do you have the military means to shoot these guys down, or are you going to be forced to submit? There is no way any nation can solve any problem within IMF conditionalities. You cannot continue to live without betraying your nation if you follow IMF conditionalities, even if you do it at the point of a gun. Under these conditions, there are *no* practical solutions.

Under the present international markets, dominated by London, there are no practical solutions. Do you have the power to bomb London? If you do not, you do not have a practical solution. Do we have the power to destroy London? Yes, we do. How? "Lemon" County gives an example. Let me explain how London exists.

When I was a younger man, it was conventional to speak of gangsters as people who lived on invisible earnings, who lived very well with no visible means of legal support. London under Mrs. Thatcher was turned from a bankrupt enterprise into a rubbish pile. She was a magician, a witch, and she has the broom slivers to prove it. . . . A very stupid woman, and very bad.

How do the British survive? Without industry, without agriculture, with people in the cities who are living more or less like rats, and have the cultural level and linguistic abilities of rats. They are so oppressed, so demoralized. There are parts of urban England in which the moral and intellectual condition of the people is poorer than in some of the most notorious black and Hispanic ghettos of the American cities.

How does a nation so worn out by Thatcherism have any control over the world economy today? The proud Londoner



Lyndon LaRouche and his wife, Helga Zepp-LaRouche, at the December 1994 conference in Eltville, Germany. "Any nation that lines up with London against Clinton, is betraying itself. Not because Clinton is a great hero, but because this is the historically determined opportunity to get free of that which has been destroying us for a century."

will explain to you that London has its *invisible earnings*, which means it is one of the more conspicuous gangsters of the world. But the fact is, it is an empire, after all; it has a base in Singapore from which it's trying to conquer China with corruption. This is the agency that controls the United Nations—the one that owns George Bush and controls everything that's evil in the United States. This is the agency behind the reform policy in Russia, behind the one in Poland, Hungary, the Czech Republic, and so forth. It commits genocide in Africa, chaos and disruption in Central and South America, it is planning a civil war in China, and so forth. It's very much an empire of invisible earnings, centered not around the British people—they aren't getting the money—but rather the British monarchy and the institution called the Club of the Isles.

Ship of fools

They control the world not just with money but with folly. Russians believe in a certain historical truth which is nonexistent. Germans believe in historical truths which are nonexistent. The French believe that "Mitternich" expresses the national interest, although he has been a British agent most of his adult life. How can he express a French interest?

It's a miracle he can even speak French; he certainly can't think in it. In the United States, we have idiocy. The generation which followed mine was the product of the folly of my generation in producing their children. They are now running the United States. The President of the United States is a member of that generation. Same thing in Europe. The generation after them is practically illiterate: They can still read and write, but they don't know what the words mean. The generation after that is becoming more and more illiterate. We are being destroyed morally; in the words of Cotton Mather, we are *shrunk*.

They control us by controlling our folly. They have written the textbooks, the science books, entertainment. Why do you have rock music today? In the 1970s, what did you hear on the German radio? What did you hear in the 1980s? In the 1990s? When you passed a book shop, what kind of books did you see? In school, what texts did you study in the '60s, the '70s, the '80s? What was the quality of the teaching you had in the '60s? What are the ideas accepted and reflected in the newspapers or on television? In advertising? In the 1960s, if a Greenie had come out, what would you have done? You would have called for a psychiatrist; you would not have elected him to the Parliament. He would have been aberrant.

UCR: Ban of opposition party is 'illegal'

The Armenian government has shut down all opposition newspapers, according to information received by telephone from Yerevan on Jan. 10. The actions followed President Levon Ter-Petrosian's suspension by decree of the opposition Dashnak group, accusing it of murder and drug trafficking. The government presented no evidence of the charges.

Members of the Union of Constitutional Law, whose offices are in the building where Dashnak is headquartered, still have been unable to gain access to the premises and their belongings.

The following statement from the Presidium of the Union of Constitutional Law, dated Jan. 5, was received by fax from Armenia, by EIRNA in Germany, and signed by UCR chairman, Deputy of the Supreme Council [Parliament] of the Republic of Armenia, H. Kachatrian.

The 28 December 1994 illegal ukase of the President of Armenia on the temporary suspension of the activity of the Armenian Revolutionary Federation party (Dashnaksutyun) has once and for all established in Armenia a dictatorship by the administration of Levon Ter-Petrosian. The ruling clique which usurped power has concentrated in its hands both legislative and executive, as well as judicial power. Without a court decision, the Armenian Revolutionary Front was hastily held responsible for the murder of A. Galstyan [former KGB head]. This brings to mind the murder of Kirov, which laid the basis for the unleashing of the mass persecutions of 1937.

The President's illegal ukase has also indirectly been extended to the activity of the Union of Constitutional Law. Since Dec. 29, 1994, the Ministry of Internal Affairs has illegally closed the offices of the Union of Constitutional Law, seized documents and property of the Union,

held up publication of the UCL newspaper *Iravunk (Law)*, and infringed upon the activity of the deputies of the Supreme Council [national Parliament] and the Yerevan City Council, who represent the Union in those bodies. Even oral and written requests from the chief procurator of the republic about the cessation of tyranny in respect to these organizations have produced no results.

The persecution of the political opposition before elections to the Supreme Council has the purpose of implementing a long-planned program to keep power in the hands of the ruling clique to the end of the century. Already in 1991, V. Saradegian (Minister of Internal Affairs) announced that the Armenian National Movement would actually establish a dictatorship to retain power. Levon Ter-Petrosian repeated that same idea on Nov. 26, 1994 at the Congress of the ANM.

The holding of power by means of prosecuting the opposition and establishment of a dictatorship has as an aim not only the perpetuation of the economic power of the ruling clique by theft—the 'privatization' and 'utilization' of expected large credits, but also the realization of the programs of international financial-political circles. The most dangerous points of this program are the theses about the surrender of Artsakh [Nagorno-Karabakh] to Azerbaijan and the destruction of Armenia's economy.

The President of Armenia by his illegal steps has taken the political struggle in Armenia outside the framework of the constitution and crossed over into the domain of unlawful, anti-democratic, totalitarian, dangerous relations.

In this fateful moment the Union Constitutional Law summons the Armenian people to rally around national-democratic forces for prevention of an anti-national dictatorship in Armenia.



Hrant Kachatrian

Today we are ruled by our own stupidity. The essential thing we have to do, taking a Socratic view of our own ignorance, which was called in Latin by Nicolaus of Cusa *De Docta Ignorantia*, apply that method of criticism to perception of our own idiocies and to assist our friends from other countries in discovering their idiocies, which is a very friendly thing to do. They may object to it, but it helps them in the long run. We must cease to be victims of this cultural system which has taken over the planet and is centered on the British monarchy. In the process, we find that what the British monarchy represents, is collapsing. The House of Windsor is

falling, like the House of Usher. It's finished. Nothing can be done to save the British monarchy, it is doomed.

The only question is this: The *Titanic* is sinking into the Atlantic; are you going to stay on it, or get off? Are you going to free yourself from clinging to faith in those institutions and free yourself from going down with the *Titanic*? That depends whether you can convince people that the *Titanic* is sinking. If they think it is, they may get off.

But today, they still say, "Oh, no, the *Titanic* cannot be sunk!"

"Really, what are your facts?"

"Oh, don't you know? It's unsinkable! We have to find solutions within the existing system."

As long as people believe that, they're doomed. "Lemon" County typifies the breakdown. There is no way the reform faction in Russia, which was started under Gorbachov, can go on. The KGB learned to get their new source of income as thieves, by selling Russian state property at bargain prices to George Soros, and getting a commission from him in return.

The political limits of the reform policy, which is nothing but being looted by foreigners, are being reached. The traitors of Russia, the implementers of reform, are facing very dangerous times. They may start shooting one another. The question is, are they going to go down in a new orgy of blood, or in a new dictatorship? Or, are the Russians going to make a revolution against their own folly, which allowed them to believe this system should be tolerated?

Essentially, we have to mobilize people around the fact that their confidence in these existing shibboleths is being shattered by the failure of the shibboleths themselves. We should not try to explain it to them in terms of what they believe the problem to be; we have to tell them the reason is that the people of our nation, and of other nations, have been stupid. "What do you mean?" "Yes, the policies that our nation has, what their version of Russian history, or Polish history, or something else, is, is stupid." As long as they cling

to these national beliefs, they are going to be manipulated in the same way. And they will either go to hell in some violent eruption of rage, or they will drift there.

We have to say: Are you willing to free yourselves from the chains of your own induced delusions? Do you care for freedom and survival enough to get rid of these silly ideas, which are considered popular? If we can do that, then we can unite our forces, so that instead of individual nations being victimized by international forces, we can begin to gang up on them.

Because of the possibilities represented by the conflict between the world's leading superpower and London, we have reached the point that that conflict becomes the key to producing an option for the entire world, under these conditions. Therefore, any nation that lines up with London against Clinton, is betraying itself. Not because Clinton is a great hero, but because this is the historically determined opportunity to get free of that which has been destroying us for a century. If we can invoke a new patriotism, in a fraternal spirit, around the principle of the nation-state—that everyone must have a sovereign nation-state—then we must help one another to find those policies which will bring about their survival. If we can unite on that basis, we will win; and we can do that here today, or here tomorrow; and if we can continue, we will find much better ways of doing things than doing nothing, or simply going on the old way.

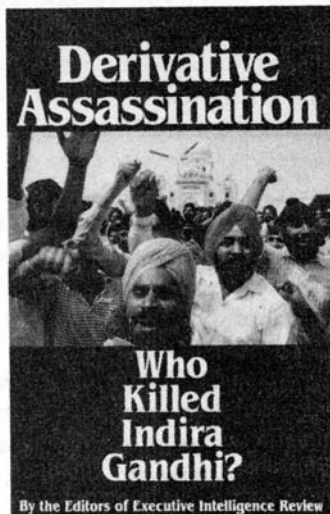
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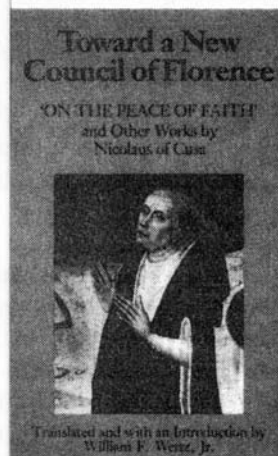
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National unity is the only basis for Nigeria to survive

Colonel Oyinlola is the military administrator of Lagos, one of the oldest and largest of Nigeria's southern states. He was interviewed by Lawrence Freeman and Uwe Friesecke on Oct. 4, 1994 in Lagos.

In our Dec. 16, 1994 issue, EIR published an analysis of the political situation in Nigeria, emphasizing the importance of the National Constitutional Conference, which Colonel Oyinlola also refers to. One of the first acts of the government of Gen. Sani Abacha, on assuming power on Nov. 17, 1993, was to create a commission establishing a conference to draft a new constitution. As a result, 360 delegates are meeting daily to that end—270 of them elected, and 90 appointed (three from each of Nigeria's 30 states). This unique democratic deliberative process gives the lie to western media claims that it is a "military dictatorship" which is running Nigeria.

EIR: Lagos is somewhat unique in Nigeria. It's probably the most urbanized area in the nation. Can you tell us some of the special problems that you face being a military administrator for this highly urbanized area?

Oyinlola: The first problem that is so often associated with a city like Lagos is the problem of population, a population that grows day by day. Lagos is the entry point for most visitors and a good percentage of the economic transactions are conducted within the state. So the first problem is that of population, which is a catastrophe, in terms of transportation, in terms of water supply, electricity. In fact, all social services become a headache. When you find that the resources are not there to meet all the demands, then it becomes a serious problem.

EIR: Recently, Lagos was the center of some of the more significant strikes by the oil workers, which probably hit Lagos more than the rest of Nigeria. How did you deal with the situation of the striking unions and what were some of the difficulties that caused for the population, I guess mainly in a shortage of gasoline?

Oyinlola: Dealing with the unions, one has to make them

understand that whatever action they are taking should be such that the economic standing of the nation is not worsened. Because at the end of the day, we say, we have to face reality, we won't run away from this country. Whatever we do to it, to uplift this economy or damage it, we shall all bear the outcome. So we've tried to make them understand that the problem we have is caused by us, by Nigerians. And only Nigerians can find a solution to it, and we should not aggravate the situation by destroying the economic base which we have to live with. Whether we make it good or make it bad, we shall have to live with it.

EIR: Were you able to sit down with the trade unionists and talk to them and reason with them?

Oyinlola: Yes. We had quite a lot of dialogue. We have been emphasizing a dialogue to resolve issues. And I think I have had quite a few meetings with them, to make them see the reason that we may never get any useful dividends or anything positive out of destroying the basis, the fabric of our economy, which has never been on a good footing. One would have expected the unionists to understand that they could make their feelings known without destroying the economics of the country.

EIR: Lagos has been infamous for being a highly speculative banking center. Do you have the feeling that the measures which were enacted at the beginning of this year, in the budget of 1994, have tightened things up, have brought them better under control and put more regulation into the banking system, so that the banking system would be more for the service of the country than for quick money and speculation?

Oyinlola: I think the uncontrolled rate at which banks have sprung up has been responsible for the financial situation in the banking sector. Most of the banks depend for what they get on their transactions in foreign bills. But what was introduced at the beginning of the year, I think, has put the bankers in their proper position, and only those who are behaving according to the economic regulations of the country are the ones who will be able to stand the test of time. That's why

you find that it's a common saying now, that some banks are distressed. I think that that came as a result of the stringent measures applied.

EIR: What is your judgment on the first six or eight months of this current government, and the effects of the economic measures which the government took at the beginning of the year on the living situation of the common man?

Oyinlola: First of all, talking in terms of the nation, we've been grappling with one political difficulty after another, and that has distracted the attention of the government from the key areas of the budget and planning. For us in Lagos state, I think we didn't do badly for the first half of the year, until we had the industrial strike. We would have kept within the budget framework and not been stopped by anything at all, but the eight weeks of strike dealt a severe blow to our thinking, to our plan altogether.

EIR: What would you see as a potential for industrial development, expansion, for the area of Lagos? It looks obvious to the outside observer that there are very few jobs in the formal economy, but the informal economy is thriving. How can new jobs be generated? What would be a vision for that?

Oyinlola: Well, speaking of industrialization, I think the first step that is required is for us to look inward, because if the basis of our industrialization is looking across the border, then we may not be steady in our plan. So it really requires looking into *how* we can make ourselves, our own resources to develop the state. It would do us a lot of good if the orientation of our education were such that it allowed for self-employment. That would go a long way really to get to full employment. The basis for getting industrialized requires that we should be able to do, to a certain extent, most of our thinking from within the country.

EIR: How would this apply to the urgent problem, let's say, of mass transportation in Lagos? Are there blueprints for that ready which, if you had the money, you could implement tomorrow?

Oyinlola: Certainly, yes. The transportation plans we have include the harmonization of movement by road, rail, and water. From the southern part of the city, we intend to run the rail system, which other commuters can join, from east and west of the rail line, running from north to south. If you have these train services, two or three of them, to the coastline, and from there the ferries that the state has acquired, they go across to the island. We intend to put another boat system to run the circuit within the island. That is what we have planned.

EIR: How much money would that cost?

Oyinlola: A lot. I can't give you the figure, but I know it would cost a lot, because for the river line and services, we have no fewer than 14 ferries that would have to be serviced.

Then you are talking about, at minimum, to start with, 250 busses, and again at minimum, maybe four diesel multiple units (DMUs).

EIR: Do you have plans for road-building? Do you have any kind of inter-city mass transit conception? Lagos is a fairly dense city. So the idea of a train system, like in other major cities around the world, would be an interesting idea, and to judge from my short ride through Lagos this morning, it would probably be beneficial to reduce the amount of car traffic.

Oyinlola: We have plans to get our roads in place, but what is of concern at present is the maintenance of the ones that we have for now. They have to be serviced continuously, and the lack of maintenance in most cases is responsible for the holdup that you witnessed in the city. There is quite a network plan, that has been married to the national road network that is there for the inter-city movement. That primarily is a responsibility that is being cared for by the federal government.

EIR: In terms of revenue generation, certain money is allocated for each of the 30 states by the government, but Lagos on its own has the capability to collect revenue. How is that money being collected, and how is it being channeled into the productive economic system so that people will be able to have jobs, housing, and infrastructure?

Oyinlola: The amount of funds, as I look at it, from the federal level, is dependent on what the federal government realizes from oil, in our own monoculture economy, and that is what is given out. There are other competing demands which have made it grossly inadequate for each state to do anything else besides meet with the payment of emolument. As for Lagos state, at the beginning of the administration, the revenue generation was not too good, and we were able to put certain strategies in place which have continued to yield a good dividend; at least we've been able to double the revenue generation from the time we came in, and by the middle of the year, we've been able to go two or three times above what we were getting at the inception of the administration.

Lagos state has a very large workforce, which takes, in terms of emolument, up to 100 million [nairas] monthly. We are now literally able just to take care of those projects we know are of interest to the public, and that have been independent, and we are trying to make sure such areas are completed, like the transportation area that we mentioned, like markets, which will have a positive impact on the state. Those are the areas we are addressing.

EIR: Do you happen to know what the approximate population of the city of Lagos is now?

Oyinlola: Lagos state, according to the 1991 census, is about 7.5 million. The city of Lagos, I can't tell you.



Col. Olagunsoye Oyinlola, military administrator of Lagos state, is interviewed by Lawrence Freeman. "Given the situation in which we find ourselves, the only solution, short of breaking up the country, is the National Constitutional Conference, because it gives everybody the opportunity to say, 'This is how this country will be ruled.'"

EIR: I'd like to shift over to some political questions. One of the things that's discussed a great deal is the difficulties between the north and the south of Nigeria. Lagos being the biggest city in the south, do you find problems in working with groups that are considered separate from each other? Do you find problems, for example, with the Muslims and Christians working together in Lagos? Has that been exploited to cause difficulties here?

Oyinlola: No. I've never experienced any difficulties in working with people, irrespective of their political leaning or religious beliefs. When people get to understand and respect each other's opinion, that tends to eliminate areas of friction.

EIR: One of the things that's constantly used in the press—and British colonial policy was very much aware of this—is to try to manipulate the Hausa against the Ibos against the Yoruba, and constantly through this conflict to prevent Nigeria from becoming an independent nation-state and carrying out its own policy. This is a way of trying to undermine Nigeria, by keeping these conflicts going. How do you see this alleged conflict or the realities of this conflict in Nigeria among these three groups?

Oyinlola: I must be sincere with you, that some people live

under false illusions. I think it won't be long before Nigerians get to understand that oneness is the basis for the survival of the country. We might have some differences which are more or less being played up politically. These are differences that can be resolved. I'm very positive that the outcome of the confab [referring to the National Constitutional Conference, ongoing in the capital of Abuja] will go a long way to eliminate the kind of mutual suspicion that's been politicized.

EIR: Let me ask you about the conference. The way it's portrayed in the British and American press, is that Nigeria is run by the military, by a junta, that the conference will not succeed, that General Abacha will stay in power after the conference is over, like General Babangida did. Why don't you tell us your view of this conference process, and how you think Nigeria will proceed in the future?

Oyinlola: Given the situation in which we find ourselves, the only solution, short of breaking up the country, is the confab, because it gives everybody the opportunity to say, "This is how this country will be ruled." And when that has become the law, then we have to practice it. But short of this confab, I am yet to be convinced if there's any of that positive will to resolve the political impasse.

EIR: In other words, you see no other positive way, except through the Constitutional Conference.

Oyinlola: Exactly. Unless one wants to go to war.

EIR: And you think there's fair representation in the conference of the Yoruba, the Ibos, the Hausa, all the different groups in Nigeria?

Oyinlola: I think you can see, from the level of discussion that's been going on, on the topical issues that have been discussed, with everybody expressing his own opinion as to how he's supposed to endeavor to fashion out an acceptable constitution for the people of Nigeria. Then I can see ourselves forging ahead from here on. But for now, given the kind of situation we find ourselves in, I think the confab is the only veritable solution.

EIR: We've spoken to many people from many different groups in Nigeria, and they agreed that if General Abacha had not stepped in, in November 1993, the country would have gone to civil war, maybe not exactly the same way, but in a scenario similar to what happened in the late 1960s. Do you think that was the case?

Oyinlola: It was at that point, because you find at the time there was a lot of chaos and it seems nobody was particularly in charge. We had the issue of an interim national government that was not even recognized in some states. And the decision whereby someone at the federal level passes a directive and the state tells you, "To hell with your law," means that there are two governments within the same country. With the sacking of the declaration that the interim government is elected by the local, then, given such a condition, the only alternative was just to step in. If that was not done, who can tell what would have happened?

EIR: In terms of the question of African policies as a whole, there recently have been historians and others who used the crises in Somalia, Rwanda, and Liberia to say that the big mistake was to create nations in Africa. That this only created the problems; that we should go back and redraw the maps, according to ethnic groups, like in Somalia, part of Kenya, part of Ethiopia, to bring all Somalis together, etc. What does the idea of the Nigerian nation mean to you, and how would you look at such an argument being made from some academics in the West?

Oyinlola: Honestly speaking, I wouldn't subscribe to that thinking. If you say you want to put proud nations on an ethnic basis, you find out that, as with the Hausa in Nigeria, you have them stretched along the west coast of Africa. The same thing goes with the Yoruba. So how do you intend to achieve that kind of drawing [of the map]? In between, they find some other tribes; it's not that you travel along and you find these Yoruba-speaking people from here to Gambia. No, you have an interruption, maybe some Ashanti. In another part you find some other tribe, in between. So that cannot be achieved.

What should be the thinking is to let the people decide where they belong, where they want to belong. If there's a referendum, and they say, "This is where we want to belong," fine. So be it. But to talk of redrawing the boundaries or creating states or countries is just going back to 1884.

EIR: So you would actually say that the idea of the nation is overcoming 1884. Would you go so far?

Oyinlola: That's when the partition was done.

EIR: That's right, when the British set it up.

Oyinlola: The scramble for Africa was in 1884.

EIR: The Berlin conference. I don't want to get too personal, but are you yourself a Yoruba?

Oyinlola: Yes, I am.

EIR: Do you feel that this government is representing your interests? Do you feel that there is any insurmountable antagonism between Yorubas and other groups inside Nigeria?

Oyinlola: No, I think the government is representing the interests of the real Nigeria, that is my belief.

EIR: Could you tell our readers some of your background? Where you grew up?

Oyinlola: I was born in Kugo, in Niger state, and had my primary and secondary education within my region. I decided to go into the military immediately after my secondary education, and they sent me into the Army in 1969 and I got commissioned in 1971. Ever since then, I've had training in France, Britain, Pakistan, India, and the U.S.A. I've had plenty of experience, commanding a company battalion, and I've had peace-keeping experience in the Organization of African Unity. I had the opportunity of taking the first battalion from Nigeria to Somalia last year.

EIR: And what was your experience as an outside force coming in and trying to establish peace?

Oyinlola: It is my experience in Somalia that has informed my decision to continuously talk to our people, that the best thing that would happen to us, given the situation, is for us to sit down and talk. Because I cannot see an end to Somalia's problems. The warlords come out of Somalia, they embrace each other, hug each other, and say, "We've had enough." The moment they get back to Mogadishu, they are back to the battle line. I saw what is called anarchy in Somalia. Total lawlessness. It is the use of force that reigns there. You have your house, somebody comes and takes you out because he has a gun. And that house belongs to you. You find these nations so devastated that, conservatively, maybe in 50 years, if there's U.N. support, we can get out of this. But I doubt it.

Thinking in big terms again

Berlin wants to once again become a hub of transportation for Eurasia in the 21st century.

This author recalls the days (this was when the Americans were preparing for the Moon landing) when he would read those color-pictured reports on what the world would look like in the 1980s, 1990s, and the 21st century: Man would be on the Moon and on his way to Mars and other planets; on Earth, there would be supersonic, rocket-like giant airplanes and entire cities on the bottom of the ocean; and at the end of the century, superfast magnetically levitated trains running inside vacuum-chamber tubes would transport people from one city, country, and continent to another.

Such visions died out in the 1970s, when the ecologist movement was gaining influence, and debates about big high-technology projects of the future were termed "politically incorrect." The "small is beautiful" outlook became even more pervasive in the 1980s and into the early 1990s.

However, the scene changed toward more positive perspectives in late 1994, especially in Berlin.

The government's decision to give the long-overdue go-ahead for a maglev rail project between the two biggest German cities, Berlin and Hamburg, in the autumn of 1994, did a lot to help "uncork the bottle" for big ideas about new technologies. In Berlin, the discussion about grand infrastructure and technology projects for the 21st century advanced considerably in late 1994.

For example, in mid-November, Herwig Haase, Berlin's city-state minister of public transportation, talked about future maglev rail lines stretching from Berlin to Beijing. In

Schwerin on Nov. 17, at a ceremony with the engineering firm MPS, which is to complete the construction of the first maglev train link between Hamburg and Berlin by no later than the year 2004, Haase said that once the okay for an extension of the Hamburg to Berlin maglev line toward the east is given, it would be possible to transport passengers to Warsaw and Moscow and on to Beijing. Haase said that such a maglev line would take passengers "from Berlin to Beijing in about 24 hours," at speeds of 400-500 kilometers per hour.

Haase also endorsed an extension of the maglev line from Berlin toward the southeastern regions of Europe, through Dresden and on to Budapest and Prague. He said that with the completion of the Berlin-to-Hamburg section (in 2004-05), Berlin would become the "hub of the most modern railway system on the continent and in the entire world."

At a hearing in the House of Representatives of Berlin on Nov. 24, Haase reiterated the proposal, setting a new standard for what a political debate in a technologically advanced state like Germany should look like. He declared that the "pioneering spirit in the transportation sector always has pushed Germany forward. This kind of pioneering spirit is required at the end of this century.

"With the Transrapid, Germany is ahead in the field of transportation systems. Other countries that are also working on such a system are lagging behind the level of development that we have achieved. The Berlin Senate will not miss this one-time chance of giving the starting signal for the trans-

portation system of the 21st century," he declared.

"I want to emphasize explicitly on this occasion," Haase said, "that the Transrapid must not be confined for long to the Hamburg-to-Berlin line. . . . I am expecting a European net here—yes, a net—that one day, like the railway, will reach out beyond Europe.

"Most of all, I'm convinced that the Transrapid will have a chance concerning eastern Europe, for example, along the continental route leading toward Warsaw, Minsk, and Moscow, where it could demonstrate the [shorter] traveling time. And in order to take up that hint [another member of parliament shouted, "Beijing!"], I am also convinced that it is only a question of time until this system will have replaced the old system, and that is why I addressed a place that is a bit farther away."

This unprecedented debate was, however, not covered in any media outside of that city—illustrating once again the anti-technology ideology which dominates the media. But this is likely to change soon.

Take, for example, the year-end issue of Germany's business weekly, *Wirtschaftswoche*. Looking into the future, it wrote that by no later than Christmas 2020, most big cities in western Europe will be connected by maglev trains running inside underground vacuum-chamber tubes at speeds of 800-950 kilometers per hour, and travelling from Hamburg to Bucharest in only three hours.

By Christmas 2020, the weekly wrote, construction of such maglev tube connections would be under way from the already-completed central European grid to the west (Portugal); the southeast (Istanbul); the north (Helsinki); the east (Warsaw, Minsk, St. Petersburg, and Moscow)—all lines being built on the basis of a crash program approach.

Prince Philip plots to destroy state

The environmentalist and Aboriginal rights movements are Prince Philip's prominent tools.

Since at least 1963, the British monarchy's Prince Philip has personally led the charge to splinter the Australian state (see the *EIR Special Report*, Oct. 28, 1994 for a fuller picture of Philip's crimes against humanity worldwide).

On a royal visit to Australia in 1963, Prince Philip called for the formation of an Australian branch of his World Wildlife Fund (WWF, now the World Wide Fund for Nature), which led directly to the establishment of the Australian Conservation Foundation (ACF). This organization, which Philip founded and then served as president in 1971-76, is the "mother" not only of Australia's entire radical environmentalist movement, but, through key ACF personnel, of the "Aboriginal land rights" movement as well. Already, the combined area of environmentalist "nature preserves" and land given to the Aborigines totals almost one-third of the continent and threatens to cut the country in two.

According to an article in the *National Times* on Sept. 11, 1976, the ACF was formed at a time of "crisis," said to be "due to overpopulation"—an absurdity, considering that there are a mere 17 million people spread around this vast island. After discussions in the wake of Philip's visit, a group including then-Governor General Lord Casey, Malcolm Fraser (later to become Australia's prime minister, 1975-83), Sir Garfield Barwick (then Chief Justice of the Australian High Court), and Sidney Baillieu Myer (heir to the Myer family retail trade fortune), founded the ACF in 1965.

In 1971, the year that Prince Philip became president of the ACF, "the ACF first began to take an active interest in Aboriginal land rights," observed the *ACF Newsletter* in May 1978. Just two years earlier, Philip's WWF had founded the "Primitive People's Fund," now known as Cultural Survival, to use "indigenous peoples" as a battering-ram against modern nation-states.

Australia's environmentalist and Aboriginal land rights movements are unified at the top, as personified both by Philip and by Dr. H.C. "Nugget" Coombs, adviser to seven Australian prime ministers and head of Australia's central bank in 1949-68. Coombs did his doctoral training at the London School of Economics in 1931 under Harold Laski and Friedrich von Hayek, on "central banking." He recorded his own personal identity as a "central banker" in his autobiography, *Trial Balance*: "Central banking is a strange profession. . . . Those who practice it often feel themselves to be members of an international freemasonry. . . . It was [Bank of England head Montagu] Norman who created the international freemasonry of central bankers."

In 1968, Coombs suddenly left his post as head of Australia's Reserve Bank, perhaps the most powerful position in the country, and founded the Council for Aboriginal Affairs, which he chaired in 1968-76, and which kicked off the Aboriginal land rights movement. Once that operation was up and running, he moved over to become president of the Australian Conservation Foundation in 1977, replacing Prince Philip. Aboriginal rights

became such a focus of the ACF under Coombs that the *ACF Newsletter* was renamed *Tjurkupa* (Aboriginal dialect for "truth and wisdom"). Coombs is currently a Visiting Fellow of the Center for Resource and Environmental Studies at the Australian National University, of which he was the first chancellor. He also founded the "Nugget Coomb Forum for Indigenous Studies."

It is no secret that the goal of the Aboriginal land rights movement is to carve a separate nation out of Australia. As Michael Mansell, who is part Aboriginal and founder of the separatist "Aboriginal Provisional Government," told *Chain Reaction*, the publication of the radical environmentalist Friends of the Earth, in July 1990, "Let it be clearly understood that the Aboriginal state [is] to be established, with all the control vested back to the Aboriginal communities. . . . The residual powers of negotiation with foreign governments [are] to be vested in the Aboriginal Provisional Government." Mansell was later "chosen" by Nugget Coombs's assets in the Aboriginal community to be the sole negotiator on land rights with Australian Prime Minister Paul Keating.

Meanwhile, Philip has kept his hand in the environmentalist-Aboriginal rights movement, visiting the country several times to dedicate huge chunks of territory as "nature preserves" or "World Heritage sites." He has emphasized, as he did during the WWF 1989 international conference held in Australia, that "full consultation with the local Aboriginal communities" must be held on land use questions; for example, in the huge Cape York Peninsula in northern Australia, site of Australia's space program, which Philip proposed to confiscate for a combined "nature park" and "Aboriginal preserve."

A new military mission

Peru's Armed Forces have taken on the dual challenge of fighting narco-subversion and building the nation.

The close working relationship between civilian President Alberto Fujimori and Peru's Armed Forces has been a cause for much teeth-gnashing in one-worldist circles since September 1992, when President Fujimori shut down the corruption-riddled Congress and Supreme Court of Peru, and launched all-out war against the Shining Path narco-terrorist movement. His outstanding victories since, against the narco-terrorism that has plagued the country for a decade, are now recognized by all.

The demilitarization crowd and international self-proclaimed "human rights" lobby, and their allies in Ibero-America, hysterically oppose such a role for the continent's militaries. Their aim instead is to redefine the military's mission, to reduce and eventually eliminate its national role. But with a victory against Shining Path under their belt, the Peruvian Armed Forces and Fujimori have not only refused to yield to these pressures, but have taken a totally new direction. Not only will they escalate their war against the drug mob, but they also intend to forge a major military role in the construction of urgently needed economic infrastructure.

This is London's worst nightmare come true, because Peru's successes on these fronts are being closely watched by all of Ibero-America's Armed Forces, which are similarly under siege by the demilitarizers.

On Dec. 8, on Army Day, President Fujimori unveiled the military's new mandates, and Army commander Gen. Nicolás Hermoza Ríos respond-

ed: "We soldiers . . . are prepared to launch the other battle . . . of consolidating the national peace . . . and our determined action against the drug trade." He stressed "the fundamental role of the military in the fight against poverty and underdevelopment."

This nationalist conception of the military's mission has the oligarchs foaming at the mouth. One-worldist mouthpiece Hernando de Soto, an advocate of drug legalization, threatened in early 1994 that if the Armed Forces continued to do battle with the drug trade, it would be inundated with corruption scandals. In recent weeks, a campaign of precisely such scandals was launched against the former military chief of the Upper Huallaga Valley, Gen. Eduardo Bellido Mora, on the basis of "testimony" from several tainted former officers who had been investigated, thrown out of the military, and are now in exile.

General Hermoza warned in the same speech that "just as the Army yesterday was subjected to discrediting and destabilizing campaigns, today the same actors have launched other tendentious efforts to try, in a Machiavellian way, to halt operations against narco-terrorism. . . . Of these actions, the men in my institution are well aware."

General Hermoza also denounced the human rights lobby, property of the one-worldist oligarchy, as "complicit, through their silence, in the criminal irrationality of the terrorists." He observed bitterly that "thousands upon thousands of Peruvians had to die before the U.N. Human Rights Commission, on July 22,

1992, came out and denounced the 'genocidal nature' of Shining Path and the MRTA."

On Dec. 11, a special supplement published by the Peruvian Army and printed in the daily *Expreso* announced the Army's involvement in construction projects "to unite the coast with the jungle, and the Pacific with the Atlantic." The supplement said that, "in the past three years, military engineers have rehabilitated 4,529.6 kilometers of highway, built another 166.7 kilometers . . . and paved and improved another 128 kilometers." The supplement stressed that this road-building "is strategically important since subversion tries in vain to control transportation in the country in order to implement their anti-development strategies."

The supplement included a detailed map of military engineering projects, and described the various projects designed to unite the country: linking the northern coast to the Marañón River (a tributary of the Amazon River); improving the Mazo-Desaguadero highway, to permit Peruvian links with Bolivia; and improving the Cuzco-Puerto Maldonado-Inapari highway, which links the Peruvian Pacific port of Ilo with the Trans-Amazon Highway that crosses the central states of the Brazilian Amazon.

And in late December, the Peruvian Army signed an agreement of scientific-technical cooperation with Peru's National Engineering University to launch the so-called Neolmar Project, a nuclear-based program which would simultaneously alleviate the severe electricity deficit in parts of Peru, and power a number of development initiatives, from the Bayovar project to mine 750 million tons of phosphoric rock for fertilizer production, to irrigating the Piura and Sechura deserts and bringing close to 1 million hectares of land under cultivation.

International Intelligence

Filipino military rebel to run for Senate

Army Col. Gregorio ("Gringo") Honasan plans to run as an independent candidate for the Senate in the Philippines, the head of the opposition Nationalist People's Coalition (NPC) told reporters on Jan. 4. NPC head Ernesto Maceda said he didn't know what made Honasan believe he could win as an independent, but that the NPC hoped to convince him to run under the party's banner.

Honasan rose to national notoriety in 1986 when his Army faction, called RAM, led a raid on the presidential Malacanang Palace in the final phase of the Marcos government, and in 1989, when RAM launched two of six failed coup attempts against then President Corazon Aquino.

Maceda reported that Congressman Ferdinand Marcos, Jr., only son of the former President, may also run on the NPC ticket.

Egypt fosters clampdown on Islamist groups

The interior ministers from North Africa and the Persian Gulf countries met in Tunis on Jan. 5, where they agreed on joint plans to combat growing Islamic "fundamentalist" violence. Egyptian Interior Minister Alfi called the meeting a great success and said that "all members are convinced that terrorism is a danger for all and agree to fight its leaders wherever they are, including abroad, and their financing."

He said the 18 ministers—from Morocco in northwest Africa to the oil-rich Gulf states—had adopted an Egyptian working paper to serve as a basis for a "code of conduct to fight terrorism." The proposal provides for intelligence cooperation between Arab states on the "fundamentalist" networks, activities, financing, refugees, and arms.

Egypt's own clampdown is being criticized for going beyond all reasonable bounds, however. Adel Hussein, secretary general of the Labour Party and publisher of the newspaper *As Sha'ab*, was arrested Dec.

24. Although no formal charges have been brought, Hussein is said to be suspected of conspiracy to overthrow the state. Egyptian security authorities said they found leaflets belonging to the armed Islamist insurrectionist organization, Gamaat al Islamiyya, "on the airplane seat next to the one he had occupied" in a recent trip abroad.

Adel Hussein led the press campaign inside Egypt against the U.N. population conference that was held in Cairo last September. His paper published a Schiller Institute ad with signatures from prominent persons, condemning the population conference's agenda. The French paper *Libération* commented, "the operation, aiming at discrediting a troublesome and relatively marginal intellectual, has only succeeded in placing him at the center of a huge press campaign against his incarceration."

Brazil's new President warned by Army figure

President Fernando Henrique Cardoso has been warned not to betray Brazil and its Armed Forces, in an open letter by Army Reserve Col. Aimar Baptista da Silva. Published in the Jan. 3 *Tribuna da Imprensa*, the letter uses material previously published by *EIR* and the Ibero-American Solidarity Movement on the plot to destroy the continent's military institutions, although it does not mention the book by name.

Colonel Baptista documents the role of the Wall Street-steered Inter-American Dialogue in promoting the new world order, threatening to impose limited sovereignty on Brazil and backing the idea of sending U.S. troops wherever required to enforce "democracy." Noting that Cardoso is "said to be a founding member" of the IAD, and that his opponent in last fall's presidential elections—"Lula" da Silva—also belongs to the Dialogue, Baptista says, "we are worried what might happen to the Armed Forces after the President takes office." When Cardoso signed the "Pact for a New World" in 1991, the colonel adds, he "practically agreed that 'better protection of the environment depends on the drastic reduction of

resources allocated for the Armed Forces.'"

The Army officer explains that he and his fellow officers are willing to give Cardoso the benefit of the doubt, and hope that he will act according to the Constitution. But, if it turns out that his policy is inspired from abroad, "then our Brazilian fatherland runs an enormous risk" of treason. Baptista emphasizes that his letter should not be considered a threat to Cardoso's government but rather a warning "provoked by a nationalist sentiment which hates xenophobia and the 'equally totalitarian' systems of left and right."

British oligarch: Only top 5% need education

Lord William Rees-Mogg, a senior controlling figure of the British political intelligence establishment, painted a candidly brutal scenario for post-industrial feudalism in his Jan. 5 column in the *London Times*.

After praising Newt Gingrich and company in the U.S., Rees-Mogg gloats: "In some ways, Britain is better placed to compete in the information age than it was in the mass production age which is closing. . . .

"The next century—like the 19th—will probably be the age of the professions, with an emphasis on rare skills, and Britain is still a professional and relatively elitist country. . . . The next century will be the age of tax havens. . . .

"There are fascinating implications here for educational policy, and they are highly unfashionable. The 20th-century view has been that the economics of mass production required mass education, perceived as the universal provision of modest educational skills. The 21st century will require greater emphasis on the higher skills of the ablest students. . . . In international competition, perhaps 5% of the population will produce 80% of the national income, and the employment of the 95% will depend on the success of the few." Rees-Mogg promotes what he calls "the post-Renaissance teaching of logical thought through exact linguistic training," as what is needed for the "pre-

cise but flexible mental formation which the information age requires.”

British NGOs nag Clinton to 'get tough' on India

In the wake of British Foreign Minister Douglas Hurd's trip to India and Pakistan the first week of January, Human Rights Watch, the leading British-run "human rights group" in the United States, has come out demanding that President Clinton also pressure India about human rights in Kashmir, instead of making major infrastructure investment loans there. Secretary of Commerce Ron Brown plans to concentrate on infrastructure loans during a subcontinent visit starting Jan. 14 to promote trade and investment in India.

On Jan. 7, Douglas Hurd pressured Indian Prime Minister P.V. Narasimha Rao to continue with India's recent Thatcherite IMF shock therapy "reforms." Hurd also insisted during his Jan. 3-7 tour that Prime Minister Rao "pay greater respect to human rights" in Kashmir.

Arriving on Jan. 8 in Lahore, Pakistan, Hurd announced that he has a three-part plan for settling the dispute over Kashmir, which is formally part of India but is claimed by Pakistan. British-run networks have ignited the Kashmiri separatist movement as a way of increasing tensions between the two nations in the subcontinent.

Chinese communists mourn Joe Slovo

China's Communist Party on Jan. 8 announced that it had sent a telegram of condolence to the South African Communist Party on the death of its leader Joe Slovo, praising him as an outstanding patriot and socialist theorist. Slovo, 68, housing minister in the government of Nelson Mandela, died of bone-marrow cancer on Jan. 6. He joined the South African Communist Party in 1942 and remained an active party member until

his death.

The Lithuanian-born Slovo has been at the heart of terrorist activities in South Africa for decades. In Beijing, the *People's Daily* published the telegram of condolence from the party's Central Committee on its front page. It said he had devoted his life to the struggle against apartheid and oppression and to win equality and democracy. It said Slovo's death meant the loss of a dear friend to the Chinese Communist Party and people.

Churchill gang wanted German-Russian fight

The *Sunday Telegraph* of Jan. 8 reports on a February 1943 suggestion by "the aristocratic head of Winston Churchill's secret wartime intelligence committee," Victor Cavendish-Bentinck, the chairman of the U.K.'s Joint Intelligence Committee. "In a cynical assessment of the outcome of the war," writes the *Telegraph*, he proposed that the western Allies let Hitler and Stalin fight it out to the death—and then slip onto the continent uncontested. Excerpts from his February 1943 memorandum, newly released by the British Public Records Office, read:

"It is surely to our advantage that German troops should be killed in the East instead of remaining on guard in the West—and that we and not the Russians, get to Berlin first. . . . I suggest we should allow the Germans to believe—owing to incompetence and quarrels with the Americans—that we are unlikely to undertake major operations anywhere on the European continent and that they can therefore transfer troops to Russia. Thus the Russians and the Germans will be killing each other, and Russia, however sentimental we may be about her at present, is likely to be a troublesome customer at the end of the war, will be thoroughly weakened."

Intelligence historian Anthony Cave Brown labeled the discovery among the wartime prime minister's papers "dynamite."

Briefly

● **TAJIK REBELS** have killed 11 Russian soldiers in cross-border raids from Afghanistan just since the beginning of the year, and nine died from drinking adulterated champagne New Year's Eve. The 20 Russian soldiers died despite a "cease-fire."

● **SOUTH KOREAN** President Kim Young-sam on Jan. 6, in his annual New Year news conference, emphasized cooperation with North Korea. He said the Seoul government would "adopt measures in a step by step way to vitalize South-North economic cooperation in order to improve the Korean nation's welfare."

● **A BUENOS AIRES** weekly extensively reported on *EIR*'s House of Windsor exposé in its Dec. 30 edition. *El Informador Público* points to the hypothesis that the trinational region over the Argentine, Paraguayan, and Brazilian border areas is the site of Hezbollah terrorist training camps.

● **A TAIWAN** official called for better Beijing relations on Jan. 7. "We should allow visits by influential Chinese mainlanders and those who set policy toward Taiwan, and consider to allow Chinese mainlanders to come for sightseeing," the *United Daily News* quoted Chiao Jen-ho, secretary general of Straits Exchange Foundation, a semi-official body for negotiations with China in the absence of official ties.

● **A CHIAPAN** Shining Path (self-proclaimed) has requested that U.N. Secretary General Boutros Boutros-Ghali recognize Chiapas as an independent country, separate from Mexico, according to the Mexico City daily *Excelsior* of Jan. 4.

● **TURKEY** has offered to help Malaysia develop a submarine fleet, Malaysian Defense Minister Najib Tun Abdul Razak told reporters. Turkish Navy chief Adm. Vural Bayazit arrived in Kuala Lumpur on Jan. 4 for a five-day official visit.

Newt's 'power rangers' start to stumble

by William Jones

Hardly a week has passed since King Newt's entry into Washington on Jan. 4 under the banner of the Conservative Revolution, and already storm clouds have appeared on the horizon for the "new regime." Everything was done to underline the triumphal nature of the Republican takeover of both houses of Congress for the first time since the 1950s, including inviting members of the inane children's television show, the Mighty Morphin' Power Rangers (whose "power" comes from the invocation of dinosaurs), to entertain the members' youngsters during opening day. This underlined the New Age self-image House Speaker Newt Gingrich (R-Ga.) and his Conservative Revolution comrades want to project.

The first week of hearings on Capitol Hill gave some of the Conservative Revolution advocates a taste of the public opprobrium that awaits their agenda. Their biggest problem is how to carry out the "Contract with America" plan for dismantling most of the federal government, without being seen as a gang of brutes out of the seamiest pages of a Charles Dickens novel, or without being exposed as totally dishonest in hiding from voters the pain their agenda will inflict.

In a rare moment of candor on "Meet the Press" on Jan. 8, House Majority Leader Dick Armey (R-Tex.), revealed that the new House leadership also views its own members as better off kept in the dark, like the voters. "The fact of the matter is," said Armey, "that once members of Congress know exactly, chapter and verse, the pain that the government must live with in order to get to a balanced government, their knees will buckle."

Resistance

The lynchpin of the insurgent Republicans' "Contract with America," is the proposed amendment to the Constitution which would require a federal "balanced budget." Dem-

ocrats are insisting, rightly, that the Republicans be specific about the cuts they plan to inflict in order to fulfill such a mandate. The governor of Vermont, head of the national governors' association, has prepared a state-by-state report on the cost of this austerity recipe. Even the *Wall Street Journal* is running columns denouncing proponents of the balanced-budget amendment for "evasion" and "posturing." Others (see story, p. 52), point out that such an amendment is a frontal assault on the Constitution itself.

Appearing on Jan. 9 opposite Sen. Trent Lott (R-Miss.), who said that he would support efforts to cut \$450 billion out of next year's budget, House Minority Leader Dick Gephardt (D-Mo.) made the obvious observation about such lunacy: "We're never going to balance the budget unless the economy continues to work well, unless you have people at work making good wages. That's why we make such a big deal about the fact that people have to earn a good living." He continued, "You're never going to cut your way to a balanced budget."

Majority Leader Armey, going in the opposite direction, even wants to wipe out the minimum wage.

With a clear Republican majority on the House Judiciary Committee, chaired by fervid budget-cutter Henry Hyde (R-Ill.), the balanced-budget amendment slid through committee on a party-line vote after having warded off the numerous amendments offered by Democrats on the committee, including one that would have exempted Social Security from the budget balancing strictures. Within the House as a whole, however, there is concern about the amendment's provision which would require a three-fifths majority to raise taxes. Moderate Republicans pleaded in vain with Armey to eliminate this clinker. If it is maintained, the bill itself could fail.

On the Senate side, the Judiciary Committee had to postpone action on the balanced budget amendment, since the

Republicans did not even have enough committee votes to bring the measure to the floor.

Gingrich 'reforms'

On the first day of the new Congress, Gephardt passed the House gavel to Speaker Newt, and the normally abrasive Gingrich bent over backwards to say nice things about FDR and Democrats. The legislators proceeded, until the wee hours of the next morning, to pass the eight major House reform items that Gingrich had outlined in his "Contract with America": truth-in-budgeting baseline reform, term limits for the Speaker and committee and subcommittee chairmen, a ban on proxy voting, opening committee hearings to the public and press, a three-fifths vote to approve tax increases, a comprehensive House audit, applying anti-discrimination and workplace safety rules to Congress, and 23 other House rule changes.

The aura of amiability lasted only an hour or so into the session, when Democrats began blasting parts of the proposed legislation. In particular, they went after the Republican proposal to change the House rules to require a three-fifths vote—a super-majority—in order to raise federal taxes. The measure is downright unconstitutional.

Already Gingrich has had to retreat on a number of issues he had earlier championed. A Republican proposal on welfare reform which includes a measure that would deny benefits to legal immigrants who have not become citizens and which Gingrich had supported, became too hot to handle. Gingrich reversed himself on Jan. 10, insisting that he was "very pro-legal immigration," and saying that the Congress was going to have to "revisit the question of eliminating legal aliens from ever getting access to government services after some length of time of being here and paying taxes."

An item which received less attention in the first day's legislation, but which has great potential for building up one facet of the federal government which the Conservative Revolutionaries don't appear to reject—the growth of police-state powers—is the extensive House audit mandated by the Republicans. Knowing Gingrich's history of using such investigations as a tool to "purge" opponents, as he did with Speaker Jim Wright, it is clear that a House audit would be an important tool in the hands of the House Republican leadership to frame up their Democratic opponents, or any nonconformist in their own ranks.

Much of the first day's floor debate focused on the \$4.5 million advance that Gingrich had been offered by Rupert Murdoch's Harper-Collins publishing firm for two books he was to write. Gingrich had been forced to back off from the advance as a result of the heat. David Bonior (D-Mich.), the House Minority Whip, proposed to limit book royalties for congressmen to one-third of a member's annual salary. Democrats also forced a procedural vote in order to state their support for an outright ban on gifts from lobbyists, forcing angry Republicans to vote against it. Demanding various

reform measures to limit the influence of "special interests," Democrats were able to drape themselves in some of the fashionable "reformer" garb.

A potentially far more effective tack, though, was taken by Sen. Edward Kennedy (D-Mass.), who held his Senate seat against a Conservative Revolution challenge in November. Speaking at the National Press Club on Jan. 11, Kennedy pointed out that the Republicans had won the election "by the narrowest of margins," and ascribed his own victory to the fact that he ran for health reform, for a minimum-wage increase, for jobs, and against limiting welfare benefits and "other harsh proposals that aim at the mother but hit and hurt innocent children," as spelled out in the "Contract with America." Kennedy urged Democrats "to prove to working families and average citizens that we are on their side fighting hard for them," rather than adapting to the GOP agenda.

The Senate's opening day followed the choreography of the Conservative Revolution—although with far less gusto than in the House, and adjourning after a few hours. "We will roll back federal programs, laws, and regulations from A to Z—from Amtrak to zoological studies," warned Senate Majority Leader Bob Dole (R-Kan.), "working our way through the alphabet soup of government."

Tyrannosaurus Rex

Gingrich and his "power rangers" claim to have a mandate from the people to take a meat-ax to federal spending, and have shown a determination to go after every major social and medical program on the books, except, at least for the time being, Social Security. In the Capitol's corridors, even Social Security is being discussed as a potential target of the Republican "mandate."

Although Newt and the boys conferred with Conservative Revolution stalwarts in the states like Michigan's Gov. John Engler and Wisconsin's Tommy Thompson, the balanced budget amendment is upsetting to the nation's governors, since it would eliminate most of the federal funding they rely on to make ends meet. The Republicans are trying to reassure governors by promising to pass legislation relieving the states of "unfunded mandates," i.e., payments which the states are mandated by the federal government to meet, but for which money is not provided. The insurgents have been adept at mobilizing support for this by manipulating popular discontent with the many oppressive environmental restrictions imposed on the states by the Environmental Protection Agency. Those populists who fall for this "anti-government" ploy will be cutting off their nose to spite their face. Even National Conference of State Legislatures calculations show that the bulk of the mandates consists of items such as expanding the Social Security system to state and local employees not yet participating in a retirement system, increasing the Medicare wage cap from \$54,300 to \$125,000, and changing the eligibility requirement of various Medicare and Medicaid programs.

Newt Gingrich leads Republican Party off into post-industrial cyberspace

by Jeffrey Steinberg

In the “World According to Newt Gingrich” (R-Ga.), the new American Dream is that every ghetto kid someday has his own laptop computer. Never mind that he or she will continue to dwell in a miserable ghetto, will have little chance of advancement, and won’t even be able to read what’s on the screen.

In fact, Gingrich’s “Third Wavers” really have no intention of putting a laptop onto *every* knee. In “Newt’s World,” the *truly successful* people are called the “Brain Lords,” whereas the vast majority of humanity is relegated to the status of either “Menial” or “Lost” people—the latter referring to those who just “can’t cope” in a world where literacy means having a log-on to the Internet and the latest version of WordPerfect for Windows on your PC.

This bizarre vision of an America which has traded in its industrial prowess and steel and concrete infrastructure for the “virtual reality” of post-industrial cyberspace, is not drawn from the pages of cartoonist Gary Larson’s “The Far Side.” It is a plan for a future that can never be, which was spelled out at a recent conference sponsored by Speaker of the House Gingrich’s own think-tank, the Progress and Freedom Foundation.

The event’s corporate sponsors included Bell Atlantic, Eli Lilly and Company, Joseph E. Seagram and Sons, Philip Morris Companies, Southern California Edison, Emerson Electric, and Honda of America. Former President George Bush’s chief White House counsel, C. Boyden Gray, not only poured in a pile of cash to host the event, which took place at the posh Mayflower Hotel in the heart of Washington, D.C. He personally attended the event, choosing to take up a discreet chair at the back of the room rather than sit at the podium. Edgar Bronfman, the head of Seagram, who is bidding to take over two of America’s media giants—CBS and Time Warner—not only sponsored a corporate table at the luncheon, but “donated” his chief Washington lobbyist, William P. Roesing, to co-host the event with RJR Nabisco heir Gray and to assume a seat on the foundation’s board of directors.

The Progress and Freedom Foundation (PFF), created in 1993, is loaded with GOP bigshots. Chairman of the board

is George A. Keyworth, President Ronald Reagan’s science adviser and former head of the physics division at Los Alamos National Laboratory. Former Reagan Budget Director James C. Miller III sits on the board; former six-term Congressman Vin Weber (R-Minn.) is listed as a senior fellow. Arianna Huffington, the wife of the recently defeated GOP candidate for the U.S. Senate from California, is a director of the foundation. The January 1995 issue of the foundation’s monthly newspaper *American Civilization* featured a lengthy interview with Eddie Mahe, one of the GOP’s oldest and most venerated campaign strategists.

‘Democracy in Virtual America’

One might assume that with this heavyweight lineup of conservative activists and moneybags, the PFF would have its feet fairly solidly on the ground. Not on your life.

On Jan. 10, several hundred predominantly young, white, male would-be computer entrepreneurs, self-described “futurologists,” wanna-be Republican Party policy wonks, and news media Gingrich-watchers sat mesmerized as Alvin and Heidi Toffler took them on a day-long excursion into their psychotic vision of the future. Sen. Phil Gramm (R-Tex.), who harbors presidential fantasies, stopped by for lunch to deliver a keynote speech embracing the essentials of the Tofflers’ vision, underscored by his bold campaign promise at the end of his speech, that the GOP would prove itself to be “the party of the Third Wave.”

By the afternoon session, as the appointed moment drew near for Gingrich to deliver closing remarks, the crowd had already been subjected to a heady dose of pure Toffler, two hours of propaganda on “Culture and Politics in Virtual America,” and two more hours of meanderings on “Virtual Economy, Virtual Government.” They had heard, for example, Austrian School economist Michael Rothschild patiently explain that “the Third Wave means that the economy is not a machine—it’s a tropical rainforest!”

The title of Gingrich’s closing remarks could well have come from the Mad Hatter in *Alice in Wonderland*: “From Virtuality to Reality.”

Tofflerian 'wave' theory

Ever since the Nov. 8, GOP congressional victories swept Gingrich into the limelight, he has seized every opportunity to cite his 20-year intimate friendship and collaboration with the World Future Society's answer to Ozzie and Harriet, Alvin and Heidi Toffler. The Tofflers' 1970 book *Future Shock* was a pop-cult classic, which helped launch the shift in American culture away from a traditional commitment to scientific and technological progress, toward the notion that the world could somehow move into a "post-industrial" era without at the same time plunging into a New Dark Age.

Twenty-five years later, the Tofflers are still singing the same tune, with only slightly more polished lyrics. Today, post-industrial society goes by the name "Third Wave." In the Toffler lexicon, the "First Wave" was agricultural society, while the "Second Wave" was industrial society. And at the PFF conference, Toffler explained that the Nov. 8 Republican victory was "not a stand-alone event," but signaled the next great realignment in American politics: the transition from Second to Third Wave.

Borrowing from some of the rhetoric he probably first adopted as a student radical in Greenwich Village in the late 1940s, Toffler launched into a scathing attack against industrial society, because of its emphasis on "mass production, mass distribution, mass education, mass media, and mass destruction." Declaring all bureaucratic structures—whether in governments, corporations, or labor unions—"obsolete," Toffler described the Third Wave culture, built upon "PC power," as "demassified," "diverse," and "democratic."

For Toffler, the Great Change began in 1956, when, for the first time, more American workers were employed in white-collar and service-sector jobs than in factories. Today, the "muscle-based labor force" is vanishing, he gloated, adding that under 20% of the American labor force is now involved in industrial labor, while 80% are "knowledge workers."

Toffler reserved special venom for the nuclear family. "The idea that the nuclear family is universal and permanent has been shown to be a myth," he asserted, and blamed the destruction of the family on the hierarchical structure of the Second Wave society. The "traumatic demassification" of the nuclear family means that it will be replaced by a Third Wave family structure, which will be "varietal" and "polymorphic," he pontificated.

Heidi Toffler, writing in the Dec. 12, 1994 *Washington Post*, delivered her own New Age views on family life: "The fetus is a parasite in my body. Until it's viable, I have control over it. I would never have an abortion, but I would defend to the death the right of a woman to have that parasite removed."

In the Tofflers' post-industrial Third Wave America, the federal government will all but cease to exist; society will be held together by interactive computer linkups. One confer-

ence speaker, Arianna Huffington, suggested that members of Congress won't even have to be in Washington, except for great televised debates. They can vote by computer from their home districts.

Gramm's endorsement

None of the ideas put forward by the Tofflers or any of the other speakers at the morning session were too far out for Senator Gramm. His lunch-hour speech amounted to a wholesale endorsement of the Toffler Third Wave psychobabble, with a GOP partisan spin. Gramm declared that the period from 1880 to 1970 had been an industrial era, in which the Democratic Party thrived because industrial progress required active involvement by the federal government. Beginning in 1970, however, "the Information Age supplanted the Industrial Age." Now that the transition from the Second Wave to the Third Wave is under way, the GOP can enjoy its moment in the sun. "The GOP is the party of the Third Wave," Gramm proclaimed. "History is on our side."

To prove that he was as comfortable with Toffler-speak as the next person, Gramm volunteered his own explanation for the fall of the Berlin Wall and the collapse of the Soviet Union: Blame it on "future shock." "The Information Age contained, and then tore down the Berlin Wall," the ex-Texas college professor explained. "A top-down system can't function in a post-industrial era."

By the time Gingrich arrived to deliver the final word of the day, the future had been at least figuratively beaten to death. Never at a loss for words, Gingrich launched into a paean to Adam Smith, one of the leading enemies of the American Founding Fathers, and in real life, a hatchet man for Lord Shelburne's imperial British East India Company:

"If you had asked me intellectually where we are—and this is directly out of Alvin and Heidi's work, so it won't surprise most of you—I would argue that the most accurate analogy for where we are right now is not 1933; it's the 1770s to 1800. . . . The greatest single works of that earlier period were intellectually both by the same man, and it's interesting that that one we seldom talk about, *The Theory of Moral Sentiments* by Adam Smith, which proceeds and frames *The Wealth of Nations*, is an inherently philosophical and moral work. . . .

"But I think equally useful is to look at the role of Pitt the Younger in the 1780s and 1790s, because Pitt the Younger, surrounded by the disciples of Smith, rationalizes British tax policy to create the commercial environment in which so much wealth is made that people are able to fight the Napoleonic Wars and Britain is able to carry virtually the entire financial weight of the alliance against Napoleon in a way that would have been literally impossible without Adam Smith's intellectual ideas being transmitted into the tax policies of Pitt the Younger."

Somehow, Gingrich neglected to mention the fact that some of those funds also went into the sacking and burning of Washington during the War of 1812.

GOP 'Contract with America' aimed at U.S. Constitution

by Nancy and Edward Spannaus

Voices from academia and Congress have been increasingly raised in opposition to provisions of the Republican Party's "Contract with America" that reduce the constitutional powers of the federal government. Garry Wills, a historian and author, wrote in the Jan. 8 *Washington Post* that among the provisions that are unconstitutional are the line-item veto, the requirement for a three-fifths majority to pass an income tax increase, term limits, and the demand to end "unfunded mandates" (payments which the states are mandated by the federal government to meet, but for which money is not provided). Wills noted poignantly that the prohibition of unfunded mandates (which apparently exempts civil rights legislation) would make the Bill of Rights into a "bill of costs."

Some congressmen are apparently also planning to bring legal action against some of these aspects of the Contract, claiming them to be unconstitutional.

The whole discussion of "getting government off our backs" shows how far the U.S. electorate and politicians have come from the ideas and history which inspired the adoption of our Constitution. What they are proposing, would take us back, in effect, to the Articles of Confederation—a government of anarchy and impotence which prompted the framing of the Constitution to begin with.

Articles of Confederation

The second Continental Congress, charged with fighting the war of independence against Great Britain, set to work early on to fashion a form of central government for the 13 former colonies. The Articles of Confederation were devised and sent in November 1777 to the states for ratification, but the ratification was not completed until March 1781—six months before the final battle of the war.

In fact, the powers granted to the central government under the Articles of Confederation were so restricted that, once the immediate need to fight the British Army ended, the Congress became weaker and weaker. The Congress had the sole right of determining war and peace, ratifying treaties, running the Post Office, and regulating the value of coin and the standard of weights and measures. But Congress lacked the minimum threshold of sovereignty, primarily the power of taxation.

Alexander Hamilton, in a series of articles called "The Continentalist," which he circulated in 1781-82, defined this lack as the central issue:

"The great defect of the confederation is, that it gives the United States no property; or, in other words, no revenue, nor the means of acquiring it, inherent in themselves and independent on the temporary pleasure of the different members. And power without revenue, in political society, is a name." (No. IV, Aug. 30, 1781)

The Congress's lack of revenue—either through taxation, which had to be carried out by the states, or through duties on imports and exports—had potentially very serious consequences at that time. First, and especially relevant to the proposals being put forward by the Conservative Revolutionists today, was the requirement for a two-thirds majority to pass any important legislation in the Continental Congress; under this rule, any five of the states could defeat the most urgent measures. This meant that these states could, and did, sabotage the adoption of revenue measures which were required to pay the Army, for example. One result of the lack of central government funds was Valley Forge; another was a near-mutiny in 1783.

The confederation's weakness also prevented the United States from protecting itself from the free-trade deprivations of the European powers. In the effort to prevent the central government from having a revenue source, the power to tax exports and imports was retained in the states. But that meant European powers could and did flood the United States with cheap goods, creating a near-impossible situation for the manufacturing industries that had grown up during the war. Hot war was replaced by trade war.

The Articles of Confederation also prevented the Congress from enforcing obedience to any measures that might have passed the required number of states. Therefore, if a state fell behind in providing revenues it had promised, there was nothing Congress could do.

Moves to remedy the defects

No one was more eloquent in pointing out the dangers inherent in the Articles of Confederation than Hamilton. He warned Congress constantly of the danger to the United

States' ability to defend itself from the ongoing military threat, as well as the commercial war which the European powers, especially Britain, were waging.

In "Resolutions for a General Convention" presented on June 30, 1783 to the Congress, Hamilton outlined 12 of the defects of the Articles, which, he argued, jeopardized the "common welfare and defense" of the nation. Some are still quite relevant to today's debate:

"*Firstly*, and generally: In confining the power of the Federal Government within too narrow limits; withholding from it that efficacious authority and influence, in all matters of general concern, which are indispensable to the harmony and welfare of the whole; embarrassing general provisions by unnecessary details and inconvenient exceptions incompatible with their nature, tending only to create jealousies and disputes respecting the proper bounds of the authority of the United States, and of that of the particular States, and a mutual interference of the one with the other. . . .

"*Eleventhly*: In requiring the assent of *nine* States to matters of principal importance, and of seven to all others, except adjournments form day to day; a rule destructive of vigor, consistency, or expedition in the administration of affairs; tending to subject the sense of the majority to that of the minority, by putting it in the power of a small combination to retard, and even to frustrate, the most necessary measures; and to oblige the greater number, in cases which require speedy determinations, as happens in the most interesting concerns of the community, to come into the views of the smaller; the evils of which have been felt in critical conjunctures, and must always make the spirit of government a spirit of compromise and expedient rather than of system and energy."

The new Constitution

The 1787 Constitutional Convention created a new fundamental framework for the U.S. government, which was intended to permit the rapid growth of a strong and prosperous United States. This included a federal government with sovereign powers over credit, currency, and trade, and the powers to promote industrial and agricultural prosperity through tariffs, internal improvements (infrastructure), and a national bank. "Under a vigorous national government, the natural strength and resources of the country, directed to a common interest," would, in Hamilton's words, "baffle all the combinations of European jealousy to restrain our growth." (*Federalist* No. 11).

Europe had attempted to extend its domination over much of the world, Hamilton argued, and it considered "the rest of mankind as created for her benefit." Union, under the new Constitution, would mean that the 13 states would cooperate "in erecting one great American system superior to the control of all transatlantic force or influence and able to dictate the terms of the connection between the old and the new world."

One of the provisions adopted by the Constitutional Convention, apparently without debate, was the following: "The Legislature of the United States shall have the power to lay and collect Taxes, Duties, Imposts and Excises to pay the Debts and Provide for the common Defense and general Welfare." This of course echoes the "general Welfare" clause of the Preamble, one of the most noble and distinguishing characteristics of the U.S. Constitution.

In the new Constitution, although for certain specific actions, a two-thirds majority was required (such as to initiate a constitutional amendment, to override a veto, to approve a foreign treaty), it does not appear that such a provision was even proposed with respect to taxation.

It is most telling that the "general Welfare" clause was deliberately excised from the Confederate Constitution—both from its preamble, and from Article I, Section 8. Likewise, the Confederate Constitution *did* provide for the line-item veto, and it was a "free-trade" constitution which prohibited protective tariffs which would be used "to promote or foster any branch of industry," as well as federal financing of internal improvements. (It could have been written in London.)

Foreign corruption

In the *Federalist* papers, written to win popular support for the Constitution, Hamilton again expounded at length on the defects of the Articles of Confederation. Among these, he argued, was that giving each state—from the largest to the smallest—equal representation, contradicted "that fundamental maxim of republican government, which requires that the sense of the majority should prevail." The majority of states could constitute "a small minority of the people of America," and "two-thirds of the people of America could not long be persuaded . . . to submit their interests to the management and disposal of one-third." (*Federalist* No. 22.)

In an argument which is quite appropriate to those who are today demanding a "super-majority" to raise taxes or "unbalance" the budget, Hamilton wrote:

"To give a minority a negative upon the majority . . . is, in its tendency, to subject the sense of the greater number to that of the lesser number." The real effect of this sort of thing, he argued, would be "to embarrass the administration, to destroy the energy of the government, and to substitute the pleasure, caprice, or artifices of an insignificant, turbulent, or corrupt junto to the regular deliberations and decisions of a respectable majority."

Furthermore, argued Hamilton, this would open the door to foreign corruption of the legislature—an exceedingly important point today, when much of the Republicans' "Contract with America" comes out of the London-connected network of institutes and think-tanks associated with Friedrich von Hayek, the Mont Pelerin Society, and of course the British-spawned Heritage Foundation.

New York State takes center stage in death penalty debate

by Marianna Wertz

With the Nov. 8 election of Republican Gov. George E. Pataki, New York State has become a focal point of the nationwide debate over capital punishment. The death penalty was a major issue in the election, since former Democratic Gov. Mario M. Cuomo had opposed all efforts to impose the death penalty in his 12-year tenure. Pataki's election virtually assures the enactment of death penalty legislation this year, and the opposition is gearing up a mass resistance movement.

The context for the New York battle is the growing use and abuse of the death penalty in the United States, which came to worldwide attention on Jan. 4, when Jesse Dewayne Jacobs, 44, known to be innocent of the murder for which he was convicted, was executed in Texas (see p. 62). In a Jan. 5 editorial in *L'Osservatore Romano*, the semi-official Vatican newspaper, moral theologian Gino Concetti called the execution "not only incredible but monstrous and absurd," and likened the U.S. Supreme Court's failure to stop the execution to Pontius Pilate's allowing the execution of Jesus Christ.

Death penalty legislation has passed the New York legislature every year since 1977, only to be vetoed by Democratic governors. Proponents are now drafting legislation that they hope will stand up to a legal challenge, already in preparation by the American Civil Liberties Union.

While that fight is being waged in the legislature and the courts, a full-scale public lobbying campaign has begun, led largely by the New York State Catholic Conference and the National Association for the Advancement of Colored People Legal Defense and Educational Fund. Plans are in the works for rallies, sermons, and mass mailings, which began on the weekend of the national Martin Luther King birthday celebration on Jan. 14-15.

In a letter to New York's African-American pastors on Jan. 5, the NAACP Legal Defense and Educational Fund, headquartered in New York, urged them to take part in "A Day for Humanity" on Jan. 15, King's birthday. "The idea behind this concept," the letter states, "is for you to devote your sermon to a discussion of how antithetical the death penalty is to the teachings" of Dr. King.

"When addressing the issue of violence, Dr. King reminded us constantly that it served to create only more violence and more social problems. As he succinctly stated, 'To

meet hate with retaliatory hate would do nothing but intensify the existence of evil in the universe. Hate begets hate, violence begets violence, toughness begets a greater toughness. We must meet the forces of hate with the power of love, we must meet physical force with soul force.' "

'Death is not the answer'

The New York State Catholic Conference plans to distribute anti-death penalty brochures to 50,000 parishioners beginning on Jan. 15, and has compiled a packet of sample homilies and scriptural references for its priests. The brochure's content is a reprint of the Feb. 15, 1994 statement by the New York State Catholic bishops, "Death Is Not the Answer: A Reaffirmation of Opposition to Capital Punishment."

The bishops' statement begins, "Violent crime has reached unprecedented levels in our state and our nation. It tears at the social fabric and threatens the soul of our society. . . . While there is no simple and comprehensive solution to the problem of violent crime, as Christians, we believe in and observe the Natural Law of God which leads us toward appropriate and effective means of addressing the problem.

"As teachers and pastors, we are called to proclaim a set of moral principles known as Catholic social teaching. At the heart of this teaching is the knowledge that the human person is central, the clearest reflection of God among us. Every person possesses a basic dignity that comes from God, not from any human quality or accomplishment, not from race or gender or age or economic status. Human life is inherently precious. Those who commit crimes do not give up their dignity, and those who administer justice must not deny this God-given dignity. . . . No person is beyond God's redemptive mercy. . . . We reject capital punishment as a negation of human dignity."



Dr. Martin Luther King, Jr., on April 3, 1968. Death penalty is "antithetical to his teachings," says the NAACP.

A call for reason amidst clinic violence

by Linda C. Everett

Moments after learning of tragic attacks on two Brookline, Massachusetts abortion clinics, Cardinal Bernard Law, leader of the Roman Catholic Archdiocese of Boston, responded swiftly, and with sorrow, in condemning the fatal shootings as "reprehensible acts of violence." To those who favor abortion, the cardinal asked "that this tragic and criminal act of apparently one individual not become the occasion of universalizing blame. The unconscionable acts of violence of a few must not be confused with the millions who advocate a pro-life position in public debate, in social outreach, in non-violence and in peace."

Since then, the abortion lobby has made a furious attempt to malign abortion protesters as part of a violent conspiracy and to obliterate the basic free speech rights of those who seek to oppose abortion through education, protest, and prayer outside clinics. Most perfidious is their continuing effort to use the Boston tragedy to discredit the Catholic Church and the pro-life movement as a whole as violent. Were they listening when Cardinal Law reiterated that "violence is in total contradiction to all that the pro-life movement represents"?

At the center of the Dec. 30 attack, an extremely troubled young man, John Salvi III, stands charged with murder, armed assault with intent to kill, federal weapons charges, and life imprisonment if charged under the new federal Freedom of Access to Clinic Entrances Act, or the death penalty, if he is charged under the federal anti-crime law passed last year. A massive investigation by the Bureau of Alcohol, Tobacco and Firearms (ATF), the Federal Bureau of Investigation, the U.S. Marshals Service, and the U.S. Attorney's Office, and state and local authorities is searching for links between Salvi and an alleged conspiracy to shut down clinics through intimidation of staff and violence.

Since 1982, the ATF has been tracking all arson and bombing incidents directed at abortion clinics with an increasing complement of (now eight) specially trained task forces and programs in conjunction with state and local law enforcement agencies. And since 1993, after a two years of allegations on Capitol Hill, fueled by blatant lies about nonexistent ATF "proof" of a clinic conspiracy, the abortion lobby saw passage of the Freedom of Access to Clinic Entrances Act and a federal task force to investigate clinic vio-

lence. Despite this voluminous crime-fighting effort, the lucrative abortion industry now wants federal marshals at every abortion clinic in the country, and the Justice Department has initiated a task force to coordinate federal and state security to protect them.

The Boston clinic deaths bring to five the number of abortionists or abortion clinic staff killed over the last 22 months. With each killing, the question of "Who benefits?" from this violence becomes louder. Who benefits when a "minister" bombs an abortion clinic or when a handful of alleged "anti-abortion militants" claims that the Bible gives them the right to hunt down and kill abortionists to save unborn children? That fallacious claim, called "justifiable homicide," was manufactured by Paul Hill, a former minister expelled from his church for his violent views, as was David Trosch, a Catholic priest who supported Hill and was suspended by the Mobile Archdiocese for his violent views.

The media have been quick to discredit organized religion, specifically the Catholic Church—long an energetic foe of Nazi-eugenics advocates like the International Planned Parenthood Federation, as seen at the 1994 Cairo depopulation conference. Last August, Planned Parenthood Federation of America (PPFA) and earlier, the Anti-Defamation League-linked Center for Democratic Renewal circulated the line that there was a trend among pro-life Catholics and Protestants to align with neo-Nazis and the Ku Klux Klan against abortion. Also revealing is that the drug-legalization lobby's LaRouche slanderer, Chip Berlet, was working with Planned Parenthood to monitor "right-wing" opposition to "reproductive choice." PPFA charged that there are increasingly close ties between anti-abortion and right-wing groups in promoting the creation of armed militias—and that this raises the threat of more violence against abortion clinics.

Cardinal John O'Connor of New York's Catholic Archdiocese also unconditionally denounced the Boston killings. The cardinal again asked, "with every fiber of my being: 'If anyone has an urge to kill an abortionist, kill me instead'. . . I am prepared to die, if my death can save the life of another."

Nevertheless Planned Parenthood of New York City (PPNYC), freely used the killing to attack the Catholic Church as responsible for the clinic deaths. In a full-page *New York Times* ad, PPNYC displayed the same vitriolic hatred that its eugenicist founder Margaret Sanger had for the Catholic Church, and manifested by her grandson, Alexander C. Sanger, current PPNYC president. PPNYC smears Cardinals Law and O'Connor for inciting violence, lumping them together with the expelled priest Trosch, and demands a permanent ban on clinic protests.

Since 1984, Cardinal O'Connor has publicly offered that any woman, anywhere, who is pregnant and without funds can come to New York and the church will provide for her medical expenses, hospitalization, and other needs, for her to keep the baby or to place the child for adoption. Since that

offer, the archdiocese has helped about 50,000 women and expended over \$5 million. And, when no one would care for New York's 80 AIDS babies, the cardinal said, "We will take them all" (the archdiocese has the largest number of beds designated for persons with AIDS in the private sector in the United States).

As the Jan. 5 *New York Post* editorial asks, "Why the readiness to tie the Boston killings to the pro-life movement?" The *Post* answers its own question: "To marginalize the movement in the eyes of the general public." Then, it concludes: "Thus far, moreover, the effort seems to be working . . . which is a pity."

Documentation

Excerpts from Cardinal John O'Connor's homily on the Feast of the Epiphany in New York City, on Jan. 8:

. . . The living Christ sweeps us up into His divinity, into His divine light. . . . And in the light from His face we can not only see *Him* as he is; we can see ourselves in Him. We can come to know what it means to be truly human, to be made in His image and likeness, whoever we are, whatever our religion, our color, our sex, our orientation, our sins. In Him, we see ourselves as He wants us to be. We see ourselves as sacred human beings. We see every individual in the world as equally sacred, of immeasurable worth and dignity.

Seeing ourselves and others this way is one of the reasons for treasuring every human life, the life of the hungry, the homeless, the drunk, the drug-ridden, the unborn, the elderly, those with cancer, those with AIDS, the rich, the poor, the famous, the unknown. . . .

It is this sense of the sacredness of every human life that promoted my very close friend, His Eminence Cardinal Law, Archbishop of Boston, to denounce unconditionally the recent killings and woundings that took place in two abortion clinics in his archdiocese. I joined in that unconditional denunciation and expressed my deep sorrow for the victims and their loved ones, as I have done on previous occasions. . . .

Cardinal Law, one of the strongest pro-life leaders in the United States, knows the situation in Boston as I and others do not, and has called for a moratorium on pro-life demonstrations outside abortion clinics. . . . I quote in part from his column in his archdiocesan newspaper, *The Pilot* (Jan. 6, 1995):

"I do not imply that such demonstrations are poorly motivated or that they are not peaceful or that they are illegal. It is, for me, a matter of prudential judgment. Prudence sometimes calls for one to refrain from something that is good in itself. That is the case here. I have in mind peaceful, prayerful, legal demonstrations. Any demonstration characterized by vio-

lence would, of its very nature, be out of order." . . .

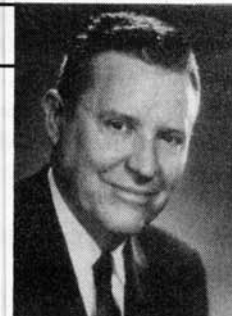
. . . It is quite possible that were I the Archbishop of Boston, I would be inclined to call for such a moratorium in the Boston area, at least for a period of time, while trying to sort things out. . . . Indeed, I intend to borrow at least one page from Cardinal Law's book and ask that every week a different pastor in each of the 19 regions of the Archdiocese of New York schedule a period of prayer before the Blessed Sacrament in the cause of human life. I would ask, however, that this be in *addition* to any prayer vigils that responsible individuals or groups believe that they should conduct legally and non-violently within the Archdiocese of New York in the vicinity of abortion clinics. The rosary vigils led by my brother Bishop in Brooklyn, Bishop Thomas Daily, are wonderful examples of peaceful processions and prayers in the vicinity of abortion clinics. . . .

Here in the Archdiocese of New York, however, I too, would be prepared to call for a moratorium on these peaceful prayer vigils on condition that a moratorium be called on abortions. The first is within my power, to call a moratorium on prayer vigils, although I would respect those who might disagree with me, and carry out such vigils anyway. The second, a moratorium on abortions, is obviously not within my power, but only within the power of those who operate abortion clinics. Perhaps during a moratorium on both abortions and prayer vigils here in New York, both sides could meet to determine whether there is anything that can legitimately *be* the subject of dialogue.

I am convinced that fair-minded people do not want to permit an act of madness that has resulted in killing sacred human persons in abortion clinics, to "demonize" the hundreds of thousands of gentle, caring, non-violent individuals in the pro-life movement, or to end the movement itself. . . .

I conclude for the record: I categorically abhor and denounce violence. I categorically denounce the hypothesis that to kill an abortionist is justifiable in order to save babies. I have publicly denounced the violence of an abortion clinic bomber. I have signed every renunciation of the use of capital punishment published by the Roman Catholic Bishops in New York and the nation. I have publicly denounced even verbal violence in labor negotiations and strikes. I have consistently denounced violence against persons based on their sexual orientation. Such denunciations and many more have been heard by thousands of people in this Cathedral, millions throughout the world. That is a matter of record which can not be blotted out by any efforts to indict my pro-life efforts or those of the Church as inciting murder or other violence. Anyone who would make such charges would have to be desperate indeed, and has my sincere sympathy. . . .

I urge all of you to pray that His Eminence Cardinal Law will be successful in what he is trying so courageously to achieve. I do not pretend to have a monopoly on how best to save human life. Only Jesus is the expert, and He did it only by dying on a cross.



If they can't kill Clinton, they want to break his spirit

Ralph Yarborough was elected to the U.S. Senate from Texas in a special election in April 1957. He won reelection in 1958 and 1964. His 1964 election campaign, in which he defeated his Republican opponent, then-U.S. Rep. George Bush, is the subject of Chapter 9 in the influential book, George Bush: The Unauthorized Biography, which was published by EIR in 1992.

During his years in the U.S. Senate, Yarborough passed more legislation than any other Texas senator, before or after him. He was especially effective in passing legislation affecting education, health care, and veterans affairs. Still active today at 91 years old, he lives with his wife Opal in Austin. This interview was conducted in their home on Dec. 17 by Harley Schlanger.

EIR: We are speaking within several weeks of the November 1994 election, in which the Republicans won control of the House and Senate for the first time in 40 years. What are your thoughts on where the Democratic Party has to go in the period ahead to return to majority status?

Yarborough: I think it has to go back to Democratic principles. I don't think it should veer toward being pro-Republican, to try to sound like Republicans. If it returns to strong Democratic principles, then the voters will come back to it.

EIR: When you were in the United States Senate, there was a different orientation for the party.

Yarborough: There was an emphasis on education, on jobs, on economic growth, on the government improving conditions for the people. That's the right direction for today. If the Democratic Party abandons those [principles], the Democratic Party has lost its soul.

EIR: You were one of the initiators of the National Defense Education Act, which provided a college education for thousands of people in the sciences. The NDEA was discontinued after 1972. Do you think it is still necessary today to continue to place an emphasis on the sciences and technology in education, and should the government play a role in it?

Yarborough: I surely do. It is a serious problem that we are moving away from that, the Republicans are trying to pull us away from that. These are sound principles that are more than party matters, it's more than Republican or Democratic

Party; it's the principles upon which government is founded. Among other things, government should take care of the poor, and give them a chance in life.

EIR: Recently, the Speaker-to-be of the House of Representatives, Newt Gingrich, said that he believes that the government must change its approach to those in need, going so far as to suggest that children of indigent mothers should be taken away from their mothers and placed in orphanages. Do you have any thoughts on that?

Yarborough: I oppose that. There's no better custodian for children than their mothers, and to take them away and put them in public or private orphanages is a disastrous proposal.

EIR: When you were in the Senate, you served on the Education and Labor Committee with Sen. John F. Kennedy. When he became President, he emphasized the importance of science to the nation's well-being, especially the space program, with NASA. Today, there is talk of privatizing NASA, taking the government out completely. What do you think about that?

Yarborough: That would be a mistake, a big mistake. NASA helped push ahead progress in technology. The country's schools should be oriented toward developing technology, teaching science.

EIR: Recently, President Clinton has come under attack, especially over his foreign policy. What do you think about the media coverage, which has been saying that he is incompetent on matters of foreign policy?

Yarborough: Clinton is very bright, he's so bright he's scared the socks off the people that are lying about him and attacking his character and all. He's a very bright guy, you can tell that. How can you explain that he was elected to five terms as governor of Arkansas? It takes a smart guy in this rugged political territory in the Southwest to do that.

EIR: As we are talking today, we just got word that there were shots fired at the White House last night. As a collaborator and close friend of President Kennedy, you know well how damaging to the nation his assassination was. Are you concerned for the safety of President Clinton, given the climate of both verbal and physical attacks against him?

Yarborough: I certainly have high concern—high concern—that the White House has been fired on twice in five weeks. Never before has the White House been fired on like that. Never. They're trying to break Clinton's spirit, is what they're trying to do, they're shooting at Clinton's spirit. If they can't kill him, they want to make him afraid.

EIR: Do you think the press attacks on him are part of the same process?

Yarborough: I do, I think it's the same process, to weaken him, to weaken his spirit.

EIR: I know that over the years, and more recently in our discussions, that you follow very keenly developments in Europe. President Clinton has given his strong support to German Chancellor Helmut Kohl to expand development projects into eastern Europe and Russia, especially transportation projects to connect Germany with eastern Europe and Russia. What do you see as the role the President should play in this?

Yarborough: I think it's a strong policy, very strong policy, a good one for the President to follow. It will pay off in the future if he follows it. And Clinton has kept on following it, in spite of the attacks on the White House, attacks on him personally, attacking the White House with a plane—no oth-

er President has had the White House attacked as he has. But he's still sticking to his foreign policy.

EIR: The President was unable to get his health care bill through in his first attempt. Do you think that health care reform should still be a national priority?

Yarborough: He should continue to push health care reform. He has gotten a lot of other major bills done, but the press doesn't give him credit for anything. He's passed some bills by one vote, or two votes. . . .

I think he's making one mistake, he's going back to cut the taxes; if he does that, he's not going to reduce any budget deficit. I think he's just trying to make up for the election losses, but this is not the right way.

EIR: What, then, would be your advice to the Democratic Party and the President, after the recent election losses?

Yarborough: Don't try to follow the Republicans, stick to strong Democratic principles. And take the case to the people. Go on the stump, go out and talk up what you're doing. Don't depend on high-priced TV, take it directly to the people. When you're dependent on the big money for TV, who can raise the most money for TV advertising, you're tearing up the basis of the strength of a democracy, and losing contact with the hopes and needs of the average voter.

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Reviews

A rare performance of a Haydn opera

by Fred Haight

Baltimore audiences were given a rare treat on Nov. 18 and 20, 1994 by the Peabody Opera Theater's performance of Joseph Haydn's 1781 opera, *La Fedeltà Premiata*. Although Haydn wrote 20 operas, they were unknown until after World War II when they were dug up by H.C. Robbins-Landon and recorded by the late Antal Dorati.

Still, they are seldom performed. The usual excuse is that they are inferior because they were commissioned by the Esterhazy court, Haydn's full-time employer for whom he had to mass-produce music, and he thus supposedly had little time for the type of productive relationship with a librettist that Mozart had with Lorenzo da Ponte.

The artistic director, Roger Brunyate, claims that Haydn was not very concerned with finding a good libretto, and decided to use one previously set by Domenico Cimarosa. He is correct in saying that in Mozart's operas, drama and music are completely integrated; and that, in comparison with Mozart's operas, many of the situations in *La Fedeltà* seem contrived, even arbitrary, but that Haydn manages to uplift the work with some very beautiful music. He is wrong, however, in saying that Haydn had little interest in the libretto, and was more interested in portraying the "feelings" of each character with very different arias for each. (This emphasis on the primacy of feelings is a concession to modernism, as is the translation of the title as *The Perils of Fidelity* instead of the usual *Fidelity Rewarded*.)

Haydn's genius, which is reflected in the individual arias, is seen in the process of transformation which is the single indivisible concept of the work as a whole. This springs from a process of moral transformation that is clear in the libretto, despite its dramatic weaknesses.

This reviewer was struck by the similarities between this work and Mozart's *Idomeneo*, written in 1780-81, at the same time as *La Fedeltà*. The year 1781 was also the year of Haydn's *Motivführung* breakthrough in his Op. 33 string quartets, a breakthrough to which Mozart responded with his six quartets dedicated to Haydn. The similarities between *La Fedeltà* and Mozart's *Die Zauberflöte* (*The Magic Flute*), written a decade afterward, are striking.

In both, a virtuous couple must undergo a test of their faith. In the latter, Tamino must observe a vow of silence

toward his beloved Pamina, even though it leads her to contemplate suicide, thinking that he does not love her. In *La Fedeltà*, Celia must pretend not to love Fileno, for the goddess Diana has demanded the sacrifice of a faithful couple to a sea monster. Two other couples, at a lower moral level, are constantly philandering, but in the end are uplifted by the actions of Celia and Fileno. As in *Die Zauberflöte*, each character has a different type of aria, which reflects not merely their feeling-states, but different levels of emotional-moral development. The vain and arrogant Amaranta develops throughout the opera, but the Papageno-like Count Ferruccio never rises above his lust for "earthly paradise," and Lindoro's arias retain the quality of a lovesick adolescent. These characters are raised to a higher level, not by their own efforts, but by others' virtue, in parallel to Papageno in *Die Zauberflöte*.

Celia and Fileno remain faithful, yet Celia never gives in to vindictiveness, as does Fileno, when, after she pretends not to love him, he pretends to love Nerina, and says to Celia, "Now you will see how it feels to suffer." Soon after, he is ready to kill himself, ostensibly because of a broken heart, but despair is a sin, and vindictiveness is self-destructive. Celia, however, after finding his suicide note carved in a tree, sings that it is her fault for being cruel to him, even though she did it to save his life. The noblest souls are always the readiest to accept responsibility.

The idea of pagan gods demanding a sacrifice is often "Christianized" and transformed into a test of faith by great artists. In Greek mythology, the goddess Artemis (Diana) demanded, and got, Agamemnon's sacrifice of his daughter Iphigenia, in exchange for fair weather to set sail for Troy.

In the Old Testament, Jehovah wanted not blood, but faith, and though he demanded Abraham's sacrifice of his son Isaac, sent an angel at the last moment to stop it.

In *La Fedeltà* and *Idomeneo*, the New Testament idea of a sacrifice of love replaces mere obedience. Thus Diana, the goddess of chastity, is appeased when Fileno offers to lay down his life to save Celia. The sacrifice is annulled, and the evil priest Melibeo is dealt with. This action by Fileno brings order and harmony. Infatuation is dispelled, and the couples reunited.

This work continued to play to sold-out audiences in Vienna under Emmanuel Schikaneder, a participant in Mozart and Benjamin Franklin's anti-oligarchist faction of Masonry, which was pro-American Revolution. He wrote the libretto for *Die Zauberflöte*, commissioned Mozart to write the music, and performed it. Undoubtedly, *La Fedeltà Premiata* was one of his inspirations, too.

The singing by Peabody Conservatory students was of a very high standard, the direction good, and the orchestra played beautifully under choral conductor Edward Polochik. The participants reported that working on the opera was an uplifting experience. The singers said that it "really made them want to sing" (not as easy as it may sound). Let us hope that this work receives more exposure.

Science committee girds against environmentalists

Environmental Protection Agency Administrator Carol Browner was put on the defensive by Democrats and Republicans in a House Science Committee hearing on Jan. 6. Committee members plan to change the procedures used by EPA to ban allegedly harmful substances.

James Hayes (D-La.) stated his intention to work with committee chairman Robert Walker (R-Pa.) to reform risk assessment. Bill Baker (R-Calif.) scored the EPA mandates that impose federal implementation plans regarding ground-level ozone and carbon dioxide emissions, which "exceed the legal jurisdiction of the EPA," and have no regard for the impact on the economy.

Republicans pursue constitutional changes

On Jan. 4, the House passed by a vote of 279-182 a rule requiring a three-fifths majority vote to pass any bill raising income tax rates. It would not apply to the Senate.

David Skaggs (D-Colo.) said the change abused Congress's constitutional privilege of making its own rules, in order "to subvert the majority rule that is central to the operation of the Legislative branch." Skaggs said that the simple majority required for passage of legislation was adopted by the Constitutional Convention of 1787 and defended by Alexander Hamilton and James Madison in the *Federalist Papers*, to overcome "the paralysis of national government caused by the super-majority requirement" under the Articles of Confederation.

Skaggs called the rule change "an act of high posturing. As much as the Republicans may wish to seem opposed to tax increases, it is unseemly

to do so at the expense of the Constitution." He warned of the danger of starting down this road, and cited a memo sent out two weeks earlier by Rules Committee Chairman Gerald Solomon (R-N.Y.) calling for the super-majority concept to be applied to all votes on taxes and fees of any kind.

The House also voted to limit to six consecutive years the length of time anyone can serve as a committee chairman, and voted to cut committee staff by one-third. These measures, taken together, cut the political power of the Congress to accomplish substantial tasks, in line with the anti-government outlook of the Conservative Revolutionaries.

Dole would end arms embargo against Bosnia

Senate Majority Leader Bob Dole (R-Kan.) introduced a bill on Jan. 4 to end U.S. participation in the United Nations arms embargo against Bosnia. Under the Dole measure, President Clinton would have to lift U.S. adherence to the embargo on May 1 or whenever Bosnia asks for help, whichever comes first.

State Department spokesman Michael McCurry called the move unfortunate and unwise.

Dole also introduced legislation to restrict U.S. military participation under the United Nations, and to restrict financing of U.N. military operations.

Balanced budget proposal on fast track in House

During a hearing in the House Judiciary subcommittee on the Constitution on Jan. 9, Chairman Henry Hyde (R-Ill.) tried to rush the proceedings in order that the proposed balanced budget amendment to the U.S. Constitu-

tion can come to a floor vote on Jan. 19.

Opponents are trying to force GOPers to disclose what programs they intend to cut, and to discuss unfunded mandates. Pat Schroeder (D-Colo.) said, "I really wish we could spend the time talking about where we're going to cut," instead of giving Americans a false sense of security that a balanced budget amendment will solve the problem.

Joe Barton (R-Tex.), the chief sponsor of the proposed amendment, testified that a balanced budget amendment is necessary because the \$4.7 trillion debt "has been amassed by consistent overspending," and amending the Constitution will "give us the discipline to make the tough choices" as to what to cut.

In the Senate, the Judiciary Committee began consideration of a balanced budget amendment on Jan. 5.

Shelby would halt legal immigration

Sen. Richard Shelby (R-Ala.), who switched parties after the last election, introduced a bill on Jan. 5 that would impose a virtual moratorium on legal immigration to the United States. Shelby ignored various studies showing the economic benefits of such immigration.

Shelby claimed that "our capacity, as a country, to process and assimilate the heavy flow of immigrants is not sustainable" because of "excessive demands on social, medical, and welfare services." He complained that "legal immigration creates a demand more than three times greater than illegal immigration," estimated at about 300,000 per year, and that "states do not have the resources to provide services to an additional 1.3 million persons a year."

Shelby said that immigration is bad for the job market. There were 672,303 legal immigrants in 1992 between the ages of 20 and 64. He said that their entry into the job market "effectively reduces wages by increasing the labor supplied. At a time when real income is stagnant, if not declining, immigration policy should not contribute such a strong downward pressure on real income."

Shelby claimed his bill, the Immigration Moratorium Act of 1995, "would ease the demands on state governments while minimizing the negative economic consequences immigrants have on the labor force."

Gonzalez introduces bill to control derivatives

Rep. Henry Gonzalez (D-Tex.) introduced the "Derivatives Safety and Soundness Supervision Act of 1995" on Jan. 4, to bring financial derivatives under control. The need for this, he said in a press statement, "has been heightened due to such recent calamities as the Orange County [California] bankruptcy."

Gonzalez, who had introduced a similar bill in the last Congress, said it has been expanded to cover insurance firms, securities companies, and depository institutions in order to ensure that regulators are adequately addressing the risks posed by derivatives to the economy in general and to individual companies. Provisions include:

- requiring all federal banking agencies to work together to establish "standards relating to capital, accounting, disclosure, examinations, and suitability for financial institutions engaged in derivatives activities;

- requiring agencies to consider and, if appropriate, require additional quantitative and qualitative disclo-

tures on information relating to derivatives activities in call reports and annual reports;

- prohibiting financial institutions from engaging in derivatives activities unless conducted under a written management plan containing "prudential" standards approved by the board of directors.

Science committee members fight budget cuts

During the first hearing of the Science Committee on Jan. 6, both Democrats and Republicans made clear their intention to fight proposed cuts in science and technology programs. Committee Chairman Robert Walker (R-Pa.) castigated the government and private industry for "worrying about the current fiscal year without considering the effect of today's decisions on the future." After the hearing, Walker denied that the Contract with America enumerated cuts in science and technology programs, and said that he was made the vice chairman of the Budget Committee to safeguard these programs.

Dave Weldon (R-Fla.), whose district includes the Kennedy Space Center, said there should be no more cuts in the Space Shuttle program because there is a lot of fear that people will lose their jobs, and that was one reason why people sent him to Washington.

Van Hilleary (R-Tenn.), whose district includes the University of Tennessee Space Institute and the Air Force Arnold Engineering Center, queried NASA Administrator Dan Goldin on why money had not yet been allocated to build new wind tunnels. When he campaigned, he explained, scientists convinced him this was a good investment; now we must get on with the job.

Steve Stockman (R-Tex.), whose district includes the Johnson Space Center, complained to Goldin about the stretch-outs and redesigns of the space station. "I know, because my wife worked on the space station redesign," he stated. There is an estimate that 2,500 more jobs could be lost at NASA, and he wanted to know how many would be lost at JSC.

Freshman Sheila Jackson Lee (D-Tex.) said that when she campaigned in the inner-city churches in her district, all of the people expressed their "admiration of the Johnson Space Center and all it's done." How will NASA be able to accomplish all of the things it has set out to do, if it's budget keeps declining? she asked.

Dorgan attacks mantra of free trade

Sen. Byron Dorgan (D-N.D.) told the Senate on Jan. 6 that, instead of encouraging companies to move their operations to cheap-labor markets overseas, "we ought to decide here and now that our jobs in this Congress are to find ways to nurture and protect and support and provide incentives for jobs here in the United States of America."

Dorgan pointed out that in the first nine months of the North American Free Trade Agreement (NAFTA), "we lost 10,000 jobs," and that the recent peso devaluation "wiped out every single advantage we gained in tariffs" with Mexico. He complained that both Democratic and Republican administrations "stand around like the Hare Krishna chanting 'free trade, free trade, free trade.'"

Instead of offering a real alternative based on dirigistic economics, Dorgan touted "fair trade."

National News

White House, Vatican to coordinate relief

Pope John Paul II has agreed to the proposal made by President Clinton in December to coordinate relief efforts between U.S. and Catholic relief agencies. Clinton made the proposal in a Dec. 5 letter, saying reports from clergy and church-backed aid groups could better determine what type of food, medicine and other relief items were needed.

The pope's response was included in a letter on Jan. 9 to President Clinton from Raymond Flynn, the U.S. ambassador to the Vatican. According to Associated Press, Flynn wrote to Clinton that the pontiff "hoped there would be important opportunities to coordinate our efforts to better serve victims of disease, war and natural disasters."

The *Washington Post* added that the letter also stated that the "Holy See is deeply committed to drawing the attention of Catholics and all people of good will to the unity of the entire human family and to the urgent need for practical solidarity with our many disadvantaged brothers and sisters."

The pope suggested that U.S. officials begin working out details with Cardinal Roger Etchegaray, president of the Pontifical Council for Justice and Peace, according to the *Washington Post* account.

FBI agents disciplined in Weaver assault

FBI Director Louis Freeh meted out disciplinary actions to FBI agents involved in a 1992 armed assault against a survivalist which resulted in the deaths of his teenage son and wife, and the wounding of his infant daughter. The Jan. 6 disciplinary action ranged from oral reprimand to suspension without pay.

An attorney for survivalist Randy Weaver, whose wife Vicki was shot by federal agents as she stood in the doorway of their Idaho cabin holding their infant daughter in her arms, called the action a "white-wash." Gene Guerrero, of the American

Civil Liberties Union Washington office, said that he, and the coalition he represents, which includes the National Rifle Association, found the disciplinary actions to be "outrageous."

Freeh found that "the FBI employees disciplined demonstrated inadequate performance, improper judgment, neglect of duty and failure to exert proper managerial oversight," but stopped short of accusing anyone of criminal or intentional misconduct. Freeh's report all but concludes the official investigation into the assault carried out by several Bush-era federal agencies.

Idaho Sen. Larry E. Craig (R) praised Freeh for his frankness in the case, but added, after meeting with the FBI director, that he was "not yet satisfied" with the investigation. According to Craig's office, Freeh told the senator that there had been "severe errors in judgment" by federal officials and that their changing the standard rules of engagement during the standoff were "terribly problematic" and "perhaps unconstitutional." The Idaho prosecutor may still press murder charges against the FBI sniper and others who carried out the assassination.

Allen's Virginia budget readies the 'guillotine'

Virginia Gov. George Allen's "conservative revolution" budget-slashing proposals were compared on Jan. 5 to the guillotining in the French Revolution's Reign of Terror, by one of Allen's erstwhile funders who has gone sour on what the cuts will do to education. In a *Washington Post* profile of Allen, developer John T. "Til" Hazel, Jr. said, "We may be in the middle of a national revolution but that doesn't mean you chop off all the heads."

Allen, head of the Republican Governors Association, who was interviewed for the piece, said that giving the needy less aid would make them more "independent." For instance, he said, while it is difficult to trim Medicaid coverage of prescription drugs, if the poor "have to pay a portion of it, they're less likely to keep getting prescriptions." Asked if he shuns the use of the word "poor" (he prefers "low-income people") out of fear of being seen as a Dickensian Scrooge-like

character, Allen replied, "I did read Dickens, and I didn't like it. I thought it was very boring."

Cato Institute endorses homosexual 'marriages'

David Boaz, executive vice president of the CATO Institute in Washington, D.C., advocated recognition of homosexual "marriages" in a commentary for the *New York Times* on Jan. 4.

The mouthpiece of the Conservative Revolution addressed the plans of New York Gov. George Pataki (R), to reverse the Cuomo administration's policy of granting health benefits to the domestic partners of all unmarried state employees. The policy, a leading issue among homosexual activists, is implemented in many other jurisdictions, and has been attacked because it implicitly recognizes homosexual liaisons as the equivalent of a marriage.

Boaz wrote that Pataki should only withhold the benefits from non-married couples—of whatever persuasion.

"Gay leaders would be better off making a pro-family case, playing up their commitment to their partners and their desire for a legal union . . . and that's the point that Governor Pataki and sensible gay activists ought to be able to agree on: Commitment should be encouraged, while relationships without commitment should not expect social recognition or financial benefits."

The CATO Institute and *Reason* magazine are heavily funded by the Koch family, which also is a backbone of the Heritage Foundation and ALEC legislative apparatus. The family has a long and unsavory association with radical libertarianism.

Supreme Court lets Texas execute innocent man

The Supreme Court, in a 6-3 decision on Jan. 2, denied a stay of execution for Jesse Dewayne Jacobs, who Texas prosecutors have conceded did not commit the murder for which he was convicted, but sought to exe-

cute nonetheless. Jacobs's sister is currently serving a 10-year prison term for the murder. Jacobs at first confessed to the murder to cover for his sister, and was an accomplice.

Dissenting Justice John Paul Stevens, joined by Ruth Bader Ginsburg, wrote: "It would be fundamentally unfair to execute a person on the basis of a factual determination that the state has formally disavowed. I find this course of events deeply troubling."

Before being killed by lethal injection on Jan. 4, Jacobs issued a statement: "This is premeditated murder by the state of Texas. I hope in my death, I'm that little bitty snowball that starts to bury the death penalty."

'Points of Light' placed in bad spotlight

A charity launched with much fanfare by President George Bush in 1990 spent more than \$22 million on salaries and glitzy promotions, while giving only about \$4 million for volunteer work, the *Los Angeles Times* reported on Jan. 9.

The foundation, the *Times* said, had received \$26.6 million in federal funds, out of its \$35.8 million budget over a four-year period. The *Times* said its examination of the foundation's financial records showed that \$22.3 million had been spent on glitzy promotions, salaries, travel, and conferences. By contrast, only 11% of the foundation's budget had been spent to provide grants for volunteer efforts.

"It's a facade," said Marva N. Collins, the founder of the Westside Preparatory School for Chicago inner-city youth and an original Point of Lights director. "I think that's all it perhaps was ever intended to be."

FBI collaborator Rowan targets NAACP, again

Syndicated columnist Carl Rowan demanded the resignation of William F. Gibson as chairman of the National Association for the Advancement of Colored People, threatening that the civil rights organization will be "crushed" unless the columnist's demand is

met. The aging Rowan, who collaborated with J. Edgar Hoover in spreading lies against Martin Luther King before King's assassination, said, "Top lawyers and law-school deans who once . . . defended the NAACP *pro bono* now run from the organization because of Dr. Gibson's despotic leadership." As a result, Rowan asserted, the NAACP will not be able to defend itself from the many lawsuits being hurled against it, unless Gibson immediately resigns.

Rowan led last year's attack against NAACP Executive Director Ben Chavis. He assailed Chavis's honesty, in a campaign supposedly unrelated to the furor over Chavis's positive relationship to Nation of Islam Minister Louis Farrakhan. When Chavis resigned, Rowan immediately began the attack on Chavis's ally Gibson.

Vermont governor assails GOP welfare plans

National Governors Association chairman Gov. Howard Dean (D-Vt.) ripped into the Republicans' welfare "reform" plan as policy "to starve children and kick old people out of their houses," on Jan. 8, according to the *Washington Post*. Outlines of the plan were described on Jan. 6 after a meeting between Republican governors and Republican congressional leaders. States' rights issues have been brought to the fore, as the plan seeks giving states broad "flexibility" to manage programs with little direction from the federal government. This is proposed to take effect after the federal government would replace hundreds of federal welfare, job-training, and nutrition programs with cash grants to the states.

Dean said the negotiations among Republicans in Congress and in the states were "destructive" to the tradition of bipartisanship within the NGA. He added that the plan was the work of "extremists who have taken over Congress" and added, "I'll be damned if I'm going to let extremists take over the National Governors' Association." Dean said he planned to confer with Democratic governors for a counterattack on the plan, and also vowed to seek alliance with moderate Republican senators and governors in order to block the proposal.

Briefly

● **MARION BARRY**, who was inaugurated as Washington, D.C. mayor on Jan. 2 amidst a whopping financial crisis, has been advised to adopt a plan to "transform health care for the poor by turning D.C. General into a small private hospital, closing half the city's shabby public clinics and encouraging other local hospitals to treat more indigent patients," according to press reports. The District has had a public hospital since 1806.

● **PETE WILSON (R)** was sworn in to his second term as California's governor on Jan. 7. He opened his inauguration speech: "We declare to Washington that California is a proud and sovereign state. . . . California will not submit its destiny to faceless federal bureaucrats or even congressional barons."

● **PRESIDENT CLINTON** met with 23 senior retired military men at the White House on Jan. 12 in order to "sound out their views on national security policy and the use of force," according to the London *Guardian*. Among those invited to the White House were Carter administration Director of Central Intelligence Adm. Stansfield Turner and former Army Chief of Staff Gen. John Wickham.

● **WHITEWATER** Special Prosecutor Kenneth Starr is expected to accept the conclusion of his predecessor Robert Fiske, that White House aide Vincent Foster committed suicide, according to Scripps-Howard news service. The news service also reported that Starr's investigators have concluded that the Whitewater scandal did not play a role in Foster's death.

● **RICHARD CHENEY**, former Bush defense secretary has announced that he is not in the running for the Republican nomination for President in 1996, according to a statement released on Jan. 4. Advisers to former Housing and Urban Development Secretary Jack Kemp are also saying that he has also decided not to run.

Russia: Lady Thatcher's debacle

The war in Chechnya, while it represents a major blunder on President Yeltsin's part, is merely the result, not the cause, of the crisis in Russia.

To understand what is going wrong there, we must go back to 1989, when Britain's Margaret Thatcher—with full backing from George Bush—decided against developing the areas of Eurasia which were overthrowing communist rule. Instead of offering these countries a development package, which would have meant underwriting major infrastructure projects and would have created a worldwide economic boom, along with retraining and upgrading the labor force, they decided to loot eastern Europe and the former Soviet Union.

Thatcher and company instituted a de facto banker's dictatorship over the Yeltsin government. As a result, the standard of living of the majority of the population is now at or below a bare subsistence level, with no hope for improvement in sight. Worse yet, Thatcher and company supported the growth of organized crime, to act as an enforcement arm for the criminal austerity which they were imposing.

For awhile, this swindle allowed the West to buy up the assets of Russia and the rest of the former Soviet Union, at bargain basement prices. For awhile, this was a bonanza for western financial interests; but of necessity, this was short-lived. If you don't feed a cow, its milk supply will dry up, and that is the real story of the Russian collapse. The basis no longer exists for maintaining the bubble in ruble trade speculation on the world markets,

The Russian reform is dead, and the Yeltsin government is beginning to smell like a corpse. It is in this context that Yeltsin, and his dwindling base of supporters, began their desperate gamble in Chechnya. Were it not for the fact that there is no clearly established leader to replace Yeltsin, he would already be gone from the scene.

A point of comparison for the present situation in Russia is the period of the Kerensky government, from February through September of 1917. No leader came

forward to take control, and by a process of elimination, Lenin and the Bolshevik Party were able to grab power. The important development in the Chechnya situation, is the fact that the military has put its hands on the sword. They have no interest in supporting Yeltsin's policies, and so there is an appearance of a military debacle; but it would be foolish to conclude that the military adventure there—or the failure of that adventure—gives us a basis for estimating the strength of Russian military capabilities. Until there is a credible replacement for Yeltsin, whom the military can support, the situation in Russia and its environs can only deteriorate further.

Unless people wake up soon to the vicious folly of Margaret Thatcher and George Bush, history may record that this *western* policy failure was the opening moment of World War III. To be more precise, historians will identify the turning point, well before 1989, in the Thatcher-Bush sabotage of the U.S. Strategic Defense Initiative (SDI).

Lyndon LaRouche's SDI policy, which President Reagan accepted in his famous March 23, 1983 speech, entailed a collaborative U.S.-Soviet effort to develop an SDI based upon the most advanced physical principles. Like LaRouche's later proposals of massive infrastructure investment intended to link Russia and the surrounding nations to the most productive region of Europe, the SDI was intended to foster the transformation of the Soviet Union from a communist dictatorship, to a functioning industrial nation, cooperating with the United States and its allies.

Chechnya is a sideshow which didn't work; a bloody sideshow, but a sideshow nonetheless. The lesson to be learned is that of Stalin's war against Finland, back before the German onslaught against Russia: If you had tried to interpret the Soviet military of 1940 on the basis of the Leningrad National Guard's war against the Finnish forces, you would have misestimated what the Russian capabilities were entirely, for the coming war with Germany. This is the point to be emphasized in viewing the current war in Chechnya.

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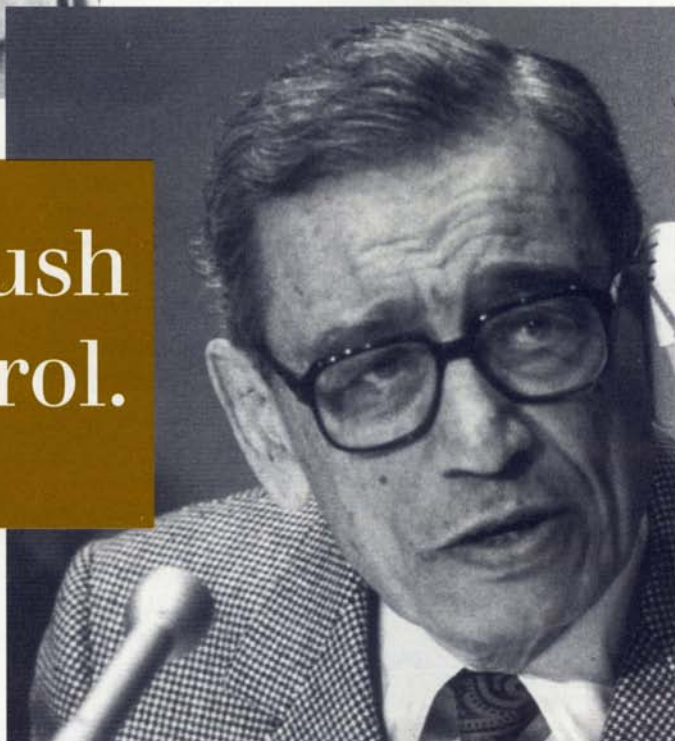
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