

EIR

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LaRouche presents economic program in Moscow
Third World biological holocaust can be halted
Shut down Beijing U.N. Conference on Women

**A promising new start
for the war on drugs**



**THERE IS GOING TO BE
A RUDE AWAKENING!**

Russia's future: dictatorship, chaos, or reconstruction?



- **DO YOU REMEMBER** when Boris Yeltsin aimed the Russian Army's tanks at the Parliament and started shooting?
- **DO YOU REMEMBER** last December's vote for Zhirinovsky?

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While you were shocked, *EIR* was acting. Informed by nearly two decades of analysis of the Soviet Union by such leading thinkers as American economist Lyndon LaRouche and Germany's Gen. Paul-Albert Scherer, *EIR*'s European staff put together this report to warn western policymakers that the countdown was on to what could be the century's biggest strategic disaster.

Then Lyndon LaRouche, released from confinement as a political prisoner in January 1994, traveled to Moscow with his wife, Schiller Institute Chairman Helga Zepp-LaRouche,

in April, for high-level talks and seminars at the invitation of the Universal Ecological Academy, of which he is a member. His briefing, on return from Russia, became the first chapter of this Special Report, and the warm reception he got shows that there is still time to reverse the criminality and descent into chaos in Russia, if we act now.

AND ACT WE MUST, for our own sake as well as Russia's. As LaRouche himself said: "Although we are focused upon the subject of Russia, only charlatans could speak of the future of Russia without taking into account explicitly the factors which are of immediately decisive importance for each and all nations of this planet. Indeed, the present crisis within Russia (as of all of eastern Europe) is a relatively mild form of the catastrophe which is soon to strike down every nation upon this planet. The way we treat the problems of Russia today is the mirror of the early- to medium-term future of China, of Japan, of North America, and of western Europe."

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From the Associate Editor

The arrests of the drug-traffickers that are the subject of this week's *Feature* are a victory for *EIR* and the political movement of Lyndon LaRouche, which kicked off a campaign for a war on drugs with the publication of the best-selling book *Dope, Inc.* in 1978. In his preface to the second edition, dated April 10, 1986, Lyndon LaRouche laid out the goals of the campaign; these speak directly to the political situation today, and what the next steps by the Clinton administration must be:

"Americans, and others, are increasingly fearful of international terrorism. Few, unfortunately, understand that terrorism is so tightly integrated with the international drug-traffic that the two can not be separated from one another. If we destroy the narcotics traffic, terrorism's essential logistical base is destroyed. However, destroying the crops and shooting down the planes carrying the drugs is not enough. Unless the hundreds of billions of dollars of the drug-traffickers are confiscated, and the guilty bankers and financial brokers are sent to prison, the United States and Western Europe are helpless against terrorism. As long as such creators of the money-laundering system as Donald T. Regan are allowed to exert influence over the policies of our own and allied governments, there is no serious 'War On Drugs,' nor is there any serious action against international terrorism."

With the arrests of Michael Abbell, Robert Vesco, and Gilberto Rodríguez Orejuela, that program has taken a big step forward. Now, the drug bankers must be jailed, and the "Bush leaguers" must be cleaned out from the U.S. Department of Justice. Michael Abbell served at the DOJ under Mark Richard, leaving in 1984 to become an agent of the Cali Cartel. Richard and other "Bush leaguers" are still there, however. These are the people who railroaded LaRouche into prison, and whose policies led to the Waco massacre. *EIR* will be presenting a full dossier on their crimes in a forthcoming issue.

Don't miss the report (p. 58) on LaRouche's latest visit to Moscow, where he addressed a meeting at the State Duma (Parliament), among other gatherings. Upon his return, he characterized the visit as "probably of strategic significance." We publish here his speech to the Institute of Economics of the Russian Academy of Sciences.

Susan Welsh

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Russia and the United States "have a historic, common interest to fulfill" in putting the central banking system into bankruptcy and launching a new monetary system, Lyndon H. LaRouche said on June 8 in an address to the Institute of Economics of the Russian Academy of Sciences in Moscow.

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Cali drug cartel kingpin Gilberto Rodríguez Orejuela (second from left) after his arrest in Cali, Colombia. The U.S. Drug Enforcement Administration maintains that the Cali Cartel is responsible for supplying 80% of the cocaine sold in the United States.

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It may not be accidental that at the same time that the Clinton administration is making some dramatic moves against drug-trafficking and money-laundering networks—moves which implicitly hit circles closely linked to George Bush's secret government apparatus which came to prominence in the 1980s—the attacks on President Clinton himself seem to be escalating.
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Clinton puts financial reform on international agenda

by William Jones

Although the Halifax G7 summit began under the shadow of increased violence in Bosnia, a subject that even dominated the Clinton press conference on June 16, the issue of reform of the international financial institutions was the central item of discussion, resulting in a final communiqué that was no real resolution of the problem, but at least pointed in the direction of a solution.

The "reform" mechanisms specified in the communiqué are themselves useless to "manage" the global financial disintegration now under way—an impossible task. But commitment to economic development—insisted upon by President Clinton in the case of financing for Mideast development, is reflected in the final communiqué.

The first working dinner of the Group of Seven heads of state (Canada, United States, France, Germany, Italy, Japan, Britain) at Government House on June 15 was to have been the site of a major discussion of international financial reform. As the Bosnian Army initiated measures to break the Serb stranglehold on the Bosnian capital of Sarajevo, the G7 leaders, concerned over the increasing fighting, decided to call in their respective foreign ministers and get a briefing on events in Bosnia. After discussions, Canadian Prime Minister Jean Chrétien, the host of the summit, issued a statement appealing to the Bosnia Serbs and to the Bosnian government "to establish an immediate moratorium on military operations." Canada was particularly concerned about the fate of their peacekeepers, some of whom remain hostages with the Serbs.

But the economic discussions were duly resumed the following morning, where leaders each explained the economic situation in their respective countries.

Interestingly enough, the communiqué begins with long

sections on "growth and employment" that put the creation of jobs in the center of interest. "The central purpose of our economic policy is to improve the well being of our people, allowing them to lead full and productive lives," the communiqué begins, noting that only through the promotion of "durable job creation" can that "well-being" be secured. "Good fiscal and monetary policies will not on their own deliver the full fruits of better economic performance." It will also require "achieving the longer-term potential of our economies to grow and create secure, well-paying jobs," reads the communiqué from the seven leaders. The jobs issue was of prime concern to President Clinton who had taken the initiative to the "Jobs Summit" in Detroit last year and was strongly supported by French President Jacques Chirac, who had been elected on a strong jobs program. The leaders decided to have another "jobs summit" this year, underlining the importance of the problem.

President Clinton, who, at last year's summit in Naples, Italy, had called for a review of the international financial institutions at this year's summit, "engaged in a fairly lively interchange on the financial markets issues," according to U.S. "sherpa" for the G7, Daniel Tarullo, Assistant Secretary of State for Economic and Business Affairs. Clinton recounted for the other leaders the experience the United States had had with Mexico, emphasizing "the importance he attached to the specificity of proposals for both prevention and transparency," and "on the capacity to react with adequate resources when emergencies strike," Tarullo explained.

The measures taken by the G7 Summit leaders do not, however, represent fundamental reform of a bankrupt financial system. They contain, in fact, some rather dubious elements, undoubtedly the result of the numerous political com-

promises required to write the statement from these seven leaders.

The IMF received a strengthened mandate to monitor countries' economies. The G7 leaders called on the IMF to 1) establish benchmarks for the timely publication of economic data; 2) identify the countries which comply (or don't comply) with those benchmarks; and 3) provide "sharper policy advice to all governments, and deliver franker messages to countries that appear to be avoiding necessary actions." A new "Emergency Financing Mechanism" was to be established that would provide access to Fund arrangements financing to be linked to the IMF's "conditionalities." The goal was to achieve an emergency fund of \$58 billion financed through an increase of the Group of Ten's General Agreements to Borrow (GAB), rather than through an increased IMF quota as desired by IMF Managing Director Michel Camdessus.

Nor was the IMF given "dictatorial powers" as Director Camdessus may have wished. The communiqué also contains considerable criticism of the functioning of the multinational institutions. "We will work with the [Bretton Woods] organizations and all their members to ensure relevant multilateral institutions," the communiqué reads. They call on the multilateral institutions to "encourage the development of a healthy private sector, expand guarantees and co-financing arrangements to catalyze private flows, and increase credit for small and medium-sized enterprises" and to continue to provide resources for the infrastructure needed for sustainable development," (which goal they define as "a higher quality of life for all people").

The multinational institutions have received a new lease on life, but their operations are now under the microscope. Representatives for the administration have time and again expressed the President's desire that these institutions orient towards "investing in people"—something the IMF has done everything to sabotage.

Mideast Development Bank

But it is not only reform of the bankrupt Bretton Woods institutions that was the focus of the financial discussion, but also, under strong protest from British and other circles, the question of new institutions for economic development. The U. S. worked hard to rally support for the establishment of a Mideast Development Bank.

A spokesman for the European Union, as late as the first day of the summit, expressed concern about establishing and "new financial institutions." In response to a question from *EIR*, he complained that there is "really no need for new banks when we have the World Bank"—a continual complaint from some of the European governments, particularly the British during the entire course of negotiations around such a bank that have been held throughout this year.

But the commitment of the President to this particular project outweighed objections from some of the apologists

for the World Bank. The communiqué clearly states: "We agree on the need to actively support the peace process in the Middle East. Such support would include the establishment of a new institution and financing mechanism enhancing regional cooperation. We therefore urge the Task Force already at work to continue its deliberations with an aim to arriving at a suitable proposal in time for the Amman summit next October." Dan Tarullo, who had successfully maneuvered the issue through the "sherpa" process prior to the review by the G7 leaders, expressed particular pride in having the Bank included in the communiqué.

The leaders also expressed concern about the poorest nations, calling for increasing debt relief. They called on the multinational institutions to develop a "comprehensive approach" to assist countries with multilateral debt problems, through the "flexible implementation of existing instruments" and through "new mechanisms where necessary." They called for "appropriate measures in the multilateral development banks" to advance this objective.

Derivatives, 'the AIDS of our economies'

The discussion over what to do about currency speculation, derivatives and all forms of the highly volatile high-risk capital markets, was hot. French President Chirac went very far in his criticism of aggressive money traders, referring to such speculation as "the AIDS of our economies" during leaders' discussions on June 16.

However, the wording of the communiqué is circum-spect. It calls for "close international cooperation in the regulations and supervision of financial institutions and markets," in order "to ensure an effective and integrated approach, on a global basis, to developing and enhancing the safeguards, standards, transparency and systems necessary to monitor and contain risks."

Canadian Prime Minister Chrétien has repeatedly expressed concern that new instruments of investment and currency speculation are destabilizing financial markets. Just a few weeks before the summit, he had a high-profile meeting in Ottawa with Prof. James Tobin of Yale University, author in 1978 of the proposal to tax currency speculation transactions, now called the "Tobin tax." The "LaRouche proposal," made in March 1993, for a one-tenth of one percent tax on derivatives transactions, has also popped up since then in draft bills to Congress, and in European debate.

But under pressure from the "free market" enthusiasts, any such tax was officially tabled in Halifax. In a "Review of International Financial Institutions," issued together with the communiqué, it is remarked that "administrative measures, such as selective taxes or controls on capital transactions, are an ineffective and very costly means to attempt to limit exchange market volatility. Since it would be impractical to implement such controls across geographic areas and financial instruments, they would merely shift the location of activity or the financial vehicle for the transactions."

Mexican private banking system is melting down

by Carlos Cota Meza

In an *EIR Feature*, "Mexico's Debt Bomb Explodes; Who Will Follow?" this author established that the immediate effect of the Mexican government's insolvency would be "the disappearance of the national private banking sector, with the potential for a chain reaction of bankruptcies."

"The Mexican banking system now faces the condition of being at once insolvent creditors and delinquent debtors. . . . The foreign debt of the banking sector went in one year from \$20 billion to \$25 billion (a 25% increase). . . . According to statistics of the National Banking Commission, Mexico's private banks are currently facing external payments of \$8.7 billion on loans which their international creditors do not want either to renew or to renegotiate. In sum, the Mexican private banking system, privatized only 30 months ago, is in absolute bankruptcy. All that is missing is the official announcement." (See *EIR*, Vol. 22, No. 5, Jan. 27, 1995, "Mexico's Financial Crisis: Metastasis of a Speculative Cancer," pp. 24-25.)

The reason the banks are going bust, is not the devaluation of the peso but the unrestrained practice of incurring short-term external debt; the speculative investment of the stock market in its own issues, a practically unlimited recourse to self-lending; and the huge cuts taken by middlemen, which have worsened the common debtor's non-performing debt.

The bankruptcy of the Mexican banks is so evident that even the president of the Association of Mexican Bankers (ABM), José Madariaga Lomeli, is no longer a banker, but an employee of the Banco Bilbao Vizcaya, a Spanish entity, which took control of the Probusa Financial Group (its bank, its stock brokerage, and subsidiaries and affiliates) on May 29 for \$350 million!

The Mexican government, via the Banking Fund for Protection of Savings (Fobaproa, comparable to the U.S. Federal Deposit Insurance Corp.) acquired the bank's "bad debt" for 4.6 billion new pesos, or about \$800 million, which amounts to one-third of the present debt holdings of the Probusa bank.

Madariaga Lomeli explained the reasons for the merger of the first privatized bank, four years ago, with a foreign bank: "The operation does imply an enormous sacrifice for the present stockholders. . . . We directly set aside 1 billion new pesos as reserves and we ended up with 200 million in capital. . . . Either we had to move ahead or we would have come to a screeching halt."

In fact, the bank was already bankrupt and was forced either to shut down or be bailed out by Procapte, the Temporary Capitalization Program which the government uses to artificially keep other Mexican banks afloat. Somehow, the government stepped in through Fobaproa, which became the second largest shareholder. It is rumored that the Madariaga Lomeli group was left with 4% of the stocks and he was kept on as president of the institution, only in order to not dismantle the bankers' association.

The government's purchase of non-performing debt has raised a flurry of protests, to which the chairman of the National Banking and Stock Commission, Eduardo Fernández, responded: "If the conditions of high interest rates and other macroeconomic elements were to lead to a situation in the future in which this debt suffered losses, the damage would now not affect the shareholders, but the owner of the debt, in this case Fobaproa."

If the government is subsidizing the bankers this way, because it considers them victims of the "effects of the crisis," why not deal the same way with the millions of debtors in the farming, manufacturing, and commercial sectors? Could it be that they are considered to blame for the crisis and therefore the Interior Department wants to make them pay the debts by police-state methods, in order to keep supporting the bankers?

Fobaproa and Procapte have already turned into a bottomless barrel. Insofar as information is known, of the 18 banks still officially in existence, six have turned for bailouts to Procapte (Inverlat, Confia, Serfin, Banorie, Bital, and Bancen), but the amounts used have not been made public. The Bank of Mexico reports that up to the first quarter of this year, Fobaproa had intervened in four banks (Unión and Cremi, both owned by the fugitive banker Carlos Cabal Peniche; Banpais of Angel Rodríguez, another fugitive; and Banco Obrero, which belongs to the big labor confederation, CTM).

The amount of capital used in these interventions is 12.3 billion new pesos (to which the 4.6 billion new pesos used in Probusa would have to be added). In addition, Fobaproa granted \$3.8 billion to the banks to pay their overdue foreign debt in the first quarter, mainly that contracted for issuing certificates of deposit abroad.

According to these limited figures, in just five months Mexico's government has doled out to the banks 39,706 million new pesos (\$6.619 billion) and yet the banks keep right on collapsing. On Jan. 26, the Finance Secretary asked the lower house of Mexico's Congress to cut the budget by 20 billion new pesos, or the equivalent of 1.3% of Gross Domestic Product. What has been given to the banks already adds up to 2.5% of GDP. This figure will keep rising. The Inverlat, Serfin, Banco Mexicano, and Bital banks (three of them already bailed out by Procapte) are in line to be absorbed by foreign banks, because the latter are demanding that the government "clean up its debt holdings" as happened with Probusa.

Since the government at the moment shows no sign of wanting to change its financial fundamentalism, in the coming weeks we will see even more banks going belly-up, and like the Probursa bankruptcy, this will be extremely costly for the Mexican treasury.

Major firms will be unable to pay

Right behind the banks in line for bankruptcy are the Mexican companies which had "access" to the international capital market. The external debt of these companies, between 1993 and 1994, grew by 100% and went from \$15 million to \$31 million. Various reports establish that 12 of the 55 top companies on the Mexican Stock Market in the next six months will have to meet payments of \$1.284 billion, mainly in the so-called Mexican Eurobonds and commercial paper. Among these, the standouts are: the airline Aeroméxico, currently restructuring external liabilities which it could not pay in February; Sidek, which suspended payments in March; Cemex, whose suspension of payments is deemed imminent; as well as Synkro, Iusacell (cellular phones), and Cydsa of the Monterrey Group.

Stock market analysts maintain that if they don't find sufficient backing, the stock values of these companies will plunge more than 50% or to minimum values, which could cause their shares to be suspended from listing on the stock market, provoking a new collapse in the Mexican Stock Market.

But 1995 is the easy year for these companies. Between 1996 and 1999, the companies that issued external obligations have to pay around \$8.3 billion in Mexican Eurobonds, with a whopping \$4.145 billion concentrated in 1998. And who knows if they will get through 1995!

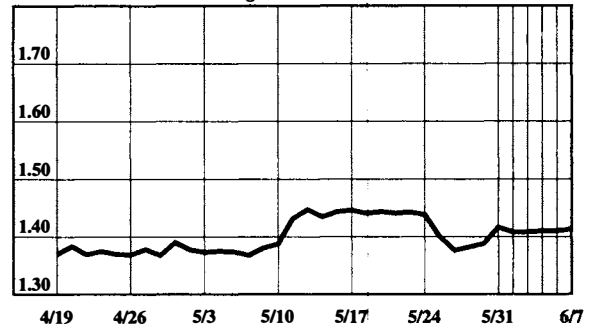
Beyond this, a banking corruption scandal is about to explode. The 12 "representative" companies are also in debt for the second quarter to the national banks for 5 billion new pesos (\$1 billion), which they do not consider debt, because in one way or another, they were partners in the purchase of the privatized banks. Rather, they were self-loans—precisely the corrupt practice for which the banks were nationalized in 1982.

The advisory service El Inversionista Mexicano ("The Mexican Investor"), in an exhaustive analysis of the first-quarter reports of 54 Mexican Stock Market firms, shows that they report a short-term internal bank debt of 54.146 billion new pesos (\$8.357 billion), and that the same companies paid 8 billion new pesos, or \$1.333 million in interest in the first quarter. This reveals that the bulk of non-performing and related debt falls on these 50-odd "representative" companies of the economic model of the former Salinas de Gortari government. Were the government to accede to a review and classification of non-performing debt, we would discover that the delinquency of the farmers as well as small and medium-sized businesses and retailers would be an easily manageable problem.

Currency Rates

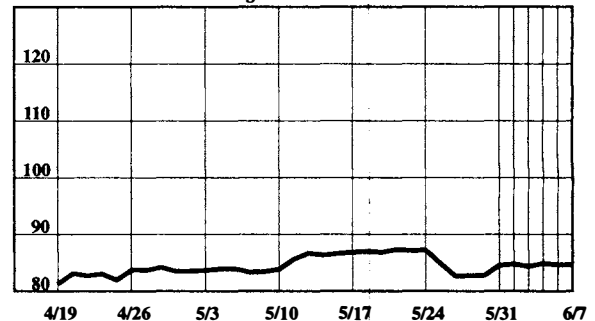
The dollar in deutschemarks

New York late afternoon fixing



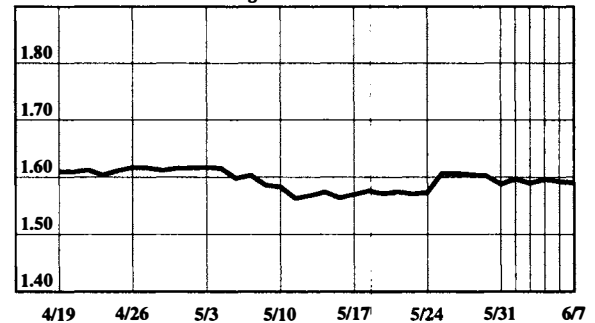
The dollar in yen

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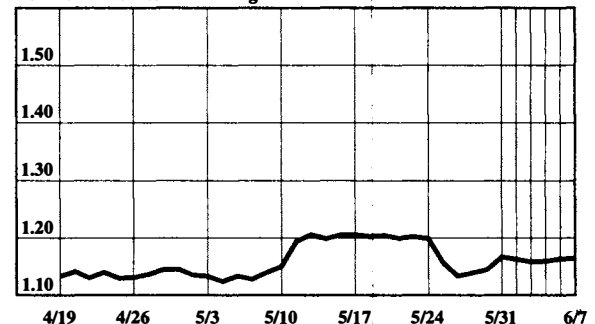
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Japan's banking crisis could trigger global financial collapse

by William Engdahl

Details are only beginning to surface in Japan of a banking crisis which could well detonate a global systemic financial crisis of titanic dimensions. On June 6, the Japanese Ministry of Finance revealed details of total loan losses of all Japanese banks, which they now admit to be "approximately" \$471 billion. This figure, which according to informed accounts vastly understates the problem, already puts the Japanese bank crisis at a scale far beyond the 1980s crisis of U.S. savings and loan institutions, and orders of magnitude beyond the recent losses of France's *Crédit Lyonnais*.

On June 8, the Ministry of Finance also unveiled a long-awaited proposal for dealing with the bank crisis, but the details, which were few, did not reassure anyone. The proposal called for better bank disclosure of bad loans—present rules are extraordinarily liberal, meaning accurate estimates of the damage are almost impossible to formulate. A second proposal was to increase the now tiny bank deposit insurance fund through a levy on the banks themselves, which the banks argue they cannot do in their present difficulties. No Japanese bank has been allowed to fail in the past 50 years, but this would presumably pave the way for some failures to be admitted. What was conspicuously absent were any proposals for a U.S.-style Resolution Trust Corp., in which the government would step in to assure liquidity while the bad debts are disposed of. Failure to include this provision led to near-panic selling of Japanese stocks and the collapse of the Nikkei Dow to the dangerous low of 14,600 by June 13.

"Japan's banking problems outweigh all else now in the global financial domain as a focus of systemic concern," emphasized S.J. Lewis, a senior City of London financial figure. "This is the real 'Tokyo earthquake' doomsday scenario. If Japanese banks now begin to admit and write off their actual bad loans, it could well start a snowball effect of every bank rushing to dump bad debts, a process which could well pull the entire system down with no government safety net in place. This is one reason the Nikkei stock market has been so weak in the past days."

For a nation renowned in the West as the epitome of organized action and coordinated industrial efficiency, the disclosure of bank bad loans marks the first official Japanese government estimate of bank losses in a crisis that is now five years old. The \$471 billion figure includes all loans to firms now bankrupt, loans on which no interest has been paid

for six months or more, as well as restructured loans to weak borrowers. But even this figure, equal to some 9% of the total Gross Domestic Product (GDP) of Japan, vastly understates the reality, according to informed banking analysts. Yukiko Ohara of UBS Securities Ltd. calculates that actual problem loans could reach as high as 100 trillion yen, that is, \$1.15 trillion, a sum equal to one-quarter of the GDP of the world's second largest industrial nation.

According to a number of Japanese financial sources, this higher figure of \$1.15 trillion in bad debts is realistic. "The Ministry of Finance and Bank of Japan figures deliberately understate the problem so as not to cause panic," according to one such report. Banks have been allowed to extend "cosmetic" loans to many insolvent clients, only those companies, often real estate construction companies, can in turn use the new loans to make interest payments on their old loans. Of course, bank loans to problem companies merely increase as a result, even if the banks can pretend the loans are still good. This perverse example of "throwing good money after bad," has turned what may have been a manageable bank problem of 1990 into what today is threatening to become a global systemic breakdown.

The net result of this dangerous practice has been that, despite the deflating of the huge Japan real estate and stock speculation bubble more than five years ago, Japanese banks today are in far worse condition than they were in 1990. This is the element which is beginning to create alarm in banking circles from Europe to New York.

A world-class financial bubble

The size of the Japanese financial structure is so great that, were a full-scale banking crisis to erupt, it would detonate a domino-style series of financial liquidations which would be felt around the world.

Nine of the world's ten largest banks in asset size are Japanese. The three largest each has assets of more than \$500 billion, dwarfing every major European bank and even the large New York banks. Only Mitsubishi Bank has felt strong enough to begin to write off most of its bad loans. All the rest are left holding a growing pile of uncollectable debt. Technically, almost the entire Japanese banking system is bankrupt—liabilities far in excess of assets and income. The political issue is whether the Japanese taxpayer now will be

forced to pay the bill for bailing out those banks or the problem will be allowed to grow to the point that it is fully out of control.

During the 1980s, as the yen began its rise following the October 1985 Plaza Accord of the Group of Seven (an agreement to stop the rising dollar), Japanese banks began to reap the rewards of a 60% appreciation in the yen. As their international lending was done in dollars, and their bank balance sheets were calculated in yen, their paper profits and assets exploded.

In addition, Japanese banks, alone of all major banks in the Organization for Economic Cooperation and Development, count their stock holdings as part of their core bank capital. Most OECD bank regulators regard stocks as far too speculative for such purposes. During the 1980s, as the Nikkei Dow seemed to rise with no limit, Japanese banks' capital base for further lending grew with it to dangerous heights. This sudden explosion of paper "riches" in the end turned out to be a curse.

Japanese banks gloried in overtaking Citicorp to become the world's "largest" banks. Compounding the problem, as Japanese industrial exports stagnated or fell under the pressure of the more expensive yen in the late 1980s, many Japanese firms like Toyota turned from industrial expansion into what Japanese called "Zaitech," or financial engineering—that is, speculation on international currencies, stocks, interest rate moves, or real estate. All Japanese business was caught up in the fever of financial speculation to a degree not witnessed even in the United States of the 1980s.

By 1989, Japan had created a speculative bubble of gargantuan proportions. Banks and companies' assets were mainly cross-holdings of other companies' stock shares. As the banks were flooded with new money from the speculative bubble, they poured a portion into the Tokyo Nikkei Stock Exchange. The Nikkei Dow index rose that year to an all-time high of 38,916 yen by December 1989. The total value of all stocks traded in Tokyo at that point was near to \$5 trillion, making Tokyo the largest stock market in the world, larger even than New York.

When the new governor of the Bank of Japan, Yasushi Mieno, took office in December 1989, he was alarmed that the runaway speculative frenzy in stocks and real estate, termed the "bubble economy" in Japan, threatened to collapse and bring down with it the entire Japanese industrial economy. To control that danger, Mieno began a series of calculated interest rate rises aimed at "slowly deflating" the stock and land prices.

It was anything but slow and painless, as the Nikkei crashed to 18,000 from 39,000 in only a few months. Real estate firms, construction companies, and others became insolvent overnight. Japanese industry went into a deep recession which today threatens to become a major depression. Rising stock and land prices were used during the bubble years as backing or collateral for corporate new investment,

for consumer purchases, in short, the entire economy had tied itself to the soaring prices of land and stocks by 1989.

Further, the added 25% drop of the Nikkei this year alone, has severely impaired bank earnings by wiping out much of banks' so-called "hidden assets" in long-term stock shares in other companies which were badly needed to offset losses from the old bad loans on real estate and other speculations of the past decade. In a vicious circle, much of that Nikkei fall came from desperate Japanese banks selling their stocks to cover bad loan writeoffs. This in turn has forced Japanese insurance companies to dump their stocks, further fuelling the Nikkei fall.

The other shoe to drop

For most of the past two years, while U. S. and European financial structures have been rocked by a series of crises (from the Metallgesellschaft derivatives debacle in Germany and Spain's Banesto Bank failure in December 1993, to the bond market crisis in February 1994, to the Orange County, California derivatives collapse and Mexico's peso crisis in December 1994, and, more recently, to the dollar crisis), little attention has been paid to the fragility of the Japanese financial structure. With the latest admissions from the Japanese government, that is beginning to change rapidly.

In a lead editorial on June 1, the *Wall Street Journal* wrote, "Today's Japan is not the economic powerhouse that gripped the conventional wisdom five years ago. Instead, it is the most fragile member of an interdependent world economy." They warn about "any economic implosion in Japan and the shock waves this would send through the world economy."

By the early 1990s, Japanese banks and investors held the largest share of bank loans in America's largest state, California, of nearly 40%. Japanese investors recently were forced to declare Chapter 11 bankruptcy on their ownership of a major New York office complex, Rockefeller Center, further depressing weak New York real estate prices. Japanese investors and the Bank of Japan are estimated to be the largest single foreign holders of U. S. Treasury bonds and bills. Were the Japanese to liquidate those Treasury securities, it would collapse the U. S. bond market, forcing U. S. interest rates through the roof, and those of Europe with it. For more than a decade, Japanese banks and investment institutions had been the largest source of foreign capital for much of the world.

At this point, Japanese authorities are estimated to have till Sept. 30 to come up with a convincing resolution of the bank crisis. That is when Japanese companies must report semi-annual profit results. If this has not materialized, there will erupt a full-blown Japanese banking crisis and a continuing stock market fall. In that case, the growing Japanese bank crisis could very well be the detonator to a new, global system-wide crisis of the form which Lyndon LaRouche forecast in June 1994.

The Third World's biological holocaust can be stopped

by Carol Hugunin

Today we are seeing a biological holocaust in Africa, and, increasingly, also in Asia: starvation, epidemics of human immuno-deficiency virus (HIV), which causes acquired immune deficiency syndrome (AIDS); cholera, malaria, tuberculosis, and the gruesome and deadly Ebola hemorrhagic virus in Zaire. These diseases are fostered by the level of austerity forced on developing countries by the International Monetary Fund (IMF) and World Bank. At the same time, new research shows that easily cured nutritional deficiencies, such as a lack of vitamin A or selenium, could be a major factor in some of the worst-affected countries.

The situation generated by IMF-dictated economic policies is so insane that even the academic world, normally well insulated from economic and political issues, is forced to take notice. In the May 18 issue of *AIDS* magazine, Dr. Peter Lurie of the University of California, San Francisco, laid the blame for the AIDS epidemic right where it belongs: with the structural adjustment programs (austerity) forced on developing countries by the IMF and World Bank in order for these countries to get loans.

These structural adjustment programs increase poverty, unemployment, and force decreases in government spending on health, education, and social welfare. They destroy agricultural self-sufficiency, forcing the import of expensive food, and tear down developing industries, forcing citizens into unemployment. A marginalized population is then left to prostitution and drug trafficking. And these changes have been forced on developing countries at precisely the time that they can least afford them. By the year 2000, it is expected that 90% of all manifestations of HIV will have occurred in developing countries. HIV spreads rapidly among prostitutes, intravenous drug users, and in conditions of poor nutrition, and where syringes and similar equipment are reused due to lack of available medical supplies, forced by budget cuts.

What Dr. Lurie is explaining about the relationship of the malthusian policies of the IMF and World Bank and the spread of HIV is exactly what Lyndon LaRouche predicted in 1974 would occur: Malthusian policies would foster the resurgence and spread of old diseases, as well as the development of new ones.

“For HIV transmission in developing countries to be substantially reduced,” wrote Dr. Lurie, “economic policies that may have promoted disease spread must be modified. . . . First, the satisfaction of basic human needs such as food, housing, and transport must become a primary goal. . . . Finally, the charters of the IMF and World Bank must be altered to permit the cancellation or rescheduling of debt.” Dr. Lurie further proposes that the IMF and World Bank be forced to issue AIDS impact reports with their loan proposals, taking direct responsibility for the impact of their policies.

The World Bank found this criticism so painful, that its officials wrote two letters to the editor of the London-based *AIDS* journal, protesting that the publication of this article was “unacceptable,” “ignorant,” and “extraordinarily naive.” Reached by Reuters to comment on the World Bank’s reaction to his paper, Dr. Lurie said it was “classical institutional defensiveness,” and that they should “take a more honest look at what it is their programs might have caused in these developing countries, and revamp their programs accordingly.”

In the case of AIDS, professionals were initially claiming that it was primarily a homosexual disease, yet Dr. Mark Whiteside in Belle Glade, Florida found very high prevalence of AIDS among migrant workers, and others have clearly found a very high prevalence among Africans subject to tremendous poverty. In 1978, Dr. John Grauerholz of *EIR* proposed that economic breakdown creates successive waves of viral, bacterial, and parasitic disease which weaken the immune system, leaving impoverished populations exceedingly vulnerable to diseases like AIDS.

Now scientific experiments are beginning to rigorously document that there are certain key nutrients necessary for the body to maintain its immune system defenses. Scientists are documenting that for just pennies a day per person in nutritional supplements, pandemics like AIDS could be drastically slowed down. A series of recent experiments has shown that anti-oxidants (such as vitamin A, vitamin E, and selenium) play a crucial role in enabling the immune system to fight viral diseases, including HIV.

Mutant Cocksackie and Keshan's disease

A group of scientists led by Melinda Beck, M.D., at the University of North Carolina, has discovered that a common, relatively harmless virus can mutate to a virulent heart-damaging form in mice that have poor diets. The virus used was Cocksackie, a ribonucleic acid (RNA) virus which humans experience as a common childhood disease. The mice suffered deficiencies in selenium (Se) and/or vitamin A. The very virulent mutant form leads to Keshan's disease, a weakened heart muscle condition that ends in heart failure, which is found in an area of China where grains are selenium-deficient, and which, until recently, crippled thousands of women and children through a broad belt of China. Now the Chinese government uses nutritional supplements that include selenium to protect these people from the disease. A report on this work was published in the May issue of *Nature Medicine*.

Cocksackie virus, like HIV and influenza, is a single-strand RNA virus, which means that it lacks the capacity to correct mistakes which occur during replication; hence, like these other RNA viruses, it mutates rapidly as it reproduces itself.

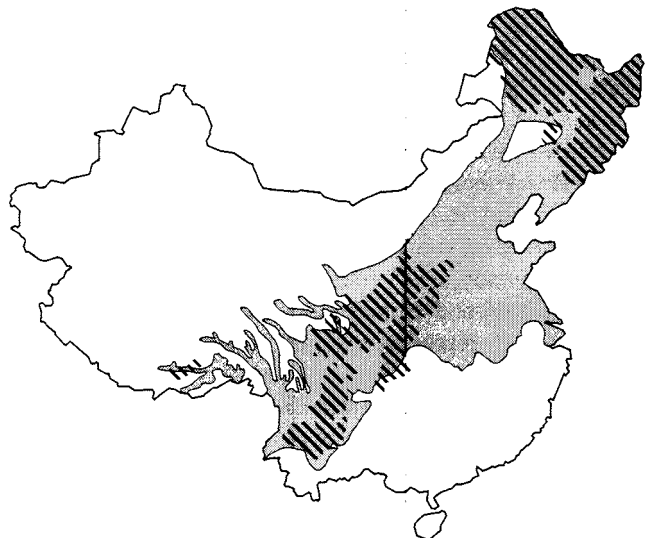
Dr. Beck's experiments created shock in the medical community for two reasons. This is the first time that nutritional deficiencies in the host have been documented to engender more virulent viral mutations. It is also the first documentation that, once mutated, the virus can inflict the same damage on mice fed a diet adequate in selenium and vitamin A. Some scientists have speculated that maybe the reason the more virulent form of Cocksackie virus hasn't swept around the world, killing countless humans with heart failure, is that since the more virulent form of Cocksackie virus is still a single-strand RNA virus, it mutates back to a less lethal form just as readily as it mutated to that more lethal form.

Dr. Beck noted in her paper the broad ramifications of her team's work: "If our findings with Cocksackie virus are generalizable to other RNA viruses, perhaps they can explain the steady emergence of new strains of influenza virus in China, which has widespread Se-deficient areas. Our findings might even help to explain the crossing over of certain viruses to a new host species through accelerated mutation rates. For example, the crossing over of HIV to humans may have been facilitated by the existence of Se-poor regions in Africa."

This is the trend that LaRouche hypothesized in 1974, when he said that malthusian economic policies would create conditions that act as a Petri dish, breeding new and more virulent forms of disease, which would spread out of their place of origin to the entire world.

Dr. Beck's group hypothesizes that selenium and vitamin A, both being anti-oxidants, help maintain the ability of the immune system to fight infection. Neither selenium nor vitamin A, however, should be taken in large doses, since both become toxic at high doses.

Keshan Disease and Kaschin-Beck Disease, correlated with the belt of selenium-deficient food grains in China



- Marginal or Deficient selenium food grains
- ▨ Keshan and/or Kaschin-Beck Disease

HIV transmission and vitamin A deficiency

Dr. Richard Semba, of Johns Hopkins School of Medicine in Baltimore, has published a series of papers linking vitamin A deficiency to transmission of HIV from mother to infant. His team studied 567 HIV-infected pregnant women in a hospital in Blantyre, Malawi. Nearly 70% of these women were vitamin A deficient, one of the highest rates of vitamin A deficiency in the world. The women with the most severe vitamin A deficiency had a 32% chance of transmitting HIV to their newborns, compared with a 7% chance among those who had no vitamin A deficiency. Some 93% of the infants born to mothers with the most severe vitamin A deficiency died of AIDS in the first year of life.

Vitamin E and murine AIDS

A group lead by Dr. Ronald Watson at the University of Arizona has done large-scale experimentation on mice, indicating that vitamin E slows the progression of HIV to clinical AIDS. The mice get murine AIDS, which is clinically similar to human AIDS, and therefore is frequently used for laboratory research. Very preliminary unpublished clinical trials in Europe indicate that supplementing HIV-positive patients with vitamin A, vitamin E, selenium, and other anti-oxidants seems to prolong the period in which the HIV virus remains in the dormant phase, blocking development of full-blown clinical AIDS.

Selenium and RNA virus dormancy

The crucial role anti-oxidants play in enhancing the ability of the immune system to function normally, may not be the only way selenium deters RNA viruses from causing disease in humans. Will Taylor, Ph.D., a scientist at the University of Georgia, is developing evidence that many RNA viruses, including HIV, Cocksackie, and possibly Ebola virus, have a gene for a selenium-protein. This selenium-protein keeps the virus in a dormant, non-reproducing phase, much like zinc-rich proteins; the so-called zinc fingers wrap around deoxyribonucleic acid (DNA), in humans, controlling what DNA is expressed and what remains dormant. This allows RNA viruses like HIV to quietly hide for years within the human host's cells. Under certain conditions of immune system and or nutritional stress, these viruses will suddenly start reproducing, and possibly mutating like crazy.

Dr. Taylor's hypothesis provides an excellent description of what is clinically observed in the progression from a long dormant HIV-positive status to full-blown AIDS. It is well known that HIV uses precisely this strategy, hiding in white blood cells for years, to evade an immune response from its human host. According to Dr. Taylor, some human immune cells also have large selenium needs for normal immune functions. So, under conditions of selenium deficiency, the HIV virus can no longer make the selenium protein which keeps it from reproducing and mutating rapidly. And, the immune cells lack the selenium protein ammunition they need for proper immune function. Hence, one observes a typical clinical pattern of rapid shift from a lengthy HIV-positive phase, in which selenium levels in the blood are adequate and no signs of AIDS are present, to an AIDS phase of rapidly dropping selenium levels and rapid clinical deterioration, in which the immune system is increasingly less capable of fighting HIV.

In studying the area in Africa where AIDS was first thought to have emerged, medical teams found low selenium blood levels in the tiny town of Karawa, and the somewhat larger town of Businga in northern Zaire. These towns are in the Mongala River watershed area, associated with the smaller Libala and Ebola rivers—the same general area in which the Ebola virus first emerged. That whole area of northern Zaire is medically known as a thyroid goiter belt. Since selenium is required for iodine to be properly utilized by the thyroid gland to form crucial thyroid hormones, the presence of goiters throughout this area is further evidence of human selenium deficiency.

Although these areas need further medical research, they point to a simple reality: If the political will is there to reverse the current global economic policy, developing countries could quite quickly be provided with nutritional supplements that would curtail the spread of some of the world's most deadly diseases, while long-term industrial development policies are put into place to transform Africa and Asia.

'Shock therapy' yields food crisis in CIS

by Rosa Tennenbaum and
Marcia Merry Baker

The month of May, which should be the high point of spring planting in the Eurasian farmlands of the former Soviet bloc, instead this year marked a new low in declining agricultural potential and per capita food consumption in the Community of Independent States (CIS). Russian State Duma (Parliament) Economic Policy Committee Chairman Sergei Glazyev, writing in *Nezavisimaya Gazeta* on May 11, asked, "The President and the parliamentary opposition sat by while science-intensive industry was liquidated in 1994. Will they be as calm in the face of the bankruptcy of our domestic agriculture?" A European Union delegation to farm regions in CIS republics in May called the situation "depressing" in severity, and gave accounts of desperate food shortages to the June 6 issue of *Agra-Europe*.

The recent years of shock therapy economics and the "reform" looting of all vital stages of national food systems—water, land, and transport infrastructure, farm inputs, farm operations, and food processing and distribution—have resulted in a full-scale food crisis. A year ago, an *EIR* statistical feature report warned of these consequences ("Shock Therapy Ravages Russia's Food Production," by Robert Baker and Paul Gallagher, *EIR* March 18, 1995, pp. 18-33).

As of mid-May, the Agriculture Ministry in Moscow calculated that equipment, spare parts, and fuel existed in amounts sufficient only to cultivate at most 30 million hectares out of the 71 million hectares in Russia that should be planted to crops. Not even one-fourth of the national farm equipment inventory was in working order because of the lack of parts and fuel. The same situation exists elsewhere.

As of late May, in Kyrgyzstan, spring planting was far behind, with little more than half the land planted. Every third tractor and planting machine was sitting in a repair shop, and farms had no means to pay for repair bills. One-third of the trucks, which play a vital role on the farms in this region, were out of commission because there is no money for gasoline.

However, even if the machinery fleet were miraculously mobilized, the lack of quality seeds and farm chemicals would jeopardize the crops. Over the seven-year period 1987-94, annual tonnage of fertilizer applied in Russia fell by 90%, dropping from 14.2 million tons in 1987, to 1.4 million tons last year. As of this April, in 52 out of 89 administrative regions, farms did not purchase one single ton of fertilizer for use this season, because of a lack of funds. Only one-fourth of the area planted in Russia was fertilized

in 1994. On average, in all of the CIS, only 25% of the grain acreage is being fertilized. The Russian fertilizer industry is producing way below 50% of capacity, and if companies want to stay in production at all, they are forced by the "reform mafia" to export fertilizers, for example potash, on the world market at prices that are far too low. The consequences are reduced crop yields and degraded soils.

The livestock sector shows the same ravages. Without means to feed and support the national meat herd, farms have eliminated millions of animals. Radio Moscow reported on May 25 that 18 million cows have been lost in Russia during shock therapy, and there is an urgent need for milk-powder imports. However, milk-powder prices have gone up from \$600 a ton to \$2,400 per ton.

The loss of beef and milk cattle is most dramatic in the centers of meat and milk production—Russia, Ukraine, and Kazakhstan. Last year, the number of beef cattle fell by 10.3% in Russia, and is expected to fall another 12.7% this year. The number of milk cows fell 6% in 1994, and is expected to drop 7.6% this year. Hog numbers dropped 12.6% last year, and are falling at a 13.4% rate so far this year. Sheep and goat numbers fell 17% last year, and are falling at the annual rate of 17% right now.

National meat production in Russia dropped by almost 40% over the past two years. These declines have caused crises in the food-processing sector. In Belarus and Moldova, output of meat products went down by 20% from first-quarter 1994 to the same time in 1995. In Russia and Uzbekistan, the drop was 30%; and in Kazakhstan, 50%.

Farm sector drained

This devastation in the farm and processing sector shows up in both financial statistics and "on the table." The president of the Academy of Agriculture Science, Gennadi Romanenko, calculated in May that the disparity between industrial and farm commodity prices sucked roughly \$33.5 billion out of the Russian farm sector in the last three years.

As a result, consumption per capita is falling below the minimum necessary for millions throughout the CIS republics. According to the Russian State Committee for Statistics, meat consumption per capita fell from 69 kg in 1991, to 57 kg in 1994, in contrast to 1989, when it was still 75 kg. Moscow economists estimate that 10% of Russian citizens' food intake is at or below the biological survival level, and that this percentage could easily rise to 30% by year's end.

Overall, grain production in the CIS fell by 19.8% in just one year, 1993-94. This represents an absolute drop in the 1994 harvests in 9 of the 12 republics, because cultivation was reduced due to a lack of machines, fertilizers, fuel, and other inputs. In only two republics, Turkmenistan and Kyrgyzstan, did the grain harvest in 1994 rise as compared with the previous year. The reason for the rise was because the area planted was increased, while average yields per hectare fell by 16% due to lack of essential inputs. This

process cannot be sustained through even this year.

In Tajikistan, Georgia, and Armenia, less than 100 kilograms of grain were reaped per capita in the last harvest. At the same time, these countries no longer have any means at hand to pay for grain imports. As of February of this year, the United States had pledged a donation of 133,000 tons of wheat to Armenia, and 37,000 tons to Georgia. Azerbaijan has appealed to international relief organizations for food aid.

The food supply of Moscow itself is heavily dependent on foreign imports, because of the breakdown of agriculture in Russia. About 80% of the food for the city of Moscow is imported, as is 60% of the food for the surrounding region. Meantime, farms in adjacent Kalinin, Ryazan, and Bryansk are unable to produce and market their potential output.

Russia's sugar supply has turned into a national security issue. According to a memorandum to the Duma (national parliament) in May, the government's decision to stop importing raw cane sugar from Cuba, and to import white sugar from the West (whose sources are dominated by London-financier commodities processors such as Archer Daniels Midland), means catastrophe for both Russian sugar beet growers and Russian sugar processors. Compared to a consumption demand of 5 million tons of sugar per year, last year only 1.7 million tons were produced in Russia. Parliamentarians fear that Russia will be forced to seek 5 million tons of white sugar a year from the West.

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Armenia's President deludes his countrymen

by Vigen Akopyan

The author is a member of Armenia's Union of Constitutional Rights.

Speaking at a session of Armenia's Parliament, Armenian President Levon Ter-Petrossian announced that "in 1994 the growth of wages surpassed the growth of consumer prices." He said that in 1994, average monthly wages of state sector workers reached 4,000 drams, which in October 1994 was approximately \$10.40. By promulgating these data, President Ter-Petrossian wanted to convince his own nation and the world that tendencies for improvement of the population's life have been observed in Armenia.

Only a criterion such as the "minimum biological market basket," and the state's establishment of a minimum wage sufficient for its purchase, can be seen as an objective indica-

tor of the standard of living of the country's population. The method of estimating the population's standard of living by calculating the cost of a "minimum biological market basket" is based on a calculation of the cost of 17 basic types of products (normative monthly consumption) and minimum transportation costs, as shown in **Table 1**. This is to be distinguished from the minimum consumer market basket, which also takes into account a person's monthly expenditures on clothing, basic services, and other necessities.

Besides the aforementioned list of products and transport services, the table includes the average exchange rate of the dollar (in drams) for the month, and the extent to which the cost of the "minimum biological market basket" is defrayed by the state-established minimum wage each month.

The table includes the data for four months of 1994: January, as the starting (base) month of the year, and the last three months of the year, since the data for precisely these three months were cited in President Ter-Petrossian's speech. Moreover, it was in December 1994, on the recommendation of the international financial organizations, that bread prices were raised in Armenia, which could not fail to affect the standard of living of the country's people in December as well as partially in November (the factor of the expectation of inflation came into play).

It is clear that the so-called minimum wage in Armenia

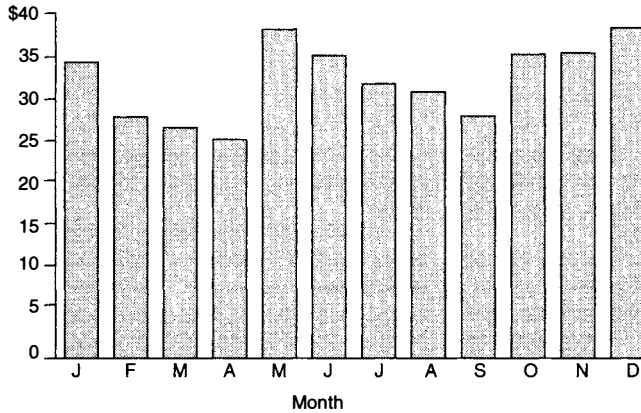
TABLE 1
Cost of Armenia's 'minimum biological market basket'
(in drams, 1994)

Product	Jan.		Oct.		Nov.		Dec.	
	Unit price	Price of norm	Unit price	Price of norm	Unit price	Price of norm	Unit price	Price of norm
Bread	1.5	15	6	60	6	60	66	660
Macaroni	26	13	130	65	160	80	200	100
Sugar	75	150	250	500	270	540		
Meat	250	1,250	700	3,500	700	3,500	700	3,500
Fish	30	60	300	600	300	600	200	400
Milk	20	220	200	1,100			150	1,650
Cottage cheese	54	27	720	350	760	380		440
Sour cream	60	30	500	250	550	275	540	270
Cheese	350	350	800	800	900	900	1,000	1,000
Eggs	360	240		580	990	660	1,800	1,200
Potatoes	20	280	80	720	100	900	100	900
Vegetables	10	220	200	2,200	250	2,750	100	1,100
		Jan.		Oct.		Nov.		Dec.
Dollar exchange rate (drams)		106		406		450		426
Minimum wage (drams)		110		230		230		375
Percent defrayment of "minimum biological market basket" by minimum wage		3.15%		1.61%		1.44%		2.3%

FIGURE 1

Cost of 'minimum biological market basket' in Armenia

(U.S.\$)



is purely symbolic, and its level is in no way economically grounded. The minimum wage did not change significantly in the course of the whole year (the lowest level, \$0.418, was reached in May, and the maximum, in January, was \$1.037). As Figure 1 shows, even in April, the month most favorable for the population, when the cost of the "minimum basket" was \$24.95, the cost of the "basket" was simply beyond comparison with the minimum wage, which was too low to be drawn on the same graph. Yet, the very purpose of a minimum wage is to satisfy the minimum, if even just biological requirements for a person.

The cost of the "basket," however, fluctuated substantially, from \$24.95 in April to \$38.19 in December. An even sharper rise in the cost of the "basket" was registered in September-December—exactly the period President Ter-Petrosian considers the most successful. In these three months alone, the cost of the "basket" rose by \$10.49, while the minimum wage increased only by \$0.43. Thus it becomes apparent, that the relative stability registered from July to September (basically connected with seasonally low prices for fruits and vegetables) was replaced at the end of the year by a sharp increase of the cost of the "market basket."

President Ter-Petrosian in his speech announced that the rise in the price of bread had not worsened the already catastrophic situation of the people; but the figures prove the reverse. Considering that in October the average wage in the state sector of the economy was \$10.90 (according to data of the statistical directorate of Armenia), and that after the increase in bread prices, the cost of the "basket" increased by \$2.79 (or 25.59% of the average wage), it is simply meaningless to talk about a stable standard of living.

Figure 2 shows that the minimum wage's defrayment of the cost of a "minimum basket" in this country is simply a fiction. The "basket's" cost was defrayed to the greatest extent at the beginning of the year (only 3.15%), and in the

FIGURE 2

Percent of 'minimum biological market basket' defrayed by wages

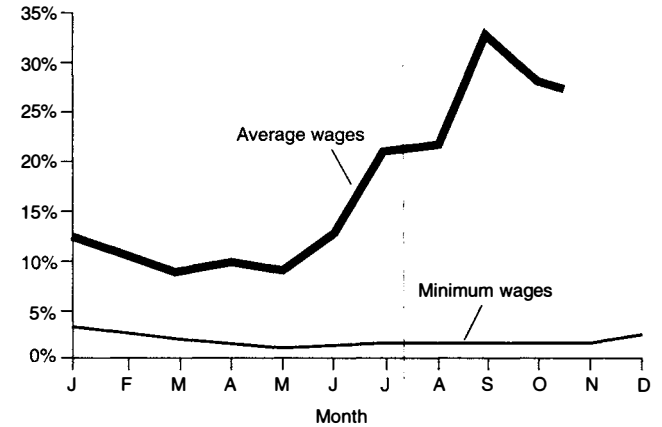
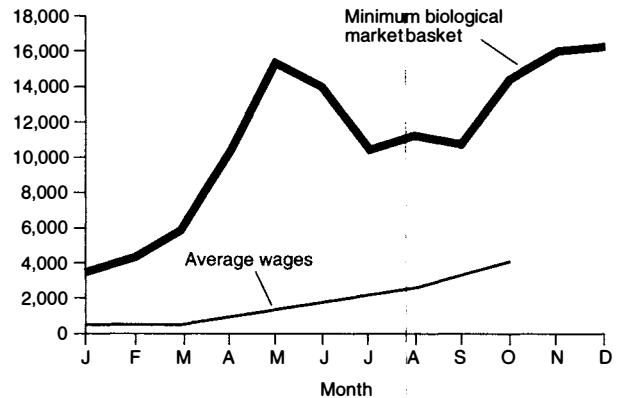


FIGURE 3

Average wages fall short of paying for 'minimum biological market basket'

(drams)



course of the year this indicator vacillated between 1 and 2%. Commentary is simply superfluous. The graph also shows the defrayment of the "minimum basket" by the average wage for each month of the year.

The highest indicator, recorded in September, was 32.29%. Thus 67.71% of the minimum biological requirements either were not satisfied, or the sources for their defrayment were not recorded and are unclear. Of course, if compared with the first half-year, "successes" are apparent. But even 32.29% of the defrayment of minimum requirements, against the backdrop of the half-year of existence, cannot be the basis for reports of victory, especially since in the months that followed, even this 32.29% was not maintained.

Despite the fact that the average wage in the state sector increased (Figure 3), nonetheless it always was catastrophically compared to what is required for satisfying minimum consumption requirements. In the first months of 1995, the cost of this minimum rose once again.

Business Briefs

Germany

Railways will not follow British on privatization

Germany's railways will not follow British rail into the lethal trap of privatization, Deutsche Bahn (national railway) Chairman Heinz Duerr told the Swiss financial daily *Neue Zürcher Zeitung* on June 6. Duerr harshly denounced privatization experts at the Kiel World Economic Institute, one of the think-tanks of the "Conservative Revolution" current in Germany.

The Kiel Institute has criticized Duerr's concept of railway restructuring as "merely formal," and because it does not include an "intra-modal element of competition." Duerr, in turn, charged the Kiel experts with "incompetence," emphasizing that it was never his intention in his reform proposal to create a "capitalist enterprise" or free market-oriented framework for transportation policies. The railway had to fulfill a national-economic function, Duerr said. "It is an exception if transportation policy is organized along methods of the free market."

Automation and the use of modern information technologies would be enhanced by the German railway reforms, Duerr said. He rejected the British-style model of privatization, which will split up British Rail into several entities. He forecast the end of the British railway sector as a whole, should that policy prevail.

China

Scientists called upon to be more creative

Chinese State Council member Song Jian, chairman of the Science and Technology Commission, called on Chinese scientists to become more creative, during the National Science and Technology Conference in Beijing on May 26-30, *China Daily* reported. China's policy is to strengthen cooperation in scientific fields, and China can only have equal exchanges and cooperation on the basis of

strong creativity, he said. "China's modernization must mainly rely on our own efforts. . . . [This is the] fundamental support for China's modernization drive."

Technological progress is the only way for China to achieve power and progress, he said. "Overconsumption of natural resources and sacrificing the biological environment can only yield temporary success." High-technology development should focus on renovating traditional industries, developing high-technology products, and upgrading agricultural technologies. Heightened awareness of science and technology, especially among decision-makers, is decisive for modernizing China, Song said. Reforms should focus on establishing an "open, flexible, competitive, and cooperative" research environment.

Vice Prime Minister Li Lanqing said in his speech closing the conference that ministries and local governments must set specific goals and take concrete measures to help the national economy develop through science and technology.

On May 6, the Chinese Communist Party Central Committee and the State Council reached a decision to implement the strategy of invigorating China through science and education. They released a 40-article document on May 21, stating, "Science and technology are the most important productive forces behind economic and social development, and are decisive factors for achieving prosperity in China."

Nigeria

IMF policy only offers unrest, official warns

Sam Aluko, chairman of the National Economic Intelligence Committee, a government agency, said that Nigeria will face riots and chaos unless it rejects the economic prescriptions of the International Monetary Fund (IMF) and the World Bank, the Nigerian newspaper *Vanguard* reported on June 7, according to Reuters. Aluko, who was interviewed in *EIR* (see July 29, 1994 issue, p. 34), denounced the financial dictatorship of the IMF in a letter to Finance Minister Anthony Ani and

Central Bank Governor Paul Ogwuma, both of whom are "free-marketeers," according to Reuters.

"My committee members feel we have had enough of IMF-World Bank intervention in our economy," Aluko said. "Unless we put a check to their further intervention, they will not leave us until our people go rioting, looting, vandalizing, or go to communal war with one another."

Aluko blamed Ani and Ogwuma for allowing the naira (the Nigerian currency) to be devalued in January after it was battered by the IMF-World Bank-backed adjustment drive from 1986 on. "In 1995, in one fell swoop, both of you succumbed to and colluded with the IMF-World Bank and pressured this administration into devaluing the naira to 80-82 to \$1. The consequence of that single act is to completely pauperize our citizens and criminalize them and virtually stop any production activity." He said the international agencies have acted more as debt collectors for the West than developers of economies.

Aluko said that in the upcoming period, the two agencies would make more demands on Nigeria such as further devaluation of the naira and an increase in fuel prices, as a precondition for their approval.

Italy

Build infrastructure for jobs, leader says

Rocco Buttiglione, secretary general of one of Italy's two Italian Popular Parties (PPI), called for changes in government budget policy in order to promote large-scale infrastructure projects to create jobs, in a commentary in the daily *Avvenire* on June 5.

The PPI split last spring when the majority of its national council voted against Buttiglione and in favor of supporting Romano Prodi, who was backed by speculator George Soros, in the next general elections. Buttiglione's faction, which could keep the symbol of the old Christian Democracy, is tactically allied with the "moderate" parties, Forza Italia (Go Italy!) and National Alliance.

Italy's infrastructure deficit has been cal-

Briefly

culated to be over \$300 billion, Buttiglione pointed out, yet, "in past years, State expenditures have been cut by hitting, above all, funding for new infrastructure. It is necessary that with the new budget law, such a tendency be inverted and we go back to investing in the future of the country. We need to improve, enlarge, modernize our road network, our patrimony of ports and airports. We must improve and strengthen water and energy distribution networks, and restructure our railways by adding high-speed and high-capacity lines. These are all productive investments that pay back their costs and together improve the efficiency of our economic system and the citizens' quality of life."

Unfortunately, Buttiglione proposes to finance the projects by contributions from the European Union; "private investors," who will be given a concession to exploit the infrastructure they build; and the State. However, the fact that he calls for the State to play even a minor role in financing investments, is a singularity in the general free-market psychosis, and signals an improvement in Buttiglione's understanding of economics. A former close friend of free marketeer Michael Novak and an alleged close friend of the pope, Buttiglione has been exposed by many sources to U.S. economist Lyndon LaRouche's ideas and programs.

Ghana

IMF's model nation in Africa suspends tax

Ghana, the International Monetary Fund's model nation in Africa, suspended an unpopular new sales tax following demonstrations, including one in Accra, the capital, in which five people died, Reuters and the London *Financial Times* reported on June 9.

Finance Minister Kwesi Botchwey told Parliament that the 17.5% value added tax (VAT), introduced in April, would be suspended and replaced with the former sales tax, pending completion of a review. "Matters have reached a point where it is becoming increasingly difficult to enforce the VAT law because staff from the VAT secretariat

are met with hostility wherever they go," he said.

The *Financial Times* acknowledged, "Ghana has endured more than a decade of IMF and World Bank belt-tightening but civil servants and other workers say they have little to show for their sacrifices."

Reuters reported that a May 11 march organized in Accra by the opposition Alliance for Change ended in violence. Five people died in clashes with government supporters who opened fire on protesters. Other protests passed off peacefully. Traders have also opposed the new tax, saying that it was proving bad for business.

Banking

Bankers Trust planning 'trust us' campaign

Bankers Trust New York Corp., the bank that got caught red-handed cheating Gibson Greetings, is planning an advertising blitz to try to rebuild its tattered image. That may be difficult, considering the number of the bank's clients which lost money last year, including Gibson, Procter and Gamble, Air Products and Chemicals, and the State of Wisconsin.

"We have our advertising company looking at a new corporate image campaign," bank spokesman Doug Kidd said on June 5, Associated Press reported. "We're about 50% through that process." The purpose of the campaign, Kidd insisted, is not to counter all the bad publicity the bank received last year, but rather to emphasize "the work we've done for our clients."

The bank was caught lying to Gibson about its derivatives losses, and fined \$10 million by the Securities Exchange Commission and the Commodities Futures Trading Commission. Speaking about Gibson, one Bankers Trust official had told another: "These guys have done some pretty wild stuff. And you know, they probably do not understand it quite as well as they should. I think that they have a pretty good understanding of it, but not perfect. And that's like perfect for us."

● **CAXTON** Corp., a Rothschild-tied New York investment firm, has thrown up its hands and shrunk its assets under management by about two-thirds, returning \$1.3 billion to investors. It had earned profits of about 30% a year during its first 12 years, but ranged from a 1% profit to a 2.3% loss last year, the June 9 *Wall Street Journal* reported.

● **THE WEST VIRGINIA** Supreme Court on June 5 overturned a decision by Kanawha County Circuit Judge Andrew MacQueen, that Morgan Stanley and Co. had violated state laws barring speculation, and sent the case back for a jury trial. The firm was the state's financial adviser when the state lost \$32 million trading U.S. Treasury bonds in 1987.

● **CANADIAN** National railroad is being restructured for sale, Associated Press reported on May 30. The government plans to buy the government-owned railway's real estate assets and CN will try to sell other assets to off-load \$1 billion of its \$2.5 billion in debt. It will then be offered on the international markets.

● **GERMANY** has warned India that it will not import tea, coffee, or other plantation products if they contain traces of DDT. However, there is no alternative to the pesticide for malaria control.

● **CHINA, Russia, Mongolia, North Korea, and South Korea** in early June initialed three documents which set up a consultative commission for development of the Tumen River area and all Northeast Asia. Long Yongtu, assistant minister of China's Ministry of Foreign Trade and Economic Cooperation, said the program was designed to foster the development of a broad trade bloc.

● **FRENCH WHEAT** stocks have reached the lowest levels in memory. When the crop year ends on June 30, France, the most important wheat exporter in the European Union, will have no more than 250,000 tons left, the ONIC cereals board reports.

Three drug busts prove Dope, Inc. can be defeated

by Jeffrey Steinberg

In a series of stunning developments since the beginning of June, the Clinton administration, working in coordination with patriotic Ibero-American forces, has demonstrated that the international drug cartel—which Lyndon LaRouche in 1978 labeled Dope, Inc.—can be decisively defeated.

- On June 5, 1995, the U.S. Justice Department unsealed a 161-page indictment against the entire leadership of the so-called Cali Cartel—including four former U.S. Justice Department prosecutors and two other Florida lawyers. The indictment provided the most detailed profile ever presented by the federal government of how the international drug mafia operates an underground “parallel economy,” managed and abetted by the highest-level officials of the offshore banking industry, leading figures in the legal profession, and other “citizens above suspicion.” The Cali Cartel, according to the papers, smuggled nearly 300 tons of cocaine into the United States over the past decade, siphoning trillions of dollars out of the U.S. economy.

- Four days later, U.S. Drug Enforcement Administration and Central Intelligence Agency personnel aided Colombian special police units in a raid on a Cali, Colombia apartment of Gilberto Rodríguez Orejuela, capturing the cartel boss as he cowered in a bedroom closet. For years, the top leadership of the cartel operated in the open, secure in the fact that they controlled the streets of Cali and enjoyed the protection of the corrupt George Bush apparatus in the United States, and of the British-centered Club of the Isles. (For a dossier on the secretive Club of Isles, see *EIR*, Oct. 28, 1994, “The Coming Fall of the House of Windsor.”)

- The same day that Rodríguez Orejuela was being captured in Colombia, the Cuban government announced the arrest of fugitive narco-financier Robert Vesco, and offered to extradite him to the United States. During his 23 years on the lam, Vesco—a frontman for the Rothschild apparatus and the Club of the Isles—created the Caribbean dope-smuggling and money-laundering infrastructure for Dope, Inc. and then integrated both the Sandinista and Castro regimes into the narco-



A raid on a drug cartel hideout in 1985, during Peru's Operation Condor, in which Peru's law enforcement authorities joined forces with their U.S. counterparts. Today, the bigger fish are getting caught.

web. This Vesco-created infrastructure not only bankrolled every narco-terrorist gang in Ibero-America; it simultaneously financed the Contra apparatus of George Bush, Oliver North, Richard Secord, et al.

Clinton versus the Club of the Isles

What has made these victories possible, is the Clinton administration's "war and a half" with the British Crown and the Club of the Isles. That war, which has been fought out with increasing intensity in recent months on many fronts around the world, has freed the Clinton administration from the shackles of the Anglo-American "special relationship" and made it possible for some administration policymakers to see the world from the vantage point of the 200-year struggle between American republicanism and British oligarchism.

The international narcotics trade is Britain's Achilles' heel. As the authors of *EIR's* bestselling book *Dope, Inc.: Britain's Opium War Against the U.S.* first wrote in 1978, the British Crown created the modern international drug trade in the late eighteenth century, and has run it—top down—ever since.

With the deregulation and disintegration of the international financial system of the last 30 years, the power of the offshore "underground economy"—the drug economy—has grown astronomically. Today, it is a trillion-dollar-a-year enterprise, and an integral part of the out-of-control speculative bubble.

Increasingly, during the narco-bonanza of the 1980s,

U.S. financial and political institutions were drawn in and corrupted by the growing clout of the narco-dollar, culminating in the alliance between the George Bush faction of the U.S. government and the Colombian drug cartels in what was mislabeled the Iran-Contra Affair. This was no mere affair; it was a full-blown marriage!

What next?

These bold moves by the Clinton administration now mean that there is no turning back. Having clobbered the British apparatus on its weakest flank, the administration can and must move forward.

A road map for what to do next was sketched out back in March 1985 by Lyndon LaRouche, in a speech before a conference in Mexico City. LaRouche presented a 15-point war plan for defeating Britain's Dope, Inc. apparatus here in the Western Hemisphere. The LaRouche plan called for the marshalling of all of the high-tech resources available to the U.S. government and its allies to take out the drug barons where they can be hurt the most—in their pocketbooks.

The anti-drug initiatives taken by the Clinton administration have already done serious damage to Britain's Dope, Inc., and have put some of the most corrupt Bush-league elements within the government bureaucracy on notice that their days may be numbered. To help our readers comprehend the significance of these moves, we assemble here a background dossier, much of it drawn from material that we have published over the past 17 years.

Indictment against the Cali Cartel

by Jeffrey Steinberg

The 161-page indictment of the Cali Cartel hierarchy, unsealed in Miami, Florida on June 5, 1995, provides the most detailed profile ever assembled of the inner workings of the world's biggest dope-trafficking organization.

According to the indictment, the Cali organization set up 31 businesses in Colombia, Venezuela, Honduras, Guatemala, Mexico, Panama, and Florida that, between 1986 and 1993, smuggled over 124,000 kilos—a quarter of a million pounds—of pure cocaine into the United States. The cartel-owned companies included airlines, import-export agencies, food processing firms, auto dealerships, wood product manufacturing plants, janitorial service companies, coffee and vegetable plantations, and engineering firms that specialized in the construction of security vaults for the storage of guns, drugs, and cash.

The government figures of the scope of the Cali Cartel's operations are, if anything, an understatement, based on the documentation seized in recent raids on the offices of top cartel managers, like Harold Ackerman, who handled a sizeable portion of the Colombians' money laundering. The indictment, nevertheless, provides an in-depth profile of the cartel's *modus operandi*. For example:

In Guatemala, a Cali Cartel front company called Xela produced frozen broccoli, packaged it along with cocaine smuggled in from Colombia through Panama, and shipped it to Miami. There, three other cartel front companies, National Food Distributors, Palmetto International Foods, and Southeast Agrotrade, separated out the cocaine, disposed of the vegetables, and distributed the drugs to the Cali Cartel's vast wholesale marketing apparatus in Florida, New York, and Texas. Between 1986 and April 1992, the indictment charges, 65,000 kilos of cocaine were smuggled into the United States through this route.

Beginning in 1990, a Venezuelan company, Tranca, began manufacturing cement fence posts filled with cocaine, and shipping them to cartel fronts in Miami. In Miami, cartel manager Jorge Lozano supervised the breaking down of the posts and the initial distribution of the cocaine, via truck route to Longview, Texas, where the cartel maintained a regional distribution network. Between 1990 and 1991 alone, this route smuggled 50,000 kilos of cocaine into the United States.

A third smuggling route identified in the indictment involved the shipment of hollowed lumber, manufactured in

Honduras by a local firm, Puertas de Castilla, and filled with cocaine, to Port Everglades, Florida, where it was picked up by Valencia Import and Export Co.

The transport of Cali Cartel cocaine across the United States was done in trucks purchased by cartel automobile dealerships and sold to buyers using phony names and addresses. Other cartel export-import firms specialized in collecting and shipping back to Colombia the vast cash proceeds from the cocaine sales.

The lawyers were the capos

While the cartel indictment details one case of murder of a confidential government informant, the document makes it clear that the enforcers for the cartel's U.S. organization were for the most part high-priced lawyers, usually former federal or state prosecutors. The most notorious was Michael Abbell, who served for 17 years in the Department of Justice, and during the Reagan-Bush administration was the chief of the Office of International Affairs, responsible for the extradition of longtime dope smugglers.

The indictment charges that Abbell, his law partner Francisco Laguna, ex-federal prosecutors Joel Rosenthal and Donald Ferguson, and ex-Florida state prosecutor William Moran, all served as in-house counsel for Cali Cartel boss Miguel Rodríguez Orejuela. On his behalf, they delivered death threats and bribery offers to cartel managers and employees who were captured by American authorities, laundered drug money, and extorted false evidence exculpating Rodríguez Orejuela from involvement in the captured drug shipments. The attorneys are also charged with obtaining confidential government information, including details of pending grand jury indictments and the identities of confidential government informants and witnesses, and of facilitating the escape of cartel operatives under indictment.

These are not the actions of over-zealous defense lawyers, Deputy Attorney General Jamie Gorelick noted, in announcing the indictment. "These attorneys are charged with conduct aimed at corrupting the legal system for the benefit of one . . . of the largest drug-trafficking organizations in the world."

EIR was right

Ten years before the grand jury indictment was unsealed, the second edition of *EIR*'s bestselling book *Dope, Inc.* highlighted many key facets of the drug cartel operations now corroborated with the Miami prosecution—including the role that Venezuela's ex-President Carlos Andrés Pérez and the Cisneros banking family played in the cartel's operations; the role of prominent American attorneys as cartel protectors and financial advisers; and the role that corrupt U.S. government officials played in preventing any real crackdown. If federal prosecutors follow the *Dope, Inc.* example, the next superceding indictments should include some prominent American and Ibero-American bankers.

Colombia's Samper hits Cali Cartel, but negotiates with 'Third Cartel'

by Javier Almario

"I feel like someone's taken a piano off my shoulders," said Colombian President Ernesto Samper Pizano on June 9, upon learning that Cali Cartel kingpin Gilberto Rodríguez Orejuela had been captured in a National Police dragnet. The Cali Cartel is a criminal organization that produces and transports an estimated 80% of the cocaine consumed in the United States, along with substantial and growing percentages of marijuana and heroin. Samper told the press that "this is the beginning of the end of the Cali Cartel."

While Samper's enthusiasm is motivated not by any interest in ending the drug trade, but rather in protecting his own skin, the fact remains that the capture of Rodríguez Orejuela is a major victory in the war on drugs.

The police had raided an apparently modest home in a middle-class section of the southwest city of Cali. There, hidden behind a false wall, was the multi-billionaire Gilberto Rodríguez Orejuela. Hidden elsewhere in the house were documents, including intelligence reports and other detailed information, on cartel payments to various individuals and companies. Among the documents were proof that the traffickers had paid substantial sums of money to buy a constitutional ban on extradition from the 1991 Constituent Assembly.

National and international pressure on Colombia's government to produce results in the war on drugs had been dramatic since before Samper assumed the Presidency last summer, when the existence of taped conversations by Cali Cartel chiefs Gilberto and Miguel Rodríguez Orejuela was revealed. On those tapes, the cartel bosses discussed multi-million-dollar sums given to Samper Pizano's presidential campaign. Samper took office on Aug. 7, 1994, after winning by a margin of less than 2% of the vote.

In July, while still President-elect, Samper was hastily cleared by then-Prosecutor General Gustavo de Greiff, today the Colombian ambassador to Mexico. De Greiff's nomination to the latter post is widely viewed as a political payoff for having exonerated the President. In October, U.S. Drug Enforcement Administration (DEA) chief in Colombia Joseph Toft caused a scandal when he accompanied his resignation with charges that the governments of both former Presi-

dent César Gaviria and of Ernesto Samper had favored the drug trade. The Clinton administration diplomatically disassociated itself from Toft's charges, but never rebutted them.

Samper was in desperate need of a U.S. seal of approval on his Presidency. State Department officials on several occasions had told him in private, and occasionally in public as well, that "we aren't interested in the past; what matters is that we see results."

In February, U.S. Ambassador to Colombia Myles Frechette announced that the U.S. Congress would not certify Colombia for effective action in the war on drugs. This would have meant depriving the country of preferential tariffs and other benefits given to Andean countries fighting drugs. As the result of President Clinton's intervention, the U.S. Congress finally certified Colombia, but with the clarification that it was certifying the country, not the Samper government.

In May of this year, U.S. Assistant Secretary of State for Narcotics Matters Robert Gelbard got into a fight with the Samper government because he was demanding the capture of the Cali Cartel bosses. "We Americans are pragmatic, and we like to see action. We want to see arrests," said Gelbard during a trip to Colombia, when journalists asked him to evaluate Colombia's fight against drugs. Gelbard set a deadline of May 1996 for the kind of "action" the U.S. government was demanding.

But domestic pressure was also significant. In July 1994, Alfonso Valdivieso Sarmiento was named to the post of prosecutor general. A cousin of the political leader Luis Carlos Galán who was assassinated by the cartel in 1989, Valdivieso reopened various investigations that his predecessor de Greiff had prematurely closed, and moved full steam ahead on an investigation into cartel corruption of political figures. Every day, new lists of individuals who had taken cartel money began to appear in the press: congressmen, sports leaders, ex-governors, movie stars, U.S. lawyers like Michael Abbell. Even the current Comptroller General and Attorney General!

Samper's only chance at a political future lay in proving that he bears no allegiance to the Cali Cartel. In a recent



The drug cartels' legacy in Colombia: The headquarters of the Department of Security Administration in Bogotá was bombed in 1989.

meeting with top military and police personnel, Samper announced that he would remove from their commands any officer who did not produce results in the war against drugs. He set a deadline of Aug. 7 to see some action, the first year anniversary of his government.

When Samper learned of Rodríguez Orejuela's capture, he held an impromptu party at the Presidential Casa de Nariño, displaying a euphoria which many described as exaggerated, since Rodríguez has been neither tried nor convicted yet. Another problem Samper has yet to face, is that his government remains committed, at all cost, to effecting a negotiated peace agreement with the narco-terrorist FARC and ELN guerrillas, who are described in military intelligence reports as Colombia's third cocaine cartel.

So far, the prosecutor's office has announced that it has evidence and an effective case against Rodríguez for drug trafficking, illicit enrichment, bribery, and illegal arms possession. In Colombia, the maximum sentence for such crimes is 30 years, and the sentences are served concurrently. If Rodríguez confesses to any of the crimes, gets time off for good behavior, or works and studies while in prison, he could get as little as nine years. Samper would have to amend the 1991 Constitution in order to permit major drug traffickers like Rodríguez to get sentences "proportional to the crimes" committed, as the Clinton administration has urged.

Thus far, Prosecutor Valdívieso has no absolute evidence

against Rodríguez to try him for homicide, which would mean many more years in jail, even though it is common knowledge that Rodríguez donated money to a fund put together by the cartels to finance the 1984 assassination of then-Justice Minister Rodrigo Lara Bonilla, and the 1986 assassination of *El Espectador* newspaper director Guillermo Cano Isaza.

The success of the Colombian authorities in capturing Rodríguez Orejuela has led the vast majority of Colombians to hope that if it is possible to defeat the Cali Cartel "supermen," it should be equally possible to mobilize an effective response to the FARC and ELN narco-terrorists, and that instead of dialogue and negotiations with them, they should be defeated in battle, just as Peruvian President Alberto Fujimori did with Shining Path and the MRTA narco-guerrillas.

Unfortunately, just as there has been international pressure—especially from the Clinton administration—to say *no* to a deal with the Cali Cartel, so there has been international pressure *in favor* of peace talks with the "Third Cartel," the FARC and ELN. The main pressure is coming from the human rights non-governmental organizations (NGOs), the one-worldist apparatus of the United Nations, and those elements inside the U.S. State Department which support them, whose intention is to use a negotiated deal with the narco-terrorists as a weapon against the Colombian Armed Forces—a tactic already being pursued in Mexico, Argentina, Brazil, Guatemala, and elsewhere.

The other decisive factor that has favored the drug trade in Colombia has been the free-trade policies adopted—removing tariffs on imports, a complete opening to foreign capital, privatization of state companies, and the entire package which has come to be known as neo-liberal economics. The DEA, for example, has issued several reports complaining that free-trade economic policies "favor the drug trade," the "laundering of drug money," and the buy-up of state sector companies by the drug cartels.

But to the international financial interests who are determined not to let Colombia's huge oil reserves and other wealth escape them, drugs and terrorism are not an obstacle. If anything, they can serve as a weapon to be used to pressure the government into greater concessions. For example, it was no accident that in the mid-1980s, the late Armand Hammer had a public alliance with the narco-terrorist ELN, whose constant sabotage attacks on the facilities of Colombia's oil monopoly Ecopetrol permitted greater inroads for Hammer's Occidental Petroleum and British Petroleum.

Indeed, during an early June 1995 visit to Colombia by a British trade mission, Her Majesty's Trade Secretary Richard Needham insisted that drugs and violence were no obstacles whatsoever to British investors. Asked to comment on the negative reactions to these problems by "other countries"—a reference to Clinton administration pressures on Colombia to crack down on the cartels—Needham responded, "That's their problem, isn't it?"

Will Robert Vesco spill the beans on Dope, Inc.?

by Richard Freeman and Jeffrey Steinberg

On June 9, officials of the Cuban government informed the Clinton administration that they had arrested fugitive American financier and accused drug kingpin Robert Vesco, and asked whether the United States was interested in Vesco's extradition. Immediately, U.S. officials began dusting off extradition papers against Vesco that dated back to the mid-1970s, when he fled the country after looting the Investors Overseas Service (IOS) mutual fund of over \$270 million. In 1989, Vesco was indicted as a kingpin of the Medellín Cartel.

The extradition offer has spread panic among some of the leading financial circles in the City of London and the Swiss cantons, at the New York City headquarters of the Anti-Defamation League (ADL) of B'nai B'rith, and within the political inner circle of former President George Bush.

Remember Joe Valachi, the 1960s "Mafia-made man" who turned on the Crime Syndicate and delivered damning inside information before televised congressional hearings? Well, move over Joe! If Robert Vesco comes back to the United States and begins spilling the beans, he can bring down the Club of the Isles' entire offshore dirty-money operation, and thereby cripple the international dope cartel. Vesco is potentially the Club of the Isles' worst nightmare—their very own "Joe Valachi."

Long before he washed up on the shores of Cuba to teach Fidel Castro the fine art of money laundering and drug smuggling, Vesco was sponsored, bankrolled, and deployed by the very highest levels of the London-centered Club of the Isles, the \$10 trillion oligarchical cartel headed by Queen Elizabeth II and her royal consort, Philip Mountbatten.

Robert Vesco is living proof that the Club of the Isles and the House of Windsor run organized crime—including the nearly trillion-dollar-a-year illegal dope trade—on a world-wide scale.

Baron Edmond and the Detroit Kid

Robert Vesco was born in Detroit, Michigan in 1936, the son of an Italian immigrant auto worker. Although he dropped out of high school, he developed skills as a draftsman that complemented his talents as a super-salesman and hustler. Sources involved in the highest echelons of U.S. intelligence during the late 1950s place Vesco in the employ

of All-American Engineering, a Delaware company that was ostensibly a subsidiary of the DuPont Chemical conglomerate, but was actually a grooming ground for future covert intelligence operators.

In New York in the early 1960s, where he was working as a "financial consultant," Vesco was picked up by Dr. Benjamin Payne, a financial adviser to the Rothschild family, one of the most important financier houses of the Club of the Isles. Through Payne, Vesco was introduced to Georges Karlweis, the managing director of Baron Edmond de Rothschild's Geneva merchant bank *Banque Privée*. In 1965, Karlweis provided Vesco with a "loan" that enabled the Detroit Kid to buy a small New Jersey defense-aerospace firm, Captive Seal, merging it with a small, already debt-strapped company that he had set up called International Controls Corp. (ICC). (Two years later, Karlweis would provide a similar startup capital fund to speculator George Soros.)

Over the next three years, Vesco, with the financial backing of Baron de Rothschild, would buy up a string of defense industries, "asset-strip" them to pay off handsome profits to *Banque Privée*, build up an inflated portfolio of ICC stock, and end up with a capital pool of over \$40 million. Along the way, Vesco was introduced to the Baron, dining at his home in Switzerland on several occasions.

The Rothschild-Vesco alliance was fitting. In the first decades of the nineteenth century, the Rothschilds had won the favor of the British Crown by running gold- and contraband-smuggling operations that defeated Napoleon's blockade of England.

Via his Rothschild connection, Vesco was also introduced to Henry Buhl III, an heir to the General Motors fortune, and a board member of IOS. Soon IOS's subsidiary IIT was swimming in ICC stock, and Vesco was becoming even wealthier. The Rothschilds had planted the seeds for the takeover, looting, and reincarnation of IOS.

Enter the ADL and Meyer Lansky

From the very beginning, in 1958, IOS was a front-operation for the Meyer Lansky organized crime syndicate, sponsored ostensibly by the New York City Dreyfus Fund. Taking advantage of Swiss bank-secrecy laws, minimal disclosure

requirements for mutual funds in most countries, and the porous Canadian oversight of non-resident corporations, IOS founder Bernie Cornfeld, who had worked for B'nai B'rith in the 1950s, gradually built up a global army of "salesmen" who traversed international borders carrying satchels of cash to Geneva's Banque du Crédit International. BCI was headed by Tibor Rosenbaum, an intimate of British intelligence's Maj. Louis Mortimer Bloomfield, the head of the Montreal-based Permindex front-company implicated in the assassination of President John Kennedy and the failed efforts to kill President Charles de Gaulle. Rosenbaum's Swiss bank was staffed by top officials of the Lansky crime syndicate, such as Sylvain Ferdman and John Pullman.

By 1970, the burgeoning international drug trade, the offshore gambling business, and other Lansky "growth industries" had outstripped the labor-intensive money-laundering methods pioneered by Cornfeld and crew. At its peak, IOS had laundered many millions of dollars a week in flight capital and crime revenue. But everything was about to change.

Despite its sleazy clientele, IOS was a class outfit, counting among its directors GM's Buhl; Sir Eric Wyndham White, KCMG, a former director general of the General Agreement on Tariffs and Trade (GATT); Count Carl Johan Bernadotte, youngest son of the late king of Sweden; Martin Montague Brooke, senior partner in the London investment bank Guinness Mahon & Co.; and James Roosevelt. The French branch of the Rothschild banking empire headed its stock-underwriting syndicate.

So, when it came time to break up and redeploy the IOS cash pool, it was the Rothschild-Club of the Isles apparatus that handled the transition.

In early 1970, the IOS crisis was triggered by Buhl and Sir Eric White, when they leaked out apparently false information that IOS's cash position was vastly inflated in the latest corporate report. This caused a run on IOS stock, which in turn triggered orders to many IOS regional managers to begin dumping their stock portfolios to generate quick cash. At a May 3, 1970 meeting at Cornfeld's Geneva mansion, the IOS board was pressured by the Rothschild team to sell the company to an outside "rescue committee" that would come up with badly needed cash. Already, Cornfeld had sold off a large bloc of preferred stock to Meshulim Riklis, a Turkish-born, but now Minneapolis-based frontman for the local grain cartels and for ADL official Burton Joseph.

A month after the Geneva meeting, Banque Rothschild, the Paris branch headed by Baron Guy de Rothschild, convened an emergency meeting attended by officials from Barclays Bank, Hill Samuels, Chemical Bank, Bank of America, and other leading financial houses. The meeting had been requested by top officials of the U.S. Treasury Department, who were alarmed that the IOS crisis had caused a run on the New York stock market and threatened to bankrupt several

large U.S. corporations, including Chrysler and Penn Central.

Out of the Paris meeting came the Vesco takeover of IOS. It began with Vesco's purchase of the entire bloc of IOS stock that had been just grabbed by Riklis. Riklis had been a surrogate for the Rothschild-Vesco shakeup of IOS from the outset.

The takeover cost Vesco absolutely nothing. He agreed

How Vesco set up the Medellín cartel

In 1971, Robert Vesco fled the United States to set up shop in the Bahamas and Costa Rica. He had a new assignment: to direct the founding of a cocaine "cartel," organizing the disparate operations of traffickers into an integrated, Americas-wide "industry," operating under centralized production, transport, distribution, financing, and protection. The results transformed the Western Hemisphere into the greatest drug production region in the world, a region bled by marauding narco-terrorist armies.

Media stories that Vesco joined Colombia's Carlos Lehder and Cuba's Fidel Castro in the dope trade somewhere along the way, invert reality. In three central areas, Vesco played a critical role in *creating* the Medellín and associated Cali cartels, as institutions:

- He picked up small-time Colombian thug and ex-convict, Lehder, providing him with the political protection and financial backing he required to set up the cocaine transport pipeline between Colombia and the United States;
- He set up the cartel's first sophisticated money-laundering schemes; and
- He brokered the provision of political and military protection for spreading drug plantations across the region, by Cuba-aligned terrorist forces—protection continued today by the members of the São Paulo Forum.

'New instruments of finance'

When he first fled the United States, Vesco found assured protection in two Caribbean countries which had long served as operations bases for the Meyer Lansky mob and the "men above suspicion" which deployed it: the British Crown Colony and offshore banking center of the Bahamas (whose prime minister, Lynden Pindling, was in Lansky's hip pocket), and Costa Rica.

Vesco went first to the Bahamas, and then in 1972,

to put in an initial cash infusion of \$5 million, which he obtained on loan from Butler Bank, a shady bank in the Bahamas with which he had had prior dealings. The Butler loan was collateralized by a \$5 million deposit from IOS.

How did the supposedly cash-strapped IOS come up with the money to place on deposit with Butler? In reality, the IOS funds were never drained. They were siphoned into a string of secret accounts, which were known to Sir Kenneth Keith

of Hill Samuels & Co.—who in turn alerted the Rothschilds and Vesco.

Poor Richard's folly

The blowout of IOS, orchestrated by the Rothschilds and Hill Samuels to facilitate the takeover/restructuring of the money siphon, also served another far more strategic end from the standpoint of the Club of the Isles: the breakup of

moved to Costa Rica, where he lived until 1978, under the personal protection of President José "Pepe" Figueres. From the time he first seized power in 1948 in a farcical five-week "guerrilla war," Figueres had run Costa Rica as a regional deployment center for the Caribbean Legion, a Social Democratic political machine linked to the Lansky mob and backed by the Rockefeller and J. Peter Grace interests. The Legion, using exiled communist fighters from the Spanish Civil War, trained various guerrilla operations over the decades; its most famous operation was its sponsorship of Castro's 1957 expedition back to Cuba on the *Granma*.

Figueres sent a letter in 1972 to President Richard Nixon, reporting that Vesco "has been visiting Costa Rica with a view to helping us establish some new instruments of finance and economic development." Figueres promoted Vesco's financial schemes—which included plans to turn the Caribbean and Central America into a "Hong-kong West"—arguing that this was vital for regional "development." He wrote, "I am impressed by his ideas, his group of business leaders, and the magnitude of the anticipated investments. He may provide the ingredient that has been lacking in our plans to create, in the middle of the Western Hemisphere, a showpiece of democratic development."

Cuban bases

When a new Costa Rican President took office in 1978, he expelled Vesco, who returned to the Bahamas, where he had already established operations. In 1977, Lehder had begun setting up drug transshipment headquarters on a small Bahamian island, Norman Cays, later owned in its entirety by Vesco and Lehder together. Lehder associates, turned government informants, later reported that Lehder considered Vesco a "financial genius," and told them that Vesco was "schooling him in the use of offshore banks to launder money," according to the book *Kings of Cocaine*, by Guy Gugliotta and Jeff Leon (1989). Lehder also bragged that it was Vesco who had introduced him to both Bahamian Prime Minister Pindling and Castro.

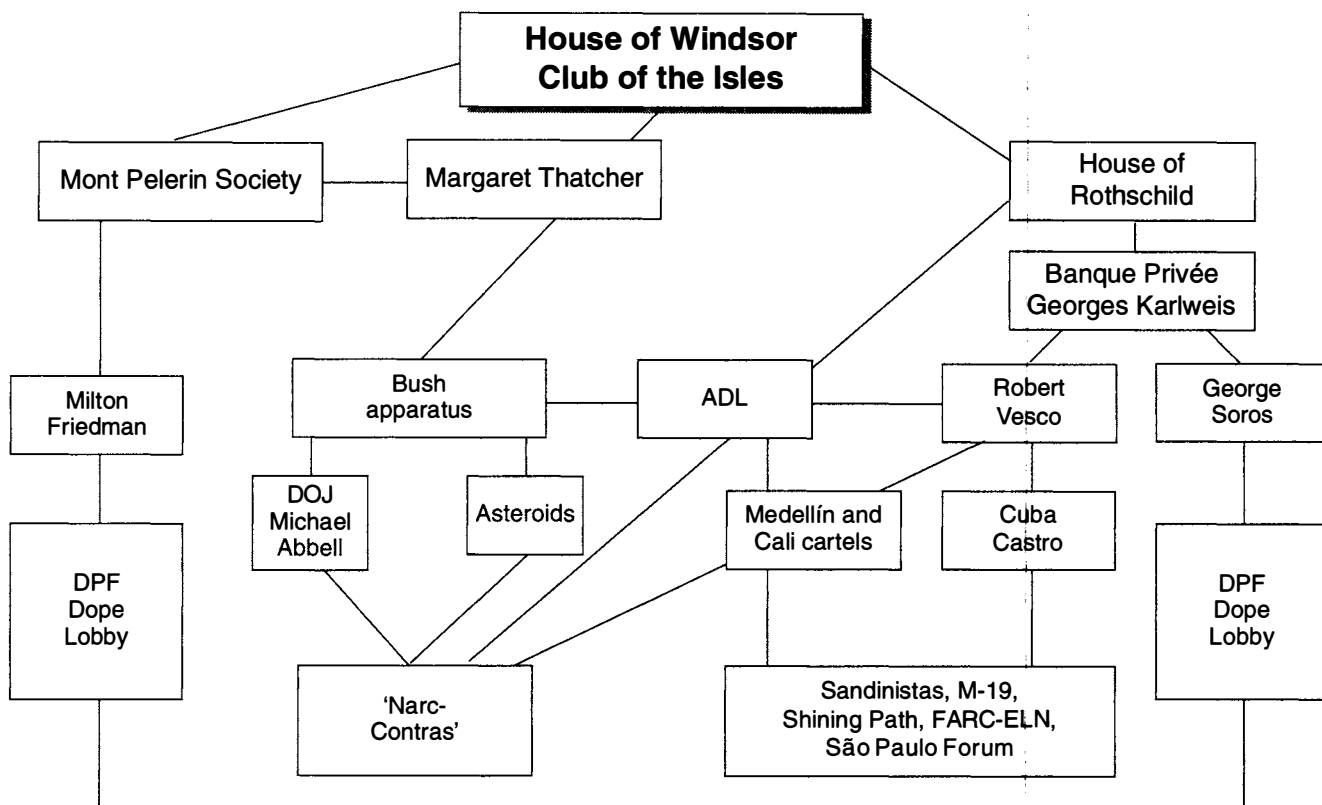
When heat from the United States ran him out of the Bahamas in 1981, Vesco began moving between the British colony of Antigua and Sandinista Nicaragua. By 1983, however, he settled in Havana, Cuba. As an adjunct of the dope trade, Vesco provided the Castro regime aid in smuggling into Cuba high-technology goods banned by the U.S. embargo.

On Aug. 4, 1985, Castro made Cuba's protection of the cartel architect official. He told foreign reporters: "Is it just, that the country where people speak so much of human rights [the United States] . . . goes after someone said to have evaded paying taxes?" He announced that he had told Vesco, "If you want to live here, live here."

From the outset of the Medellín cartel, Castro's most critical role in the transformation of the Americas into a drug empire has not been through the extensive logistical support the cartel has provided on the island of Cuba nor the shipments allowed through Cuban territory. Rather it has been Cuban deployment of *narco-terrorism*, directing allied terrorist forces in other Ibero-American countries, both to defend the drug trade and to assault government and political forces seeking to suppress it. Today, despite their protestations to the contrary, Cuba and its allies in the São Paulo Forum remain intensely involved in the drug trade.

The best known exemplars of Cuban-allied narco-terrorism from the 1980s are Colombia's M-19 and Nicaragua's Sandinistas. Lehder's alliance with the M-19 was publicly hailed by Lehder and M-19 leaders alike. The M-19's most devastating blow for the drug trade was the 1985 seizure and destruction of Colombia's Justice Palace and the resulting murder of 12 members of the Supreme Court. Likewise, the Nicaraguan Sandinistas, whose 1978-79 "revolution" was financed in part by Vesco partner Pepe Figueres, were in on the drug trade from the beginning. Vesco was a frequent visitor in Nicaragua throughout the 1980s; U.S. government sources identified Vesco as the boss of Federico Vaughn, the ex-vice minister of the interior filmed by DEA undercover agents in 1984 loading cocaine on a plane waiting at a Nicaraguan military air base.—*Gretchen Small*.

Britain's Dope, Inc. is under attack



the postwar Bretton Woods monetary system, the destruction of the Nixon Presidency (part of the Club's longstanding commitment to destroy the United States as a sovereign nation-state), and the creation of the biggest speculative financial bubble in history.

The IOS stock collapse caused tremors on all the world's major stock markets. IOS had become a major player on Wall Street, at one point carrying out upwards of 25% of all the daily trading on the New York Stock Exchange. When IOS began dumping its portfolio to generate cash, the markets trembled, President Richard Nixon intervened by pressing the Federal Reserve to hike interest rates, and the U.S. Treasury went, hat in hand, begging the Rothschilds to intervene to prevent a market crash.

When the smoke cleared on the IOS-triggered market panic, President Nixon was broken. He approved the Aug. 15, 1971 decoupling of the dollar from the gold-backed, fixed exchange rate system.

Now in the driver's seat at IOS, Vesco began spreading around his new-found wealth. Through a New Jersey Republican Party crony, Vesco got an introduction to several of President Nixon's top aides, including Attorney General John Mitchell and Commerce Secretary Maurice Stans. When Stans left the Commerce post in early 1972 to become

the chairman of the Committee to Reelect the President (CREEP), Vesco immediately contacted him and proposed to sock \$250,000 into the campaign. Stans told him that such a large contribution could only be legally made between March 6 and April 6, 1972, due to pending changes in the campaign finance laws. Vesco agreed, but stalled on delivering the cash until April 10—four days after the new laws had gone into effect.

Vesco then went around Washington indiscreetly demanding that the Nixon team, in return for the cash, intercede to block a pending Securities and Exchange Commission (SEC) case against IOS from being referred to the Justice Department. The upshot: Vesco's antics all came out during the congressional Watergate probe, and Mitchell, Stans, and Vesco were indicted for attempted obstruction of the SEC investigation (Vesco had by this time fled the United States for good).

Looting IOS

In April 1972, Vesco began the systematic looting of IOS of all of its cash. This was by no means a one-man operation. Vesco was acting on behalf of his Rothschild sponsors, and their subsidiary Lansky crime syndicate.

The dismantling of IOS was handled by lawyers from

the Wall Street firm of Willkie, Farr, and Gallagher, whose managing partner, Kenneth Bialkin, was a top official of the ADL, soon to become the League's national chairman. A former Willkie, Farr lawyer and longtime Bialkin intimate, Willard Zucker, was installed as IOS's in-house counsel following the Vesco coup.

Details of the Willkie, Farr role in the theft of over \$270 million came out in the course of a federal civil suit, filed in 1980 in the Southern District of New York [74 Civ. 1980 (CES)], which named Vesco and Willkie, Farr as defendants. Eventually, a jury ordered Willkie, Farr to pay over \$30 million to investors who were robbed by the shutdown of IOS.

How did Bialkin, Zucker, and the other Willkie, Farr lawyers carry out the grand larceny? Between April and December 1972, under Vesco's instructions, IOS liquidated over \$220 million in blue chip stocks. The cash was funneled into a string of dummy companies that Vesco, via Willkie, Farr and others, had set up all over the Caribbean. The funds were washed back and forth within a hermetically sealed network of these Vesco offshore banks and dummy companies. Ultimately, the emptied shells would declare bankruptcy, thereby breaking the paper trail from IOS to the secreted Vesco cash. The sums removed may have exceeded \$1 billion. In 1969 alone, IOS had generated \$500 million in cash that had been funneled off into secret accounts.

In all these activities, Vesco was by no means the boss. He was a well-paid employee. And, while large numbers of honest investors lost their shirts in the looting of IOS and in the preceding stock market manipulations, the vast majority of the "disappeared" cash consisted of the cash proceeds of the Lansky syndicate's far-flung criminal enterprises. The money would move on to bigger and better forms of offshore "creative" financing schemes, including the launching of the Colombian cocaine and marijuana pipeline into America. Indicative of the Rothschild-Vesco-Lansky plans for the future were two failed takeover bids that Vesco maneuvered with the cash he siphoned from IOS. First, he came a hair's breadth away from successfully purchasing Resorts International, the Caribbean gambling enterprise that got started with construction loans from IOS. And a few months later, Vesco moved to take over the Beirut-based Intra Bank, owner of the world's largest gambling casino, Club Leban.

From IOS to Contragate

Vesco and IOS disappeared from the Swiss landscape before the end of 1973, but the network employed by Vesco's Rothschild and Club of the Isles' controllers remained in place, and went on to become involved in some fascinating and sleazy operations.

Willard Zucker, the ex-Willkie, Farr attorney who played "Mr. Inside" in the looting of IOS, obviously knew that he'd soon be out of a job, because in September 1971, he created

his own firm, Compagnie de Services Fiduciares SA (CSF), to "give advice on fiscal, financial, judicial, and economic matters and [to] handle all financial goods of the customer," according to Swiss corporate filings. A decade later, CSF was swimming in business. Its prime client: the George Bush-run and Oliver North- and Richard Secord-managed Iran-Contra "Enterprise." Zucker's CSF managed all of the Cr dit Suisse

From Vesco-IOS to Milken-Drexel Burnham

IOS went out of existence in 1972-75, and during the same years, Drexel Burnham Lambert was transformed into the premier deal-making, money-laundering firm in the world, pioneering the junk bond mania of the 1980s, wreaking havoc on corporate America, and eventually sending its best-known trader, Michael Milken, off to federal prison.

The emergence of Drexel was part of the shakeout of IOS, orchestrated by the Rothschilds for the Club of the Isles. Drexel was IOS's lead investment bank and underwriter. IOS officials knew, from the inside, just how Cornfeld, and then Vesco, structured their global hot-money laundry.

Drexel enjoyed the personal backing of Baron Edmond de Rothschild, who helped orchestrate protég  Max Fisher's takeover of United Fruit Company in 1975. Fisher, a Prohibition Era member of the Purple Gang, in turn helped bankroll Cincinnati businessman Carl Lindner, who became one of Drexel's primary frontmen in a series of insider takeovers of a string of American companies. In this effort, Lindner was joined by other Drexel "blue chip" clients, including Meshulim Riklis, the Minneapolis Anti-Defamation League (ADL) operator who helped insert Robert Vesco into the driver's seat at IOS; New York City investor and Jacob Rothschild business partner Saul Steinberg; Miami gangster Victor Posner; and hotel and media takeover artist Laurence Tisch.

When, in the mid-1980s, the Drexel junk bond bubble blew sky high, the firm went under and Milken, the Beverly Hills, California high-flying trader who handled the accounts of all the above-cited clients, went off to jail.

Before his wings were clipped, Milken tossed \$1 million into the coffers of his favorite "charity," the ADL, Robert Vesco's chief allies in the original IOS scam.

Soros provides funds for drug legalization

The Drug Policy Foundation (DPF), America's leading lobby for drug decriminalization, announced on July 8, 1994 that it would be receiving \$10.5 million over the next three years from derivatives "king" George Soros. Soros was set up in business by the identical Rothschild-Club of the Isles apparatus as was Robert Vesco. Georges Karlweis, the right-hand man of Baron Edmund de Rothschild, bankrolled Soros just a few years after he put up the cash for Vesco's looting binge. The similarities between Vesco and Soros are striking. Both are high-paid hookers for Dope, Inc.

The Hungarian-born speculator was already notorious for his generosity to the dope lobby, even prior to his announced \$10 million "gift." But he is now surpassing all other benefactors from the financial world who find it profitable to legalize mind-deadening drugs.

According to *Rolling Stone* magazine, "In 1992, the same year Soros earned over \$650 million betting on foreign currency, he began funding DPF through his Open Society Fund. Soros has contributed over \$500,000 so far [thru May 1994], and . . . is ready to give much more."

That "much more" has now been actualized as a \$6 million pledge, \$3 million for operational support and \$3 million for a grant program. Soros's grant through the Open Society Fund, established in 1969 by Soros, must be matched by other donors.

The total of Soros largesse: \$10.5 million.

Kevin Zeese, formerly the national director of the National Organization for the Reform of Marijuana Laws (NORML), now the DPF's vice president and counsel, bragged that the money would allow for massive expansion on the part of DPF: "Programs may include supporting and evaluating new ways to care for drug users, researching medicinal uses of prohibited drugs, assessing foreign drug decriminalization efforts and, in countries that allow it, supporting drug maintenance for addicts." All these programs are simply a sideshow to help sell DPF's main agenda: global dope legalization by the year 2000.

Soros's feeble explanation for the funding is as outrageous as his actions: "I do not consider myself an expert on drug policy, but I do think we need a more open debate and more humane policies in this country."

Aryeh Neier, president of Soros's Open Society Fund, which is providing the money, has been even more blunt: "Soros doesn't think the drug war makes any sense from an economic standpoint. There's an enormous crime problem that is attributable to drugs, there are vast numbers of people in prison and people who are dependent on drugs."

Neier, whose two pet projects for Soros are the dope legalization push and the "right to die," elaborated: "Both the concern with dying and the drug issue have this basic philosophical commitment. . . . We want the dying to gain greater control over the way in which they die and we want persons involved in the drug culture, who are currently treated as objects of state action, to regain control over their own lives."—*Scott Thompson*

accounts of Lake Resources, the Swiss money conduit for all of the Reagan-Bush administration secret parallel intelligence operations. And, according to congressional investigators and former American drug enforcement officials, it was Zucker's Swiss accounts into which the Medellín and Cali cartels passed millions of dollars to assist their favorite "charity," the Contras.

BCCI and BNL

During this same period, the Rothschild's Swiss incarnations of Banque Privée, Banca Privata in Lugano SA, and Rothschild Bank AG of Zurich ran (from behind the scenes, of course) the Swiss branches of two of the most notorious financial institutions of the 1980s—the Bank of Credit and Commerce International (BCCI), and Banco Nazionale del Lavoro (BNL). BCCI and BNL, apart from their involvement in drug money-laundering and other black market antics, were pinned as two of the main sources of funding for massive arms sales to both Iran and Iraq during their nine-year

war (1980-88).

The head of the Swiss Rothschild bank nexus, Swiss banker Alfred Hartmann, headed the Swiss branches of both BCCI and BNL, and served as the chief financial officer of BCC Holding (Georges Karlweis remains on the board of both banks). An indication of the growth of the Club's offshore hot-money operations is that, when BCCI folded in the early 1990s after a series of drug money-laundering prosecutions in the United States, an estimated \$22 billion was missing, and to this day remains unaccounted for. Club banker Alfred Hartmann is probably the only man alive who knows the whereabouts of those funds.

One of the first questions that prosecutors should ask Robert Vesco—if the ADL doesn't kill him first—is what he knows about the BCCI-BNL-CSF booty. His knowledge of these more recent affairs may shock and scare some very well-placed people in London, New York, and Geneva. And a former President of the United States, now resident in the Houston area, may get the biggest shock of all.

Bush's legalization strategy set back in Colombia

by Valerie Rush

The arrest of Cali Cartel kingpin Gilberto Rodríguez Orejuela in Colombia, and the indictments against Cali Cartel networks inside the United States, have implications far beyond the dismantling of a single South American criminal organization. The apparent determination of the Clinton administration to reverse nearly two decades of inaction and/or outright betrayal of America's anti-drug commitments by taking action against the drug cartels is a direct slap in the face to the Anglo-American financial interests which stood behind, especially, the George Bush government, and whose networks still infest the halls of power in Washington today.

As *EIR* documented in its April 1991 *Special Report* entitled *Bush's Surrender to Dope, Inc.*, "the international financial system has become progressively more addicted to the flow of drug monies, to the point where today, the banking system is as hooked as a junkie on heroin." The international financial elites, to preserve that decadent banking system, are determined to maintain control over Dope, Inc.'s billions. That, the report insists, means promoting drug legalization by any and all means.

British financial interests have been especially outspoken in their advocacy of drug legalization. For nearly a decade, the London *Economist*, a mouthpiece of British banks, has repeatedly called for drug legalization. In June 1989, the magazine editorialized, "It is obvious . . . that drug dealers use banks. . . . The business . . . has become part of the financial system. . . . If you had morals or ethics in this business, you would not be in it."

The role of the Bush government was to wage a phony war on drugs while encouraging, through such bankers' institutions as the Inter-American Dialogue, the legalization of drugs as "a necessary evil." As early as 1986, the Dialogue was promoting "selective legalization" to "decrease vice and corruption." In 1989, the Dialogue was warning that "the fight against cocaine can threaten democratic governments as seriously as trafficking itself." In 1988, the State Department's annual International Narcotics Control Strategy Report suggested that the profits of the drug trade "can provide benefits to some otherwise economically unattractive countries."

Colombia was chosen as the testing ground for legalization. As the *EIR Special Report* noted, "Today, Colombia's

government—under pressure from the Bush administration—is in the process of negotiating a virtual power-sharing arrangement with the cocaine cartels. With the cartels de facto legalized, the de jure legalization of their product is just around the corner."

And so, while President Bush pretended to support a "war on drugs," Colombia was deprived of the means to wage such a war. Its most dedicated leaders were assassinated, its population demoralized, and its government eventually driven to pursue a "deal" with the cartels. Meanwhile, hundreds of tons of narcotics were pouring into the United States.

George Bush's duplicity

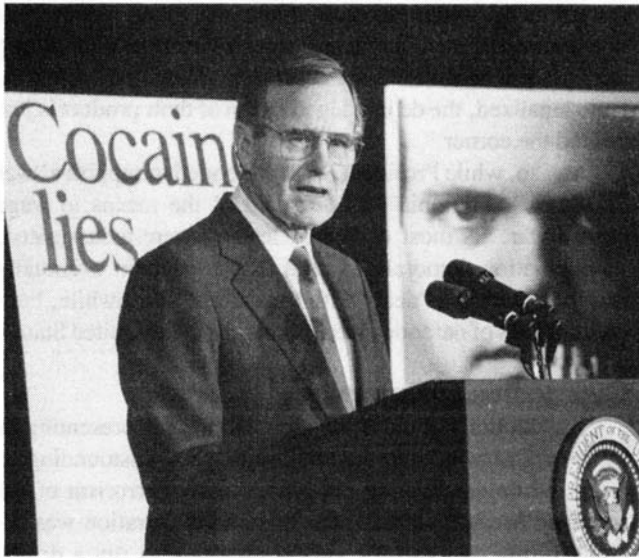
The duplicity of the Bush administration in presenting its "War on Drugs" as a foreign policy success is astounding:

- While denouncing the bloody narco-terrorism of the so-called Medellín Cartel, the Bush administration was secretly hiring that cartel's violent elements to run a drugs-for-guns supply operation to the anti-Sandinista Nicaraguan "Contras." A July 1985 plan by the U.S. Drug Enforcement Administration (DEA) to capture all of Colombia's top drug lords in one bust in the Caribbean was sabotaged by Vice President George Bush and his "Contra" project director, Lt. Col. Oliver North. Three days before the operation, North leaked information and photographic evidence to the press about the Sandinista government's involvement with the cartel, thereby alerting the cartel leaders and frustrating the raid.

DEA informant Barry Seal, who had played a key role in the plan, and who knew details of how Bush and North were financing the Contras with drug money, was murdered a short time later, when cartel assassins "discovered" his *unprotected* hideout in Baton Rouge, Louisiana.

- While criticizing the Colombian government for its failure to rein in the narco-terrorists, the Bush government was denying crucial financial aid, logistical support, and technology and defense matériel to that country's ill-equipped Armed Forces. Former U. S. Southern Commander Paul Gorman testified to the Senate Foreign Relations Committee in February 1988, "We have been promising the Colombians matériel help since 1983. We have simply not delivered." In September 1989, National Police Chief Gen. Miguel Gómez Padilla protested that \$65 million in emergency aid sent to Colombia from the United States was largely "symbolic," and "more suitable for conventional warfare than the kind of struggle we are waging here against the drug traffickers."

- While Bush ordered an invasion force into Panama in 1989 to murder thousands of innocent civilians, destroy its defense forces, and kidnap its leader on the pretense that he was working with the Colombian drug cartels, the puppet government set up by Bush in that unhappy country was chosen directly from the boards of directors of some of the most prominent drug banks at the time, including the *jointly owned* Cali and Medellín cartels' First InterAmericas Bank



George Bush lies too. His "war on drugs" was a phony, promoting such pro-legalization outfits as the Inter-American Dialogue.

and Florida's Dadeland Bank.

- Were Bush networks also behind the September 1989 assassination of Colombia's front-running presidential candidate and anti-drug leader Luis Carlos Galán? Documentation that later appeared indicated that the weapons that had been used in the cartel hit against Galán, had originally been financed by U.S. intelligence cut-outs for a Panamanian "Contra" force against Panama's Gen. Manuel Noriega. It has never been clarified how they got into the hands of Colombian cartel assassins. Galán's campaign manager, who succeeded him as presidential candidate and went on to take the Presidency, was César Gaviria.

- Even while the Bush administration knew that then-Colombian President César Gaviria was tainted, George Bush personally sponsored Gaviria's 1994 bid for secretary general of the Organization of American States, which he holds today. Bush knew, for example, that Gaviria had possession of videotapes, made with DEA assistance, showing cartel bribery of the 1991 Constituent Assembly which banned extradition, and that Gaviria had buried those tapes. Bush also knew that Gaviria had appointed to his administration four proponents of legalization—Health Minister and "former" M-19 narco-terrorist chieftain Antonio Navarro Wolf, Justice Minister Monica de Greiff, Development Minister Ernesto Samper Pizano (today President of Colombia), and Prosecutor General Gustavo de Greiff—and yet Bush publicly applauded Gaviria as "a man of courage, devoted to law and liberty."

The Bush strategy to encourage the legalization "solution" was centered around a working alliance with one of Colombia's three narcotics cartels, the so-called Cali Cartel of Gilberto and Miguel Rodríguez Orejuela, purportedly in

order to enlist their support in "fighting communism" in Nicaragua and elsewhere. Throughout the 1980s, and especially at the height of the violence in Colombia when high-profile political assassinations and car-bombings were paralyzing that nation, the U.S. media was repeating the administration line that, unlike their Medellín-based brethren, the Cali traffickers "deplored violence," "are businesslike and efficient," "have many legitimate businesses," and "do not seek public office." Bush's strategy was boosted by Gaviria, whose 1990 presidential campaign claimed an alleged distinction between mere "drug traffickers" and "drug terrorists."

Although many in the DEA and in other law-enforcement agencies knew better—after all, the Ochoa clan from Medellín were *business partners* with the Rodríguez Orejuela brothers from Cali—the myth that "one can work with" the Cali Cartel continued to appear in the U.S. media and in government layers. Small wonder, when Michael Abbell, for 17 years an employee of the U.S. Justice Department, who became section chief of the department's office of international affairs (in charge of extradition procedures), quit his post in 1984 to become the official lobbyist and lawyer for the Cali Cartel. It's all right, he assured the *Washington Post*: "The people in Cali are adamantly opposed to any violence. . . . My impression is you can work with these people."

In fact, the U.S. government *had* been working with "these people" since the mid-1970s, when taxpayers' dollars were being given by the State Department to the American Institute for Free Labor Development (AIFLD), widely considered a dirty-tricks arms of corrupt U.S. intelligence networks, and ended up bankrolling drug-mafia money-laundering operations. In 1974, a half-million-dollar grant from the U.S. Interamerican Foundation (on whose advisory board sat AIFLD director William Doherty, Jr.) was given to the Colombian UTC labor federation as seed money to start the Colombian Workers Bank. The head of the UTC at the time, Tulio Cuevas, was an AIFLD trustee. Cuevas became a director of the Workers Bank, and six months later began legal maneuvers to sell off the banks' assets to "legitimate businessman" and banker Gilberto Rodríguez Orejuela. In 1978, AIFLD's Cuevas and Rodríguez Orejuela were sitting together on the bank's board.

Rodríguez Orejuela retained his holdings in the bank until 1984, when his notoriety as a trafficker began to spread. Shortly after divesting himself of his bank stocks, the Workers Bank was officially identified as one of four Colombian banks involved in drug money-laundering, and taken over by the Colombian government. Later that year, Rodríguez Orejuela was arrested in Spain on drug charges. Thanks to the efforts of former Justice Department official Michael Abbell and of Cuevas's successor at the UTC, Victor Acosta (who in 1986 travelled to Spain to testify on Rodríguez's behalf), Rodríguez Orejuela was extradited to Colombia instead of the United States, where he used his influence to get the charges against him dropped.

Panama: George Bush's narco government

The following is excerpted from EIR's Special Report "Bush's Surrender to Dope, Inc.," issued in April 1991. It sheds light on the Bush administration's "Just Cause."

In March 1985, Panamanian authorities intervened against First Interamericas Bank, S.A. (FIB), shutting it down for "failure to heed Panamanian banking laws" and for unexplained transfers of funds abroad—that is, for laundering drug money. The two majority stockholders in First Interamericas were Rodríguez Orejuela and his partner, Jorge Luis Ochoa, both of whom were by that time sitting in a Madrid jail cell. Managing the bank at the time of its seizure was former UTC treasurer and Colombian Workers' Bank director Antonio Beltrán.

Even more interesting were some members of FIB's board of directors, who today are running the new U.S. Army-installed government of Panama. Puppet President Guillermo Endara has named Carlos Lucas López Tejada as Chief Justice of Panama's Supreme Court, Rogelio Cruz as Attorney General, and Mario Galindo as Treasury Minister. All three—López Tejada, Cruz, and Galindo—sat on FIB's board of directors. Cruz remained loyal to Rodríguez Orejuela to the end. Even after it was made public that Rodríguez Orejuela was the owner of First Interamericas, Cruz continued to appeal the government's decision to shut down the bank. The appeal was turned down in April 1985.

President of First Interamericas was Jaime Arias Calderón, the brother of Endara's first vice president, Ricardo Arias Calderón. Ricardo's banker brother is also one of the owners of Banco Continental, which has served as a conduit for financing the election campaigns of Ricardo's party, the Christian Democrats. In 1985, a captured Colombian drug-runner confessed that he had laundered some \$40 million for Colombian drug cartels through the Banco Continental—with the full knowledge of another opposition leader, César Tribaldos, who sat on the board of Banco Continental.

Named to run the Colón Free Zone by the Endara regime was Jaime Ford Lara, nephew of Panama's Second Vice President Guillermo ("Billy") Ford. According to the *Miami Herald* on Jan. 5, 1990, convicted Medellín Cartel money-lauderer Ramón Milián Rodríguez "laundered millions of dollars in drug money in the early 1980s through a Panamanian company in which Ford's brother Henry was an officer." The *Herald* added that Milián Rodríguez, currently serving a 43-year racketeering sentence, said that "Guillermo Ford

was also involved with laundering money through Corporación Ford."

EIR also reported on Jan. 5, 1990 that "Second Vice President Guillermo 'Billy' Ford is up to his elbows in drug money laundering." Ford and two political associates—Carlos Rodríguez, named by Endara as Panama's ambassador to Washington, and Roberto Eisenmann, publisher of Panama's leading pro-government newspaper, *La Prensa*—own the Dadeland National Bank in Miami, Florida. That bank was revealed in 1985 to have served as a laundromat for one of the largest marijuana-smuggling rings ever caught in the United States, that of Antonio ("Tony") Fernández. Eisenmann also sits on the board of Banco Continental.

Guillermo Endara himself is business partner to a leader of Panama's former opposition who was caught red-handed in the dope trade, CIA bagman Carlos Eleta Almarán. Besides being the corporate attorney for the Eleta family's considerable interests, Endara owns significant stock in, and sits on the board of, Harinas Panama, S.A.; Carlos Eleta is the company's president and founder. Eleta had served as the intermediary of the U.S. campaign to buy the 1989 Panamanian elections, with \$10 million given him by the Central Intelligence Agency.

Eleta was arrested in April 1989 in Macon, Georgia by the Bibb County sheriff and DEA personnel, and charged with conspiring to import 600 kilos of cocaine per month into the United States, and planning to set up shell companies in Panama to launder the estimated \$300 million per month in drug profits.

Justice Department charges against Eleta were suddenly dropped on Feb. 13, 1990 for "lack of proof," despite claims of the authorities who had conducted the arrest that proof certainly did exist, including audio- and videotapes of Eleta's efforts to set up the dummy corporations for money laundering. Asked why the indictment was dropped, the police answered that "that decision was made by the U.S. Attorney General and by the federal prosecutor of Georgia," Ed Ennis.

Eleta's lawyer in the case was Gregory B. Craig, who has significant links of his own to the U.S. intelligence community. Craig is a partner in the Washington law firm of Williams and Connolly, the firm of Oliver North's counsel Brendan Sullivan.

One question that has recently arisen concerning Craig's role is whether the Bush administration used Panamanian government funds to get the drug-trafficking Eleta off the hook. According to official U.S. documents, Craig was a registered agent of the fictitious Florida-based "government" of Eric Delvalle, and in that capacity had received in 1989 tens of thousands of Panamanian government dollars that had been illegally seized by the Bush administration as part of its economic warfare against Panama. The Delvalle "government" fiction had, in fact, been kept alive, among other reasons, to provide a conduit for funneling Panamanian monies to U.S. cronies and agents inside Panama.

Venezuela: Cisneros & Co. in the sights

According to a story filed by reporter Ricardo Guanipa of the Caracas daily *El Nacional*, writing from Miami on June 9, one of the fugitive bankers wanted by Venezuelan justice, financier Orlando Castro Llanes, had used the services of one of the lawyers named as a Cali Cartel agent in the June 5 U.S. Justice Department indictment, Joel Rosenthal, a former Assistant U.S. Attorney in New York and Miami, who pled guilty to drug-money-laundering charges.

Castro is a business associate of Venezuelan magnate Gustavo Cisneros Rendiles, whose brother Ricardo is now, like Castro, a fugitive from Venezuelan justice. Ricardo fled after the Cisneros family's Banco Latino went bankrupt in 1994, as a result, in large part, of the bank's illicit financial operations. Readers of this magazine will remember Gustavo Cisneros as the person who in 1985 got a corrupt judge to ban circulation in Venezuela of *EIR's* book *Dope, Inc.*, because it documented his connections to financial interests involved in drug money laundering. Will the Cisneroses now try to prohibit coverage of the U.S. indictment of the lawyers for the Cali Cartel, to protect their friends?

Rosenthal and Ramírez

Rosenthal established his Venezuelan connections by at least 1989-90, when he helped prosecute the famous drug-money-laundering investigation known as Operation Polar Cap. Among those named in that case were two Venezuelans, Nelson Ramírez Torres and his partner, Sergio Martínez, who had been lawyers for the wife of a drug-trafficker named Florentino Fernández. Ramírez and Martínez were paid a half-million dollars for their services, money which the U.S. Drug Enforcement Administration (DEA) determined came from drug trafficking. That charge, however, could not be proven in court, and the lawyers were exonerated.

What the case did appear to firmly establish, however, were ties between prosecutor Rosenthal and defendant Ramírez.

In 1991, Ramírez turned up as the lawyer for Orlando Castro, after Venezuelan Congressman Guillermo Hernández accused him of laundering money for the Medellín Cartel, at the point that Castro had teamed up with banker José Alvarez Stelling and various Cisneros family retainers, to take the Banco de Venezuela. At the time, the Caracas press published the news that Ramírez Torres himself had been investigated by the U.S. DEA for drug-money laundering.

Reenter Rosenthal. In 1992-93, Rosenthal served as the prosecutor seeking indictment in Miami of Gen. Ramón Guillen Dávila, former commander of the anti-drug division of the Venezuelan National Guard—in which the principal accuser against Dávila was none other than Nelson Ramírez, brother of the former governor of Caracas, Adolfo Ramírez, whom General Dávila had jailed as part of a drug-running network operating among the United States, Venezuela, and Switzerland.

Once in private practice, according to *El Nacional's* June 9 report, Rosenthal served as legal counsel to Orlando Castro, as well as various Venezuelan politicians. Rosenthal defended Castro in a suit brought against him in Miami in 1994, by former Presidential Anti-Drug Commissioner Thor Hallvorsen. Castro had accused Hallvorsen of being the mastermind of the car-bomb which exploded in a Caracas shopping mall in 1993. (Earlier, Castro had accused Hallvorsen of being responsible for Congressman Hernández's charges against him.) After Venezuelan courts found him innocent of the car bombing charge, Hallvorsen filed suit against Castro in Miami. Castro was found innocent, and then tried to get a grand jury to indict Hallvorsen, but failed.

By 1994, when Castro hired Rosenthal to defend him, Rosenthal had been working for Miguel Rodríguez Orejuela for years. His job wasn't just money laundering; as detailed in the June indictment of the cartel, Rosenthal also delivered death threats for the cartel. That job he did in 1991, to try and keep the lid on a cartel factory in Venezuela, TRANCA, which manufactured concrete posts in which cocaine could be hidden. The factory was discovered after a joint U.S.-Venezuelan operation seized a single shipment of 12.25 tons of cocaine hidden inside posts. Some 50 tons of cocaine were shipped into the United States from TRANCA in 1990 and 1991, in lots of 5-8 tons apiece.

The 12.25-ton load was shipped aboard a Danish boat, the *Mercadian Continent*, the same boat which in December 1988 carried a 175-kilo shipment of cocaine to a Miami-based company, Celere, Inc. The Caracas daily *El Globo* reported on Sept. 19, 1991 that Celere was owned by Gustavo Cisneros. Although this was never proven, the owner of Celere was Rogelio Ugarte Bresselau, a top security adviser to both the Banco Latino and former Venezuelan President Carlos Andrés Pérez, now being tried for corruption. Ugarte, like Pérez, has extensive ties to the Cisneroses.

So, too, does Orlando Castro. Castro served as a frontman for Gustavo Cisneros in his 1991 hostile takeover of the Televen television network. Joining Castro in that operation were various Cisneros frontmen, the most conspicuous being Ignacio Andrade Artaya, now also a fugitive, as he was a director of the bankrupt Banco Latino. When Castro and Alvarez Stelling took over the Banco de Venezuela in 1992, they placed on its board of directors Beatrice Rangel Mantilla, an employee of Gustavo Cisneros.

LaRouche was right: 20-year war on drugs

This chronology is excerpted from a more extensive timeline published in New Federalist newspaper on Feb. 7, 1994.

February 1974: *New Solidarity*, a national newspaper founded by Lyndon H. LaRouche, Jr., launches a series of articles on terrorist armies in the United States and Europe created through drug-induced brainwashing, including the Symbionese Liberation Army, which kidnapped heiress Patricia Hearst. The series highlights the role of the London Tavistock Institute, which played a role in the CIA's secret MK-ULTRA program to spread psychedelic drugs.

May 15, 1974: U.S. Labor Party, founded by LaRouche, holds a press conference outside the Lincoln Detox Center in South Bronx, New York, and is attacked by members of the Black Liberation Army (BLA) and Revolutionary Union (RU), resulting in the shooting of a LaRouche associate. Press conference detailed the use of the methadone maintenance program at the hospital to recruit drug addicts to the BLA and the Puerto Rican terrorist group FALN.

January 1977: *EIR* warns of imminent nomination of heroin legalization advocate Peter Bourne to Carter cabinet.

February 1977: *EIR* publishes exposé of drug legalizers in the Carter cabinet, including their ties to National Organization for the Reform of Marijuana Laws (NORML).

March 15, 1977: Carter administration introduces legislation to Congress for decriminalization of marijuana.

President Carter appoints Peter Bourne as White House chief of Office of Drug Abuse Policy, and nominates Mathea Falco as assistant secretary of state for narcotics control matters. Both are NORML members.

March 18, 1977: U.S. Labor Party testifies before Maryland State Senate Judiciary Committee on the medical dangers of marijuana. Two days later, the committee defeats drug decriminalization bill. Over the next four years, efforts by LaRouche associates defeat decriminalization legislation in 11 other state legislatures.

June 21, 1977: *EIR* exposes bankers' efforts to force developing-sector countries such as Colombia to turn the cultivation of drugs into a cash crop to pay their foreign debts to the banks.

September 1978: *EIR* runs feature on "Why the World Bank Pushes Drugs," updating the efforts to promote drugs as a Third World cash crop.

December 1978: Publication by the U.S. Labor Party of the first English edition of *Dope, Inc.*, subtitled *Britain's Opium War Against the United States*.

November-December 1978: The authors of *Dope, Inc.* give four hours of documentation to the chief bank regulators of the Federal Reserve, showing that the Hongkong and Shanghai Banking Corp., dating back to the British Opium War against China, was in control of production and distribution of opium from the Golden Triangle and of the resulting money laundering. The HongShang had recently made a bid to take over the Marine Midland Bank, based in New York City with assets of over \$13 million.

Spring 1978: Edgar Bronfman orders his attorneys to prepare libel action against LaRouche and *New Solidarity*, following publication of articles exposing Bronfman family involvement in drug trafficking. His attorneys warn him that such a suit would be foolish.

July 1978: The Anti-Defamation League of B'nai B'rith issues a "fact-finding report" slandering LaRouche as an anti-Semite. The smear is in reaction to published exposés that top ADL officials are tied to Meyer Lansky's national crime syndicate.

Nov. 11, 1978: Armed attack against Paris offices of *EIR*, during press conference announcing the release of *Dope, Inc.*

December 1978: First meeting of the Michigan Anti-Drug Coalition, founded at the inspiration of LaRouche. Within months, fraternal organizations spring up in 15 other states.

Sept. 29, 1979: National Anti-Drug Coalition (NADC) is created in Detroit, Michigan.

Oct. 5, 1979: Founding in Rome of the Italian Anti-Drug Coalition (ADC). Within a month of its founding, the Italian ADC defeats an effort by Italian Health Minister Altissimo to legalize heroin on the "British model."

August 1979: Dennis King begins 13-part slander series against LaRouche in New York City newspaper *Our Town*, which is owned by convicted mobster Ed Kayatt; its attorney is Roy Cohn. King is on the payroll of the ADL.

December 1979: Founding of Colombian Anti-Drug Coalition.

January 1980: LaRouche, campaigning for the Democratic Party presidential nomination, issues a six-point strategy for combatting the drug epidemic.

January 1980: Founding of the West German Anti-Drug Coalition. In November, ADC launches a German-language quarterly magazine, *Krieg dem Rauschgift (War on Drugs)*, which reaches a circulation of 60,000.

February 1980: Anti-Drug Coalition founded in France.

February 1980: LaRouche, campaigning for the Democratic Party presidential nomination, gives interview to NBC-TV newsman Mark Nykannen in which he details the role of the British monarchy in sponsoring the international drug trade. After editing, the interview peddles the smear that "LaRouche says the Queen of England pushes dope."

May 1980: Danish Anti-Drug Coalition leads a campaign to shut down Christiania, a commune and drug-traf-



"Rolling the tanks down State Street" in Chicago to stop the drug trade: LaRouche Democrats Janice Hart and Robert Patton on parade in Chicago, May 10, 1986. Hart won the Illinois Democratic primary election for secretary of state, and her associate Mark Fairchild won the primary election for lieutenant governor.

Lyndon LaRouche addresses an Anti-Drug Coalition meeting in 1979. Two years later, the Illinois Attorney General shut down the Illinois Anti-Drug Coalition, under pressure from the Anti-Defamation League.



ficking center in Copenhagen.

June 1980: LaRouche publishes *How to Defeat Liberalism and William F. Buckley*, spotlighting Buckley's membership on the advisory board of NORML and his admission to smoking marijuana on his yacht.

June 1980: National Anti-Drug Coalition publishes the first issue of *War on Drugs* magazine. The magazine will publish 15 issues through November 1981, when a massive dirty tricks campaign by corrupt state prosecutors instigated by the ADL will force it to shut down.

Jan. 17, 1981: At the founding conference of the state Anti-Drug Coalition in Jalisco, Mexico, the first issue of a Spanish-language edition of *War on Drugs* is released. *Guerra a las Drogas* widely circulates throughout Ibero-America.

Feb. 10, 1981: Mobilization by Anti-Drug Coalition successfully blocks International Cannabis Alliance for Reform (ICAR) application for status as non-governmental organization at the United Nations.

November 1981: Illinois Attorney General, under prodding from ADL and from *High Times* magazine writers Chip Berlet and Dennis King, orders the shutdown of the Illinois Anti-Drug Coalition on bogus charges of violating state charity laws. Berlet had penned *High Times* article attacking National Anti-Drug Coalition, complaining, "They want to take your drugs away."

Dec. 16, 1981: Dennis King, Chip Berlet, and Russ Bellant hold press conference in Washington, D.C. demanding Justice Department prosecution of LaRouche.

Jan. 26, 1982: *EIR* documents ties of Charles Manatt, chairman of the Democratic National Committee, to syndicate boss Meyer Lansky and drug cartel bigwig Max Fisher.

February 1982: LaRouche commissions a memo by *EIR*'s counterintelligence newsletter *Investigative Leads* to federal law enforcement authorities, identifying Bank of Credit and Commerce International (BCCI) as a drug-money-laundering outfit funneling illegal cash into Middle East terrorist groups. The memo is circulated to FBI, DEA, Secret Service, and Treasury Department enforcement units.

Spring 1983: LaRouche, in memo to senior officials of the Reagan administration, proposes War on Drugs in the Western Hemisphere as the most effective means for dealing with the national security threat posed by the Sandinistas in Nicaragua. LaRouche characterizes the Sandinistas as sponsors of "narco-terrorism," along with Cuba's Fidel Castro.

July 1984: LaRouche collaborator and editor of Colombia's *Guerra a las Drogas* (*War on Drugs*) magazine Patricia Paredes de Londoño is kidnapped and tortured by members of the Universal Christian Gnostic Church, on orders of the drug cartel. Londoño is released by her captors in a disassociated state on Aug. 1.

Jan. 23, 1985: *Narcotráfico, S.A.*, the Spanish-language edition of *Dope, Inc.*, is released.

Feb. 21, 1985: *EIR* holds a press conference in Boston to release documents showing that U.S. Attorney William Weld had given only token punishment for dirty money-



Anti-drug editor Patricia Paredes de Londoño in Colombia, 1984. She was kidnapped and tortured on orders of the drug cartel (later released).

Anti-Drug Coalition organizing in Brooklyn, N.Y., 1981. Similar groups were active in 16 states and half a dozen other countries.



laundering to the Bank of Boston.

March 13, 1985: LaRouche unveils 15-point program for fighting drugs at a conference in Mexico City. Over the next year, LaRouche's plan will be presented at forums and private briefings throughout the Western Hemisphere.

Feb. 28, 1986: In *EIR*, LaRouche responds to William Webster's claim that narco-terrorism does not exist, by calling him "a bald-faced liar, and even much worse," and demanding his resignation.

March 7, 1986: *EIR* attacks plans of Project Democracy to overthrow the government of Panama and destroy the Panamanian Armed Forces.

March 16, 1986: *EIR* editors Webster Tarpley, Dennis Small, and Jeffrey Steinberg hold press conference at headquarters of Guatemalan defense minister, opposing the renewal of U.S. government aid to the Contras, citing rebels' ties to cocaine cartel.

March 16, 1986: LaRouche Democrats Mark Fairchild and Janice Hart win Illinois Democratic primary elections for lieutenant governor and secretary of state. They campaigned on a platform vowing to "roll the tanks down State Street" to shut down the drug trade.

April 1986: *EIR* issues second English-language edition of the book *Dope, Inc.*, subtitled *Boston Bankers and Soviet Commissars*. It includes an appendix cataloguing the role of the ADL in fostering the narcotics trade.

July 1986: *EIR* issues "White Paper on the Panama Crisis: Who's Out to Destabilize the U.S. Ally, and Why?"

which describes efforts of factions within the U.S. State Department to install a drug cartel government in Panama, through their campaign against General Noriega.

Jan. 27, 1989: LaRouche and six associates are sent to federal prison. After a federal prosecution in Boston ended in a mistrial in May 1988, LaRouche was reindicted in October 1988 in Virginia on virtually identical charges.

April 1991: *EIR* issues *Special Report* titled "Bush's Surrender to Dope, Inc.," which documents how official U.S. policy fostered Colombia's "truce" with the drug traffickers and helped turn Colombia into a testing ground for global drug legalization strategy.

Jan. 4, 1992: Presidential candidate LaRouche issues a campaign statement on why Bush's war on drugs failed. He highlights U.S. collusion with the Israeli mafia in Colombian cocaine trafficking, and singles out Oliver North, Elliott Abrams, and George Bush for sabotaging anti-drug efforts to conceal drug trafficking by Contras and their backers in sections of the CIA and Israeli Mossad.

Spring 1992: *EIR* issues third English-language edition of *Dope, Inc.*, subtitled *The Book That Drove Kissinger Crazy*. New preface catalogues U.S. government collusion with drug cartels during Iran-Contra affair.

Jan. 6, 1993: *EIR* releases the book *The Ugly Truth About the ADL*, which documents the role of the ADL in the illegal drug trade, ties to international terrorism, and espionage. The book sells over 100,000 copies in its first year and helps trigger criminal probe of ADL.

Shut down U.N.'s Beijing Conference on Women

by Marianna Wertz and Linda de Hoyos

Preparations for the United Nations Fourth World Conference on Women, scheduled to take place in Beijing, China on Sept. 4-15 as part of the U.N.'s 50th anniversary celebration, have turned into a battlefield between, on the one side, developing nations, represented at the Preparatory meetings by the Group of 77, and the Vatican; and on the other, the oligarchical designers of the conference, whose voice is heard through the U.N. bureaucracy, delegations from industrialized nations, and the 60,000-odd representatives expected at the conference from the so-called non-governmental organizations (NGOs), most of whom are funded by the governments or semi-private foundations of western Europe, the United States, and Canada.

The draft declaration and draft platform of action represent the continuing effort of the U.N., especially through the NGOs, to dictate policies to governments. In Beijing, as in all other U.N. conferences of the same type, the 60,000 NGO delegates, including 5,000 press, far outnumber the governmental delegates. U.S. statesman Lyndon LaRouche has called for shutting down the conference as an abrogation of the concept of national sovereignty. No supranational agency can be allowed to dictate policy to sovereign nation-states, LaRouche said, pointing to the extravagantly expensive role of the NGOs, which presume to order governments to conform to their radical feminist and environmentalist constituencies.

Further, the document continues to peddle the same malthusian program of "sustainable development" as was peddled at the September 1994 Cairo U.N. Conference on Population and Development. A phrase conjured up allegedly on behalf of environmentalism, it is used to force acceptance, in the developing countries, of the sole use of "recyclable," low-technology energy resources; technology which is "appropriate" to a backward civilization, like hoes and shovels;

and "indigenous," unscientific, and dangerous medical practices. As the contested paragraph 37 of the opening manifesto reads:

"The major cause of the continued deterioration of the global environment is the unsustainable patterns of consumption of production, particularly in industrialized countries, which is a matter of grave concern, aggravating poverty and imbalances. Therefore, equitable social development that recognizes empowering people living in poverty, particularly women, to utilize environmental resources sustainably is a necessary foundation for sustainable development. Women as citizens can help change consumption patterns in their multiple role as consumers, householders, workers, and voters."

The core idea of this statement is that women learn how to *adapt* to the poverty which in fact is responsible for their poor health and nutrition, early deaths, lack of medical care for their children, and so forth.

The answer for women, the U.N. document claims, is "empowerment"—a nebulous term evidently meaning that women would be given powers they do not currently have. In reality, the idea is to forge a "women's" constituency to enforce the program of enslavement represented by "sustainable development." Women in the developing sector, particularly those dubbed "indigenous," such as narco-terrorist and Nobel Prize-winner Rigoberta Menchú, are particularly targeted as potential leaders in a force of maenads, which would demand backwardness and policies of population control, such as sterilization and abortion. In addition, the implementation section of the document calls for an absurd agenda of "genderization" of data and economic impact studies, and affirmative action-type measures to be taken globally to bring women into the workforce.

Thus, the agenda of the U.N.-NGO apparatus deployed

on behalf of the international oligarchy, is represented throughout the document, particularly in the implementation section. However, this agenda is running into severe problems.

Reality's backlash

As originally conceived, the Beijing conference was to be the last of a tripartite plan by which a U.N. world dictatorship would be imposed for the purposes of carrying out malthusian policies of population reduction, by any means. The Cairo U.N. conference of last September was to impose a universal "consensus" for population reduction upon countries; the March 1995 Copenhagen conference on Social and Economic Development, according to the U.N. Development Program Report of 1994, was to create the global institutions—Economic Security Council, Global Central Bank, global police, global taxation, and global "peacekeeping force"—to enforce such population reduction, by sanctions or military force if necessary. The Beijing conference was to consolidate the constituency of "women" as the on-the-ground enforcers for such policies.

The design did not work, because an alliance of the United States, the Vatican, developing countries, Muslim forces, and the LaRouche movement internationally was able to draw the line against the destruction of national sovereignty embodied in the Cairo declaration, as originally proposed, and denied any consensus that alleged "overpopulation" is the prime source of the world's current crisis. As the U.N.'s own peacekeeping apparatus continued to be discredited in Somalia, Bosnia, and Africa, the March Copenhagen conference was a non-event.

The Beijing Conference on Women ran into trouble early in the game in regards to venue. In a move that could only be taken as a protest against the infringement of national sovereignty represented by the NGOs, China, the host nation, refused to allow the thousands of NGO delegates to hold their "parallel conference" in the last week in August near the main conference site. On March 31, China announced that it had decided to move the site for the NGO forum from the 1950s-vintage Workers' Gymnasium at the Workers' Sports Service Center, to a site 45 kilometers outside the city. Despite enraged protests from the NGOs, backed by the governments of Canada, New Zealand, and Australia, the conference was up in the air until mid-June, when U.N. Secretary General Boutros Boutros-Ghali sent personal envoy Ismat Kittani to Beijing to work out a compromise. With certain concessions from Beijing, the NGOs have been forced to accept the out-of-town site for their parallel conference.

A strong dissenting voice can also be heard in the draft document for the Beijing conference to the U.N.-NGO malthusian agenda, again coming from the Group of 77 developing countries, the Vatican, and Muslim forces. As a result, nearly 50% of the draft document is in brackets, including

paragraph 37 quoted above.

The major achievement of the opposition, as reflected in the draft, is repeated denunciation of the "structural adjustment policies" imposed by the International Monetary Fund on developing nations. For instance, paragraph 15, entirely in brackets (indicating its rejection by malthusians), reads: ". . . Moreover, debt burden has forced many developing countries to undertake structural adjustment policies that are detrimental to their social development. The number of people living in poverty has therefore increased disproportionately in most developing countries, particularly the heavily indebted countries, during the last decade."

From this point on, the entire first half of the document is a harsh and realistic portrayal of the conditions of "unspeakable poverty" that the vast majority of the world's women confront every day (see *Documentation*). Although noting that 25% of the world's households are headed by women, the document fails to acknowledge that the terrible conditions for most women described are 1) an accurate barometer of the general collapse of economic and cultural life; and 2) that women confront this "unspeakable poverty" as the primary care-givers and protectors of their families, especially their children. Only by stating as a goal the reduction of infant and under-five mortality globally, does the document offer backhanded acknowledgement of women's primary concern for the welfare of their children, and hence, for all society.

In general, in the implementation section of the document, the solutions offered to the dire crises of survival which many women face, are ludicrous and criminal. For instance, bracketed paragraph 166 proposes: "Promote women's economic self-reliance, including access to employment, appropriate working conditions, and control over economic resources—land, capital, and technology"—as if the world economic crisis could be solved for women only.

However, a different voice is also heard, as in paragraph 61c, also bracketed, which reads: "Cancel or substantially reduce the debt burden, or convert debt services of developing countries, in particular the highly indebted low-income countries, in order to help them to finance programs and projects targeted at development, including the advancement of women, and to achieve sustained economic growth and sustainable development, without falling in to a new debt crisis." Or, paragraph 19, which states, "Only [a just and equitable social and economic international order . . .] will enable the world to meet the challenges of the next century."

Thus, despite the best-laid plans of the malthusian blueprint behind the Beijing conference, it is becoming increasingly difficult for governments to escape the reality that the only hope for reversing the collapse into barbarism described in the Beijing document, is the reorganization of the world monetary system to generate global industrial development, as Lyndon LaRouche has placed that urgent necessity before governments around the world. This is the central issue, which even the United Nations is no longer able to block out.

Documentation

Excerpts from the Draft Platform for Action of Proposals for Consideration in the Preparation of a Draft Declaration and the Draft Platform for Action Commission on the Status of Women at its 39th session. Numbers indicate the paragraph numbers of the document. Those paragraphs, sentences, or phrases that are bracketed indicate that the words are under contention and must be debated in Beijing.

18. A widespread economic recession as well as political instability in some regions, have been responsible for setting back development goals in many countries. This has led to an expansion of unspeakable poverty. Of the more than 1 billion people living in abject poverty, women are an overwhelming majority. The rapid process of change and adjustment in all sectors, has also led to increased unemployment and underemployment, with particular impact on women. In [many] cases, structural adjustment programs have not been designed so as to minimize their negative effects on vulnerable and disadvantaged groups or on women, nor have they been designed to ensure positive effects on those groups by preventing their marginalization in economic and social activities. . . .

20. Recent international economic developments have had in many cases a disproportionate impact on women and children, the majority of whom live in developing countries. For those States that have carried a large burden of foreign debt, structural adjustment programs and measures, though beneficial in the long term, have led to a reduction of social expenditures, thereby adversely affecting women, particularly in Africa and the least developed countries. This is exacerbated when responsibilities for basic services have shifted from governments to women. . . .

22. Macro and microeconomic policies and programs, including structural adjustment, have not always been designed to take account of their impact on women and girl children, especially for those living in poverty. Poverty has increased in both absolute and relative terms, and the number of women living in poverty has increased in most regions. There are many urban women living in poverty; however, the plight of women living in rural and remote areas deserves special attention given the stagnation of development in such areas. In developing countries, even those in which national indicators have shown improvement, the majority of rural women continue to live in conditions of economic underdevelopment and social marginalization. . . .

24. One-fourth of all households worldwide are headed by women and many other households are dependent on female income even where men are present. . . . Family disintegration, population movements between urban and rural areas within countries, international migration, war and

internal displacements are factors contributing to the rise of female-headed households. . . .

39. According to World Health Organization (WHO) estimates, by the beginning of 1995 the number of cumulative cases of AIDS was 4.5 million. An estimated 19.5 million men, women, and children have been infected with HIV, since it was first diagnosed, and it is projected that another 20 million will be infected by the end of the decade. Among new cases, women are twice as likely to be infected than men. In the early stage of the AIDS pandemic, women were not infected in large numbers; however, there are now about 8 million women infected. Young women and adolescents are particularly vulnerable. It is estimated that by the year 2000, more than 13 million will be infected and 4 million women will have died from AIDS-related conditions. . . .

72. . . . Approximately 100 million children, including at least 60 million girls, are without access to primary schooling, and more than two-thirds of the world's 960 million illiterate adults are women. . . .

77. . . . Girls are often deprived of basic math and science education and technical training, which provide knowledge they could apply to improve their daily lives and enhance their employment opportunities. Advanced study in science and technology prepares women to take an active role in the technological and industrial development of their countries, thus necessitating a diverse approach to vocational and technical training. . . .

93. In many countries, in particular in developing and least-developed countries, [structural adjustment,] [the deterioration of public health systems, a decrease in public health spending, and in some cases, increasing privatization of health care systems without appropriate guarantees of universal access] further reduce health care availability. . . .

98. . . . Complications related to pregnancy and childbirth are among the leading causes of mortality and morbidity for women of reproductive age in many parts of the developing world. . . .

115. Other acts of violence against women include violations of the human rights of women in situations of armed conflicts, in particular murder, systematic rape, sexual slavery and [forced pregnancy]. [Acts of violence against women also include terrorism, forced sterilization and [forced abortion,] coercive/forced use of contraceptives, [female foeticide/prenatal sex selection,] and female infanticide.] . . .

137. Women and children constitute some 80% of the 23 million refugees and of the 26 million [internally] displaced persons in the world. They are threatened by deprivation of property, goods and services, and deprivation of their [basic] right to return to their homes of origin as well as by violence and insecurity. Particular attention should be paid to sexual violence against uprooted women and girls employed as a method of persecution in systematic campaigns of terror and intimidation and forcing members of a particular ethnic, cultural or religious group to flee their homes. . . .

Bosnians gather forces for an offensive to liberate the nation

by Katharine Kanter

Lyndon LaRouche, on his return from a two-week trip to Russia and Poland, discussed what the United States is to do in Bosnia during a June 14 radio interview: "The United States must use its aerospace capabilities, to do, within a period of less than 24 hours, or 48 at most, but during the next 30 days or less, what was done to the Iraqi military in the combat phase of the Gulf war.

"We have the capabilities. The problem is, when Truman, under British influence, fired Gen. Douglas MacArthur, the result was a fundamental change in military philosophy," he said. The change "became more obvious in the Vietnam War, in which the United States no longer fought wars as MacArthur or any other competent commander fought wars to win them most quickly, with the least expenditure of effort, and then to make peace. Rather, we got into the policy of starting wars . . . in order to use war as a bargaining chip at the table of diplomacy.

"Now if the military could get the diplomatic utopian hats off, and just sit down at the table and recognize that the President is the Commander-in-Chief of the military, not the State Department, then the military would go to the President and say, 'Mr. President, you asked for our opinion, here's our opinion,' and would give a war plan."

LaRouche added: "I have my own sources, including military-intelligence sources and others in Europe, including in the Balkans, on the nature of the problem there, from a military standpoint.

"The Serbian forces, contrary to what's being said and circulated through *some* military circles here, are not a good military force. These fellows, are a very poor quality of troops, relatively speaking, would not be able to have prevailed, as they did, unless the United Nations had assisted them in conducting their atrocities with impunity; unless the Bosnians had been stripped of military capability; and unless, in particular, these Bosnian Serbs had heavy weapons capabilities which they were able to use to neutralize the superior fighting capabilities which are developed around the Bosnian infantry units.

"Were the heavy weapons capability to be stripped away from the Bosnian Serbs, or to be exterminated, then the combination of the Croat military forces, and the Bosnian Army, if they were allowed to be armed, would clean up the

mess in that part of former Yugoslavia, and bring it to a peaceful conclusion, rather rapidly," LaRouche predicted. "Those who are talking about six months to a year to two years in this situation, are talking double-talk, particularly if the double-talk is coming from Pentagon circles who are being too much influenced by the diplomats."

According to the former Democratic presidential candidate, the primary mission of the U.S. military, "is to be prepared to eliminate, within a timespan of not more than 48 hours, the essential heavy-weapons capabilities of the Bosnian Serbs, and to do the same thing, if necessary, in the parts of Croatia which are occupied by the related forces, and to, at the same time, as the Congress has moved, to lift the embargo on Croatia and Bosnia.

"Under those conditions, a dramatic, simple aerospace action, primarily aerospace, would tilt the balance," said Mr. LaRouche. "The danger is, if you allow this thing to bleed on, it can have global, what Henry Kissinger would call 'geopolitical impact.' "

Campaign to free Bosnia

This is the background to the electrifying news of the middle of June, which we pray, will be the opening of the final phase of the campaign to free Bosnia. On the day of LaRouche's interview, June 14, Bosnia Prime Minister Haris Silajdzic told reporters in Washington, after meeting with House and Senate leaders, that Bosnia troops were massing to defend Sarajevo.

Military intelligence of several nations says that a Bosnian force made up of possibly as much as 20,000 men from the 3rd and 7th Corps of the Armija (Bosnia Army), has been gathering about 12 kilometers northwest of the capital, in the area between Breza and Visoko. As of this writing on June 15, there are reports that thousands of regular Croatian soldiers and Bosnian Croat militiamen are now massing near the town of Livno, 50 miles southwest of Sarajevo, to join forces with the Bosnian Armija. The highest Bosnian officials, including Foreign Minister Muhamad Sacirbey, have refused to confirm or deny that an offensive to break the siege of the capital is imminent, but Canadians running observation posts over the front lines toward Sarajevo have been told to leave immediately "for their own security"; hospitals in

Visoko and Zenica are said to have had wards cleared in preparation for expected military casualties, and civilians have been evacuated from the frontline areas.

Bosnian radio has been calling upon the population of the capital to start saving water and food from their pitiful kitchen gardens; sandbag walls are being built near windows and doors in anticipation of the offensive. The mayor of Sarajevo, Tarik Kupusovic, said that the Armija will try to lift the siege "maybe within days. The final deadline is early August." As of June 15, the city had had no water, electricity, or gas for almost six weeks; the airport had been closed for ten weeks, and the population was running out of food.

Rapid Deployment Force 'sent to stop us'

Can the siege of the capital be broken? In spite of the extreme disparity in matériel, yes. Bosnian Army 12th Division officials, responsible for the defense of Sarajevo, say that the Serbians have 600 cannon, mortars, 30 tanks, and 12,000 soldiers in trenches and fortified bunkers around the city. Furthermore, thanks to the United Nations, the Serbians have "stolen" a quarter of the 300 heavy weapons from U.N. storage points, while the rest are already up and firing: The collection sites are actually Serbian gun positions, which the U.N. was thoughtful enough not to dismantle.

Hasan Muratovic, Bosnian minister for U.N. relations, said in Sarajevo on June 11, that Unprofor delivers "tanks, ammunition, food, and petrol" to the Bosnian Serbs, under the guise of "theft." He referred to the systematic Serbian "thieving" of matériel from U.N. storage depots. U.N. spokesmen have themselves admitted that "millions of pounds" worth of vehicles, including armored vehicles, have been stolen—from heavily-armed Unprofor soldiers who could defend themselves by raising their little finger. "These may just be robberies, but *we cannot be sure that it is not all part of the deal*," said Dr. Muratovic.

Most importantly, according to eyewitness reports in Bosnia, the British elite troops flown in since June 8 are already busy obstructing the preparations for the offensive and are interfering with communications lines. Bosnian Army 2nd Corps Commander Andjelko Makar told the Croatian review *Panorama*: "Our goal is to free the whole of Bosnia, from the river Drina, the river Una, to the sea. At some point the world will say: Stop, you cannot go further! Their estimate is that we are very close to that moment, so they are bringing in heavy forces in order to stop us and force us to negotiate."

Bad for the British, good for the world

Aware that the mere rumor of a Bosnian offensive has already electrified the world—a "nonlinear" political effect if there ever was one—some British military correspondents are "sounding the alarm" as the *Times* puts it, now claiming that Bosnia cannot win the war, but will lose "thousands" if there is an attempt to raise the siege. Some are claiming that

the Armija mobilization can have but a "very little" objective, such as clearing the crossroads toward the enclave of Tuzla. Others, more realistic, such as Miss O'Kane of the *Guardian*, are telling their countrymen to make the best of a bad job: "The Bosnian Serbs are losing the war," she writes from Banja Luka, a Serbian-occupied province from which photo-journalists are now banned. The Banja Luka daily *The Voice* no longer carries its Page 4 special, "News from the Front": There is nothing upbeat to report.

Making sure that the Bosnians "lose thousands"—i.e., the British intend to "wreck the joint" as they pull out under American pressure—is the policy now put into effect. U.N. Special Envoy Yasushi Akashi has laid down new policy guidelines for Unprofor: In spite of the fact that the U.N. is to get a reinforcement of 10,000 heavily armed men, food convoys into Bosnia are no longer to be escorted by U.N. troops, because it is "too risky"! After all the rubbish about a "vigorous new policy" following the taking of the hostages at the beginning of June, what has emerged is, indeed, a vigorous policy of making sure that no food whatsoever gets into Bosnia, neither to the capital, nor to the enclaves. The U.N. in Bosnia has been instructed to hand the convoys over to the Serbian police, which has "promised" to deliver the food!

In pursuance of Akashi's vigorous new policy, on Sunday, June 11, a convoy of 60 tons of food aid for the besieged enclave of Zepa, was stolen by the Serbians. The U.N. put out a communiqué saying it had been "rerouted" to the Serbian stronghold of Sokolac. On Wednesday, June 14, outside Sarajevo, a U.N. food convoy was dutifully delivered by the U.N. to the Serbian "police," who of course then refused to deliver it. Where is it now? Anyway, the plan for Unprofor to provide cover for the food convoys snaking over Mt. Igman—the road is so dangerous it can only be traversed at night—has also been dropped. Unarmored Bosnian vehicles are now attempting to bring food in to the capital and to the U.N. Mission, members of which are, by the by, also starving!

Unprofor has also decided that the last 20 miles outside Sarajevo are too dangerous, and these convoys too will have to be escorted by the Armija. Alex Ivanko, U.N. spokesman in Sarajevo, told journalists on June 12: "The Bosnian Serbs are calling most of the shots. I'm sure there are some shots they are not calling, I just can't think of them at the moment." This as reported in the *Guardian* on June 13.

Elsewhere on the battlefield, Serbian forces have suffered reverses of note, in the area around Mt. Treskavica. Between May 30 and June 5, the Bosnian Army recovered 70 square kilometers of territory; Bosnian dispatches say that the Armija now controls the chokepoints toward eastern Bosnia and most of Hercegovina. On Mt. Ozren, the 2nd and 3rd Corps of the Armija are said to be only 6 kilometers apart; to the north, this peak overlooks the province of Tuzla, to the east, the enclaves, and to the south, Sarajevo.

China cleans out British free trade vulnerabilities

by Michael O. Billington

Over the past four months, Beijing has taken dramatic steps to eliminate certain vulnerabilities within China to the effects of the ongoing crisis in the world financial system and the shock therapy demands of the British and the International Monetary Fund (IMF). Since February, a number of prominent political and business leaders, from Politburo members to top executives in state industries and financial institutions, have been arrested and/or forced to resign. There is no longer any question that Beijing is serious about the "Anti-Corruption Campaign," a campaign which has been demanded by most policy factions in China since the early stages of the reform begun in 1979, and was even acknowledged by the Beijing leadership to be a legitimate demand of the student-led mass demonstrations in Tiananmen Square in 1989. Until these recent events, however, it was generally believed that the well-connected elite were untouchable on their wide-open financial dealings, as many leaped into the hot-money empire of colonial Hongkong.

There have been three notable targets of the anti-corruption cleanup thus far. The first was the family which runs the nation's largest steel complex and a nest of subsidiary firms in Hongkong which are primarily engaged in real estate and related speculative activities. The second target was the powerful secretary of the Beijing municipal Communist Party committee, and extended to other prominent figures involved in massive Hongkong real estate development deals in Beijing. The third target was the corporate leadership of the largest brokerage firm on the Shanghai Stock Exchange.

The British press in the Crown Colony has gone to great lengths to portray these developments as merely the jockeying for position of contending forces, maneuvering to take control upon the death of the ailing supreme leader Deng Xiaoping. This has functioned as a smokescreen for the fact that all the critical targets of the campaign have been directly tied to the leading Hongkong agent for British operations in China, Li Kashing.

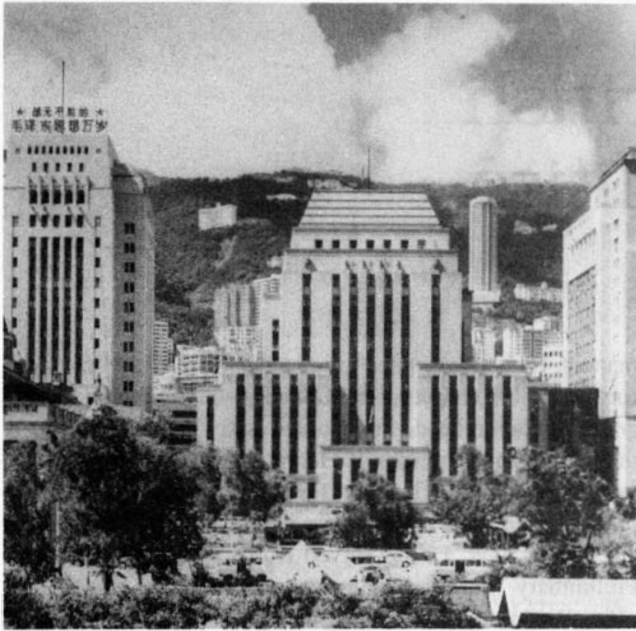
Li Kashing, reputed to be a member of the 14K Triad, the executive body of China's secret societies, is the leading modern-day British comprador in Hongkong. His primary holdings are in real estate, but he serves on most of the significant agencies and boards in the Crown Colony, including that of the Hongkong and Shanghai Bank, which functions as the effective government in regard to most financial

matters. He is also reputed to be one of the primary financiers for the Hollinger Corp., the Canadian-based British intelligence operation headed by Conrad Black, and whose board includes such luminaries as Henry Kissinger, Edgar Bronfman, and Margaret Thatcher. He is very close to the Keswick family of Jardine-Matheson, the historical controller of Britain's Dope, Inc. Li has served from the beginning on the Preliminary Working Committee of Hongkong leaders and officials working with Beijing on the 1997 transition, and in 1994 he was a founding partner in the New China Hongkong Group, a corporate alliance of government and business leaders from both Hongkong and the People's Republic which was formed to extend Hongkong-style government into the mainland.

Although Beijing has publicly asserted that neither Li Kashing nor any of his corporate entities are under any official investigation, it is clear that the networks within China connected to the kinds of "shock therapy" deregulation of industry and finance, such as those associated with the Hongkong speculators, are being cleaned out. The British have consistently portrayed China as being on the verge of general chaos and disintegration, a condition which the British themselves are attempting to create. However, the current leadership alliance in Beijing has in fact shown itself to be quite stable, and has increasingly over the past year turned China away from the British-IMF demands for privatization, deregulation, and an emphasis on the coastal low-technology industries for export, in favor of major infrastructure projects and the development of heavy industry, especially in the interior of the country. The recent arrests and forced resignations indicate that Beijing recognizes that such real development will not be possible unless the vulnerabilities to British financial destabilization and shock therapy are removed.

A sketch of the reform era

A brief sketch of the reform era is necessary to properly situate these developments. As Deng Xiaoping began the reforms in 1978 to bring China out from under the ravages of the Maoist era, he believed that the massive financial resources of Hongkong were the necessary source for the modernization of China. In the early 1980s, when Li Kashing began to move large amounts of development capital out of Asia, into Canada in particular, Deng determined that he



Beijing's "anti-corruption campaign" is designed to eliminate vulnerabilities to the world financial collapse, especially those tied to the Hongkong agent for British operations in China, Li Kashing, who sits on the board of the Hongkong and Shanghai Banking Corp. (above) which dominates Hongkong's Central District.

must redirect these funds into the mainland. The 1984 agreement with the British to return Hongkong to Chinese sovereignty at the end of the 100-year lease on the New Territories in 1997, included an unwritten protocol that China would establish several Special Economic Zones (SEZs), on the sites of the old British colonial treaty ports, where foreign investors would be permitted to set up tax-free, labor-intensive industries to exploit the cheap labor of the rapidly expanding pool of displaced peasants from the countryside. China became the "model" for the Third World side of the "globalization" of industry, a process led by Margaret Thatcher and her American sycophant George Bush to dismantle industry in the advanced sector, moving some of it to the Third World sources of cheap labor. As the productive economies of the West were replaced by speculative binges in junk bonds and derivatives, the "emerging markets" of the Third World increasingly became a source for both cheap labor and for massive speculative looting to feed the global financial bubble, leading to such fiascos as the Mexico crisis and the Barings Bank collapse, with many similar disasters waiting to explode.

In China, the implementation of the SEZ policy was a matter for considerable debate. Hu Yaobang, who had been in charge of the de-communization of agriculture, and who was the designated successor to Deng Xiaoping until 1987, insisted that the trade zones must be developed as an engine for China's domestic industrial infrastructure. He warned against what he called "two ends outside," referring to indus-

tries which imported raw materials and semi-finished goods from "outside" the country and merely processed them into exports, returning the product to the "outside," which, he said, would improve neither the national economy nor the skill level of the population in the long run.

Hu Yaobang's warnings went unheeded. The policy which ultimately guided the SEZs was that of Zhao Ziyang, who was to replace Hu Yaobang as general secretary of the Communist Party when Hu was purged in 1987. Zhao Ziyang was the darling of the New Age monetarists in the United States, those who are now known as the gurus of the Newt Gingrich, Phil Gramm "Conservative Revolution," such as futurologist kook Alvin Toffler, the Mont Pelerin Society's Milton Friedman, and king of the derivatives speculators George Soros, who was to become the primary sponsor of "shock therapy" in eastern Europe after 1989. With this team of advisers, Zhao Ziyang's reforms created several coastal boom towns, flush with hot money, cheap labor, drugs, corruption, and a relatively rich elite, while the rest of the country stagnated. By the early 1990s, the decay of basic infrastructure, such as power, water, and transportation, and the threat of a breakdown of agricultural production, as well as the social crisis caused by 150-200 million unemployed peasants, combined to cause a serious reconsideration of the direction of the reform process. The disastrous effects of shock therapy in Russia and the other eastern European nations were watched extremely carefully in Beijing, and the purported wisdom of its architects from the IMF, Harvard, and London was seriously questioned.

Development planning took a dramatic shift. While Shanghai was being rebuilt as an international trade center, it was to be viewed not as another SEZ, but as the "bow" for generating development along the "arrow" of the Yangtze River, deep into the interior. The plans for the Three Gorges Dam on the Yangtze were finally approved, including massive water diversion projects to solve the water shortage in the north. Proposals for new Asian-European and Asian-African rail lines, along the routes of the old Silk Roads, were reactivated and partially implemented, with the included idea that these lines would serve as "development corridors" in the interior. At the same time, the policies of the IMF and the Hongkong financiers, who demanded rapid privatization, decontrol of prices, elimination of guarantees for the welfare of the state sector workforce, and so forth, came under attack, not only by diehard Marxist advocates of central planning, but by also many leaders of the reform in the government.

Over 1993 and 1994, China learned that the British Hongkong investors, who constituted the largest percentage of foreign investment in the mainland, were not willing to put their money into these long-term infrastructure development programs in the interior without unacceptable conditions on Chinese sovereignty and exorbitant guaranteed rates of return. At the same time, the Hongkong-led speculators easily found ways to circumvent the primitive government efforts

to control speculation in real estate and in the new stock markets, contributing to the worst inflation in the history of the People's Republic, and the recurring collapse of several localized speculative bubbles. Junior officers of state sector industries were seduced into speculation in the London derivatives markets by some of the yuppies deployed by the City of London, resulting in the loss to the Chinese government of hundreds of millions of dollars. The IMF, meanwhile, used China's desire to join the new World Trade Organization to demand that China drop all protective measures for its still primitive agriculture and industries, declaring that China must be considered an already "developed" nation merely because of its size.

No blind worship of western economic textbooks

The conflict came to a head in August 1994 when Zhu Rongji, the Communist Party and government leader in charge of the economy and head of the central bank, addressed a special conference on the agricultural crisis. Zhu, who had since 1989 been considered by many in the West as the most liberal of the reform leaders in China, launched a scathing, surgical attack on the ideological roots of the shock therapists and their supporters within China. Zhu said: "There exist a series of erroneous ideas on the question of whether the government should intervene in the market and regulate. This series of erroneous ideas has led to chaos in the circulation sphere. We have suffered great losses as a result of such chaos! . . . It is still being advocated that the market is a panacea, that market means complete *laissez-faire*, letting prices be formed by the market spontaneously, and that there should be no regulation."

He refuted those in the party who complained that he was proposing to go backwards, to retreat from the reform. "Blindly worshipping and applying western economics textbooks," Zhu said, "will have grave consequences. . . . The western economics which is worshipped blindly is not even the practice of western economies, but stuff in western textbooks of economic theory. . . . Those comrades of ours have not fully grasped western economic theories, even less the practical experiences of western economies and capitalist market economies, but they would go all-out to advocate the market economy based on free competition, brandishing the stuff in textbooks, and letting an invisible hand guide the economy. . . . The question is, is it still possible to find a market economy based on totally free competition in today's world? No."

On the effects of the free trade policies on the economy, Zhu said: "Since the beginning of last year, we have suffered overly great losses. Nothing is regulated now. . . . Presently, fraudulent, fake, and substandard goods are prevalent; many people no longer have any sense of quality or law, and are not public-minded or ethical at all. Price increases on the past year are not caused by a tight supply-demand situation, but

by a lack of regulation of the circulation sphere and market prices."

Zhu Rongji also defended the state sector industries, speaking at the World Economic Forum in Davos, Switzerland. "China's state-owned enterprises are not losing as much as claimed by some foreign media. In fact, the economic performance of China's state-owned enterprises is becoming better year after year. The majority of the losing enterprises are the small and medium-sized ones, and their total assets and number of employees are less than 20% of those of all state-owned enterprises," he said. Zhu also pointed out that only two public sectors require major state subsidies, coal and the military industries, totaling about \$600 million.

While denouncing free trade, Chinese government agencies also published documents strongly supporting the foreign policy initiatives of U.S. President Bill Clinton. Clinton has replaced the "globalization" emphasis of the Bush administration with a policy of fostering high-technology exports and investment in infrastructure, aimed at developing strong economies around the world. The official Beijing journal *Shijie Zhishi* on Feb. 1 praised "Clintonomics" as an attempt to "replace *laissez-faire* with activism and restrengthening government intervention in economic life." *China Daily* on April 3 even declared that the "special relationship" between the United States and Britain was finished, and the situation was "irreversible," praising Clinton's efforts to "combine central and eastern Europe together, to stabilize Russia, and then to form a new European pattern beneficial to it."

The arrests

In late February, Zhou Guanwu, president of Shougang Steel, the premier steel company in China, suddenly resigned, while his son, Zhou Beifang, was arrested for unspecified economic crimes. The father, a close friend of Deng Xiaoping, had pioneered the "contract management" form of industrial management as head of Shougang Steel, while the son had headed its far-flung Hongkong operations. In 1993, Zhou Beifang, in partnership with the youngest son of Deng Xiaoping and the infamous Li Kashang in Hongkong, launched what became known as "backdoor listings" in Hongkong.

Five small or failing companies listed on the Hongkong exchange were purchased by subsidiaries of Shougang Steel. These shell companies then acquired a number of mainland firms, and proceeded to pour money into Hongkong real estate and other speculative ventures. This method not only bypassed both the Beijing and the Hongkong regulations for forming new listed companies, but also provided a means to transfer Chinese government-owned companies into private hands in, at best, a quasi-legal manner. It was also widely suspected that billions of dollars were illicitly laundered out of the mainland and into private accounts in Hongkong, some of it reinvested back into the mainland, thus receiving the special concessions reserved for "foreign investments." As enormous amounts of money flowed in and out of the main-

land through Shougang and similar networks, the biggest real estate bubble in world history drove Hongkong prices to four times the value of prime New York office space, with some mainland values in the SEZs not far behind. The bubble burst at the end of 1993.

The Beijing government has reported that Zhou Beifang's arrest is not related to his Hongkong business dealings. It is rumored that the charges will be related to an "illegal fundraising scheme" in Jiangsu Province with links to State Security. Li Kashing has reportedly expanded his connections with the Shougang group, but the group's stocks have fallen dramatically on the exchange. Li also, for the first time, moved a sizeable portion of his personal holdings in his Hongkong corporate structure into a trust in the British Cayman Islands, perhaps seeing the handwriting on the wall.

The second scandal revolves around the Beijing municipal authorities and party leadership, and their connections to the planned Oriental Plaza in Beijing, close to Tiananmen Square, which was to be built by Li Kashing. The original plan gave Li 63.7% of the project, through his major holding company, Cheung Kong, and its main subsidiary, Hutchison Whompoa. Last year, controversy arose over the height of the building, over a previously existing contract with a McDonalds on the same property, and over the percentage of ownership going to Li Kashing. Broader questions of corruption then arose, and the investigation spread to 17 construction projects, and 40 or so top officials, according to Hongkong press reports. The primary figure in the center of the scandals is Chen Xitong, the head of the Party Committee for Beijing and a high-ranking Politburo member. Chen was previously mayor of Beijing, and was one of the leading advocates of the military crackdown against the 1989 demonstrations.

On April 4, the executive vice mayor of Beijing, Wang Baosen, committed suicide some time after his secretary had been detained for questioning. Wang was the head of the city Planning Commission and a former aid to Chen Xitong. After three weeks of intense speculation, Chen Xitong resigned as head of the party (although he has retained his position on the Politburo). Chen's son Chen Xiaotong sometimes called "Beijing's Li Kashing," who runs one of the top hotels, is also under investigation. Again, no exact charges have been announced, and Li Kashing was not publicly named in any criminal matter. According to the May 6 London *Economist*, Li Kashing has "proclaimed his probity and threatened legal action against anyone who suggests otherwise."

Chen Xitong has been replaced as Beijing Party chief by Wei Jianxing, a Politburo member who is himself in charge of the party's anti-corruption investigation. The Oriental Plaza is on hold.

The third major scandal involves Shanghai International Securities (SIS), the leading securities broker in the Shanghai exchange. On Feb. 23, SIS was caught in a massive price rigging of government bond futures during a day of total panic on the market. The bond markets had become the favored

place for the relatively small number of Chinese investors and speculators since the stock market died along with the Hongkong bubble at the end of 1993. In a single day of trading on Feb. 23, about \$150 billion in bond futures were traded. The government stepped in toward the end of the day, closed trading, and determined that SIS had been trading tens of billions of yuan worth of bond futures on its own account, without meeting margin requirements, in an attempt to get out from under a losing position. The government canceled a portion of the day's trading, and forced traders to unwind their positions through negotiations. The firm, partially owned by the city government, may have lost several million dollars.

Both Zhu Rongji and Premier Li Peng personally visited and investigated the Shanghai exchange. In March, a new director of the China Securities Regulatory Commission was appointed. In April, the president and founder of SIS, Guan Jinsheng, resigned, together with the chairman Xu Qinxiong. It is not yet known if there will be criminal charges.

Here again there is a Li Kashing connection, although in this case the connection is not as well known. When the Shanghai stock exchange was first set up, the government provided funds to two existing brokerage firms, including SIS, as start-up money. SIS founder Guan Jinsheng, working in conjunction with Li Kashing, used the government money to run a scam on the state-sector workforce. During the early 1990s, Beijing dealt with recurring government liquidity crises by resorting to a "forced savings" policy against state-sector firms and employees, docking pay checks to pay for government bonds which were only redeemable over a period of years. SIS officials traveled the country, buying up these government bonds for a fraction of the face value from desperate workers who needed the cash to survive the record rates of inflation. These bonds were then discounted with Li Kashing, providing a windfall for SIS and for Li Kashing—an auspicious beginning to the "free market"! In the absence of adequate regulation, such scams were run with impunity.

SIS fared less well this year with their criminal manipulation of the futures markets, which resulted not only in the dismissal of those responsible, but also in the elimination of the bond futures market altogether on May 18. The government regulators announced that the "experiment" in bond futures was indefinitely suspended. Over the past months, in fact, the government has banned futures trading in foreign exchange, steel, sugar, coal, rapeseed oil, and certain varieties of rice. The British effort to create a series of "new Hongkongs" in the mainland is suffering a severe blow.

Hongkong 'spin doctors'

The Hongkong and British press have attempted to hide the clear intent of these measures by reducing them all to mere machinations of power struggles in a classical Chinese Dynasty change. The general spin is that Jiang Zemin is running all these "purges" in order to establish his independence from Deng Xiaoping before Deng dies, to avoid the

fate of Mao Zedong's chosen successor Hua Guofeng, who had been quickly deposed after Mao's death. Much is made of the fact that the Zhou family of Shougang Steel was close to Deng, and that one of Deng's children is part of the Shougang corporate structure in Hongkong. Such media deceit not only covers up the scope of the anti-corruption actions, but also feeds into the primary British operation in the Asia theater today—the intention to break up China in the period following Deng's death, through economic warfare and provoked civil or regional war. This is an exact replay of the British policy during and after World War II, as documented in the May 12 *EIR Special Report*, "Britain's Pacific Warfare against the United States."

For example, the May 11 issue of the *Far Eastern Economic Review* from Hongkong reports on the measures taken against Li Kashang's allies under the title "Palace Purge," calling the arrest of Beijing party chief Chen Xitong "the first public shot fired in the struggle to succeed ailing patriarch Deng Xiaoping," ignoring the now generally recognized fact that that "struggle" has been going on for years and is now quite firmly settled. Most revealing is the fact that the cover story of that issue was entitled "Fragile China," a report on the supposedly "futile battle" to hold China together. Britain's preeminent China specialist, Gerald Segal of the International Institute of Strategic Studies in London, is quoted saying: "The bottom line is that if you want to run a modern, market economy you cannot do so in a country of this size without federalism—full stop. . . . So something has to give. The party can give way, accept decentralization and learn to live with this new world. Or it can fight, in which case it will face economic problems, or political ones, or both. There is no going back."

Similarly, the May 20 issue of the *Economist* covers the arrests as nothing more than Jiang Zemin's "chance to purge a few political rivals and slightly improve the party's popularity." However, the same issue also carries an indirect response to the May 12 *EIR Special Report* on Britain's historic and continuing warfare with the United States. The *Economist* reviews a book by Chinese historian Lanxin Xiang, "Recasting the Imperial Far East," which was featured prominently in the *EIR Special Report* as a valuable documentation of Britain's efforts to sabotage President Roosevelt's policy of fostering a strong Chinese nation, preferring to keep China weak and divided. The *Economist* admits it all, and defends the policy! "Certainly, Britain's view of China was colored by its century-old dealings in a strife-torn country and its proven ability to extract profit from a chaotic economy," writes the *Economist*. But there is nothing wrong with that, since Britain was only trying to "make the best of a bad hand on protecting its commercial interests. Here, there was no hope of an understanding between Americans and British." British efforts to divide and weaken China have not changed, and the Beijing leadership is demonstrating an increasing ability to defend the country.

Kissinger's China war comes to Congress

by Kathy Wolfe

Following Henry Kissinger's attack on China as a strategic threat in a March 29 speech in London, former British Prime Minister Margaret Thatcher's pet politician George Bush and friends have begun a preelection attack on President Clinton over China and Asia policy.

Despite Kissinger's past as an architect of the U.S. "China card" policy, the newly beknighted former secretary of state is now raising the alarm against Beijing. In a March 21 speech in Bombay, India, Kissinger said bluntly that it is China per se, with its "extraordinary economic progress," which threatens "especially Northeast Asia," because China "is on course to emerge as an extraordinary superpower within 20 years." In his March 29 speech to a conference of the Royal Institute of International Affairs (RIIA) in London, Kissinger demanded that the United States adopt British geopolitical policy, that China must not be allowed to grow strong. "It is against the American interest that any major region of the world, either Europe or Asia, be dominated by any country," he said, also predicting an outbreak of wars in Asia.

The Kissinger theme has now been picked up by Bush networks in the United States. Their promotion of the June 8-11 visit to the United States of Taiwan President Lee Teng-hui is but one move in a plan to demonize the People's Republic of China (P.R.C.) "as if it were some sort of 'evil empire,'" Dr. Lawrence Niksch, Asia director for the Congressional Research Service, warned a Capitol Hill seminar on Taiwan on June 1. He noted that the Bush group is mounting an attack on China, as a "lightning rod" to attack President Clinton, for bettering U.S. relations to Beijing.

The major promoters of Lee's U.S. trip were the British-linked Heritage Foundation; Bush's ambassador to Taiwan and Beijing, James Lilley; and George Bush himself, Heritage Foundation Asia expert Brett Lippencott told *EIR*. They are working in Congress with Sens. Frank Murkowski (R-Alaska), and Jesse Helms (R-N.C.), and Reps. Douglas Bereuter (R-Neb.), and Benjamin Gilman (R-N.Y.).

This same group has inserted "over 20 pages of China-bashing" into the major U.S. foreign aid bills this year, both HR 1561, the "American Overseas Interests Act," and its Senate counterpart, the "Foreign Relations Revitalization Act of 1995," an aide to Representative Bereuter, head of the

House International Relations Asia subcommittee, revealed on June 7.

Clinton-bashing

President Clinton, for his part, invited Chinese Ambassador Li Daoyu to the White House to say that the United States has a "one China policy, not a two China policy."

The British, however, want to remove President Clinton from office at all costs, to halt his programs for developing not only China and Korea, but for stabilizing the Middle East, Ireland, and other areas. London and the Bush faction have harshly criticized Clinton's plan for nuclear power development in North Korea, which has gone ahead despite their opposition in the U.S. Congress.

Now the Bush group is attacking Clinton on China. "The Lee [Teng-hui] visit will have been very useful for the Republicans," who plan to use China as the centerpiece of a major attack on Clinton's foreign policy, Lippencott told *EIR* in an interview on May 26. "They will go after Clinton for backing down in face of P.R.C. pressure and for economic expediency. They'll attack Clinton as someone who fell for the myth of the Chinese market, the myth that says this is 1.2 billion people, you have to be deferential to Beijing. . . .

"The Republicans will say: 'The U.S. was deferential, and we got nothing for it. They'll question how much China's helped us in North Korea. They'll question how much China is aiming to scale back democracy in Hongkong. They'll question why China remains hostile to Taiwan. They'll question China's nuclear development. . . .

"The Republicans will put it in a big foreign policy picture of, 'Look, we have Castro making a mockery of us, China is a big problem,' they'll point to the Mideast or say India is a problem with repression in Kashmir. It all adds up—and China will play a big part in it."

Conservative Revolution leaders such as House Speaker Newt Gingrich (R-Ga.) and Sen. Phil Gramm (R-Tex.) will say, "Be tougher on China," Lippencott predicted. "They'll use China, saying, 'We didn't get what we wanted out of China, Clinton could not make China live up to their promises of a market.' "

China-bashing

Since the 1820s Opium Wars, Britain has promoted the idea that China is a strategic threat to the West, as an excuse for colonizing and looting China and for programs to reduce its vast population. Britain's most recent articulation of this was a March 1994 report, "China Changes Shape: Regionalism and Foreign Policy," by the London Institute for International and Strategic Studies. "The reality in China is tending increasingly toward developed power," the IISS study said.

The IISS report called for China to be broken up like Yugoslavia into regions, by dividing off Tibet, Taiwan, Mongolia, the western Muslim provinces, and the southern areas nearby Hongkong. "It may be that the only way to

ensure that China does not become more dangerous as it grows richer and stronger, is to ensure that in practice, there is more than one China to deal with," IISS wrote.

The Bush-fostered foreign aid bills are intended to paint China as the new strategic threat, Nicksch told *EIR* in a June 7 interview. He noted that Bush's Ambassador Lilley had told a June 1 forum on Taiwan on Capitol Hill that "the U.S. intends to 'encircle' China." The anti-China bills now before Congress are "part of the plan to encircle China," he said.

Contents of the foreign aid bills

Provisions in the foreign aid bills include:

- A legal requirement as law that the United States admit the President of Taiwan in the future for informal visits;
- A sharp expansion of U.S. arms sales to Taiwan;
- Wording on Tibet attacking the national sovereignty of China. Both require the United States establish a special envoy to Tibet, to foster direct relations with Tibet's break-away religious guru, the Dalai Lama, treating the rebel province of Tibet as a sovereign nation.

The Senate version states: "Tibet is an occupied sovereign country under international law and its true representatives are the Dalai Lama and the Tibetan Government in Exile. . . . Because of the involuntary loss of their sovereignty, the Tibetan people are entitled to the right of self-determination," i.e., to secede from China;

- Both bills require a "much tougher U.S. policy on Chinese human rights violation," Bereuter's office said, including a provision that would forbid President Clinton from making a much-wanted visit to China, unless there is specific "progress" acceptable to the Republican Congress;

- Both bills condemn China's occupation of Mischief Reef Island in the South China Sea (also claimed by the Philippines) and call on the United States "to support our democratic friends" against "aggression" from China.

Sen. John McCain (R-Ariz.), Gilman, and other Clinton critics "put tremendous pressure on the State Department to issue its recent warning against aggression in the South China Sea," Nicksch told *EIR*. "McCain's May 21 *Washington Post* commentary made the very, very significant statement on the South China Sea that the U.S. must normalize relations with Vietnam immediately—specifically to contain China";

- Requirements that Chinese-made imports into the United States be certified that they were not made by forced labor;

- Establishment of a new Cold War program, Radio Free Asia, to broadcast into China against the government.

The House bill passed the full House on June 9. The Senate version, sponsored by Senate Foreign Affairs Committee Chairman Helms, has been reported out of committee, and Senate Majority Leader Bob Dole (R-Kan.) says he wants the Senate to pass it by the July 4 recess. President Clinton has said he would veto the bill; whether votes exist to override a veto is unclear.

'Green' vice president of German parliament praises paganism

by Rainer Apel

"The anti-Christian current has set as its goal, the destruction of the value of the Cross, emptying it of its meaning, by denying that in it, Man finds the roots of his new life, and by claiming that the Cross is incapable of nourishing future prospects or hopes. Man, they say, is only a creature of the earth, which ought to live as if God did not exist."

So reads a key statement at the beginning of the new papal encyclical, "*Ut unum sint*: On the Commitment to Ecumenicism," which calls upon all churches within the broad Judeo-Christian spectrum to strengthen their efforts to oppose the onslaught of the *Zeitgeist* and of pagan cults. It especially points to the common martyrdom which all Christian religions have suffered under the onslaught of neo-pagan currents such as fascism and bolshevism. The encyclical concentrates on religious questions, questions of the commonalities and differences among the various religious communities, and it goes right up to the edge of the realm of politics, and even of economic policy, in that each of the various concepts of economics follows a distinctly different image of man. But together with previous encyclicals issued by Pope John Paul II, what emerges is a general attitude of opposition to neo-liberalism, and especially opposition to the ideology of the Conservative Revolution (and its "green" variant), whose view of Man is that he is a beast. Venturing far beyond the realm of the Catholic Church itself, the new encyclical reminds all Christian believers that in Christianity, Man is understood as the *image of God*, as a creature who is clearly distinct from the beast, and who possesses some of God's positive-creative potential. The encyclical spreads optimism that on the threshold of the third millennium, it is indeed possible to better humanity's situation.

Prince Philip is the driving force

This culturally optimistic conception of man stands diametrically opposed to the cultist conception, which, from time immemorial, has been propounded by the oligarchy, and in modern times by the English monarchy, to the end of manipulating its "subjects." It is therefore no wonder that since 1961, Prince Philip, the Duke of Edinburgh, has been the driving force at the head of the World Wide Fund for Nature (formerly the World Wildlife Fund), an organization

which can be characterized as the mother-hen for all the other radical environmentalist groups which sprang up in the meantime. As this newspaper has repeatedly documented, it was in Prince Philip's office that the "green" *Zeitgeist* and its "movement" was forged as a weapon against modern industrial society: On May 18, 1990, speaking before the National Press Club in Washington, D.C., Philip took a stand against Judeo-Christian values, saying that for him, it is "now obvious that the environmental pragmatism of the so-called pagan religions such as that of the American Indians, the Polynesians, and the Australian Aborigines, is more reality-oriented from the standpoint of environmental ethics, than that of the rather intellectually monotheistic philosophy of the religions of revelation."

Prince Philip's false equations—"nature equals paganism" and "destruction of nature equals Christianity"—are a central feature of the ecological propaganda against the idea of population growth. Another central feature is the claim made by contemporary anthropology (ecology's somewhat older sister-movement), that man is *by nature* a violent creature, and has always been a beast whose bloodthirstiness has been somewhat curbed, but never completely overcome. It is further claimed that the old cults knew about the bestial in Man, but that this has been suppressed by the modern religions, and that the cultish, primitive societies could survive better than our modern, more complicated social order can. The crisis of modern civilization, according to the anthropologists, is once again bringing out the beast in Man—just look at the Balkans, Rwanda, etc.

It has been necessary to preface our report with this rather long-winded discourse, in order to set the proper context for reading and evaluating a German-language book by Antje Vollmer titled *Heisser Frieden (Hot Peace)*, which appeared shortly before the release of the papal encyclical. Antje Vollmer, co-founder of the German Green party, at the instigation of Christian Democratic parliamentary group manager Wolfgang Schäubele, and with the votes of the Christian Democratic faction, was elected in 1994 to the post of vice president of the German parliament, the Bundestag. Had Mrs. Vollmer's book appeared at an earlier point, it is quite likely that a number of parliamentarians from the Christian Democratic

Union and the Bavaria-based Christian Social Union—parties which still at least like to consider themselves Christian—would have had second thoughts about electing Schäubele's candidate to one of the highest posts in our parliamentary democracy.

A book about violence

Mrs. Vollmer's foreword gives us ill forebodings of what is to follow. She begins: "This is a book about violence—a discomfiting topic. Violence, long thought tamed, is now returning to Europe in devastating and archaic forms. Anyone can confirm for themselves this swelling tide of chaotic currents and goat-songs (tragedies), and can at the same time realize how impotent the culture of the moderns is to deal with them adequately." Here Antje Vollmer uses a well-known trick from anthropology, not naming violence by its real name, and acting as if violence were ubiquitous and present in all men, and as if the distinction between criminals and victims did not exist.

Mrs. Vollmer does not wish to name names. "This book is based on an assumption," she writes in the foreword. "It proceeds from the assumption that the discussion about violence goes astray whenever it inquires about the roots, the guilty parties, or the ostensibly lacking norms and values. Contrary to the usual practice, our investigation does not dwell upon the search for causes. It takes as a given, what the myths speak about: that violence has always existed, since the dawn of human history."

At this point, one might be tempted to simply close the book and cast it into the pile of those countless, trendy books on "violence," none of which adds a jot to our actual comprehension of the subject. But her foreword also contains a strange formulation which makes our ears prick up: "With this other view of the dark side of human history, I have found that well-known concepts have often become murky, and previous judgments have been overturned: Sacrificial cults, myths, and rites were not, after all, merely instruments for the enslavement of human souls through magic, but rather, were often also regulatory systems of great wisdom and knowledge about human nature."

Let us, therefore, see where the Bundestag vice president—who, by the way, is also a theologian of the German Evangelical Church—leads us on her journey toward the ostensible wisdom of the pagan oracles. She first takes us to Nepal, to the Dassain Festival of the Gods, which she herself attended a few years ago. There, in the city of Bhaktapur, the climax of the days-long Dassain Festival occurs when the gods of the city (Nava Durgas) sacrifice a consecrated lamb atop a white stone; the lamb's blood trickles down onto a crowd of people who are concealed underneath a white cloth. Now the magic moment is come, "when all Nava Durgas drink from the freshly spurting blood. They immediately become dizzy and go into a trance. This is the Incarnation: Now the Nava Durgas are no longer of this world, they are

actually gods, and will rule over the city for one week."

During that one week of continuous cult festivities, sacrifices are made throughout the city; animals are slaughtered in every locality—but in a special way, as Mrs. Vollmer describes: "Usually the thing to be sacrificed is something living: With bare hands, with a sharpened thumbnail, a suckling pig's heart is torn out of its body. Then begins the time of the Great Slaughter; all the streets are covered with blood," etc. At the conclusion of these "festivities," everyone drinks one more time from the blood of a freshly slaughtered buffalo, and goes into an "ecstatic, wild dancing, which refuses to end, and grows wilder and more aggressive than at the outset. In former days, so it is said, it was not uncommon that one of the Nava Durgas would fall to the ground, dead, after this excess. It was a dance of the dead. So powerful was its magic spell, that it literally determined life and death. Afterwards, the city and its inhabitants returned to their former peaceable ways."

Now, Antje Vollmer, who erroneously believes that here she has discovered echoes of the animal-sacrifice practices of the Jewish and early Christian tradition, sees the Dassain Festival as a sign of higher human development, since the "transition from human sacrifice to animal sacrifice is found at the start of all high cultures." But Mrs. Vollmer is quick to add that everyone knows "at the same time, that this is not always successful," since these festival days are seen "as rowdy days, as eerie times when the old, outmoded orders reclaim their rightful place and must be vanquished anew; the old German tribes knew this, as well as the early natural religions of the Celts. The totem as a taboo area, within whose bounds all is permitted: murder and incest, debauchery (etc.)."

Has the Protestant theologian Antje Vollmer, we might ask, ever celebrated the Christian Christmas festival, which proclaims quite another message? But she seems to have written off the Christian religion: She does not look to Christianity to provide any solution to such "problems" as the "immense influx [into Europe] of people from the East and the South"—a danger which she paints large in her book, *despite* the possibility of industrial and agricultural development. "The real cradle of civilization," she writes, "is not in Europe at all; rather, it was on the dusty, red soil of the land of two rivers, the birthplace of three world religions. But what was thought, dreamed, passed on, and written down concerning rules of social behavior, commandments, norms, and values, has now been almost completely used up."

Mrs. Vollmer explains that in her opinion, "even a people's morality and ethics" is also "a finite resource; over-exploited, it, too, can go into decline, just as mineral deposits, rain forests, topsoil, and the ozone layer can." This is indeed an *insane* train of thought, one worthy of Prince Philip himself.

Mrs. Vollmer apparently got this idea from cultural anthropologist René Girard, author of the book *Das Heilige und*

die Gewalt (Violence and the Sacred), whom she frequently quotes in her book, and who is highly respected by certain neo-pagan circles. Girard, in turn, in his own book, admiringly cites anthropological studies by one Edward E. Evans-Pritchard of certain tribes along the Upper Nile, who believe that man and beast have equal status. This English “researcher” just happens to be the father of a certain Michael Evans-Pritchard, who of late has been functioning as one of the lead actors in the English-oligarchical slander campaign being waged by the media against President Clinton. So the neo-pagan, oligarchical world is rather small, after all.

Mrs. Vollmer herself, who has apparently skimmed through all this without giving it much thought, feels no need to know much about the oligarchical background; all she wants to do, is follow in the footsteps of many other prominent people, and spread this neo-pagan propaganda far and wide. For example, in her book she expresses the view that humanity is almost inexorably and compulsively striving toward a “new barbarism,” a bloodbath similar to the Thirty Years War, because of the failure of the elites. The chief reason why the elites failed, according to Mrs. Vollmer, is that they were too late in taking to heart the wisdom of the old cults, because they were not quick to create new sacrificial rituals in order to channel people’s ostensibly “innate” violent proclivities (just look at the Nepalese Dassain Festival. . .) and to usher in the “third phase of civilization.” Nevertheless, Mrs. Vollmer says, there are some places where a start could have been made, and perhaps could still be made before it is “too late”—in the media, for example.

“Ever since the 1920s, the new media have been *the* coveted goal of political movements. The media set the aesthetic criteria of our public places; they lend everything an aura of irresistibility. Heretofore unimaginable possibilities for influencing the masses open up for whoever becomes the first to possess the new media. The media always play upon people’s curiosity and thirst for fascination, and thus on their creative potential, on their ability to marvel. At the same time, the media also prey upon their gullibility and defenseless naivete,” Antje Vollmer writes. She continues: “On the question of the usefulness of the new media, no one was more modern than National Socialism. In contrast to the pictorial arts—where what dominated, in keeping with the Führer’s tastes, were the quaint, and, in the final analysis, harmless Nazi bacon-slabs in the manner of the 19th century—the films, the architecture of the grand plazas and show-streets of Nazi culture were sensationally modern. This will to form, this aesthetic bid for power is typified by Leni Riefenstahl’s films (which admittedly show a certain formal genius), and was further refined by Sergei Eisenstein. This modernity is symbolized by the suggestive colorings and light-beacons, the almost mystical decorations of public places, and the mass marches. Today, every rock concert contains elements of such a multi-dimensional intensity of experience.”

Up to now, apparently, no one in the otherwise astute and “politically correct” German literary scene has gotten upset over this passage in Antje Vollmer’s book. Could it be that this is because she is from the Green party? One need only think back to 1988, when the Greens unjustly accused Bundestag President Philipp Jenninger of having made excuses for the Nazis and their holocaust, causing a scandal which forced Jenninger to resign. But now, almost seven years later, a “green” Bundestag vice president can get away with picking out an ostensibly positive feature from the Nazi era, actually writing it down on paper—and absolutely nothing happens to her! Of course, elsewhere in her book, Antje Vollmer is politically “correct” enough to include a condemnation of Hitler and Stalin, the “fascist-racist” and “socialist-bolshevik” variants of the “violent excesses” of the 20th century.

The counterculture cult

Antje Vollmer is not far off the mark with her observation on the connection between Leni Riefenstahl and modern rock music. Years ago, it was reported that English rock singers were using old Hitler films, carefully studying his gestures as he spoke before mass rallies, and attempting to apply this for their own purposes.

For Antje Vollmer, rock music carries the seeds of the “third phase” of civilization. Since 1989, i.e., since the end of the Cold War, we have had a “hot peace,” an extremely unstable condition, she writes. There are “no longer elites which can entrust themselves with such civilizing tasks,” and the “chief actors in the third phase of civilization—crafty at surviving, experienced in doing without, responsible for the whole, and yet still creative about the future—have yet to appear upon the European stage.”

“But also in European and American culture, artists and stars have in the meantime constituted themselves as a lonely avant-garde in the social processes of mollifying and taming violence,” Mrs. Vollmer explains in another passage. “With a great sense of doing the obvious, and mostly without even knowing what they are actually bringing about, they are laboring together on this most difficult work. Thus, they are far ahead of the politicians. They are the true *citoyens* of today’s civilization. Within themselves they gather up the entire confusion of collective emotions and affects, and give them an incomparable, authentic expression.”

“Make love—not war! It’s still happening today. Despite all the denials, the Vietnam War was actually lost on the fields of Woodstock,” Mrs. Vollmer’s book says at the very end. And though one might have doubts about whether that will be enough to deter the Serbs (to take just one example), we are nevertheless anxious to see what course the Bundestag will take under this vice president. Soon, perhaps, we may see bags flying as they did back in 1983—bags filled with Leni Riefenstahl’s “suggestive dyes” so cherished by Mrs. Vollmer.

Baroness Lynda Chalker targets Kenya for tribal warfare

by Joseph Brewda

British Overseas Development Minister Baroness Lynda Chalker has been caught in a new plot to engulf Kenya in genocidal wars like those she is overseeing in Rwanda and Burundi. The plot centers around toppling the government of President Daniel arap Moi, through promoting the new party of Richard Leakey, the environmentalist son of the famous British anthropologist and British intelligence operative Louis Leakey.

Moi's non-tribal government balances the two largest tribes, the Kikuyu and Luo, who have a long history of conflict, and who have their own tribal-based parties. If Moi were toppled, neither opposing tribe could easily come to power, raising the specter of the kind of ethnic conflict that destroyed neighboring Somalia in the aftermath of the fall of the government of Siad Barre.

The plot surfaced in early May, when Leakey, the former head of the Kenyan parks department, announced that he was forming a new party to challenge the Moi government. Leakey claimed that the public is "totally demoralized" over Kenya's "slipping backward." "What I want to know," he asked, "is why our schools have no running water and no books, why you can't get a simple antibiotic anywhere?" While the International Monetary Fund (IMF) was not mentioned, Leakey decried "corruption" and "mismanagement," which he offered to correct through his leadership. The situation also requires a change in the Constitution, he said, to end government control of radio and television, the civil service, and the security forces. Leakey has called for a boycott of the scheduled 1997 elections unless these constitutional changes are made before then.

Another agent of her Baroness

Joining Leakey in founding the new party was Paul Muite, a Kikuyu politician and former president of the Law Society, who feels that the problem facing Kenya is that "the European and Asian communities here tend to take a back seat in politics." "Richard was born here," he said, "he's as Kenyan as I am."

President Moi immediately condemned Leakey for wanting to "destabilize the country" and to "return to colonialism." He added that Leakey is using the "colonialist antics of dividing Africans along tribal lines to exploit them."

In an interview in the London *Daily Telegraph* on May

31, Leakey confirmed his foreign sponsorship. "I am given the time of day in the corridors of power in Whitehall [British Foreign Office], Washington, and Paris, not because I'm white, but because of what I've done," he said. The paper added, "He says he will not hesitate to use his personal friendship with Lady Chalker, Britain's Overseas Development Minister, whom he met on his recent trip to Europe, to further his party's objectives."

The Overseas Development Administration which Baroness Chalker runs, was formed in 1964, to replace the British Colonial Office, which was formally disbanded as part of the policy of decolonization. "Decolonization" meant that the Union Jack would come down and the armies would leave, but it did not mean that the British would leave. The ODA retained the colonial office's top officers, staff, files, and agents-in-place. Officially in charge of all overseas grants, it funnels some \$3.5 billion a year to non-governmental organizations (NGOs), political parties, and other organizations serving British geopolitical aims in its former colonies. The Mwangaza Trust, run by Leakey crony Miute, is typical of these NGOs. Last March, Moi denounced the group as "coached by the Europeans."

Among Baroness Chalker's top agents is Ugandan President Yoweri Museveni, who has turned neighboring Uganda into a base of British operations throughout the region, including against Kenya. In January 1995, the Ugandan-based "February 18th Movement," led by Kenya exile and Luo leader John Odongo, began military operations into Kenya from eastern Uganda with the backing of the Ugandan Army. Tensions further increased in April when Moi expelled the Rwandan ambassador over Ugandan Army-backed massacres of 8,000 Hutu refugees at the Kibeho refugee camp in Rwanda. Baroness Chalker, alone among all western political figures, justified the massacres, claiming in an April 22 BBC interview that only 300 people were killed. She dismissed the dead as "Hutu extremists. . . . It must be for the government of Rwanda to restore order."

A continuing campaign

The assault against Kenya began in May 1990, when U.S. Ambassador Smith Hempstone gave an address to the Nairobi Rotary club announcing that, henceforth, U.S. aid would only go to those countries that "nourish democratic

institutions.” The speech was taken by leading dissidents as an assurance that “they could oppose the government and have the support of a major world power,” according to the press. The Bush administration, loyally following the policy of Britain’s Thatcher administration, opened up its coffers to the British-run Kenyan opposition. Hempstone, formerly the publisher of the Anglophilic *Washington Times*, conduited at least \$31 million to the opposition parties—the Forum for the Restoration of Democracy (FORD) and the Kenya Democratic Party.

By November 1991, Kenya’s western donors threatened that aid would cease unless Moi held “multi-party” elections. While warning that this crusade for democracy invited tribal warfare, Moi called elections for December 1992. Over 800 people were killed in tribal violence. As expected, FORD split apart in 1992 along tribal lines, with FORD-Kenya representing the Luo, and FORD-Asili representing the Kikuyu.

In March 1993, Moi got into deeper trouble when he broke with the IMF, whose policies, he said, were forcing Kenya to “commit suicide.” IMF dictates had increased the price of bread 45-fold that year alone, while depreciating the Kenyan shilling by 60%. Both the FORD-Asili and FORD-Kenya parties denounced the break. FORD-Kenya economist and prominent Nairobi businessman Robert Shaw complained that Moi’s refusal to comply with IMF dictates was “catastrophic,” and had “plunged Kenya’s economy into the Dark Ages and back into inefficient and corrupt state control.” The similarity to Leakey’s lingo is not accidental. Shaw persuaded Leakey to form his new party, according to Kenyan sources.

Although Moi backed down in the face of massive British threats, he has since renewed his campaign. On June 9, he told a rally that henceforth “the government will not swallow wholesale all conditions of the [IMF] structural adjustment programs that are detrimental to the welfare of the common citizen.” The donors have called an extraordinary Paris meeting in July in response, citing “fears regarding some aspects of economic reform,” as well as concern over “human rights abuses and corruption in the political elite.”

Like father, like son

The Leakeys are old hands at using tribal conflict to destabilize Kenya, and have been involved in such tricks since the beginning of the century. Richard Leakey’s grandfather, a missionary, came to Kenya in 1901, and translated the Bible into the language of the Kikuyu. Louis Leakey, Richard’s father, was recruited into British intelligence at least by the 1930s, when he authored a 1 million-word secret profile of the tribe, and its vulnerability to manipulation. Operating under the cover of an anthropologist, Leakey played an important role in British East African operations during World War II.

After the war, Leakey played a major role in the British-

orchestrated Mau Mau rebellion, which became the model for British efforts to destabilize the continent, including current operations in Rwanda and Burundi, and those planned for Kenya.

From 1952 to 1960, the British had imposed a state of emergency over their Kenyan colony. The purported reason was to combat a planned insurrection of the Mau Mau, a Kikuyu secret society dedicated to expelling the British. The existence of the Mau Mau, and their planned insurrection, had been discovered by Leakey. In order to crush the conspiracy, the British forced the mass resettlement of Kikuyu and other peoples from their lands, and burnt down whole forests.

The Mau Mau insurrection proved to be a strange one. Whereas only 22 whites were killed in the fighting, an estimated 20,000 natives died, primarily in clashes between Kikuyu factions and with other tribes. Agriculture in the white regions was untouched, and the Mau Mau failed to even attack the vulnerable transportation network or any key facility in the cities. Col. Frank Kitson later boasted in his intelligence manual *Gangs and Counter-gangs* that the British were leading large-scale Mau Mau units, and that many, if not all, of these units had been created by the colonial authorities. By orchestrating violence between “gangs” and “counter-gangs,” the British ensured that only native slaughter, and not revolution, would result.

The Mau Mau gangs were covertly directed by Col. Mervyn Cowie, the manager of the Kenyan parks system. Following the emergency, Cowie’s top aides found employment as game wardens at the major parks, which remained as British intelligence enclaves following independence. In the 1960s, Cowie retired from the parks department and returned to England, where he became a top executive in Prince Philip’s World Wildlife Fund. The WWF has been the British royal family’s key intelligence arm since its creation in 1961. The vast parks of Africa, which in Kenya comprise 8% of its territory, remain safe-havens and training grounds for Mau Mau-modeled, WWF-steered insurrections throughout the continent.

In 1988, Richard Leakey, the longtime head of the East African Wildlife Society, took charge of the parks department, and continued the traditions of his father.

In September 1988, Leakey began a high-profile press campaign, claiming that gangs of poachers were wiping out the country’s elephant and rhinoceros herds, and that the government was only “paying lip service” to protective measures. After a WWF-coordinated international press barrage, the government capitulated to demands to deploy paramilitary squads to protect the elephants. By the end of the year, Leakey’s squads had killed over 30 reported poachers, mostly minority Somalis. Security forces were ordered to “shoot on sight” anyone suspected of poaching, while thousands of people living near the parks were detained. In 1992, Leakey was fired after his boasting about having killed scores of Africans in these man-hunts provoked international outrage.

Italy at the crossroads

The London-centered forces plan a modern version of Italian fascism, without Black Shirts. First of a series by Claudio Celani.

The question "Is there a fascist danger in today's Italy?" must be answered "No" if the term "fascism" refers to Mussolini's historical model. But if the fact is established, that the Black Shirts were only one of the various kinds of jacobin populism, then the answer to our question is "Yes."

When Margaret Thatcher presented her book *The Downing Street Years* in May 1993 in Paris, she declared that both Italy and Germany could not be considered real nations. In Mrs. Thatcher's statement one finds the whole significance of the so-called Italian revolution which, initiated by London-centered forces after the German reunification, has started a process of demolition of national institutions whose intended outcome should be the reduction of Italy to a mere "geographical expression," as Austria's Prince Metternich characterized it in the 19th century, when the nation was divided into several small states and ruled by an oligarchical system.

Since 1993 Italy has been governed by technocrats coming from the Bank of Italy (first Carlo Azeglio Ciampi, then Lamberto Dini, with the short interlude of TV magnate Silvio Berlusconi) who have no popular mandate, and whose task is to impose the destructive policies ordered by the International Monetary Fund. Such a situation has been possible thanks to the manipulation of public opinion through London-directed scandals, which have imposed the myth that "politicians are corrupt" and that they have transformed the central State into a giant corruption machine. Ergo, government must be put in the hands of "non-politicians" and the presence of the State in the national economic life must be reduced.

In reality, the technocrats' aim is to so drastically weaken the power of the central State as to make possible the physical dismemberment of the Italian nation, helped in this by the newest creation of the "Conservative Revolution," the Northern League (Lega Nord). This article will try to present to an American audience how all this was put into motion. It will necessarily be a simplified picture, but we hope it will supply a key for reading Italian events both for the ordinary reader and for policymakers who otherwise depend for their analyses on the lies and mythologies spread by the international media.

The two alternatives of the oligarchy

Gianfranco Miglio, a leading spokesman of the Northern League from 1989 to 1994, explained at a business meeting in Cernobbio in September 1993 that the two alternatives for the oligarchy in Italy are: separatism or dictatorship. "The centralized system is the root of corruption," he said, "and if we want to maintain it and clean it up, we should move to an authoritarian State, a State no longer based on law and without a democratic Constitution." The alternative, Miglio said, is "federalism," the division of Italy into cantons, like Switzerland.

The irony is that the destruction of old political parties boosted not only the rise of the Northern League (which became the largest parliamentary bloc in the last political elections), but also of a party called National Alliance (AN), which is also called "post-fascist," since it was born out of the old Movimento Sociale Italiano (MSI), which was inspired by Mussolini's Salò Republic.

Today, AN leader Gianfranco Fini has officially repudiated historical Fascism, in favor of free-market policies. Fini's liberal "centralism" is playing the role of phony opposition to the League's localist thrust, in the typical gang-counter-gang system worked out by the psychological warfare experts at the London Tavistock Institute. After a trip to London early in 1995, Fini and Miglio agreed on a common reform of Italian institutions, combining a "federalist" Constitution with a presidential system. While such a reform sounds like the American constitutional system, the reader should not fall into the trap: Whereas for the United States a federalist Constitution meant a process of unity, for Italy today it would be exactly the opposite, especially because the main idea behind this proposed "federalism" is to take away the power of taxation from the central State.

Miglio's second alternative to federalism, a dictatorship, would play on a chauvinistic "national" model, whose aim would be not to promote economic development but to impose budget cuts, especially in social spending. Such a model is based on the same principle of "territorial identity" pushed by the Northern League separatists, and denies the universal values of the real Italian national identity, born out of the Renaissance.

The debate on the two oligarchical models unfolds in the pages of the geopolitical magazine *Limes*, which can be considered the theoretical laboratory of the Italian "Conservative Revolution." *Limes* is published by Count Carlo Caracciolo, who also publishes the weekly *Espresso* and the daily *La Repubblica*. His father, Prince Filippo Caracciolo, was a British agent during World War II under the codename "Commander Phillips." Caracciolo is allied to the Agnelli family which, in addition to owning the first Italian private financial group, FIAT, also publishes the daily *La Stampa*. Gianni Agnelli's wife, Marella, is Carlo Caracciolo's sister.

The Agnelli siblings, Gianni, Umberto, and Susanna (Italy's present foreign minister) are members of Prince Philip's 1001 Club, which gathers the outer circle of the international oligarchy. If we want to go a step higher, we have to go through Enrico Cuccia, the real manager of Agnelli and Caracciolo's financial interests. Cuccia, 90 years old, is the head of Mediobanca, a merchant bank which controls the largest banking-insurance group in the country, Assicurazioni Generali. A look at Generali's board gives the names of members of the "central committee" of the international oligarchy, the "Club of the Isles."

In this central committee the decision was made in 1993 to launch the Clean Hands anti-corruption investigation, which has been used to foment a jacobin mood and to destroy the traditional parties which took part in Italy's Constitutional Convention in 1946. The "new" forces that emerged thereafter are all conditioned by the jacobin "paradigm shift," and are either deliberate or de facto vehicles of the oligarchical projects.

Mrs. Thatcher and the black nobility

That spring of 1993, Baroness Thatcher thought it inopportune to present her book in Rome, given a few insulting statements which the book contained against former Premier Giulio Andreotti and other Italian politicians. She chose to hold a conference in Milan, where she was introduced by the moderator as "the woman who has initiated the Conservative Revolution in the world." Joining her on the podium was the present European Community Commissioner Mario Monti. In the audience, in the front row, sat former Italian President Francesco Cossiga. Both Monti and Cossiga are leading representatives of the "visible" part of the mercenary troops that have carried the offensive in the anti-State revolution. Cossiga, in fact, when he was still President in 1992, started to attack the Parliament, characterizing the political parties including the Christian Democracy to which he belonged as "Cosa Nostra" (Mafia). He then used his people in the secret government apparatus to start the "anti-corruption" investigation. Mario Monti is a free-market "guru" who has pushed for dismantling welfare and for privatization of State-owned industry.

Two years after the Milan event, Baroness Thatcher went to Rome and gathered her troops on an apparently mundane

occasion, the inauguration of the Eden Hotel, belonging to the Anglo-Italian Charles Forte. Thatcher was accompanied, among others, by Lord William Rees-Mogg, the spokesman for the Club of the Isles, the Duke of Marlborough, Lord and Lady McAlpine, and the present London *Times* editor, Peter Stothard. The strict "right-wing" profile of the British gentlemen did not keep Carlo De Benedetti from being one of the few Italian businessmen seated at Mrs. Thatcher's side. De Benedetti, head of the Olivetti group, is a business partner of Carlo Caracciolo and, like the Caracciolos, belongs to the "progressive" faction of the financial oligarchy.

More important was the delegation of Italy's "black nobility" (the families that, after the Piedmontese troops entered the Pontifical State in 1870, wore black robes as a sign of mourning, and dominated the Vatican Curia until Pope Paul VI expelled them). Among others, there were the Marquis Sacchetti, Baron Salleo (director general of the Ministry of Foreign Affairs and cousin of Antonio Martino, about whom we will speak later), Count and Countess Pecori-Giraldi, and Count and Countess Attolico. The last two names reveal the extraordinary continuity between the present Italian revolution and Fascism.

From Mussolini to Thatcher

- Giacomo Attolico is the Italian ambassador to London. He recently organized, together with his colleague in Rome, Sir Patrick Fairweather, a long list of humiliating visits of Italian political leaders to the City of London, starting in 1994 with leftist leader Achille Occhetto and Northern League spokesmen Maroni and Pagliarini, and in 1995 with Occhetto's successor Massimo d'Alema and post-Fascist leader Gianfranco Fini. Attolico is no diplomat. He is a count whose family played a major role in British geopolitical schemes in both the First and Second World Wars.

Count Bernardo Attolico (1880-1942), Giacomo's father, was the author of the Steel Pact between Mussolini and Hitler. Ambassador in Berlin from 1935 to 1939, he worked along the lines of British strategy in support of the Nazi regime with the perspective of an "only eastward" war. Previously, during World War I, Attolico had started his career in London, first as Italian representative in the committee for food supplies, then as chief of the Italian delegation for war purchases. Afterwards, he joined the War Purchase Executive and the Allied Maritime Transport Executive. Practically, Attolico was the intermediary between the Italian government and the Morgan bank, which financed all members of the Triple Entente (Britain-France-Russia). The payment of that debt dictated afterwards the heavy conditions imposed on Germany with the Versailles Treaty, which ensured the rise of Nazism.

- Galeazzo Pecori-Giraldi, member of an old noble dynasty from Bergamo, is part of the "*Britannia* boys," who met on June 2, 1992, on board Queen Elizabeth's royal yacht to map out Italian privatization. At that meeting, the plan for

privatization was presented by Peter Baring, whose banking "expertise" led to the spectacular bankruptcy of his bank earlier this year, thanks to derivatives speculation.

"*Britannia boy*" Pecori-Giraldi is manager of the Italian branch of Morgan Stanley which, following the British plans, has been named as an adviser for the privatization of the Italian State communications holding STET. It is, together with the planned sale of the electricity company ENEL and the oil company ENI, one of the biggest privatizations, because the value of the holding company is estimated at about 30,000 billion Italian liras (\$18 billion).

The present Count Pecori-Giraldi too, belongs to a family directly involved in the rise of Mussolini's Fascism. Galeazzo's grandfather, Marshal Guglielmo Pecori-Giraldi, was commander of the Rome military district during Mussolini's March on Rome (1922). When King Victor Emmanuel III had to decide whether to sign the decree prepared by the government which would have imposed martial law and blocked the Fascist march, he called Pecori-Giraldi and Commander in Chief Armando Diaz, who said that the Army would obey orders, but that it was advisable not to issue them.

To be members of families that played an active role in Fascism or supported it in some form does not authorize an automatic "hereditary" judgment of them. However, in our case we have families that have acted through successive generations, in a continuity of economic, oligarchical, and especially cultural connections, which must be taken into account in order to understand contemporary history.

'Venetian' fascists

For a deeper look, let us take the example of Dino Grandi, a Fascist "Quadrivir" of the March on Rome, who was more reliable than his jacobin peers for running the delicate job of foreign minister. In a precious interview given before his death to Giangiacomo Migone, his diplomatic scion and today "foreign minister" of the post-communist Party of the Democratic Left (PDS), Grandi recounted how he was chosen by Salvatore Contarini, Grand Old Man of the Anglo-Venetian oligarchy and director general of the Foreign Ministry, to run foreign policy for Mussolini's government. Later, in 1943, when the oligarchy decided to overthrow Mussolini to gain better terms of surrender with the Allied powers, Grandi was given the task again.

We ran into the figure of Grandi when we decided to track down the fortunes of a character whose name springs out of the Anglo-American networks involved in the juridical aspect of today's Italian anti-State revolution. In 1941 Grandi was justice minister and carried out a reform of the Civil Code according to Fascist criteria. The man he appointed to do the job was Francesco Carnelutti, whose legal office in Rome handled the famous political trials in the postwar period. One of Carnelutti's protégés was Arpace Mazzoleni, who, 40 years later, became the father-in-law of Antonio Di

Pietro, the Milan prosecutor who in 1993 started the Clean Hands probe into "political corruption." Di Pietro, who resigned from the judiciary in 1994 to start a political career, is the major culprit for having turned the Italian judiciary into an instrument of political persecution. But he has only been a tool.

Among Carnelutti's friends in 1924 was Antonio Segni. Together the two founded the *Rivista di diritto processuale* (a trial law review). Segni, who later served as Italian President, was the political mentor of Francesco Cossiga, who inherited Segni's network at his death. Cossiga, in turn, has been protector of Antonio Di Pietro, both when he was a prosecutor and also later, when Cossiga pushed Di Pietro to start a political career. Carnelutti's friend Segni had a son, Mario Segni, who has made a political career as an institution wrecker. It was Mario Segni who started the "referendum movement" that called on the voters to decide, by referendum, whether Italians need political parties or not to elect their representatives to the Parliament. The referendum, which took place in 1991, was seen as the signal that Italian public opinion was ripe to be manipulated into the radical-populist "Conservative Revolution."

George Bush's network

The Carnelutti legal firm is run today by Francesco's son, and has offices in New York and London. A member of the New York office is Richard Martin, former FBI agent and former "special representative" in Rome of George Bush's Attorney General Richard Thornburgh, from 1987 to 1990. Martin is the main supplier of Mafia witnesses at the present trial against former Italian Premier Giulio Andreotti. The most powerful politician until 1993, Andreotti represented the unshakable power of the Christian Democratic Party, a party which was based on a coalition of interests from all classes of society.

For some reasons, Andreotti could not be destroyed by the "anti-corruption" investigation, but the job was done through accusations of connections to the Sicilian Mafia. The operation against Andreotti started after the two most experienced anti-Mafia investigators, Giovanni Falcone and Paolo Borsellino, were killed in 1992. Richard Martin's Mafia witnesses have destroyed Andreotti and, through Andreotti's destruction, dealt the final blow to the Christian Democratic Party.

Another associate of the Carnelutti law firm, in Rome, is Vincenzo Figus, who, according to reliable sources, organized financing for a pro-League publication, *Padania*, named after the plain along the Po River, in northern Italy.

Even the most skeptical reader will conclude that these are too many coincidences. We are dealing with a political network whose visible representatives (Bush, Thatcher) are identified with precise and known policies, and whose historical origins bear oligarchical footprints.

To be continued.

Exposé of royals draws blood

One of Prince Philip's lackeys has filed "racial vilification" charges against LaRouche's co-thinkers.

On June 7, the leader of the Labor Party in the Australian Capital Territory (ACT), Canberra, Rosemary Follett, filed charges against Lyndon LaRouche's Australian co-thinkers, the Citizens Electoral Councils (CEC), with ACT's Human Rights Office. Follett complained that materials distributed by the CEC relating "to Australia's indigenous peoples have no other purpose than to incite hatred, contempt, and ridicule of Aboriginal people," and therefore breach the ACT's Discrimination Act.

Follett apparently did not read the relevant documents—"Prince Philip's 'Indigenist' Plot to Destroy Australia" (an *EIR Special Report* in the April 28 issue), nor the April-May *New Citizen*, which featured part two of a major exposé entitled "The Fraud of Aboriginal Land Rights." Had she done so, she would have seen that the person marked out for "hatred, contempt, and ridicule" of the Australian population, if anyone, is the royal consort, Prince Philip.

Through the Australian Conservation Foundation, which Prince Philip set up in 1963 as a branch of his World Wildlife Fund (WWF, now World Wide Fund for Nature), he founded Australia's "Aboriginal land rights movement," using Aborigines as cannon fodder, in order to splinter the Australian nation-state.

Follett herself came close to admitting the *Special Report* charge that all this is heading toward the same sort of separatist violence which has accompanied the WWF's similar activities in other nations, on a Canberra radio show on June 8: "The articles

and the publications themselves are presented quite professionally, but of course they are manipulations of fact. . . . The headings, for instance, typical headings in these articles, are 'Indigenist Plot to Destroy Australia,' and 'Are Anthropologists Creating Another Chiapas in Australia?' Of course, that was a well-known terrorist group that resulted in a great many murders and there are pictures throughout the article of murdered people. The clear implication is that this has something to do with Aboriginal land rights. In fact, all of the murder victims are from other countries."

The charge that "indigenous rights" would lead to bloodshed was in fact emphasized by the chief organizer of land rights in Australia, Prof. Henry Reynolds of James Cook University, in an interview printed in both publications.

Follett's charges were curiously timed. That very same afternoon, the federal Senate was scheduled to debate "racial vilification" laws, which the ruling Labor Party has been trying to ram through the Parliament for months. A couple of days before, again with timing fortunate for those trying to force the legislation through, the grave of Eddie Mabo was desecrated with swastikas. Mabo had been organized to file the case, which became known as the famous 1992 High Court "Mabo decision," which opened up most of Australia to land grabs under "Aboriginal" auspices, by Professor Reynolds.

The general assessment in Canberra is that Follett is acting as a cat's paw for the Labor Party, which has, at

the prompting of Prince Philip, been spearheading the move for "land rights" for the past two decades. Because many Australians are becoming increasingly upset over the fact that 30% of their country is now being locked up under "World Heritage," "conservation," or "Aboriginal land rights" guises, the Labor Party would urgently wish to put a lid on the *EIR-New Citizen* charges.

Follett's move, in the short term at least, has done exactly the opposite. CEC National Secretary Craig Isherwood appeared on the television evening news in Canberra and on several radio shows to refute Follett's charges, including on one drive-time radio interview with Follett herself.

One of the main charges of *EIR* and the *New Citizen* is that anthropologists created the whole "land rights" movement from scratch, with the financing and political direction from the Australian Conservation Foundation.

Typical of how this works is the Hindmarsh Island bridge dispute, which has been prominent in the nation's press for several weeks. Federal Aboriginal Affairs Minister Robert Tickner stopped a \$5 million bridge across to Hindmarsh Island in South Australia, and a related \$100 million construction project, because the site was nominally involved in "secret Aboriginal women's business."

Tickner stopped the bridge without ever knowing what the actual issues were, since he, as a male, was not allowed to know what the "secret women's business" was all about, but took the word of a female anthropologist, who was allowed to examine the "secrets."

However, it has now emerged from the testimony of an Aborigine who was involved in manufacturing the entire episode, that the "secrets" were a hoax from the beginning.

International Intelligence

Heat on John Major over Iraq inquiry

The BBC on June 6 raised the possibility that an investigation into British officials' involvement in sanctioning arms deals to Iraq during the 1980s could topple Prime Minister John Major from power. Major is extremely shaky following his party's heavy losses in local elections.

BBC obtained a copy of a draft report written by the official commission, headed by Sir Richard Scott, which has been looking into arms sales to Iraq prior to the 1991 Gulf war, in violation of Britain's official ban on such sales.

The London *Guardian* of June 6 stressed, in reporting on the BBC story: "And for the first time, it emerged last night that Sir Richard has included John Major in the small group of ministers he intends to criticize for their role in the affair." Major was British foreign secretary during crucial moments of alleged British violations of their arms sales policy.

A senior Tory figure told *EIR* on June 6 that Margaret Thatcher, then prime minister, was "at the dead center of these arms sales violations to Iraq," but that "people are covering up for her."

Speyer exhibit honors Leonardo da Vinci

An important exhibit entitled, "Leonardo da Vinci: Artist, Discoverer, Scientist," opened at the Historical Museum in the historic German city of Speyer on June 11, and is scheduled to run through mid-October.

Because the items exhibited are mostly facsimiles, it is possible to display many drawings and sketches, the originals of which may be too fragile to be frequently exhibited to the public.

There are several rooms of facsimiles of Leonardo's sketches, designs, and diary writings, which demonstrate graphically, that he was certainly the "forerunner" for most of the technological breakthroughs

that we have, in our less creative era, come to take for granted. This one man developed a prototype design for a helicopter; designed a motor for a "flying machine" modeled on the internal mechanisms of a clock; designed prototypes for sand-clocks, astronomical clocks, wheel-gear-driven clocks, etc.; devised entire canal and hydraulic projects, for transportation systems, water-driven energy, and the like; developed a model "steam-engine"-driven cannon 300 years before James Watt; revolutionized military weaponry and war-fighting and fortification technologies; and made significant breakthroughs in human and animal anatomy and in geometry. What much of the exhibit shows, by displaying pages of his diaries, is how he was able to conceptualize discoveries in several different areas, more or less simultaneously.

This is all in addition to his breakthroughs in painting and perspective. The exhibit is co-sponsored by IBM-Germany, the International Watch Company (which has one exhibit showing how much modern-day internal configurations of watches draw upon ideas that Leonardo was working on), and Mercedes-Benz.

Troops may be sent to Indo-Nepal border

A proposal is being considered by the Indian Home Ministry for deploying six battalions of the central defense forces to certain "vulnerable portions" of the Indo-Nepal border to prevent militants belonging to various groups from using Nepal as a transit route, according to the New Delhi newspaper *Times of India*.

The June 6 article by Dinesh Kumar says this would be the first time that New Delhi will be deploying such forces along the border, which is otherwise open. Nepal has often been used as a transit route. In November 1993, Sikh terrorist Sohan Singh was apprehended shortly before he was scheduled to take a flight to Nepal's capital, Kathmandu. One of the Menom brothers, of the Bombay underworld, charged with the Bombay car-

bombing in late 1993, was also recently caught at the Indo-Nepal border. Indian officials are also concerned by reports that agents of the Pakistani Inter-Services Intelligence (ISI) have been using Nepal. Visas are not required by Nepal citizens to visit India.

'Chiapas model' presented to Argentine military

One hundred and twenty people attended a forum organized by the Argentine retired military association, AUNAR, in Buenos Aires on June 5, where the featured speaker was *EIR* contributor Carlos Méndez on the topic of *EIR*'s recent *Special Report* on the Chiapas model of international terrorism (March 31, 1995). Before Méndez spoke, a videotape was shown of terrorism in Argentina, and an AUNAR leader explained how the war on terrorism was won militarily there.

The audience was particularly struck by Méndez's insistence that the central problem of terrorism in Ibero-America originates in existentialism and Heidegger.

Aldo Moro's secretary points finger at Dr. K

Corrado Guerzoni, former secretary to Aldo Moro, the Italian political leader kidnapped and killed by Red Brigades terrorists in 1978, declared on June 6 in a public hearing of the Italian parliament committee for investigations on terrorism, that Moro faced "hostility and opposition," not for personal reasons, from former U.S. Secretary of State Henry Kissinger.

Guerzoni made such statements, according to accounts published in the Italian press, in the context of a description of the Moro crime as an operation run at a level higher than the terrorists themselves. "The kidnapping of Aldo Moro was commissioned to the Red Brigades leadership, who in reality were a bunch of nuts and managed a business, bigger than themselves only

thanks to general *omertà* [code of silence]," Guerzoni stated.

If the Red Brigades were really what they declared to be, Guerzoni said, they would have published all the information they had gotten from Moro on corruption inside the Christian Democracy and on other sensitive questions. Instead, they kept the secret and what they published afterward was manipulated and censored. The day after Moro's capture, Guerzoni said, the Italian government asked the American CIA for collaboration in tracking down the kidnapers. "The answer came after two weeks and was negative, because, they said, the CIA capabilities of foreign activity had been restricted. In reality, such capabilities did legally exist." According to Guerzoni, there was in American circles "a political judgment and something more" against Moro.

Cheminade finally gets to reply in Le Monde

The June 8 issue of *Le Monde*, France's "newspaper of record," finally published former presidential candidate Jacques Cheminade's reply to an article calling him a "bad loser" for having blamed his low score in the recent presidential elections on the media hate campaign against him. Cheminade is a longtime associate of American economist Lyndon LaRouche.

"Called a 'bad loser' in an article published by your newspaper on Tuesday April 25, I would like to bring to your attention three opinions which go in my direction. First of all, a letter dated April 20 of the National Control Commission of the Campaign to Elect the President of the Republic: 'After having read and heard the information programs of TF1, France 2, and Radio France that you denounce, the Commission considered that the balanced treatment in the presentation of the candidates, of their comments, and their declarations, had not been fully respected.' Next, the April 24, 1995 report of the High Audiovisual Commission considers that: 'concerning the TV channels, the speaking time, covering the

April 7-21 period, are close to absolute equality, with the exception of Jacques Cheminade.' Finally, there is Mr. Michel Polac, who wrote in the April 22 issue of *Libération*: 'If the supply was bigger this year, the quality of the debate seriously regressed. One could feel the government control and the careerist prudence of the television professionals. The best example was the outburst against candidate Cheminade during his TF1 interview.' This sets the record straight; I have nothing else to add," concluded Cheminade.

Rhine-Rhône canal Philip's latest target

British Royal Consort Prince Philip's fanatical crusade to stop human population growth in the name of quack "ecological" science is not dampened by his imminent retirement as president of the World Wide Fund for Nature. He showed up in France in June on a WWF campaign to block construction of the vitally needed Rhine-Rhône canal (detailed in *EIR* of Aug. 5, 1994). In an interview to the French daily *Le Figaro* on June 7, Philip said that the Rhône tributary area in France between the Saône and Doubs valleys is one of the "richest ecosystems," with "wild flora and fauna." The "priority objective" for such a region is "conservation." He droned on, about how river systems should not be "seriously changed by man," since, left to themselves, they "naturally" stem flooding, and so on. He said he was active against dam and canal-building not only in France, but for the Danube in Hungary and Slovakia, and in Switzerland, Spain, and Greece.

He also said that his own "principal concern" as WWF president, is "money," and to make sure that there are "strict financial controls" about how it is spent. As usual, he harped that the overgrowth of human population is putting an undue demand on the "limited natural resources of this planet." Resources are being regularly exploited "beyond their capacity of renewal."

Briefly

● **SOUTH AFRICA** struck down the death penalty on June 6. The unanimous decision by the 11-member South African Constitutional Court, was its first since it was established last February. The office of President Nelson Mandela called the court's deliberations "sober and humane," but Deputy President F.W. De Klerk vowed to lead a campaign for a constitutional amendment to reinstate capital punishment.

● **HENRY KISSINGER**, at an event sponsored by the Norddeutsche Landesbank in Hanover, proclaimed that it was a mistake to recognize Bosnia, a "construct without its own language," as a nation-state. He was invited to help celebrate the bank's 20th anniversary on June 9.

● **AN ASSAD-RABIN** summit is not out of the question, according to Warren Christopher. The U.S. secretary of state said at a press conference in Amman, Jordan, on June 12, that Syrian President Hafez al-Assad and Israeli Prime Minister Yitzhak Rabin might meet at a certain stage of the Mideast peace process.

● **KARACHI**, Pakistan was brought to a halt on June 6 by drug terrorists from the Mohajir separatist movement, who forced shops to close and burned vehicles. The death toll rose to nearly 60 over the two-week period prior to June 6. The Mohajirs, whose leader lives in London, have been working to make Karachi ungovernable in a bid to destroy the government of Benazir Bhutto.

● **BARONESS CHALKER**, the overseer of the slaughter in Rwanda, has personally threatened Nigeria, according to a June 8 item in the *London Times*: "Unless Nigeria's military government restores democracy and respects human rights, the country might be suspended from the Commonwealth, Baroness Chalker, the Overseas Development Minister, told a House of Commons committee" on June 7.

LaRouche presents economic recovery program in Moscow

American statesman and economist Lyndon H. LaRouche made his second visit to Russia, from June 5 through June 9. He was accompanied by his wife, Helga Zepp-LaRouche, and a delegation of the Schiller Institute in Germany, which she heads.

On June 6, LaRouche gave an address at the State Duma of the Russian Federation, on the topic "The World Financial System and Problems of Economic Growth," which was attended by deputies of the Duma, staff members, and members of the public. On subsequent days, he spoke to enthusiastic audiences at the Institute of Economics of the Russian Academy of Sciences, the Methodological University, and Moscow State University. LaRouche also met with representatives of Moscow scientific circles.

The impact of LaRouche's presentations was amplified by the circulation, during the visit, of the just-published Russian translation of his memorandum "Prospects for Russian Economic Recovery" (Bulletin #5 of the Moscow Schiller Institute for Science and Culture; see EIR, March 17, 1995 for the English text) and the Russian edition of "Summary of Evidence on the Record Demonstrating the Innocence of Lyndon LaRouche and His Colleagues." The latter pamphlet was published by the Bureau for Human Rights Defense Without Borders.

The following is the text of LaRouche's speech on June 8 to the Institute of Economics of the Russian Academy of Sciences in Moscow. He was introduced by Prof. Taras Muranivsky, president of the Moscow Schiller Institute for Science and Culture.

Dr. V.I. Mayevsky: Let us begin our meeting with Mr. LaRouche. I would like to say a few words about our Institute, which is one of the oldest in Russia. It deals with basic economic problems, including property questions, institu-

tional reform, economic growth, and the organization of management. Currently, we are working in all of these fields, taking into account the specific situation in Russia today.

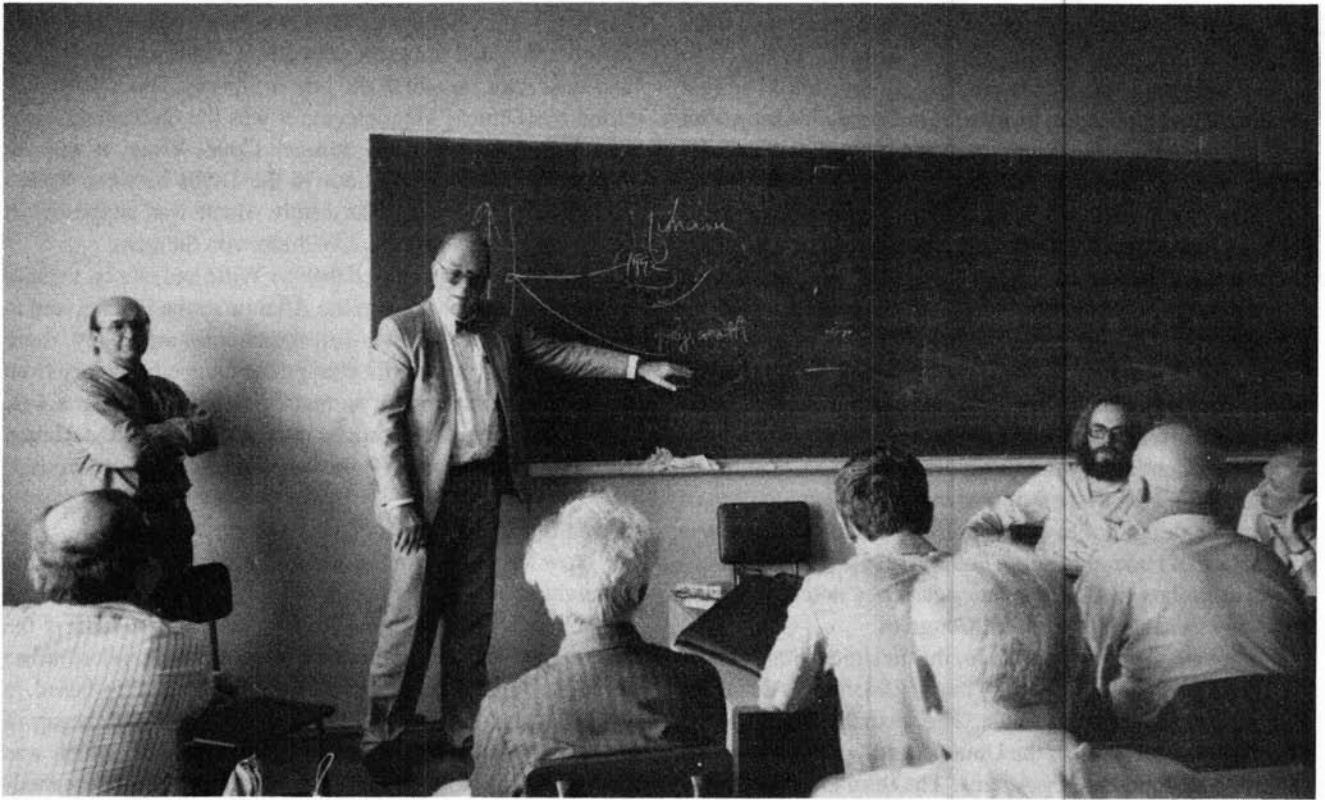
We have contacts with state institutions in Russia, and with international organizations, from both the Near and the Far Abroad. I think that the Institute of Economics is known in the United States, as is its director, Academician [Leonid] Abalkin.

Now I would like to ask Professor Muranivsky to say a few words about Mr. LaRouche.

Prof. Taras Muranivsky: We've been in touch for a few years already with organizations throughout the world which are united by being called the Schiller Institute. This movement, of which the Schiller Institute is a part, was conceived and is led by the leading American political figure and economist, Lyndon LaRouche.

As a scientist, a thinker, and a politician, LaRouche has put forward a number of original ideas, which, as might be expected, did not always coincide with the official point of view. And we think of America a little bit differently than is accepted. Propaganda here tells us that there's prosperity there, absolute freedom and human rights. In reality, ideas that are not accepted because they challenge official circles are subjected to pressure. Therefore, because of his forecasts, Mr. LaRouche was convicted. There were two trials in 1988. One didn't succeed; the second one did. The jury was fixed, and he was sentenced to 15 years. Through the pressure of public opinion, he was released last year, and is visiting our country for the second time.

Besides the high morality and humanist basis of his teachings, I would like to draw your attention to the fact that he is the founder of an independent direction in science, which he has called physical economy. And his book [*So, You Wish to*



Lyndon LaRouche speaks at Moscow State University, June 8, 1995.

Learn All About Economics?], which we translated two years ago, contains very harsh criticism of the conception of the free market of Adam Smith. The philosophical roots of liberalism and neo-liberalism were exposed by him almost a decade before the monetarists imposed these policies on us in a pure form, which no other country applies to itself without some modification.

This free-market conception, which is to maintain the British rule, has been very widely spread throughout the former U.S.S.R. and eastern Europe. I just wanted to draw your attention to these few points, and then to turn the floor over to Mr. LaRouche.

Lyndon LaRouche: Let me first of all give you an optimistic view of certain problems: optimism from the standpoint of an old fighter, not necessarily the man in the street.

As most of you know, since most of you are senior, or have worked with senior people, the foreign ministries of governments rarely express the positions of their governments. And, sometimes, even a President of a country expresses the opinion of his foreign ministry, contrary to his own opinion. We must appreciate that fact, in understanding the difficulties which President Clinton has in his dealings with Russia.

There is only one leading official of the State Department who agrees with President Clinton, and that is Strobe Talbott;

and he does not know economics. The President is not as bad on economics as that, but there are political difficulties in his stating what he believes.

Now, let us look at this from the standpoint of what some call the Group of Seven Halifax meeting, what Boris Yeltsin has called "the G-7½ meeting." Let's look at the three views which are going into that meeting.

One view is that the present monetary system, with its financial attributes, shall continue. The two other views believe the present monetary system must be changed. The majority of the most influential people in the West, including many in London, is that the present monetary and financial system globally, led by the International Monetary Fund, is doomed. However, among those of us who believe that the system is doomed, as I do, there are two opposing interpretations of this.

Some believe the present IMF system must be reformed but essentially only administrative reforms. Others of us take the view, as I do, that the international monetary and financial system of the world today, is totally bankrupt, and that only the elimination of that system by bankruptcy, and the establishment of a new system, is possible.

There is an increasing number of people in western Europe and the United States who share my opinion. I understand that opinion will be expressed at Halifax. But again, we have another problem. You may know something about

politicians. Politicians, even when they are good, tend to be pragmatic, and they will say to me, as some in the U.S. government say to me, "You are right, *but* we would be shot if we tried to do what you propose at this time. We must wait until the crisis becomes worse, and then we will have popular support for the necessary changes."

The change that I propose, which I believe *must* occur soon, is that several leading governments of the world, including the President of the United States, who has special powers for this kind of condition, will put their central banking system into bankruptcy. This would mean, in the United States, that the President would use his emergency powers to take over the Federal Reserve System, a private bank, and declare it bankrupt, and to use the powers which are invested in the President and in the Congress under the Constitution to establish a new system of currency and a new system of national banking; not to call in dollars, but to cease the *new* circulation of Federal Reserve dollars, to limit the new circulation of dollars to U.S. Treasury currency notes, as issued under laws enacted by the U.S. Congress.

There are many precedents for this in United States history: The 1789-91 reforms under Treasury Secretary Alexander Hamilton, are the first example. The second example, is the Second National Bank of the United States, under Presidents Monroe and John Quincy Adams. The third example, is the wartime financing of the United States in the Civil War by President Lincoln.

The issue of such currency would be loaned through a national bank to national infrastructure projects, and to special private categories of borrowers. The purpose is to rebuild U.S. employment and production in industry and agriculture, and to foster an increase in what is called hard-commodity international trade. To establish a new monetary system, would require that several governments join the United States in this form of reform. I would hope that Russia would be one of those states that would join in that reform.

We have an historic, common interest to fulfill under those conditions. The historic interest, of course, is associated with the relations between the United States and Russia, both in the period of Catherine II, when Russia supported the United States' independence, and the second period was from about the 1850s until 1901, through the period of Alexander II through the efforts of Count Sergei Witte, until the election of a disastrous fellow by the name of Teddy Roosevelt, who was practically an agent of King Edward VII of England. And, you know then there was a certain war that occurred in the eastern part of Russia with Japan.

President [Franklin] Roosevelt tried to reestablish some relations in that direction; then, President Roosevelt died, and we had a lot of trouble, with which many of you are familiar.

The historic interest of Russia lies in its history and geography. The center of the world is the Eurasian continent; as was understood by all Russian leaders in modern times, the

key here is the relationship between developments in Europe in economy, and the great population centers of South Asia and East Asia, in which the key is Siberia. This was understood by [Dmitri] Mendeleev; it was the understanding of Mendeleev's friend and admirer Count Witte, it was the subject of treaty negotiations in the 1890s between Russia and France, and it was an effort which was supported in Germany by circles around Wilhelm von Siemens.

The point was proposed then by Witte and others, to build a system of railroads from the Atlantic to the Pacific, and to the Indian Ocean. That is still the requirement today, more than ever, and that would change the course of history from the kind of disasters we've had for the past two centuries. The possibility of the proper relations between the United States and the nations of Eurasia, is based on such a proposal.

The strategic conflict

Now let's look at our problem, briefly. Contrary to what is taught as economics in most western universities, modern economy is divided into two principal forces. One is the old oligarchical system, which originated in modern times through Venice, a system of financial oligarchy based in usury: as against a new form of economy which began in France in 1461 with the accession of Louis XI, which was called the "commonwealth form" at that time: the first modern nation-state.

The modern nation-state was based on the development of the physical economy, that is, the increase in the wealth per capita, per family, and per square kilometer. The key to this, was the extension of the system of education to include adolescent boys who had been orphaned, and others who were members of poor families. The increase of larger proportions of the total population to assimilate and to generate new knowledge, was the basis for the great growth in population density over the past 550 years.

This new form of society, the modern nation-state, came into conflict with the old forces of oligarchy. The result was a stand-off, a kind of symbiosis between two systems.

On top, was the financial system, which was originated from Venice, which emerged later, as, essentially, the financial system of the markets of the Netherlands and London.

At the bottom, was the development of modern economy, or what we might call agro-industrial economy, based on scientific and technological progress, and struggles to extend education to universal education.

During the past 500 years since this symbiosis emerged between the two systems, we have a period, up until 1963, of peaceful coexistence, mixed with wars, between the two systems. Since technological progress not only increases the productive powers of labor but also the firepower and mobility of military forces, the oligarchy was not able to rid itself entirely of the new system. But for various political and social reasons, the new system could not rid itself of the

oligarchy.

In the meantime, the oligarchy ruled the world by balance of power struggles. The last great such balance of power struggle was a struggle between the western powers and the Soviet Union. That last struggle began to come to an end in 1963, in the negotiations which followed the Cuban Missile Crisis of 1962. The so-called *détente* agreements between the Khrushchov government and the government of President Kennedy, created a condition in which the majority of the British and of certain British-allied forces in the United States, came to the opinion that major wars on this planet were impossible, that the superpowers, which included at that time China, as well as the Soviet Union and the United States, would not go to war, that only limited wars, or surrogate wars would occur.

As a result of that belief, we had the unleashing of post-industrial utopianism: It was possible to build a society in which we no longer had scientific and technological progress nor industry, to go back to a pastoral or barbaric form of existence. And, then, we had the unleashing of such forms of insanity as ecologism, systems analysis, and so forth, in which science and other things were somewhat destroyed.

As a result of that, the policy of investment in scientific and technological progress, for the purpose of increasing the productive powers of labor, came to an end. Not all at once, but over a period of 1964 through 1972. This erupted around the Harold Wilson government in England, spread into the United States rapidly, was expressed in the so-called 1968 revolutions in France and in the United States. The result we've had has been called by some a global "cultural paradigm shift"—over the past 30 years. As a result of that, the average income, as measured in physical terms, and also the productivity of labor measured in the same terms, in the United States, has collapsed.

The income and productivity of the average U.S. person in the labor force or household, is about half of what it was in 1967-69. And there is, of course, a disaster which has erupted in the so-called developing sector during the same period. The idea of development decades in the U.N. died in about 1967. The floating exchange-rate system established in 1972 now leads to two conditions which are responsible for the inevitability of the total collapse of the present economic system.

First of all, the peaceful coexistence between finance capital (the oligarchical form) and the nation-state, or agro-industrial economy, was based on the fact that the finance-looting of nations was limited to a share of the macro-economic profit of nations, except, of course, in the case of colonial nations or semi-colonial nations, which were looted. With the new change, when the total macro-economic profit of the system became negative, the only form in which profit could be taken from the system by finance, was, in net effect, through usury.

So, what we had was the vast expansion of finance capi-

tal, or fictitious capital, such that over the past 25 years, we see a growth in terms of financial aggregates per capita, while, as measured in physical terms, there has been a decline in physical output and consumption per capita. This reached the point of insanity about 1987-88 with the emergence of significant activity in a category called derivatives, financial derivatives.

The derivatives explosion, which now runs into perhaps three times as large as the total world GNP, is at such a degree that now, based on 1992-93 estimates, both from the U.S. Treasury and from other official agencies, out of 100% of average daily foreign-exchange turnover worldwide, the percentile of foreign-exchange turnover attributable to imports and exports of hard commodities, is today less than 2% worldwide. The worst situation among countries is in Britain, where it's less today than 0.5%. But the average is about 2% or less worldwide. A few countries, such as Germany today, are about 5%. In other words, there has been a decoupling of finance from production and trade.

The only sane winner of the Nobel Prize for Economics since the beginning of that prize, has been Maurice Allais of France. All others are insane, and some of them, most of them, are actually, palpably fascists in their economic theory. Maurice Allais somehow sneaked in as a sane person, I don't know how that happened. They probably didn't speak French.

Some of you have probably read his articles at some length in *Le Figaro*. I think there are three major pieces, and he's accurate in what he says, in his analysis of the system.

As you know, in Moscow, where you do not have cholera but banks, there is a disease in which you cannot tell the difference between a bank and a gambling casino. Everything is being destroyed.

And so, in conclusion, put it this way: Once the finance sector began to loot the very basis of the economy, and began to shrink the economy by taking on usury, you had a situation like cancer, in which the cancer grows by shrinking the host. As the host shrinks, the cancer grows. As the cancer grows, its appetite increases. It is a system in which one man's meal is another man's stomach. Finally, in the terminal stage of cancer, the victim, the host, becomes very weak. The cancer becomes pervasive; sometimes it appears in the metastatic form of banks.

The cancer now has a tremendous appetite. You cannot maintain the cancer, except by killing the host. Some people have said recently that this is the state of Russia. I tell you: It's the state of the world. Russia may be delivered a greater shock, but this is a condition we have seen for a long time in Ibero-America, for example. This is the situation in Africa for a long time; and the same disease comes here.

But also, the same disease comes to western Europe, to North America, to Australia. You see rumbles of it in Japan. The world can no longer live with this system. What will happen? We have two ways to go.

The crisis

We are now headed toward what [Karl] Kautsky and Rosa Luxemburg debated as a breakdown crisis. We are headed, first of all, to a collapse which resembles, in precedence, Germany 1922. If we had idiots who behave like Hilferding, it will then go to a collapse like 1923 in Germany. If you just try to print banknotes to cover the collapse, you will have an explosion, and the whole system will disintegrate. If you use fictitious aggregates, instead of banknotes, it will be even worse, which is what the IMF system is now.

Now, only governments can cure the problem. No international institution can deal with this problem. Only sovereign nation-states. And it can only be cured by *major* sovereign nation-states, because it's a worldwide problem. It is imperative that the United States take the lead in this, because the U.S. dollar is presently 60% of the world monetary reserves.

If we do not do that (some of you know the Kolmogorov equations, which are the famous equations for a chemical chain reaction), what will happen, under the action of what is called "reverse financial leverage," is that one morning, you will have a financial system; 48 to 72 hours later, there will be no financial system existing in the world: a reverse-leverage collapse in a chain-reaction implosion.

Therefore, the important thing is the political-strategic aspect. It is probably true, as people in the U.S. government tell me, that the political will and the political support to make a needed change now, do not exist. It is probably the case, that we have to wait until the situation becomes worse before the political will to act appropriately will be found. But, when you're faced with an implosion which wipes out a system within two to three days, you cannot expect to begin to experiment once the situation become very bad.

The most important thing is, that in every important government in the world, and in those influential institutions which advise them, the alternative be completely defined and worked out. So, when the politician says, "What do we do?" we have the answer ready for them, the ideas are developed, they don't have to be developed then, they're already developed.

Finally, on that point: In the middle of the 1970s, I had a meeting with Jacques Rueff, who was the man who organized the heavy franc for Charles de Gaulle. We discussed this matter, where the world was going under the floating exchange-rate system. He said, "You're right in the analysis, but the politicians will not do it." And, he described how the heavy franc was put in, in France. And he said he went to President de Gaulle and proposed the heavy franc reorganization, and de Gaulle said, "This is very good, but most of my advisers disagree with you." And Jacques Rueff, who already was a famous man in France, said, "I stake my reputation and my life's work on this proposal." De Gaulle said, "Therefore I will do it." And it succeeded.

The same situation exists now. You have a government

in Russia, you have a new election coming up. Who knows—I don't know—what will happen? We have a President of the United States. There are heads of state in various countries. You have studied, perhaps, most of them. What do you think of their ability to come up with the idea and make the decision on this matter? Is it not the case that the institutions which advise these governments, and these figures, must be prepared to go to their governments as Jacques Rueff went to Charles de Gaulle, and when the President says, "Will it work?" you and I must be prepared, with others, to say, "We stake our life's reputation on the fact that it will work?" Without that, most politicians, even good ones, will not act.

Ladies and gentlemen, that's our problem.

Questions and answers

Dr. Mayevsky: We've had this very interesting presentation by Mr. LaRouche. It would certainly be appropriate and timely to ask some questions, to allow the situation and your positions to be more precise.

Q: Your views are close to mine, and I would like to zero in on the essence and goals of your conception, of which there are three. First, a new economic paradigm. Second, a more rational distribution of the world social product. Third, would be the stimulation of new growth in production and technology.

What kind of ecological and resource limitations do you take into account in this, and what limitations are there from the standpoint of the model?

LaRouche: There are essentially no limitations in practice, if we look at the history of mankind. If mankind were merely an animal, and subject to ecological models, the human population of this planet would never have exceeded in the past 2 million years, several million individuals. By the middle of the 14th century, we had achieved a level of several hundred million people. We now have over 5.3 billion people. If we had used the technology which we had on this planet as of the Moon landing in 1969, we could have supported a world population of 25 billion and a standard of living potentially that of the United States at that time.

This involves a discussion of a scientific principle, which I've been discussing with interest with some scientific institutions here in Russia. We have some disagreements, but I believe I'm correct, even though I learn something from my critics here. But the point is that the human being is unique among all living creatures. We can *create completely new levels of technology*. Every resource limitation, we can supersede, by new technology. We can recycle waste. If we continue with space exploration, we will be forced to develop techniques in space exploration which will have great benefit on this planet.



Lyndon LaRouche (left) with Jonathan Tennenbaum, a representative of the Schiller Institute in Germany, during their visit to Moscow, June 1995.

We in European civilization and extended European civilization, through the benefits of universal education, and experience with progress, realize that the individual human being is very special and very important. That is not well understood among the majority of this planet.

The basic problem we have, is to bring the benefits of that attitude toward the human individual into the internal development of people, and as a principle of relations among states. Then the human race can solve any of its own problems; but we must make that step.

Q: Let me ask two questions, one rather general, and one very short. First the general question. There are two ways of making some efforts. One way you said, with your example of de Gaulle and Rueff, technical efforts to find a short way to the result. The second is more strategic—to deal with the scientific community, general public opinion, and so on and so forth. From this point of view, what's your opinion about the situation in economic science, which cannot be limited to monetarists and neo-classical economic science? In other words, there are currents of economic thought which are very critical of neo-classical and monetaristic approaches. What's your opinion of these currents of economic thought? What's your opinion of the works of Nicolas Georgescu-Roegen, Philip Mirovsky, and so on and so forth? This question is connected with the situation of

whether we have a possibility to use some parts of the scientific community within economics, to promote your ideas and similar ideas.

The second is a very short question. You mentioned the question of reversing northern rivers in Russia, to the south. You see, this question has a very long history of debate in Russia, and there are two different levels of discussion, one level just general, whether it has some ecological and other minuses and pluses, and the second concerns the economic and more narrow aspect. You see, all projects which we had before about this reversal, to a great extent, were projects to promote or to support certain economic structures within the country, which were very much interested in digging more and more without any results.

LaRouche: On the first question, that involves a number of subjects that I've written on. I don't think there's any contradiction between the two approaches, that is, the political approach and the scientific. The political action by nation-states strategically, must occur. However, in order for agencies such as this one, to play its role in advising government, a quality of scientific certainty must be achieved. So the two things must go together.

On the question of new economic thinking: The most interesting direction, I think, in economic thinking, I find already going on here, in scientific institutions. I don't necessarily agree with what's being proposed, for example, by this

gentleman Pobisk Kuznetsov, but he has posed the correct question. *That* is the useful direction.

The question is: What is the relationship between those axiomatic changes in scientific principle which are generated in physical science, and also in great Classical art? How does this knowledge become transmitted, as through the machine-tool sector, and through education, to increase the productive power of labor? How do we create, at the same time, the energy of the system per capita of an economy, without shrinking the ratio of free energy or macroeconomic profit, to energy of the system?

In other words, human behavior is not entropic. All the formal economy which is generally taught, fails to address this question effectively. And the new trends in economy, which are associated with systems analysis, have a certain axiomatic incompetence in addressing precisely this question.

Any system of simultaneous linear equations or linear inequalities, while useful in describing a Leontieff model of an economy, is intrinsically entropic. Therefore, if you run an economy based on systems analysis, you will destroy it.

So what is needed is the direction, I think, that I've been working in, and for example, here, Pobisk Kuznetsov et al. are raising these questions. I find other scientific institutions here are raising the question.

For example, the Soviet economy, to the degree it succeeded, was a *science-driver economy*, based on universal education. The failure was the failure to address the question of the civilian economy in the same degree that the military sector was addressed.

And finally, on the other question, of the rivers. The problem is what we have spread in the world through global systems analysis, which came in through IIASA [International Institute of Applied Systems Analysis], and [Dzhermen] Gvishiani et al., and [Ivan] Frolov here, which came from Lord Kaldor's group at Cambridge, in Britain.

For example, we have false science today, which banned DDT, which is a completely fraudulent case. We have people who lied and said the "ozone hole," so-called, was caused by human production of halogens. We have coming out of NASA a completely idiotic theory of global warming.

Yes, when you change the environment, you have effects. These effects must be studied by competent scientists, not these quacks who are very influential in the world today, out of the Rio [U.N. Earth Summit] conference, for example, which I find is very influential here.

The problem in the Soviet economy was because of what Preobrazhensky called "primitive socialist accumulation," under wartime conditions, and, also, an error in policy: Infrastructure was not developed. And, we must look at many of the problems of the Soviet economy, without deprecating some of the projects which had great value. The problem was, there was not sufficient emphasis on infrastructure; the

problem was that since the beginning of the Soviet system, there was primitive socialist accumulation, based on military preparedness. And I believe many institutions, including this one, emphasized the importance of coming to avoidance of this military conflict, as a way of unleashing resources to address these problems, which I propose is the condition now, and we should just take advantage of it.

Q: I read your Memorandum already before our session, and I can share many of your ideas, with the exception, perhaps, of diversion of the northern rivers. You have a great array of ideas here, but the difficulties begin when we try to implement these ideas.

In your oral presentation this morning, you put forward yet another global idea, about the reform of the Federal Reserve System and the monetary system, as a means for solving the crisis. Could you please repeat what use it will be, what good it will do here and elsewhere, to reform the U.S. banking system, given that the dollar is the international reserve currency and 60% of the currency circulating is dollars? Please repeat what will happen if this be done?

LaRouche: The problem is that you have the IMF. Now people, many people, think the IMF is some kind of government agency. We have a pyramidal structure of the international monetary system. At the bottom, we have a system of central banks, which are actually the joint stock companies of private banking and other related financial interests. These become either chartered by governments, or they, by international power, *impose* themselves on governments. These take over what should be the authority of governments.

Under the Bretton Woods arrangement, these central banks are the constituents and stockholders of an international institution called the IMF, which worked with the Bank for International Settlements in Basel, and a favorite night club in Paris called the Club of Paris. It's the enforcer for the international banking community.

Now, the point is to take the power away from these gangsters. You do not have, under your Constitution at the present time, a provision for the creation of a national banking system, because the victorious powers in 1989-91 didn't permit it. We in the United States *have* such power under our Constitution. It is my desire that you have such power here, that you have the right of economic protectionism, as we insisted when we formed our country. If you can't protect your agriculture and industries, you won't have any. You must have your own currency, which you defend.

Now, if the United States takes the first step, and if you support the United States in that step, together with a few other nations, no one on this planet can resist us. We are playing a game of power. If we have the power, and we have a rational idea of how we're going to create currency and use it for credit, and if we make bilateral and multinational treaty agreements on how we're going to regulate, for the medium

term, trade and tariffs.

Take the case of how Russia would develop, just with the initiative of a United States reform. If the United States, with the support of a few other countries, declares the IMF system bankrupt, what happens to the IMF system? Who will obey it? What country will obey it? It's lost its power. Without the backing of the United States, the IMF is a toothless tiger.

Development of Russia, in my view, depends upon the land-bridge concept, the Eurasian land-bridge, from Brest to the Pacific, and to the Indian Ocean. This becomes an international project, which means that Russia, on the basis of that kind of project, together with China and other countries involved, become prime credit risks for the supply of credit, both for what they have to import to do the project, and for credit to their own industries, which will become vendors to the project. That would build up immediately the employment and tax revenue base here, at which time, I presume, your government would take the appropriate steps to come into line with that kind of international system.

Q: I'd just like to say a few words, considering the time limit, on three aspects, which seem the most interesting to me, in the Memorandum of Mr. LaRouche, although I also am not in agreement with everything. But, there are three points which seem to me to be particularly interesting.

The first is his analysis of the genesis and development of post-industrial utopianism. The second is the historical analysis, the counterposition between the commonwealth and what he calls the "Venetian oligarchical type." I find very interesting his observation that the penetration of the institutions of a country and subjugation of those institutions to its influence is typical of this Venetian type.

If we take the history of Russia and eastern Europe, what's very interesting, first of all, is what the historian Gumilyov recently proved. I don't agree with everything he says either, but he showed that the [Sept. 8, 1380] battle at Kulikovo Field, which was one of the most outstanding events in the history of Russia, was actually a confrontation, not with the Tatar-Mongol horde, but with mercenaries of Italian usury capital.

The second aspect is that the peoples of the Greek islands and Balkan Europe, with all the travails of being under the Ottoman yoke, nevertheless preferred the Turks to the Venetians.

The third aspect, which is extremely important, is the precedents you've cited for friendly relations between Russia and the United States, insofar as Professor LaRouche attributes great significance to friendship between the United States and Russia, giving the examples of the assistance in the War of Independence against Britain, and then the assistance extended by Czar Alexander II in the 1860s. I think that if, in the United States itself, the number of people were to increase, who formulate their attitude to Russia based on

those precedents, rather than on the basis of the United States' victory in the Cold War, which was one of the long-term consequences of the influence of Theodore Roosevelt, then indeed it will be possible to talk about the development of joint action by the United States and Russia to carry out positive programs.

Dr. Mayevsky: I'll permit myself to take three or four minutes. I would like to say that I have derived great satisfaction from the lecture Mr. LaRouche gave, and it's interesting for me that, although Mr. LaRouche is not strictly in the Schumpeter tradition of evolutionary economics, nevertheless, Mr. LaRouche's basic findings are very close to the position of this school, beginning with Kondratyev.

When for our audience here, Mr. LaRouche says that it's necessary to develop infrastructure in order to develop the economy, this is directly related to the research which is being done on Kondratyev long waves. Cesario Marchetti, one of the leading experts in this area, wrote an article in 1993 which showed, on the basis of the past 220 years of U.S. figures, that it was precisely the development of infrastructure, namely the railroads, canals, and so on, that was the basis for the most recent rise of a long wave. This is statistically proven, and if it's interesting for Mr. LaRouche to see this article, I can show it to him. I can show Mr. Marchetti's conclusion that the next cycle—and we're now in the process of transition to the fifth Kondratyev cycle—has also to begin with the powerful development of infrastructure. There's no alternative to this.

Secondly, on the question of the dynamics of finance capital from the standpoint of Kondratyev's theory, Mr. LaRouche said, very rightly, that over the past 35 years there's been a surpassing growth of finance capital relative to physical-economic activity, and that securities speculation exceeds GNP by double. From the standpoint of the long-wave theory, insofar as by 1995, the world economy was on the down side of the long wave, this is lawful. There is an accumulation of financial capital, in order to be able to invest it in the future, in the next wave of infrastructure, and in new technologies. This really does correspond to this theory.

Finally, on the non-entropic character of the development of the world economy: I think that this is a very interesting observation, although Pobisk Kuznetsov, as I understand, says "negentropy," and you say "not-entropy."

I didn't fully understand what was laid out here, on the relationship of the ratio of free energy to the energy of the system; but in any case, these connections between the physical and economic sides of a process are considered very urgent in the long-wave theory.

On the whole, I would like to say that Mr. LaRouche's presentation was a pleasant surprise for me personally. It was a very interesting one, and we should thank him. I think we can applaud.

Whitewater Starr chamber may be running out of steam

by Edward Spannaus

It may not be accidental that at the same time that the Clinton administration is making some dramatic moves against drug-trafficking and money-laundering networks—moves which implicitly hit circles closely linked to George Bush's secret government apparatus which came to prominence in the 1980s—the attacks on President Clinton himself seem to be escalating.

Just as the federal prosecutors were bringing a massive indictment against the Cali Cartel and its Bush-linked lawyers, Whitewater special prosecutor Kenneth Starr indicted Clinton's successor in Arkansas, Gov. Jim Guy Tucker, along with Tucker's lawyer and a former business partner. Another associate of Tucker's pled guilty to a misdemeanor charge, and reportedly agreed to cooperate with the special prosecutor. The news media are rife with speculation that the noose is tightening around President Clinton's neck, and that the latest indictments portend that Starr is closing in on the White House.

The Tucker indictment was, no doubt, a nasty piece of work. But there may be less here than meets the eye.

Governor Tucker and his wife had both refused to give testimony before the Whitewater grand jury a week prior to his indictment. Tucker had accused Starr of improperly pressuring his wife and others for information. "Many of those people have had their wives threatened and their futures threatened. Just sheer intimidation," Tucker said. "If I don't resist this kind of stuff, who will?"

On June 8, Starr replied to Tucker's attack by indicting him, on charges which have nothing to do with President Clinton. The next day, *New York Post* financial columnist John Crudele, who has been receiving extremely detailed information on Starr's investigation, claimed that other indictments will soon be forthcoming. Crudele reported that Starr was "livid" and "fuming" because Tucker "tried to make him look like

a fool by publicly snubbing an invitation to visit with the grand jury," and that Starr "was ready to go after everyone. And that includes First Lady Hillary Clinton."

Dead ends?

Starr's petulant indictment of Tucker and his seeming escalation against circles associated with President Clinton could be seen as a sign of weakness. This was suggested by, among others, the London *Observer* on June 11, which asserted that Starr's massive judicial inquiry "appears to have run into dead ends."

The *Observer* noted that aides of Clinton say Starr "is casting his net far wider than the President and the First Lady, and that he has spent \$10 million with 'nothing dramatic, nothing serious' to show for it."

Several of the supposedly big stories have fallen through, said the *Observer*: Hillary Clinton's commodity-trading deal turned out to be nothing criminal, and sinister shreddings of documents turned out to be routine disposals.

The *Observer* line on Whitewater is remarkably similar to a front-page feature run in the *Wall Street Journal* last Feb. 22, which already at that time pointed to Starr's failure to come up with a case against Bill and Hillary Clinton. What is most noteworthy about the Whitewater case, it said, "is how many of the biggest Whitewater headlines appear to be heading toward the cutting-room floor." The juiciest Whitewater allegations, such as Hillary's commodities profits or the shredding of mysterious documents, "have been all but discarded by criminal investigators."

The authors of the *Journal* piece went through nine different areas of investigation, including Whitewater-Madison, campaign loans, the Vincent Foster case, and document shredding, and show that in every single area, there was either no evidence of criminal wrongdoing, or if there were

any possible evidence, that the statute of limitations had already expired. Lesser figures might go to jail on white-collar charges, they wrote, but there is almost no one who believes anymore that Whitewater will ensnare the Clintons in criminal charges.

The only route that Starr could take would be to try to come up with a “coverup case” charging obstruction of justice, the authors wrote; they said that Starr is trying to figure out if he can cook up something around the removal of documents from Foster’s White House office after his death. But if no documents turn out to be missing, there would be no such case even here.

Starr is now focusing on the circumstances surrounding the death of Foster, according to a number of recent reports. He has now retained a crime-scene specialist, Henry C. Lee, to review the original reports on Foster’s death. Lee is the chief forensic scientist for the State of Connecticut, and has testified in many nationally high-profile cases.

Starr has gone back and forth on the Foster case. Earlier this year, Starr appeared to be accepting the conclusion of the previous Whitewater special prosecutor, Robert Fiske, that the Foster death was a suicide. But a second Whitewater grand jury, sitting in Washington, D.C., is continuing to call witnesses regarding the Foster case.

An expensive propaganda campaign exploiting the death of Foster has been being conducted by the same circles which are promoting the “Conservative Revolution” in Congress and generally revving up Whitewater. The “king of Foster conspiracy theories” is Christopher Ruddy, who writes for a Pittsburgh paper owned by Richard Scaife, a Mellon family heir and chief backer of the British-spawned Heritage Foundation; Ruddy’s chief sponsor otherwise is James Dale Davidson, the business partner of Lord William Rees-Mogg who also circulated an inflammatory tract titled “Waco2” in the period prior to the Oklahoma City bombing, charging that Clinton and “Field Marshal Reno” (Attorney General Janet Reno) were about to declare martial law.

Besides Rees-Mogg, the other architect of Whitewater has been the London *Sunday Telegraph*’s Ambrose Evans-Pritchard, who devoted his June 11 column once again to the Foster case. Pritchard, always in the van of Whitewater reportage, claimed that it’s now clear to everybody that Starr “is working from the premise that Vincent Foster may have been murdered.”

The LaRouche Role

The story of the role of Rees-Mogg, the London *Sunday Telegraph*, and Evans-Pritchard in concocting the Whitewater assault on the U.S. Presidency was broken exclusively by *EIR* and its founder Lyndon LaRouche—although others, even the White House, have more recently commented on the role of the British press.

In a transparent effort to take the edge off LaRouche’s critical role in uncovering the British plot, the June 11 *Ob-*

server piece also presented a caricature of “conspiracy theories” allegedly floating around the United States. The article, titled, “Paranoia, MI6, and the Whitewater ‘Plot,’ ” described a U.S. magazine called *Paranoia*, and went on:

“Amid the sightings of unmarked black helicopters and forces of the new world order at work in the O.J. Simpson trial, Whitewater was all a plot, they are told, manipulated not by Bill Clinton, but by MI6 [the British foreign intelligence service].

“The theory goes roughly like this: The British Crown, frustrated by an Oxford alumnus in the White House who got rough with the special relationship, orchestrated the Whitewater affair through the good offices of the *Sunday Telegraph*, the [Rupert] Murdoch press, and even the *Economist*, to destroy the President.”

A little further on, the article got to its central point: “The British angle has been circulating for some time, pushed by the aging far-right extremist, Lyndon LaRouche, perennial presidential candidate, anti-Semite and millionaire ex-convict. LaRouche’s supporters put out 100,000 pamphlets, hawked on Washington street corners, detailing the plot; they also think the British killed JFK.”

Despite its lying characterizations of LaRouche, the *Observer* was compelled to admit that such conspiracy theories are “inspired by the wide play that conservative British newspapers, primarily the *Sunday Telegraph*, have given to the more lurid Whitewater scoops.”

The *Observer* also highlighted the role of the London *Times*’s Lord Rees-Mogg, who, it noted, wrote last February “that Clinton was presiding over a deeply corrupt state where businessmen made billions of dollars from drug smuggling and killed ‘dangerous witnesses, including schoolboys and probably including Vincent Foster.’ ”

Starr’s army

Meanwhile, Starr is continuing to beat the bushes in Arkansas—as well as around Fort Marcy park near Washington—trying to come up with something, anything, with which he could nail Clinton’s hide to the wall.

Last February, it was reported that Starr already had more than 100 FBI agents based in Little Rock working on Whitewater. It was reported at that time that they were scouring through every financial transaction ever conducted involving Bill and Hillary Clinton—which seems to be confirmed by the subpoena issued to Tucker, which involved more than 100,000 documents spreading over 15 years.

The costs of Starr’s fishing expedition to the taxpayers is enormous. Recent General Accounting Office audit figures, reported in the June 7 *Wall Street Journal*, indicate that in the first eight months of operation, the two Whitewater special prosecutors spent \$5.5 million just on FBI agents and services alone. Whitewater spending is running at a far higher clip than Iran-Contra special prosecutor Lawrence Walsh’s investigation, which spanned the globe.

President Clinton vetoes Republican rescissions

President Clinton issued his first veto on June 7, rejecting a \$16.5 billion package of spending cuts passed by the House. "I cannot in good conscience sign a bill that cuts education to save pet congressional projects," the President said. "That is old politics. It is wrong."

Republicans, aware that they don't have the votes to override the President's veto, have said they are prepared to revamp the bill in order to work out differences. "We will probably in very quick order be able to find a bill with the same budget reduction," said House Majority Leader Dick Armey (R-Tex.) "There will be some increase in social spending on the President's part and his folks will be helpful in determining where we'll find the cuts so the numbers don't change."

The rescissions would have cut from a variety of federal programs. Although the differences will undoubtedly be worked out, a bigger fight is looming in the fall over the 1996 budget.

Democrats present their own workfare bill

After Republicans recently presented a draconian measure to shift the responsibility for welfare from the federal government back to the states, Senate Democrats presented "Work First," their own, albeit less draconian, workfare bill, at a press conference on June 8.

The Democratic alternative would, as does the GOP proposal, eliminate the 60-year-old welfare program Aid to Families with Dependent Children (AFDC), established in the

midst of the Depression, and replace it with temporary aid that would end after five years. It would guarantee support to poor families for no more than 60 months over a lifetime, after which able-bodied parents would be cut off and dependent children would receive a voucher to pay only for their needs. Recipients would be pushed to get private-sector jobs immediately, instead of being able to enroll in work training or educational programs, as is now the case.

The Democratic variant would, however, retain the "entitlement," or guarantee of benefits, to eligible Americans who follow all the rules, for up to five years. The Democratic plan would also require states to continue to provide their traditional levels of support for the poor and prohibit them from reducing benefits below 1988 levels, and would provide more money for child care and work programs than the Republican bill.

GOPers put habeas limits in anti-terrorism bill

On June 7, the Senate voted 91-8 to pass the Comprehensive Terrorism Prevention Act of 1995, a measure proposed by the Clinton administration in the aftermath of the Oklahoma City bombing. Republicans added a measure that would significantly curtail *habeas corpus* appeals.

Senate Democrats unsuccessfully opposed the *habeas* limitations. Sen. Edward Kennedy (D-Mass.) attacked them as an attempt to "short-circuit the Constitution." The Republican tactic is "the worst kind of opportunism," he said, coming "in the wake of this national tragedy." Kennedy said that the measure "precludes meaningful review" and "increases the likeli-

hood that innocent people will be executed in this country."

The *habeas* provision has nothing to do with combatting terrorism; it apparently was added to take advantage of the outrage in the wake of the Oklahoma City bombing to push through a major plank of the Contract with America agenda.

Kennedy noted that as many as 20% of all death sentences are overturned by federal *habeas* review, "very often because a defendant has been inadequately represented at trial." In addition, he said, "the bill limits the circumstances under which a death row inmate may raise a claim of innocence based on newly discovered evidence. . . . The proposal to limit inmates to one bite at the apple is sound in principle . . . but surely our interest in swift executions must give way in the face of new evidence that an innocent person is about to be put to death. . . . The attempt to jam it into the pending bill is a cynical attempt to manipulate public concern about terrorism, and the Congress should reject it." Several other amendments by Democrats attempting to mitigate the Republican restrictions were quietly tabled or voted down.

The anti-terrorism legislation would increase penalties for terrorist crimes and conspiracies involving explosives, broaden federal jurisdiction over terrorist-motivated crimes, and create a federal death penalty for terrorist murders. It would also streamline procedures for deporting alleged alien terrorists and expand the government's authority to exclude suspected alien terrorists from entering the country. The Senate voted to make it easier to get "roving" wiretaps of multiple phones that a suspect uses, but rejected a proposal to allow emergency wiretaps without a court order.

Energy panel cuts fusion, nuclear budgets

On June 8, the Energy and Environment subcommittee of the House Science Committee eliminated entire programs in advanced nuclear technology and magnetic fusion energy research in their markup of the FY 96 Department of Energy (DOE) budget.

For magnetic fusion, the Clinton administration's request of \$366 million was reduced by \$136 million, to \$229 million. The Princeton Tokamak Fusion Test Reactor (TFTR) would be shut down. Construction on the next-generation Tokamak Physics Experiment (TPX) would be halted.

Dr. Stephen Dean, who heads the industry group Fusion Power Associates, described the Republican budget as a "total disaster."

At a press conference on June 7, subcommittee Chairman and Conservative Revolution wildman Dana Rohrabacher (D-Calif.) claimed that the fusion programs were "no longer justified," even though they "may have seemed a good idea at inception." After 40 years and \$9 billion of taxpayer funds, he complained, "none of the research has reached 'break-even,' the point at which the fusion reaction generates the same amount of energy as put in."

The subcommittee's DOE budget zeroes out all funding in FY96 for the development of standardized light water nuclear reactors, which programs were co-funded with industry, for a cut of \$49.7 million. Republicans released a list of companies that supposedly benefit from "corporate welfare" through the federal R&D programs, in an attempt to justify the cut. The Advanced Reactor R&D program, to develop the next-generation liquid metal and high-temperature gas-cooled reactors, had already been eliminated in the Clinton budget. The

Republican budget adds \$25 million, but the money is contingent upon the outcome of a National Academy of Sciences review now under way.

R&D programs in the Environmental Protection Agency were also cut by 22%, solar and renewable programs in the DOE were cut in half, and the budget for the National Oceanic and Atmospheric Administration, upon which weather forecasting depends, was cut 22%.

Dorgan urges support for family farming

In remarks on the Senate floor on June 5, Byron Dorgan (D-N.D.) suggested that the next five-year farm bill ought to help farmers actually produce food. "We ought to have an economy that rewards less speculation and rewards more real production," Dorgan said.

Dorgan proposed that "we structure farm program price supports . . . so that the strongest price goes to the first increment of production." In other words, a farmer should get a parity price for the first 20,000 bushels of wheat that he raises and take his chances with the market for any amount over 20,000. "We do not need to provide a stimulant for corporate agrifactories to plow," he added, because they "will darn sure make certain that consumers would be paying well above the cost of production for food."

Dorgan urged his colleagues to give more consideration to maintaining a functioning agriculture based on the traditional family farm. "Now for social and economic reasons, this country ought to care about who produces its foodstuffs," he said. "It ought to care about the farm belt. It ought to care about preserving a net-

work of family farmers. For that reason, we ought to have a safety net, not for a set of golden arches or for the largest agrifactories, but a safety net for family farmers."

Conservative Revolution backers are targeting Republican members in farm states who have been less interested in cutting farmers off at the knees, in an attempt to eliminate farm subsidies entirely.

House GOPers intent on tax cut for the wealthy

As congressional negotiators got together on June 8 to work out a budget plan, House Republicans voted overwhelmingly to reaffirm their support for a \$354 billion tax cut, despite the fact that this issue is causing a major rift with Senate Republicans.

The Senate version of the budget contains no specific tax cuts, and doesn't promise anything more than \$170 billion in tax relief later on and that only on condition that Congress has successfully worked out a plan to eliminate the budget deficit. Senate Republicans are more intent on imposing budget austerity than offering their constituents the "bonus" of a tax giveaway.

Senate Budget Committee Chairman Pete Domenici (R-N.M.) has barred Rep. Phil Gramm (R-Tex.) from the House-Senate conference committee. Gramm has threatened to "kill the budget" if it does not "eliminate the deficit and cut taxes." Gramm had proposed an amendment in May that would have added most of the House's \$354 billion, seven-year package of tax cuts for families and businesses to the Senate budget resolution. The Gramm amendment was defeated in a 69-31 vote.

National News

Clinton: Int'l economic 'trends' cause poverty

President Clinton told the National Governors Association meeting in Baltimore on June 6 that "rising poverty" and stagnating incomes in the United States are "clearly the result of international economic trends sweeping all advanced countries and national economic policies. And all those things are reinforced, one with another. We're on the verge of having a 40-year low in the minimum wage."

President Clinton's address, as transcribed by Federal News Service, focused on the welfare reform bill the Conservative Revolutionists have been pushing through Congress. "The current bill gives states an incentive," Clinton said, "to save money simply by throwing people off the welfare rolls. The House bill even gives states what the Catholic Church has called an 'illegitimacy bonus'—an incentive for more people to have abortions. That is not welfare reform."

As for the impact on children of the Sen. Phil Gramm (R-Tex.)-Rep. Newt Gingrich (R-Ga.) schemes, Clinton told the governors, "If you put this welfare reform block grant, with less money and no local maintenance requirement, up against the Medicaid cuts and the education cuts and the other things that are in this budget, you tell me how the poor children of your state are going to fare. . . . You know, everybody wants to cut Medicaid to shreds because they say that's just a poor person's health care. You know as well as I do almost 70% of that money goes to the elderly and the disabled. And they're all coming to see you and your state legislators. Now, how are they going to do?"

In the event of another "serious national recession," Clinton warned, little could be done if the government provided neither welfare nor jobs at sustaining wages. "Why would somebody who was on welfare who had two kids, who at least had health care from Medicaid and they got food stamps, go to work if we won't even raise the minimum wage to keep it up to where it was 10 years ago?"

The President added, "Now, don't kid

yourself. From the point of view of the Congress, welfare reform has stopped being welfare reform primarily. Primarily, welfare reform is a way to cut spending on the poor, so that we don't have to worry about it, and we can balance the budget in seven years and give a big tax cut largely benefiting upper-income people who have done pretty well in the 1980s. That's what this is about."

Gingrich pushes new environmental agency

House Speaker Newt Gingrich (R-Ga.) is the leading toady for yet another attempt by Britain's Prince Philip to impose pagan environmentalism on the United States. Newt is hopping about Capitol Hill trying to pass a bill to establish a new "super-agency," dubbed the National Institutes for the Environment (NIE), which would confine the remaining research efforts of several federal agencies to "environmental science."

The proposed new agency would absorb all or part of several federal agencies, including the National Aeronautics and Space Administration, the National Oceanic and Atmospheric Administration, and the Environmental Protection Agency. The scheme was originally promoted by former EPA head Russell E. Train, former head of the World Wildlife Fund in the United States, and a collaborator of Prince Philip.

The bill, which was introduced last year as H.R. 2918, will soon be reintroduced by Rep. Jim Saxton (R-N.J.), chair of the House Natural Resource Committee's Fisheries, Wildlife, and Oceans Subcommittee. Gingrich was one of the co-sponsors of the bill last year, together with radical green congressmen such as Bruce Vento (D-Minn.) and George Miller (D-Calif.). Supporters say they expect the bill to be signed into law by the end of the summer.

The legislation is being promoted by the Committee for the National Institutes for the Environment, headed by Richard E. Benedict, the former State Department official who negotiated the Montreal Protocol banning chlorofluorocarbons (CFCs) interna-

tionally in 1987. The board of directors of the committee reads like a *Who's Who* of Prince Philip's green apparatus. One of them, Robert Strange McNamara, fresh from his public *mea culpa* on the Vietnam War, proclaimed that the NIE "will give us a strong base to deal with potential environmental threats to our nation and the world in the decades to come."

The NIE is also supported by major corporations and leading environmental organizations. All major pharmaceutical corporations support the NIE, as do AT&T and the DuPont Corp. Green organizations include Greenpeace, the World Wildlife Fund, the Sierra Club, the Nature Conservancy, Zero Population Growth, Friends of the Earth, the Cousteau Society, and the Gorilla Project.

Historian confirms FDR plan to end Brit empire

Further evidence has emerged of British rage at President Clinton's repeated defiance of their claim to a controlling "special relationship" with the United States. A new book by a British historian denounces former Prime Minister Winston Churchill for "selling out" British interests, by overplaying that card in dealing with President Franklin D. Roosevelt at the end of World War II. The argument includes confirmation from the British side that FDR was unalterably opposed to preserving or restoring the British Empire, as *EIR* has extensively documented.

The London *Times* ran a synopsis on June 7 by historian John Charmley of his new work, *Churchill's Grand Alliance: The Anglo-American Special Relationship, 1940-1957*. The same Charmley wrote a diatribe against President Clinton and the United States for the Hollinger Corp.'s *Sunday Telegraph* on March 19, headlined, "The U.S. is no friend of Britain," in which he denounced the Americans as "disloyal colonists."

In previewing his book, Charmley claims that Churchill personally rigged an international East-West crisis over Poland, during and after the 1945 Churchill-Roose-

Briefly

velt-Stalin grand summits, in order to force the Americans into Europe, in alliance with Britain. Churchill promoted an artificial Cold War, using Poland as his "chip" in the game, in order to build his "special relationship," Charmley charges. Churchill regarded the Polish question as a good "pretext" for a showdown with the Soviets—and as a "hook" to keep the Americans in Europe, allied with Britain.

But "there was one obstacle: Roosevelt," Charmley says. "Roosevelt had made it clear ever since [the Teheran summit] that he was not going to enter some exclusive special relationship with the British. For him, the British Empire was as much to be deplored as Soviet Communism, and there are no signs that he was willing to do what Churchill wanted, which was to use burgeoning American power to prevent the Soviets dominating Europe."

Despite Churchill's efforts, Charmley says, "Roosevelt tried hard to avoid presenting Stalin with an Anglo-American front," and never wanted to provoke what later would become the Cold War. On April 11, 1945, FDR wrote to Churchill, "I would minimize the general Soviet problem as much as possible, because these problems, in one form or another, seem to arise every day and most of them straighten out." The next day, Roosevelt died. "Henceforth," Charmley concludes, "the cruder methods which Churchill dignified with the term 'superior statecraft' would prevail; the true exponent of the art had passed from the scene, leaving no worthy successor."

Devastating cuts aimed at N.Y.C. public schools

New York City schools chancellor Ramon Cortines says the school system must cut \$1 billion from its current budget of \$7.7 billion, according to the June 8 *New York Times*. New York Gov. George E. Pataki and the state legislature agreed on a state budget plan on June 7, which imposes substantial reductions in state aid to the New York City public school system. Large-scale cuts are also expected in the city's already scandalously degraded hospital system, which depends upon state Medicaid

payments for most of its revenue.

A spokesman for the United Federation of Teachers (UFT) told *EIR* that the city schools had already sustained about \$1.5 billion in budget cuts over the past five years.

In May 15 testimony at a City Council hearing, Chancellor Cortines attacked the *New York Times's* lying assertion that the previous budget cuts had been "painless" reductions of a bloated bureaucracy, with the implication that further cuts would be easy.

Cortines told the City Council, "Our capital budget has been devastated. Nearly every building in our system is plagued by system failures—leaky roofs, antiquated boilers and plumbing, faulty wiring, deteriorated paint and plaster, etc. Half our elementary and middle schools are overcrowded, as are 80% of our high schools, and we anticipate that there will be more than 150,000 students without school seats in only five years."

Sen. Simpson proposes two-tier citizenship

Sen. Alan Simpson (R-Wyo.) has proposed an amendment to the Senate welfare reform bill which would restrict public aid to immigrants, even after they become citizens, according to the June 11 *Washington Post*. The blatantly unconstitutional proposal would create two categories of citizenship, native-born and immigrant.

The House version of the bill already denies most forms of aid to legal immigrants who are not citizens. The Senate bill would restrict access only to Social Security. The nature of the Senate proposal is otherwise highlighted by the so-called "deeming" provisions, which apply to immigrants applying for public assistance. The rules require that the income of the applicant and the sponsors be jointly considered when there is a request for public aid from Aid to Families with Dependent Children, food stamps, and Supplemental Security Income. The Senate bill would extend the "deeming" of sponsor's income even after a person becomes a citizen.

● **AFL-CIO** President Lane Kirkland has decided not to seek re-election, in the face of opposition by union leaders representing more than half the AFL-CIO's 13 million members. The leading candidates to succeed him are expected to be incumbent Secretary-Treasurer Thomas Donahue, and leader of the anti-Kirkland movement, SEIU President John Sweeney.

● **PRO-CONFEDERATE** George Allen (R) of Virginia brought a trade delegation to London on June 6, the third U.S. governor to do so this year. Virginia is "open for business," he said, and has cheap labor to offer. He began his visit with a private meeting with Margaret Thatcher. Governors Christine Todd Whitman (R-N.J.) and William Weld (R-Mass.) earlier sought greater ties with Britain's Thatcherized and bankrupt economy.

● **ESCAMBIA** County, Florida's former comptroller was indicted on June 7 by a county grand jury. Joe Flowers was charged with making illegal derivatives purchases and sales, banking funds without open bidding, and entering an illegal lease purchase agreement. The county lost \$21 million on \$30 million in purchases.

● **THE FBI** has arrested Vyacheslav Kirillovich Ivankov, reputed leader of the Russian organized-crime mafia in Brooklyn, New York. The June 11 *Washington Times* said the arrest is the first fruit of the collaboration between U.S. and Russian authorities, set in motion by FBI director Louis Freeh during a trip to Moscow one year ago.

● **SEN. JOE BIDEN** (D-Del.), calling for lifting the "illegal" arms embargo against Bosnia, told the Foreign Relations Committee on June 8 that "the Bush administration was asleep at the switch" in failing to revoke it in April 1992, when Bosnia-Herzegovina was admitted to the United Nations. The U.N. Charter, he noted, guarantees every state the right of self-defense.

Editorial

The rights of men, women, and children

On Sept. 5-13, 1994, the United Nations held an International Conference on Population and Development, in Cairo. The planners of the conference had intended to create a body of law which would allow use of U.N. Blue Helmets to enforce genocidal laws on the impoverished—whether whole nations or those people deemed to be an underclass. Social coercion to enforce sterilization and the withdrawal of medical services were to be the means favored.

Fortunately, a broad-based ecumenical alliance defeated moves to forcibly implement these proposals. President Clinton's opposition to allowing the United Nations to assume supranational, dictatorial powers was an important element in the success of the alliance. Unfortunately, Lyndon LaRouche's demand that the conference itself be cancelled could not be implemented in full; nonetheless, this was a significant, if limited, victory.

Now the United Nations is planning a followup conference, on the theme of women's rights, with the same kind of so-called structural reforms—which are prescriptions for genocide—embedded within it. This, the United Nations Fourth World Conference on Women, is scheduled to be held in Beijing on Sept. 4-15.

The ideology underlying both conferences, the axiomatic belief structure used to justify these degenerate events, is a pagan counterposition to the notion of the sanctity of human life. The belief shared by Christians, Jews, and Muslims, that man is created in the image of God, is absolutely counter to the pagan notion that the worth of man is on a par with that of animals.

In *Evangelium Vitae* released on April 6, Pope John Paul II expressed the absurdity of pretending to defend human rights while supporting a bestial notion of humanity, which denies families the basic means to support a decent life for themselves, their unborn children, and those too old to fend for themselves. In it, he wrote: "Those noble proclamations [on human rights] are unfortunately contradicted by a tragic repudiation of them in practice. . . . How can we reconcile these declarations with the refusal to accept those who are weak and needy, or elderly, or those who have just been conceived?"

The Beijing Conference is a thinly disguised cover for the same genocidal policies which were advocated, if not enforced, at Cairo, which is clear in the Draft Platform for the conference now being circulated. It is important to recognize that the term "sustainable development" is coded language, a demand that International Monetary Fund conditionalities be accepted in order to prioritize payment of debt, on the one hand, over investment in social welfare and infrastructure development on the other. Reference to environmental concerns functions in the same way.

That is what the draft document really means when it states: "The major cause of the continued deterioration of the global environment is the unsustainable patterns of consumption of production, particularly in industrialized countries, which is a matter of grave concern, aggravating poverty and imbalances. Therefore, equitable social development that recognizes empowering people living in poverty, to utilize environmental resources sustainably is a necessary foundation for sustainable development."

The Beijing Conference comes at a time of growing recognition that the world financial system is approaching blow-out. Some form of bankruptcy reorganization is inevitable. The question is: Who is to pay the price? Events like the U.N. Conference on Women are intended to foment cultural degeneracy in order to undermine any organized resistance to the imposition of a bankers' dictatorship. The conference should certainly be stopped if possible, but even more important is to foster a recognition of the only kind of bankruptcy reorganization which can defend the sanctity of all human life.

Lyndon LaRouche is catalyzing an increasing number of people around the world to understand what must be done. This involves governments putting their central banks, which now function in the interest of private speculative interests, into bankruptcy, and using emergency powers to establish viable national currencies and national banks based on rebuilding the physical economy. Only in this way can all human rights, including those of women, be protected.

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TUESDAYS—12 Midnight

- Wednesdays—12 Noon

CHESTERFIELD COUNTY

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FAIRFAX—FCAC Ch. 10

- Tuesdays—12 Noon
Thurs.—7 pm, Sat.—10 am

LOUDOUN COUNTY—Ch. 3

- Thursdays—8 p.m.

MANASSAS—Ch. 64

- Saturdays—12 Noon

YORKTOWN—Conti Ch. 38

- Mondays—4 p.m.

WASHINGTON

- SEATTLE—Access Ch. 29
Fridays—8:00 a.m.

SNOHOMISH COUNTY

- Viacom Cable—Ch. 29
Wed., July 5, 12, 19—3 p.m.

SPOKANE—Cox Ch. 25

- Saturdays—7:30 p.m.

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