

EIR

Executive Intelligence Review

November 3, 1995 • Vol. 22 No. 44

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EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451.

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Japan subscription sales: O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 3208-7821.

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Postmaster: Send all address changes to *EIR*, P.O. Box 17390, Washington, D.C. 20041-0390.

From the Associate Editor

‘**W**hat’s so funny?’ The ghost of Winston Churchill must be choking with fury, gazing up at the scene pictured on our cover, from whatever circle in Hell Sir Winston currently occupies. President Clinton, in his meetings with President Yeltsin at the Hyde Park home of Franklin D. Roosevelt, has placed American foreign policy back on the course that was interrupted by Roosevelt’s death on April 12, 1945. Lyndon LaRouche analyzes this historic turning-point, in the lead article in *National*.

The policy partnership that has been formed between Clinton and Yeltsin, with the support of France’s President Chirac and Germany’s Chancellor Kohl, offers the world a hope of solving the financial, economic, and strategic crises which threaten to bring on a Dark Age. Realizing that hope, will require decisive actions:

- *In economic policy*, the Conservative Revolution in America must be defeated. As Linda Everett reports in her *Investigation*, the Social Security system, one of the most positive legacies of Roosevelt’s New Deal, is being dismantled. With the House of Representatives’ passage of draconian cuts in the Medicare program, the health care of millions of Americans is being wiped out, virtually overnight. President Clinton’s determination to veto that bill must be supported. As for Russia, the International Monetary Fund’s shock therapy must be scrapped. Rachel Douglas reports on the debate in Russia over the disastrous privatization policy, which has paved the way for a mafia takeover of the economy.

- *In strategic policy*, the holdovers from the George Bush era of U.S. policymaking must be eliminated. Mr. LaRouche has written a major document on this topic, titled “The Blunder in U.S. National Security Policy.” It is available on the Internet from his campaign committee (see p. 73), and will be out in printed form shortly. Part II of our Special Report on international terrorism will be published in next week’s *EIR*.

- *Clean out the permanent bureaucracy in the Department of Justice*. Although the FBI is coming under fire in congressional hearings, the coverup continues of the higher levels of DOJ corruption. *EIR*’s campaign to expose this, and to exonerate LaRouche and his imprisoned associates, will intensify in the coming period.

Susan Welsh

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U.S. Treasury market at risk in Japan bank crisis

by Kathy Wolfe

The Oct. 16 announcement by House Banking Committee Chairman James Leach (R-Iowa), that the U.S. Federal Reserve will provide emergency cash to Japanese banks in the United States, shows that the crisis at Japan's enormous banks is just the tip of the iceberg. The mass of bad paper held around the world now threatens to bring down the entire financial system. Leach was asked to "leak" the policy statement, because the Fed fears a crash of *U.S. debt and banking markets themselves*, a New York bank official told EIRNS on Oct. 19.

The U.S. government "is prepared to cooperate fully with Japanese authorities to facilitate, in any emergency, liquidity for Japanese banks operating in the United States," Leach told House Banking Committee hearings on "The Japanese Financial System" on Oct. 16.

Major Anglo-American investment banks in Tokyo, led by Morgan Stanley and Salomon Brothers, have reported that bad loans at Japanese banks now total 80 trillion yen (\$800 billion) to 100 trillion yen (\$1 trillion). Alicia Ogawa, bank analyst and research director for Salomon Brothers, Tokyo, flew to Washington to repeat this estimate before Leach's committee on Oct. 16.

Representative Leach spoke because the Federal Reserve "is very fearful of a major fall of the U.S. Treasury debt market," an alarmed New York bank economist told EIRNS. "This is an agreement to bail out the Treasury—not to bail out Japan," the banker said. "The greater problem is that . . . the U.S. has a \$4 trillion national debt already. It's Japan who is the creditor, and we who are the debtor. A quarter of U.S. debt, perhaps \$1 trillion, is held by foreigners, and of that, Japan has \$600 billion or more." The U.S. expects foreigners to fund over \$200 billion of our deficit this year, and Japan to buy \$80 billion of that. Japanese banks and government agencies have bought \$60-65 billion in U.S. Treasury debt during 1995 so far already, Treasury figures show.

But if the London run on Japanese banks continues, this massive flow will reverse. "Japanese banks will have to dump Treasury paper to get cash," the banker warned. "The bottom could fall out" of the U.S. banking system, "not to mention crash the dollar."

"While we can't confirm Congressman Leach's statement, it would be nothing new," a New York Fed spokesman blustered to EIRNS on Oct. 19. "If a foreign central bank ever wants us to buy back U.S. Treasury bills, we are always happy to buy back our paper for dollars, just so that foreigners don't go onto the open market and depress the price" of the Treasury debt.

Global meltdown includes U.S.

This, however, "is not a 'Japan problem' . . . we are facing a global crash," as Lyndon LaRouche emphasized in his weekly "EIR Talks" radio show on Sept. 28. Once again, LaRouche was right.

The sheer size of Japan's banks, to begin with, makes the Tokyo situation worrisome; they are the largest in the world by far. Total loans outstanding by all Japanese commercial and savings banks come to 702 trillion yen, which is \$7 trillion, or twice the size of total U.S. commercial and savings bank lending at approximately \$3.5 trillion.

Total Japanese bank lending is roughly equal to that of banks in Britain, France, and Germany combined.

Yet the reported \$1 trillion in bad Japan bank loans pales, compared to the rotten paper in the rest of the dollar-dominated world markets. Despite the collapse of Britain's Barings from bad financial derivatives loans, somehow the media seem to have forgotten the existence of \$23 trillion in rotten derivatives investments held by U.S. banks, and an estimated \$10 trillion in derivatives held by British and Swiss Eurodollar market banks in London. Japanese banks' derivatives hold-

ings, some \$5-6 trillion, are not quite as impressive.

U.S. officials claim that U.S. banks have written off most of their bad debt from the 1980s. According to figures from the Federal Deposit Insurance Corp. (FDIC), U.S. banks have only \$60 billion in loans and leases which are non-current, or 30-90 days past due.

Actual bad loans at U.S. and British banks, *EIR* estimates, however, take no back seat to those in Japan, as percentage of bank lending. Of the total \$3.5 trillion in U.S. bank loans, *EIR* estimates that \$500 billion to \$1 trillion are rotten, and \$200 billion at British banks.

Despite the FDIC, the true situation at the U.S. banks will out. It appears that federal regulators have virtually taken over New York's Bankers Trust, with its gigantic rotten derivatives holdings, just as the Fed put Citibank into receivership in 1991. In December 1994, the New York Fed and the Securities and Exchange Commission (SEC) ordered Bankers Trust to hire "independent counselors" to review its derivatives business; the bank signed an agreement to be bound by the findings.

On Oct. 20, Bankers Trust announced that Frank Newman, recently deputy secretary of the U.S. Treasury, has become as president of the bank, and will become chairman when Chairman Charles Sanford retires in April. Newman, who joined the bank in September, replaces President Eugene Shanks, Jr., who resigned. Shanks was Sanford's successor—before the derivatives went bad on his watch.

Desperate U.S. bank mergers also continue in an attempt to buy time to hide bad debts. On Oct. 18, Wells Fargo launched a takeover bid for First Interstate; a combined bank would have assets of \$107 billion. NationsBank and BankAmerica are also talking. BankAmerica is the second-largest bank in the United States, with \$227 billion in assets, and NationsBank is third, with \$184 billion. The new bank would have \$423 billion, more than the \$257 billion Citicorp and the new \$297 billion Chase Manhattan.

Bankers target France

In Europe, following the French government's massive bailout of *Crédit Lyonnais*, the French banks are also widely known to be rotten, with \$5-10 trillion in derivatives. Just as the British media and British bankers have been hyping the Japan bank crisis, desperate to turn attention away from London and New York following the *Barings* bankruptcy, so London has been running deliberate operations against the French financial system.

The French franc continued to crash during early October, as those whom French Prime Minister Alain Juppé called the "gnomes of London" express their discontent at the State's economic policy. On Oct. 20, the franc fell to a new low of 3.53 francs against the *deutschemerk*, forcing the Bank of France to raise interest rates above 7%. The CAC 40 (Paris) stock market index is also at its lowest, having lost 8.51% since the beginning of the year, which means losses of billions of francs. The top insurance company *UAP* lost 3

billion francs since the beginning of the year. French stocks are so low that a wave of hostile takeovers of French companies by foreigners has begun.

In Russia, which must not be ignored since its economy has been incorporated into the International Monetary Fund's "free-trade" system, 15% of all banks will close this year, Prof. Lidia N. Krassaniva of the Moscow Academy of Economic Sciences told a meeting of German and Russian financial experts on Oct. 17 in Hanover, Germany. Two hundred banks and financial institutions have lost their licenses since the beginning of this year, and another 150 are on the list of candidates for the same emergency treatment.

A run on Japan means a run on the U.S.

Representative Leach's statement on Fed policy came amidst reports of a "slow run" against major Japanese banks in the London Eurodollar market. Depositors have been pulling out, European bankers told *EIRNS* on Oct. 20, forcing Japanese banks to pay a "Japan premium" of up to 0.40% for deposits. Since this is higher than the 0.25% Japanese banks earn on Euromarket loans, they are losing money.

The Fed "expects a new, this time quite major Japan bank crisis to erupt, likely before the end of the year, and in order to minimize world market panic to that event, they decided to make public this agreement," one European banker told *EIR*. *Fuji Bank*, for example, is a target of rumors that it just lost up to \$3 billion in currency speculation. Meanwhile, in Tokyo, the government has yet to announce a long-awaited package to deal with the immediately bankrupt eight Japanese housing loan companies, the *Jusen*, with \$84-100 billion in bad loans.

"The bottom line is, the Fed wants to keep the Bank of Japan and Japanese banks from selling Treasuries on the open market at all costs," the New York banker said, speaking of Representative Leach's announcement. "The agreement means that if any Japanese bank needs some dollar cash, either they or the Bank of Japan will come to the Fed, and sell Treasury paper directly, under the table."

Leach emphasized in an Oct. 17 interview that it is the U.S. *government*, including the Clinton Treasury, that supports the plan—and also that Japan would pay its own way. "It is not intended to be a standard discount window operation," in which Japanese banks borrow at the Fed discount window, Leach said. If Japanese banks need dollar cash, they will go to the Fed, perhaps via the Bank of Japan, and sell Japanese-owned Treasury bonds for dollars. "That implies Japanese assets taking care of a Japanese problem," he said.

"The problem is not solved," however, *LaRouche* underlined, by this attempt "to postpone the reckoning to a slightly later time, and it's not so many months down the way. . . . If Japan goes, it will still blow out the international markets in a chain reaction. The situation in the European banking system is worse by the day. The U.S. system is ready to blow; the Federal Reserve system is . . . already as good as bankrupt."

Privatization: the looting of Russia

Rachel Douglas reports on two current analyses of privatization in Russia, by economists Sergei Glazyev and V.A. Lisichkin.

The precipitous collapse of Russian industrial output since 1992 has now sent out its second shock wave, rippling into the agriculture sector. Declines of *output*, such as 30% in the chemicals industry in 1994 alone and 40% in machine-building that year, echoed back as catastrophically reduced *input* of fertilizer and machinery for farming, illustrated by Marcia Merry Baker in her recent report, "Do You Want to Eat Next Year?" (*EIR*, Sept. 15, 1995, p. 35). The reduction of these inputs to as much as 90% below 1990 levels, underlies the looming disaster of the 1995 grain harvest in Russia, estimated to be in the range of 45 to 65 million metric tons, as against 81 million tons last year and over 100 million tons at the turn of the decade.

Throughout the production crash, Russian industry has been undergoing privatization. At the end of 1992, there was "voucher privatization," during which the State issued vouchers to each Russian citizen, who thus ostensibly received the opportunity to become an owner. A furious process of amassing vouchers, including by purchase from factory employees desperate for cash during neatly timed lock-outs or stretches of payless paydays, was the occasion for many organized crime groups to get a leg up in the scramble to own plant and equipment in Russia. Then there ensued share auctions, in which one after another major enterprise was privatized.

The announced rationale, was that private ownership and market mechanisms would kick the Russian economy into shape, weeding out the inefficient producers. The reality has been wholesale asset-stripping: looting by means of the licensed or unlicensed, and usually undertaxed sale of raw materials stockpiles and machinery inventories at dumping prices—but for hard currency—abroad, selling of costly machinery for scrap, and conversion of machine shops to warehouses for traders in imported consumer goods.

'Settle with bullets'

What was afoot in Russian privatization, Lyndon LaRouche reviewed in his "EIR Talks" interview of Oct. 18: "Since late 1989, until President Clinton was inaugurated, the government of Britain, Margaret Thatcher's government at the time, had a policy which was supported by the United States under George Bush. And that policy was *to destroy* every nation which had been formerly part of the Warsaw

Pact alliance under the Soviet direction, by a policy which was called 'reform,' sometimes called 'shock therapy,' sometimes called 'International Monetary Fund (IMF) conditionalities.'

"The purpose of that reform was to destroy these countries, by what might be called a modern version of the Morgenthau Plan, which Secretary of the Treasury Henry Morgenthau designed [at the close of World War II] for turning Germany from an industrial nation into a depopulated, pastoral, bucolic Third World country, so to speak.

"Now, that program has nearly succeeded in Russia, as it has in other parts of eastern Europe. As a result of that continuation of that policy called 'the reform,' the old Communist forces and related forces are coming back into power throughout eastern Europe. Because the forces which supported the Thatcher-Bush policies on the idea of becoming part of the Western world, as anti-Communist and things of that sort, those forces became discredited, precisely because they supported the Thatcher-Bush free trade IMF conditionalities policy.

"Now, what's left . . . are two elements within Russian society, in particular. . . . On the one side, you have people typified by [Viktor] Chernomyrdin, the prime minister, who . . . has been supervising the policy of turning Russia into a Third World country, that is, dumping raw materials, primary materials from Russia, on the world market at bargain prices, largely to the benefit of the London-centered markets, and thus ruining Russia, turning Russia into a Third World, depleted country.

"On the other side, you have those forces, which are for saving Russia as an industrialized nation-state, or reestablishing it as an industrialized nation-state at this point, and there are forces which are centered around the military, but also other forces, people who are, formerly or at present, in the State apparatus and associated institutions of Russia.

"In the meantime, since early October 1993, with the shelling of the old Parliament by President [Boris] Yeltsin's forces, real democracy in Russia died. . . . So, essentially, the people of Russia, who are trying to survive, are really not involved in politics. . . . Maybe people will rally to the support of some party at some time; but at this time, the parties really are a vehicle for pure power-play politics, from within the leading State and related establishment. . . .

“The military-industrial complex in general, and other institutions which deem themselves patriotic Russian institutions, are trying to save Russia as a nation-state. But it’s a pure power-play. It is not a ‘political process’ as we think of parties seeking mass support. The people will respond to this process, but you’re on the verge of, possibly, a question where policy is settled with bullets.”

Privatization in the power struggle

The accusation of “selling of the nation for personal gain” figures centrally in the power struggle in Russia. Prime Minister Chernomyrdin and Deputy Prime Minister Anatoli Chubais are most vulnerable to these charges. For this report, *EIR* has translated two current analyses of the privatization process, by Russian opposition figures, which express their anger about the looting of Russia.

The first is an excerpt from an October interview, given by economist Sergei Glazyev to the nationalist newspaper *Zavtra*. Glazyev, who quit his government job of Minister for Foreign Economic Relations in protest against Yeltsin’s abolition of Parliament and the Constitution in September 1993, now heads the Committee on Economic Policy Questions of the State Duma (lower house of the new Parliament), leads the Democratic Party of Russia, and is running for reelection to the Duma on the Congress of Russian Communities slate, with Gen. Aleksandr Lebed and Yuri Skokov.

Second, we excerpt a report on privatization, by Academician V.A. Lisichkin. An economist with a background in the defense industry, Lisichkin was expelled from the Communist Party in 1982 “for attempting to reproduce, for purposes of dissemination, his gloomy picture of the Soviet economy, science, and technology,” and today is a deputy in the Duma from Vladimir Zhirinovskiy’s Liberal Democratic Party of Russia (LDPR).

Lisichkin’s report summarizes and elaborates on revelations about the sell-off of Russian industrial firms, first made by Vladimir Polevanov in January of this year, when Polevanov was fired as head of the State Property Committee after challenging these practices in an open letter to Prime Minister Chernomyrdin (see *EIR*, Feb. 17, 1995, p. 9 and June 16, 1995, p. 6). The report also expresses a chronic blunder of critics of the looting of Russia: the notion that privatization was “done right” in other locales, such as Chile, other eastern European countries, or Great Britain itself! (Glazyev, with his reference to the Chilean banking collapse, avoids this error.) *EIR* does not vouch for the accuracy of all of Academician Lisichkin’s allegations, concerning the activity of specific foreigners in the privatization of Russian industry, but we note that such involvement is viewed as hostile activity by numerous leading figures in Russia. The Lisichkin report has been extant for several months, but is currently circulating in the Duma and other Moscow locations in connection with the parliamentary elections scheduled for December.

Anatoli Chubais, a featured personality in the reports of



Russia’s Deputy Prime Minister Anatoli Chubais, former head of the State Property Committee, is being denounced as a principal instrument for western looting of Russia.

both Glazyev and Lisichkin, is a close associate of Chernomyrdin; he formerly headed the State Property Committee and is now a deputy prime minister.

Sergei Glazyev: Corruption in privatization

Zavtra #40, 1995 (October) interviewed Sergei Glazyev.

Glazyev: Privatization abounds with examples of direct participation of people linked with the authorities, in the division of property. For example, among the most thriving financiers on today’s domestic market you will find quite a few former advisers of Mr. Chubais, and these are foreigners, who themselves worked up the privatization methodology, organized first the voucher auctions, and now the buying and selling of shares. Purchase here and sale abroad, naturally. Under American, European, Japanese, and any other body of law, this is pure criminality. It is not entirely blameless activity under our code, either, but it is, nevertheless, a rule of the game adopted by the Chernomyrdin government.

The difference between the [Yegor] Gaidar government [in 1992] and the Chernomyrdin-Chubais government is that the former fostered the spontaneity of an uncontrolled war for property, of all against all, while the latter has become an active participant in this war, utilizing its authority, playing

for its own gain in its various hypostases. The State Property Committee is one hypostasis, which played with foreign capital; the prime minister with Gazprom is another hypostasis. Today we see, that people's wages fell 30% during the first half of the year, while prices for natural gas have increased tenfold during the first ten months.

Zavtra: What is the basis for the unsinkability of Chubais?

Glazyev: I think it is foreign support. This is evident both from his concrete actions, when he actively lobbies for the interests of foreign companies, and in the very assertive work of his foreign advisers, who provide a connection with foreign big capital, and in the direct pressure of the American administration on the Russian. It is indicative, that each visit of the American President is accompanied by a strengthening of Mr. Chubais's positions. . . .

The most important thing today, is for all constructive forces to unite. I believe that the Democratic Party of Russia, in resolving not to run its own slate in the elections, but to advise its members to participate in them through the Congress of Russian Communities (KRO), has simply given an example of how, for the sake of truly serious goals, in the face of the real threat of self-destruction of the State and the country, it is necessary to forget about political ambitions and to try to consolidate a common movement, capable of really doing something in the interests of society. . . .

The current regime expresses the interests of 2 or 3% of the population, while our program expresses the interests of the overwhelming majority, because it promises real economic growth without expectations of foreign aid, proceeding on the basis of what our economy does have.

I would express the key idea of our program as follows: combination of the competitive advantages of our economy with the main factor of contemporary economic growth—scientific and technological progress. From 70 to 90% of all economic growth, today, derives from the production and dissemination of new scientific and technological knowledge.

We anticipate, that the activation of scientific-technological potential, together with our natural competitive advantages, will create the main "draft force" for economic growth. These competitive advantages are: the cheapest raw materials, which allow for low production costs in the processing industries; a developed industrial base and one of the most powerful scientific potentials in the world; highly skilled people; developed industry; developed infrastructure. In other words, the country has everything required for further development, relying on our own forces.

Another part of our program deals with the current situation of the economy, which we characterize as a great depression. Here, we propose a set of concrete measures for resuscitation of the economy. These are measures to revive production, expand capacity utilization in industry. It means the restoration of citizens' savings. . . . It means using State purchases, to supplement enterprises' circulating capital un-

der conditions of hyperinflation. We are proposing, that is, to activate State demand, in order to stimulate production in the key sectors that determine economic growth. In order to preserve our concrete advantages, linked with our powerful raw materials base, we consider an active pricing policy to be necessary. This means that control should be established over price formation, in the sectors characterized by natural monopolies. Because the main factor in inflation, at present, is the surpassing growth of fuel prices, especially on natural gas. While all prices have grown twofold, on average, this year, natural gas prices have risen 6.5 times. Gas delivered from the supply network—ten times. It is clear, in whose interest this is. But what is in the interest of society, would be to establish control over the natural monopolies, over the system of price formation, in order for industry to remain competitive.

Very important for us, among the resuscitation measures, is restoring order in the management of State property and State finances, because our strategic goals and tasks require material back-up and a concentration of financial means. This would be a concentration of financial resources not only in the hands of the State, but also in the industrial-finance groups (FPG) and in those parts of the economy oriented toward growth, rather than the speculative, short-term conjuncture. I should say that, if we abolish all illegally granted tax breaks, and ensure that natural rent is not diverted into private pockets, but goes to the State. . . . In any market economy, natural rent is national rent. If we were to establish normal, commercial utilization of State property, budget revenues could be practically doubled. And our calculations show, that this will make it possible to solve not only social problems, but to carry out tax reform, which is extremely necessary to normalize business, insofar as today, he who pays no taxes, thrives.

But today's authorities harshly impede even the first steps toward introducing order in this sphere. We see how strained relations are between the Duma and the government, on the question of eliminating tax breaks and introducing control over the privatization process. The government constantly evades establishing any legislative basis for these processes.

In my view, we are now in the active phase of a banking crisis. In any case, there are signals left and right about the insolvency of banks. Accounts are frozen. Banks are unable to carry out their obligations to their clients. Processes of concentration of bank capital have already begun, as one way out of this crisis. But the government's and Central Bank's actions, in buying up short-term government bonds in an attempt to increase liquidity in the economy, is a half-measure, which will yield no serious effect, without the simultaneous application of other means. These would include guarantees for private capital in the development of production, defense of the market for the purpose of reviving the productive sectors, introduction of normal export tariffs on natural gas, in order to restrain pressures on the ruble, and to bring the rate of devaluation of the ruble into accord with the

devaluation of purchasing power on the domestic market. The one measure employed by the government, out of this whole array . . . is the most destructive in its inflationary consequences. . . .

How will this end, and when? That is a difficult question, because in Chile, it ended in the collapse of the entire banking system. In America during the Great Depression, banking transactions were suspended for a certain period. Then the process of clearing up the banks' affairs commenced. But our government has just let everything go. Therefore, evidently, many banks will simply crash, their clients will go bankrupt, and this will trouble nobody—neither the government, nor the Central Bank.

The Lisichkin report: 'Criminal privatization'

The avalanche, or fire-brigade character of the 1992-94 privatization program is obvious. In the framework of this program, around 70% of the small enterprises in Russia had been privatized by Jan. 1, 1994. In the course of "big privatization," 11,005 joint stock companies (AO) were established on the basis of medium and big enterprises (out of 14,500 enterprises which underwent this process). Formally, there are presently in Russia about 60 million shareholders in newly established, effectively idle or semi-idle industrial AO or voucher investment funds (ChIF). Bankruptcy proceedings for these AO and ChIF commenced in spring and summer of 1994.

By July 1, 1994, 88,577 enterprises had been privatized, or 56.54% of the enterprises functioning with an independent set of books during that period. As of Jan. 1, 1993, that indicator had been only 18%. Compared with the total number of State-owned enterprises with their own set of books at the beginning of 1992 (when the privatization program started in Russia), the percentage is even higher: 63.3%.

As a result of "small privatization" in 1993, 68.9% of enterprises in the trade sector were privatized, 64.2% of public dining facilities, and 70.8% of enterprises in the social services sphere. The most popular mode of small-scale privatization for the trade sector and public dining facilities was rental, followed by buy-out: 46% and 52% of the enterprises in these sectors, respectively, were privatized in this way. In the social services sector, competitive bidding was most popular (46%). In agriculture, 80% of food-processing and service enterprises were privatized by granting "type 2" discounts to their employees. This led to the strengthening of these enterprises' monopoly in a given region, such that, to the detriment of the interests of food producers, they started to dictate low prices for raw products they purchase and to establish exorbitant prices on processed food. As a result, from 1991 to 1993, the food-producers' share in the final price of food products dropped from 60-70% to the 20-40% range.

Privatization strategy

The goals of privatization were officially formulated in the well-known Decrees of President B. Yeltsin, #34-1 issued on Dec. 29, 1991 and #66 issued on Jan. 29, 1992. In less official documents, such as interviews and speeches of A. Chubais and the leaders of "Russia's Choice," the main goals were identified as the creation of a new class of owners and making the process of transition to capitalism in Russia irreversible.

It turns out that all those formulations of the goals of privatization were nothing but a fig-leaf, covering the shamelessness of looting.

That became clear in a rather frank speech by A. Chubais, at parliamentary pre-hearings in the State Duma on March 21, 1994. Explaining to the uncomprehending deputies the process of privatization after July 1, 1994, that is, after the stage of so-called voucher privatization was over, A. Chubais announced: "The structures which have power, exchange this power for property." Such extreme sincerity, verging on cynicism! It would be difficult more clearly and precisely to formulate the so-called democrats' goal of seizing and usurping power.

What national interests? What statehood? What power of the people? Seize power and trade it for property—this is the real goal of a democrat. Faster, faster. In a year, or at most two, while people still believe that they will become property-owners. This is the reason for the super-fast rate of privatization. The world record set for speed of privatization, was but the takeover, by a narrow group within the power structures (from the Presidential apparatus down to the regional administration), of the national wealth, created by the labor of three generations in our country.

This narrow group of "democrats" numbers 700-900,000 people. These are the future bigwigs of Russian capitalism. Now they are in power. And for them, power is an instrument for carving up the national property.

In 1992, A. Chubais deceived the nation with propaganda about the vouchers. He did it by comparing the value of one voucher to that of two Volga automobiles.

Now, we shall turn to the official documents and see whether the official privatization goals were fulfilled in 1992-93.

The main goals of privatization, presented in [Yeltsin's two above-named decrees], have not been met:

- the increase of economic efficiency of enterprises has not been secured;
- budget revenues have not increased;
- the State has not been relieved of the burden of supporting inefficient enterprises;
- there has been no support for the realization of the general goals of economic stabilization;

The only goal that has been achieved, namely, easing the transformation to free pricing through speedy privatization of commerce and services, became a tragedy for Russia:

- 90% of the population ended up robbed;

- 60% are below the poverty line;
- over 20,000 organized crime groups emerged;
- every commercial and service sector firm is a growth point for a mafia group or a target for extortion, which has acutely aggravated the criminal situation in the country;
- the lumpenization of the middle class (engineers, technicians, civil servants, intelligentsia, scientists) and the degradation of the material conditions of life of workers and peasants led to a dramatic division of the society between a small handful of the superwealthy and an overwhelming majority of poor people. This was the reason for the split in society and the political crisis in 1993. . . .
- trust in the President and the government was undermined;
- loss of faith in democracy and the free market. . . .

It is high time for Mr. Chubais to retire, for that one heroic deed alone—creation of the criminal system of privatization.

In a report by the Ministry of Internal Affairs of the Russian Federation, it was noted that in 1993 alone, 27,700 crimes connected with privatization were uncovered. A huge number of crimes were not discovered. And how many were covered up? But even if one accepts this number, simple arithmetic shows that we have 76 crimes daily, or 3 crimes per hour, including Saturdays, Sundays, and holidays.

According to the data from Minister of Economics A.N. Shokhin, 40,349 enterprises were privatized in the whole national economy in 1993, or 110 enterprises per day, 4.6 per hour. Comparing these two numbers, it is easy to see that the system of privatization created by Ye. Gaidar, A. Chubais, A. Shokhin, and others leads to crimes on an hourly basis.

Suffice it to mention the brutal murder of the chairman of the Committee on Privatization in Kareliya. Many directors of privatized enterprises perished at the hands of hired guns. Mr. Chubais is silent about this. He only boasts about the world speed record for privatizing. . . .

According to official sources, more than 60,000 Russian enterprises are controlled by organized crime. In effect, this is an undeclared civil war. War over the division of property. Instead of the civilized forms of privatization planned by the Supreme Soviet of the R.S.F.S.R. [Russia in the Soviet Union], considering the experience of Czechoslovakia, Hungary, and Poland, Chubais introduced voucher privatization by a skillful trick.

He did it by the hand of President Yeltsin, promising him that in a year he would create a broad social base for the Presidential regime, in the form of huge numbers of property owners (possessors of vouchers).

Second, he promised the President to make the reforms irreversible, by the swift distribution of property. In the end, Chubais deceived the President twice, and the nation many times over. . . .

The price of a factory

On orders from western advisers, Chubais's agency issued decrees, resolutions, laws, and instructions on priva-

tization, such that the treasury of Russia received an average of \$2.48 million for each of 87,600 privatized enterprises.

In order better to understand the scale of looting which Chubais termed the success of the first stage of privatization, let us introduce a new currency unit: \$25 million=1 klyukha. What is one klyukha? It is the hockey stick of hockey-player P. Boure. The Canadian team, the Vancouver Canucks, bought P. Boure for five years for \$25 million. From that standpoint, let us now examine the tricks Chubais accomplished with help from the American experts.

On Nov. 8, 1994, the "democrats' " own favorite newspaper, *Moskovsky Komsomolets*, published stunning data from the secret Chubais list of the 500 biggest enterprises privatized in Russia:

- Russian Joint Stock Society (RAO) "Unified Power System"—\$649.6 million, or 26 klyukhas;
- RAO Russian Nickel—\$468.6 million, or 18.7 klyukhas;
- AO Gorky Automobile Factory—\$26.6 million, or 1 klyukha;
- Port of Novorossiysk—\$22.5 million, or 0.89 hockey-player klyukhas;
- Vnukovo airlines—\$21 million, or 0.84 klyukhas;
- Red October candy factory—\$21 million, or 0.84 klyukhas;
- "Krasnoye Sormovo" factory—\$21 million, or 0.84 klyukhas;
- Northern Shipping Line—\$3 million, or 0.12 klyukhas;
- Murmansk Trawler Fleet—\$3 million, or 0.12 klyukhas.

What normal person would come up with the idea of appraising Russia's only gateway to the Black Sea, the Port of Novorossiysk, at 0.89 of a hockey star's stick?! And where should the person be now, who did this not once, but 500 times? Yet, he is still in the government of Russia, in the post of deputy prime minister.

Who were the advisers and consultants of Chubais, Gaidar, Shokhin, et al.? In 1992 alone, more than 200 consultants came to Russia from abroad, on invitation from Chubais's agency. [The author lists 10 English and other foreign names, alleging some individuals to be career CIA or military intelligence agents.] Under Order #141, signed by Chairman of the State Property Committee Chubais, American citizen D. Hay was appointed chief of the section on foreign technical assistance and expertise. On Hay's initiative, Chubais established (Order #188 of the chairman the State Property Committee, Oct. 5, 1992) a committee of experts for mandatory review of all draft decrees of the President of Russia, government resolutions, and instructions of the chairman and deputy chairmen, concerning privatization in specific branches of Russian economy. Hay named himself to the chairmanship of this committee. . . . Only two members of the committee were Russian citizens. . . .

The continuation of Chubais's privatization policy pres-

ents a real threat to the national security, on the background of moral degeneration, the mass media's inculcation of a cult of violence and cruelty, the pernicious influence of foreign secret service agents, the collapse of the family, institutions of the State, and national traditions. This is recognized not only by the opposition, but also by devoted apologists of the presidential-government structures. On Nov. 18, 1994, Chairman of the Federal Counterintelligence Service S.V. Stepashin said: "Yes, there is a war going on, a real war with mass killings."

Chubais's secret list of the 500 major Russian enterprises privatized for a song and earmarked for foreign investors and so-called strategic owners, serves as a proof of the most grandiose looting in all human history: during the past 1,000 years, there is no similar example in any country, with no other people, of such a shameless sell-off of the national wealth. . . .

Detailed analyses of the list of 500 major Russian enterprises privatized by Chubais's agency, yields the following conclusions:

1. The real value of the enterprises sold is more than \$1 trillion, based on the market value of similar firms in the United States and western Europe. On orders from the overseas gentlemen, shock therapists sold them for a mere \$7.2 billion.

2. Of these 500 major Russian enterprises, some 80% were sold at auction for less than \$8 million. The price of 324 enterprises, out of the 500, was below \$4 million. The Ural Machine-Tool Factory (Uralsmash) in Yekaterinburg, employing 34,000 workers, was sold for \$3.72 million; Chelyabinsk Metallurgical Combine, with 35,000 workers, for \$3.73 million; Kovrovsky Mechanical Factory, supplying the entire Army, Ministry of Internal Affairs, and the special services with firearms, and employing 10,600 workers, for \$2.7 million; Chelyabinsk Tractor Factory, 54,300 workers, for \$2.2 million.

For comparison: An average bakery in Europe costs about \$2 million; a medium-sized Swiss sausage factory, \$3.5 million. . . . Thus Chubais's team equated the Chelyabinsk Tractor Factory to a bakery.

3. The State Property Committee's sale of 500 major enterprises was intentionally accomplished very fast, so that the State Duma could not monitor the process of privatization. From the beginning of the work of the Duma in January 1994 to July 1, 1994, that is, in six months, 284 enterprises were sold, while 110 had been sold during all of 1993. The 12 largest enterprises, priced at above \$37 million each, were sold at the tail-end of voucher privatization.

4. The value of one work place in major Russian industrial enterprises was underestimated a thousandfold. At the Volga Automobile Factory (VAZ), Chubais estimated one work place at \$81; at the Gorky Automobile Factory, \$244; at Uralsmash, \$109; at the Chelyabinsk Metallurgical Combine, \$105. Meanwhile, the price of a work place at newspapers has been overestimated to fantastic levels. For example, at

Izvestia, a newspaper with 310 employees, one work place has been estimated at \$50,000, so the value of one journalist working at *Izvestia* equals 331 workers at Moscow's Likhachov Automobile Factory (ZIL). . . .

Chubais turned everything upside down: Enterprises with huge machines and power equipment, producing real goods for national consumption, have a minimal valuation per work place, while work places in enterprises providing services and employing clerks are valued at tens of thousands of dollars. This was done artificially, so that big enterprises could be bought by structures involved in speculation, strategic owners from among the so-called "new Russians" or front companies, concealing foreign firms. For example, a front man named Vasili Yurevich Timofeyev from Tyumen region paid over 2 billion rubles to purchase 210 million shares of Gazprom, while a Georgian named Kavtaradze, living in Moscow, bought 51% of Uralsmash, thus becoming proprietor of the biggest defense plant, with the sole right of decision about the fate of 34,000 workers. Controlling share packets of the Bratsk and Krasnoyarsk aluminum companies were bought by the Chorny brothers, émigrés from the U.S.S.R. who are now Israeli citizens.

5. Under pressure from Chubais's American advisers, prices for defense enterprises were deliberately underestimated. Hay, the American, bought (through a shell company, Graniks) an experimental enterprise of the science and research institute Grafit, and 30% of the shares in a Moscow electrode factory. Thus he became the owner of a unique defense complex, which produces strategic graphite for construction of military rockets. As virtual owner of those enterprises, Hay insisted that the Grafit institute reject a defense order from the Russian military space forces, but it accepted an American order.

Polevanov's revelations

In October 1994, V. Polevanov was named chairman of the State Property Committee. After two months, he learned about such crimes against the State and the nation, committed during privatization, that he found the courage to write about it in a special memorandum to Chernomyrdin. In the last, fifth clause addressed to the prime minister, Polevanov directly laid all responsibility on Chubais for the economic, moral, political, defense, ecological, and material losses from privatization, suffered by our country and its people.

According to data from the Minister of Internal Affairs V.F. Yerin and Deputy Minister B.P. Stashko:

During 11 months of 1994, there were 1,684 crimes uncovered in the sphere of privatization, among which 127 had a particularly wide range.

Foreign companies acquired shares of the most profitable branches of the national economy:

1. In the aluminum industry, using false companies, Israeli citizens M. and L. Chorny, bought 28% of the shares of the Krasnoyarsk Aluminum Factory and 48% of the Bratsk Aluminum Factory.

2. The French firm Sepre is attempting to buy the only Russian factory for fireproof material. This factory is valued at \$145 million, but Sepre proposes to pay \$5.5 million for 35% of the shares.

3. The value of the buildings of the Moscow Institute for Management Training for the Chemicals Industry is an estimated \$100 million, yet they were sold for 8 billion rubles to a closed joint stock company, the International Entrepreneurship Academy, where the Austrian company Nordex GmbH and FPI each have 20% of the shares, and the Interprivatizatsiya Fund has 25%.

4. Foreign firms show the most interest in establishing joint ventures in oil extraction and natural gas and oil processing. In the Kroil joint venture, 40% of the shares belong to the Italian firm Comeli Petroli; in the Trios joint venture, 51% belong to the Dutch firm Holdor Topse; and so forth. . . .

'Privatization and national security'

1. Some 19% of the shares of AO Elektrosila (St. Petersburg) were purchased by the British company Mardima; Siemens plans to buy 20-25% of the shares. The goal is to eliminate Elektrosila from its traditional markets; it will be utilized for labor-intensive operations with unskilled and low-paid workers, while the main production will be conducted in their enterprises and sold under the Siemens brand.

2. [According to report #152/4745, Nov. 29, 1994, by First Deputy of the Foreign Intelligence Service of the Russian Federation V. Trubinkov], "Specialists from western European and American consulting firms claim that portfolio investments are of a speculative, short-term character. Compared to analogous firms in other countries, they are often based on an undervaluation of securities of Russian joint stocks and a possible fast increase of their quotations."

3. (From a letter of Federal Counterintelligence Service Chairman S.V. Stepashin, #1629-CH, June 24, 1994.) "In Primorye [in the Far East], the process of social stratification has acquired a permanent character, due to mistakes and abuses during privatization and the division of property; the process of reforms in many aspects is controlled by corrupt elements and the criminal sphere."

4. (From a joint letter of Foreign Intelligence Service Chairman Ye. Primakov and Federal Counterintelligence Service Chairman Stepashin, #151/9-17434, Aug. 28, 1994, "About tendencies in the policies of the West toward the Russian military industrial complex.") "As a whole, the West has acquired so many new technologies in Russia, that in order to analyze them, NATO has established a special program 'Information and technology compatibility of information technologies and global networks of the bloc countries and eastern European countries.' In the framework of this program, Russia specialists are invited to classify technologies acquired from Russia according to European standards, and to formulate proposals for their use."

5. Foreign investors actively try to purchase shares of oil and natural gas extraction firms, as well as in non-ferrous metals, transportation, communication, power generation, and the defense industry.

6. Shares of the aerospace industry have been purchased through front companies by the Nike Corp. (U.S.). It has already managed to buy 30% of the shares of the Moscow firm Aviazapchast [which produces spare parts for planes].

7. Shares of aluminum enterprises have been acquired by companies from the United States . . . Israel . . . [and] Ireland.

8. The American company New Century Investment Holding, through front companies, has bought shares of Russian long-distance communication companies in many regions of the country.

9. The number of shares acquired by foreign companies comprises 17% of the AO Unified Power System of Russia.

10. The American investment bank CS/First Boston bought 2.8% of the shares in the oil company LUKoil, 5% of the shares in AO Kagalymneftegaz, and 14% of the shares in Purneftegaz [which are also oil companies].

11. Baldwin Enterprises, Inc. (U.S.), through a front company (the joint stock company BK Bransvil, Ltd.), bought over 10% of the shares in the Komponent defense factory, 87% of whose production fulfills military orders from the General Staff of the Armed Forces and Russian Federal Counterintelligence. According to Komponent's charter, an owner of more than 10% of its shares has the right to have its representative on Komponent's executive board.

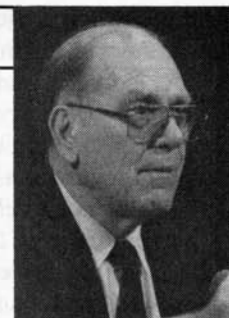
12. Siemens bought 20.3% of the shares in shares of AO Kaluga Turbine Plant, which develops and produces steam turbine devices for nuclear submarines.

13. Through two firms, AO MMM and Sadko-arkad, the American aerospace companies Boeing and Sikorsky bought at voucher auctions 28% of the helicopter factory M.L. Mil. Boeing's real goal is to eliminate from competition on the international market, [Russian] domestic production of aerospace technologies of this class. To this end, thanks to the possibilities of Aviabank commercial structures as a front, Boeing companies intend to take control of aerospace technology in AO Avis, the former Samara Aerospace Enterprise.

14. [The previously mentioned deal with Grafite.]

15. Some 500 large privatized Russian enterprises, with a real value of not less than \$200 billion, were indeed sold for a song (about \$7.2 billion) and ended up in the possession of foreign companies and their cut-outs. The companies sold for nothing include 77 metallurgical plants, 85 machine-tool factories, 66 in the oil industry, 65 in the chemicals industry.

All the abovementioned facts, of which more could be listed, document that there is a covert intervention of foreign capital in order to undermine the country's defense capabilities and economy, for the sake of the West's adopted strategy for "the guaranteed technological backwardness of Russia."



Russia's catastrophes orchestrated from London

Lyndon LaRouche was interviewed on Oct. 2 by Haik Babookhanian, for publication in the Armenian newspaper Irvunk (Justice). Mr. Babookhanian is a member of the Yerevan, Armenia City Council and a leader of the Union for Constitutional Rights. His report on Armenia's recent elections appeared in EIR on Aug. 5. We excerpt this interview with his permission.

Babookhanian: How do you view the conflicts around the Transcaucasus today?

LaRouche: One of the crucial policies of the British has been, for 150 years, a Turkic policy against Russia, which goes from the Crimean War period. This extended, of course, into the Caucasus. Look at Chechnya. The Chechnya question is a Turkey question. Now, what was tied to this? Two things. First of all, it is an Anglo-American game against Russia, among the Turkic-speaking populations of Eurasia, which is also against China, by the way; that's another aspect of this. If you look in Central Asia, you'll see this policy in full bloom, as in the question of the Persian and Turkic population of Tajikistan.

The Turkish foreign intelligence service was, for years, the major penetration of the Turkic populations of the Soviet Union. The basic British policy involves primary commodities, raw materials, from Central Asia. And the central feature of the raw materials, is petroleum and natural gas.

Thus, the Chechnya policy is key to what? It's the question of whether a pipeline is going to go around to the north of the Caucasus Mountains. Baku [in Azerbaijan] is significant, not mainly for the petroleum but for the petroleum support facilities.

Then you have a war between the Anglo-Americans and the Russians in Iran. And you have a China policy also involved with the Silk Route through Iran into Turkey. And that's the key to the politics right there.

In the meantime, it all makes great fun for the British, because it creates problems for a lot of people. One has to understand the degree and the nature of the British control of Turkey.

Go back to the Young Turk government in 1908: The Young Turk government was completely a creation of the

British Scottish Rite Freemasonic Lodge in Saloniki, which promised the Kurds the land of the Armenians, if they would expel the Armenians.

And you have in Turkey two policies: You have the Atatürk policy, and you have the motherland policy. The British are playing this game for all it's worth. And certain corrupt and stupid sections of the U.S. intelligence services play with the British on this game, all of which really enrages Moscow.

The British run an operation against Moscow or against Beijing. Then they go to Moscow or Beijing, and say: "See what these crazy Americans are doing to you?" The usual game.

Babookhanian: So Russia sees this growth of Turkish influence, which is certainly undeniable, with this element in the Chechnya crisis. Seeing that influence, Russia has to think in terms of some solution for the Caucasus knot. The question is, how do you see Russia approaching the Caucasus knot, and then how do you see a solution for the problem?

LaRouche: Very simply. *As long as the Russians continue to believe that the British are not their major problem, they're in trouble.* Every catastrophe that's happened to Russia in the past 200 years, has been actually orchestrated from London. But the Russians stubbornly insist that that's not the case. If I could get the Russians to stop being stupid on this question, we'd have a great improvement in the world situation. The Russians tend to think of things in very simplistic, peasant-like terms. *And they don't understand how they're manipulating themselves.*

I'm astonished sometimes at what the Russians refuse to understand, which should be perfectly obvious. They just don't understand. They *refuse* to understand. They become very secretive, they put their hands over their eyes, and they say, "We understand all this." They don't understand *anything!* They're being totally manipulated. Any powerful people, cannot be manipulated, except by their own stupidity.

Take the following case. You had two idiots at the beginning of the 20th century. One idiot was named Emperor Wilhelm of Germany, Kaiser Wilhelm. The other one was the crazy Czar Nicholas II of Russia. And in 1905, they met on a yacht in the Baltic. And the two decided that their

personal family uncle, King Edward VII, was manipulating them. And yet, Germany and Russia went to war for the greater glory of Britain.

I know the history of this whole business. But you cannot get even a Bolshevik today, to admit the mistakes of the Russian czar. Nation-states, or powerful States, are manipulated by their own delusions. And that's the great problem.

When you come from a small State, you don't see it that way, because you see the manipulation by pressure. You see the powerful forces of the outside coming in and giving no alternative.

Take the case of Russia today. You have [Prime Minister Viktor] Chernomyrdin. Chernomyrdin can change horses very easily. Chernomyrdin, if he's not stupid, would change sides now, and become a Russian patriot. Otherwise, his future might be changed by bullets. He's walking a very dangerous road now.

But the point is, that the Russians have been so manipulated. Most of what they've suffered is their own fault. They should've understood what was being done to them, by whom, all along.

They had Gorbachov. How did Gorbachov become general secretary? He went to London, and the queen approved of him, to become Russian general secretary. Then he went to the United States, he went to Minnesota, and organized crime in Minnesota gave him a great fund of money, for the Gorbachov Foundation.

People "don't understand" what happened to Russia? You can trace every step. I watched it and I wrote about it all the time it was happening.

The Russians know something's been done to them. That they see. But they don't see how they walked into the trap. And they're walking into the same trap all over again. Because they fail to look at themselves, and find the weakness in themselves, that makes them suggestible for these kinds of manipulation. It's understandable. I understand it quite well; it's very frustrating, nonetheless.

The only thing that will save Russia, is the fact that the whole system is going down now. Therefore, they will learn something. There are many good people there, but they just don't see—it's a real problem.

Babookhanian: Do you think that the only potential for a solution in the Caucasus, is for the Russians to have this breakthrough in consciousness of what's being done? Or is there some other factor?

LaRouche: I don't think it's necessarily the *only* solution; I think it's the *likely* one.

For example, the Middle East is part of the same problem. Everything that happens in the general region can be useful. But realistically, the easiest way to solve the problem, is if the Russian situation changes. All the other options, are being destroyed by that Turkic game.

Obviously, the best solution would come from the United

States, which would mean that an agreement between the United States and Moscow would be the basis for solving many of the problems.

In one respect, President Clinton is the man who is most likely to go for something like that, because Clinton is the President who is most likely to think in terms of precedents by President Kennedy and President Roosevelt. So, if Clinton could reach a rapprochement with Moscow on this question, that would be the easiest way to get it resolved. And in any case, that's the best way to approach it, from the standpoint of realities of power. If Middle East peace works, that helps too, because of the traditional relationship between Armenia and the Middle East, which is another opening, another dimension.

The unfortunate thing, is that the situation in Iraq is an impediment to that now. Because between Armenia and Baghdad, there was always a traditional relationship. There's a religious-cultural [relationship], because of the church there. The Middle East would be useful; but the main chance lies with President Clinton. Though, to get concrete results from him at this time, is very difficult. But nonetheless, it's very important to try.

Babookhanian: In the introduction to your book *So, You Wish to Learn All About Economics?*, which we've just published [in Armenian], you discussed the onrushing global crisis. Do you believe this crisis will be upon us, *before* the U.S. Presidential elections?

LaRouche: It's already here.

Babookhanian: But the majority of the world's population is not conscious of its having come.

LaRouche: In most events that occur, the world's population is usually conscious *after* the event, not before.

Babookhanian: Does the crushing of these banking circles before the U.S. election imply the creation of a new monetary system before then?

LaRouche: It has to; otherwise, the whole system will just disintegrate. The international monetary and financial system is hopelessly bankrupt. Nothing can save it. And it could go before the election. No politician yet wants to face that reality. They're aware of it, they just don't want to face it.

Babookhanian: But if the politicians refuse to face the imminent crushing of the financial system, who's going to create the new financial system?

LaRouche: They'll be swept aside, like a great storm that hits a beach. It tends to force things.

Take the case of Russia. In Russia, the people have nothing to do with politics. The political parties don't mean a thing in Russia. The political figures of the Parliament, as leaders of political parties, don't mean anything. They mean something as part of political institutions *outside* the parties.

For example, some of them have connections to local centers of power throughout Russia. You have the military apparatus here, this apparatus there. What the politicians represent, is their connection to these centers of power.

For example. If I go into Russia tomorrow and say, "The International Monetary Fund (IMF) just went bankrupt and collapsed," I could meet with 50 people and we could change the policy in Russia. Because there's a power game. It's also true in the United States, in a different degree. There are certain people who represent power. The people don't know what's going on. But if one morning, the banks and insurance companies close their doors, the people will panic. Then the people who represent power, will have to act. My problem is to make sure that those who have to react, *know* what they have to do. Today, they won't do it. But when the crisis comes, they must know. Then they'll do it.

The United States talks about democracy, and the State Department talks about democracy. It doesn't mean anything. When people are not able to eat, when they can't get work, when their industries are gone, what kind of democracy is there? They want to eat! And they want a policy that will solve the problem. It's like democracy of the concentration camps: Have a vote and decide who starves to death today. That's the democracy in the world today.

The *moral* government belongs to those who *care* for the people, who say that *everyone* has a right to live. The power today in government, is institutional: Which institutions will act for the nation? Which act for the nation; which act for a foreign nation?

So it's a matter of the morality of leadership. And there are many people in government, who are more moral than people outside of government. They care about the country, they care about the people, and they know something about government. If they have the opportunity to do something for the people and know what to do, they'll do it. That's also true, in the United States, of the Congress. It's true in every country. We have people who do terrible things now; but they would do better if they had the opportunity.

So, those of us who know what to do, have a greater responsibility, that's all.

Babookhanian: In many of the former republics of the Soviet Union, you have a vicious circle, where the worse things are with the economy, the worse things go with democracy; the worse things go with democracy, the worse people come to power, and further aggravate the economic crisis. Where's the exit from this vicious circle?

LaRouche: First of all, this is very simple. If you want to get people to commit murder, you hire thugs. Remember: The policy that was introduced by Thatcher and supported by Bush, was to destroy Russia. So therefore, what is the policy of someone in Russia who supports that policy? This has to be the lowest of the low. These are people who are virtual traitors.

Whom do they hire for this? People from security services or similar institutions, who are capable of doing things, and who will do anything they're told to do.

When the Nazis went in to organize an occupation administration, whom did they hire? Local people who would *kill* their own people. Whom is the IMF hiring? It's simple. It's not a matter of "mistaken policy," it's evil.

Babookhanian: But where is the way out?

LaRouche: The exit? We have to destroy the evil people. How? By destroying the origin of their power. What happens when the IMF system goes under? They're gone. They're finished. They have nothing.

They're all powerful today, and tomorrow? Without the IMF, they don't exist. Who would respect them, if they didn't have a big power behind them?

The key is typified by Moscow. In Moscow, the game is power. You have two powers. You have Chernomyrdin, whom the British represent, and you have the nationalists. With the nationalists, the scales of power go this way; with Chernomyrdin, the scales go that way.

It's getting very close in Moscow to bullets. Because it's power. It's power.

Babookhanian: I think the nationalists are somewhat dangerous, because of their imperial aspirations.

LaRouche: This is what will happen, under certain conditions. No question about it. *The longer the problem goes on, the cruder the level of national patriotism in Russia.*

Take the Russian naval people and some of the other military, and some of the security forces. They will say, "If we have enough *power*, we can *do* something." They will tend to think in terms of *imperial* power. They will think in terms of the former borders of the Soviet Union. And they'll say, "the fist."

Babookhanian: This is what we're afraid of.

LaRouche: Exactly. And if it waits too long, that's exactly where the danger is. You see this in the Chechnya crisis, you see a reflection of this. The activation of the smell of this business. Great Russia policies, Imperial Russia policies, which are the simple—"Oh, we don't want to think about economy. We want to think about power." And that's always a danger. In a pure power struggle, that's the danger.

Babookhanian: The difficulty of our situation is that, on the one hand, we have the threat of the *total* disintegration of our economy, if the IMF forces continue to take the upper hand in Russia. And on top of the economic disintegration, you have the danger of a new carving-up of Armenia, surrendering of Karabakh again. But on the other hand, if the so-to-speak patriotic forces prevail in Russia, this might lead to a certain degree of economic recovery, but the loss of our independence.

LaRouche: Right. Absolutely true. Those are the things I think about.

Babookhanian: So the whole question for our nation is this: How can we preserve our independence, without letting the IMF influence dissolve the existence of our nation as such?

LaRouche: We have to fight this on an international level, not just a national level. We have to outflank the enemy. I'm doing everything I can in that direction, as you know. Make the enemy's head spin, is the name of the game. Keep hitting him in different directions.

Babookhanian: The United Nations has really turned into a kind of horrible weapon.

LaRouche: It was no good from the beginning. You just had to understand it. It was supposed to lull the babies of the small nations to sleep, so they wouldn't organize against the danger.

Roosevelt knew what the problem was. But he died in April 1945; and his successor, President Truman, was a stupid fool, who was totally controlled by Winston Churchill. And for over 50 years, we've lived through idiocy, because President Roosevelt died too soon. We've lived through a thermonuclear conflict for almost 50 years, all because of this.

In 1945, Stalin wanted to start a war!? No! No, not Stalin. But Stalin was pushed into a corner. And when you push a man like Stalin into a corner, he fights. It's the Russian mentality. They haven't been conquered since the Tatars. Ukrainians have been conquered; not the Russians. And that determines their mentality. When they're pushed into a corner, they fight. And Churchill pushed Stalin to fight, which had *devastating* implications for the interior of the Soviet Union.

Stalin created the most brutal war economy ever imagined. For war; to be prepared to fight another war. Not because he wanted a war, but because he was pushed into a corner. So, for 50 years, we had a thermonuclear war threat. All because of bad policy. We've lived through *hell*. Most of my adult life, we've lived through hell. And all of *your* adult life. For no good reason. And if we understand that, it makes it easier to cope with the present situation. Let's use our heads. We have to use our brains. We have to maneuver; we have to maneuver according to principle. You have to understand the dangers. But our enemy is about to die.

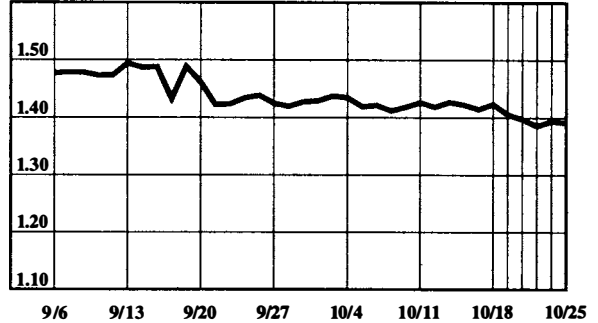
Babookhanian: I think that somewhere, subconsciously, the population *is* aware of this. And, as we discuss ideas, as we've been doing for the last two or three years, we're finding, that even in our own circles, people seem more capable of grasping them than they did two or three years ago.

LaRouche: Sure. Absolutely.

Currency Rates

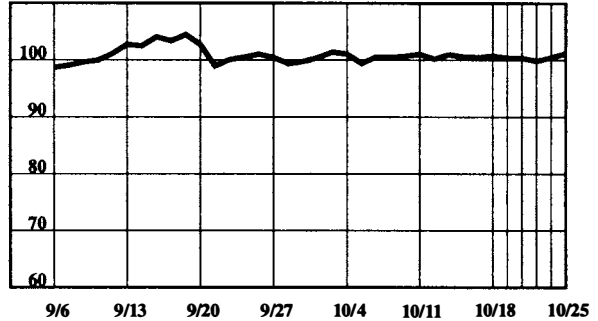
The dollar in deutschemarks

New York late afternoon fixing



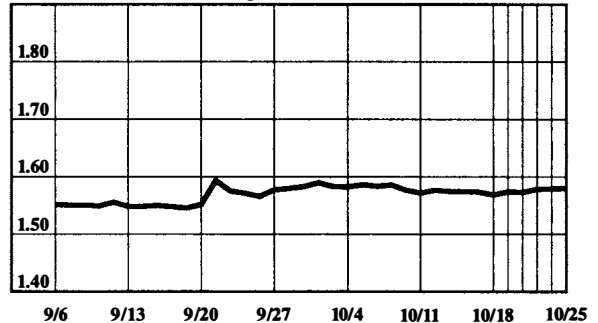
The dollar in yen

New York late afternoon fixing



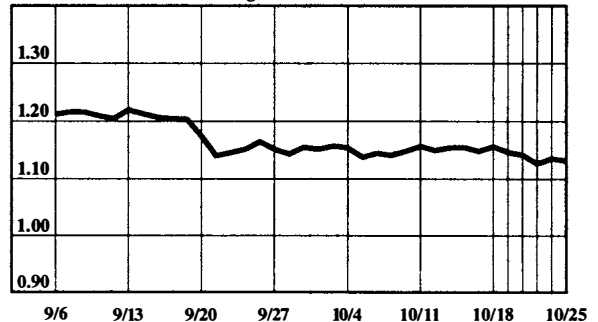
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Drug legalization drive escalates

Behind the campaign to defend the Andean coca-producers are the "free-trade" legalizers and the narco-terrorists.

Bolivian President Gonzalo Sánchez de Lozada took advantage of the recent meeting in Quito, Ecuador of the Rio Group Presidents to try to organize them against the war on drugs being urged by the United States, according to Mexican "political scientist" Jorge Castañeda. In an article entitled "Drug Trafficking: The Second Wave," published in the Peruvian magazine *Caretas* in late September, Castañeda wrote that President Sánchez "reportedly told his Rio Group colleagues meeting in Quito a few weeks ago that in light of the latest extravagant demands of the U.S., he was tempted to ask Washington's envoys, 'Tell me whom you'd like me to hand power over to, because I can't continue to govern like this.'"

Sánchez has also been touring Europe, complaining wherever he goes of "perverse" U.S. pressures on his government, and leaders of his political party have accused the U.S. Drug Enforcement Administration of trying to destabilize the country.

Castañeda, a promoter and mouthpiece for the narco-terrorist São Paulo Forum, did not denounce Sánchez de Lozada, but rather used the story to press his own case for drug legalization. In his article, Castañeda asserted that there can be only two choices: Either pursue a no-holds-barred war against the drug trade, "or throw in the towel." But, wrote Castañeda, this last should be accompanied by ideological and moral justification: legalized production, distribution, and consumption . . . of drugs."

Castañeda also has close ties to the Inter-American Dialogue (IAD), with which he has collaborated to promote the leading figures of the São Paulo Forum inside the United States. In response to the latest blows against the Cali cocaine cartel, the narco-terrorist forces of the São Paulo Forum are joining with their pin-striped counterparts in the IAD to renew the push for drug legalization.

Their arguments are based on a supposed defense of the poor coca producers of Bolivia and Peru. The Inter-American Dialogue, for example, writes, "To curtail drug production is to destroy the livelihoods of tens of thousands of people, to cripple local economies, and to foment political opposition." This is the same argument used by Evo Morales, the head of Bolivia's coca-producers' federation. Morales is a favorite of the São Paulo Forum, whose publication *América Libre* recently hosted a Buenos Aires seminar at which Evo Morales was a featured speaker. Morales argued that "to defend coca is to defend the dignity of national sovereignty," and he denounced those pursuing a war on drugs as possessing a "Hitlerian mentality." Morales is also a fervent admirer of Fidel Castro, the São Paulo Forum's founder.

Why is Bolivian President Sánchez de Lozada, a millionaire mining entrepreneur ruling over a country of impoverished Indians, balking at conducting a war on drugs? First, he is a member "on loan" from the Inter-American Dialogue, which advocates

legalization as an answer to what they have repeatedly dubbed an "unwinnable" war on drugs. He also has direct ties to the São Paulo Forum, through his Foreign Minister Antonio Araníbar, a leader of the Free Bolivia Movement, which is a long-standing Forum affiliate.

There are also serious questions about the narco-corruption of the Sánchez de Lozada government. Interior Minister Carlos Sánchez Berzain, for example, has just been called to testify before the Bolivian Congress for suspected ties to the La Paz cocaine cartel.

On Sept. 25-26, Peruvian President Alberto Fujimori met in Santa Cruz, Bolivia with President Sánchez, and both complained about the "consumer countries" which have failed to adequately support and finance the war against drugs. Referring to Colombia, Bolivia, and Peru, Fujimori said that they are forced to finance the war on drugs, "but this shouldn't presuppose that they must assume responsibility for development of the coca zone. . . . That is where the question arises: Why should the producer countries get in debt to fight the drug trade, when that is a problem for the consumer countries? So, we Peruvians propose that the consumer countries should put up their own money to effectively eradicate the drug trade, and that means not only repression, but also economic and financial support for those growers who are dedicated to the illegal crop."

According to the Peruvian daily *Expreso*, however, President Fujimori "showed little enthusiasm" for the idea of "industrializing the coca leaf," which is one of the proposals of the would-be coca legalizers. "In contrast," writes *Expreso*, "Bolivian President Gonzalo Sánchez de Lozada commented that the industrialization of coca is important for his country."

Business Briefs

Political Economy

World outlook bleak, says ABB director

The outlook of the world economy is far worse than it was two or three months ago, Percy Barnevik, director of the Swedish-Swiss ABB company, stated in an interview in the Swedish daily *Svenska Dagbladet* on Oct. 16. "It does not look bright. It is the first time in 30 to 40 years that Japan, Germany, and the U.S.A. are in phase with each other and all are on their way down at the same time. The development is not negative, but the rate of growth is simultaneously decreasing in all three countries and that is uncanny."

Asked whether he sees any risk of a serious lack of capital for investments in eastern Europe and Asia, Barnevik said, "Yes, of course, especially of long-term venture capital. There is a lot of short-term capital floating around, but one cannot finance a power station which is to be run for 30 to 40 years with short-term, easily movable pension funds."

Space

ESA votes to stay in int'l space station

The Council of Ministers of the European Space Agency (ESA), representing 14 member states, adopted a plan that will provide a solid budgetary basis for the programs that were approved, in a meeting in Toulouse, France on Oct. 18-20. The ministers said that the International Space Station project "is the most important cooperative endeavor ever undertaken, with significant scientific, technical, and political benefits," and agreed to continue funding for the European space station module.

Many ESA member States face severe budgetary problems, and there was a threat that the multi-national agency, which has made Europe the third major space power, would degenerate into a set of squabbling "members." ESA has cancelled a number of projects over the past few years, including the Ger-

man Sanger aerospace plane and the French Hermes shuttle, making its manned space program entirely dependent on the U.S. Space Shuttle and Russian Soyuz/Mir programs. If it were to pull out of the space station, there would be little possibility of putting European astronauts into space.

The ministers also welcomed the report of the ESA Long-Term Space Policy Committee, which is centered on a proposed four-phase lunar program that would culminate in a manned presence on the Moon in the next century.

Astronomy

Network of telescopes probes solar interior

The first adequate system for measuring seismic waves in the Sun, a global array of six optical telescopes, funded by the U.S. National Science Foundation (NSF), began operations on Oct. 5 after 11 years of planning.

The acoustic or seismic waves, which cause rising and falling of the gas at the solar surface, will be analyzed to determine temperature, pressure, density, and motions at varying depths. Such information could ultimately be used to determine whether nuclear fusion is the sole source of solar (stellar) energy, and to cross-check the theory of stellar fusion reactions (nucleosynthesis).

The waves have frequencies ranging from 2 to 12 minutes, but there are 10 million frequencies within that range. According to John Leibacher, lead scientist on the project, "we can use what we learn about the Sun as a Rosetta stone to understand other stars. . . . We'll also learn more about how the Sun affects our own planet."

An NSF press release explained, "What causes the Sun to 'ring' this way—a phenomenon discovered 25 years ago—may now be known. Energetic explosions near the Sun's surface are thought to set up vibrations that last for weeks or even months, propagating back and forth through the Sun. This celestial ringing, like a Christmas bell concert given by a million musicians, is 'heard' as 10 million different notes—each one penetrating to a differ-

ent depth and to a different latitude in the Sun, and each with its own score to be decoded."

The project is called the GONG array, for Global Oscillation Network Group. Jim Kennedy of GONG's analysis center at the National Solar Observatory in Tucson, Arizona, explained to *21st Century* magazine on Oct. 20 that helioseismology as practiced to date has been very rough and ready, because the data analysis only provides clear results if there is a nearly continuous time sequence of observations. Therefore, a global network of stations is necessary to "get rid of night" and bad weather interruptions.

The six three-inch telescopes are located in California, Hawaii, Australia, India, the Canary Islands, and Chile. They measure a neutral nickel spectral line (to detect the Doppler shift) simultaneously every minute, using the Global Positioning System for synchrony.

Eurasia

Iran 'great project' is reviving the Silk Route

Work has begun on a great project in Sarakhs, on the Turkmenistan-Iran border, destined to transform the site, which was a dead-end during the Soviet era, into a transit link between, ultimately, Europe and Asia, the Oct. 17 *Neue Zurcher Zeitung* reported. A new bridge has been opened over the Tajan River, the border, capable of carrying road and rail traffic; nearby, a commercial center is being erected to house a free-trade zone for production and trade. Iranian President Ali Akbar Hashemi Rafsanjani wants to extend the rail connection to Marv, in Turkmenistan, within six months. This will reopen the Silk Route.

The new rail link from Meshhed to Sarakhs "joins the network of the ex-U.S.S.R.—with access to all the new republics as well as via Mongolia to China—to that of Iran, Turkey, and, finally, Europe," the paper reported. "The Iranian railway also finished a branch to the Gulf port Bandar Abbas this summer. This opens the perspective of merchandise transport from Central Asia via Sarakhs, Meshhed, Teheran, and Bafk to the sea. A direct link from Port Chahbahar on the Indian Ocean to

Meshhed is planned. A further piece in the south from Kerman via Zahedan is to secure the connection to the Pakistani network."

The project could catalyze an economic boom in Central Asia. The rail project will provide an alternative route to the currently politically explosive route through Grozny and Karabach, Armenia, and Turkey. Chevron is trying to gain U.S. government agreement to make an exception to the embargo policy, to allow it to make a deal with Iran, involving its joint venture in Kazakhstan.

Iran is planning to transform Sarakhs into a free zone for tax-free goods to be offered to the Central Asian republics, to make the area between it and the industrial zone of Meshhed an "economic axis." The perspective is attractive to western enterprises, which are eager to exploit the markets of the 12 nations which would be opened up. Iran has given the license for this project to the Imam-Reza Foundation, which set up a branch in Sarakhs, and which will work with international firms in joint ventures. Energy will be available from the nearby gas refinery in Gonbadly. There is ample labor power, arable land, and water to make new settlements possible. One Iranian engineer commented, "We have brought the sea to the gates of Central Asia."

Economic Policy

Reject laissez-faire in Hongkong, says professor

Prof. Hu Jian, head of the Faculty of International Finance of the College of Economics in Beijing University, suggested doing away with the laissez-faire financial system in Hongkong and developing its financial markets to reinforce its ability to counteract chaos, Chinese News Service reported recently.

Beijing, for China's development, wants Hongkong to "be able to resist external financial storms," but the question is how. "The fact that, since the 1960s, Hongkong has time and again been affected by turmoil in overseas financial markets, clearly demonstrates its vulnerability. Hongkong today is under the shadow of mass unemployment, high inflation, and recession. A total laissez-faire policy, in such

circumstances, will lead nowhere," Hu said.

Hu asked, "Over the past year or so, the Hongkong stock market has experienced violent fluctuations, aggravated, in no small part, by the Mexican crisis and the Barings incident. How can Hongkong, a highly open market, increase its ability to buffer itself against external financial factors and turmoil?"

It is necessary, she said, to expand its capital markets, but not so as to attract financial diseases. Because "when Hongkong and Macau are reunited with the motherland in 1997 and 1999 on the basis of the 'one country, two systems' philosophy, many financial centers in Guangdong—like Guangzhou, Shenzhen, Shantou—will circle Hongkong like satellites. Therefore, Hongkong's financial business can be expected to radiate to inland China from the Pearl River Delta network."

Corporate

Derivatives losses fuel Gemina-Ferruzzi merger

Italian authorities have opened an investigation on the merger of the former Ferruzzi group and Gemina holding, a \$25 billion operation engineered by Enrico Cuccia's Mediobanca. The investigation was prompted by suspicions that Gemina is hiding huge losses in derivatives operations, the Oct. 16 *Corriere della Sera* reported.

Gemina's investment fund, Gemina Capital Market, officially reported in 1994 about \$150 million in losses on roughly \$1.1 billion worth of derivatives contracts. Investigators suspect that losses could be much larger, especially if an extrapolation is made for Gemina holding, which in 1994 reported \$7.3 billion in derivatives contracts.

Such developments have led investors to liquidate stocks of all companies connected to Gemina, which include the group of Italo-Venetian oligarchical dynasties such as Agnelli, Pirelli, Pesenti, and Assicurazioni Generali. On Oct. 15, Olivetti stocks plunged 9%. During October, Gemina plunged 26.8%; Fondiaria, 23.5%; IFI (Fiat), 22.6%; Montedison, 18.1%; SAI (insurance), 17.8%; Fiat, 15.3%; and Generali, 7.7%.

Briefly

● **GERMAN FARMERS** protested losses of over \$6 billion so far this year because of lost exports caused by currency speculation, primarily against the Italian lira and the French franc, in Bonn on Oct. 16. Over 3,000 farmers demanded that the European Commission help compensate these losses, and asked for changes in the tax system.

● **ESTABLISHMENT** law firms in New York and London are preparing a series of cross-Atlantic mergers, to lessen competition for "the lucrative international privatization and project finance work," the Oct. 16 London *Financial Times* reported.

● **COMMERCIAL BANKS** will have problems surviving the transformation of the world markets, Anglo-ophile Deutsche Bank Chairman Hilmar Kopper said at an Oct. 16 Frankfurt meeting of entrepreneurs.

● **CHINA** hosted the first Sino-Russian technology and economic trade fair in Haikou, Hainan Province, China News Agency reported on Oct. 20. Russia introduced 60 new products, including space navigation equipment, high polymer materials, and advanced agricultural technology products.

● **WARREN BUFFETT** said on Oct. 18 that his holding company, Berkshire Hathaway, will not exercise an option to convert \$140 million of Salomon preferred stock into 3.7 million shares of Salomon common stock, even though it stood to make a profit. The decision is widely seen as a move by Buffett to bail out of Salomon.

● **THE RUSSIAN** far north "will die soon," if urgent measures are not taken, president of the Far North and Polar Cities Union Igor Shkipper said, Russian TV reported on Oct. 18. On Oct. 10, the Federation Council announced that the government has so far provided the northern territories with only 77% of the oil supply, 63% of coal, and 64% of food allotted to them in the 1995 budget.

Fusion energy advances are threatened by budget axe

Breakthroughs are still being made, but the goal of achieving cheap, plentiful fusion energy is little helped by budget-slashing that has reduced funding to a 20-year low. Mark Wilsey reports.

Recent experiments at General Atomics (GA) in San Diego, California and the Princeton Plasma Physics Laboratory (PPPL) in New Jersey, have shown greatly improved performance of their tokamaks, large donut-shaped machines used in fusion research. These results, if they bear out, are the kinds of developments that could have a significant impact on the size and cost of a future fusion power plant. All of which goes to highlight the shortsightedness of Congress, which has moved this year to slash the Department of Energy's fusion budget by more than one-third, and has cancelled the next-generation fusion device, which would have continued these experimental developments.

Scientists have striven for decades to harness fusion energy as an economical, plentiful energy source for mankind: It is now commonly pointed out that there is enough of the fusion fuel deuterium in one gallon of seawater to equal the energy content of 300 gallons of gasoline. Fusion energy powers the Sun and stars, but creating the same conditions here on Earth has been an elusive goal for researchers. The situation is little helped, when, in this era of budget-balancing mania, the whole fusion program is threatened, as funding has now been reduced to its lowest levels in more than 20 years.

If one were to look back, over the past two decades, at the number of experiments and approaches to fusion that have been neglected, it would not be hard to argue that the United States has failed to follow a policy to develop fusion energy. The mandate of the McCormack Magnetic Fusion Energy Engineering Act of 1980 was never fully funded. Over time, as funding became tighter, programs which were

deemed too high risk to be successful, or, if successful, unlikely to lead to a commercial reactor, were squeezed out of the mainstream fusion program. As a result, today, we have too few machines to carry out the work needed and too little funding to operate them, with few prospects for the future.

However, nature can have a keen sense of irony: The experiments at GA and Princeton give us a glimpse into a new physics regime within their tokamaks. While it may have been anticipated 15 years ago, the new physics regime is only now being realized in machines that were not designed to investigate it. It is precisely such unexpected results that highlight how important it is for the United States to foster a broad-based fusion research effort.

Experimental efforts

In the fusion process, under extremely high temperatures and pressure, hydrogen atoms can fuse and release a burst of energy. Tokamaks use magnetic fields to contain the hot hydrogen ions, or plasma. Confining and maintaining the stability of the plasma have been key concerns in the production of fusion energy. Recent results obtained in the General Atomics DIII-D (pronounced "dee-three-dee") Tokamak and Princeton's Tokamak Fusion Test Reactor (TFTR) show improvements in both these areas, and more.

There was marked improvement in plasma confinement and plasma densities at General Atomics, for experiments conducted last year on the DIII-D. Moreover, GA researchers were able to achieve these results in three different modes of operation in the DIII-D. At Princeton, for tests that were run

this spring on the TFTR, particle confinement was improved by a factor of 40, with core plasma density boosted by a factor of 3 over conventional operations. Both groups of researchers have recently submitted papers to the *Physical Review Letters*.

General Atomics has an interesting background. It was founded in 1955 as a division of General Dynamics to explore the peaceful uses of atomic energy. Two of its earliest nuclear projects, which are continuing today, are the TRIGA research reactor which is used by universities and hospitals for training and isotope production; and the high-temperature gas-cooled reactor, an inexpensive and versatile nuclear reactor with unique safety features. (See *EIR*, May 21, 1993, for our interview with General Atomics Vice Chairman Linden Blue.)

GA began its fusion research in 1958, sponsored by a group of Texas utilities; later the work was picked up by the U.S. Department of Energy. For a time the Japanese were working with GA in experimenting with their D-shaped tokamak and were instrumental to upgrading it to the current DIII-D configuration.

Reverse shear

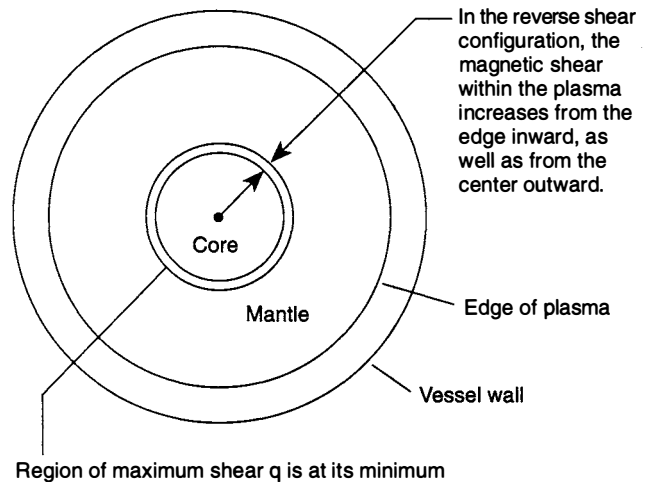
The technique used to improve confinement and plasma stability in both tokamaks is called reverse shear, although the researchers at General Atomics refer to it as "negative central magnetic shear," which they consider more precise, and Princeton's researchers use the term "enhanced reversed shear," to differentiate it from earlier reverse shear experiments, over which this is a clear improvement.

Reverse shear, in this case, is achieved by adjusting the magnetic fields of the tokamak such that the electrical current density profile of the plasma is maximized, not at the center of the plasma, as in typical tokamak operations, but at a radial distance off-center. The result is a "hollow" current profile, which, in effect, partitions the plasma into a highly stable "core" region and a surrounding "mantle" of plasma (see **Figure 1**). The plasma in the core is practically quiescent, and so well confined that it approaches what was thought to be the theoretically best possible confinement, and, in some cases, surpasses it. This, of course, begs the question: Just how good is our theoretical understanding of plasma under these conditions?

Charles Kessel, a physicist at Princeton whose theoretical work aided their success there, points out that the reverse shear yields some distinct improvements. There is the suppression of particle and energy transport out of the plasma; that is, particle and energy confinement was improved, which gave rise to higher densities and temperatures in the core. In addition, the current profile inside the plasma coincides with the current generated by the plasma itself, which is important, because it means that less external energy is needed to drive the current in the plasma, and the plasma actually

FIGURE 1

Reverse shear configuration for the Tokamak Fusion Test Reactor (TFTR)



Source: Mark Wilsey

generates its own current. In the case of TFTR, it can generate as much as 80-90% of its own current.

A self-generated current in the plasma that could be made to fully supply the current needed to sustain the fusion process in the tokamak, is called the "bootstrap current." Fusion researchers are hopeful that the bootstrap current can be employed in future fusion devices, such that the experiments can be extended for several minutes or perhaps indefinitely. Presently, machines can only operate in pulses of a few seconds at best. But, next-generation fusion devices will explore this steady-state, continuous mode of operation, which would be highly desirable for future production of fusion power.

It was in part out of the design studies for the now-cancelled Tokamak Physics Experiment (TPX) that Kessel and his colleagues were investigating the reverse shear approach for tokamak operations. The TPX was to be the successor to TFTR, and would operate in steady-state mode for pulse lengths of up to 1,000 seconds. "TPX was a pioneering experiment, where, for the first time, a lot of the reactor research and the experimental research were coming together in a single device," said Kessel. He added that its demise is unfortunate and that the program will likely suffer for it.

General Atomics came to investigate reverse shear as part of a range of advanced tokamak physics concepts being explored on the DIII-D. Tony Taylor, a scientist at General Atomics who has been involved in this work since 1991, explained that the object is to use the best physics we know,

to come up with ideas that may lead to a more attractive tokamak power plant. The approach taken at General Atomics was to try to change the current profile in the plasma to improve what is called the "beta limit."

Beta is the ratio of the plasma pressure at the center to the magnetic pressure being applied to the tokamak, and can be thought of as a measure of how well the device is able to confine the plasma. As the pressure builds up, instabilities occur in the plasma which lets the pressure out. Hence, the plasma becomes hot enough that it reaches its stability limit, or "beta limit." The economics of building a power plant is proportional to beta to the fourth power: A small improvement in beta can greatly affect the size and cost of a fusion plant.

The experiments of TFTR and DIII-D show that reverse shear yields higher pressures and densities in the core by suppressing instabilities. The achievement of higher densities would then lead to increased fusion reactivity. Researchers at Princeton are confident that it may now be possible to double TFTR's output, from 10 megawatts, its record set in 1994, to 20 MW or higher, using deuterium-tritium (D-T) fuel, two isotopes of hydrogen. So far, experiments have only been conducted with deuterium.

Tokamak physics

To understand reverse shear, let us review how a tokamak works: Tokamaks, one of several devices that have been developed in the field of magnetic confinement fusion, are torus-shaped, or donut-shaped devices. External magnetic coils placed around the tokamak produce a magnetic field, the toroidal field, which travels the long way along the torus. The toroidal field induces a current in the plasma which, in turn, generates a second magnetic field, the poloidal field, which rotates about the centerline of the torus. Still other magnets are used to augment and control this current. It is the combination of these two fields, the toroidal and poloidal, that defines the magnetic fields inside the plasma; these are helical in shape, going around the length of the torus, as we see in **Figure 2**.

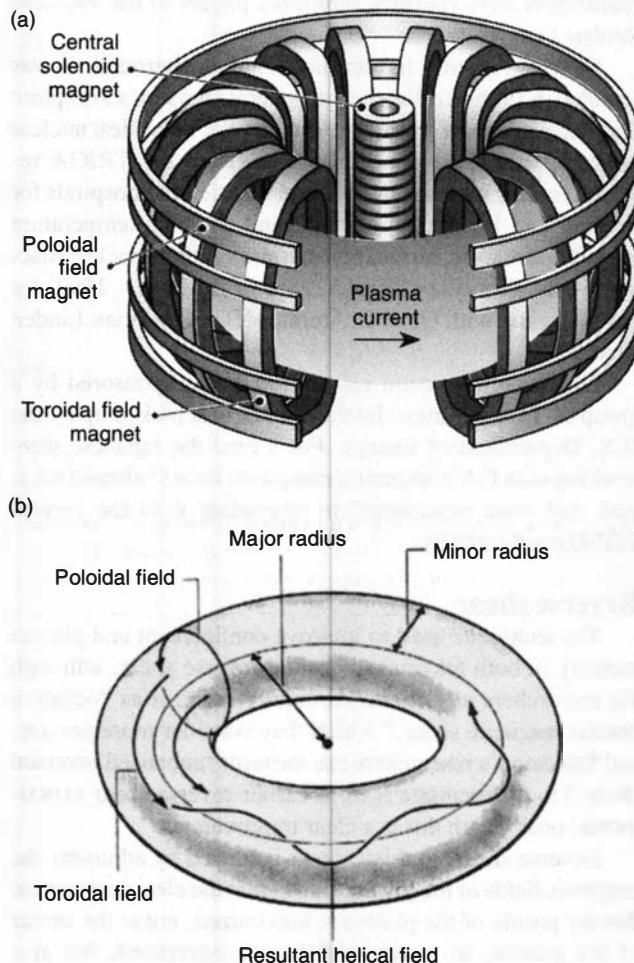
The twist, or tilt, of the helix changes within the plasma due to the increasing strength of the poloidal field toward the centerline of the torus. The helix tends to become more tightly twisted toward the center. As one moves inward along the minor radius, the varying twist defines different magnetic surfaces. This change in the twist of the magnetic field lines with respect to radius is called "shear."

In reverse shear, the field lines increase in twist up to a point, and then decrease. In the TFTR, that point was found roughly one-third of the way along the minor radius. This is the point at which the plasma is divided into the core and mantle regions. Here the partition acts as a barrier to the transport of particles and energy out of the core.

Returning to the beta limit issue, Taylor explains, "You

FIGURE 2

Tokamak concept and geometry



This artist's rendition of a typical tokamak fusion device (a), shows the magnets and plasma current. The bottom schematic (b) shows the configuration of the magnetic fields within a tokamak, in which the magnetic fields confine and heat plasma inside of a donut-shaped vacuum chamber. Within the plasma, the toroidal and poloidal magnetic fields combine to produce helical fields.

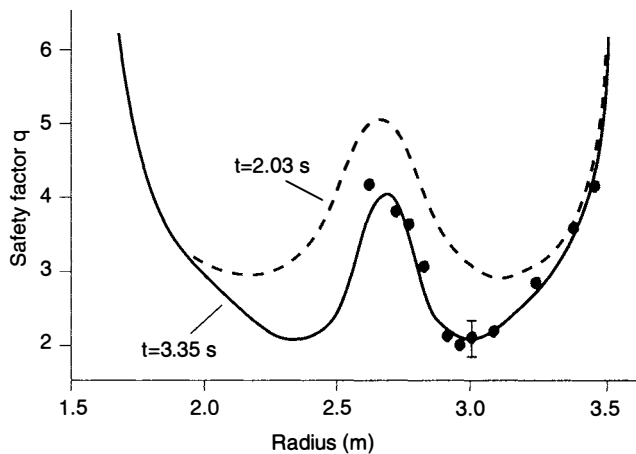
Sources: Joint European Torus, U.S. Department of Energy.

can think of the magnetic field lines like rubberbands, and when they all line up it's very easy for the squeeze between the rubberbands." The magnetic fields within the plasma are crossed, because of the changing pitch or shear. However, as the pressure is increased, these fields start to line up, at which point, the plasma becomes unstable.

With reverse shear, the field lines are crossed in such a way that they never line up again, and these types of instabilities can be avoided, thus increasing beta, the pressure of

FIGURE 3

Safety factor (q) profile for the Tokamak Fusion Test Reactor (TFTR)



Safety factor q profiles for TFTR at two different times, center of core is at approximately 2.65 radii on the major radius. The two low points of the W-shaped curve are where the shear reverses.

Source: Levinton et al./PPPL

the plasma.

Another way to look at it, is to look at what is called the “safety factor,” or q , which measures this magnetic twist by taking the ratio of the number of turns that the field line makes around the torus the long way before it makes one turn the short way. A lower q means a higher twist, showing that it takes fewer laps around the torus to make one twist.

A plot of the safety factor q , versus distance along radius for a reverse shear mode will show a characteristic W-shaped curve (Figure 3). The peak of the W is in the center of the core. The low points on either side of the core are the points at which the shear reverses, where it changes directions. By contrast, in the more typical tokamak operation, the q profile would be more U-shaped toward the center—that is, the q constantly decreases, or the twist of the magnetic field constantly increases.

The question becomes how to produce such a W-shaped q profile. This is accomplished by ramping up the current in the plasma and simultaneously heating the core. For TFTR, since it can only operate for a few seconds, it therefore accesses this reverse shear regime transiently. By continuously changing the current in the magnetic field coils outside the plasma, researchers induce a current in the plasma. The current in the plasma tends to diffuse, starting at the edge and diffusing in toward the center. In these experiments, to avoid having the current peak in the center, since experimenters are seeking a hollow current profile, they try to slow

this diffusion to create an off-axis peaked current profile.

The time that it takes for the current to diffuse is a function of the plasma temperature. By heating the plasma, using neutral beams, that time can be stretched out to tens or hundreds of seconds, an extremely long time in the scale of these experiments. By heating the plasma as the current is being driven into the plasma, the current seems to stay put as the heated plasma retards its further penetration.

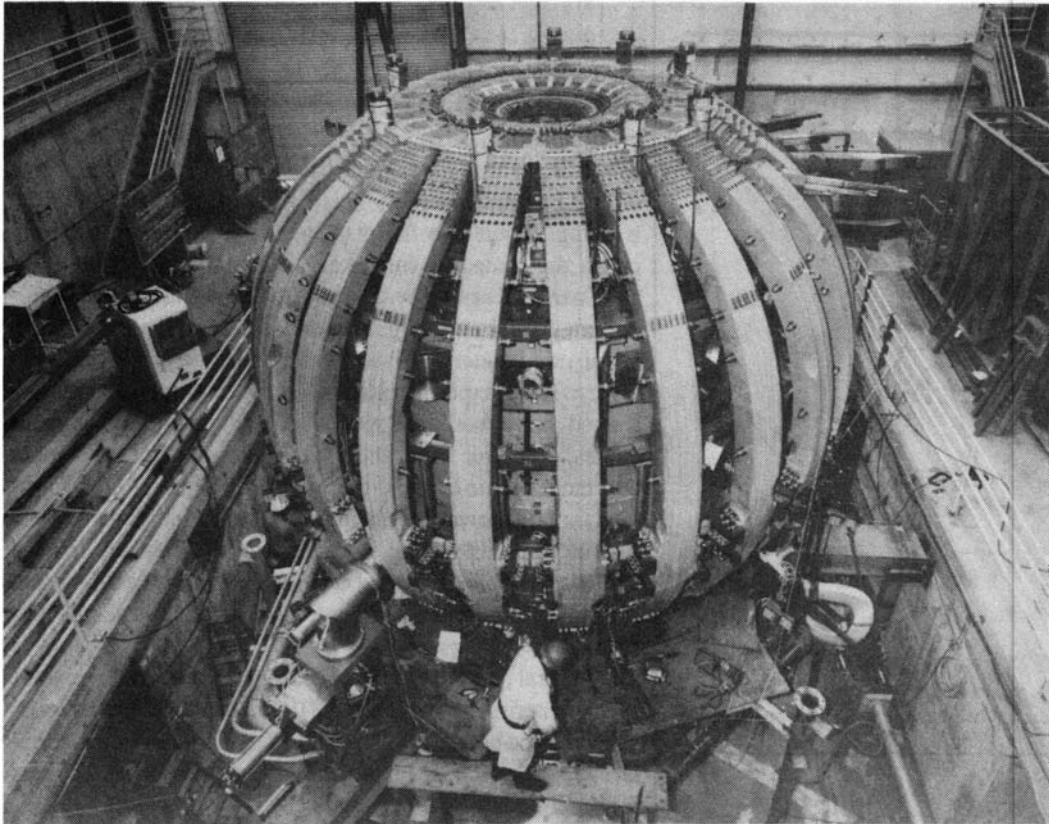
Charles Kessel notes that this will produce an off-center current peak, but “that peak is actually evolving and moving toward the center.” A successive series of q profiles for a reverse shear experiment would show that, initially, the W-shaped curve would be somewhat shallow and have high q values. But over time, the W-shape would become deeper and more defined, while the twin low points of the W will tend to move toward the center, until eventually, the plasma becomes unstable and the experiment is concluded. For the TFTR the whole process is over in a couple of seconds, and the reverse shear configuration lasts only a few tenths of a second.

General Atomics uses a very similar approach for reverse shear experiments on their DIII-D. The DIII-D has a D-shaped cross-section, whereas TFTR’s cross-section is circular. GA researchers have achieved reverse shear in three different operating modes with the DIII-D, one of which is very similar to TFTR’s, and two others which are in “high mode,” or “H-mode,” meaning that the conditions at the edge of the plasma tend to reduce transport, and thus improve confinement.

Tony Taylor is particularly encouraged about the H-mode reverse shear experiments because the pressure profiles in the plasma are broader, or even across the plasma, compared to the first case which, like TFTR, has a rather steep pressure gradient, peaking in the center. To date, neither TFTR nor DIII-D has shown marked improvements in beta (the ratio of plasma pressure to magnetic pressure), in these reverse shear experiments. A doubling of the beta values over conventional operations is the payoff that the researchers are looking for. Taylor thinks that the broader pressure profile of the H-mode reverse shear may be a more productive route to higher beta values. It is in this regime that he hopes to find pressure profiles and current profiles which will match each other, and thereby allow higher pressures as well as a healthy self-generated bootstrap current, which will lead to longer pulses.

“I think it will be very exciting if TFTR can get very high fusion yield with short pulses,” Taylor said, adding, “but I think it would be 100 times more exciting if they could make that pulse last for 10 seconds.”

Indeed, both groups are moving in that direction. DIII-D can currently operate at pulse lengths of several seconds, and with the planned upgrades, they will be able to extend that to 20 seconds. Princeton is planning similar upgrades



General Atomics' Doublet III-D tokamak magnetic confinement fusion device.

to TFTR. However, it is doubtful whether funding for such upgrades will be forthcoming. TFTR has been slated for closure this year, though its fate has not yet been sealed.

Nonetheless, the means to overcome the limitations of using magnetic fields to drive and control the current in the plasma, which, in the case of TFTR, can only be sustained for a couple of seconds, is to use radio waves or other waves to drive the current. The DIII-D already has some wave-drive capability and there are plans to add to it. The Princeton team on the TFTR would like to follow suit, because it has the advantage of allowing the current profile to be shaped and maintained indefinitely. The plans for future reactors include the use of this means of current drive, as was the case for the TPX.

Implications and caveats

Tony Taylor cautioned against overselling the importance of these reverse shear results. While he is excited by them, he realizes that there is still much work ahead to prove out this approach. Still, these results do demonstrate that there is a great deal of interesting physics to be explored, much of which can be done with the tools at hand. For example, Princeton has shown on paper that, based on a reverse shear mode, they should be able to at least double the output of TFTR, and perhaps even achieve breakeven, where the energy produced by the fusion process equals the energy

inputs needed to start it. But in order to achieve breakeven, they would need to achieve very high beta values, which remains a significant challenge. But, "it is not inconceivable," Taylor conceded.

Looking further into the future, Charles Kessel has begun to examine what reverse shear could mean for a future fusion power plant. The design work on TPX supported the idea that a steady-state, continuously operating fusion plant would be much more attractive than pulsed reactor based on current tokamak designs. A steady-state reactor would be four times smaller in size than a pulsed reactor, but produce the same amount of electricity; or, if the two reactors were the same size, the steady-state reactor would produce electricity at half the cost of the pulsed reactor. Kessel has found that when the reverse shear is applied to the operations of a steady-state reactor, the size and cost of plant is reduced yet another 50%.

"It really stems from the fact that you get this increased beta," Kessel explained, "and also because such a high fraction of the current is driven by the plasma itself. So there is very little power required to sustain the plasma." Clearly this would be a big improvement in the economics of the plant.

The response from the fusion community has been positive. Stephen Dean, president of Fusion Power Associates, an industry group, considers the reverse shear work to be

very significant. "For the first time we are seeing a substantial volume of plasma in the middle that is very quiescent and well-confined," Dean said. "I think it is a major event."

Bruno Coppi, a fusion pioneer at Massachusetts Institute of Technology, finds the results to be very encouraging. Coppi was one of the persons who brought the tokamak concept to the United States from Russia, where it was invented, almost 30 years ago. He and his laboratory at MIT, in the mid-1970s, set a record for density of a confined plasma in their Alcator machine, beating the old mark at that time by two orders of magnitude, a superb achievement in its day.

In the late 1970s Coppi and others showed that, at high magnetic fields, one could achieve what he called a second stability region within the plasma, where the pressure and the beta values can be increased. The results at General Atomics and Princeton seem to be along this direction.

One implication that Coppi pointed out, is that at higher pressures, it may become possible to burn deuterium alone, or deuterium and helium-3. Such advanced fusion fuels have advantages over deuterium-tritium, because they do not produce as many high-energy neutrons, which damage materials and induces radioactivity. Use of these fuels would do away with most of the engineering problems associated with reactor design, for that reason.

Coppi noted that, "because of the limitations of the Princeton machine, this needs to be done in a regime where the transitory feature is eliminated." The question he raised was whether these favorable conditions can be maintained for any length of time, or whether the plasma would go back to a less favorable state.

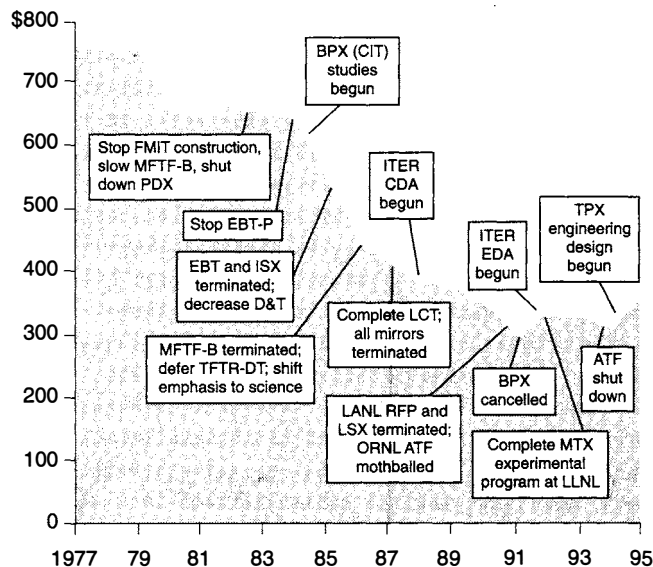
Coppi speculated that the low transport of particles and energy in these experiments may be due to some sort of inflow process, that is, that the particles are being transported inwards, toward the core.

One aspect of fusion research that has most occupied his thoughts has been that of building an ignition device, an experiment which would demonstrate a burning plasma, a self-sustained fusion reaction. He has long thought that this is possible, and that it would be the next logical step in fusion development. Coppi himself headed the Compact Ignition Tokamak project, which grew into the Burning Plasma Experiment (BPX), until cancelled five years ago (see Figure 4). Now the recent results achieved by on the DIII-D and the TFTR seem to indicate that ignition may not only be possible, but could prove to be highly successful.

Looking into the future

Reverse shear, as well as other advanced tokamak concepts, can only be completely demonstrated in a continuous operation, steady-state machine. This was the role that TPX was to have played in the U.S. fusion program (see *EIR*, Aug. 12, 1994). However, the budget-slashers in Congress have now cancelled TPX, which will leave the United States

FIGURE 4
U.S. magnetic fusion budget history, 1977-95
(millions FY 1993 \$)



Key:
 BPX/CIT=Burning Plasma Experiment/Compact Ignition Tokamak
 DT=deuterium/tritium
 EBT=Elmo Bumpy Torus, EBT-P=Elmo Bumpy Torus-P
 FMIT=Fusion Materials Irradiation Test Facility
 ISX=Impurity Studies Experiment (a tokamak)
 ITER=International Thermonuclear Experimental Reactor; ITER CDA=ITER Conceptual Design Activities; ITER EDA=ITER Engineering Design Activities
 LANL RFP=Los Alamos National Laboratory Reverse Field Pinch
 LCT=Large Coil Test Facility (superconducting magnets)
 LLNL=Lawrence Livermore National Laboratory
 LSX=Large S Experiment (a field-reversed compact toroid device)
 MFTF-B=Mirror Fusion Test Facility-B
 MTX=Microwave Tokamak Experiment
 ORNL ATF=Oak Ridge National Laboratory Advanced Toroidal Facility (a stellarator)
 PDX=Princeton Divertor Experiment
 TFTR=Tokamak Fusion Test Reactor
 TPX=Tokamak Physics Experiment

Source: Dept. of Energy, President's Committee of Advisers on Science and Technology, July 1995.

without a next-generation device for the foreseeable future. In addition, Congress is calling for TFTR to be shut down. The fusion funding provisions passed by the House and Senate (\$229 million and \$225 million, respectively), are sharp reductions from this year's \$349 million, nearly 40% lower than the \$366 million requested by the administration. The House-Senate conference committee is meeting as we go to press to resolve the difference between the two figures.

As a small consolation, the Senate included wording in its bill, which would allow \$56 million for the continued operation of TFTR, providing the funds could be found by making further cuts in the Department of Energy's administrative expenses, which have already taken a \$200 million hit. Also, or perhaps alternatively, the Senate indicated that it would be willing to allow the cost of terminating these programs, \$45 million, to be taken from somewhere else instead of from the fusion budget, after the DOE fusion office had argued that these termination costs would eat away at other fusion programs. Materials R&D, plasma technology development and other programs would have been ended.

The attack on fusion is not surprising. The Green Scissors Report issued jointly by the radical ecologist Friends of the Earth and the Conservative Revolution's National Taxpayers Union had targeted research into fusion energy—which is both the cleanest and cheapest form of energy yet known—for elimination (see *EIR*, July 28, 1995).

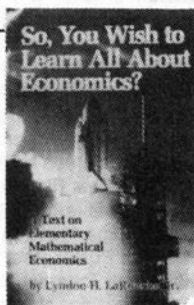
Rep. Robert Walker (R-Pa.), who chairs the House Committee on Science, speaking before a Fusion Power Associates meeting in June, stated that the primary focus of the U.S. fusion program is on the International Thermonuclear Experimental Reactor (ITER). Adding that he could not foresee any multibillion-dollar program unless it involves international cooperation.

In July, the administration weighed into the fusion debate

with a somewhat timid set of recommendations from a panel of the President's Committee of Advisers on Science and Technology, which had examined the U.S. fusion program. They put forward a plan for funding fusion at a flat \$320 million per year. The plan would be to delay TPX for three years, continue to operate existing machines, and, meanwhile, the U.S. would try to talk down the cost of ITER from \$10-13 billion to around \$4 billion. The President's Committee conceded that a U.S. withdrawal from international collaboration could lead to the collapse of such efforts, and that, at funding levels of \$200 million, the United States could not participate in international fusion programs, much less be engaged in any meaningful domestic program.

DOE spokesman Jeff Sherwood said of the expected funding cuts, that the fusion community is bracing for 1,500 layoffs. Even if TFTR should survive another year, it seems unlikely that the United States will be able to maintain a viable fusion program, unless such low funding levels are reversed.

Bruno Coppi expressed his concern that not only will we no longer invest the funds to keep our fusion machines running, but that we will not have the people who are capable of designing and operating new machines. He said it reminds him of the dome on the Pantheon in Rome: It was not for 1,500 years, that the science was developed under Brunelleschi to build domes like that again.



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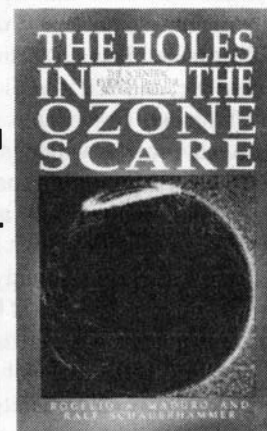
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A laser refrigerator: Cooling with light

by Mark Wilsey

The laser is often thought of as the ultimate cutting torch. The intense energy of a laser's light beam can generate searing heat in a wide array of materials, from hardened steel to human tissue, making it an extremely versatile tool. Now, set that notion aside. Scientists at the Los Alamos National Laboratory in New Mexico, have demonstrated for the first time that laser light can be used to *cool* a solid object.

Combining advanced laser technology and optical materials with some quirky atomic physics has yielded what could promise to be a new generation of low-temperature refrigerators, cryocoolers. Such devices would be very compact and durable, ideal for applications in space, where they could cool sensors and instruments on board satellites. Or, perhaps, one day laser coolers could be incorporated into desk-top computers to cool superconducting circuits which would operate hundreds of times faster than the conventional electronics of today.

In the past several years, researchers in various laboratories around the world have achieved spectacular results in using lasers to cool atoms to incredibly low temperatures, a few millionths of a degree above absolute zero (0°K, see *21st Century Science & Technology* magazine, Fall 1995, p. 54). However, these experiments involved only a relatively small number of atoms in a gas phase. In contrast, the experiments at Los Alamos use a solid piece of material and employ different physical principles. Richard Epstein and his co-workers reported their findings in *Nature* magazine on Oct. 12.

More than 65 years ago, scientists theorized that it might be possible to cool an object through its interaction with light, but only recently has the technology existed to successfully attempt it. Epstein explains that it is today's high-efficiency lasers and high-purity fiber optic materials that make it possible. Inefficiencies would make the cooling effect impractical. Impurities, which lead to heating, would make it impossible.

While it may seem counter-intuitive, the physics is fairly straightforward. The trick is to match the laser light and the properties of the material such that the material, when excited by the light at one frequency, will emit light, or fluoresce, at higher frequencies, which carry more energy, and cool the material. The temperature of an object is related

to the heat energy it contains, which is associated with the motion or vibrations of the atoms within the object. One way to view this cooling effect is that the incoming light sops up some of the vibrational or heat energy of the material, that is then removed by the fluorescent light.

In the experiments at Los Alamos, the researchers used a small sample of ultrapure metal-fluoride glass impregnated with ytterbium ions. The glass is exposed to a laser beam of infrared light. The wavelength of the light, about one micron, is selected such that the light only interacts with the ytterbium and none of the other components of the glass.

The simplest picture to help explain the atomic physics involved, is to think of the ytterbium ions as having, for the sake of this example, three different energy levels. Let's label them A, B, and C. Levels A and B are very close to each other, and C is at a much higher energy level. The laser light pumps energy into the ytterbium, exciting it from level B to C. At level C, it releases this excess energy by emitting light, which, roughly half of the time, takes it down to level A. It emits a slightly greater amount of energy going from C to A, than it received going from B to C. The energy needed to restore equilibrium, that is, to go from A back to B, comes out of the vibrational energy of the material, thus cooling it slightly. In reality, nature is a bit more complicated, but that is the general idea.

For the small sliver of material used in the experiments, Epstein and his colleagues recorded a temperature drop of just 0.3°K, but more than enough to demonstrate the principle. In the present setup, the laser simply passes through the material once. Future experiments will use mirrors at both ends of the material, to reflect the light back into material. Allowing the light to make several passes would enhance the cooling effect, and make better use of the light.

What about other materials? Epstein explains that they have used these materials because they are familiar with them and they are readily available. But he doubts these are the optimal materials. "The best materials are still to be found," he said.

The Lessor

These initial experimental results have been sufficient to enable researchers to project what the performance of a first-generation laser cryocooler might be. They've dubbed such a future device the Los Alamos Solid-State Optical Refrigerator, or Lessor. They predict that it should be able to achieve temperatures of 60°K. Such temperatures are well within the range of today's high-temperature superconductors, opening the possibilities for a myriad of applications. The Lessor, being an entirely solid-state device, would have no moving parts, nor working fluids, making it well-suited for use in space. Here, reliability is second only to size and weight in importance in the design of spacecraft systems. These could be ready for uses in satellites within a few years, researchers say.

Riemann refutes Euler: background to a breakthrough

by Lyndon H. LaRouche, Jr.

Editors' note: *The magazine 21st Century Science & Technology will publish, in its Winter 1995 edition, an English translation of a collection of early writings of Bernhard Riemann. We publish here Lyndon LaRouche's introduction, "Riemann Refutes Euler," by permission of 21st Century.*

In the following pages, *21st Century* presents the first known publication in English translation, of a group of posthumously published early writings of the famous physicist Bernhard Riemann (1826-1866).¹ These have the special significance of providing some relatively indispensable background for understanding how Riemann came to develop his earthshaking discoveries of 1853-1854.²

The special relevance of these pieces, pertains to the fact, that there can be no competent appraisal of Riemann's work, which does not treat his writings as, like those of Karl Weierstrass, a devastating refutation of Leonhard Euler's savage attacks on Gottfried Leibniz.³ The formal issue is the question, cloaked in a

1. See *Bernhard Riemann's Gesammelte Mathematische Werke*, Heinrich Weber, ed. (New York: Dover Publications reprint, 1953), "Fragmente philosophischen Inhalts," pp. 507-538. A more recent reprint of the same, Heinrich Weber's second edition (Stuttgart: B.G. Teubner, 1902), is Vaduz, Liechtenstein: Saendig Reprint Verlag Hans R. Wohlwend. Hereinafter, this is identified as *Riemann Werke*.

2. See Bernhard Riemann, "Über die Hypothesen, welche der Geometrie zu Grunde liegen" ("On the Hypotheses Which Underlie Geometry"), *Riemann Werke*, pp. 272-287. This is the famous June 10, 1854 habilitation dissertation, to which Albert Einstein referred, in identifying Riemann's work as a root of General Relativity. On the dating of the work embodied in this dissertation, 1853-1854, see H. Weber's reference to Riemann's note, which dates the discovery underlying the paper to "March 1, 1853": *Werke*, p. 508.

3. On Euler's attack on Leibniz, see Lyndon H. LaRouche, Jr., *The Science of Christian Economy* (Washington: Schiller Institute, 1991), Appendix XI, "Euler's Fallacies on the Subjects of Infinite Divisibility and Leibniz's Monads," pp. 407-425. That appendix includes the sections of Euler's *Letters to a German Princess* (dated by him May 5, 1761) in which his second explicit attack on



Bernhard Riemann (above) and Leonhard Euler (right). "Like Leibniz before him, Riemann's discovery demonstrates that formal mathematical-physics schemes do not embody the potentiality of a truth-doctrine. To find truth, we must depart the domain of mathematics, and go over into another domain, the realm of experimental physics."

discussion of mathematical series, whether or not mathematical discontinuities exist.⁴ The relevant substantive issue behind these attacks on Leibniz by the Eighteenth-Century newtonians, Dr. Samuel Clarke and Leonhard Euler, is, much more today than during Riemann's time, whether physics is a branch of mathematics, or mathematics a branch of physics.

As in the concluding sentence of his famous 1854 habilitation dissertation, Riemann demonstrated that, to settle the underlying issues of mathematics, one must depart that do-

main, into physics.⁵ That statement plants Riemann, like his sponsor Karl Gauss before him, fully within the domain of physics, rather than the virtual reality which one associates with the influence of Bertrand Russell and the Bourbaki *Golem* upon much of today's teaching of mathematics. The posthumously published papers presented in English translation here, bear directly on Riemann's development of his approach to that issue.

Riemann and economics

21st Century's attention to Riemann reflects my own original work in a branch of physical science founded by Leibniz, known as *physical economy*. My discoveries in this field supplied the principal impetus for the mid-1970s founding of the Fusion Energy Foundation, which ricocheted into the later founding of *21st Century* magazine. Although the principal part of my discoveries were not prompted by Riemann's work, the approach adopted for solving the mathematical problems posed by those discoveries was prompted almost entirely by Riemann's habilitation dissertation, leading to the designation of "LaRouche-Riemann Method."⁶

Leibniz is made. The first occurred as his role in the scandalous case of Pierre-Louis Maupertuis, whose exposed fraud on the subject of "least action" led to Maupertuis's 1753 ouster from direction of the Berlin Academy; Euler was the principal accomplice of Maupertuis in perpetrating that hoax. We emphasize the primary coincidence between Riemann and Weierstrass here, not their secondary differences in approach.

4. See Leibniz-Clarke correspondence on the subject of the relationship between infinite series and the differential calculus. (G.W. Leibniz, *Philosophical Papers and Letters*, edited by Leroy E. Loemker, 2nd edition [Dordrecht: D. Reidel, 1969, reprinted Boston: Kluwer Academic, 1989], pp. 675-721.) Although Leibniz's development of the differential calculus had roots in some of his earlier activities, the archival evidence is, that what became known as Leibniz's calculus was actually developed during 1672-1676, in Paris, at Jean-Baptiste Colbert's Royal Academy of Science. Leibniz's first paper, presenting the discovery, was submitted for publication, in Paris, in 1676, immediately prior to his return to Germany. Isaac Newton's international reputation, and the Newton-Clarke attack on Leibniz, was created by Venice's Paris-based Abbot Antonio Conti (1677-1749), who sponsored a network of salons throughout Europe, a network devoted to the principal mission of seeking to discredit Leibniz, and build up Newton's reputation. Dr. Samuel Clarke was an agent of Conti, as were the Berlin circles of Maupertuis and Euler.

5. "Es führt dies hinüber in das Gebiet einer andern Wissenschaft, in das Gebiet der Physik, welches wohl die Natur der heutigen Veranlassung nicht zu betreten erlaubt." ("This leads into the domain of another science, the realm of physics, which the nature of today's occasion does not permit us to enter.") Habilitation dissertation, *Riemann Werke*, p. 286.

6. See Lyndon H. LaRouche, Jr., "Why Most Nobel Prize Economists Are Quacks," *Executive Intelligence Review*, July 28, 1995, and Lyndon H.

To introduce Riemann's posthumously published papers, I indicate the features of his dissertation which are most relevant to the problems of physical economy. To that end, consider, first, the place which mathematical discontinuities occupy in Riemann's discovery, and then, the significance of Riemann's emphasis on what he terms *Geistesmassen* in the posthumously published papers.

First, to define the significance of mathematical discontinuities, I restate Riemann's point of departure in his dissertation in my own words.

The origin of modern mathematics lies in what is commonly identified as a "Euclidean" notion of simple space-time. This idea of space-time pretends to represent the real universe, which it does not represent. It is an idea which is not a creation of the senses, but, rather, of the naive imagination. We merely imagine that space is defined by three senses of direction (backward-forward, up-down, side-to-side), and imagine that these might be extended without limit, and in perfectly uninterrupted continuity. We imagine that time is a single, limitless dimension of perfect continuity: backward-forward. Taken together, these presumptions of the imagination define a four-dimensional space-time manifold, or, in other words, a quadruply-extended space-time manifold.

The naive imagination attempts to locate perceptible bodies and their motions within such a quadruply extended manifold. It may be said fairly, that our imaginary space-time manifold is used as a kind of mental mirror, upon which we attempt to project reflections of motion of bodies in space-time. The result of such projections is a simple "Euclidean" sort of algebraic mathematics, which, we soon discover, is not a mathematics of the real universe.

Classical experiments, typified by the measurement of the curvature of the Earth's surface by the ancient Eratosthenes of Plato's Academy at Athens,⁷ supply measurable demonstration that the motion of bodies in physical space-time does not correspond to what a naive, algebraic notion of space-time suggests. We must add non-space-time "dimensions," such as the notions of "mass," "charge," and so forth, to derive a mathematics which agrees with our measurement of the motions which are reflected, from physical space-time, upon that imaginary mirror known as simple space-time.⁸

Thus, in place of a four-dimensional space-time of the imagination, the attempt to explore physical space-time presents us with a physical-space-time manifold of many more dimensions than the four dimensions of naive space-time. We call these added factors "dimensions," because they can

be scaled, according to the ordering-principle of "greater than" and "less than," as we do the dimensions of naive space-time. Instead of saying $n+4$ dimensions, we include the four in our count of n ; we speak, thus, of a "physical-space-time manifold of n dimensions." Then, commonly, we attempt to portray motion within that physical-space-time, of n dimensions, in terms of its imaginary reflection upon a four-fold space-time.

In each case, the addition of a validatable new "dimension" to the physical-space-time manifold of reference, corresponds to a change in measurement, a change in the yardstick we must employ to measure the relevant motion, or analogous form of action. For example, Eratosthenes estimated that the Earth was a spheroid of about 7850 miles, from pole to pole (not a bad estimate for the time).⁹ This meant, that to measure motion along the surface of the Earth, we must use a yardstick of spherical trigonometry, rather than one appropriate to a simple Euclidean plane. Similarly, once Ole Rømer had demonstrated, in 1676, that the radiation of light was governed by a principle of retarded potential, Christiaan Huygens, in 1677, generalized principles of reflection and refraction accordingly,¹⁰ and, Jean Bernoulli and Leibniz demonstrated that the mathematics of the transcendental domain's special relativity must supersede the algebraic methods of Galileo, Descartes, and Newton.¹¹

The validation of the necessary addition of such an added physical dimension, by measurement, implies the challenge to be considered here. Each such addition signifies, that instead of an n -fold physical-space-time manifold, n is superseded by $(n+1)$. This gives us a generalized term of topology, which we might express symbolically by $(n+1)/n$. The series of changes, from n to $n+1$ dimensions, is associated with a series of changes in the choice of the yardstick which we must employ to measure the relevant physical action.¹²

This is also the problem which confronts us, in physical economy, as one may attempt to define the correspondence between scientific and technological progress, on the one side, and, on the other side, a general, resulting increase in the productive powers of labor, per capita, per household, and per square kilometer. For that case, the type of yardstick used is termed *potential relative population-density*; that yardstick changes its scale (per capita, per square kilometer) as the level of applied scientific and technological progress advances.

LaRouche, Jr., "Non-Newtonian Mathematics for Economists," *Executive Intelligence Review*, Aug. 11, 1995.

7. See "How Eratosthenes Measured the Unseen" (Figure 2), in Lyndon H. LaRouche, Jr., "Kenneth Arrow Runs Out of Ideas, But Not Words," *21st Century*, Fall 1995, pp. 34-53.

8. This image is an accurate representation of the intent of Plato's reference to shadows which reality casts upon the imagination, as if these shadows were reflections on the wall of a cave's firelit interior.

9. *Greek Mathematical Works*, Ivor Thomas, trans., 2 vols. (Cambridge, Mass.: Harvard University Press, 1980), Vol. II, p. 273, note c.

10. Christiaan Huygens, *A Treatise on Light* (New York: Dover Publications reprint, 1962).

11. The "brachystochrone problem": Jean Bernoulli (1696). The equivalence of least time to least action.

12. This does not justify the presumptions of some popularized notions of a differential geometry. The basis for that word of warning will be made clearer below.

Science and metaphor

All of the issues posed by Riemann's habilitation dissertation, while most profound, are so elementary that they might be understood at the level of a good secondary school's graduate. Once we accept his intention in that location, that paper is among the most lucid pieces of prose ever supplied to the literature of fundamental scientific discoveries. Admittedly, most of the classroom's putatively authoritative commentators have conveyed a contrary, confused view of this work. The failure of all such commentaries examined, is that the commentators, by refusing to accept the fact of what Riemann is saying, project upon him an intention which is axiomatically contrary to his own.

The axiomatic failures of such authoritative commentators occur on two levels.

Closer to the surface, they have sought to defend such post-1815 authorities in taught mathematics as Newton, Euler, Augustin Cauchy, et al. from the devastating refutation provided by Riemann's discovery. This centers around Euler's argument against Leibniz. That relatively more superficial axiomatic assertion, is the hysterical insistence of the positivists, that, ultimately, mathematical discontinuities do not exist.¹³

On the deeper level, there is a more devastating issue, which the opponents of Leibniz and Riemann refuse to debate.

The radical positivists of the Bourbaki cult exemplify this deeper issue. The peculiar, Ockhamite deism of such positivist ideologues, is the dogma, that all questions of science must be settled by mathematical proofs delivered upon a blackboard, or, by a modern digital-computer system. Every demonstration that mathematical formalism is not the god of science, whether by Plato and his academy after him, or from moderns such as Leibniz or Riemann, fills such positivists with an obscene, irrationalist rage, akin in spirit and rationality to that of Marat's or Danton's Jacobin mob.

This deeper of the two levels of axiomatic issues, underlies the assignment of Abbot Antonio Conti's agent, Dr. Samuel Clarke, for the attacks upon Leibniz. This is the issue underlying the savage, posthumous attacks upon Leibniz by the Conti salon's Euler. This was also the basis for the hyena-like attack, led by the devotees of Ernst Mach, upon Max Planck, during the period of World War I.¹⁴

Once we acknowledge the primary historical fact of

mathematical-physical knowledge, that each of those discoveries of physical principle which is validated by the appropriate measurement, presents mathematics with a topological challenge of the indicated $(n+1)/n$ form, mathematical formalism is stripped of that attributed, god-like authority which the devotees of Euler and the Bourbaki cult defend so fanatically.¹⁵ Like Leibniz before him, Riemann's discovery demonstrates that formal mathematical-physics schemes do not embody the potentiality of a truth-doctrine. To find truth, we must depart the domain of mathematics, and go over into another domain, the realm of experimental physics.

The key to all among these, and derived formal issues of mathematical physics, is the connection between the erroneous insistence, that, ultimately, no discontinuities exist in mathematics, and the deeper assumption (also false), as among the followers of the Bourbaki dogma, that mathematics can be a truth-doctrine.

It is admissible to state, that any consistent mathematical physics of a specific, n -fold physical-space-time manifold, can be read as if it were a formal, deductive theorem-lattice. In this interpretation, it appears that every theorem of that lattice has the qualifying attribute of being a proposition which has been shown to be not-inconsistent with whatever set of axioms and postulates underlie that lattice in its entirety.¹⁶ Such a set of axioms and postulates is identified by both Plato and Riemann as an *hypothesis*, in contrast to the illiterate's misuse of the same term in Newton's famous "*et hypotheses non fingo*."¹⁷

The literate usage of "hypothesis," is mandatory in reading even the title of Riemann's June 1854 dissertation, even before proceeding to the body of the text. The key to a literate reading of Riemann's dissertation, is that a topological transformation typified by the transition from a mathematically n -fold physical-space-time manifold, to a manifold of $(n+1)$ dimensions, is a transformation in the set of axioms and postulates underlying mathematical physics.

Consequently, the history of those discoveries of physical principle which, like Eratosthenes' discovery of an estimated curvature of the Earth, are validated by the relevant measurement, presents us with a succession of topological changes within mathematical physics, a series of changes which has the form of the "One"/"Many" paradox of Plato's *Parmenides*. In this instance, the "Many" are represented by a series of hypotheses; the challenge is to discover a higher principle,

13. Formally, Euler's assertion was a defense of the purely arbitrary assumption of the naive Euclidean imagination, that linear extension is perfectly continuous without limit. Since Euler's supposed proof of that assertion depends absolutely upon the assertion of that axiom which it purports to prove, Euler's famous tautology proves nothing at all. Euler's folly on this point is the hereditary origin, via Lagrange and Laplace, of Cauchy's bowdlerization of Gottfried Leibniz's version of a calculus.

14. That attack upon Planck, first from within the German-speaking scientific community of the World War I interval, was continued in the savagery of Niels Bohr and other accomplices of Bertrand Russell, during the period of the famous 1920s Solvay Conference sessions.

15. This is literally an ancient issue. This topological challenge is the same ontological paradox, of the "One" and "Many," posed by Plato's *Parmenides*.

16. E.g.: What Euler defends, by means of a rather silly tautology, in his 1761 attack upon Leibniz, is the naive, Euclidean, axiomatic assumption of the perfect persistence of linearization indefinitely, into the very large and very small.

17. *Riemann Werke*, p. 525: "*Das Wort Hypothese hat jetzt eine etwas andere Bedeutung als bei Newton. Man pflegt jetzt unter Hypothese Alles zu Erscheinungen Hinzugedachte zu verstehen.*"

an *higher hypothesis*, a “One,” which defines a generative principle by means of which the series of hypotheses, the “Many,” is ordered “transfinitely.” If Riemann’s dissertation is read in any different sense than this platonic one, the resulting commentary upon the text is a scientifically illiterate one, no matter what the putative classroom authority of the commentator.

Riemann adopts a view of mathematical physics based upon the succession of advances in those discoveries of physical principle which have been validated crucially by relevant measurement, such as Eratosthenes’ estimate for curvature of the Earth typifies that principle of measurement. Riemann’s view of this topological transformation underlying mathematical physics’ progress, thus defines progress in mathematical physics in terms of a sequence of absolute mathematical discontinuities within a formalist reading of mathematical physics itself. It defines Newton, Euler, and Cauchy, for example, as victims of their own scientific illiteracy, victims of an ontological paradox, of the “One”/“Many” form, which they could neither solve, nor comprehend—and, apparently, did not wish to comprehend.

In each case, one formal theorem-lattice is distinguished from another by any change in the axiomatic content, from that of the hypothesis underlying one, to that of the hypothesis underlying the other; every theorem of the second lattice is formally inconsistent with any theorem of the first. The difference between the two hypotheses, is a true, and relatively absolute mathematical discontinuity. Such a “discontinuity” has the same significance in mathematical physics as the proper understanding of the term “metaphor” in Classical forms of poetry or drama. What “discontinuity” signifies respecting the formalities of a consistent mathematical physics, is precisely what “metaphor” signifies for a Classical poem or drama.¹⁸ The understanding of this relationship between metaphor and mathematical discontinuity, is the key to the first of the posthumously published documents, “On Psychology and Metaphysics,” presented in the following pages.

In physics, a mathematical discontinuity appears as a mere mark. The magnitude of this mark is of *transinfinitesimal* smallness, so small that no calculable arithmetic magnitude can measure it, yet it exists, nonetheless, as a phenomenon: apparently as a mark of separation of all magnitudes

18. The relevant problem is that, many miseducated readers with advanced degrees in arts have the same difficulty in coping with the term “metaphor,” which radical positivists experience with the term “mathematical discontinuity.” Beginning the early Seventeenth Century, the empiricists, such as Thomas Hobbes, launched a vile, energetic, and persisting campaign to eradicate the use of metaphor and the subjunctive mood from English-language usage. The recent emergence of that radical-existentialist decadence known as the “deconstructionism” of Professor Jacques Derrida, et al., is the outgrowth of a centuries-long campaign by the empiricists and logical positivists, and related linguistics specialists, to locate the origin of written language, even Classical poetry, in “text” as such, rather than the irony-rich domain of speech.

which are less, from all magnitudes which are greater.¹⁹ This mark signifies the functional presence, outside the realm of mathematical formalities, of the mathematical-physical form of what we recognize in Classical poetry as a metaphor.

Riemann’s ‘Geistesmassen’

The fact that all true metaphors are singularities, is the key to an accurate understanding of Riemann’s use of *Geistesmassen*, translated here as “thought masses,” in the first of the posthumously published papers, “On Psychology and Metaphysics.” As an illustration of the principle involved, consider the case of metaphor in either a Classical form of strophic poem, or a song-setting of such a poem by a Mozart,²⁰ Beethoven, Schubert, Schumann, or Brahms.²¹ This case, of the Classical strophic poem, and its musical setting according to principles of motivic thorough-composition, is key for understanding the mental processes by means of which a validatable discovery of new scientific principle is generated.²² This is also an example of the conception posed by Plato’s treatment of the “One/Many” ontological paradox in his *Parmenides* and other late dialogues.²³

In the successful Classical poem, efficiently illustrated as to form by Goethe’s simple *Mailed*,²⁴ the strophes represent a succession of metaphors, which march, one after the other, toward a conclusion. The metaphorical attribution of each of those strophes is generated by ironies, to such effect that no proper attribution of either a confining literal or a symbolic meaning for that strophe is to be permitted. The concluding metaphor, especially its final couplet, changes radically the metaphorical attribution—e. g., the “meaning”—of the poem as a whole. It is that concluding, subsuming metaphor, which identifies the idea of the poem taken in its entirety.

The literate reading of such a poem, or its Classical song-

19. In the extremely small, discontinuities are compared in respect to their mathematical cardinality, not as arithmetic values. Hence, with deference to Georg Cantor, this distinction is designated here by the usage of “transinfinitesimally small.”

20. After Mozart’s first song composed in the new mode of motivic thorough-composition, his setting of Johann Goethe’s “Das Veilchen” (“The Violet”). See *A Manual on the Rudiments of Tuning and Registration*, John Sigerson and Kathy Wolfe, eds. (Washington: Schiller Institute, 1992), Chapter 11, pp. 199-228.

21. Op. cit., pp. 220-221. Note the reference to Gustav Jenner, *Johannes Brahms als Mensch, Lehrer und Künstler: Studien und Erlebnisse* (Marburg an der Lahn: N.G. Elwert’sche Verlagsbuchhandlung, 1930). Jenner’s account of Brahms’ instruction to him on composing a song for a strophic poem, is directly relevant to the point being developed at this point in the text, above.

22. See Lyndon H. LaRouche, Jr., “Musical Memory and Thorough-Composition,” *Executive Intelligence Review*, Sept. 1, 1995, pp. 50-63.

23. Plato’s *Parmenides* is to be considered as a kind of prefatory piece for all of his later dialogues. In it, he poses the challenge, the ontological paradox, which is the subject addressed in its various aspects by all of the other late dialogues.

24. LaRouche, “Musical Memory and Thorough-Composition,” p. 55. See note 22.

setting, demands a repeated review of the completed poem, until the point is reached that two conditions are satisfied: first, that the idea of the completed poem as a whole is clear; second, that the relationship of each step of progress within the poem, to the reaching of the conclusion, is clear.²⁵ The satisfaction of that requirement establishes the idea of the poem as a whole, in the mind, as the product of a tension between two, literally platonic qualities of idea. The first, is the idea of the completed poem in its entirety; this idea remains unchanged, from prior to the re-reading of the first line, to the momentary silence following the reading of the last line. The second idea, is the successive metamorphoses which the idea of the poem undergoes, in proceeding from the beginning to the end. In Plato, that latter quality of idea is identified as the *Becoming*. It is the tension between the fixed conception, the idea of the completed poem as a whole, and the metamorphical character of the process of Becoming, by which the perfected idea is reached, which is the “energy” of the poem.

The same requirement applies to the performance of any Classical musical composition. In the simplest case of such a musical performance, it is the performer’s memory of reaching the perfected (completed) composition, which creates the tension of reenacting the performance of the metamorphosis, the tension between the perfected idea of the composition, and the moment of development in mid-performance.

The singularity in question is generated by the difference in direction of time-sense—backwards versus forwards—of the two, interacting ideas respecting the poem or musical composition in mid-performance.

The same principle characterizes Eratosthenes’ estimate of the curvature of the Earth’s surface: the principle of development uncovered, by re-experiencing the mutually contradictory individual readings of the midday sundials, to locate a generating principle of change which is consistent with the final result. For Eratosthenes, the key to the generating principle becomes the relationship between the perimeter of a circle and a pencil of lines, from a momentarily fixed position of the point corresponding to the Sun, to the Earth. Thus, Eratosthenes gave a reasonable estimation of the Earth’s curvature, approximately twenty-two centuries before any person saw that curvature.

These examples, from poetry, music, and the work of Plato’s Academy of Athens, are each and all examples of *platonic ideas*, the quality of ideas to which Riemann assigns the term *Geistesmassen*. In physical science generally, such ideas have initially the apparent character of ideas arising from vicious inconsistencies within observations made by aid of sense-perception, inconsistencies which mock both naive sense-certainty and generally accepted scientific opinion. Relatively often, that mockery occurs in the most cruelly

25. See Jenner’s account of his instructions from Brahms, on memorizing a poem with sufficient thoroughness to satisfy those requirements, before undertaking to provide a song-setting for it. See note 21.

devastating way. Those ideas which purport to identify the generating principle responsible for this paradox, and which are validated by relevant modes of measurement, represent valid discoveries of physical principle. Those qualities of proven principle are classically identified as *platonic ideas*. Each and all of the validated ideas of “dimensionality” in an n -fold physical-space-time manifold, have this quality of platonic idea.

Thus, all such ideas have the form of paradoxical singularities relative to the pre-existing mathematical domain of reference. The character of these ideas as singularities arises from the way in which their existence is generated *subjectively*: by the same kind of processes underlying the reading and composition of a valid Classical strophic poem. The quality of “singularity,” and the associated form of mathematical discontinuity, arises from the opposing senses of time associated with the interplay of perfected ideas with the process of their development.²⁶

These metaphors can never be deduced from the mathematics, or other form of language employed. Within the language itself, they appear merely in the reflected form of singularities, such as either mathematical discontinuities or other paradoxical adumbrations reflected into the language-medium. The ontological existence of the singularity lies outside the form of generation of the relevant mark within the domain of the language itself.

Thus, every theorem which claims to deny the existence of discontinuities within mathematics, such as Euler’s, is based upon *the tautological fallacy of composition, of using constructions premised axiomatically on linearization, to prove the utterly irrelevant point, that any construction of this type is incapable of acknowledging any mathematical existence which is not linear!*

The relevant formal mathematical discontinuity, or literary paradox, is merely the mark which the metaphor imposes, as its footprint, upon the formally defined medium of language. The actual metaphor, which the adumbrated mark, or paradox reflects, exists only outside the medium. It lies within three locations. It lies, first, in the substance of the process which the language is attempting to describe. It also lies, secondly, in the mental processes of the scientist, or the artist. It exists, thirdly, within the sovereign mental processes of those members of the audience who have responded Socratically to the mark of the singularity, by generating in their own mind a replication of the idea which has imposed its mark upon the medium of communication.

In mathematical physics, the validation of the ideas corresponding to such marks occurs commonly through measurements which demonstrate, that those ideas correspond efficiently to an effect which is not in correspondence with the old ideas which the new ideas profess to supersede.

There is a most notable illustration of this point in the

26. The proper notions of topology are derived from this consideration.

case of Riemann's paper, published in 1860, "On the Propagation of Plane Air Waves of Finite Amplitude."²⁷ The fact that acceleration toward speeds above the speed of sound generates a singularity, was recognized by Riemann as showing the existence of the transsonic phenomena studied by such followers as Ludwig Prandtl and Adolf Busemann. It was this principle of Riemann's which resulted, through the mediation of a German aerospace specialist, in the first successful powered, post-World War II, supersonic flight by a U.S. aircraft. This was in contrast to the failed contrary opinion expressed by such frequent adversaries of Riemann's work as Hermann Helmholtz, Lord Rayleigh, and Theodor von Karman.²⁸

In the relatively more obvious type of case, such as the cited Eratosthenes case, the empirical validation of such a singularity is accomplished by measurements which lie within the domain of arithmetic magnitudes. However, this is not the only primary form of empirical proof of a platonic idea. As Riemann's referenced paper on shock-waves illustrates the point, in some cases, it is the existence of a non-arithmetic singularity, which has precise cardinality, but not arithmetic magnitude, which presents us the mathematical form of the required proof. Riemann's success in forecasting a class of phenomena not necessarily limited to this cited case, not only powered transsonic/supersonic flight, but isentropic compression in thermonuclear ignition, is an example of this.

Leibniz's Universal Characteristic

Respecting the ontological implications of metaphor itself, within these posthumously published pieces, Riemann picks up on a theme addressed earlier by Leibniz, and later revived by the present writer. We must consider the fact, that those efficient platonic ideas recognizable as validated discoveries of principle, are generated as discoveries within

27. "Über die Fortpflanzung ebener Luftwellen von endlicher Schwingungsweite." *Riemann Werke*, pp. 156-175. This was published in an English translation by Uwe Henke and Steven Bardwell, in the Fusion Energy Foundation's *International Journal of Fusion Energy*, Vol. 2, No. 3, 1980, pp. 1-23.

28. There is a relevant story behind the Fusion Energy Foundation's publication of that translation. During the middle to late 1970s, the Fusion Energy Foundation (FEF) gained an international reputation for its important work in promoting inertial confinement fusion. As a consequence of this, in 1978, two representatives of the FEF, Mr. Charles B. Stevens, Jr., and Dr. Steven Bardwell, were invited to the Soviet Union to participate in an international scientific conference on inertial confinement. Prior to their departure, these two FEF representatives met with LaRouche and others, at a Bronx location, to obtain LaRouche's list of requirements for that Moscow visit. LaRouche requested that they ask Soviet scientists for unclassified documents pertaining to the use of Riemann's work on isentropic compression as a basis for the original development of thermonuclear ignition. Such unclassified documentation was obtained, identifying this Riemann *Fortpflanzung* paper in that connection. It was at a subsequent, "report back" meeting that same year, that LaRouche underlined the application of the same paper to physical-economic modelling, and presented the set of inequalities used to create the highly successful 1980-1983 U.S. Quarterly Economic Forecast of the *Executive Intelligence Review (EIR)* newsweekly.

those sovereign mental processes of the individual which are impenetrable by symbolic communications-media, such as a formal mathematics. Yet, despite the ethereal quality one might be tempted to attribute wrongly to such mental processes, the result of such ideas is an increase of the human species' physical power to command nature in general.

In this respect, these papers of Riemann turn our attention back to Leibniz's notion of a *Universal Characteristic*, which subsumes, commonly, non-living, living, and cognitive processes within our universe. This is the topical area addressed in the first two of the posthumously published papers: "I. On Psychology and Metaphysics," and "II. Epistemological issues." After the writing of these papers, Riemann's published work does not refer explicitly again to such epistemological underpinnings of science. From 1854 on, his published work limits itself essentially to mathematical physics, with some impingement upon biophysics,²⁹ although he clearly did not abandon that personal standpoint in his thinking about mathematical-physics matters. Therein lies some of the special importance of the posthumously published papers for identifying the deeper implications of Riemann's work as a whole.

My own discoveries in physical-economy were rooted in my youthful profession as a follower of Leibniz, and in my developing a rigorous defense of Leibniz against Immanuel Kant's attacks upon him, the latter a matter which bears directly upon the issue of Leibniz's notion of a Universal Characteristic. Furthermore, my discoveries were provoked by both the positivist excesses of Norbert Wiener's "information theory" and the similar incompetence of the work in systems analysis by one of Wiener's followers, John von Neumann; these positivist concoctions I had treated as parodies of Kant's attack on Leibniz. For this reason, my rereading of Riemann brought to that reading the same emphasis upon Leibniz's Universal Characteristic which we encounter in the first two items among Riemann's posthumously published pieces.

The kernel of Wiener's hoax in "information theory," was to adopt and misuse a term, "negative entropy," which had been used earlier chiefly to identify the qualitative distinction between living and non-living processes as they present themselves on the scale of macrophysics.³⁰

In successful modern physical economies, my field of study, the biological appearance of "negative entropy" is

29. E.g., the brilliantly confirmed analysis provided within his *Mechanik des Ohres* (Mechanics of the Ear): *Riemann Werke*, pp. 338-350.

30. As noted, repeatedly, in other locations, this reporter has found it desirable to apportion all physical science among four functionally distinguished domains of inquiry. Two areas, astrophysics and microphysics, are domains in which the scale of phenomena is either too large, or too small, to be addressed directly by the senses. In a third area, biophysics, we deal with the principled distinction between processes, such as organic compounds, which, in one instant are functioning as part of a living process, and, in another instant, not. This also defies simple sense-perception. Those three domains, leave, as residue, the domain of macrophysics, in which sense-perception plays a larger immediate role.

echoed by the requirement that the ratio of relative “free energy” to “energy of the system” must not decrease, despite the accompanying requirement of rising per-capita and per-square-kilometer values of capital-intensity and power-intensity. This desired result is realized, typically, by the fostering of increase of the (physical) productive powers of labor through investment in scientific and technological progress.

Consider the following summary of the relevant argument elaborated in other locations.³¹

Physical economy identifies the primary phenomena of economic processes in terms of market-baskets of both necessary physical consumption and certain crucial classes of services, limited essentially (in modern society) to education, health care, and science and technology as such. These market-baskets are defined per capita (of labor-force), per household, and per square kilometer of relevant land-area employed. The market-baskets are defined for personal consumption, for the processes of production, and for those improvements in land-area used which we class under “basic economic infrastructure.” Physical economy recognizes a required functional relationship between the level of these market-baskets and the productive powers of labor, as measured in terms of both production and consumption of the content of these market-baskets.³²

That yields an implied differential expression: What level of input (consumption) is required to maintain a certain rate of output of necessary products for consumption? Without yet knowing the exact answer to that question at any given point, the idea of the question is clear. This idea is expressed conveniently as the notion of *potential relative population-density*.³³

The levels of combined market-basket consumption which are required to maintain not less than some constant rate of potential relative population-density, are compared to the notion of “energy of the system.” Output of market-basket content in excess of those required levels, is compared to “free energy.” The “free energy” is considered “not wasted,” on the condition that it is consumed in market-basket forms, for both expanding the scale of the economy, and increasing the potential relative population-density. In the latter case, the capital-intensity (“energy of the system” per capita, per household, and per square kilometer) must increase, and the power-density must also increase. The requirement is, that the ratio of apparent “free energy” to “ener-

gy of the system” must not decrease, despite a rising relative value of “energy of the system” per capita, per household, and per square kilometer.

The increase of potential relative population-density, under the condition that those constraints are satisfied, is treated as the economic-process analog for what is expressed as “negative-entropic” evolutionary self-development of the biosphere in biology and in the terms of reference supplied by the Academician V.I. Vernadsky’s notion of biogeochemistry. To avoid confusion with the “information theory’s” popularized misuse of the term “negative entropy,” the term “not-entropy” is employed instead.

In the field of what Academician V.I. Vernadsky defined as biogeochemistry, this requires the evolution of the biosphere, to bring the entire system to a higher state of organization; Vernadsky’s argument typifies the line of thought which is otherwise encountered in various locations, including Leibniz’s notion of a Universal Characteristic, and also the referenced portions of Riemann’s posthumously published papers.

Wiener made a mess of everything, with the popularization of his wretched insistence that “negative entropy,” for which he employed the neologism “negentropy,” was no more than a reversal of the statistical entropy described by Ludwig Boltzmann’s H-theorem. Contrary to Wiener’s mechanistic schemes, if we account for mankind and mankind’s activity as part of the planetary system, man’s increased power over nature, typified by the increase of mankind’s potential relative population-density,³⁴ is actually an increase of the relative “negative entropy,” or, “not-entropy,” of the planetary system as a whole. In other words, mankind’s development supplies an evolutionary upward impulse to the totality of the system with which mankind interacts.

In this view of the matter, human cognition has developed within the domain of living processes, but those ecological characteristics of the human species which are entirely due to cognition, place mankind absolutely apart from and above all other living species. Thus, our universe subsumes the interaction among three distinguishable types of processes: non-living, living, and cognitive. The commonly subsuming principle governing such a universe, is Leibniz’s notion of a Universal Characteristic.

For today’s conventional classroom opinion, what we have just stated poses the question: “Is it not necessarily the case, that if the ‘not-entropy’ of society increases, that this must occur at the price of increasing the entropy of the universe with which society is interacting?” In other words, is the relationship of society to the remainder of the universe not what von Neumann’s devotees term “a zero-sum game”? The crux of the issue, is that the idea of “universal entropy” is not a product of scientific discovery, but of the reckless application of an axiomatically linear, mechanistic worldview, upon the interpretation of the evidence of kinematic

31. E.g., Lyndon H. LaRouche, Jr., “Why Most Nobel Prize Economists Are Quacks,” and “Non-Newtonian Mathematics for Economists.” See note 6.

32. E.g., the case for household consumption was indicated by Gottfried Leibniz in *Society and Economy* (1671), which appears in English translation in *Executive Intelligence Review*, Jan. 4, 1991, pp. 12-13.

33. On “relative population-density,” see Lyndon H. LaRouche, Jr., *So, You Wish to Learn All About Economics?* (New York: New Benjamin Franklin House, 1984). This introductory textbook has been published in various languages, including Russian, Ukrainian, and, most recently, Armenian.

34. per capita of labor-force, per household, and per square kilometer of relevant land-area employed.

models of gases; on this account, there is an amusing ambiguity in the ironical meaning Norbert Wiener's work supplies to the term "gas theory."

The absurdity of the popular version of doctrines of "universal law of entropy," is suggested by the fact, that every rational effort to describe the universe in the large, is an evolutionary model, in which development is vectored as progress to relatively higher states of organization. In mathematical terms, this progress to higher states of organization is indicated by the emergence of physical systems whose characteristics can not be identified without resort to the mathematics of successively higher cardinalities. The attempt to explain the efficient directedness of such universalizing processes of emergence of higher cardinalities, renders absurd every attempt to explain the existence of matter itself in terms of a mechanistic dogma of "building blocks." The evidence is, that recognizably higher physical states of cardinality, are accomplished by transformations of the entire system, not by accretions of objects of a mechanistically fixed domain.

The counterposing of the developmental (e.g., not-entropic) and Kant-like mechanistic views is noted by Riemann, in the first of the referenced papers. Crucial is the demonstration, that, as in the case of Euler's absurd 1761 attack on Leibniz's *Monadology*, the presumption of that Kant-like, mechanistic view, from which Rudolf Clausius, Lord Kelvin, and Hermann Grassmann concocted their chimerical "Second Law of Thermodynamics,"³⁵ is "axiomatic linearization in the small." Create a mathematics, in which all is subsumed under the axiomatic assumption, that everything in the universe is consistent with the Euclidean blind faith in the universality of perfectly continuous linear extension, even into the extremely great and the extremely small. The true believer then regards any formulation which is inconsistent with such a mathematical "proof," as "disproven," and everything which must be assumed to preserve consistency within the theorem-lattice of such a mathematics, is considered as "proven" by all of the awesomely credulous professorial, head-nodding dupes attending the relevant conference.³⁶

35. It was Kelvin who proposed to Clausius this radically mechanistic interpretation of Sadi Carnot's work. In this case, as in all of his attacks upon Bernhard Riemann, Clausius relied upon Hermann Grassmann for the mathematical side of his endeavors. See *Riemann Werke*, note on page 293. The crucial role which the axiomatic presumption of linearization in the small played in Grassmann's work, including all of his work on the "Second Law" and attacks upon Riemann, is reflected in his famous 1844 work founding a relevant branch of modern vector analysis, the so-called *Ausdehnungslehre*.

36. During 1978, former FEF Director Morris Levitt dug out a document authored by J. Clerk Maxwell which caused FEF much amusement at that time. In this document, Maxwell responded to the question: Why had Maxwell failed to give credit to such predecessors as Wilhelm Weber and Riemann (and also, most crucially, the founder of electrodynamics, Ampère) for many of the discoveries which Maxwell tacitly presented as either the work of Michael Faraday, or his own? To this, Maxwell replied, that "we," referring to the circles including Kelvin, et al., had chosen to disregard any

Once we recognize, that such a mathematics constitutes no proof at all respecting the issues immediately at hand, the most generous consideration which the advocates of the "Second Law" might require of rational people, is the famous Scots' verdict, "not proven." No axiom of a mathematics is proven by the employment of the formal mathematical theorem-lattice whose existence depends upon that included assumption.

Those qualifying observations stated, situate the matter at hand. Now, turn directly to the subject of Leibniz's Universal Characteristic.

The paradigmatic form of all increase in mankind's potential relative population-density, from the several millions potential of a man-like higher ape, to the billions of today, is changes in social-productive behavior typified by general application of the fruits of scientific and technological progress.³⁷

Each of the transmitted discoveries is known by means of the replication of that original act of discovery within the mind of the hearer. On the condition that education of the young proceeds according to that latter principle, present-day knowledge is the accumulation of all of those singularities which valid past discoveries have conveyed to the use of the present generations: just as students today would be scientific illiterates, until they re-experience the original discoveries by the members of Plato's Academy at Athens in this way, from Plato, Eudoxus, and Theaetetus, through Eratosthenes. Without a Classical education of the young, in the great Classical works of poetry, tragedy, music, and natural science, going back to the foundations of modern civilization over 2,500 years ago, there can not be a truly civilized or even rational society, a cruel fact we see enacted so brutally on our streets and in our government and universities today.

Each valid such discovery invokes the principle we have associated here with the topological symbol $(n+1)/n$. Each discovery is a singularity of that type. Progress in knowledge is an accumulation of such singularities. As Riemann empha-

work which relied upon geometries "different than our own." The same point is made, in similar terms, in Maxwell's principal work. The implication of Lord Rayleigh's denunciation of Riemann's *Fortpflanzung* paper, is the same: the root of the mechanistic world-view, which the empiricist world-outlook of modern Britain acquired from its ancient master, Paolo Sarpi, is always the presumption of the universality of percussive causality within a universe which is axiomatically linearized in the very small.

37. This progress in the human condition is not due only to scientific and technological progress. The metaphors which arise from Classical forms of poetry, tragedy, and music have as crucial a role in increasing man's power to exist as what we term conventionally "natural science." Nonetheless, as we have already indicated, valid fundamental scientific discoveries merely typify the more general case for all forms of expression of the creative powers of persons as metaphor: as the great English poet Percy Shelley expressed the point, within his "A Defence of Poetry": the "power of communicating and receiving intense and impassioned conceptions respecting man and nature." What is stated above, here, should be read with the understanding that the case for scientific ideas *typifies* the case for metaphor in general.

sizes, within the texts provided below, that accumulation of knowledge is interactive, every new concept interacting with every other accumulated within the same mind. Thus, with every thought, this increase of singularities is reflected efficiently: in mathematical terms, the density of discontinuities for any arbitrarily selected interval of human action, is increased. It is this increase of "density of discontinuities" which typifies the form of "not-entropic" and the form of the action which generates "not-entropy" in, for example, the form of increase of society's potential relative population-density.

The crucial fact is, that this increase of knowledge, as defined in this way, is consistently efficient. *The universe obeys the human creative-mental powers' command! Thus, as Genesis 1 prescribes, mankind exerts dominion over nature.* Conversely, the universe is manifestly so constituted, that it is prone to submit to the authority of that power of creative reason which is a potentiality peculiar to the individual human personality.

By accumulating a reliving of the original valid acts of discovery of principle, which constitute the accumulation of human knowledge to the present date, we are enabled to recognize the distinguishing features of that form of act of creative reason, by means of which valid discoveries have been commonly achieved. That experience becomes known to us, as to Johannes Kepler, as *Reason*, or, as for Gottfried Leibniz, as *necessary and sufficient reason*. Once we recog-

nize, that mankind's cumulative development of knowledge represents the power of the human will to command the universe according to the law embedded in that universe, we have shown ourselves that *reason* as we define it *subjectively* in this way, is also an efficient approximation of Reason as it exists, ostensibly *objectively*, as an efficient principle pervading the universe as a whole.

What we recognize in the form of "not-entropy," as in the increase of society's potential relative population-density, is the characteristic of Reason, both as it exists efficiently, "objectively" within the universe at large, and as we are able to adduce the principles of reason, "subjectively," through the efficiency of valid discoveries of principle in the domains of science and art.

Once that is acknowledged, then it is clear to us, that the universe is not linearized in the extremely small, or extremely large. It is "not-entropic," in the extremely small and extremely large, alike. To see this more clearly, it was sufficient, to shift the emphasis in reading Riemann's contributions to mathematical physics, away from physics narrowly conceived, back to the vantage-point of Leibniz, the vantage-point of physical economy, the vantage-point of the efficient relationship between valid human individual reason, and man's increased power over the universe. Thus, we may say, that not-entropy, as reflected in type by Riemann's topological expression $(n+1)/n$, corresponds to what Leibniz named a Universal Characteristic.

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Kenya challenges London's genocidal games in Africa

by Linda de Hoyos

In a speech before the United Nations General Assembly on Oct. 3, Kenyan Foreign Minister Stephen Kalonzo Musyoka lashed out at the western press and governments for what he called a "systematic campaign to denigrate African countries as if there was an agenda to bring them into international disrepute. We reject these destructive approaches designed to promote divisive elements and to manipulate domestic public opinion with a view to pitching people against their own governments." He further stated that his government condemns "in the strongest terms the tendency by certain sections of the international press to present the image of African countries in terms of tribal superiority or inferiority, to inflame ethnic conflicts and to depict the continent as replete with corruption and catastrophes." In reality, he stated, African countries are struggling to create nation-states after many years of "destructive colonial policies of divide and rule."

In this case, the angry words of an African foreign minister to the United Nations are *not* rhetoric. In the last six months, the government of President Daniel Arap Moi has been battling a systematic campaign by the British Ministry of Overseas Development (formerly the Colonial Office) to destroy the nation-state of Kenya.

At stake is not only Kenya, but the entire East African region, home to more than 100 million people. The British gameplan has been executed on the ground by warlord Yoweri Museveni, President of Uganda, his National Resistance Army, and the allied militaries of the Rwandan Patriotic Front (RPF), now in power in Rwanda, and of Burundi. This war machine is London's designated enforcer for murderous austerity against their populations and the handing over of region's assets and resources through International Monetary Fund "reform" policies of "privatization" and re-

moval of support to the population.

This is the gameplan behind the October 1993 murder of elected President Melchior Ndadaye of Burundi; the April 6, 1994, double murder of Rwandan President Juvenal Habyarimana and Cyprien Ntaryamira at Kigali airport in Rwanda; the subsequent blitzkrieg invasion of Rwanda by the Ugandan-backed RPF; the slaughter of nearly 1 million people in Rwanda; and the panicked exodus of over 2 million Rwandans into neighboring countries.

The forces that have stood up against this wave of destruction are Sudan, London's primary target in the region, which has now largely defeated the Ugandan-British-backed insurgency of John Garang's Sudanese People's Liberation Army; a tenacious Burundi elected civilian government that is fighting what one British analyst describes as a "creeping coup" by the Ugandan-backed military; and Kenya.

Piercing the veil of lies

On Oct. 9, Moi became the first Head of State in Africa to challenge the prevailing western portrayal of the events in Rwanda and to raise questions about the actual process that destroyed the country and its government. Stunning the British, Moi declared that Kenya would not extradite to Rwanda any persons in Kenya wanted as suspects to stand trial at the United Nations-sponsored "genocide tribunal."

Moi explained his action:

"It has always been my considered view that the problems of Rwanda and Burundi, which are deep rooted, can only be resolved once and for all by finding a permanent and lasting solution. In order to achieve this, it is necessary to appreciate the reasons for the present problems. In this context, I had expected the United Nations to go beyond the genocide arising from the killing of the two Presidents [of Rwanda and

Burundi] in April 1994 to the events leading to the shooting down of [their] aircraft. It is a well-known fact that before the shooting down of the plane carrying the two Heads of State, there had been an invasion of Rwanda and many people had been killed.

"For justice to be seen to be done, the U.N. should investigate why Rwanda was in turmoil before the death of the two Presidents and the subsequent genocide. In leaving out this part of the problem, I cannot see how Rwandese who feel aggrieved by the invasion of their country could possibly trust the tribunal.

"Kenya is not pro-Hutu or pro-Tutsi. We do not even have a common border with the two countries. It is a well-known fact that we have had Tutsi and Hutu refugees in Kenya since 1940. We have treated them well, as we have treated other refugees or visitors.

"I am not against the tribunal set up by the U.N. I am convinced that the mandate of the tribunal is limited. My position regarding the Rwanda-Burundi crisis is that no lasting solution will be found unless the terms of reference of the U.N. tribunal are widened to include:

"A. Investigations to determine who was responsible for the April downing of the aircraft in which the Presidents of Rwanda and Burundi were killed.

"B. Investigations to determine those responsible for the invasion of Rwanda prior to the assassination of the two Presidents.

"To ignore this vital aspect and to concentrate on the period after the death of the two Presidents would be superficial and a miscarriage of justice. Consequently, it will not be useful in bringing lasting peace to the region."

Reaction to Kenya's stance was swift and drastic. Rwandan Defense Minister Paul Kagame, the strongman of the RPF, declared that Rwanda would "find other ways" to punish alleged perpetrators. Rwandan President Pasteur Bizimungu warned that if countries consider Rwandans as "normal refugees, then this region would be in total chaos."

Richard Goldstone, a judge from South Africa known to be close to London's Anglo-American mining conglomerate, is in charge of the tribunal for the United Nations. Upon hearing Moi's challenge to the tribunal as "currently constituted," he charged that Kenya's refusal to cooperate with the tribunal was a "breach of Kenya's obligations under international law, a matter for the Security Council of the United Nations."

Chalker lays siege to Kenya

With its action, Kenya is seeking flanks with which to withstand the siege against the country put into place by Britain's Minister of Overseas Development, Baroness Lynda Chalker. In December 1991, Britain placed Kenya under an aid embargo, with release of funds contingent on Moi's holding a multi-party election. When he did so and won, the embargo remained in place. Since June of this year, Chalker

has been working to force an aid freeze from all Kenyan donors. In July, the baroness visited Kenya, declaring, even before she had even met with the President: "I will not make any further announcement of aid until I am satisfied not only by political reform but also economic reform and human rights. We want to see a step back from the political brinkmanship and a cooling of political invective."

The International Monetary Fund has also suspended credits to Kenya, because the government has failed to deregulate maize prices—that is, end effective food subsidies. In June, President Moi had announced that his "government would no longer swallow wholesale all conditions of the [IMF] Structural Adjustment Programs that are detrimental to the welfare of the common citizen."

The British are also stirring up trouble within Kenya itself. Moi's multi-tribal Kenyan African National Union is the balancing force between the two major opposition groups in Kenya—the Forum for Democracy (Kenya) and the Forum for Democracy (Asili)—which are divided on tribal lines between the two largest tribes, the Kikuyu and Luo. The western press has blamed violent strife between these two groups—both of which are funded by the donors that have embargoed Kenya—on Moi.

In May, Richard Leakey, affiliated with Prince Philip's World Wide Fund for Nature, started a new party, Safina, in an attempt to replace Moi's Kanu as the balancer. Also joining Leakey is Robert Shaw, a Kenyan-based financier and point man for the IMF in Kenya.

There is little question who directs Safina. In a May 31 interview with the London *Daily Telegraph*, Leakey put himself forward as the man who would bring Kenya back into the British fold: "I am given the time of day in Whitehall, Washington, Paris, not because I'm white, but because of what I've done." The paper added: "He says he will not hesitate to use his personal friendship with Lady Lynda Chalker, whom he met on a recent trip to Europe, to further his party's objectives."

However, as Moi pointed out in answering Chalker's tirade in Nairobi, Kenya "attained independence from Britain in 1963." The Kenya President also earned London's ire by refusing to endorse the idea of a peacekeeping force under the Organization of African Unity, stating such a force would violate the OAU's charter, which holds national sovereignty sacrosanct.

On Oct. 21, Moi reported at a rally that there are rumors that South African mercenaries are preparing to invade Kenya from Uganda, and that the opposition is coordinating with both the Rwandan and Burundi militaries on how to destabilize Kenya. Safina leader Paul Muite was in Rwanda this month, conferring with leaders of the Rwandan Patriotic Front. Such collusion serves to underline the point: The nation-state of Kenya is an obstacle in the way of the annihilation of East Africa. It is for this reason—and no other—that Kenya and its President are under fire.

Queen's envoy denies plot vs. Venezuela

by Carlos Wesley

All of Ibero-America is buzzing about the toe-to-toe battle between the representative of Her Royal Highness Queen Elizabeth II's government in Venezuela, John G. Flynn, and Lyndon LaRouche's co-thinker, Alejandro Peña, president of the Venezuelan Labor Party (PLV) and leader of the Ibero-American Solidarity Movement (MSIA).

The fight was joined after the PLV and the MSIA published a pamphlet at the beginning of October, documenting that Her Majesty's government, along with Wall Street and City of London bankers, were working with their local stooges to overthrow Venezuelan President Rafael Caldera before the pope's visit next February.

As soon as they got wind that the pamphlet was in the works, the British started complaining behind the scenes to officials of the Venezuelan government, apparently with scant success. Finally, after Peña's introduction to the pamphlet ran as an op-ed in Caracas's daily *El Mundo*, Flynn went public. In a letter to the editor published in the Oct. 13 *El Mundo*, he wrote: "I regularly read your newspaper and its affiliated publication, *Ultimas Noticias*, as a source of interesting and imaginative commentaries, on Venezuelan and on international matters. However, the article entitled, 'Who Wants to Overthrow Caldera, and Why?' by Alejandro Peña Esclusa, published in *El Mundo* on Oct. 4, surpasses the normal limits of journalistic imagination."

Ambassador Flynn claimed that it was not true that he had met with impeached former Venezuelan President Carlos Andrés Pérez, who lives under house arrest, nor was it true that the British had meetings with another key figure in the plot against President Caldera, former Venezuelan Col. Hugo Chávez, a member of the narco-terrorist São Paulo Forum, founded by Cuba's Fidel Castro. To claim that Britain has ever harbored colonialist ambitions against Venezuela, is nothing but "first-rate Anglophobia," wrote Flynn.

"Under other circumstances, I would recommend the article as a possible basis for a soap opera. However, the article is damaging to my reputation, and to that of my country, and this I cannot permit occur without raising my protest," concluded Flynn, who signed himself the "Ambassador of Her British Majesty."

Peña's response appeared in the Oct. 18 issues of *El Mundo* and *Ultimas Noticias*. "You claim that you have not seen Carlos Andrés Pérez since 1993," Peña wrote Flynn.

But, on July 31, *El Nacional* reported that Flynn did visit Pérez, wrote Peña. "I know for a fact that in early August, a journalist called you *three times* to ask you to confirm the story, but you never returned the call."

In fact, wrote Peña, British embassy official Paul Webster Hare took one of those calls and rudely refused to confirm or deny the story. "Why didn't you deny it, then?" Webster Hare was also reported by the March 12 *El Nacional* to have had lunch with Colonel Chávez. Moreover, Chávez's own MBR-200 movement issued a document in April, saying that "you had met with him," Peña wrote. "Why did you not deny those reports until now?"

Peña added: "You say that Britain has never had any 'colonialist designs' on Venezuela. I suppose that means that your country will be returning the 150,000 kilometers from the Esequibo in Guyana that you stole from us." Finally, Peña told Flynn that his remarks about *El Mundo* and *Ultimas Noticias* being "imaginative," were insulting. Unlike London's *Economist*, "which dares to call the President of Venezuela 'a cockroach,' no Venezuelan daily . . . has been sufficiently 'imaginative' to refer to Queen Elizabeth as a 'rat.' "

Dousing the fire with gasoline

Diplomatic sources in Venezuela say that Flynn's attempts to squelch the exposé about Britain's leading role in the plot against Caldera, could only have come on direct orders from Whitehall. What is certain is that by his major departure from the standard British diplomatic practice of keeping a stiff upper lip, Her Highness's envoy managed to pour gasoline on the fire. Until the controversy exploded, only a few hundred copies of the "Who Wants to Overthrow Caldera, and Why?" pamphlet had been put in circulation. But on Oct. 23, thousands of copies went out all over Venezuela, inserted as a supplement in the daily *El Nuevo País*, with an additional chapter on the history of British colonialism in Venezuela.

News of the fight has now gone beyond Venezuela's borders, to as far south as Argentina, where *El Nuevo Informador* reported on it on Oct. 20, to as far north as Mexico. On Oct. 24, Mexico's premier daily *Excelsior* published a wire from the Germañ news agency DPA, reporting on a statement "made by Democratic presidential pre-candidate Lyndon LaRouche, during a radio program, charging that Venezuelan President Rafael Caldera is allegedly 'being targeted for a coup directed from London.' " LaRouche's warning of a coup was also published on Oct. 24 by the Venezuelan dailies *Ultimas Noticias* and *El Nuevo País*.

That same day, the Caracas business daily *Reporte* published an article citing Edgar Dao, president of Venezuela's National Banking Council, denying any role in the plot. While it is true that he participated in a meeting in which the agenda was how to replace Venezuela's Constitution, said the Venezuelan banker, it was "absurd" to claim that this was a coup conspiracy.

London revives its scurrilous 'Fourth Reich' attack on Germany

by Mark Burdman

Not since the fall of the Berlin Wall in November 1989 and the initiation, at that point, of a "Germany is the new Fourth Reich" black propaganda campaign by the British government, by Anglo-Irish curmudgeon Conor Cruise O'Brien, and by British co-thinkers in François Mitterrand's France, has there been such an intensive anti-German campaign, as is now coming from London. Now, as then, the most strident spokesman for this view, is Baroness Margaret Thatcher.

From Oct. 8-9, her ladyship was a featured speaker at a meeting, in Colorado Springs, Colorado, of the George Bush Presidential Library Foundation Association and the Foundation for International Policy. Other speakers included former President Bush, former Soviet President Mikhail Gorbachov, and former French President Mitterrand. Mitterrand rarely travels these days, because of his terminal prostate cancer, but he exerted himself to come to Colorado Springs, with full medical team, "out of friendship for George Bush," he declared.

According to an Oct. 10 *Washington Times* account, Thatcher's central theme was that a strong, united Germany now wants to "dominate Europe." She raved that Germany's "national character is to dominate. There is something in the character of the German people that led to things that never should have happened. Why was it that the German people let Hitler do the things he did? This is something I still fear. Even to this day."

Her words were so blunt, that even Lawrence Eagleburger, Bush-era acting secretary of state and top figure at Kissinger Associates, Inc., commented, "I was a little surprised she was quite so public about it." Of course, neither Eagleburger, nor others in attendance, would have had the integrity or guts to remind Mrs. Thatcher of the role of the British establishment, and the City of London, in installing Hitler into power in the early 1930s, nor of the role of host George Bush's father, Prescott Bush, in that same filthy business. Be that as it may, Thatcher's position is now the prevailing, and publicly stated view, of leading quarters in the British Conservative Party.

A desperate oligarchy

The British hysteria about Germany is rooted in several factors. First, it is symptomatic of the state of mind of a

British oligarchy that knows that the global financial system on which it has based its power, is disintegrating, and which therefore tends to lash out in all directions. As a subset of that phenomenon, Britain's own political arrangements are set for a number of shocks, with anticipation throughout establishment circles that the John Major government will be slaughtered, whenever general elections are held. Elections must be held, by law, by the autumn of 1997 at the latest, but could take place much earlier.

Second, the British elites, as reflected in a number of commentaries in the British press, are increasingly obliged to concede it as likely, that the anti-British U.S. President Bill Clinton will be re-elected in November 1996. This would mean, obviously, a relative weakening of the Conservative Revolution/Gingrich forces in the United States, upon which Britain has counted, together with the networks of George Bush and Sir Henry Kissinger, to counter the American President's foreign policy approaches. Clinton has dumped the so-called "special relationship" with Britain that had been cultivated so assiduously during the Reagan and Bush Presidencies, and has cultivated what he calls a "unique relationship" with Germany, in order to stabilize the situation in Russia, and other countries to Germany's east.

That is directly related to the third factor. The British, ever-sensitive to the prevailing winds, sense, correctly, that German Chancellor Helmut Kohl and the German political class more generally, are in the midst of a strategic shift. Whereas, in past months, Kohl was quite willing to appease London's wishes, and to balance out his relationship to the United States, by maintaining close links to Britain, things now are changing. Germany, more than any other country in the West, is sensitive to what is happening in Russia. The Germans know that the Russians could undergo a nasty turn. Under such conditions, the typical German reflex is to seek closer relations with both the United States and France, as security against what is happening to the east. Should that German-French-American combination consolidate, and achieve some approach for stabilizing Russia by dumping the Thatcher-Bush "International Monetary Fund reform" policy, the chances will increase for Britain's nightmare scenario to come into reality: a coalition for develop-

ment of what British geopoliticians call “the Eurasian heartland.”

‘Strongest attack on Germany since 1937’

The Thatcherite anti-German view was put on full display at the annual Conservative Party conference in Blackpool, England, which occurred during the week of Oct. 9.

The most raving speech at the event was made by Conservative parliamentarian Bill Cash, who boasted to *EIR*, in an Oct. 19 discussion, that his was “the strongest speech on the question of Germany that was made at a Conservative Party conference since 1937”—i.e., the time of the Hitler threat to Europe. His speech was entitled “A German Europe,” in which he railed, Thatcher-style, about German plans to “dominate” Europe, and about how Germany is systematically creating “economic satellites” across western Europe. Cash insists that the German “political class,” typified by Kohl and his immediate circle of advisers, is trying to drag behind him the German “commercial classes,” who are supposedly more reticent to move in such a direction. Cash foresees this as leading to “disorder, authoritarianism and possibly fascism, and war” in Europe.

Cash’s base of operations is the London European Foundation. Significant amounts of cash are pouring into that institution from the ample coffers of Anglo-French magnate Sir James Goldsmith. Goldsmith is busily funding an anti-European insurgency movement across Britain, by pouring some \$30 million into a new “Referendum Party” that he has created. The first person to agree to run on his ticket, in a local parliamentary election, is Sir Alan Walters, Baroness Thatcher’s monetarist guru.

Barely less strident in Blackpool, were statements by two ministers of the British Cabinet, Foreign Secretary Malcolm Rifkind and Defense Minister Michael Portillo. Both blasted “European integration” and “Brussels,” the latter a reference to the headquarters of the European Union. But such attacks barely veiled the real target: Germany. Portillo proclaimed that British soldiers had not died in World War II, in order to see the emergence of a Europe dominated by Germany now.

So virulent was Portillo, that even the same *London Times* that had featured the original “Germany is the Fourth Reich” diatribes by Conor Cruise O’Brien in 1989-90, advised Portillo on Oct. 12 to tone down his “anti-European vulgarity.”

One other channel for anti-German bile, is the new Conservative 2000 Foundation, a think-tank set up by former Welsh Secretary John Redwood, who unsuccessfully challenged Major for leadership of the Conservative Party in July. Redwood, like Goldsmith and others, is upgrading his profile in Britain, in anticipation of the expected coming slaughter of John Major.

Redwood visited the United States in mid-September.

He had meetings in Washington and New York, set up by John O’Sullivan, the editor of the Buckley family’s *National Review* magazine, who is very close to Thatcher. On a number of occasions, Redwood indicated to his U.S. audiences and interlocutors, that his main goals would be to “restore the special relationship” between Britain and the United States, the which has been badly damaged during the Clinton administration, to increase the transatlantic interchange of Gingrich-ite ideas, and to expand the North American Free Trade Agreement (NAFTA), to include countries in Europe that subscribe to “free trade” policies. On Sept. 13, he met Speaker of the House Newt Gingrich (R-Ga.), praised him lavishly, and promised to bring his “revolution” over to Britain. He also had meetings with Conservative Revolution fanatic Sen. Phil Gramm (R) of Texas and Conservative Revolution moneybags Arianna Huffington. Later on Sept. 13, he spoke before the Mont Pelerin Society-front Heritage Foundation. He also had a private dinner in his honor, given by senior fellows of the American Enterprise Institute. The guest list included the leading lights of the U.S. “neoconservative” movement, including father-and-son team Irving and William Kristol, among others.

After a day and a half of meetings in New York City, Redwood raised the funds to open a branch of his foundation in the United States.

Fighting ‘Prussian Germany’

The Tories were called to account by various commentators for the *London Guardian*, which usually speaks for the opposition Labour Party.

In an Oct. 11 article, *Guardian* economics editor Will Hutton poked holes at British Foreign Secretary Malcolm Rifkind’s appeal, at the Conservative Party annual conference in Blackpool, for Britain to take a greater distance from continental Europe, and to prioritize, instead, a “transatlantic free trade pact” with the United States, modelled on NAFTA.

Wrote Hutton: “This was a direct appeal to the mystic vision that Britain must maintain its island role, as a seafaring trader looking to the ocean—and not mess about with European entanglements. . . . The intellectual underpinning of this approach is thin; indeed, it amounts to little more than the belief that Britain’s destiny is permanently to fight Prussian Germany.” He cited various “populist Tory historians” who are “given yardages of print in the Conservative (and largely foreign-owned) press, that is justified only by the prejudices to which they skillfully pander. In their version, the European idea is necessarily a vehicle through which Germany is deliberately setting out to dominate Europe. What Hitler’s divisions failed to achieve in 1940, Helmut Kohl will achieve with the deutschemark in 1999.”

In any case, Hutton stressed, the United States has no interest in a special arrangement with Britain, but is more

concerned with maintaining good relations with Germany, while treating Britain as a “second-order power of little strategic importance.” As for “free trade,” the fact is, that NAFTA has been a disaster for American workers, and there is a national backlash against it in the United States, he wrote.

Egos, reactionaries, and romantics

Following this, London School of Economics think-tanker William Wallace wrote a *Guardian* commentary on Oct. 19, calling on the British opposition parties to begin a campaign to counter the hysterical anti-German “patriotic card” being played by the Conservatives.

Wallace derided the “Euroskeptic right” among the Tories as “an extraordinary crew of inflated egos, reactionaries, and romantics.” Their “nationalist” campaigns are “trumpeted” by the press of Hollinger Corp. chairman Conrad Black and by the Rupert Murdoch media chain, while “some of their funding comes from a French millionaire member of the European Parliament, Sir James Goldsmith, and from U.S. right-wing groups. Their rallying cry of resistance to German domination is carried in newspapers which supported good relations with Nazi Germany in the thirties, but which oppose closer integration with democratic Germany today.”

Wallace repeatedly punched holes in the anti-German, anti-European arguments of these Tories, often showing them to be crass hypocrisy, or outright lying. Often, the British themselves were involved in promoting the very European institutions they are now attacking. Otherwise, the British are significantly dependent, in the military, economic, and other spheres, on Germany and other European countries. Furthermore, the Tory right has made a fundamental miscalculation: “Their preferred alternative is to return to the dependence on the U.S., euphemistically labelled ‘the special relationship.’ They refuse to acknowledge how far the U.S. Congress has moved away from its old Anglo-Saxon dominance, or to absorb repeated messages from Washington, that it prefers a relationship with an effective European grouping—or, failing that, with Germany first, with France, and then Britain, in Germany’s wake.”

Wallace’s motivations, to be sure, are not entirely honorable. Back on July 10, he had written an earlier *Guardian* article, calling on Rifkind, newly installed at that time as foreign secretary, to make upgrading relations with Germany his top foreign policy priority, and to prioritize an “Anglo-German” axis in Europe. He argued that “there is no escape from the centrality of Germany in British foreign policy.” Formerly with the London Royal Institute of International Affairs, Wallace is a spokesman for that part of the British foreign policy establishment, which wants a “soft” approach to the Germans, to better manipulate Germany

from within. Nonetheless, his later polemic is very much on target.

Mitterrand’s threat of war

The “Fourth Reich” propaganda is also being revived in France, in a curious way.

François Mitterrand is another veteran of the 1989-90 “Fourth Reich” campaigns. Astonishing new revelations about this have been published by former special Presidential adviser Jacques Attali, in his new book *Verbatim III*, available only in French. Attali meticulously documents Mitterrand’s views, in the period immediately before and after the fall of the Berlin Wall. On Nov. 30, 1989, Mitterrand met then-West German Foreign Minister Hans-Dietrich Genscher, and told him: “Either German unification occurs *after* European unity, or you have a *Triple Alliance*—France, Great Britain, Russia—against Germany, and it all ends up in war.” The Triple Alliance was the pre-World War I configuration, the British orchestration of which was directly responsible for causing that conflagration (see *EIR*, March 24, 1995, “London Sets the Stage for a New Triple Entente”).

Mitterrand also engaged in frantic, unsuccessful diplomacy with Gorbachov, Thatcher, the then-East German regime, and others to prevent, or at least postpone, German reunification, Attali demonstrates.



LaRouche
Campaign
Is On the
Internet!

Lyndon LaRouche’s Democratic presidential primary campaign has established a World Wide Web site on the Internet. The “home page” brings you recent policy statements by the candidate as well as a brief biographical resumé.

TO REACH the LaRouche page on the Internet:

<http://www.clark.net/larouche/welcome.html>

TO REACH the campaign by electronic mail:

larouche@clark.net

Paid for by Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee.

Nigerian dignitaries tour U.S., refute lies of British-backed destabilizers

by Lawrence K. Freeman

A delegation of prominent Nigerians, including several members of the Nigerian Constitutional Conference (NCC), spent two weeks in the United States in October at the invitation of the Schiller Institute, telling the true history of Nigeria's problems and its plans over the next three years to achieve a stable elected government. The delegation had meetings with government officials, several congressional offices, engaged in discussion with representatives of the African-American media, held a press conference in Washington, D.C., and spoke at public forums in Houston, Texas and Cheverly, Maryland. The result of all these activities, was that for the first time, the lies circulated by the western press were countered with the truth about Nigeria.

The delegation was led by Chief Tony Anenih, a senior political leader from Nigeria's southwest, a lifetime vice chairman of the Benin Chamber of Commerce and Industry, and also a member of the NCC. His role as former chairman of the Social Democratic Party (SDP), the party of Chief M.K.O. Abiola, who claims to have won the June 12, 1993 election, placed Chief Anenih in a unique position to know the details of what really happened, leading up to the annulment of that election and the course of events leading to Gen. Sani Abacha's taking control of the government on Nov. 17, 1993.

Chief Anenih was accompanied by a colleague from the NCC, Baba Adi, a lawyer from Lagos, and Tony Idigo, a public relations consultant. They were joined at the end of their visit by another group, led by Chief Odumegwu Ojukwu, former Head of State for the breakaway republic of Biafra (1967-70). Accompanying Chief Ojukwu was Sen. Sharif Ali, a delegate of the NCC; Adebayo Oladimeji, president of the Nigerian Patriots U.K.; and Chief Chekwes Okorie, a respected Ibo leader.

The very fact that this delegation was able to come to the United States and present first-hand reports on events in their country is a victory for Nigeria and a defeat for British Minister of Overseas Development Lynda Chalker, who is coordinating the destabilization against this most important strategic West African nation.

Chief Abiola's treachery

In his press conference, in a cable television interview, in discussions with government leaders, and in front of audi-

ences of hundreds of Nigerians and Americans, Chief Anenih detailed the history of the troubles that have plagued Nigeria since the election of 1993. Many of those who listened to Chief Anenih were forced to acknowledge that this was the first time they were hearing this information. (For a detailed rundown of what happened, see interview, p. 46.)

Chief Anenih reported that nothing would have made him happier, as chairman of the SDP, than for his candidate, Abiola, to have won the Presidential elections on June 12, 1993. But a court order cancelled the election before it ever took place, and the resulting confusion was used by then-Head of State Gen. Ibrahim Babangida to annul the election two weeks later. It was clear to all political observers that Babangida was scheming to prolong his long-overdue retirement. Finally, the two parties forced Babangida to appoint Chief Shonekan as head of an Interim National Government. Abiola led a campaign to bring down the Shonekan government, and afterwards, without consultation with his party or Chief Anenih, lobbied for General Abacha to rescue the country by becoming the new Head of State. Abiola secretly had hoped that Abacha would make him President. Only after visiting the United States, Great Britain, and attending the inauguration of President Nelson Mandela in South Africa in April 1994, did Abiola get the idea of declaring himself President. Chief Anenih told his audiences that he advised Abiola against this, but Abiola foolishly created his own coat of arms and drove through Lagos declaring himself the new Head of State of Nigeria, which resulted in his arrest on charges of sedition.

This history completely undermines any notion that Abiola was or is leading a democratic movement. Despite ugly attacks against Chief Anenih at a public forum in Houston on Oct. 14, where opposition groups called him a "liar" and a "paid stooge" for Abacha, Chief Anenih held his ground, and refused to let his detractors run away from the truth about Abiola's treachery.

The Nigerian Constitutional Conference

Baba Adi, one of four delegates to the NCC who comprised the delegation, described the year-long deliberations of the constitutional conference, which opposition forces have derided as a "front" for General Abacha's military government, "a group of hand-picked old boys" who accom-

plished nothing. General Abacha adopted the recommendations of the NCC and added some provisions of his own, which he outlined in his Oct. 1 speech to the nation on the three-year transition program (see *EIR*, Oct. 13, p. 72).

Adi highlighted some of the unique features of the new Constitution, such as the rotating Presidency, an attempt to overcome regional and "ethnic" tensions. The six national leadership positions—President, vice president, prime minister, deputy prime minister, president of the Senate, and speaker of the House—will rotate among six zones, three in the north and three in the south. This is to ensure that each of the six sectors, over a 30-year period, will be able to elect a person to each of the top national positions. He reported that another important innovation is to stipulate that 13% of revenues derived from any geographical area will be reinvested in that area. This effectively deals with the long-simmering Ogoni separatist problem.

All of the speakers made clear that they oppose military rule; but they recognize that a dialogue with the ruling government is necessary to provide for a transition to civilian rule. This point was powerfully made by Chief Anenih, who was incarcerated for 18 months by an earlier military government, and by Chief Ojukwu, who was exiled and jailed after his failed effort to create a separate Ibo state, in the Biafran war.

Tumultuous forum in Maryland

On Oct. 21, the final day of activity by the combined Nigerian delegation, a brawl broke out during a three-and-a-half-hour public forum organized by the Schiller Institute in Cheverly, Maryland entitled, "The Truth About Nigeria." There was a huge turnout to the meeting by the London-sponsored anti-Nigerian groups, including the National Democratic Coalition (Nadeco), the Nigerian Democratic Movement (NDM), and Chief Abiola's personal paid agent in the United States Randall E. Echols. It was evident the night before the forum that those trying to destabilize Nigeria were upset that the meeting was taking place, when someone identifying himself as from Nadeco called the Schiller Institute office in Baltimore and accused this author of having been paid \$5 million by the Abacha government. Despite multiple disruptions by the rowdy opposition forces and the thug-like behavior of Abiola's boy Randy Echols, the crowd of 150 heard the truth from Chief Anenih, Chief Ojukwu, Baba Adi, Sen. Sharif Ali, and Adebayo Oladimeji.

Chief Ojukwu challenged the agitated audience: What were they going to do about the Abacha military government, get tanks and go to war? Ojukwu said, "I will do everything possible, while I live, to ensure that there will be no more bloodshed in Nigeria." In answer to a question from Nadeco on the viability of the NCC, he replied that "this was different from other conferences. . . . It was completely free" and far from being a useless constitutional conference,

it had accomplished revolutionary results for Nigeria's future.

At the end of the tumultuous event, Prof. Bolaji Aluko, president of the Nigerian Democratic Movement, told the crowd that although he had met with Lyndon LaRouche, "the International Monetary Fund is not our problem. . . . We hope that you [the LaRouche movement] stay as far away from our country as you can," until we get our freedom.

Uwe Friesecke of the Schiller Institute responded: "This is the most cynical, most disgusting statement of an African vis-à-vis the African continent. I challenge you to go back to Nigeria—to look into the eyes of those children that don't get medical care because of the IMF. To go to Somalia and find those mothers whose children died because of the IMF. The IMF has committed conscious genocide."

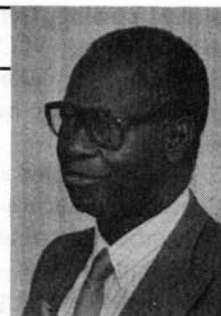
Nigeria's future in transition

In his Oct. 1 national television address, General Abacha outlined a 36-month transition program to return the country to democratic rule. The most crucial task during this period is to bring together a qualified national leadership, to ensure the integrity of Nigeria as a sovereign nation, which will serve as a cornerstone for progress for the whole African continent. A new "national party" leadership is required to ensure the unity of the country, and to uplift the population spiritually, culturally, and economically.

Nigeria's future requires a leadership immune to ethnic, regional, and tribal manipulations. Nigeria was created by the British, taking advantage of ethnic and regional divisions. Until the false belief structures that say one is "a good Ibo man" or "a good Yoruba man" or "a good Hausa man" are transcended, by the notion that all men are equal and good, because we are all created in the image of the Creator, then not only will Nigeria never be at peace, but the soil will always be fertile for civil wars and destabilizations.

It is time for Nigerians to finally cast off the yoke of over a century of colonial domination by the British oligarchy. It is necessary to end Nigeria's subservient relationship to Great Britain. The fear of attacking the British by name, and identifying their omnipresent manipulation of Nigeria, will guarantee a dark future.

Any strict adherence to IMF prescriptions should be discontinued. The IMF Structural Adjustment Programs implemented by the Babangida regime have severely weakened the country and have created horrible living conditions for the overwhelming majority of the 100 million-plus Nigerians. Democracy is impossible, as long as millions of families live in poor housing, do not have adequate health care, and have no means of support except to join the ranks of the degraded and wasteful "informal economy." Without economic development, democracy is a cruel joke, and without discontinuing the IMF's free-trade policy, there will be no economic growth in Nigeria.



Nigeria needs a chance for transition program to succeed

Chief Anenih is a member of the Nigerian Constitutional Conference, former chairman of the Social Democratic Party, and lifetime vice chairman of the Benin Chamber of Commerce and Industry. He was interviewed on Oct. 20 by Lawrence Freeman, during a visit to the United States.

EIR: One big issue that has been discussed in the western press, and by various opposition groups in Nigeria, concerns the election of Chief M.K. Abiola in June 1993, and what became known as the June 12 Movement, which followed that. This has been an issue for a couple of years, which people have pointed to, to show that the current government is a dictatorial, anti-democratic government. You were the chairman of the Social Democratic Party, and Chief Abiola ran for President on your party platform. Could you tell us the history of this June 12 Movement, and what happened with Chief Abiola, and how that affects the current situation in Nigeria?

Anenih: What led us to the present political crisis, so to speak, is well known to every Nigerian, and indeed to most foreign countries. In 1991, there was an attempt to hold Presidential elections. Some Presidential candidates were nominated by their parties. Before the election was to be held, the then-President, General Babangida, cancelled the primaries, and went from there to dissolve the parties, and name caretaker committees to run these parties. The committees were charged with the responsibility of 1) putting in place the party executives at all levels, and 2) nominating fresh Presidential candidates, for future Presidential elections. It was in this process, that I was elected as the national chairman of the Social Democratic Party (SDP), and in the same process, Chief M.K. Abiola became the Presidential candidate. I was elected chairman on about April 14, 1993. Chief Abiola was elected a week or two before that.

EIR: So, Abiola was picked as the candidate of your party before you were elected chairman?

Anenih: Yes. The convention that elected Abiola was also to elect the national chairman and members of the national executive.

The election of Abiola was done first. My election was

postponed for another week or so, because of logistics problems.

EIR: Was there actually a party in place, when Abiola was picked as President, or was it still under the caretaker committee?

Anenih: On the national level, the party was under the caretaker committee, but at the local and state government level, the parties had been established. The last lap was to establish the national executive of the party.

When eventually I was elected as national chairman of the party, we went all-out to campaign for votes. Chief Abiola was now the flag-bearer, the Presidential candidate, with Amb. Baba Gana Kingibe as the vice presidential running mate. One thing that shielded Abiola was that Nigerians needed a change. Chief Abiola is a Muslim, and he also chose a Muslim as his running mate. Nigerian politicians don't bother about whether you are a Muslim or a Christian. All they wanted was a change. And Abiola and the party got support during the June 12 elections. The election results came in slowly, because of the river areas, and the poor communication system.

By June 23, 1993, then-Head of State General Babangida gave a broadcast and cancelled the elections. Before the elections had been held, the Association for a Better Nigeria, headed by one Chief Arthur Nzeribe, who is a liberal man, went to the federal High Court in Abuja and got a judgment stopping the elections, because he had alleged irregularities. By the time we were holding the June 12 election, the court judgment was still in place. And when, on June 23, General Babangida annulled the elections, a vacuum had been created. The politicians were asked to go back and prepare for fresh elections, with new candidates, this time no longer Abiola, because the military said that they did not want Abiola as their commander in chief of the Armed Forces, for reasons known to the military. The two political parties resisted, and rejected that option of going for fresh elections.

It was a result of this rejection, that the military decided that the only way out was to put in place an interim government. The political parties had a series of joint meetings, consultations with religious leaders, labor leaders, communi-

ty leaders, and we eventually put in place an Interim National Government (ING), but with the proviso that it must be headed by a civilian. It was then, that Chief Shonekan was appointed as the Head of State and commander in chief of the Armed Forces of Nigeria, to head up the Interim National Government.

When this was done, Chief Abiola was in London. He had escaped, according to him, because he feared for his life. But immediately, Chief Shonekan was sworn in, and Chief Abiola came back to Nigeria and mounted a vicious campaign against the Interim National Government, calling on the military to intervene and take over. He went on the radio, the television, the pages of newspapers, editorials, there was campaigning, addressing rallies from state to state, when on Nov. 17, 1993, because of the tension which this campaign had created—people were now afraid, they were moving from their states of residence to their states of origin, they were driving school-children from the schools—Abacha came and salvaged the situation. When this happened, he thought that if Abacha took over, he would, in turn, hand over [power] to him, Chief Abiola. But that didn't happen. He waited for a few months, but when Abacha didn't hand over power to him, he mounted another campaign. Some of his colleagues, who had helped him to campaign for military intervention, now went overseas and shamelessly affiliated themselves with a pro-democracy group, known as Nadeco [National Democratic Coalition]. They are the same people who had campaigned for the military to come in and take over from Chief Shonekan.

During this process, the swearing-in ceremony of President [Nelson] Mandela was coming near, and Chief Abiola went to South Africa to witness the swearing-in ceremony. It was there that he saw a black man being sworn in as the Head of State, and he felt, "Well, why not me?" So he came back to Nigeria, and said he was going to declare himself the President of the country.

Chief Abiola knew that this was going to be an offense against the law of the land, a treasonable felony. People advised him—I personally advised him. I went as far as to advertise in the newspapers, telling him not to carry out his intended action, because I knew he was going to commit an offense for which he might be arrested. He had no force of law; he had no police; he had no military that would back him for his action. But he swept all the advice overboard, and went and declared himself the President of the country. He made out the government coat of arms, which he put on his car, when he drove from the part of Lagos where he had declared himself.

EIR: He made up his own coat of arms, different from the Nigerian coat of arms?

Anenih: Yes. In the same shape, in the same form. And he printed a letterhead: commander in chief. In the process, he was arrested by the police, for committing an offense under the code of Nigeria. And that was why he was dragged to

court. Not to a military court, but to a civil court. And while he was there, because of the peculiar nature of the situation, the courts decided to grant him bail, although the offense he committed is not a bailable offense. But Abiola again got advice from his so-called advisers, that he should not sign any bail bond, that he should appear when the case comes up in court. He rejected the bail that was granted. That is why he is still there today.

EIR: How long was Abiola a member of your party, the Social Democratic Party, before he became the Presidential candidate?

Anenih: Chief Abiola joined the party about a month before he publicly showed interest as an SDP Presidential aspirant. He joined other people, like Amb. Baba Gana Kingibe. They were all in the race. There was a representative from each of the 30 states. It was at the convention, on the first ballot, that all of us were eliminated, and the first three had to go for a second ballot. It was then that Chief Abiola emerged as the winner. Amb. Baba Gana Kingibe came in second, and that is why he chose him as his vice presidential running mate.

EIR: Did you find it irregular, that the Presidential and the vice presidential candidate were picked before the actual national party was constituted under your leadership, a week or two later?

Anenih: The convention would have elected the national executive at the same time, but it was postponed for a week or two because of logistical problems. What that showed, was that Chief Abiola was elected as a Presidential candidate for a party that did not exist at the center, until the national executive was put in place two weeks after.

EIR: Some people have said that because Babangida did not want to leave office, he was scheming from the beginning, to manipulate the NRC candidate, and to manipulate the SDP candidate, Abiola, so that there would not be an actual, concluded election, and he could remain in power.

Anenih: I would say, without fear of contradiction, that it was very obvious that General Babangida did not want to hand over power.

EIR: Do you think that Abiola and the NRC candidate, Bashir Tofa, knew this in advance?

Anenih: It is a possibility. Today, although Chief Abiola and the party have suffered reverses as a result of the annulment, Chief Abiola is still one of General Babangida's closest friends. They still exchange notes and letters.

EIR: Did Abiola remain a close friend of Babangida throughout the whole process?

Anenih: I can say that for sure.

EIR: You said that Abiola campaigned vigorously for Gen-

I want to say this again, that the sanctions that people like Professor Akinyemi and all those are asking for, will only cause more prolonged military rule, because there is no way in the world that, during a crisis, an enduring democracy can be put in place.

eral Abacha to come in and assume control of the country.

Anenih: Yes. The valid documents are here.

EIR: When Abiola was campaigning for Abacha to come in and take control of the country, did Abiola convey to you or other people that he expected Abacha to hand over the country to him, as the elected President, from June 12?

Anenih: I only heard of this when Abiola was addressing a rally in one of the state capitals. He was not in touch with the party, as far as this new development was concerned. The party did not know that he had negotiated with the military to come and take over, until he made it public.

EIR: So he made it public, that he was trying to negotiate with General Abacha to become President, but he never discussed this with you, the chairman of the party, who helped get him elected?

Anenih: He never did.

EIR: What were Abiola's motivations in bringing Abacha into the government, and then to try to get the Abacha government to hand over power to him?

Anenih: I think he took advantage of his relationship with the military. All along, he has been accused of having been associated with previous coups. He was very friendly with the military, and he thought that because of that friendship, the military would consider him, now that Babangida was no longer there, to become President of the country. But I think he miscalculated.

EIR: Most people are not aware that Abiola was connected to previous coups, and close to all the military leaders.

Anenih: I say that it is a *possibility*. He had been associated. If you look at the interview he conducted after Abacha had taken over, he admitted discussing with Abacha and inviting him to come and take over the reins of government. And not only that: Chief Abiola was one of the first leading politicians to go and congratulate General Abacha after he took over. He did not stop there; he submitted a list of people whom General Abacha should appoint as ministers, including his vice presidential running mate, who is still a minister today. He didn't consult with the party. The party was not consulted.

EIR: After the Interim Government under Chief Shonekan

collapsed, and Abacha was brought in, did Abiola say, "But I was elected President on June 12?" Or did he basically say, "I am willing to work with the Abacha government"?

Anenih: As I said, it was when Abacha took over, and they did not hand over power to him as he expected, that he declared himself the President of the country.

EIR: And this was done without any backing from the party?

Anenih: No. Just alone, with a few of his mischievous advisers.

EIR: As chairman of the party, how did you respond when he declared himself President?

Anenih: Before he declared himself President, I heard that he was going to do so, and I advised him. But he didn't take my advice. He didn't contact me about it, but I *heard* he was going to do so. And because he was my candidate, I had a duty to advise him, so I put it in the papers that I was advising him not to carry out his intended action. But he swept aside my advice and went ahead and declared himself the President of the country.

EIR: Given that you were the chairman of the party, and that people claim that Abiola won the election on June 12, how did you feel, when your candidate was not made President?

Anenih: I was very disappointed. And that was why, initially, we refused to accept any directive from the government to go for fresh elections. Because there was nothing wrong with the first elections.

EIR: You felt the first elections were fair?

Anenih: Very fair and peaceful. But as I said, it was the military that said they would not accept Chief Abiola as their commander in chief.

EIR: What made you realize that Abiola was not going to be President, and that you had to work with the current government for some kind of peaceful process?

Anenih: We thought that if we removed General Babangida from office, there was the possibility of actualizing the June 12 election, by discussing with the other parties, to find a way to bring Abiola back. Abiola was fully briefed on these negotiations that the SDP was having with the other parties.

On some occasions, he acknowledged my efforts, thanking me for what I was doing, because I was briefing him from time to time. But in the process, somebody else advised him that instead of waiting for the party to put in place a formation that would actualize June 12, it was quicker for him to call in the Army, which would hand over power to him tomorrow. So he abandoned all our efforts, all our plans to actualize June 12. I have those letters. I was still working for the possibility that Chief Abiola would become the President.

EIR: And he was going behind your back—

Aneih: To negotiate with the military, to come and take over. Because it would be quicker for the military to take over today, and hand over power to him tomorrow. But he miscalculated.

EIR: There is a great deal of misinformation, and some may call it deliberate disinformation, that comes from the National Democratic Coalition, Nadeco, that says that they are the ones fighting for democracy, they are the ones fighting for people's rights in Nigeria. Could you tell us something about Nadeco?

Aneih: Nadeco is composed of these elements, who joined Chief Abiola to call in the military: people like Professor Akinyemi, who was in Nadeco in London. He was one of those who advertised for the military to come and take over from Shonekan. His advertisement, which I will show you here—"Abacha, Time to Act"—called on General Abacha by name, to come and take over from a government that was headed by a civilian. For selfish reasons: He was expecting to be made a minister. But when Abiola submitted his list of ministers, he was dropped. All he did was to run to London, and start campaigning for sanctions, that Abacha must go. These are the Nadeco rascals. Nadeco is composed of people who were not party members; they were not registered voters. These are fiction writers! Like Professor Soyinka, another Nadeco man in exile in London.

EIR: Was it Nadeco, therefore, which backed the military coming to power, but which now operates out of London against the government that they helped bring in?

Aneih: Yes. They called in the military, but they are now working against the military, just as they worked against the Interim National Government. Until they occupy positions, they will never be satisfied.

EIR: Who do you think is behind Nadeco, that is pushing them in this direction?

Aneih: One is surprised how they are able to sustain themselves. I have no evidence of the source of their funds, but until Abiola was detained, he was supplying funds for these campaigns, because he is a very wealthy man. But now that Abiola is in detention, I am told by those that are close to him, that many a time he said, "Oh, these people are draining

my pockets"—the Nadeco people. He talks a lot. But whether the process of funding is still there, I don't know. Or whether there are foreign bodies that want to see Nigeria collapse, that are helping them, I don't know.

EIR: The other group that is very active in the United States is TransAfrica, which is headed up by Randall Robinson. They have been holding rallies outside the Nigerian embassy, and getting themselves arrested and released five minutes later. They are saying that Nigeria is violating people's human rights, that General Abacha is a bloody dictator, and they are trying to pressure President Clinton to issue harsh oil sanctions against Nigeria. How do you view TransAfrica? Whose interests are they operating in?

Aneih: Robinson is an actor. He wants his name to be heard all the time; even when people don't take notice of him, he deliberately commits an offense, so that it will be in the news. There is no doubt that TransAfrica is basing its vicious campaign against Nigeria on false premises. I can recognize him as one of the Nadeco officers. He is an American, but definitely he is doing worse things than the Nadeco people. Yesterday, when Amnesty International released some reports, he was there. He was there to talk about Nigeria. He would not have been there, if he were not supported by organizations like the IMF [International Monetary Fund] and the rest. He's doing this because he wants the popularity. He continues to strive in the crisis. We want to solve our problems in Nigeria, without external interference.

EIR: You say there should be no external interference, but isn't it true that Akinyemi, who heads up Nadeco, has met frequently with Baroness Lynda Chalker of the British Ministry of Overseas Development? This has been reported in almost all the western press. This would indicate that he is working deliberately, with forces outside of Nigeria.

Aneih: Yes. That is his own method. He has left Nigeria, having lost, and has gone back to London, to create a situation that does not exist in Nigeria. As I said, he was doing that purely for selfish reasons. If he had been appointed minister, Professor Akinyemi or Prof. Wole Soyinka would have been among those now asking General Abacha to stay for another ten years! As they did, when they called him in. But because they lost out, they changed their tune, and starting asking for Abacha to be kicked out.

I want to say this again, that the sanctions that people like Professor Akinyemi and all those are asking for, will only cause more prolonged military rule, because there is no way in the world that, during a crisis, an enduring democracy can be put in place.

EIR: Since you have been in the United States for two weeks, you have heard the accusation that people in Nigeria are being detained illegally, that their rights are not being

respected. Is this true? How widespread is this?

Anenih: As far as I know, there are no political detainees in Nigeria. There is nobody behind bars today, who has not deliberately committed a criminal offense, against the criminal law of the land. That is the truth.

I want to say also, that people talk about freedom of the press. I think that Nigeria has the greatest press freedom. When you see what some papers print about individuals, about the Head of State, you weep for Nigeria. They do it shamelessly! There was a time that the government proscribed some newspapers. But at the first of this month, in the Head of State's speech, they were allowed to come back. I don't think anything can be freer than that.

EIR: Let's talk about the future of Nigeria. You were a member of the Nigerian Constitutional Conference, which met from June 1994 to June 1995. You wrote a Constitution. You submitted recommendations to General Abacha and the Provisional Ruling Council. General Abacha made a speech on Oct. 1, on the 35th anniversary of Nigerian independence, outlining a three-year transition to stability in government. How do you view General Abacha's speech, and how do you view the future of Nigeria?

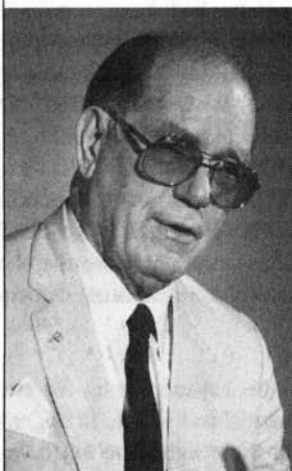
Anenih: When General Abacha made that speech, I congratulated him for his magnanimity, because the government accepted 90% of the recommendations of the Constitutional

Conference. They even improved on the idea of a rotational Presidency, by dividing the country into six zones, such that every election year, a different zone would present the President, another zone the prime minister, another zone the vice president, another zone the deputy prime minister, the fifth zone the president of the Senate, and the sixth zone, the speaker of the House of Representatives. This has solved the problem of marginalization, and stopped the system of "winner take all." Now that we are going to run a multi-party system, the implication is that if your party has 10% of the total votes cast, your party is entitled to a certain number of ministers on the Federal Executive Council. The same thing goes for the states, and indeed the local government area. I think this is very reassuring, and we are looking forward to more political activity.

EIR: Do you think this program will be carried out, and that in 1998, the military will leave and there will be Presidential elections?

Anenih: From what I have seen of General Abacha, since he took over two years ago, he has kept all his promises. In his maiden speech, he talked about the Constitutional Conference, which he put in place. In his maiden speech, he said that the military would not perpetuate itself in office, and, depending upon the recommendations of the Constitutional Conference, the military would give a date for its

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Istanbul	2400	Toronto	1700
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Jerusalem	2400	Vladivostok	0800*
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disengagement. That is what he has done. I have no reason whatsoever to believe that he will change his habits.

EIR: Obviously, the next three years will be critical, in the move toward a stable, democratic country. What do you consider the possible pitfalls?

Anenih: It is not going to be easy. But because I have confidence in the transition program, because it is exactly the issues that we discussed at the Constitutional Conference that are being put in place now, the program is going to take care of state creation, of local government creation. It is going to create a Constitutional Court, which has never been in place before. It is going to build a Federal Character Commission, which will make sure that anything that is done has a federal character. Now there is also going to be a situation where the power of the federal government is reduced, and distributed to the states and the local government councils. That is why I feel strongly that I have to take part in politics, toward achieving a solution. I am satisfied with the program laid out for the transition.

EIR: You are a well-known political leader. What will you be doing in this three-year transition process?

Anenih: I would like to be one of the leaders of a political party that believes in justice, in forming a government of the people, by the people, for the people. Now that the elections are staggered—from the local government, to the state elections, to the National Assembly elections, to the Presidential elections—I am sure that any mistake, any logistical mistake that is made in one election, will be corrected in the second election. It would have been more dangerous, and very unsafe, to lump the elections together, because if one thing goes wrong with one, it will affect all. Now that it is staggered, I have hope that the future will be better than the past.

EIR: President Clinton has resisted pressures from other countries, including Great Britain, to put more pressure on Nigeria. If you had the opportunity, hypothetically, to give advice to President Clinton, what would you recommend as the proper relationship of the United States toward Nigeria, in the current transitional period?

Anenih: President Clinton is a politician, and he is playing it very safe. There are Americans who want sanctions to be imposed on Nigeria today; there are some who would want to sit on the fence and watch. I would make an appeal, that he hear both sides of the story, and help Nigeria to put in place an enabling environment, so that the transitional program can succeed. Because if you impose more sanctions, there will be more tension in the country than we have now, and that is not a step toward democratization. So if Clinton wants a democracy in Nigeria, he should help the Nigerian government to put in place a peaceful transition program.

‘Alternate U.N.’ promotes ethnicity

by Mark Burdman

The Unrepresented Nations and Peoples Organization (UNPO), based in The Hague, Netherlands, has been identified by key figures in the “ethnicity” movement as an international command center for separatist and secessionist movements.

The group was founded in 1991, on the basis of an initiative by Lodi Gyari, foreign minister of the Dalai Lama’s Tibetan exile government. Gyari visited the Soviet Union in 1989, and looked up a fellow Buddhist, Far Eastern history professor Linnart Maell, himself from Estonia. They resolved to form an organization that, in Maell’s words, would “work for small peoples.”

The “Members List,” as of February 1995, includes: Abkhazia, Aboriginals of Australia, Acheh/Sumatra, Albanians in Macedonia, Assyria, Batwa (Rwanda), Bougainville, Chechen Republic Ichkeria, Chittagong Hill Tracts, Circassians, Cordillera (Philippines), Chameria, Chuvash, Crimea (Crimean Tatars), East Timor, East Turkestan, Gagauzia, Greek Minority in Albania, Hungarian Minority in Romania, Inkeri, Ingushetia, Iraqi Turkoman, Kalahui Hawaii, Karenni State, Komi, Kosova, Kurdistan (Iraq), Lakota Nation, Maohi People of French Polynesia, Mapuche, Mari, Nagaland, Ogoni (Nigeria), Sanjak, Scania, Republic of South Moluccas, Taiwan, Tatarstan, Tibet, Udmurt, West Papua, Sakha Republic (Yakutia), and Zanzibar.

The UNPO is sometimes referred to as “the alternative United Nations.”

The secretary general of UNPO is Michael van Walt, the son of Dutch diplomats, who had previously been a Washington lawyer and general counsel to the Dalai Lama, and had represented Tibet’s case before the U.N. Human Rights Commission. Until his recent resignation (but not out of disagreement with the group’s activities and aims), van Walt had been on the board of the Washington-based Institute for American Democracy. Also on the board are Joel McCleary, former treasurer of the Democratic National committee and staff member of the White House in 1978-80, and Robert Thurman, professor of Buddhist Studies and chairman of the Religion Department at Columbia University. The institute’s development coordinator is Elsie Walker, a first cousin of former President George Bush. The institute’s points of concentration have been Tibet, Mongolia, Burma, and China. It sponsored a 1993 conference on “The Allied Peoples of Turkestan, Mongolia, and Tibet,” at which maps were de-

picted showing China cut more or less in half, after the "land claims" of the various "allied peoples" were met.

UNPO receives funds from Scandinavian churches and other organizations, as well as from the Dutch Foreign Ministry and the Canada-based International Center for Human Rights and Democratic Development. It works with Britain's Lord Avebury, chairman of Britain's Parliamentary Human Rights Group (interviewed in *EIR*, Oct. 13); the International Working Group in Indigenous Affairs (IWGIA), based in Copenhagen; and the Pan-European Union of the von Hapsburg clan. In October, UNPO and the PEU had "parallel conferences" in Estonia.

In March 1996, UNPO will coordinate a conference on self-determination in Tibet, East Timor, and the Western Sahara, at the U.N. in Geneva. Probable co-sponsorship will come from one or more of the following organizations: Pax Christi, Amnesty International, and the Society for Endangered Peoples.

'A key factor in geopolitics'

Obviously, many ethnic and minority groups have legitimate grievances. These include being denied adequate representation in the political process of the nation or nations in which they are located, poverty, disease, malnutrition, and the like. However, the "ethnicity movement" manipulates people, by removing such problems from the broader international framework of financial and moral crises, to exploit grievances in order to break up sovereign nation-states. The real aim of the van Walts, Walkers, and their ilk, is *geopolitical*: to impose a United Nations-run global neo-feudalist system. The current global financial disintegration is seen by these cultures, as providing an opportunity to accomplish this.

Van Walt et al. are quite explicit about all this.

As part of its promotional material, UNPO distributes a Feb. 1, 1993 article from *Time* magazine, in which van Walt is quoted: "There are some 5,000 distinct peoples in the world. But fewer than 200 states are recognized. Many groups want only basic human rights and their cultural identity. But others, perhaps 50, have the historical and political legitimacy to form new separate States." Commented *Time*: "The splintering of the Soviet Union and Yugoslavia has roused the expectations of restive peoples from around the world. Kurds from Iraq, Ogonis from Nigeria, Nagas from India, Frisians from Holland, Shan from Burma, Mapuches from Chile and Argentina." At the January 1993 conference, they all agreed on the goal of "self-determination." One "Achen" from Achen, which is part of Indonesia, told *Time*: "Indonesia is Yugoslavia a hundred times over."

The basic philosophy and strategic outlook of UNPO were enunciated by van Walt, in an Oct. 16 discussion. He stressed that "ethnicity has become a key factor in geopolitics." The implications of this are the following: "There are two areas in which ethnicity has become particularly impor-

tant. First, is the actual meaning and extent of sovereignty. Increasingly, this is no longer the exclusive domain of central State power. So, we see a general erosion of sovereignty, across the globe. Second, is the matter of borders. Some countries are either slated to break up, or there will be new arrangements, for groups forming relations across currently existing borders, with various forms of autonomy and self-determination being devised."

Targets: Russia, Indonesia

Asked what countries he had in mind for "breakup," van Walt mentioned Russia and Indonesia. "What happens in Russia, is very dependent on what will happen at the center of power, how the power struggles will be resolved. The situation there is very unstable, with many peoples simply waiting for the opportunity to break out, or get some autonomy. The Chechen war was supposed to nip this in the bud, but it has changed everything, with the exactly opposite effect. Russia is becoming a test case, in which statehood is being redefined, and in which local authorities are demonstrating extensive rights on the international level. Places like Bashkiristan, Tatarstan, are establishing their individual trade relations abroad, and defining their own rights. Whole sectors of Russia are moving in this direction."

As for his second example, he stressed that "Indonesia is in a precarious situation. As we've seen elsewhere, regimes that are so dependent on single individuals, are very vulnerable. It is a very difficult country to keep together. The East Timor problem will not be solved by its full integration into Indonesia." (Given that Indonesia was formerly a Dutch colony, and that the Dutch Foreign Ministry provides some of the funds for UNPO, there is obviously some special pleading involved here.)

As for China, van Walt said that the country would have a hard time holding together "in the long run." The immediate challenge would be from "the determination of Taiwan to preserve its de facto independence. I know the leaders of the Democratic Peoples Party [DPP] well, and their pro-independence views have had a big impact on much of the voting base of the Kuomintang, KMT. President Lee Teng-hui is increasingly on the DPP line, but in a more subtle way, with the 1996 Presidential elections in view. That election will initiate a major change in Taiwan's position on many issues, with the government's position closer, in practice, to that of the DPP than to the traditional KMT view. This, in turn, and over time, will affect the situations in Tibet and Xinkiang. Here, like in Russia, the outcome will depend on the outcome of the power struggles in China itself."

He also saw Burma and India increasingly challenged by these processes. "It is not sufficiently recognized, how much influence on international politics, regions and ethnic groups have. If you look at all the conflicts in the world right now, probably 70 or 80 have as their component, a grievance of a minority."

British plot takes a hit

Bishop Samuel Ruiz is left without his "bullet-proof vest," Camacho is out, and EZLN-PRD loses election.

In October, the British plot against Mexico took several hits that could mean the beginning of the end of the separatist destabilization in Chiapas.

First, Bishop Samuel Ruiz did not receive the Nobel Peace Prize, which he had said would serve as his "bullet-proof vest" against those trying to oust him. Without his "vest," Don Samuel can no longer easily protect the Zapatista National Liberation Army (EZLN), nor will he easily be able to move ahead with schismatic plans for an "indigenous autochthonous church."

If one notes that on Oct. 4, Msgr. Raúl Vera took office as the coadjutor bishop of Ruiz's diocese in San Cristóbal de las Casas, Chiapas, with rights to succession, one might conclude that Don Samuel's days of subversion are numbered.

Second, Manuel Camacho, the former peace commissioner in Chiapas and leader of the pro-Zapatista faction in the ruling PRI party, has been forced out after a long political battle.

Camacho, former ecology and foreign minister, and former regent of Mexico City, is a one-worldist free-trader, linked to world-class speculator George Soros through business deals in Mexico City, who believed that he should have been the successor to President Carlos Salinas de Gortari.

In a press conference on Oct. 5, President Ernesto Zedillo did with Camacho what he had earlier recommended to Luis Donaldo Colosio, the Presidential candidate of the PRI, shortly before the latter was assassinated in March 1993: namely, to hold Camacho responsible for his destabi-

lizing activities, since Camacho was then using his post as Chiapas peace commissioner to block Colosio's Presidential campaign.

Zedillo said of his recommendation to Colosio: "I held then, and I hold now," that it was a serious problem "that Dr. Camacho was seeking the Presidency," and that Camacho "was campaigning, without paying the costs or [taking] the risks of a political campaign, and that is what I said in that letter and in many discussions with Luis Donaldo Colosio."

Perhaps the straw that broke the camel's back was the insolence with which Camacho declared on Sept. 16 that there were two pre-candidates in November 1994 who "had the support of the majority of the country. . . . One of these was Dr. [Pedro] Aspe, and the other, yours truly." In other words, it was he, and not Zedillo, who should have been President.

On Oct. 7, Government Minister Emilio Chuayffet attacked those who "continue to parade as democrats, but who hide their ambition in the shadows." He warned that "those who artificially cause problems [in order] to be able to emerge as conciliators are not going to be called martyrs. . . . Those who the shoe fits, always perturbed and hyperactive, will soon give us yet another of their mistaken and confused answers." Immediately, Camacho put on the shoe, and challenged Chuayffet to a debate.

Chuayffet answered, "Calm down, sir. There are many years of obsession . . . many years in believing in a supposed manifest destiny that would carry you to the Presidency of the Republic." He added, "With the

simple authority of a reader, I again remind you that hyperactivity is no good; a man who is always preparing for the Presidency, as you said, cannot afford the luxury of signing letters with spelling errors" (he went on to point out those errors).

A few days later, Camacho resigned from the PRI.

Getting into the high posts he held through court intrigues, Camacho lacked a popular base of support. Today, he is left alone with his own ego, since no opposition party would be so foolish as to deliver him their machinery. Without the political, logistical, and financial resources of the government apparatus, Camacho's ability to destabilize are markedly reduced, and he will be forced to reveal the ties which until now he has kept behind the scenes.

Regarding Ruiz, the EZLN and its allies in the radical wing of the Party of the Democratic Revolution (PRD), which didn't want elections in Chiapas and had "forecast" a bloodbath there—these forces suffered a devastating political defeat in the Oct. 15 state elections. Zapatista spokesman "Marcos" called for abstention and Don Samuel had twice warned that elections would bring bloodshed. Not only did they turn out peacefully, but the PRI won the majority of townships, and the opposition National Action Party (PAN) won the state capital, Tuxtla Gutiérrez.

The PRD radicals, including Cuauhtémoc Cárdenas, are hysterical, and national PRD President Porfirio Muñoz Ledo accused "Marcos" of sabotaging the elections. "Marcos" answered that Muñoz Ledo forgets "that the EZLN did not take up arms to put the PRD in power." He added, "I continue to believe that the PAN is the only real alternative in the country." The PAN has thus far made no comment.

International Intelligence

EIR appreciated in Ukrainian institutes

On Oct. 20, *EIR* correspondents Konstantin George and Lothar Komp were invited to the Lviv Institute for Agriculture in Ukraine. Komp gave a lecture on the global financial disintegration and how to overcome it, with sub-themes on the worldwide food crisis and the crucial role of great infrastructure projects.

On Oct. 23, the two were invited to give lectures at the Institute for International Relations of Lviv University. About 50 graduate students listened to Komp's presentation on the financial disintegration, the worldwide decline of physical economies along with the showcase Germany, and the necessity of Eurasian infrastructure projects financed by Hamiltonian banking. It turned out that the International Relations faculty receives one copy of *EIR* every week, and this is used by the professors as one of their main tools in training the future diplomatic corps of the newly independent republic.

Muslims were forced to wear armbands

"In Prijedor, Muslims were forced to wear armbands and their houses have been painted with white stripes," U.S. Assistant Secretary of State for Human Rights John Shattuck revealed on Oct. 19 in a press conference in Zagreb, Croatia. He had visited central Bosnia and interviewed 25 refugees just expelled from the Serb-held towns of Prijedor, Bosanski Novi, Sanski Most, Bosanska Dubica, Teslic, and Banja Luka. Shattuck confirmed reports that the gangs of war criminals run by Karadzic, Mladic, and Arkan are acting like the Nazis or Mussolini's Salò Republic in their last period of existence. In their last strongholds (Prijedor, Banja Luka, etc.), these paramilitary gangs are committing atrocities and ethnic cleansing equalling those committed in Srebrenica and Zepa last July. They hope that these "cleansed" areas will constitute their

Republika Srpska.

The above-mentioned towns have been the focus of recent "ethnic cleansing" allegations by Bosnian Muslims and Croats, who say the Serbs carried out killings as they fled a Bosnian Army advance. Some 6,200 Muslim refugees had reached Zenica by Oct. 18 and 2,000 relatives of these people were missing, most of them draft-age men, but also some women, children, and elderly.

"Muslims have been forced out of their homes, have often been beaten, raped, and children threatened with knives, in order to extort money from their parents," said Shattuck. "What I've heard from eyewitness accounts clearly amounts to substantial *prima facie* evidence of war crimes, which, if confirmed, could very well lead to further indictments by the war crimes tribunal." Reports from the area blamed Serbian paramilitary commander Zeljko "Arkan" Raznjatovic, who is wanted by Interpol.

But Shattuck stressed that there were also cases of individual heroism by Serb civilians who wanted to protect Muslim friends and shelter people fleeing the violence. "This is not an issue of ethnic guilt, it is an issue of individual responsibility."

'EIR Alert' catalyzed Opel decision on Graf

The circulation of exposures in the biweekly newsletter *EIR Strategic Alert* of the Picciotto-Union Bancaire Privée angle in the Steffi Graf "tax evasion" affair, played a catalytic role in the decision of the Opel Corp. management to cut sponsorship relations with the German tennis professional. The decision was made public on Oct. 16 by Hans-Wilhelm Gaeb, the European general manager of the car-maker, who resides in Zurich, Switzerland.

According to a report in the *Süddeutsche Zeitung*, the abrupt end of a 10-year cooperation between the Graf family and Opel Corp. came about when, "at the end of August, documents of an internal economic newsletter appeared," the article said, with-

out naming the *EIR Strategic Alert*.

The newsletter "contained information about cases of illegal money-laundering in Florida and South Africa, in which the Geneva-based bank, Union Bancaire Privée (UBP), was involved. The UBP, where according to official investigators also hundreds of millions [of deutschemarks] of the bankrupt construction manager Schneider were deposited, is directed by a certain Edgar de Picciotto, the reports said. Gaeb felt alarmed. He found out that Edgar is the uncle of Phil [de Picciotto], and gave the documents to Steffi Graf's lawyer Peter Danckert at the beginning of September, asking him to inform Steffi about it right away."

Gaeb then found out that Steffi Graf was never informed by Danckert, who all of a sudden began attacking Gaeb in interviews and other public statements. The affair looked the more ominous to Gaeb, as it had been Danckert himself who told him, during the U.S. Open tennis championship in early August, that he did not trust Phil de Picciotto. Gaeb tried to get clarification about the affair by Danckert, and when Danckert refused to respond, Gaeb decided to break off all contact.

Paris court hears evidence for Cheminade

On Oct. 17, the 13th Chamber of the French Court of Appeals heard final summations from attorneys for former French Presidential candidate Jacques Cheminade, codefendants and Christine and François Bierre, and counsel for the children of Mme. Denise Pazery, who was a substantial supporter of the political and cultural initiatives launched by Cheminade and others in France. Following her death in the fall of 1986, the Pazery children filed suit, charging the four associates of Lyndon LaRouche with "theft" in the solicitation of loans and contributions from Mme. Pazery, and alleging that Mme. Pazery suffered from recognizable symptoms of Alzheimer's disease at the time of the solicitations. The focus of the proceedings was inde-

pendent medical testimony, requested by the Court of Appeals following a lower court proceeding on the subject of Mme. Pazery's alleged illness. The expert conclusions undercut the family's claim, by casting strong doubt on when and whether she showed symptoms of Alzheimer's, and concluding that, were there such symptoms, they would not be recognizable to a third party. Alzheimer's, they conclude, was not the cause of death.

The Court of Appeals postponed a final decision in the case until Jan. 16, 1996.

Russian restructuring boosting a new Beria?

Aleksandr Korshakov is assembling a concentration of power unwitnessed since the infamous Lavrenty Beria of the Stalin era, the *Frankfurter Allgemeine Zeitung* daily said on Oct. 18 in a full-page analysis of the restructuring process among Russia's secret service and foreign intelligence agencies, which is going its fourth year now.

The author of the article, Alexander Rahr of the German Foreign Policy Association, wrote that Korshakov, as the boss of the Presidential security service, and his collaborator in the successor organization of the KGB, Mikhail Barsukov, command the biggest single concentration of power since the Beria era. They take part in every essential policy decision of the Yeltsin Presidential council—in domestic as well as in foreign affairs—and Korshakov is working unabated on his project of adding a new national guard, an army of his own, to the network of agencies and elite troop formations that he has already been able to put under his personal control.

According to Rahr, Korshakov even controls the Army, and it is said that under conditions of national emergency, he could give directives to the Armed Forces without even consulting the defense minister. The administrations in the republics and regions of Russia are under his control, as well as a new analytical center that he established this past spring.

Korshakov is moving against the new financial elites, and he is moving the opposition to Yeltsin (and to himself) out of the way, Rahr says.

The central question to be posed is, therefore, who will inherit this power complex, after the Yeltsin era, Rahr asks, not ruling out "new political unrest" in Russia (resembling 1991 and 1993) nor fierce power struggles, with the Armed Forces, the Interior Ministry militia, and the many heavily armed private armies to be reckoned with as power factors.

Benazir Bhutto survives coup try in Pakistan

In Pakistan, the authorities have arrested at least 36 Army officers including Maj. Gen. Zahirul Islam Abbasi, director general infantry, on charges of conspiring to overthrow the government through an "Islamic revolution."

Prime Minister Benazir Bhutto said, while talking to editors of national newspapers at the prime minister's house on the night of Oct. 14, "We should wait for the final outcome of the investigations."

Bhutto was commenting on the allegations made by Sen. Tariq Chaudhury that some top Army officers had been taken into custody and that neither the Defense Ministry nor the Inter-Services Public Relations (ISPR) had confirmed or denied the allegation.

Meanwhile, *The Nation* of Lahore said that General Abbasi had worked in India as Pakistan's military attaché and allegedly "detected an Indian conspiracy to attack Sindh [province of Pakistan] and sent some important documents to Pakistan after which Pakistan adopted defensive strategy." Abbasi, then a brigadier, was expelled by the Indian government for sponsoring espionage activities. He was believed to be a top operative for Pakistan's Inter-Service Intelligence (ISI). The activities of Abbasi preceded Bhutto's return to office and immediately created fresh diplomatic hostilities between the two countries.

Briefly

● **LABOUR PARTY** leader Tony Blair must be brought to power in Britain to run a "post-welfare state" authoritarian regime, writes London *Sunday Telegraph* curmudgeon Sir Peregrine Worsthorne on Oct. 16, in the latest of his series of calls for dictatorships to be put in to rule western societies.

● **POPE JOHN PAUL** announced on Oct. 18, the establishment of a special fund for rebuilding thousands of destroyed places of worship in former Yugoslavia, and said he will contribute to it royalties from his recent book, *Crossing the Threshold of Hope*.

● **ITALIAN** prime minister Silvio Berlusconi has been indicted on corruption charges and will be tried next Jan. 17. His media empire, Fininvest, is accused of paying bribes to tax inspectors in exchange for lenient audits. Berlusconi decried the charges as part of a political vendetta and said he will run for prime minister again.

● **HOSNI MUBARAK**, the Egyptian President, will stay home from three major international events for "security reasons," BBC reported Oct. 21. He pulled out of the Non-Aligned Summit in Colombia, the 50th anniversary of the United Nations in New York, and the Middle East economic development summit in Amman, Jordan.

● **GIANFRANCO FINI**, head of Italy's National Alliance party (former neo-fascist MSI), was in the U.S., invited by "superconservative Jewish financial circles around David Rockefeller and by one of the richest men in New York: Jewish businessman Zachary Fisher, major fundraiser for the Republican Party," as reported in the Turin daily *La Stampa* Oct. 16. Fini was hosted at a meeting of the Sons of Italy and the Anti-Defamation League of Long Island, and met Newt Gingrich.

How the Gingrich plan will dismantle, not save Medicare

by Linda Everett

On Oct. 20, after months of brazen lies, and suppression of congressional debate and public review of their legislation, the Republican majority of the U.S. House of Representatives passed its "Medicare Preservation Act," in a vote of 230-201. The bill would destroy the Medicare program and strip it of every protection that Congress has mandated over the last 30 years. The Republican Congress would deregulate health care costs under Medicare, by allowing health care providers to charge beneficiaries whatever costs the "reformed" Medicare program wouldn't cover because of successive, increasing, and massive cuts to all health care providers of Medicare services.

House Ways and Means Committee Chairman Bill Archer (R-Tex.) hailed the passing of the bill as "historic." Rep. Sam Gibbons (D-Fla.) agreed, calling it: "A truly . . . a truly historic day. Unfortunately, it's another day of infamy for 40 million Americans who depend upon Medicare for their health care."

President Clinton told Republicans: "I will not let you destroy Medicare. I will veto this bill." He said their bill amounted to a "\$270 billion cut in Medicare that will eviscerate the health system for our older Americans."

The reality is even worse. The Contract with America's Medicare and Medicaid reforms have to be reviewed together, because the two programs are integral to the nation's hospital and health care delivery system. The impact of the GOP bills is so broad that we're told that health care providers are "struck dumb" when the bills' provisions are described to them.

How can such damaging changes to a 30-year program advance so quickly, so stealth-like?

Simple. The "Imperial Congress," as Rep. Henry Waxman (D-Calif.) calls the majority, squelched all requests for

hearings from Democratic members, advocacy groups, providers, and senior groups. They "jack-booted" their bills through without debate, arrested a group of senior citizens in wheelchairs who asked to speak at the one hearing that was allowed, and are in the process of repealing the non-profit status of one seniors' group that is critical of the bills.

Therefore, as part of an ongoing review of the Senate and House GOP bills, we excerpt testimony presented to the Senate and House Democratic Caucus hearings, along with analyses and releases from those medical professionals, patients, their families, and advocates who have sounded the alarm against what they call the GOP's blueprint to dismantle the country's only public health care programs for 80 million elderly, poor, and disabled Americans.

The reader should not be swayed by media reports that the Republicans have amended their bills to cover "this group" or "that service." Such amendments are made within the context of legislation that is meant to abrogate government responsibility to its citizens—no matter how disabled, indigent, or vulnerable they may be. The testimony presented here addresses the GOP's original bills, not their sales-pitch to the elderly.

Whatever the insufficiencies of the admittedly flawed Medicare and Medicaid programs, they are based upon a 60-year national mandate to provide for Americans who are unable to provide for themselves—a principle the Conservative Revolution says has no place in their free market perspective. Within a historical context, the Republicans have abdicated the conceptual basis for the nation-state within western civilization—that is, that each individual is created in the image of God. They have, as St. Augustine wrote, turned away from the face of God—and intend to drag the nation with them.



Where will the emergency care facilities be when we need them? House Majority Leader Dick Armey (R-Tex.), who authored the Contract with America, predicts that 25% of all U.S. hospitals will close—and with them, critical care services, such as burn units and trauma centers.

The GOP plan to 'save the Medicare trust fund'

Donna Shalala, secretary of health and human services, testimony before the House Democratic Caucus on Sept. 29:

Congressional Republicans have called for \$270 billion in cuts over the next seven years, claiming that Medicare is facing a sudden and unprecedented financial crisis and that such draconian cuts are required to avert that crisis.

The Republican claim is simply untrue. On behalf of myself, Treasury Secretary Robert Rubin, Labor Secretary Robert Reich, and Social Security Administrator Shirley Chater—the Trustees of the Part A Trust Fund—let me say for the record that we are deeply disturbed by the way the facts in our annual report have been distorted. . . .

Each year, the Medicare Trustees examine the financial health of the Part A Trust Fund [which covers hospitalization and some long-term care]. Our most recent report notes that the trust fund will be depleted by 2002. While everyone agrees that we must take action to make sure that the fund has adequate resources, the claim that it is in a sudden crisis is unfounded. Nine times the Medicare trustees have warned that the trust fund would be insolvent within seven years. On each of those occasions, the President and members of Congress from both political parties took appropriate action to strengthen the fund.

Martha McSteen, president, National Committee to Preserve Social Security and Medicare (6 million members); former commissioner, Social Security, testimony on Oct. 5:

. . . The Medicare program cannot sustain the level of cuts under consideration without significant hardship to seniors, the disabled, and their families.

The most recent report of the Medicare trustees projects that the Medicare Part A trust fund will be depleted in 2002. Such reports are not new. In fact, trustees predicted bankruptcy was only four years away as far back as 1970, and Medicare is still here today. The reason for this are the determination of the Congress over the intervening years to maintain the program and the full support of the public for doing so.

The report of the trustees has been misused by members of Congress to convince the public that these drastic proposals are necessary.

Shirley Chater, Social Security commissioner; board of trustees, Medicare trust fund, testimony before Senate Democrats on Oct. 5:

“In my role as trustee, I was a signatory to the 1995 annual report. That document was issued in April 1995 and I come here today to clarify the misrepresentations and distortions of the facts . . . [that] are being consistently and conveniently used by some as justification for proposing massive cuts in Medicare. . . .

“We reported our concerns about the solvency of the Part

A trust fund. The 1995 trustees report suggested in no way that we needed to do this draconian cut that we see before us. Not only is such a claim unwarranted, it's simply untrue, if you read the fine print of the report.

"The trustees have reported that it would take \$89 billion . . . not \$270 billion, to keep Part A solvent through the year 2006. So, there's no reason, no logical reason to take such extreme action. . . . It needs to be made clear that a substantial portion of the proposed cuts would drastically hurt our seniors citizens without contributing one penny to the trust fund Part A. . . ."

"As has been pointed out . . . none of these savings [taken out of Medicare Part B, which covers doctors visits and other outpatient services] would go to the Part A trust fund. . . ."

Medicare Part B premiums are drawn directly from the Medicare beneficiaries' monthly Social Security check. Seniors have asked her, Chater said, how can they pay double premiums, higher deductibles, and larger co-payments as the Republicans propose, with a only a \$600 monthly Social Security check that currently leaves them with only \$15 a week to purchase food and medication? Chater said that senior citizens saw the increased Medicare premiums "as reducing the amount of money they have left over for food. They see it as a cut in Social Security" which they cannot afford.

"For millions of elderly men and women, their Social Security check serves as the sole barrier that stands between them and poverty. For approximately two of every three seniors, Social Security represents more than 50% of their income. For 25% of older Americans, Social Security is 90% of what they have to live on. And for 14%, that is, one in every seven seniors, Social Security is all they have."

Higher costs and a delay in eligibility

Robert Reich, *secretary of labor*. On Oct. 6, he presented the results of a recent survey on elderly income before Senate Democrats, regarding the GOP's plan to move Medicare eligibility up to age 67:

The vast majority of Medicare beneficiaries—75 to 85%—have incomes under \$25,000 a year. We hear mythical reports about very wealthy retirees. More than half of our seniors have no pension income other than Social Security. And half of them get less than \$7,000 a year; 40% of those who receive Social Security and a pension, have a median amount of \$14,400 a year.

The survey also revealed that employer-provided health care is declining dramatically. In 1988, 40% of retirees in the country had some form of employer-sponsored health care retirement help from their companies. Now, we're down

to 33%. The trend is for companies to be providing less and less health care to retirees.

Twenty-seven percent of retirees have dropped employer health coverage because it had become too expensive; [this group] has increased from 21% in 1988, to 27% today.

Now, the Republicans are proposing that we raise the coverage from [age] 65 to 67. This . . . means that 4 million older Americans will lose their eligibility for Medicare. If the GOP plan is passed, about 800,000 Americans in this age range, will have two choices. If these men and women are lucky enough to be able to buy private health insurance . . . this is not an easy task for seniors—they will have to pay up to \$5,000 a year and up. If they cannot get coverage or cannot afford it, they will sink into the rank of the uninsured.

Four-hundred thousand men and women between the ages of 65 and 67 live in poverty. Three-quarters of these people rely solely on Medicare and Medicaid for health insurance.

So, you see that upping the Medicare eligibility age will force these Americans to rely on Medicaid, which is also being cut—or private health insurance, which they cannot afford. They lose health insurance at a time when they vitally need it. [The states use Medicaid funds to pay all Medicare costs, including deductibles, co-payment, and purchase of premiums for the poor elderly.]

Jay Rockefeller, (*D-W.V.*), *chairman, Senate Democrats Medicare hearings on Oct. 6:*

I have a letter here from a group called the Corporate Health Care Coalition. The companies in it are Allied Signal, Ameritech, Amoco Corp., Atlantic Richfield, Bell Atlantic, Boeing Co., Dow Chemical, DuPont, Eastman Kodak, General Electric, etc. . . . They're big companies, and they strongly oppose raising Medicare eligibility from 65 to 67 years of age. They claim that raising the age to 67 will have a serious and immediate impact financially on those companies that have retiree health plans, and as a result could force them to limit or to eliminate what they do have.

Eugene Glover, *president, National Council of Senior Citizens, testimony on Oct. 5. NCSC, which represents 5 million older and retired Americans, was founded in 1961 to lead the fight for Medicare.*

The Republicans are trying to offer us a Trojan Horse. They want us to believe their promises to "strengthen, preserve, and protect" Medicare. . . . How do they plan to do this? Raising the age of eligibility to 67. Interestingly enough, we find more and more people are being forced to retire earlier . . . due to company "downsizing" (layoffs) or plants closing to move overseas. These people are left without any health benefits at all. Rather than lowering the age of eligibility to alleviate some of the suffering, they propose to prolong it.

The arbitrary cap on Medicare and the 'BELT'

Gail Warden, chairman, American Hospital Association; president, Henry Ford Health System, Detroit, Michigan. Testimony on Sept. 22 to the House Ways and Means Committee. The AHA represents 5,000 member hospitals and health systems.

The proposed reductions have been referred to as a slow-down in the rate of growth of Medicare spending—from 10% annually to 6.4% annually. . . . The deep reductions in payments for Medicare hospital services . . . lead to such small rates of increase for hospitals that they do not even cover general inflation. . . .

Donna Shalala, secretary of health and human services, testimony before the Senate Democratic Policy Committee hearing on Oct. 5:

The Republican plan [would] cap Medicare spending at a level that will be impossible to reach without ruining the program and causing great harm to seniors. They are saying, that in the year 2002, no matter what the health needs of our seniors are . . . no matter how much it actually costs to provide health services to seniors . . . we will have only a fixed amount of money—and that amount is far too low.

These caps . . . have nothing to do with the future costs of health care. . . .

Second, there's their radical new mechanism for implementing these cuts, which . . . they call the "BELT."

Here's how it works: If we don't hit the very low Medicare cap, the BELT requires huge reduction in payments (about \$37 billion more in cuts) to doctors and hospitals in the current fee-for-service plan.

That means that all the doctors, hospitals, and other caregivers who serve patients in Medicare fee-for-service will have their fees cut arbitrarily.

Seniors and disabled citizens may find it increasingly difficult to find a doctor who accepts fee-for-service patients under Medicare.

Balance billing controls eliminated

One immediate impact of the BELT may be that hospitals and providers will shift their unreimbursed Medicare costs to the general population in order to survive. The resulting increase in health insurance premiums will force an estimated half-million Americans a year to lose their employer-covered insurance or to drop coverage themselves due to increased costs.

Another provision of the House and Senate bills would eliminate the prohibition against Medicare balance billing, which is the amount a doctor, hospital, or clinic charges to a patient above and beyond the amount covered by Medicare. Currently, in Medicare fee-for-service, doctors are allowed

to "balance bill"—or charge—patients no more than 15% above Medicare's payment level. Republicans *eliminated* any amendments that would continue to limit balance billing and to protect seniors against excessive charges. It now appears that doctors, hospitals, and others can demand that the elderly pay unlimited amounts in additional charges, making office visits or hospital care financially impossible for many. Data show that the GOP's Medicare cuts will trigger such considerable cost-shifting for the general patient.

Higher fees to beneficiaries

Republicans have made lots of noise about their "choice" plans, where beneficiaries can choose health maintenance organizations (HMOs) and managed care alternatives to fee-for-service plans. Both the House and Senate Medicare bills had provisions that let insurers and HMOs charge Medicare beneficiaries premiums based on experience rating. The insurer can charge the Medicare beneficiary who has a history of heart disease or who has a disabling condition, much more than the fee that the Medicare program pays the beneficiary, because of the expected higher costs involved in treating a person with complicated medical needs. Reportedly, the House bill removed this provision.

Martha McSteen, president, National Committee to Preserve Social Security, on Oct. 5.

"Medicare is a remarkable success story. Seniors are universally insured. They cannot be denied coverage for preexisting conditions, lose protection if they become ill, or have a payment denied for medically needed services. Seniors have complete freedom to select the provider or managed care plan of their choice. Because payments to providers are at deep discounts from what private insurers pay, Medicare is, in effect, a nationwide preferred provider organization. Over the last decade, outlays per enrollee have grown more slowly than private outlays. All of this has been accomplished with administrative costs averaging only 2% of program outlays when you compare similar health care services. The private insurance large group market, in contrast, has administrative costs of 5.5% and the small group market 25%. . . . The private market holds no magic bullets for Medicare—its record on coverage of individuals . . . is inferior to Medicare. . . ."

McSteen correctly scores the Republican leadership's claim that quality managed care can be provided by lower fee-for-service plans as "unsubstantiated," as well as the claim that "quality care can be maintained with a cap on payments set below private-sector inflation. . . . Let's not forget that the same private sector that currently leaves one-third of the non-elderly uninsured and contains costs in significant part by restricting benefits and choices, [does so by] increasing out of pocket costs and dropping the very sick."

Use 'Hill-Burton' approach to restore health care

"Hill-Burton" is the common name for a federal law that went into effect in August 1946, which launched a major drive to expand the number of hospital beds. Only nine pages long, the bill had enormous impact in creating the health care system that is now being dismantled. Officially called the "Hospital Survey and Construction Act," the bill was a bipartisan effort, co-sponsored by Sens. Harold Burton (R-Ohio) and Lister Hill (D-Ala.)

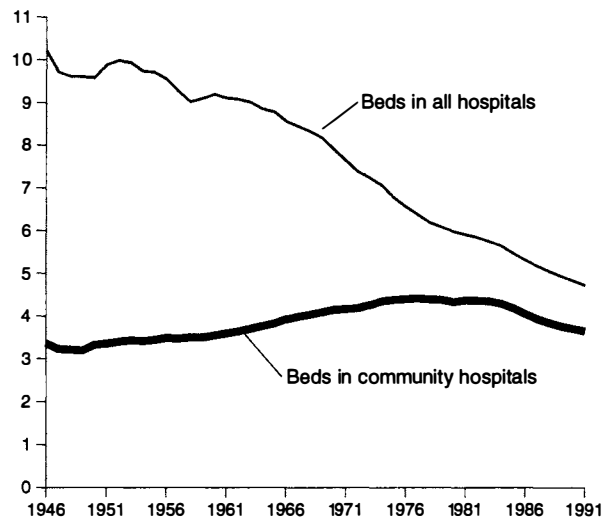
Hill-Burton called for universal care for Americans, stating that state hospital construction plans "shall provide for adequate facilities for the people residing in a state, without discrimination on account of race, creed, or color, and shall provide for adequate hospital facilities for persons unable to pay therefor."

The Hill-Burton approach was based on the physical-economic premise that even if every person had the money to pay for health care, it would be worthless unless the needed ratios of infrastructure were present to provide that care per 1,000 people—enough community hospital beds, physicians and nurses, diagnostic and treatment equipment, and so forth. The exact ratios were dependent on the medical care standards prevailing at that time, and on the disease profile of the period. For example, in the 1940s there were needs for additional hospital beds for tuberculosis patients, and special facilities, such as iron lungs, for polio cases.

The Hill-Burton Act specified that for general care, there should be made available an average of 4.5 beds per 1,000 people in all states, with local distribution made according to density of settlement. In 1946, the national average of beds for community hospitals was 3.5 per 1,000 people, and many hundreds of counties had no hospital at all.

Under Hill-Burton auspices, that average rose to the mandated 4.5 per 1,000 by the mid-1970s. Community hospitals were built all over the country. Within the first five years of the Hill-Burton Act, mortality rates fell by half for appendicitis, childbirth, and other common conditions requiring facilities for prompt attention.

FIGURE 1
Hospital bed availability, 1946-91
(beds per 1,000 people in the United States)



Sources: U.S. Statistical Abstracts; Historical Statistics of the United States.

Since the late 1970s, however, the needed health care infrastructure ratios have all gone into decline, and not because technological improvements have made them obsolete. Today, there are again counties with no hospitals, and hospitals without adequate ratios of nurses to patients or diagnostic and treatment equipment per population served. In such metropolitan areas as Minneapolis-St. Paul, Seattle, and San Diego, there are fewer than 3.5 beds per 1,000 people. The crisis in the rural areas is epitomized by North and South Dakota (reviewed in the accompanying testimony).

A Hill-Burton approach to restoring medical infrastructure, along with other economic and financial emergency measures, would both restore the U.S. health care system and create an economic boom. The full text of the Hill-Burton Act (Public Law 725), in effect as of Aug. 13, 1946, can be found in the public laws volume for the 79th Congress, 2nd session, Chapter 958. See also *EIR*, July 29, 1994, "Why U.S. Health Care Must Return to the Hill-Burton Standard."—*Marcia Merry Baker*

Consortium for Citizens with Disabilities Health Task Force on Medicare Reform, comprised of over 65 national disability-related organizations, statement on Oct. 13.

... While Medicare serves the health care needs of

nearly 40 million seniors, it also covers 4.2 million people with disabilities below 65 years of age. Coupled with the dramatic dismantling of federal protections in the current Medicaid program, these reforms constitute a serious threat

to the health, independence, and dignity of all Americans with disabilities.

If Medicare and Medicaid are growing at unsustainable rates of increase, it is largely because the private sector has failed to adequately provide for the health care needs of the populations covered by these programs. In this respect, the Medicare and Medicaid programs represent enormous high-risk pools that skew rates of medical inflation for public versus private health programs.

Comparing the growth in Medicare spending to the recent decline in private insurance spending fails to recognize that the number of Medicare beneficiaries is growing and these persons tend to use more health care services, while employer-sponsored health care is declining and those who are covered tend to be less frequent users of health services. In fact, over 1 million people under the age of 65 become uninsured each year.

Dr. Thomas Peters, *director, health and human services for Marin County, California; chairman, Association of Bay Area Health Officials; executive committee, County Health Executives Association of California, testimony to the House Democratic Caucus on Sept. 27.*

I have given 22 years of services to the public sector. . . . I must tell you, from what I understand of the "reform" proposals now being outlined in Congress, the American health care system and the health of all Americans is being threatened. . . . I am frankly astounded, flabbergasted and chagrined. Astounded—because the hearings of such a complex and critical matter for the country must be held outside the chamber of Congress. Flabbergasted—because . . . in California, for even a fraction of the changes being proposed, we would have to hold, under mandate of law, specific, detailed hearings on the cuts and their likely impact. . . .

If the health care field had the equivalent of a District Attorney, this plan would be subject to three violations, each filed as a felony: *Fraud*, because there's no verifiable data that the magnitude of Medicare's problem requires \$270 billion in cuts. *Extortion*, because by simply declaring the problem is so severe as to warrant a half-trillion dollars in Medicare/Medicaid cuts, means that billions will be extracted from the country's medical providers. . . . This would undeniably undermine the basic financial structure of U.S. hospitals, clinics, nursing homes, and medical offices. *Assault*: Count 1 will be assault against seniors, for they are the ones most immediately pounded by these proposals. The sicker they are, the more outcast they will become; Count 2 will be assault against working Americans. Not only will they invariably be paying much more for their health care (through cost-shifting), but they will also find the health care network on which they depend will be weakened and more inaccessible.

GOP will close 25% of nation's hospitals

Republican Medicare reforms not only severely reduce hospital reimbursement dollars for treating Medicare patients, but they would impose massive cuts in or the elimination of Medicare funds to hospitals for a host of programs—each directly linked to providing the nation as a whole with critical services, such as burn units and trauma centers. When details of these cuts got out, Gingrich attempted to mollify provider groups. For example, the House bill would have eliminated all funds for foreign medical graduates—upon whom the majority of our inner-city public hospitals depend to treat their overwhelming share of poor patients. Without these residents, public hospitals couldn't function. Instead, Gingrich made a "deal"—to cut the program by 75%.

The more a facility depends on federal funds, the larger its crisis. About 40% of the average U.S. hospital's gross patient revenues is attributed to Medicare. According to the American Hospital Association, Medicare and Medicaid patients combined generate over half of the gross patient revenues for 83% of all community hospitals (nearly 4,400 hospitals). Some 1,300 hospitals (one-quarter) have particularly large Medicare patient loads—60% or more of their patient days are Medicare patient days; 2,300 hospitals (44%) have particularly large Medicaid patient loads.

House Majority Leader Dick Armey (R-Tex.), who authored the Contract with America, had predicted that as many as 25% of all U.S. hospitals will close. That is, as a study by the American Hospital Association found, that the proposed reductions in Medicare hospital payments do not "slow the growth" or "reduce the growth" in Medicare. The cuts "do not allow hospitals to keep pace with overall inflation, projected to increase at an average of 3.3% per year through 2002." The Medicare reductions "could result in real cuts in Medicare spending per person for hospital services, below the overall growth in inflation."

Lynne Fagnani, *vice president, National Association of Public Hospitals, press conference on Oct. 16. NAPH's members include over 100 metropolitan area safety net hospitals. With combined revenues of over \$17 billion, these hospitals provide more than 90% of their services to Medicare, Medicaid, and low-income uninsured and underinsured patients. They provide many preventive, primary, and tertiary services to entire communities, not just the poor and elderly. These services include maintaining a wide variety of round-the-clock standby care, such as trauma units, burn centers, neonatal intensive care, poison control, emergency psychiatric services, crisis response units for both natural and man-made disasters:*

Reducing spending in the Medicare and Medicaid programs by almost half a trillion dollars over seven years . . . will destroy both programs and disenfranchise tens of millions of elderly and low-income Americans. Essential providers such as NAPH member hospitals have traditionally been the sole source of critical health care for these individuals. . . . Fifty-five percent of NAPH members' gross revenues come from Medicare and Medicaid, a full 33% fall into the "self pay/other" category. On the outpatient side, "self-pay/other" makes up 47% of our gross revenues. Unlike most other hospitals, "self-pay/other" patients for safety-net institutions are essentially "no pay" patients—they simply do not have the means to cover their bills, and our hospitals do not recover the bulk of this revenue. The impact of reduced support for such patients due to budget reductions and health system reform is already graphically evident in metropolitan areas as diverse as Los Angeles, Memphis, Washington, D.C., New York, New Orleans, Milwaukee, and Boston, where safety-net hospitals are proposing to close, eliminate many services, or to merge with or be purchased by private organization or entities.

Reductions of the magnitude contemplated in the House and Senate Medicare/Medicaid bills will simply accelerate the spread of this trend into most American cities, and many underserved rural areas as well. We estimate that the impact of the proposed Medicare legislation would be over \$300 million in reductions in the year 2002, or 12% of our members' Medicare revenues—primarily due to cuts in disproportionate share hospital payments and graduate medical education funding. . . . Medicaid reductions will cause NAPH hospitals to lose \$4.6 billion in Medicaid revenues in 2002, or 31% of their Medicaid revenues. The Urban Institute has estimated that almost 9 million Americans will lose health insurance as a result of eliminating individual entitlement to Medicaid coverage combined with \$182 billion in Medicaid reductions. The loss of these revenues, coupled with the increases in the number of the uninsured, will devastate safety-net hospitals—seriously compromising their ability to care for low-income communities as well as to continue to provide specialized services to the community-at-large.

Timothy McMurdo, *CEO, San Mateo County General Hospital; CEO, Division of Hospitals and Clinics, San Mateo County, California, testimony on Oct. 5:*

The proposed cuts will have a catastrophic effect on hospitals and clinics that have heretofore relied on the stability of federal and state payments to help cover the costs of care. This reliance has grown increasingly important since private insurance carriers continue to cut payments to hospitals and physicians and as the number of uninsured people continues to grow. . . .

[The loss of Medicare and Medicaid dollars] will put hospitals that are currently in financial jeopardy . . . at a much higher level of risk of closure or significant curtailment

of programs or personnel. . . . Heavily utilized public hospitals will be required to take an even greater burden of uncompensated care as resources at private hospitals to provide charity care dwindle and as those once eligible to receive Medicare and Medicaid now find themselves in the ranks of the uninsured. . . . Ultimately, counties will bear the brunt of the financial responsibility for caring for this increased number of patients dispossessed by Medicare and Medicaid. If county revenues are not available . . . access to important medical services will be reduced or eliminated.

[Under the proposed GOP cuts, San Mateo General will have to cut over 80 doctors, nurses, and other staff; curtail 500 acute care inpatients and 7,000 outpatients per year; and cut services for mentally ill, disabled, and elderly patients, and public health nursing.]

Hospitals on the San Francisco Bay Area Peninsula are also major employers that spend in the aggregate approximately \$200 million per year for over 5,000 employees. . . . Cuts will affect local economies as well . . . if major job losses result.

Teaching centers threatened

The following demonstrates how integrated Medicare and Medicaid are with public and teaching hospitals, and burn and trauma care centers. Cripple one, and the other centers, patients, and the region suffer.

David Jaffe, *executive director-CEO, Harborview Medical Center, Seattle, Washington, testimony on July 25.*

Harborview is a King County-owned facility, managed by the University of Washington's School of Medicine. Harborview is the only Level 1 trauma center in the State of Washington, and along with its Regional Burn Center, serves patients from Washington, Alaska, Montana, and Idaho. This region represents approximately one-quarter of the land mass of the United States. These critical emergency care programs serve as models across the country, as does the Medic One Emergency Response Program for which Harborview was the first home.

Harborview has 48% of its patients reimbursed through Medicaid (one of the highest percentages in the country), 19% through Medicare, 25% through private insurance, with 9% no-pay. Note that Harborview receives no operating support from King County.

Harborview is central to the unique role of the University of Washington's School of Medicine—the only medical school in the Washington, Alaska, Montana, and Idaho region . . . which trains, places, and supports retention of providers in the four states. Harborview is one of the pivotal patient care, teaching, and research institutions in this . . . regional partnership. The salaries of full-time staff are supported through the services provided by them at Harborview . . . 123 residents in general and speciality fields . . . [are] an

Medicare cuts mean higher local taxes

This interview with Donald Hume, a Democratic state representative from southern Indiana, was conducted by Marianna Wertz on Oct. 19.

EIR: The Republican version of the Medicare cuts will probably pass shortly in Congress. President Clinton has threatened to veto it. You are involved in a fight to prevent the shutdown of at least two rural hospitals in your district. What do you have to say about this issue?

Hume: The only thing I can say on this is that I hope that our congressman in the 8th District [John N. Hostettler, R] definitely does vote against it. I hope that he sees fit to vote against it, because it will be quite a blow to the rural hospitals, even though they have made some adjustments. So many of them are running right on the line or in the red, and they're doing a lot of charity work right now.

EIR: Is there a threat of shutting down two of the rural hospitals there?

Hume: There's always that threat, even in good times, and if you take away what they have now, it's going to make it worse than ever.

EIR: And that's what would happen under the Republican plan?

Hume: I think it would.

EIR: Have you talked to the congressman about it?

Hume: I've called down to his office but I haven't gotten any response.

EIR: Have you heard from your constituents and how they feel about what's going on there?

Hume: Yes. They're not at all happy about the whole Republican plan. A lot of people realize that if we don't take care of the indigent as a nation, then it falls back onto the locals in the form of poor relief, and then that goes directly onto the property tax rolls. And property taxes are not popular as it is, they're much too high.

EIR: So, it's just passing the buck.

Hume: Yes. Lindell [Sen. Lindell Hume, his brother] and I have been trying to get less property taxes, and instead of that, it seems like on a state level we have a Republican-led House and Senate both, and they seem to be pushing welfare-type cuts down to where it will be forced onto the property taxes.

I think that people are tired of too much government, but when they look at some of the things that the Republicans are doing, shifting the load from the rich more to the poor, I think they realize that it's not altogether just too much government, but it's what kind of government.

integral part of the University of Washington's educational, training, and research programs. The School of Medicine, with Harborview being one of its primary focuses, maintains one of the largest National Institutes of Health-supported research programs.

The impact of the proposed . . . cuts [\$185 million over seven years] on Harborview will be devastating. . . . It is not by chance that we must depend on Medicaid and Medicare to provide many of the services needed by our patients. Trauma and burns for instance, are not limited to people with insurance, and they are not personal choice. They are the result of accidents—a car running a stop light, a boiler in a ship exploding. The proposed cuts will severely limit our ability to provide these services.

The impact of these reductions is exacerbated by the disproportionate cuts being proposed for medical education. The primary purpose of our residency programs are education and training. Nonetheless, Harborview's ability to provide Level 1 trauma services depends on having advanced house staff available 24 hours a day in the hospital. A substantial part of the cost of those staff is paid by Medicare. Also, the indirect part of medical education payments reimburses us

for our disproportionate percentage of services provided to sicker and poorer patients.

Harborview's problems, and those of many providers of basic services, cannot be solved by caring only for those with insurance. . . . Our hospital is full, so we cannot just increase our volume. . . .

Our community . . . [and] Washington State [have] been supportive of Harborview, recognizing the critical regional role we play. Washington State, however, cannot pick up the slack . . . from cuts in federal funding.

Gerald E. Thomson, MD, president of the American College of Physicians, the nation's largest medical specialty society, testimony before the Senate Democratic leadership, Oct. 5.

"Neither Medicare patients nor the health delivery system can absorb the magnitude of the budget cuts proposed. We do not believe that the health care system can absorb the loss of half a trillion dollars in public spending in the next seven years," Thomson said. He was critical of cuts to teaching centers that "play a unique and precious role in developing and delivering high-technology medicine," and pointed out

that the House GOP eliminated funds for hospitals to train residents in subspecialties such as cardiology, gastroenterology, and neurology.

The attack on rural America

Historically, the health needs of farming and rural towns have been underserved, mainly because Medicare reimbursed rural hospitals and doctors at a much lower rate (as little as 52% in 1987) than it paid urban providers for treating Medicare patients. The rationale is that it is less costly to deliver health care in rural areas. In reality, rural facilities have to offer doctors and others higher wages to relocate and work in isolated, rural areas. According to the National Rural Health Association, in 1994 the average payment for a Medicare beneficiary served in an urban setting was \$850 more than that paid for a beneficiary served in a rural area.

Leon Panetta, *White House chief of staff released a report on the impact of the GOP budget on rural health care and states on Oct. 11:*

. . . Health care generally in rural America is very tough—tough on families that live in those areas because of the distances and lack of care. There are few and far between hospitals in that part of the country, and the ones that are there depend for almost 50 to 80% of their revenues on Medicare and Medicaid.

In the 1980s, when there was a Medicare cut, 367 rural hospitals were closed. The average reduction in hospitals in this country, closures of hospitals, was about 8.8%. In rural America, it was 17%.

The budget that the Republicans propose would cut \$58 billion from Medicare in rural America and about \$45 billion from Medicaid. That's over \$100 billion in cuts in health care coming out of rural America. About 9.6 million seniors and disabled who depend on Medicare would have their premiums increased and their benefits severely cut; 2.2 million would be denied coverage.

Rural families would suffer almost a \$9 billion cut in their income because of the severe cuts in farm programs (almost \$13 billion), and a 40% cut would take place on grants and loans that . . . help rural families clean their water—almost 900,000 families would not have access to safer drinking water.

Kent Conrad, *senator, (D-S.D.), Oct. 11:*

I've likened the Republican budget plan to the neutron bomb. . . . You drop the bomb. The buildings remain, but the people are gone. The combined effect of the Republican plan . . . would mean the loss of about a third of the farms in North Dakota. . . . About 8,000 or 9,000 farmers would be forced off the land in the State of North Dakota, out of 30,000. . . .

On rural hospitals, cuts of the magnitude that are going

through Congress now would mean 26 hospitals out of 30 rural hospitals in North Dakota would go to negative returns. Medicare patients make up 70% of their hospital populations.

We just had a meeting of all the hospital administrators and nursing home administrators in North Dakota. One after another stood up and said, "If these proposals go forward, we're going to close. Whether we close quickly or it takes a couple of years, we cannot survive with cuts of this magnitude." . . .

Tom Daschle, *(D-S.D.), Senate Minority Leader, Oct. 11:*

The Republican budget . . . cuts Medicare for rural Americans by 20%—in the year 2002. It also cuts Medicaid. It eliminates coverage for 1 million children; 230,000 older Americans, 350,000 people with disabilities; 77,000 rural older and disabled Americans would be denied nursing home coverage; and, 55,000 rural and disabled Americans would be denied home care benefits. . . .

The South Dakota Hospital Association will tell you that the Republican plan to raid Medicare and Medicaid could force at least 10 and perhaps as many as 15 of our 51 rural hospitals in my state to close their doors. Half of all South Dakotans live in rural America. Imagine if your child wakes up in the middle of the night with a burst appendix, or your father suffers a heart attack, and the closest hospital is a hundred miles away.

Paul Wellstone, *senator, (D-Minn.), Oct. 9:*

In 1993, ninety-eight of our state's 140 community-based hospitals received at least half of their revenue from Medicare and Medicaid. . . . Many hospitals in small agricultural communities count on Medicare for 60 to 70% of their annual revenue. In the last nine years, 22 community-based hospitals have closed across the state. Medicare is also the largest explicit payer of graduate medical education.

Currently, 43% of Minnesota hospitals lose money on Medicare. If the \$270 billion in GOP cuts are approved, 67% of the hospitals will lose money on Medicare. Those losses will have to be made up for by another source. . . . \$100 billion of the cuts in federal spending will be shifted to private insurers. Families already struggling to pay for the high costs of medical insurance, will be forced to pay even more. . . .

Most Medicaid spending in Minnesota—about 60%—is for long-term care. Over two-thirds of nursing home residents in Minnesota rely on Medicaid to pay the staggering costs of nursing home care. Regional treatment centers, group homes, respite care, residential- and home-based services are all paid by Medicaid. As for the TEFRA program, which allows over 3,000 Minnesotan children with severe disabilities to be eligible for Medicaid based on their income and thus receive in-home family supports and health care . . . what's going to happen to kids? Nobody has any idea right now how all these programs would be affected by the proposed cuts. Clearly cuts will be made and protection eliminated. [TEFRA, the Tax Equity and Fiscal Responsibility

Act of 1982, allows disabled children under the age of 18, who required the level of care provided by a hospital or nursing home, to receive that care, if it is appropriate, within the community. TEFRA is a Title XIX provision of Medicaid. The GOP bill eliminates Medicaid and Title XIX.]

From a teleconference with President Clinton and rural hospitals on Oct. 12.

Don Sipes, CEO, St. Luke's Northland Hospital, Smithville, Missouri:

. . . If these Medicare cuts are approved, rural hospitals, and the communities they serve, stand to endure the greatest losses. . . . There are 132 hospitals in Missouri, 64 of which are in rural areas. Right now, 24 of them are operating out of reserves or on borrowed funds. With the proposed caps, Missouri hospitals will lose \$315 million. . . . That means no money for equipment, facility updates, new service, or, for attracting new doctors and nurses.

H.D. Cunnington, administrator, Jay Hospital, Jay, Florida:

These tremendous cuts . . . would probably force Jay Hospital to close, [and] disrupt the health care system in this rural area that has been developed by the Baptist Health Care Affiliates in Pensacola. . . . And I also think it would be devastating to the community of Jay through the economic impact that would be felt by the loss of jobs totaling in our areas about \$3.4 million [in salaries and benefits]. . . .

We're providing not only hospital inpatient care, skilled nursing, emergency care, [but] we also have rural health clinics, home care in rural areas; we provide diagnostics. . . . If the hospital closes, these other components of the health care system close as well.

John Kelly, administrator, Soldiers and Sailors Memorial Hospital, Penn Yan, New York:

We're one of the poorest counties [Yates County, upstate] in New York State. We're the largest employer in the county [providing medical-surgical, psychiatric, long-term care, outpatient mental health services, and local emergency medical services coordination]. The GOP proposals are real threats to the physical, the mental, and the economic health of this community.

Margo Arnold, CEO, Westfield Hospital, Taft, California:

. . . I can guarantee you that our hospital will not be able to sustain [the cuts]. We have no reserves. . . .

The rural hospitals save lives on a daily basis. . . They're delivering those babies if they can't make it to Bakersville. If there's an industrial accident out there in the oil fields, we're there to save those people's lives; to stabilize them before they're transported to a larger facility if it's a life-threatening situation.

What's going to happen when we're not there anymore? Where are these people going to go? What's going to happen to our doctors and their families?

Todd Lyndon, CEO, Grinnell Regional Medical Center, Grinnell, Iowa, Oct. 12:

Iowa has the highest percentage of citizens over age 85 in the nation; and the third highest for 65 and older, yet, Iowa hospitals are paid almost 20% less per case than the national average Medicare beneficiary recipients. . . . [The GOP's Medicare vouchers for HMOs and other plans are worth half of those received by their counterparts on the West Coast or New York. How can Grinnell provide all the services of a New York HMO when] we receive less than half the premium from Medicare than a New York plan. . . . There's simply no way that much money can be taken out of the system by the year 2002, without real reduction in patient care. . . .

[Instead], more support for continued research into telemedicine [which can improve access and quality, reduce isolation, and travel costs] is an example of the kind of things, along with dealing with these devastating cuts that's extraordinarily important for us to be able to have the tools to really take care of our patients.

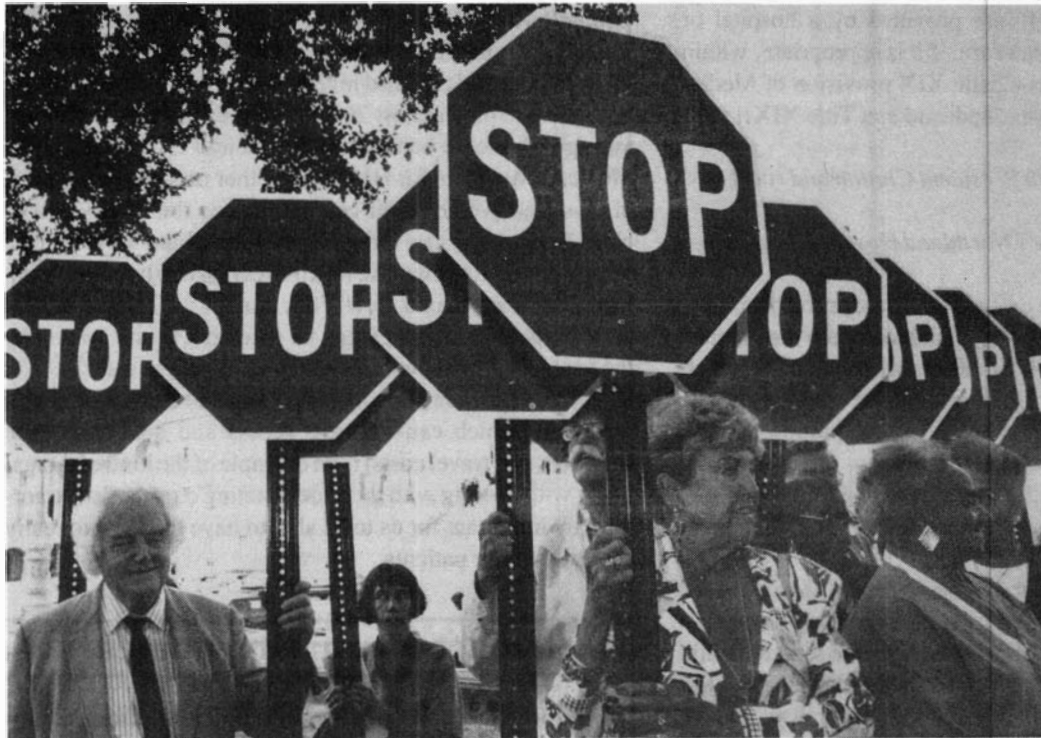
The impact on nursing homes

The Republican Congress has decided to eliminate protections mandated for nursing home patients, as a result of a nationwide Institute of Medicine study ordered by Congress in 1986.

Through their Medicaid block grants to the states, the GOP has eliminated any right to Medicaid- and Medicare-provided nursing home care for 10 million elderly and disabled individuals. About one in four are likely to lose all aid. About 70% of all Medicaid funds go toward long-term nursing home care for this group.

Morris J. Kaplan, attorney; owner, administrator of Gwynedd Square Nursing Center, Lansdale, Pennsylvania, testimony on Oct. 6 before Senate Democratic Caucus hearings:

The block grant legislation sacrifices the needs of senior citizens to balance the budget . . . in three ways: 1) It eliminates a fundamental entitlement that seniors now have—the right to Medicaid coverage for nursing home care when your own funds have been used up. Seniors have the assurance that if they suffer catastrophic, long-term illness and they deplete all their funds, or if they are simply too poor . . . the Medicaid program will pay for their nursing home care. The block grant legislation eliminates this safety net for the elderly. 2) It specifically repeals one of the only pieces of federal law that protects residents of nursing homes from abuse, neglect, or bad care—the Nursing Home Reform Act. 3) Most significantly, the block grant legislation will likely mean that funding for nursing home care will be drastically cut. The federal government is giving up full responsibility for nursing home care and is transferring it to the states . . . [and is] cutting out the money needed to pay for the program.



The Save Our Society (SOS) Coalition to Protect Social Security holds a press conference to protest cuts in Medicaid and Medicare, in Washington on Sept. 29. Contrary to claims that wealthy retirees are ripping off the Social Security system, more than half of America's senior citizens have no pension income other than Social Security, and 75-85% of Medicare beneficiaries have incomes under \$25,000 a year.

The block grant legislation will over seven years cut \$67.8 billion from beneficiaries who depend on it for nursing home care. This is an extraordinary amount! This is a major dismantling of the safety net for seniors. The states will be free to make new rules as to who can qualify for nursing home services and they can simply deny these services if their budgets don't allow it.

The Nursing Home Reform Act provides minimal federal standards for good quality care. The act's requirements are not a burden or an inconvenience. They are common sense requirements for providing competent staffing, training, care planning, and respect for residents' rights. They are not over-regulation. They are only over-regulation and a burden when the government slashes the funding as proposed and makes it impossible to provide good care. The legislation also seeks to repeal the Boren Amendment. The Boren Amendment is another common sense law that requires that "economically and efficiently" operated providers receive "reasonable and adequate" reimbursement in order to meet state and federal standards of care. The block grant legislation simply says we're not going to pay a reasonable and adequate amount anymore, [and], consistent with this legislation, lower the standards of quality, because it takes money to have good quality.

My facility has been nationally recognized by consumer groups and organizations around the country for providing outstanding quality care. We have been recognized as a model for good care consistent with the requirements of the Nursing Home Reform Act. Let me tell you first hand, good care costs money. The House Medicaid funding for nursing home

care in Pennsylvania will be cut \$1.9 billion over the coming years. That is staggering! Where do you cut? It is simply not possible to drastically cut nursing staff that frail residents need and depend upon. It is not possible to deny supplies and treatment for the sick and infirm elderly. Seniors must stand up and say, "No! Don't balance the budget on the backs of the sick and dying."

Joshua M. Wiener, Ph.D., senior fellow, the Brookings Institution, Oct. 6, testimony before Senate Democratic Policy Committee. Dr. Wiener provides ample footnotes of innumerable studies for most of his assertions which we are unable to include:

The Congress is considering proposals that would drastically change Medicaid—the federal, state health insurance program for the poor—from an open-ended entitlement program with a number of federal requirements, to a block grant to the states with few strings. Under the plan, federal expenditures would increase at far below historical experience or the rate needed to preserve the existing program. The congressional budget resolution calls for \$182 billion in Medicaid cuts by the year 2002, leaving expenditures about 30% below what they would be under current law. Over the long-run, the rate of increase in Medicaid expenditures will be held to about 4% a year, well below the rate of increase for private health insurance.

These changes will have a major impact on the elderly and disabled, who account for two-thirds of Medicaid expenditures. Spending for long-term—nursing homes, home and

community-based services, and institutions for the mentally ill and mentally retarded—account for about 35% of Medicaid expenditures. Over three-fifths of all nursing home and almost all intermediate care facilities for mentally retarded (ICF/MR) residents are dependent on Medicaid to help pay for their care. No other part of the health care system is as dependent on Medicaid as is long-term care. This heavy reliance reflects a lack of either public or private insurance coverage.

Advocates of block grants argue that large program savings can be achieved by allowing states 1) to be tougher on nursing home patients who transfer assets to appear artificially poor, and by allowing states 2) to require adult children to help pay for Medicaid nursing home care. They . . . argue that 3) detailed federal requirements that protect community-based spouses of nursing home patients are unnecessary. But there is little data to support the claim of large potential savings and [there are] strong policy reasons to retain federal protection.

Although many people identify long-term care with nursing homes, the predominant provider of care for persons with disabilities is the family. Only about 21% of the disabled elderly are in nursing homes. The rest are in the community, mostly in their own homes. Those with severe disabilities are more likely to be in institutions, but even among the severely disabled, considerably less than half are in nursing homes.

Nursing home residents are primarily very elderly, severely disabled, white widows. Among the elderly population, almost half of nursing home residents are age 85 and older. Over three-quarters of nursing home patients are women and 87% are not currently married. Over 70% have problems performing three or more activities of daily living (eating, bathing, dressing, toileting, getting in or out of bed, and getting around indoors). Although only about 5% of the elderly are in nursing homes on the average day, persons who live to age 65 face over a 40% chance of spending some time in a nursing home before they die, and about a 20% chance that they will spend more than a year in an institution.

The strong role of the family in long-term care runs counter to the myth that American families, who supposedly took care of their aging relatives at home “in the good old days,” are now “dumping” them in nursing homes. In fact, in the past, few families cared for elderly parents because relatively few people lived long enough to experience a prolonged period of disability. Because of increased longevity, the odds of being called upon to provide parent care are much higher now than in the past.

● *Transfer of assets:* In the last few years, policymakers and the media have focused attention on the growing number of middle- and upper-income elderly who transfer, shelter, and under-report assets in order to appear poor and thereby gain Medicaid eligibility for nursing home care. Federal law and regulation as amended . . . (1993) prohibits transfer of assets. . . . Observers claim that as much as \$5 billion—20% of nursing home expenditures—could be saved by ending so-called Medicaid estate planning. Recently, in justifying the

Medicaid block grant, Speaker Newt Gingrich stated that transfer of assets to gain Medicaid eligibility by millionaires was “a very common problem.” . . . The available evidence suggests that the numbers are small. . . .

The disabled elderly population is disproportionately poor and has little . . . of financial assets to transfer. . . . Two-thirds of the disabled elderly admitted to nursing homes had incomes below 150% of the federal poverty level; only 7% had incomes of 300% of the poverty level or higher. . . . Logically, an individual cannot transfer large amounts of assets unless they have large amounts of assets.

● *Family supplementation:* Federal Medicaid law (1965) has prohibited states from holding adult children financially responsible for their parents. In addition, nursing homes must accept Medicaid reimbursement as payment in full. Under the proposed block grant, these requirements would be repealed and states would be allowed to require adult children to contribute to the costs of nursing home care for relatives who are nursing home eligible. States could also . . . require relatives to supplement Medicaid reimbursement to nursing homes. . . . A policy of family supplementation would . . . save little money.

[That] policy might discourage people who need institutional care from seeking it, because they do not want to burden their kin.

Family supplementation policy could be inequitable. While the state could enforce family contribution requirements on in-state relatives through garnishing or attaching wages and placing liens on property holdings . . . identifying out-of-state relatives and forcing them to pay . . . could not be accomplished in most cases. In Idaho’s family responsible initiative, about half of all identified relatives lived out of state. Is it fair that in-state relatives have to pay and out-of-state relatives do not?

The estimated net savings for a national family responsibility initiative in 1983 [was] only \$25 million. . . . The Idaho family responsibility program had a projected goal of \$1.5 million annual collection from relatives but succeeded in collecting less than \$32,000 in its six months of operation.

● *Spousal impoverishment:* Under spousal impoverishment provisions of the Medicare Catastrophic Coverage Act (MCCA) (1988), states are to permit the non-institutionalized spouse to retain a minimum level of the couple’s income and assets. . . . The goal was to allow community-based spouses to continue a decent standard of living and not to be unduly “punished” because the other spouse requires nursing home care.

Prior to the MCCA . . . the nursing home resident had to use them to help pay for their care. . . . This left the community spouse with only \$2,000 in assets. If the husband was institutionalized, he had to contribute all of his income toward the cost of nursing home care . . . [and] was allowed to send only a minimal allotment to the community-based wife for her support. In most states, the maximum income allowed was two-thirds of the federal poverty level. As a

result, a spouse (usually the wife) of a Medicaid nursing home patient who had little or no income of her own was forced into poverty. The spousal impoverishment requirement . . . prevents the spouse of a nursing home patient from becoming destitute.

[Dr. Wiener concludes that block grant advocates intend to repeal all these protections—without so much as a general blueprint on how states could slow the rate of increase in Medicaid expenditures simply by making the program more efficient. They will repeal these protections when all the data suggest there would be little savings. If there are problems in these protections, then changes can be made without eliminating individual entitlement and shifting to block grants.]

● *Interaction of Medicare and Medicaid:* The effort to “reform” Medicare and Medicaid as separate programs fails to recognize the vital interaction of these programs on beneficiaries who are dually eligible. The House and Senate leadership’s Medicare plan allows managed care plans to charge beneficiaries for deductible and co-payments as high as traditional indemnity plans. An open question remains whether low-income Medicare beneficiaries will be able to receive the covered services they need when they cannot afford these deductibles or co-payments. This problem is crucial because the Republican leadership intends to eliminate the Medicaid entitlement, thereby eliminating the guarantee of subsidies for low-income elderly persons who cannot afford Part B premiums.

Guaranteed treatment and home care eliminated

The GOP has dropped all guarantees for severely disabled individuals of all ages to receive Medicaid. To secure the vote of Sen. John Chafee (R-R.I.) for the Senate Medicaid bill, Republicans, in a Senate Finance Committee mark-up, voted overwhelmingly for Chafee’s amendment that would guarantee Medicaid coverage “for pregnant women, children age 12 and under, living in families below 100% of the federal poverty level, and to individuals with disabilities.” Days later, behind closed doors, several GOP committee members, in an unprecedented action, dropped the official recorded amendment and eliminated Medicaid eligibility for 4.9 million physically and mentally disabled Americans.

A provision to allow states to use a portion of their block grant on these groups is in both bills, but it is up to the states to decide what they will spend, and on whom. There is no definition of what constitutes a disability.

The TEFRA provision

The Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982 is a Title XIX provision of Medicaid. The Republican Congress would completely eliminate Medicaid, and all of the Title XIX provisions. TEFRA allows children with severe

disabilities who are under the age of 18 and are eligible for Medicaid based on their income, and who require the level of care provided by a hospital or nursing home, to receive that care, if it is appropriate, within the community, and to receive in-home family support and health care.

Advocates have told *EIR* that the end of TEFRA would cause severely disabled children to be institutionalized; the Medicaid block grants will also eliminate federal guidelines and Medicaid funding for virtually all intermediate care facilities for mentally retarded (ICF/MR) residents who are dependent on Medicaid to help pay for their care. Instead of training and therapy, these residents would be “warehoused.” But, because the Republican Congress would eliminate any legal right to Medicaid eligibility, it is not clear that any of these vulnerable populations would even get that.

Further, for two decades, the courts on all levels have allowed the outright murder by starvation of institutionalized disabled individuals of all ages, because some proponents, ethicists, and doctors allege that these individuals have a “poor quality of life.” Their “medical treatment,” i.e., their daily tube feedings, was deemed “medically futile” because it didn’t cure the patient or return him to health. This rationale was deemed, by Virginia and Massachusetts courts, as cause to starve patients.

Amid the focus on cost-efficient care, an ominous movement was forged among medical professionals, self-appointed medical ethicists, economists, euthanasia advocates, and utilitarians who all determined that providing life-saving medical treatment for severely handicapped newborns, or terminally ill patients, was “medically futile” and that society (and the Medicaid program) could make better use of that money. The argument proposed by one such group, which includes the notorious former governor of Colorado, Richard Lamm, is that the monies and resources spent on saving the life of one such infant, could be used to immunize hundreds of children.

The Third Reich used similar rationales to kill the mentally retarded and handicapped—they wanted those monies, hospital beds, and staff for their soldiers.

Today, the rationale for the Conservative Revolution’s denial of the poor’s right to life-saving treatment, i.e., Medicaid (the only insurance program available to them), is that this denial is needed to balance the budget.

The impact on hospital nursing staff

Mary Foley, MSN, RN, second vice-president, American Nurses Association, to the House Democratic Caucus hearings on Sept. 28:

. . . We know that pressure to contain costs already means that fewer people are admitted to hospitals. And those who are admitted are sicker, stay fewer days, and have fewer

registered nurses providing their care. RNs often care for twice as many patients as they did a few years ago, and proposed cuts in Medicare are likely to exacerbate this already precarious and alarming current situation. In the face of such cuts, hospitals are likely to reduce staff further, despite research indicating that with more RNs, there are better patient outcomes.

Decisions based upon a requirement to find massive savings in a very short time to meet arbitrary budget cuts will inevitably lead to poorer care for all patients and intolerable working conditions for nurses.

These costs-savings will be illusory. Providing a lower level of care, a less safe level of care, will result in more patient complications, in longer patient hospitalizations, and will cost the Medicare system and the entire health care system in terms of financial and human costs. . . .

There have been highly publicized examples of tragic, and sometimes even fatal, mistakes occurring at hospitals. The kinds of reduction proposed for these entitlements could result in an increase in similar kinds of errors as hospitals continue to lay off staff to cope with these latest constraints. . . .

Joan Swirsky, RN, MS, CS; editor-in-chief, *Revolution*, the Journal of Nurse Empowerment; organizer of the March 1995 nurses march on Washington:

. . . The bill is predicated on a drive for managed care—which, as everyone knows, means “managed” by insurance companies and *not* by health care providers. In addition, it is designed to fill the coffers of insurers and managed care companies and to cut back on fee-for-service health care delivery. . . .

Hidden in all of this is the fact that the care elderly people will receive as a result of this cut will not only be minimal, but largely unprofessional. Why? Because the preamble to this bill has already been taking place in hospitals across the nation that have slashed their registered nurse staffs and replaced them with unlicensed aides and technicians who have had only 3 to 12 weeks of training.

As people age and their health declines, many have multiple illnesses which require expert clinical care. Today—and certainly in the future—patients who need IVs calibrated, several medications administered, wounds dressed, tracheotomies suctioned, the list goes on, are being attended by uneducated, minimally trained personnel with little of no clinical experience.

Gwendolyn E. Johnson, MA, RN; American Nurses Association, which represents 2.2 million registered nurses; staff nurse, D.C. Metropolitan Hospital, Oct. 17:

. . . We call for strengthening and enforcing patient safety regulations to prevent hospitals from staffing at unsafe levels, and we call for requiring disclosure of staffing levels and mix by all hospitals that receive Medicare funding.

. . . Nurses are already alarmed about the safety and

quality of care in hospitals today, and these reductions in Medicare will further wound the already-limited access to care, the deteriorating quality of such care, as well as the uncertain status of employment in many communities.

. . . According to the Congressional Budget Office, Medicare spending over the next seven years is expected to rise by 4.9% annually compared to 7.1% for private health benefit expenditures. When you consider the health needs of the elderly and disabled compared to those covered under private plans, it is simply not possible to curtail the growth in Medicare outlays to this level [\$270 billion].

Patient care is already suffering as hospitals have reduced their RN [registered nurse] staffing and transferred a number of complex patient care functions, such as giving medications and inserting catheters, to nurses' aides and their unlicensed personnel who have only a few weeks of training. For instance, in Indiana, the Attorney General is investigating charges that janitors and other non-nursing personnel have been providing care that only licensed professionals are legally allowed to provide. . . .

This Congress is headed in a direction that will negate any stride that has been made to protect vulnerable consumers.

GOP eschews medical advances

For all his twaddle about saving Medicare for the next generation, Gingrich seems to work harder on making sure there isn't a next generation or the advanced medical sciences needed to support it. For example, the House Ways and Means Committee specifically passed an amendment to provide funding for the use of oral anti-nausea drugs that are known to have saved tens of thousands of lives in the fight against cancer since their development for NASA astronauts in the 1970s. This generation of anti-nausea drugs allowed many more patients to tolerate their chemotherapy and cancer-fighting treatments long enough to defeat the disease. Previously, patients were often so debilitated from nausea and vomiting, that they gave up treatment and died as a result. The GOP decided to eliminate this life-saver altogether from their bill.

Martha McSteen, National Committee to Preserve Social Security and Medicare, Oct. 5:

[The GOP “quick fix” approach to budget deficits is] self-defeating over the longer term. For example, by constraining funding for research into the diseases of aging, this nation may be turning its back on the most promising long-term hope for slowing the growth in Medicare costs. A report submitted to the recent White House Conference on Aging documents that the entire savings which the Republicans hope to achieve in seven years would be achieved each and every year if the most common conditions of aging could be postponed by just five years.

President Clinton's foreign-policy revolution

by Lyndon H. LaRouche, Jr.

While most of his Republican and other rivals were celebrating their vaudevillean reenactments of Belshazzar's feast, President Bill Clinton used the setting of the 50th anniversary of the United Nations Organization to unleash a revolution in U.S. foreign policy and strategy. What has happened is fairly, and most simply described as a return to the U.S. foreign-policy principles of the pre-April 12, 1945 period, a return to the anti-Churchill, nationalist tradition of Hyde Park's President Franklin D. Roosevelt, and, also, of patriots such as Benjamin Franklin, George Washington, James Monroe, Henry Clay, John Quincy Adams, and Abraham Lincoln earlier.

Some of the elements of the past days' diplomacy, such as the Oct. 23 "summit" meeting with Russian President Boris Yeltsin, are of history-making importance in their own right. Others, such as the President's new rulings on anti-drug and anti-money-laundering policy, also would be of at least leading importance in their own right, but have a crucial strategic significance when situated as part of the same strategic package as the new U.S.A.-Russia partnership and the President's strong affirmation of his China policy.

Yeltsin said to the journalists at the Hyde Park press conference, following the summit discussions, "You are the disaster!" Yeltsin's quip sent tears of rollicking laughter running down President Clinton's happy face. Yeltsin himself was rumbling with merriment, sharing President Clinton's pleasure in that sweet moment of truth. The popular news media had solemnly warned that that summit would be a disaster; now the two Presidents were laughing merrily at the most discomfited pack of journalists standing there, journalists who looked mostly like hyenas who had just been cheated of their feast by the liveliness of the intended victim.

Nonetheless, the subsequent questions from the journalists demonstrated, that the popular news media were still clinging hysterically to their false predictions of the preced-

ing two days. Until today, even after that press conference, no more than a relative handful of senior behind-the-scenes policy-shapers from around the world, has grasped the historic significance of what President Clinton is doing. The various elements of Clinton's revolution in U.S. foreign policy might be described as pieces of a mosaic; one has to see the picture as a whole, to appreciate the significance of each and all of the parts. Therefore, take the emerging, new foreign-policy initiative from the top, down.

The global strategic crisis

Although there are clear indications in the public domain which reflect the President's view of the matters he is addressing in this round of negotiations, all of us who must operate outside the privacy of the President's own mind, must interpret his actions from the standpoint of knowing both the nature of the problems confronting his administration, and the probable impact of his response to those matters. For my part, the strategic problem which confronts the United States, is summarized in my own Oct. 11, 1995 Presidential-campaign release, *The Blunder in U.S. National Security Policy*.¹

The President, as head of State of the world's leading, and most powerful nation, is confronted with an ongoing spiral of global monetary, financial, economic, and social crises, which threaten the United States, and which can not be solved without an appropriate leading role by the President of the United States. This present crisis can be compared to an onrushing hurricane. The global monetary and financial crisis is already here; the only question is: during which month, or week, will it strike with full force?

He is faced with the fact, that this combination of inter-

1. See LaRouche Exploratory Campaign "Home Page" (Internet), at: <http://www.clark.net/larouche/welcome.html>

connected monetary, financial, economic, and social crises demonstrates, that the policy-shifts which have been introduced during the past 25 years have proven a disastrous error. President Clinton has very little time, during which to pull together that desperately needed new partnership among leading nations, which is indispensable for overcoming the effects of an imminent collapse of the world's leading monetary and financial institutions.

These crises, which will *probably* hit with full force before the November 1996 U.S. Presidential election, also mark the end of that period of current world history, which began with the most untimely death of President Franklin Roosevelt, on April 12, 1945. The death of Roosevelt made possible the replacement of Roosevelt's policy for the post-war world, by the neo-imperial and balance-of-power policies of Prime Minister Winston Churchill's British Empire. Thus, what Roosevelt had derided as British imperialism and "British Eighteenth-Century methods,"² have dominated U.S., as well as British and U.N.O. policies, during the 50 years since Roosevelt's death. These policies have proven a disaster; not only the former Soviet Union, but the entire world, is a collapsing shambles today.

Among the principal other crises facing the United States, is the combination of a massive drug-epidemic with the recent resurgence of international narco-terrorism, to which the "Iran-Contra" drug-weapon-money-laundering enterprises of Prime Minister Margaret Thatcher and George Bush contributed a major part.

In this setting, President Clinton invited President Yeltsin to join with him at former President Franklin Roosevelt's Hyde Park residence. Could any symbolic gesture be more obvious!

Nor, was this the first time the President's household has made signal reference to the Franklin Roosevelt tradition. Hillary Rodham Clinton invoked memory of Mrs. Eleanor Roosevelt's role as the President's wife, in speaking at the June 19, 1995 dedication of Mother Teresa's Home for Infant Children, in Washington, D.C. Just days before the Hyde Park "summit," a full column by Hillary Clinton, on the subject of the Eleanor Roosevelt "model," could be read in the Oct. 22, 1995 edition of the Chicago *Sun-Times*.

This is consistent with the President's record as a student at Georgetown University. Every major news medium has this record on file for ready reference by editors and reporters. Day to day "politicking politics" aside, President Clinton's White House references the memories of President John F. Kennedy and President Franklin D. Roosevelt. Taking all such and kindred facts into consideration, nothing is less surprising, than that President Clinton should consider picking up the reins of foreign policy, where President Roosevelt had dropped them in April 1945. President Clinton's adversaries within the British establishment understand all of this

2. See Elliott Roosevelt, *As He Saw It* (New York: Duell, Sloan, and Pearce, 1946).

very clearly, which is why they hate Clinton and seek to destroy him. Why are American journalists and editors so dumb as not to recognize such clear facts?

Why does anyone imagine Russia's President Yeltsin was so happy? Does anyone think that the President of Russia is such a fool as to consider Bosnia and NATO as primary issues in and of themselves? Will some in Moscow challenge the returning President Yeltsin slyly: "So, Boris Nikolaievich, what have you brought back from your meeting with the American President? Has he conceded to our demands on Bosnia and NATO?" President Yeltsin will answer, that those are no longer important issues; he has returned with some really good news: "We have partnership. We shall deal with the differences as partners should."

The primary issue is, whether the United States has, or does not have, a partnership relationship with a constellation of powers including Russia, France, and Germany. Clinton acted to make the two nominal issues of NATO and Bosnia virtually non-issues, and focussed on the crucial strategic issue of reviving the kind of partnership which President Franklin Roosevelt had intended.

Lest there be any doubt of that characteristic of the discussions with Yeltsin, consider President Clinton's next bit of "summit" diplomacy, with China's President Jiang Zemin. Contrary to the British monarchy, to Sir Henry A. Kissinger KCMG, and to Mrs. Thatcher's favorite political pit-bull, George Bush, the United States is committed to a "one China" policy today, as it was under Franklin Roosevelt, up to the moment he died.

Consider the way in which the Hyde Park meeting was pre-arranged, first, by preparatory meetings of President Yeltsin with France's President Jacques Chirac, and by complementary telephone discussion with Germany's Chancellor Helmut Kohl. Next, to offer Britain herself the chance to be sensible about the new arrangements being built, and, then, on to Japan.

What is the historic significance, for past and future, alike, of a U.S.A. sponsorship of a France-Germany-Russia-China-Japan axis of Eurasian economic development? Think back to the 1890s of France's Gabriel Hanotaux, Germany's Wilhelm Siemens and Karl Helfferich, and Russia's Count Sergei Witte, with the project for building railway corridors of development across Eurasia, from Brest at the Atlantic Coast of France to the shores of the Pacific and Indian Ocean, including a direct railway connection into Japan itself.

What is President Clinton doing? He is putting into place, stone by stone, the bridge from the present crisis to foundations of a future global economic recovery, the future likelihood of global peace and security, through economic-development partnership. Partnership among France, Germany, Russia, China, and Japan, is not an exclusive club, but the indispensable core-sponsorship for the kind of measures of economic cooperation wanted if any nation is to be enabled to confront the onrushing hurricane of global monetary-financial collapse.

President Clinton warns: Narco-terrorism 'threatens our world'

by William Jones

In an unprecedented move by any American President in recent years, President Bill Clinton, speaking before the United Nations on the occasion of its 50th anniversary celebrations on Oct. 22, took off the gloves against the international drug cartels. Stressing the need for international cooperation in an era when the "forces of disintegration" move freely across borders, the President drew a connection between terrorism and the drug cartels: "Nowhere is cooperation more vital than in fighting the increasingly interconnected groups that traffic in terror, organized crime, drug smuggling and the spread of weapons of mass destruction. These forces jeopardize the global trend toward peace and freedom, undermine fragile new democracies, sap the strength from developing countries, threaten our efforts to build a safer, more prosperous world."

In a recent strategic paper, economist Lyndon LaRouche stressed the critical need for understanding the concept of "narco-terrorism" in order to deal with the growing threat. That this is the way the administration is increasingly looking at these problems was underlined in a briefing on the initiative in New York on Oct. 23. One incredulous reporter asked Assistant Secretary of State for International Narcotics Matters Bob Gelbard, how the White House could connect drug trafficking and terrorism, and asked for examples of countries where terrorist activities are financed by drug trafficking. "We coupled them only in the sense that we are looking at these four major elements of criminal activity," Gelbard said, "but there are, indeed, cases where there are terrorist organizations which are engaged in drug trafficking, usually to finance their activities." Gelbard then named some of the most outstanding narco-terror outfits: the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN) and the M-19 in Colombia; parts of the Kurdish Workers Party (PKK) in Turkey; the Liberation Tigers of Tamil Eelam (LTTE) in Sri Lanka; and the Hezbollah in the Middle East.

Strangle drug-money flows

More importantly, the President's initiative takes aim at the all-important laundering of drug money. "Criminal enterprises are moving vast sums of ill-gotten gains through the international financial system with absolute impunity," the President said in his U.N. speech. "We must not allow

them to wash the blood of profits from the sale of drugs from terror or organized crimes." "Nations should bring their banks and financial systems into conformity with the international anti-money-laundering standards. We will work to help them to do so. And if they refuse," the President warned, "we will consider appropriate actions." As far back as the 1978 publication of the bestseller *Dope, Inc.*, commissioned by LaRouche, knocking out the "drug banks" was underscored as the *sine qua non* of any true war on drugs. In the words of one administration official, money laundering represents one of the "critical choke-points" in eliminating international crime.

The President also called on the nations of the world to negotiate an international Declaration on Citizens' Security and Combatting International Organized Crime. In such a declaration, nations would join in a series of international commitments to deny sanctuary to terrorists, narcotics traffickers, and other international organized criminals, and provide mutual assistance in investigating such crimes.

The Clinton initiative also called for the formation of a "counterterrorism pact," so that countries could band together to urge more States to ratify existing anti-terrorism treaties and work to "shut down the gray markets that outfit terrorists and criminals with firearms and false documents."

President Clinton announced that, the previous evening, he had signed Executive Order 12978, in which he blocked all property and interests in property in the United States of individuals or entities known to play a significant role in international narcotics trafficking centered in Colombia (see *Documentation*). In order to do this, he has utilized the International Economic Emergency Powers Act, which gives the President the power to regulate financial transactions involving national security. In addition, the Executive Order prohibits dealings by U.S. citizens or other individuals or entities operating in the United States with the persons designated as being known front companies or collaborators of the Cali, Colombia drug cartel. The Treasury's Office of Foreign Assets Control published a list of 80 such companies and individuals in connection with the issuance of the Executive Order. Although specifically targeting the Cali Cartel, which accounts for 80% of the cocaine and probably 15% of the heroin entering the United States, according to administration officials, the moves have broader ramifications.

This administration's latest measures turn up the pressure in the campaign to dismantle the Cali Cartel. In close collaboration with the Colombian police, the administration has achieved the arrest of some of the most notable—and most protected—cartel, contributing to a political shake-up at the top in Colombia, where President Ernesto Samper Pizano is being investigated for his connections with the drug mafia. As Gelbard put it very diplomatically on Oct. 22, "As Colombian police operations have really improved dramatically in their scope and in what they have been able to achieve . . . [they] have really been able to demonstrate the extraordinary penetration of the Cali Cartel through so much of Colombian society."

Bush, Kissinger, and the drug cartels

The reanimated war on drugs is a serious blow to the Bush-Kissinger networks. What had been the initial commitment of the first Reagan administration to a "war on drugs" was effectively squashed when Reagan made the blunder of naming Vice President George Bush as the "man in charge." Not only was there no "war on drugs" during the Reagan-Bush years, there was, in fact, a close collaboration between Bush as vice president, and later as President, and the drug cartels. The most notorious example of this interface was the collaboration of Bush National Security Council operatives Oliver North and Roy Godson with the drug operations of the Nicaraguan Contras in the "Iran-Contra Affair." There was also the less public—at least until *EIR* began to make it so—financing of the terrorist mujahideen in the "surrogate war" against the Soviet Union in Afghanistan, which was

extensive. The hysteria among the Bush networks over President Clinton's new offensive against their Colombian drug friends has given them new-found impetus to their recent attempts to crank up the dormant "Whitewater affair" in an attempt to destroy the President.

World leaders join Clinton

Clinton made ample use of the U.N. celebrations in New York to hold bilateral meetings with other world leaders, to consolidate the international political forces to deal with the crises now facing the world. Clinton's historic meeting with Russian President Boris Yeltsin at the Hyde Park home of Franklin Roosevelt, and the following day's meeting with Chinese President Jiang Zemin, supported by the efforts of France's Jacques Chirac and Germany's Helmut Kohl, provide the back-drop to the President's anti-drug offensive. President Jiang especially, brought up the issue of drugs and money laundering, after listening closely to the President's U.N. speech, according to NSC director for East Asia, Bob Suettinger. "It was very clear from the discussion at several points that President Jiang had listened very carefully to the President's address to the U.N. address . . . and that they were looking forward to cooperation in a number of the areas that the President [Clinton] had raised."

This intercontinental collaboration in going after the drug-money laundering can have significance beyond the war on drugs as such: It means that President Clinton has pulled together the forces needed to tackle the financial gale just waiting to strike with "hurricane force winds."

LaRouche refutes Pentagon report on defense policy

On Oct. 19, Lyndon LaRouche's campaign for the Democratic Party Presidential nomination issued the first major policy document of his campaign. Titled "The Blunder in U.S. National Security Policy," the strategic analysis, nearly 60 pages long, appeared first on the candidate's electronic Homepage; it can be accessed at

<https://larouchepub.com/lar/1995/blunder.pdf>

LaRouche's paper takes the form of a rebuttal to a September 1995 report by the U.S. Department of Defense's Office of International Security Affairs, titled "United States Security Strategy for the Americas."

The candidate writes: "If the policy set forth in a recent

Department of Defense (DOD) report on the Americas were actually carried into effect, the United States is presently in the process of shooting itself in the foot all over Central and South America. This problem has not been created by the Clinton administration; it is a continuation of a worsening series of U.S. foreign-policy and related security catastrophes in Central and South America, which has been a built-in trend within our permanent national security bureaucracy since McGeorge Bundy's reign at the National Security Council, Robert S. McNamara at DOD, and the poisonous influence of the economic dogmas of such devotees of the Mont Pelerin Society as Prof. Milton Friedman. We have come to the point of global crisis, when the failure to reverse that 'utopian' tradition, launched under Bundy, McNamara, and Kissinger, could have virtually fatal consequences for U.S. security."

The full analysis will soon be made available in hard copy by the Committee to Reverse the Accelerating Global Economic and Strategic Crisis: A LaRouche Exploratory Committee, Box 730, Leesburg, Virginia 22075.

E.O. 12978 hits 'nexus of drug pushers, terrorists'

On Oct. 22, President William Clinton signed an historic Executive Order declaring a state of national emergency and initiating a series of measures aimed at eradicating the "growing nexus" of international narcotics traffickers, terrorists, and other criminals, with heavy emphasis on the role of international financial institutions in facilitating the laundering of illicit narcotics-trafficking profits. What follows are excerpts from the Executive Order and the Summary Sheet issued by the White House press office, and the letter to the U.S. Congress by President Clinton, released Oct. 23.

From the Summary Sheet

The President today announced that the growing danger of international organized crime constitutes not only a law enforcement problem but also a national security threat to the United States. . . . The actions are designed to counter the growing nexus among terrorists, narcotics traffickers and other international criminals that has been fostered by developments in international communications, travel and information-sharing, and the end of the Cold War.

The President's actions recognize that international criminal enterprises now move vast sums of illicitly derived money through the world's financial systems, buy and sell narcotics and arms, and smuggle aliens, nuclear materials, and weapons of mass destruction. International criminals know no geographic boundaries and they cooperate across barriers of language and ethnic origin. . . .

To attack the danger of international organized crime the President has ordered five specific initiatives designed to deny the criminals their ability to launder their illicit profits, shut down so-called "legitimate" front companies financed and controlled by the world's largest drug cartel, enhance U.S. legislation to put the criminals in jail, increase training and assistance to the world's law enforcement agencies and promote greater international cooperation in the fight. . . .

In support of the ongoing multilateral efforts to bring all nations into conformity with international standards against money laundering, the President has ordered that the U.S. identify the most egregious overseas sanctuaries for illegally obtained proceeds. We will then enter into active negotiations with those nations to achieve conformity with interna-

tional standards and end their safe-haven status. If they fail to comply within a reasonable time, the President has authorized the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, to consider applying unilateral sanctions against them and encourage other States to do the same. . . .

Accordingly, the President will propose that the countries of the world negotiate an international declaration in which nations pledge cooperation in efforts to combat international organized crime, including nuclear-materials smuggling, terrorism, narcotics trafficking, money laundering, alien smuggling, and counterfeiting. The U.S. will work with other concerned nations to develop a draft text which would then be negotiated and signed.

Executive Order 12978

I, William J. Clinton, President of the United States of America, find that the actions of significant foreign narcotics traffickers centered in Colombia, and the unparalleled violence, corruption, and harm that they cause in the United States and abroad, constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, and hereby declare a national emergency to deal with that threat. . . .

The Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) as may be necessary to carry out this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out this order.

The President's letter to Congress

President Clinton informed the Congress in writing about the declaration of national emergency, and specified the two principal initiatives contained in E.O. 12978: "[The order] blocks all property and interests in property in the United States or within the possession or control of United States persons of significant foreign narcotics traffickers centered in Colombia designated in the Executive Order or other persons designated pursuant thereto; and

"prohibits any transactions or dealings by United States persons or within the United States in property of the persons designated in the Executive Order or other persons designated pursuant thereto."

Simultaneously, the Treasury Department Office of Foreign Asset Control issued a list of 66 individuals and corporate entities associated with the Cali Cartel that will be immediately affected by the initiative. Treasury officials report that a broader list is being compiled.

Ruby Ridge: FBI, not DOJ, feels the heat

by Edward Spannaus

The Senate hearings on the 1992 Ruby Ridge, Idaho shooting incidents concluded on Oct. 19, with FBI Director Louis Freeh appearing as the final witness. Preceding Freeh on Oct. 18 was Deputy Attorney General Jamie Gorelick. While both were quite candid about the failures and shortcomings of the FBI, as well as of the U.S. Marshals Service and the Bureau of Alcohol, Tobacco and Firearms (ATF), the role of the Justice Department's career professionals was scarcely touched. Indeed, the failure of both the Waco and Ruby Ridge hearings to probe the permanent bureaucracy in the Justice Department can only be described as an act of political cowardice, which will come back to haunt the Congress again and again.

Perhaps most revealing was the comment of Gorelick, who told the Senate subcommittee that as she had gone through the record of this case, "the thing that really struck me . . . was how many things had gone wrong. Almost everything had gone wrong." If the Senate Judiciary Committee had taken up the broader question of Justice Department misconduct, they would have found that this is true in almost every politically tinged case, and many others as well. If the level of scrutiny that has gone into the Ruby Ridge hearings were applied to the cases of John Demjanjuk, Lyndon LaRouche, and the selective prosecution of black elected officials (see *EIR*, Oct. 6), for example, it would be obvious that the Weaver case, tragic as it is, unfortunately is nothing exceptional.

FBI 'overreaction'

The level of publicly exposed blundering in the Ruby Ridge case—which resulted in the deaths of a deputy U.S. Marshal, and of the wife and son of the target of the operation, Randy Weaver—made it imperative that wrongdoing be admitted. Gorelick opened her testimony on Oct. 18 by declaring: "All three deaths . . . were senseless tragedies. It did not have to happen, and they should not have happened." Testifying the next day, FBI Director Freeh stated: "Ruby Ridge has become synonymous with tragedy. . . . It has also become synonymous with the exaggerated application of federal law enforcement. Both conclusions seem justified."

Freeh told the subcommittee that law enforcement, and specifically the FBI, had "overreacted" at Ruby Ridge. He also said that FBI officials had promulgated rules of engagement that were subject to an "interpretation that would permit

a violation of FBI policy and the Constitution." Freeh said he would never allow the FBI to use such rules of engagement again.

The ATF's initial targeting of Weaver has also come under attack, as has the conduct of the marshals at Ruby Ridge, and then in the wildly exaggerated briefing given to FBI officials by then-Director of the Marshals Service Henry Hudson. Referring to Hudson's briefing to the FBI, Gorelick said that the Marshals Service has instituted a more rigorous reporting system, "so you don't have a situation where the head of the Marshals Service grabs whatever information he has and runs across the street to the FBI, and that becomes the basis for rules of engagement and HRT [Hostage Rescue Team] deployment."

Freeh told the subcommittee that he is restricting the use of the HRT. "The members of HRT are not commandos," Freeh said. He said that, in connection with barricade situations: "I will not tolerate and you will not have a militarized FBI or HRT in these operations. And some of the tactics we used before, whether they were robots or chants or anything else, are not going to be part of this FBI."

But this did not satisfy some of the senators on the panel, particularly Charles Grassley (R-Iowa), who said that the HRT "has done more to erode public confidence" in law enforcement by its actions in Ruby Ridge and Waco than anything else. "You've been talking about enhancing the Hostage Rescue Team," Grassley told Freeh. "I'm thinking about dismantling it, and if not dismantling it, then right-sizing it and putting it on a very short leash, and I'm not convinced the HRT concept is consistent with law enforcement." Grassley said that the HRT does military-style training full-time, which includes "cross-training" with military special operations, training with the Marine Corps sniper school, and training at the Navy's underwater demolition school, and that it does not engage in any routine FBI activity.

Grassley asked: "Why would we want to deploy, for law enforcement purposes, a team of full-time, military-trained, once-in-a-blue-moon, finely honed, non-police-trained, tightly-wound-up assaulters and snipers with a military mind-set, rather than a law-enforcement mind-set, especially when we've seen, both at Ruby Ridge and at Waco, the possibility of misuse?"

Freeh answered that it "is a capability that we need and must have." But, he said, it should not be used "reflexively," adding that he had only deployed it twice since he has been FBI director, and had turned it down on three other occasions.

Freeh's willingness to acknowledge mistakes by the FBI was noted by Patrick Leahy (D-Vt.) who commented that in the '60s and '70s—in an obvious reference to the reign of J. Edgar Hoover—it was unthinkable for the director of the FBI to admit any mistakes. Taking up the theme, Freeh commented: "We're the agency, we don't forget, that didn't investigate organized crime for 50 years. We ignored it. We pretended that it didn't exist."

Term limits resolution voted down in Senate

On Oct. 17, the Senate tabled, by a vote of 49-45, a resolution by John Ashcroft (R-Mo.) calling on the Senate to pass a constitutional amendment limiting the number of terms members of Congress can serve.

Ashcroft said that his resolution, which he introduced as an amendment to the Cuban Liberty and Democratic Solidarity Act, was "a straightforward statement of the intention and sentiment, which I believe the American people have as their agenda, for reform, and I believe that we should advance that agenda in accordance with their clear mandate, last fall."

Robert Byrd (D-W.V.) ridiculed term limits, saying that the most effective term limitation on members of Congress is the American voter. "They, the voters," he said, "alone pick and choose whom they wish to have represent them. They alone, not some arbitrary calendar, determine who will serve in this body, and no constitutional amendment, no matter how well intentioned, can improve upon that situation."

Rockefeller threatens committee shutdown

Saying that he had "seen enough," Jay Rockefeller (D-W.V.) told the Senate on Oct. 18 that he would put in an objection to meetings of the Senate Finance Committee "every day," that would prevent the committee from meeting after 2 p.m. on any day that the Senate is in session.

"This new Republican leadership," he said, "will go to any length to seize the crown jewel of their Contract [with America]," the \$245 billion in tax cuts, "but at what cost? At whose

expense? Every day their answer becomes more savage. Pilfering school lunch monies, turning four-year-olds away from Head Start classes, eliminating standards for screening and testing of childhood diseases."

Rockefeller particularly attacked GOP Medicare proposals, accusing Republicans of "turning their backs on the elderly." He said that the final straw leading to his action was a new provision, "added to this long list of atrocities" in the reconciliation bill, "to unravel" health benefits for retired coal miners. He described this group of retired coal miners, numbering 92,000, as having survived all the hazards of mining, "but they may not survive this Republican Congress, and I am sad to say, there is probably more to come."

White House security too costly, says Grams

Rod Grams (R-Minn.) took to the floor of the Senate on Oct. 18 to complain that the closing of Pennsylvania Avenue in front of the White House is too costly, both in monetary terms and in terms of public access. The call comes as the United States, and the White House in particular, is facing increasing threats from terrorist forces nurtured by the British monarchy.

Grams described the security measures for invited guests entering the White House grounds as reflecting a "bunker mentality." He said, "I think it is safe to say that very few visitors feel at home these days at the White House. The openness is gone. It has all been replaced by intimidation and fear."

Grams described the monetary costs of the closing, including the impact on traffic, the loss of parking rev-

enues for the District of Columbia, and the costs of the "beautification plan" for the closed section of roadway. He called on his colleagues to join him in denouncing "the assault on our freedoms being undertaken on Pennsylvania Avenue. . . . President Clinton has gone too far, but it is not too late to halt his efforts to close off the people's house on America's Main Street from the people themselves. I urge that we take action now, before a single spadeful of earth is turned."

Congressmen disagree on Million Man March

On Oct. 17, two members of Congress spoke on the House floor on the Million Man March, and their viewpoints diverged significantly.

James Traficant (D-Ohio) praised the march, in a one-minute speech. "I attended the Million Man March," he said, "I thought it was the right thing to do." He said that "the message was powerful. The themes were responsible: self-responsibility, economic independence, morality, love, parenthood. Those are good messages for all America." He concluded that "there is reality here. The pope and Billy Graham are great human beings, but the pope and Billy Graham and all the religious leaders of the world will not solve the race problem in America. It is going to, in fact, require the help of all people. Congress should join in and commend that march. It was good for the country."

Major Owens (D-N.Y.), in a convoluted 60-minute speech, went to great lengths to explain that he could not support the march and that he doesn't regret that decision now. He claimed that the marchers "did not have a political agenda" or "an agenda

to support Minister Louis Farrakhan in his endeavors." Owens said he could not participate, "because I knew very well the danger of supporting an activity which is led by a minister, Louis Farrakhan, who refuses, basically, to change his agenda." He qualified that by saying how "happy and optimistic" he was about the moderate and conciliatory tone of the statement that Farrakhan made.

However, Owen made a useful comment about the programmatic content of the march. His speech was ostensibly about Medicare and Medicaid, which, he said, "are not individual responsibilities. . . . You cannot have your family taken care of, with respect to health care, by yourself, no matter how much you reform and change your own lifestyle." He criticized the marchers for ignoring the Medicare and Medicaid "emergencies," and for not understanding "that the economy is shaped by forces that are beyond the control of individuals and families" and for not addressing the fact "that government policies at this point are at the root of the problems being faced by families and their inability to cope, in many cases."

Cuba 'liberty act' clears Senate

The Senate passed the Cuban Liberty and Democratic Solidarity Act on Oct. 19, after voting to shut off a Democratic filibuster the day before. The bill commits the United States to tighten the existing economic embargo against Cuba, and to support the transition to a post-Castro government that is "democratically elected."

The vote came after several amendments, which would have lifted some restrictions in the embargo cur-

rently in force, were defeated. One amendment, sponsored by Paul Simon (D-Ill.), would have allowed Americans to travel to Cuba legally. Simon said, "It is very interesting that in the Soviet Union we had this same question: Should we cut them off and isolate them, or should we have American visitors who go there and help to ameliorate their policy? We, fortunately, made the right decision that Americans could travel there."

Senate Foreign Relations Committee Chairman Jesse Helms (R-N.C.) said Simon's amendment, which was tabled by a vote of 73-25, "undercuts the embargo that has been in effect for eight Presidents. Tourism will not change Castro . . . it will merely contribute to Castro's economic status a little bit."

Republican budget plan riddled with holes

June O'Niell, the director of the Congressional Budget Office, sent several letters to the Senate on CBO budget projections for the year 2002, based on this year's budget reconciliation bill. It became clear that Republican claims that their plan would balance the federal budget in seven years, are severely flawed.

O'Niell's first letter, on Oct. 18, was waved around on the floor of the Senate by Budget Committee Chairman Pete Domenici (R-N.M.). In it, O'Niell said that the Republican budget plans would lead to a \$10 billion budget surplus in the year 2002, "if the President will just sign what we have done," Domenici claimed.

The following day, Byron Dorgan (D-N.D.) reported that he and several other senators had asked for a clarification on that projection from the

CBO, and O'Niell sent back another letter reporting that, if Social Security and Postal Service surpluses are not included, the actual result for the year 2002 will be a \$98 billion deficit.

On Oct. 20, Ernest Hollings (D-S.C.) reported that the CBO had said it made a mistake in calculating changes in the consumer price index, and the actual deficit for the year 2002 will be \$105 billion.

In an attempt to rebut Dorgan on Oct. 23, Domenici quoted from an editorial by columnist Charles Krauthammer, to the effect that not including the Social Security trust fund in the budget projections is a "fraudulent argument," even though the trust fund is excluded by the Congressional Budget Act of 1990. This caused Hollings to quip that Krauthammer was a psychiatrist "before he started spilling ink on the editorial page," and that this reminded him of the old saw that "a psychiatrist is the fellow who goes to the burlesque show to look at the audience."

Wolf goes on rampage against Croatia

On Oct. 18, Rep. Frank Wolf (R-Va.), who has often served as the point man in Congress for the British destabilization campaign against Sudan, turned his guns on Croatia. He accused the Croats of committing genocide against Serbs in the recently liberated Krajina region, and cited reports of alleged atrocities by European Union monitors to justify his call for eliminating \$12 million in funding for the Croatian-American Enterprise Fund contained in the current Foreign Operations appropriations bill.

By approving the funding, "Congress would not only be turning our backs on genocide, we would be approving it," Wolf said.

National News

Louisiana gubernatorial primary defeats Bushmen

Former Louisiana governor Buddy Roemer, who campaigned in favor of establishing prison chain gangs in the state, was unexpectedly defeated in the gubernatorial primary on Oct. 21. Roemer had been strongly endorsed by Texas Gov. George W. Bush, who had campaigned in the primary on his behalf.

U.S. Rep. Cleo Fields (D), the first black American to make it into a Louisiana race for statewide office since the 1870s Reconstruction era, came in second in the primary and will face white populist self-made millionaire State Sen. Mike Foster in the Nov. 18 final election. Many in the state credit Fields's defeat to Roemer to the dual effect of the Million Man March, which occurred five days before the primary, and the recently passed motor-voter registration law, which was followed by a large-scale voter registration drive.

Fields told the press Oct. 23, "I'm not running to be the black governor, I'm running to be the best governor." Both candidates will have to develop policies to deal with the economic crisis facing Louisiana, which includes a 25% cut in Medicaid funding this year, to be followed by another 25% cut next year.

Health care coalition attacks 'toxic' cuts

Led by the American College of Physicians, a coalition of health care providers and organizations held a press conference on Oct. 23 to urge that the Republican Medicaid "reform" legislation either be changed to reduce the amount of funding to be cut, or, failing that, requested that President Clinton veto the legislation.

Dr. Howard Shapiro, director of public policy for the American College of Physicians, told the gathering that "people will be sicker, and people will die as a result of this toxic mix of funding cuts and elimina-

tion of standards." Shapiro attacked the "veritable orgy of deal-making" in the Congress on Medicaid reform legislation and said that the job of his coalition is "on behalf of patients, to insist that Congress revise Medicaid sections . . . to protect this core program of the social safety net."

Shapiro also attacked the notion that states can do more with less if "freed" from federal constraints. "This is a new experiment in voodoo economics that uses poor patients and our elderly and disabled people in nursing homes as guinea pigs."

Other organizations in the coalition represented at the press conference were the Catholic Health Association, the National Association of Public Hospitals, the American Nurses Association, the American Academy of Pediatrics, the National Association of Children's Hospitals, and the American Association of Homes and Services for the Aging.

Mass. governor pushes pirate ship to limits

Massachusetts Gov. William Weld, the blueblood pilot for the Conservative Revolution's privateers, continues on a mad course which should wreck the ship. On Oct. 17, he demanded that all welfare recipients in the state be fingerprinted—just five days after he proposed that unwed mothers under 18 be cut off from all cash grants. On Oct. 13, Weld also proposed that state welfare administrators be allowed to report illegal immigrants to federal immigration authorities, in the approximately 1,500 cases where the immigrants' children are *U.S. citizens*.

Weld said, "Welfare fraud is a particularly ugly crime, like robbing a Salvation Army Santa or stealing from church. . . . It's not just thievery; it's a calculated insult to kindness and charity." Democratic House Speaker Charles Flaherty declared, "The governor has created a new meanness office," suggesting that Weld must be giving an award to the staffer who comes up with "the meanest idea of the week."

On Oct. 13, Weld gave a group of newspaper editors his thoughts on impoverished

teenage mothers: "Let's face it. We're making sure these girls have shelter, and we're paying for food, medical care, and day care. What's left? New duds, CDs, movies? Well, we think a hundred-plus a week for that stuff still makes teenage motherhood look like too much fun."

Meanwhile, Weld has proposed to extend some hefty charity to the state's horse racing and betting "industry," by shifting more funds to track owners and easing state regulation, the *Boston Globe* reported on Oct. 20. With casino gambling rapidly expanding in New England, race tracks owners say their take is way down. Weld has proposed legislation which would allow the tracks to keep bettors' unclaimed winnings—which now revert to the state treasury—and require them to be checked and licensed only every five years, instead of annually.

Weld is the scion of New England Brahmins prominently involved in British subversive operations against the United States. His feelers earlier this year for a possible Republican Presidential bid came up empty. Weld said he got used to being fingerprinted while he worked for the U.S. Department of Justice—where he helped originate the witchhunt against Lyndon LaRouche.

London ping-pongs Colin Powell endorsements

Without a pang of conscience, the London-directed press continues to take in each other's laundry list of fulsome praise for possible U.S. Presidential candidate Colin Powell. The London *Guardian* of Oct. 24 ran a front-page claim that Powell will run for President, quoting *Weekly Standard* editor Bill Kristol who says, "If I had to bet today on one person for the Republican Presidential nomination, I'd put my money on Colin Powell." The *Weekly Standard* is the magazine launched this fall in Washington, D.C. by British propaganda conduit Rupert Murdoch.

Martin Walker, the London *Guardian's* Washington correspondent, claims that support for Powell is building throughout "conservative" Republican Party circles. Powell

is reported to be "in touch with" Speaker of the House Newt Gingrich, while Gingrich—not to be outdone—is "in frequent contact with Ken Duberstein, the unofficial strategist of Powell's shadow campaign."

Radio talk-show loudmouth Rush Limbaugh has endorsed Powell, while Bush-era U. S. Defense Secretary Richard Cheney declared that "Colin Powell has the qualities I like to see in a President. I am a big fan." Powell and Cheney, of course, are no strangers to each other, having collaborated closely in the Gulf war slaughter of the Iraqi population.

In its eagerness to gather praise from all the approved sources, the *Guardian* provides a perhaps less than felicitous image of a Powell candidacy. It quotes an aide of Conservative Revolutionist Sen. Phil Gramm (R-Tex.), saying that a Powell candidacy would have the effect of a "thermonuclear explosion," sucking in after it everything else.

Media promote breakup of U.S. western states

The publicly promoted scheme of Britain's Prince Philip Mountbatten, for balkanizing the United States into a group of petty principalities, is moving into its operational phase, as certain U.S. media seek to fan tensions in the western states. On Oct. 21, National Public Radio interviewed author John Margolis, who contends that recent migrations out of the Great Plains states have lowered population levels to the point that some states may no longer be worthy of statehood.

Margolis cites North Dakota, where the population has fallen to approximately 650,000, under savage attacks against family farms by the grain cartels. Supposedly, moves to annex portions of that state by bordering states are said to be under serious consideration. North Dakota Gov. Ed Schafer has defended his state by saying that North Dakota is number one in five categories of production—something other states might try to emulate.

Joining the hyena chorus, *Time* maga-

zine of Oct. 23 featured an anti-federal diatribe entitled "An Inside Look at the West's Growing Rebellion: Don't Tread on Me." After hyping one man's bulldozer protest as a "new movement," the article shows precisely what it is designed to accomplish. Cato Institute senior fellow Karl Hess, Jr. claims he fears that the owner of some marginal ranch, pushed to the brink by changing rules, may turn desperate. "Someone's going to carry a gun, someone's going to shoot, someone's going to bomb a Forest Service office. . . . And God knows what's going to happen then."

Pesticide foes all wet over dihydrogen oxide

Supporters of a ban on all pesticides demonstrated a high level of desiccation recently when they responded enthusiastically to a call demanding an end to the production and use of water. The call was contained in a letter from the "Stop the Silent Killer Foundation," which warned against the dangers of dihydrogen oxide, which killed 4,100 Americans in 1991 alone.

The *Journal of Commerce* reported on Oct. 20 that the letters had been sent by Peter Sparber, a Washington business lobbyist, who concocted the hoax to test whether "environmental zealots . . . blindly follow the lead of others." The letter from the bogus foundation asked the recipients, who favor a ban on all pesticides, to send letters to the Dihydrogen Oxide Institute, demanding that the manufacture and use of dihydrogen oxide be ceased immediately. Signed by "John Alan Waterman," the letter neglected to mention that dihydrogen oxide is water.

Among the outraged letters which were duly sent to Sparber's fictitious Dihydrogen Oxide Institute, was the following: "I know that producing this poison is how you make your living. You must also realize that this same poison is what causes some peoples' death. How in God's name can you live with yourselves? Stop production and get a job you can be proud of, one that won't ruin your karma."

Briefly

● **THE NATIONAL PARK** Service estimate, that the turnout in Washington for the Oct. 16 Million Man March was only 400,000, was absurd, according to many observers. Dr. Farouk El Baz, director of an imaging laboratory and an expert in space satellite photography, told CBS-TV on Oct. 19 that analysis of photos from fixed-wing aircraft and elevated ground sites, puts the most likely number at 875,000, and perhaps as high as 1.1 million.

● **LOUIS FARRAKHAN** hopes to perform Beethoven's violin concerto in Berlin, according to an interview with Germany's *Der Spiegel* released Oct. 16. He also urged blacks to get more involved in "mathematics and other sciences with which one can build civilizations." Farrakhan said of the Beethoven work, "as soon as I master it, I would like to perform in Germany, with the Berlin Philharmonic Orchestra."

● **MAGGIE THATCHER'S** 70th birthday bash at Washington's Union Station was a "flop," the London *Guardian* reported. "George Bush sent apologies, and Mikhail Gorbachov was nowhere to be seen. Nor was Chancellor Helmut Kohl or President Jacques Chirac—even though both sat on the committee which organized the event." Bob Dole was a no-show, Thatcher "disciple" Newt Gingrich was an hour late, and "there was no representative of the Clinton administration."

● **U.S. PROPOSALS** for United Nations reform include imposing a "moratorium on global U.N. conferences once the present series is completed." The U.S. plan would thus shelve any reruns of the Rio de Janeiro environmentalist revival, the Cairo population conference, and the Women's Conference at Beijing.

● **AIDS** is sweeping "through the musical community with extraordinary virulence," the *Washington Post* claimed Oct. 22. It added that "the New York City Opera alone has lost some 100 people to the disease."

Editorial

Town meetings and real politics

Russian President Boris Yeltsin's quip that it is the mass media which are the real disaster, was an occasion for merriment, but it was also the statement of a profound truth. The assertion that the press have subverted the American political process from top to bottom is by no means an overstatement.

It used to be that candidates for political office would take their case directly before the American people. Debate was fierce, sometimes even violent. Not so today! Increasingly, it occurs that self-styled communications specialists have taken control of political campaigns. As a result, the sound bite has come to replace reasoned debate, and candidates receive the same media-packaging as any commercial product being advertised.

It is for this reason that we especially welcome the CityVote. On Nov. 7, voters in 18 cities across the nation will have the opportunity to express their preference, before even the first Presidential primary. This will be an urban straw poll, organized by a private operation called the CityVote, which is in the process of sponsoring a series of town-meeting forums in these cities.

Twenty candidates, including Lyndon LaRouche, will be on the ballot. Unfortunately, these events have been opposed by both the Democratic and Republican National Committees, which obviously wish to keep the political process as much as possible within their own political control. So far, the "major" candidates have boycotted these events.

On Oct. 22, Cox cable television joined with CityVote to sponsor a debate in Spokane, Washington, which was moderated by former news anchorman Sander Vanocur. Over 300 people were in the audience, a testimony to the hunger of average citizens for serious political debate—although the format of the discussion was unfortunate, in that the six candidates who participated had only 45 minutes in all to present their views.

Besides Democrat LaRouche, Jesse Jackson participated by phone hookup, and there were Republicans Arthur Fletcher and Charles Collins, and Harry Browne representing the Libertarian Party, and John Hagelin

from the Natural Law Party. Notwithstanding the problems in formatting the event, and the lack of seriousness of some of the participants, the attendance on the panel of elected officials not only from Washington state but also nearby Moscow, Idaho created an environment in which serious ideas could be discussed.

Vanocur's first question to LaRouche went to the core of the vicious ideology now being preached by the fascist neo-conservatives, who are being rallied by Newt Gingrich and Phil Gramm. He asked: "Is it possible to get the government of Washington, D.C. out of our cities, or would that make them worse than they are now?"

LaRouche answered this provocative opener in depth, not only emphatically rejecting the idea that city-dwellers would gain from a removal of federal support, but explaining why such an incompetent proposal has political currency today. He told the audience, "The United States is much weaker today than most people know. We have physically about half the income per capita we had 25 years ago. . . ."

We are heading for the worst crisis, monetary and financial crisis, globally, in the 20th century, which is now in process. . . . The plight of the cities, in particular, is a reflection of this problem. And many of the problems that are now city problems are not caused by the cities, they are caused by the wrong federal policies—monetary and economic. The United States President has to know what to do; he has to respond to this crisis, and he has to have support in the Congress. He has got to have support from the American people who know what is going on."

It is precisely this kind of discussion of real politics, which is needed if we are to avert the devastating crisis which we otherwise face. Americans must demand the level of political discussion which LaRouche was able to bring to the CityVote process, in this upcoming election year. It is up to all of us to use the opportunity of this campaign year to break through the miasma of virtual reality. We can no longer afford to accept the degraded role of being merely passive consumers of the political spectacle.

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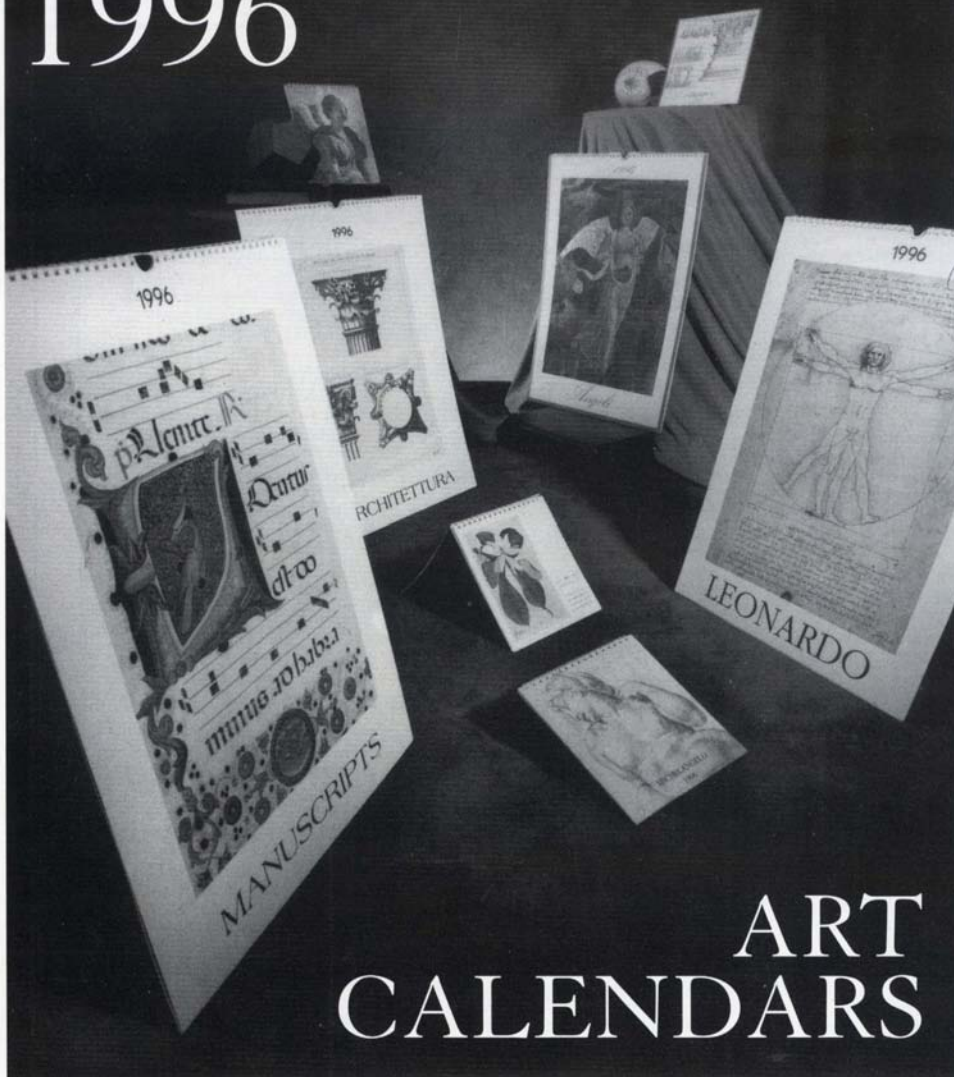
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