EIR

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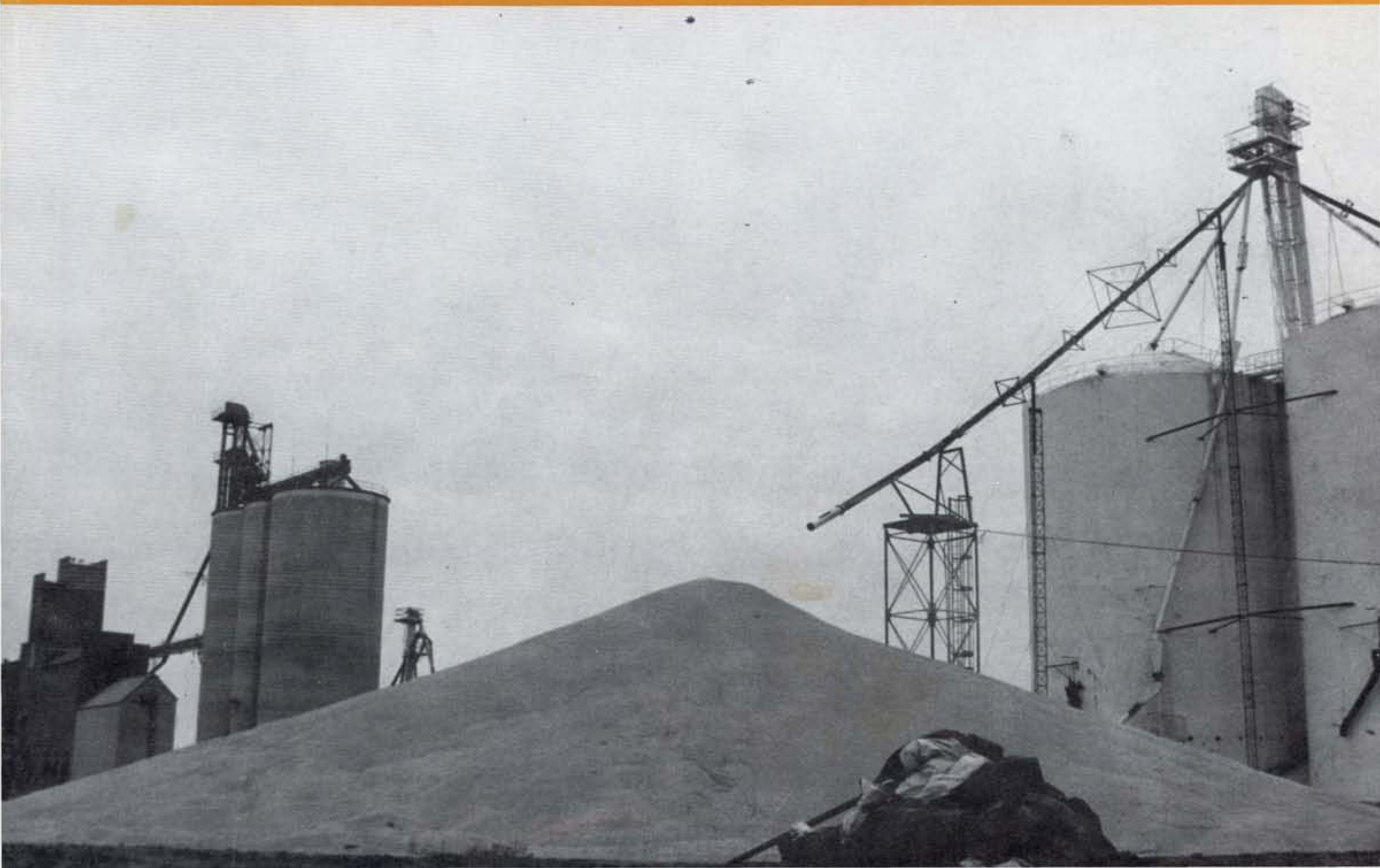
Salinas's 'miracle' is dope and looting
The House of Windsor rips itself apart
Black leaders demand hearings on DOJ abuse

Food control as a strategic policy



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EIR

From the Associate Editor

The spiffy new design format which we introduce in the *Special Report* this week, is in response to the upgrading of our economics coverage over the past year, and specifically to the need to present more graphic material, in a more effective way. Using the resources of an expanded data base, and the LaRouche-Riemann Method of analysis of the physical economy, we are now able to show, as never before, what is really going on in the economies of nations—contrary to the financial statistics and other hocus pocus that Nobel Prize-winning economists and other quacks take as their point of departure.

In this "maiden voyage," our team of economists analyzes the world crisis in food production and consumption, demonstrating that the shortage we currently face is the result of a deliberate and avoidable policy by the British-dominated international food cartels.

Currently in production is a *Special Report* for our first issue of 1996, which will present a broader picture of the worldwide economic collapse, proving that unless the financial system is put through bankruptcy reorganization, civilization is not going to survive.

This week's news coverage provides some striking examples of what is happening to those who have chosen not to heed the warnings of *EIR* and Lyndon LaRouche. The award for the most imbecilic statement of the week goes to France's new foreign minister, Hervé de Charette, who was asked by our correspondent whether a free-trade policy for the Mediterranean would not yield results as disastrous as it has in eastern Europe and Russia. "History shows that no economy can be developed through Statism," he replied—referring to the dirigist policy by means of which, in fact, the French economy did develop, whether under Louis XI or Charles de Gaulle. The French government's shift toward a British free-trade austerity policy is already taking a high political toll, as strikes and protests sweep the country.

In Mexico, the "economic miracle" of former President Carlos Salinas de Gortari—the Harvard graduate and protégé of George Bush—is going up in smoke, as several of Salinas's relatives are under arrest for illegal financial transactions, in a melodrama which Henry Kissinger compares to "a Shakespearean tragedy."

Susan Welsh

EIR Contents

Special Report

The transportation network required to move grain has broken down, with the result that millions of bushels are rotting on the ground. This is no "natural disaster," but the result of strategic policies taken by the commodity cartels, mostly centered in London.

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International

National

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Special Report

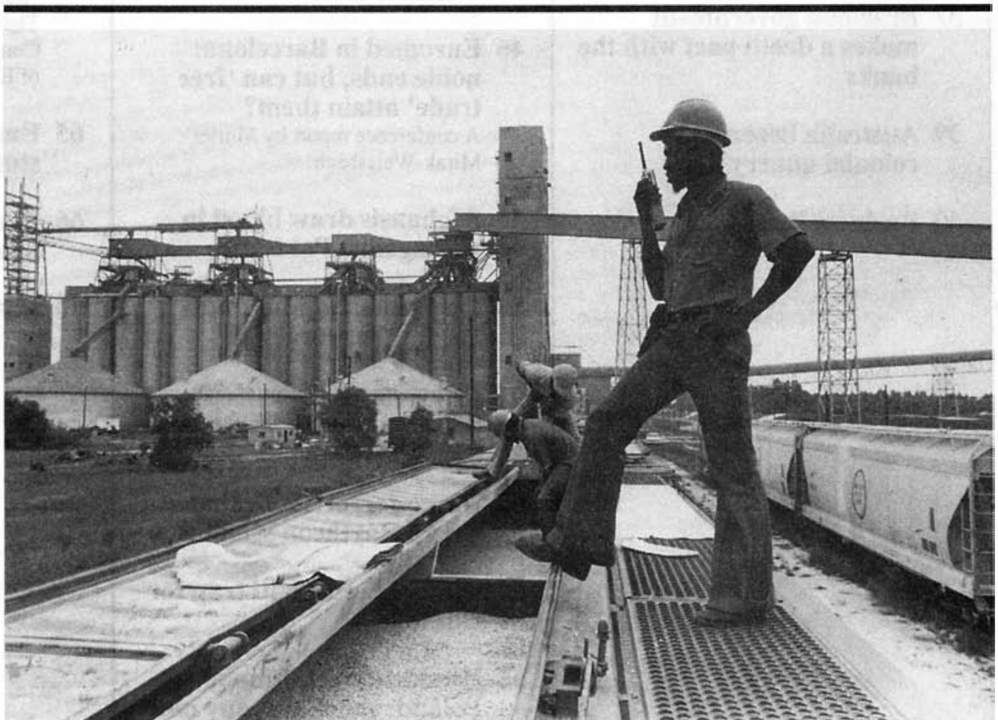
Who is responsible for the world food shortage

by Marcia Merry Baker

This week's cover photograph, showing grain piled on the ground, out in the open, near grain storage elevators, is representative of the disintegration of the food supply system the world over. While the U.S. Midwest corn and soybean harvests were coming in this fall, the U.S. rail freight system broke down. After years of financial mergers, asset stripping, and rail track removal, such companies as Union Pacific, which are considered to be financial "successes," failed miserably on the economic front, and could not even supply engines to move the grain cars. Millions of bushels of grain are sitting, rotting on the ground.

This grain transport breakdown is but one recent example of breakdown in the food supply in what is considered the most food-secure nation in the world, and illustrates the fact that "natural disasters"—bad weather, floods, droughts—are *not* the cause of the world's food crises. These examples, and equivalent situations all around the world, are "unnatural" disasters, caused by years of takedown of agriculture infrastructure under wrong policies and assumptions, in particular, serving the interests of private financial and commodities control circles, centered mostly in London.

The worldwide food crisis is measurable in the decline of grains, of all



The food cartel firms own much of the shipping capacity, barges, grain elevator storage, and other infrastructure, giving it chokepoint control over the food chain, and greater capabilities than most governments. Shown here: a railroad yard in New Orleans.

Dozens of nations, once self-sufficient in many food staples, have been forced into food import dependency over the past 30 years. And now, neither the food stocks, nor the financing, exists for their food supplies.

types, produced per capita yearly. To provide every person with a daily diet of their preference, with sufficient calories and nutrients, would require well over 3 billion tons of grain produced annually. But as of around 1990, less than 1.9 billion tons were being produced yearly, and since then, world annual production has declined.

An estimated 800 million people are suffering from some degree of malnutrition. Besides the nearly continentwide food supply crisis in Africa, there are other locations, such as Russia and former Soviet bloc nations, plunged into crisis. Even under the Soviet command economy, Russia's annual grain production averaged 100 million tons. But output has fallen each year since 1991, to only around 65 million tons this year.

No paradox

What does the international community say? Officially, the United Nations Food and Agriculture Organization (FAO) and sister U.N. agencies—the World Bank, the International Monetary Fund (IMF), the General Agreement on Tariffs and Trade (GATT), and the World Trade Organization (WTO)—blame hunger on "poverty."

The FAO gala conference in Quebec City in October, for the FAO's 50th anniversary, celebrated the fact that world tonnages of food have increased over five decades, but lamented that 800 million people don't have enough to eat—a "paradox," according to the conference speakers. But most of the 100 or more agriculture ministers present knew better.

The last 25-30 years have seen a consistent decline of agriculture output potential in almost all countries. Necessary ratios of infrastructure (water, transport, electricity) and inputs (chemicals, mechanization, quality seeds and stock) have fallen, to the point where output per capita is sharply declining.

At mid-century, after World War II, there were mobilizations to improve agriculture output potential on every continent.

- In western Europe, the Common Agriculture Policy (CAP) of the European Community saw spectacular rises in agriculture productivity.
- In Africa, the wave of newly independent nations, such as Sudan (1956), made technology-based agriculture the keystone of national development plans. The "Atoms for Peace" movement backed such designs as the continental electrification of Africa, and the provision of nuclear-power-based energy grids in Egypt, Iran, and other countries.
- In North America, plans were drawn up for the North American Water and Power Alliance (Nawapa), which would divert river runoff from flowing into the Arctic Ocean, southward. The Mexico College of Engineers produced plans for sister hydraulic projects.
- In Eurasia, blasting was started on Siberian water diversion projects to channel flow southward from the Ob and Irtysh watersheds, to relieve the endangered Aral Sea Basin.
- Development of the Mekong River in Southeast Asia, and improvements in the Indian subcontinent, were outlined.

But by 1975, most of these projects were shelved. In the eyes of today's "countercultured" generation, they have receded into the mists of science fiction, if they've heard of these projects at all.

Over the 1970s, the shift was made to "post-industrial" policies, casino economics (speculation, derivatives), and free trade demands, enforced by the IMF Bretton Woods system. And now that financial system itself is in the process of blowout. The food crisis is the evidence.

Dozens of nations, once self-sufficient in many food staples, have been forced into food import dependency over the past 30 years. And now, neither the food stocks, nor the financing, exists for their food supplies. The GATT launched the "Uruguay Round" for free trade in 1986, under the slogan, "One World, One Market," which culminated in the creation in 1995 of the World Trade Organization. But the cupboard of the "World Market" is bare.

Nevertheless, in 1996, the U.N. plans another World Food Summit, on the theme of "food security," while millions more people go hungry.

Behind the scenes, the private financial interests served by the U.N., IMF, and other Bretton Woods agencies, are making sweeping moves to acquire food stocks for hoarding, and to take controlling positions in food commodities production, processing, and shipping.

This is the last phase of an era of food-as-a-weapon politics, officially ushered in in 1974, when then-U.S. Secretary of State Henry Kissinger (now Sir Henry KCMG) gave the keynote speech at the Rome World Food Conference, the predecessor to the 1996 Food Summit. In 1974, Kissinger publicly talked of food security, while privately he worked to use food control as a weapon against a target list of nations.

Name the names

In this *Special Report,* we have assembled the documentation required to understand the crisis situation in depth, in order to intervene, and reverse it.

We provide 1) the statistical overview of the past 30 years of forcing food import dependency on nations; 2) the record of Henry Kissinger and the use of food control as a weapon; 3) the names of the companies and individuals who make up the financial and commodities cartels controlling food supply lines.

These reviews are not the usual representation of today's food crisis. The "commonsense" reasons for food shortages that you usually hear—bad weather, backwardness, civil strife, etc.—are all wrong.

Worse, the "authorities" on food and agriculture who are usually presented by the media, will tell you specific lies that have been pre-approved for public consumption by the financial and commodities cartel interests that created and continue to back such bogus authorities. For example, Lester Brown, of Worldwatch Institute, who spoke at the U.N. FAO 50th anniversary, is constantly in the media, charging that the world's population has outstripped the world's resources base, and demanding that population be cut because it cannot be fed. We supply the pedigree of Lester Brown, and other hired hands of the food cartels, so you know where the lies are coming from.

Emergency measures required

The information below (with more to come in follow-up reports in 1996), has been assembled in order to spur the mobilization for emergency financial and economic measures to deal with food shortages and the overall physical economic breakdown.

Several rear-guard actions were launched in 1995. They are well motivated, but they will not do the job. A bill is before Congress, sponsored by Sen. Tom Daschle (D-S.D.) and others, to create a special commission to investigate control over the U.S. food supply by a "concentration" of processors. An Agriculture Department investigation is under way of the monopolistic actions of IBP, the Nebraska-based, London-associated, largest meat processor in the world. The Justice Department Anti-Trust Division has grand juries working on international price-fixing charges against the London-associated cartel companies Cargill Inc., ADM, Tate & Lyle (A.E. Staley), and CPC.

But dealing with the famine-scale food crisis, and financial disintegration, requires more than prosecution of isolated acts of wrongdoing, or mere "bigness." Read on, to find out what every citizen needs to know to do the right thing.

World food shortage follows imposed import-dependency

by John Hoefle and Marcia Merry Baker

The current world food crisis is usually portrayed as a grains shortages crisis. Annual world grains output (grains of all kinds, including wheat, corn, barley, millet, rice, etc.) has stagnated, or declined, to around 1,900 million tons or less for the past five years (see **Figure 1**), at a time when, based on 1980s population figures, over 3,000 million tons of grains produced annually is required to ensure that dietary needs are met globally. There is something radically wrong when the total of the world's grains harvested stagnates, or drops.

The picture is even worse on a per-capita basis (see **Figure 2**). For everyone to have decent daily rations, whatever the relative percentages of cereals, animal proteins, and the other food groups that anyone's dietary preferences dictate, there needs to be well over 14 bushels of grains available in the world food chain per person, on average. But millions are without even their daily bread. For millions, there are fewer than 10 bushels of grain per capita in the food chain.

Production is below 1980s level of use

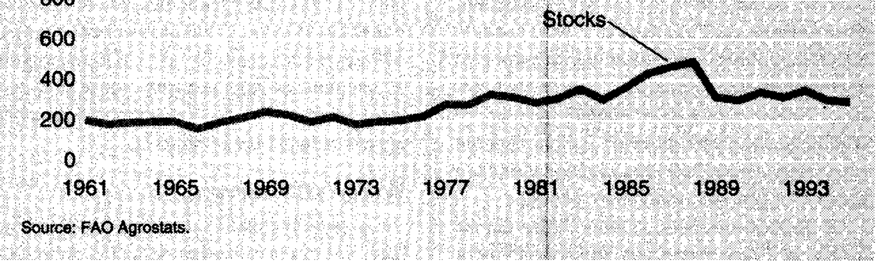
An indication of just how low annual grains output is, is that production is *below* the average utilization level of the 1980s (see Figure 1). Today's global grains output of about 1,900 million tons a year, means that annual grains output is dropping below the level of yearly global grains *utilization* (for direct human consumption, livestock feed, seed, and all other uses) which existed for several years in the 1980s (see *EIR,* Sept. 15, 1995). This means that more and more people don't have the food they need. And whatever stocks of grains were on hand in recent years as carryover from harvest to harvest or reserves for emergencies, have been, relatively speaking, wiped out. Only in exceptional places, such as India, are there, at present, significant reserves.

Today, world grains carryover stocks are at the same absolute levels they were 20 years ago. Stocks have dropped from 460-490 million metric tons in the late 1980s, down to less than 250 million tons projected for year-end 1995—the level of stocks in 1969.

The only reason that there are stocks reported at all is that consumption itself (for livestock feed, cereals consumption, etc.) is declining. This has been apparent for the past few years.

If this grains gap is obvious on the crude scale of world tonnage statistics, it is even more manifest at the local level, where there

FIGURE 1
World grains production, utilization, and stocks, 1961-95
millions of metric tons

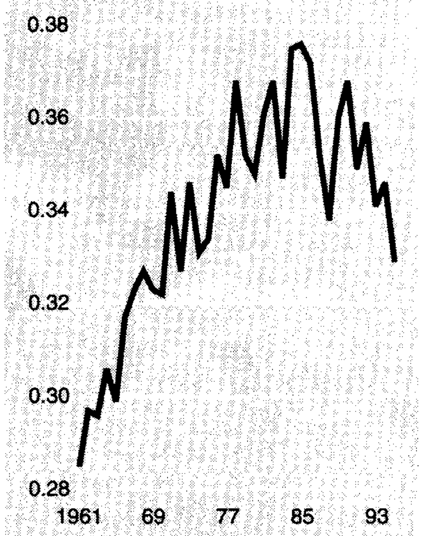


Source: FAO Agrostats.

are millions of undernourished people at points of need around the globe.

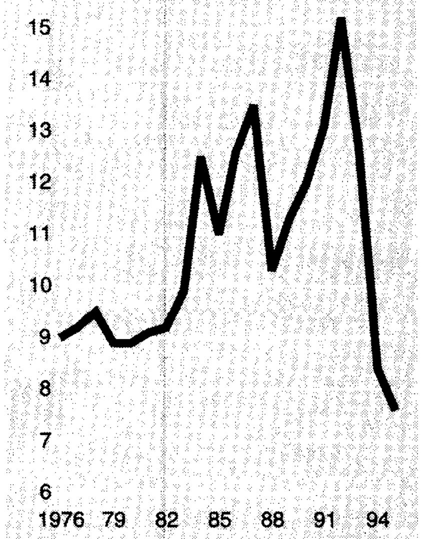
Thus, the situation in grains production and shortages is a good marker of the overall food crisis. Dozens of countries, with millions of people, have gone from national self-sufficiency in basic grains, to dependency on imports or donated cereals aid. And now the grain isn't there. **Figure 3** shows the decline in annual global food aid in grains from the World Food Program over the past 10 years, from a peak of 15 million tons, down to little more than 7 million tons this year.

FIGURE 2
World grains production, per capita
metric tons per capita



Source: FAO Agrostats.

FIGURE 3
World cereals food aid drops
millions of metric tons



Source: FAO Agrostats.

Decline in national food self-sufficiency

The decline in national food self-sufficiency for certain food items is shown in **Table 1** for 15 selected countries at two points in time, 1963 and 1990. The countries analyzed include the 13 nations specified in National Security Study Memorandum 200 (NSSM-200), prepared under Henry Kissinger in 1974 (see article, p. 15), plus the former U.S.S.R. and China (see **Figure 4**). All 15 nations are hereafter called the "targetted" group.

By 1990, there were significant drops in food self-sufficiency over the prior 27-year period. Look first at cereals (Table 1, column one). In 1963, Mexico was 100% self-sufficient in grains output; it was a grains-exporting nation. As of 1990, Mexico was only 79% self-sufficient, i.e., a grains-importing nation. The situation is even worse today.

Elsewhere in the Western Hemisphere, Brazil was about 90% self-sufficient in cereals in 1963, but dropped to 76% self-sufficient in 1990. Colombia remained about the same, staying at only 86-87% self-sufficient. Other nations in Ibero-America (not shown), saw drastic declines in basic grains self-sufficiency. For example, Haiti, in 1970, was close to 95% self-sufficient; but, as of 1990, self-sufficiency had dropped down to 45%.

In Africa, Egypt was 84% self-sufficient in cereals production in 1963, and only 62% self-sufficient in 1990. Ethiopia was over 100% self-sufficient in grains supply in 1963, and dropped down to 81% self-sufficient in 1990. Nigeria remained at 99% self-sufficiency in grains the entire period, but, as will be shown below, grains declined markedly as a component of the daily diet. Other locations in Africa saw drastic declines in grain self-sufficiency. For example, Algeria was 76% self-sufficient in grains in 1970; in 1990, Algeria was only

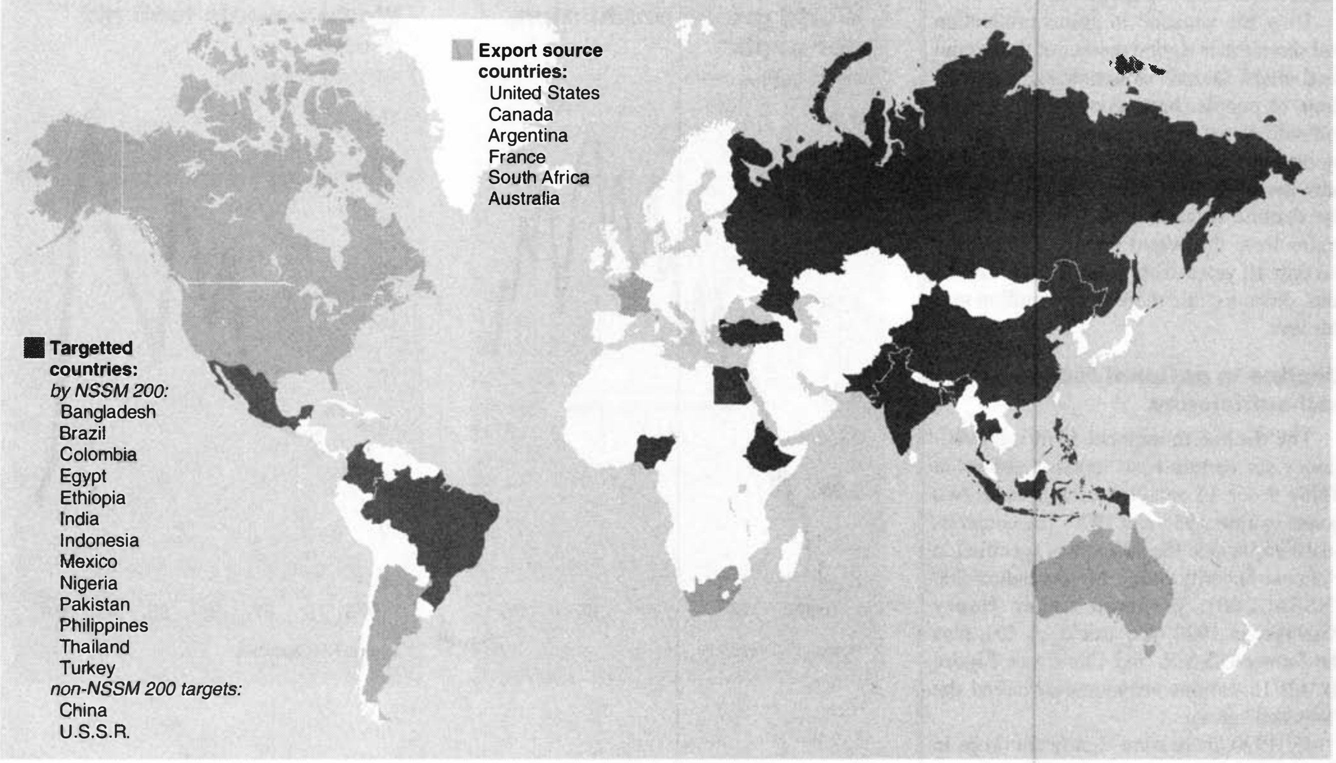
TABLE 1
National food self-sufficiency declines, 1963-90
100% = food self-sufficiency; under 100% = deficit; more than 100% = surplus

	Cereals		Pulses		Oils		Milk	
Nation	**1963**	**1990**	**1963**	**1990**	**1963**	**1990**	**1963**	**1990**
WESTERN HEMISPHERE								
Mexico	100%	79%	104%	85%	110%	57%	87%	68%
Brazil	89%	76%	100%	96%	105%	118%	96%	96%
Colombia	86%	87%	100%	76%	79%	94%	91%	79%
AFRICA								
Egypt	84%	62%	112%	88%	103%	90%	92%	93%
Ethiopia	104%	81%	100%	100%	142%	102%	99%	95%
Nigeria	99%	99%	100%	99%	207%	102%	82%	69%
INDIAN SUBCONTINENT								
India	96%	105%	100%	94%	100%	103%	98%	100%
Pakistan	95%	93%	100%	95%	108%	86%	99%	99%
Bangladesh	106%	87%	100%	88%	71%	83%	95%	83%
SOUTHEAST ASIA								
Indonesia	89%	100%	100%	88%	111%	96%	59%	75%
Philippines	83%	80%	97%	47%	266%	110%	6%	3%
Thailand	159%	131%	128%	171%	109%	101%	3%	75%
EURASIA								
Turkey	113%	99%	105%	140%	100%	99%	100%	98%
China	96%	99%	95%	111%	100%	100%	89%	100%
U.S.S.R.	87%	89%	100%	100%	94%	90%	100%	100%

Source: FAO Agrostats.

FIGURE 4

Countries included in this study



44% self-sufficient.

On the Asian subcontinent, the cereals self-sufficiency ratios show no declines for India, which went from 96% to 105% over 1963 to 1990, and Pakistan, which stayed at the 93-95% level. India has managed to stockpile as much as 40 million tons of grains as of year-end 1995, and may undertake certain exports. However, Bangladesh has gone from 106% grains self-sufficiency in 1963, down to 87%, and is subject to wide swings from year to year in grains supplies.

In Southeast Asia, wide annual swings in staple grains are also now common. In 1963, Indonesia was 89% self-sufficient in cereals; in 1990, it was 100% self-sufficient. But in several years since then, it has fallen back to rely on imports. Similarly, the Philippines stayed at 80-83% self-sufficiency levels for 1963 and 1990, but in recent years has seen growing dependency because of shortfalls in rice. Thailand, from which the cartel trading companies export many kinds of commodities (corn, livestock feed, meat, processed foods, etc.), was 159% self-sufficient in cereals in 1963, and 131% in 1990.

In Western Asia, Turkey was 113% self-sufficient in grains in 1963, and was still 99% self-sufficient in 1990.

China, throughout the period, was 95-100% self-sufficient in grains, with changes from year to year from being a net importer or exporter.

The Soviet Union, likewise, remained grains import-dependent throughout the 1963-90 period, showing about 87-89% cereals self-sufficiency.

Grains supply is misleading

However, restricting the food crisis to the metric of the grains supply situation is a deliberately misleading practice (see article, p. 16) which leaves out the essentials of the crisis that has come, over the past 30 years, to extend throughout the entire national agricultural sectors and food supply systems.

Many of these 15 nations also became supply-short and import-dependent, i.e., experienced food self-sufficiency declines, for other basics in their diet. Also shown in Table 1 are pulses (peas, beans), oils (tropical, olive, corn, or other vegetable fats), and milk (including dairy products other than butter).

Note the sharp declines in food self-sufficiency in non-grains diet staples. For example, for pulses, Mexico dropped in self-sufficiency from 104% in 1963 down to 85% in 1990; in oils, from 110% down to 57%; and in milk, from 87% self-sufficiency down to 68%. Brazil became a source of soybean oil exports over this period—for the cartel companies.

Egypt's self-sufficiency in pulses and oils declined. Nigeria, which had been a source of cartel tropical oils exports, experienced a decline as well. In 1963, Nigeria was 207% self-sufficient in oils, and in 1990, only 102% self-sufficient.

On the Indian Subcontinent of Asia, note the declines in Bangladesh's self-sufficiency in pulses and milk between 1963 and 1990.

In Southeast Asia, various patterns are apparent. The Philippines dropped in self-sufficiency from 97% to 47% in pulses, and also declined as a source of tropical oils commodities for cartel export.

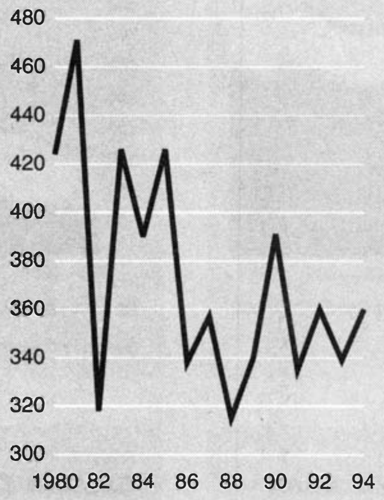
China remained relatively the same in self-sufficiency for these staples. And, likewise, Turkey and the former U.S.S.R. did not experience radical changes.

Overall, the increase in food import-dependency during 1963-90, although hailed by United Nations officials and the commodities cartel-backed "experts" and others as reflecting geographical "competitive advantages," "consumers' rights to access world markets," or other such euphemisms, in fact, reflects the impact of successive

FIGURE 5
Mexico loses cereals self-sufficiency
percent self-sufficient

Source: EIR.

FIGURE 6
Mexico's per-capita cereals consumption
kilograms per person



Source: EIR.

years of International Monetary Fund (IMF) conditionalities and Bretton Woods policies, in which developing nations were denied the means to build up needed agricultural infrastructure (energy, water, transport, handling, storage, processing) to provide for national food supplies.

Over this period, nutrition levels have *dropped* in most countries, as nations were increasingly forced into food import-dependency. At the same time, cartel commodities companies made a killing in profits off of their domination over both the export-import trade, and domestic food processing and distribution.

The deficits in food supplies shown in the food self-sufficiency ratios in Table 1, are not measured against what people ought to be eating for a decent diet, but rather, merely show what part of their diet, however inadequate, is imported. Look at what this means in the case of Mexico.

Figures 5 and **6** show the drop in cereals self-sufficiency in Mexico from 1970 to 1994, and the drop in per-capita cereals consumption (whether for direct consumption, or via the animal protein cycle) over the same time period. It is estimated that up to one-third of the Mexican population is now suffering some form of malnutrition. In the spring of 1995, the federal government declared 12 official hunger zones in the republic.

Start from food use profiles

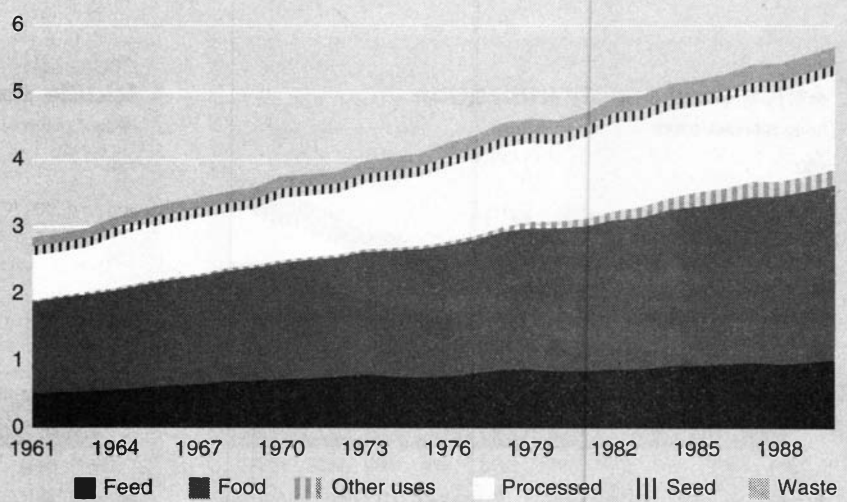
To provide an overview of the world food crisis, apart from any one food commodity, one country, one crop season or harvest, we here publish a series of figures based on the U.N. Food and Agriculture Organization agricultural database. The figures take 14 basic food groups common to most countries' diets, and their tonnages in terms of annual supplies, over the time period approximately 1960-90, in terms of several ratios, including production compared to "supply" (the quantity available from production, plus the net adjustment of stocks, plus the net adjustment for imports and exports), and production and supply per capita.

The 14 food groups are listed in **Table 2.** For purposes of comparison, we have not

TABLE 2
EIR food list

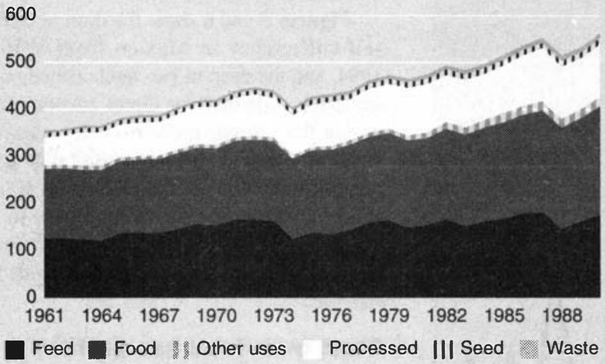
The food groups selected by EIR for this study:
Butter and ghee
Cereals (excluding that used in the production of beer)
Eggs
Fruit (excluding that used in the production of wine)
Meat
Milk (excluding that used in the production of butter)
Oilcrops
Pulses
Starchy roots
Stimulants
Sugar crops
Treenuts
Vegetables
Wine

FIGURE 7
World food supply utilization
billions of metric tons



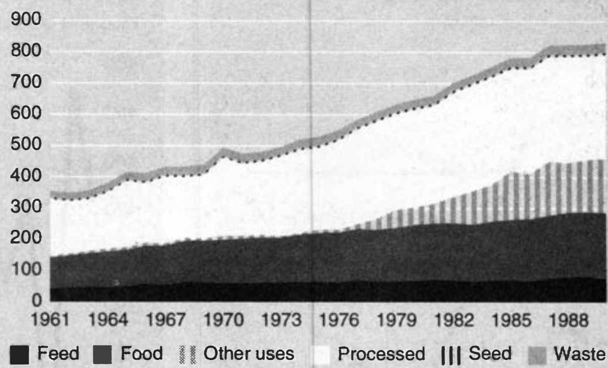
Source: FAO Agrostats.

FIGURE 8
North America food supply utilization
millions of metric tons



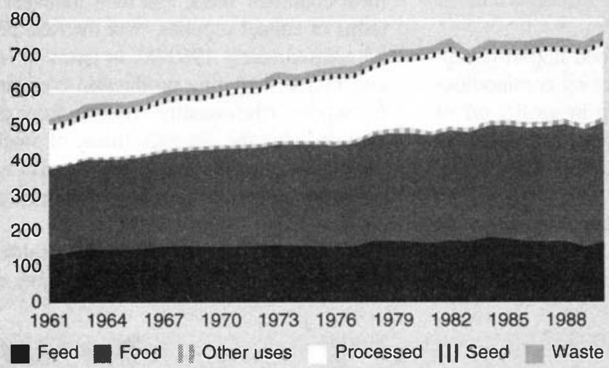
Source: FAO Agrostats.

FIGURE 9
Ibero-America food supply utilization
millions of metric tons



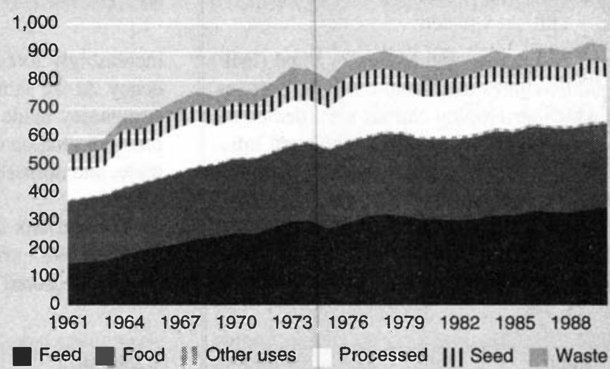
Source: FAO Agrostats.

FIGURE 10
Western Europe food supply utilization
millions of metric tons



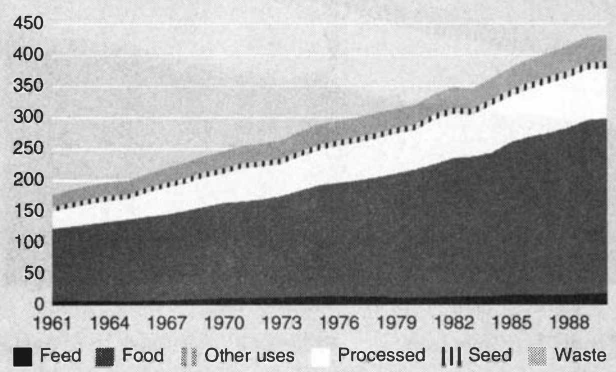
Source: FAO Agrostats.

FIGURE 11
Eastern Europe food supply utilization
millions of metric tons



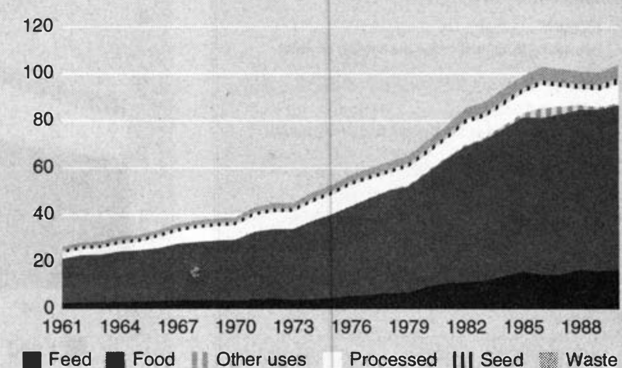
Source: FAO Agrostats.

FIGURE 12
Africa food supply utilization
millions of metric tons



Source: FAO Agrostats.

FIGURE 13
Middle East food supply utilization
millions of metric tons



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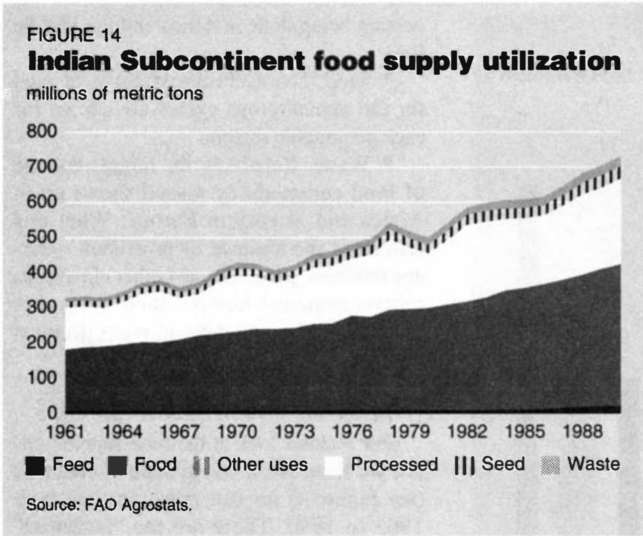
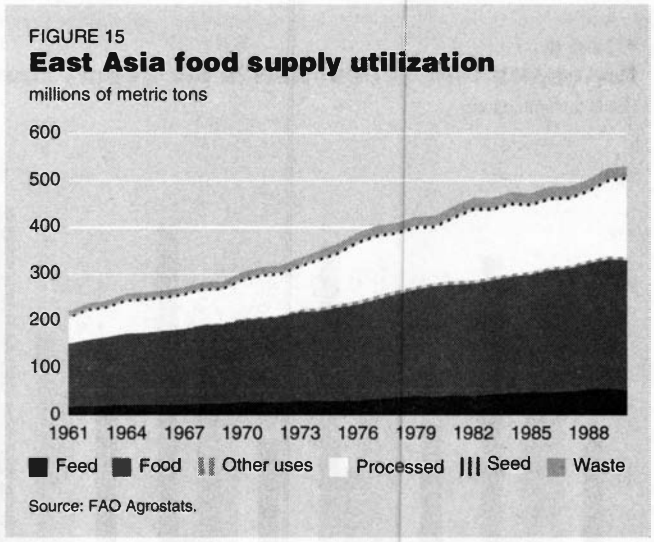




listed seafoods.

We begin by looking at the world profile of annual utilization of the total tonnages of these 14 food groups, and major geographic regions. We then proceed to look at the food supply and import-dependency ratios on a per-capita and national basis for two selected groups of nations, as explained below.

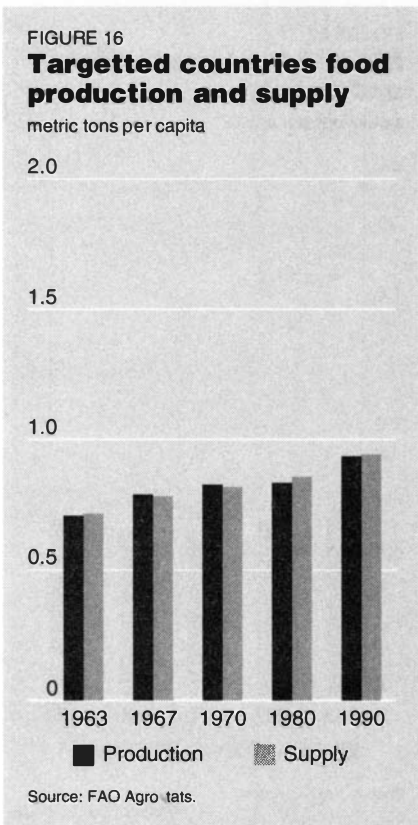
Figure 7 shows the total tonnages of annual use of the 14 selected food groups, from 1961 to 1990, in terms of how much tonnage goes for feed (food for livestock), food (direct human consumption, the largest tonnage), "other" uses (ranging from using biomass for fuel, to plastics), processing (intermediate stages of food preparation), seed, and waste.

The increase from less than 3 billion tons of basic food commodities in the food supply to close to 6 billion tons over the roughly 30-year period, comes out to a change per capita of from about 2,050 pounds of food commodities per person in 1963, to about 2,200 pounds per person in 1990. However, on a regional and national scale, the volumes and ratios differ greatly.

The next series of figures (**Figures 8** through **15**) show the food supply utilization profiles for major geographic regions—the Western Hemisphere, western and eastern Europe, Africa, the Middle East, the Indian Subcontinent, and East Asia.

Some of the most striking differences, even at this gross level of aggregation, are noted, taking each of the uses for food commodities in order shown on the graphics.

- Feed for livestock. North America and Europe show relatively the largest volume of agricultural commodities going into livestock feed. In contrast, very little goes for livestock feed in Africa or in the Indian subcontinent.
- Food. Africa shows the highest relative share of food going for direct human consumption. This reflects the extensive subsistence production of cassava and various grains, that do not go through even intermediate processing.
- Other uses. Extensive use of agricultural commodities for non-food or feed uses show up dramatically in the Americas. Beginning in the 1970s, the use of sugar cane and other biomass for alcohol fuel, e.g., "gasohol," was initiated on a large scale in Brazil. In the United States, beginning in the late 1970s and increasingly up to the present, corn has been processed for ethanol.
- Processed. The regions show differences in the degree of intermediate processing of food commodities, with the least pro-



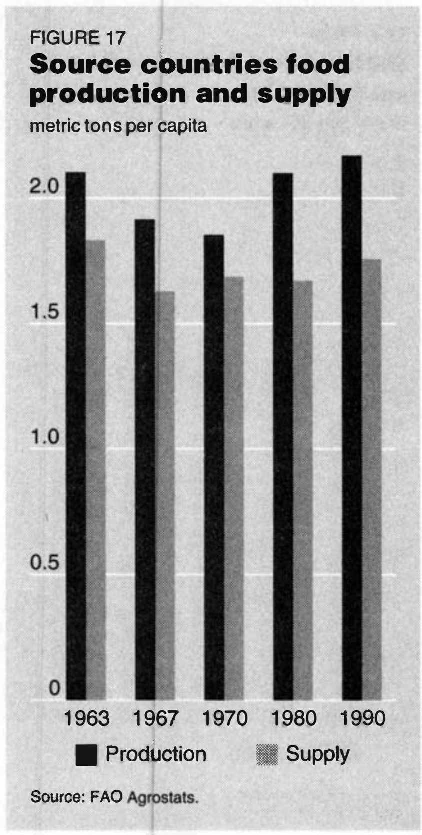
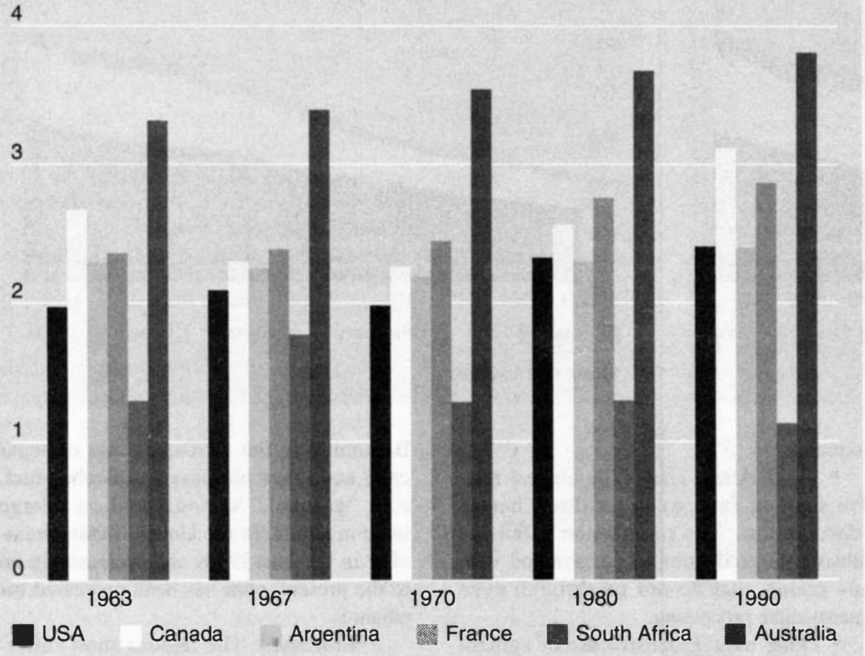


FIGURE 18
Per-capita food production in six export source countries
metric tons per capita



Source: FAO Agrostats.

cessing being done in Africa and the Middle East.

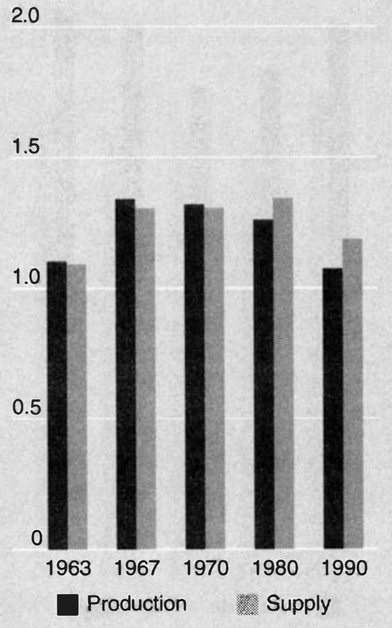
- Seed. The necessary volumes of seed for the annual crops cycles are shown for each geographic region.
- Waste. Relatively the largest volume of food commodities wasted shows up in Africa and in eastern Europe. What this reflects is the absence of protection—storage facilities, pesticides and other chemicals, refrigeration, and transportation. Loss rates to waste add up to 40% in many tropical regions.

Who eats, and who doesn't?

For a closer look at the food supplies crisis, we focused on two groups of countries (see Figure 4) for five points in time from 1963 to 1990. There are the "targetted" nations, the 13 designated in the Kissinger NSSM-200, plus China and the former U.S.S.R. In contrast, there are the "export source" countries—the United States, Canada, Australia, France, South Africa, and Argentina. These latter six nations together are the origin for a large percentage of the total tonnages of food products that the commodities cartels control and use to dominate world trade and food supplies (see article, p. 25).

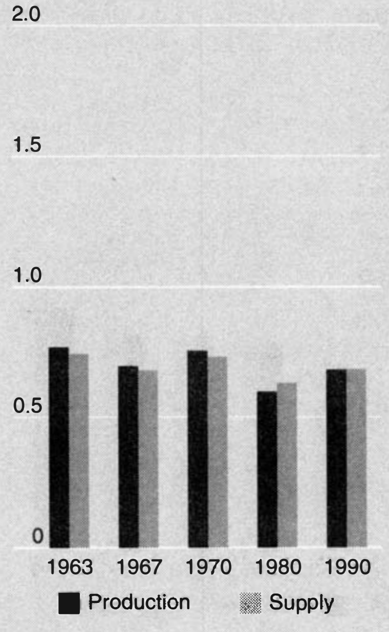
Compare **Figure 16** with **Figure 17,** and

FIGURE 19
Mexico food production and supply
metric tons per capita



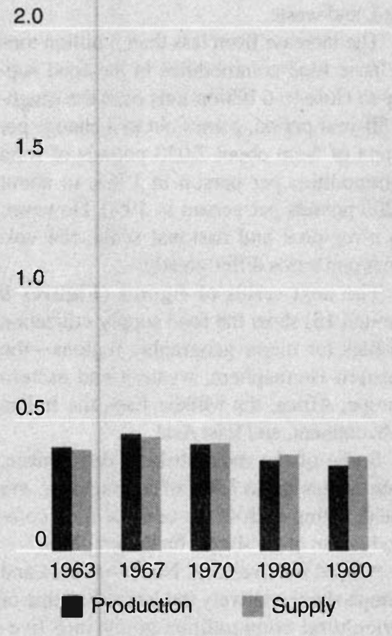
Source: FAO Agrostats.

FIGURE 20
Nigeria food production and supply
metric tons per capita



Source: FAO Agrostats.

FIGURE 21
Bangladesh food production and supply
metric tons per capita

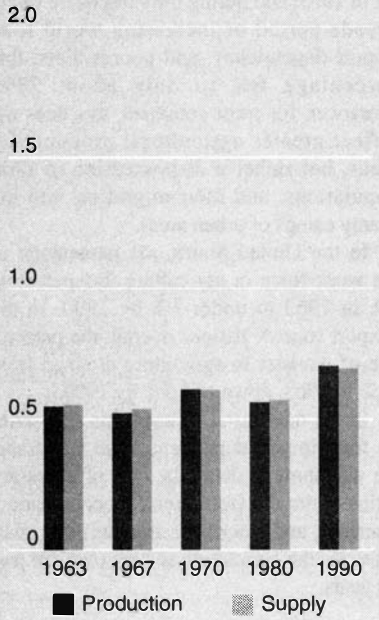


Source: FAO Agrostats.

FIGURE 22

India food production and supply

metric tons per capita

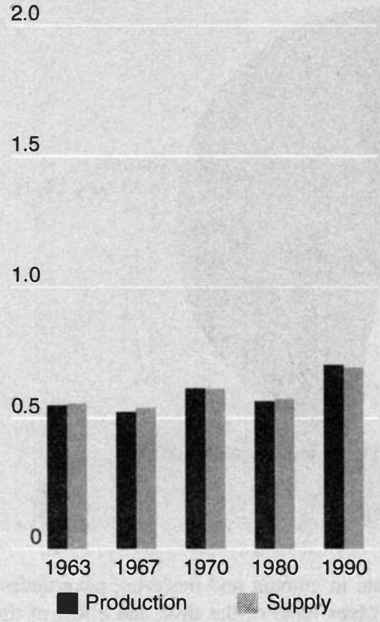


Source: FAO Agrostats.

FIGURE 23

China food production and supply

metric tons per capita



Source: FAO Agrostats.

you see that, per capita, the levels of food production and supply are about the same in the "targetted" nations; but in the "export source" group of nations, production far exceeds supply.

Moreover, the level of production and supply in the targetted nations is less than a metric ton per capita per year, whereas in the "export source" nations, there are about 1.75 tons of food supply per capita per year.

Over 1963-90, there is an increase in the per-capita production and supply levels in the targetted countries, from 0.7 metric tons in 1963 up to 0.9 tons in 1990, but the targetted nations group never comes close to even the 1963-67 level of supplies per capita in the "export source" nations.

Furthermore, **Figure 18** shows the food production per capita in each of the six "export source" nations. Look at the high tonnages in Australia and Canada, in particular—the Commonwealth nations used as postwar "granary" economies for London-interlocked commodities cartels.

Now look at certain individual nations in the other group, the "targetted" nations, in terms of levels of production relative to supply (**Figures 19** to **23**). Shown are Mexico, Nigeria, Bangladesh, India, and China. In none of these nations does production or supply come near that of the "export source" nations.

Diet deteriorates

While Figures 19 to 23 indicate how low the absolute tonnages of food production and supplies are in the targetted nations, the deterioration in the composition of the diet can be seen by looking in more detail at the constituent food groups that make up the diet. Look, for example, at Nigeria.

Figure 24 shows the relative percentages of the different food groups that make up the total annual food utilized in the country, in 1963, and then in 1990. We are looking at production, because it is about equivalent to supply in Nigeria.

The largest component is starchy roots, about 56% of the diet in 1963. In 1990, this has gone up to almost 67% of the diet. Mostly, this is cassava, which, along with a variety of companion foods, is part of West African cuisines. However, the increased use of cassava from 1963 to 1990 reflects not a dietary preference, but rather a forced reliance on the root vegetable as a heavy-bearing crop, on which people can subsist, i.e., it's filling, but not nutritious.

This monoculture reliance is labeled a "success story" by cartel-affiliated groups active in promoting cassava in Nigeria and Zaire, such as, for example, the International Institute of Tropical Agriculture and the International Food Policy Research Institute.

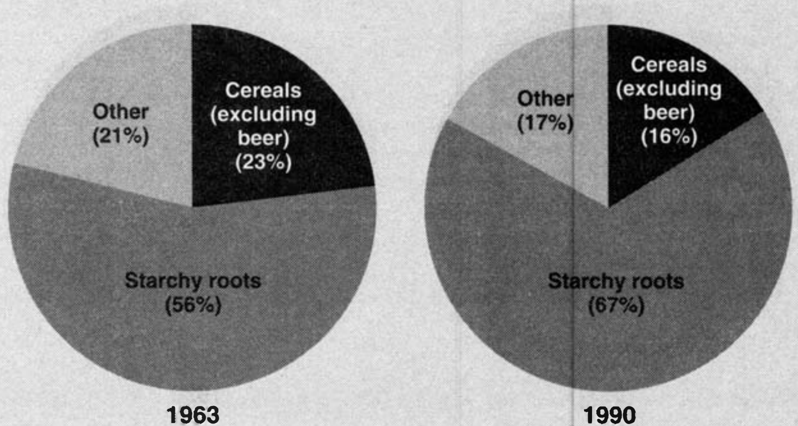
What is shown as the "other" segment on the Nigeria food charts, is the total of all 12 other food types. In 1990, this included 5.4% vegetables; 3.5% fruits; 2% peas and beans; 1.6% sugar crops; 1% meats, and even lesser amounts of the remaining food groups.

For comparison, look at the shares of different food groups in the U.S. diet in 1967 (**Figure 25**). This shows supply, not production, because the United States is a cartel

FIGURE 24

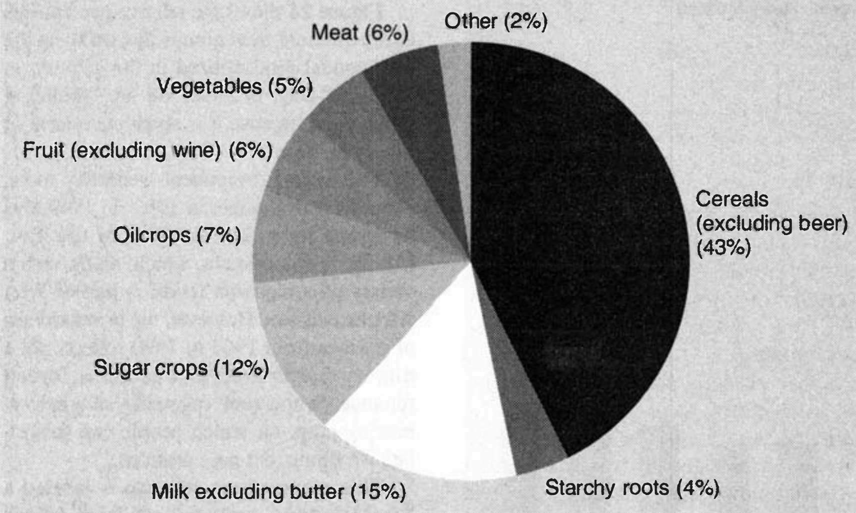
Nigeria food production, 1963 and 1990

percent of total annual food utilized



Source: FAO Agrostats.

FIGURE 25
United States food supply, 1967
percent of total annual food utilized



Source: FAO Agrostats.

"export source" nation. The most striking feature of the U.S. food supply, is the variety and quantity of many different foods.

For further comparison, look at the relative shares of food groups in the food supply in China, in 1963 and in 1990 (**Figure 26**).

Burden of producing food

These data document the worsening inadequacies in the food supplies of many nations, from the 1960s to the present. But, *producing* the food supply, however inadequate in amount and make-up, nevertheless involves most of the time and effort of the populations in the "targetted" group of nations.

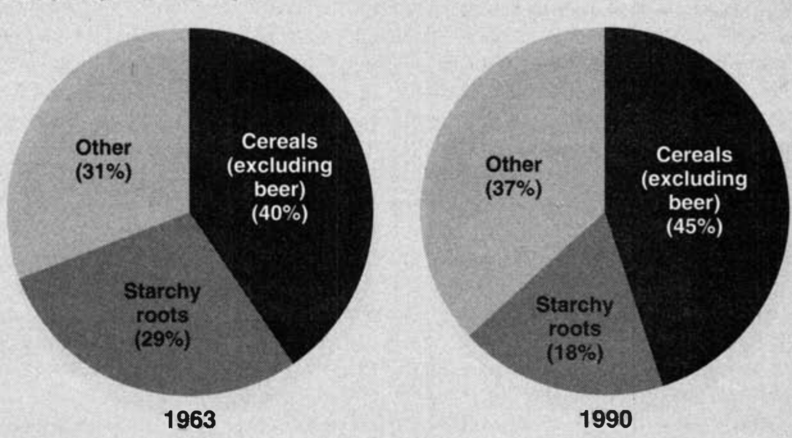
One measure of the burden of producing the daily diet is the relatively large percentage of workers engaged in agriculture, as opposed to manufacturing, construction, and socially necessary tasks such as education, transport, and other infrastructure. **Figure 27** shows agricultural workers as a percentage of the total work force, for five time periods, from 1963 to 1990, for the United States and the two economic groups of the study.

Over 70% of the work force of the "targetted" nations were in the agricultural sector in 1963; and during the subsequent three-decade period of increasing world food import-dependency, and poorer diets, this percentage fell to only about 58%. Moreover, for most countries, this does not reflect greater agricultural productivity gains, but rather a dispossession of farm populations, and their migration into the shanty camps of urban areas.

In the United States, the percentage of the work force in agriculture dropped from 5% in 1963 to under 3% by 1990. In the "export source" nations overall, the percentage of workers in agriculture dropped from 11% in 1963, down to 4.5% by 1990.

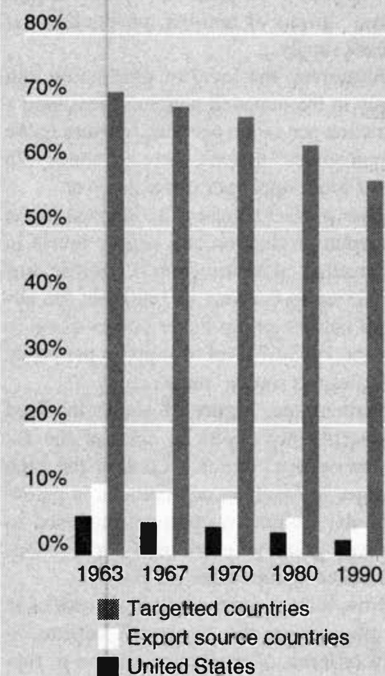
In the next installment of this *EIR* series on food import-dependency and free trade, we will show in detail the lack of necessary ratios of inputs (fertilizers, mechanization, transport, and other infrastructure) that characterizes the agriculture sectors over the past 30 years.

FIGURE 26
China food supply, 1963 and 1990
percent of total annual food utilized



Source: FAO Agrostats.

FIGURE 27
Agricultural workers as percent of total work force



Source: FAO Agrostats.

Kissinger's 1974 plan for food control genocide

by Joseph Brewda

On Dec. 10, 1974, the U.S. National Security Council under Henry Kissinger completed a classified 200-page study, "National Security Study Memorandum 200: Implications of Worldwide Population Growth for U.S. Security and Overseas Interests." The study falsely claimed that population growth in the so-called Lesser Developed Countries (LDCs) was a grave threat to U.S. national security. Adopted as official policy in November 1975 by President Gerald Ford, NSSM 200 outlined a covert plan to reduce population growth in those countries through birth control, and also, implicitly, war and famine. Brent Scowcroft, who had by then replaced Kissinger as national security adviser (the same post Scowcroft was to hold in the Bush administration), was put in charge of implementing the plan. CIA Director George Bush was ordered to assist Scowcroft, as were the secretaries of state, treasury, defense, and agriculture.

The bogus arguments that Kissinger advanced were not original. One of his major sources was the Royal Commission on Population, which King George VI had created in 1944 "to consider what measures should be taken in the national interest to influence the future trend of population." The commission found that Britain was gravely threatened by population growth in its colonies, since "a populous country has decided advantages over a sparsely-populated one for industrial production." The combined effects of increasing population and industrialization in its colonies, it warned, "might be decisive in its effects on the prestige and influence of the West," especially effecting "military strength and security."

NSSM 200 similarly concluded that the United States was threatened by population growth in the former colonial sector. It paid special attention to 13 "key countries" in which the United States had a "special political and strategic interest": India, Bangladesh, Pakistan, Indonesia, Thailand, the Philippines, Turkey, Nigeria, Egypt, Ethiopia, Mexico, Brazil, and Colombia. It claimed that population growth in those states was especially worrisome, since it would quickly increase their relative political, economic, and military strength.

For example, Nigeria: "Already the most populous country on the continent, with an estimated 55 million people in 1970, Nigeria's population by the end of this century is projected to number 135 million. This suggests a growing political and strategic role for Nigeria, at least in Africa." Or Brazil: "Brazil clearly dominated the continent demographically." The study warned of a "growing power status for Brazil in Latin America and on the world scene over the next 25 years."

Food as a weapon

There were several measures that Kissinger advocated to deal with this alleged threat, most prominently, birth control and related population-reduction programs. He also warned that "population growth rates are likely to increase appreciably before they begin to decline," even if such measures were adopted.

A second measure was curtailing food supplies to targetted states, in part to force compliance with birth control policies: "There is also some established precedent for taking account of family planning performance in appraisal of assistance requirements by AID [U.S. Agency for International Development] and consultative groups. Since population growth is a major determinant of increases in food demand, allocation of scarce PL 480 resources should take account of what steps a country is taking in population control as well as food production. In these sensitive relations, however, it is important in style as well as substance to avoid the appearance of coercion."

"Mandatory programs may be needed and we should be considering these possibilities now," the document continued, adding, "Would food be considered an instrument of national power? . . . Is the U.S. prepared to accept food rationing to help people who can't/won't control their population growth?"

Kissinger also predicted a return of famines that could make exclusive reliance on birth control programs unnecessary. "Rapid population growth and lagging food production in developing countries, together with the sharp deterioration in the global food situation in 1972 and 1973, have raised serious concerns about the ability of the world to feed itself adequately over the next quarter of century and beyond," he reported.

Henry Kissinger oversaw the preparation of National Security Study Memorandum 200, which wrongly equated population reduction with U.S. national security interests.

The cause of that coming food deficit was not natural, however, but was a result of western financial policy: "Capital investments for irrigation and infrastructure and the organization requirements for continuous improvements in agricultural yields may be beyond the financial and administrative capacity of many LDCs. For some of the areas under heaviest population pressure, there is little or no prospect for foreign exchange earnings to cover constantly increasingly imports of food."

"It is questionable," Kissinger gloated, "whether aid donor countries will be prepared to provide the sort of massive food aid called for by the import projections on a long-term continuing basis." Consequently, "large-scale famine of a kind not experienced for several decades—a kind the world thought had been permanently banished," was foreseeable—famine, which has indeed come to pass.

The Windsors' global food cartel: instrument for starvation

by Richard Freeman

Ten to twelve pivotal companies, assisted by another three dozen, run the world's food supply. They are the key components of the Anglo-Dutch-Swiss food cartel, which is grouped around Britain's House of Windsor. Led by the six leading grain companies—Cargill, Continental, Louis Dreyfus, Bunge and Born, André, and Archer Daniels Midland/Töpfer—the Windsor-led food and raw materials cartel has complete domination over world cereals and grains supplies, from wheat to corn and oats, from barley to sorghum and rye. But it also controls meat, dairy, edible oils and fats, fruits and vegetables, sugar, and all forms of spices.

Each year tens of millions die from the most elementary lack of their daily bread. This is the result of the work of the Windsor-led cartel. And, as the ongoing financial collapse wipes out bloated speculative financial paper, the oligarchy has moved into hoarding, increasing its food and raw materials holdings. It is prepared to apply a tourniquet to food production and export supplies, not only to poor nations, but to advanced sector nations as well.

The use of food as a weapon can be found at least four millennia ago in Babylon. Imperial Rome took this tack, as did Venice and various Venetian offshoots, including the Antwerp-centered, powerful Burgundian duchy, and the Dutch and British Levant companies, East India companies, and West India companies. Today, food warfare is firmly under the control of London, with the help of subordinate partners in especially Switzerland and Amsterdam. Today's food companies were created by having had a section of this ancient set of Mesopotamian-Roman-Venetian-British food networks and infrastructure carved out for them.

The Windsor-led oligarchy has built up a single, integrated raw materials cartel, with three divisions—energy, raw materials and minerals, and increasingly scarce food supplies. **Figure 1** represents the situation. At the top is the House of Windsor and Club of the Isles. Right below are two of the principal appurtenances of the House of Windsor: the World Wide Fund for Nature, headed by the Doge of London, Prince Philip, which leads the world in orchestration of ethnic conflict and terrorism, such as the British-created afghansi movement; and British intelligence's Hollinger Corp. of Conrad Black, which is leading the assault to destroy Bill Clinton and the American Presidency.

The firms within each cartel group are listed. While they maintain the legal fiction of being different corporate organizations, in reality this is one interlocking syndicate, with a common purpose and multiple overlapping boards of directors. The Windsor-centered oligarchy owns these cartels, and they are the instruments of power of the oligarchy, accumulated over centuries, for breaking nations' sovereignty.

The control works as follows: The oligarchy has developed four regions to be the principal exporters of almost every type of food; the oligarchy has historically acquired top-down control over the food chain in these regions. These four regions are: the United States; the European Union, particularly France and Germany; the British Commonwealth nations of Australia, Canada, the Republic of South Africa, and New Zealand; and Argentina and Brazil in Ibero-America. Through the centuries, the oligarchy has taken control of these regions' markets, and thus over the world food supply. These four regions have a population of, at most, 900 million people, or 15% of the world's population. The rest of the world, with 85% of the population—4.7 billion people—is dependent on the food exports from those regions.

British food cartel control intensified after World War II. Regions such as America had long been seen as important areas in which to increase control, in order to maintain the cartel's global domination, especially around the turn of the twentieth century when Minneapolis, under the control of the Pillsbury and Peavey families, replaced Hungary as the world's major miller of grain. But before World War II, the amount of grain that crossed borders, or oceans, seldom exceeded 30 million tons a year. America's share of that was usually 10 million tons or less. This was a substantial amount, but small compared to the levels of trade that would follow. World War II ravaged the globe, creating mass hunger, especially in Europe and what is today called the Third World. Under the impetus of American programs such as "Food for Peace," PL 480, the worldwide trade in grain shot up to 160 million tons by 1979. Today it is 215 million tons per year. In addition, tens of millions of tons of other foodstuffs, from meat to dairy, are traded each year.

FIGURE 1
House of Windsor control of raw materials

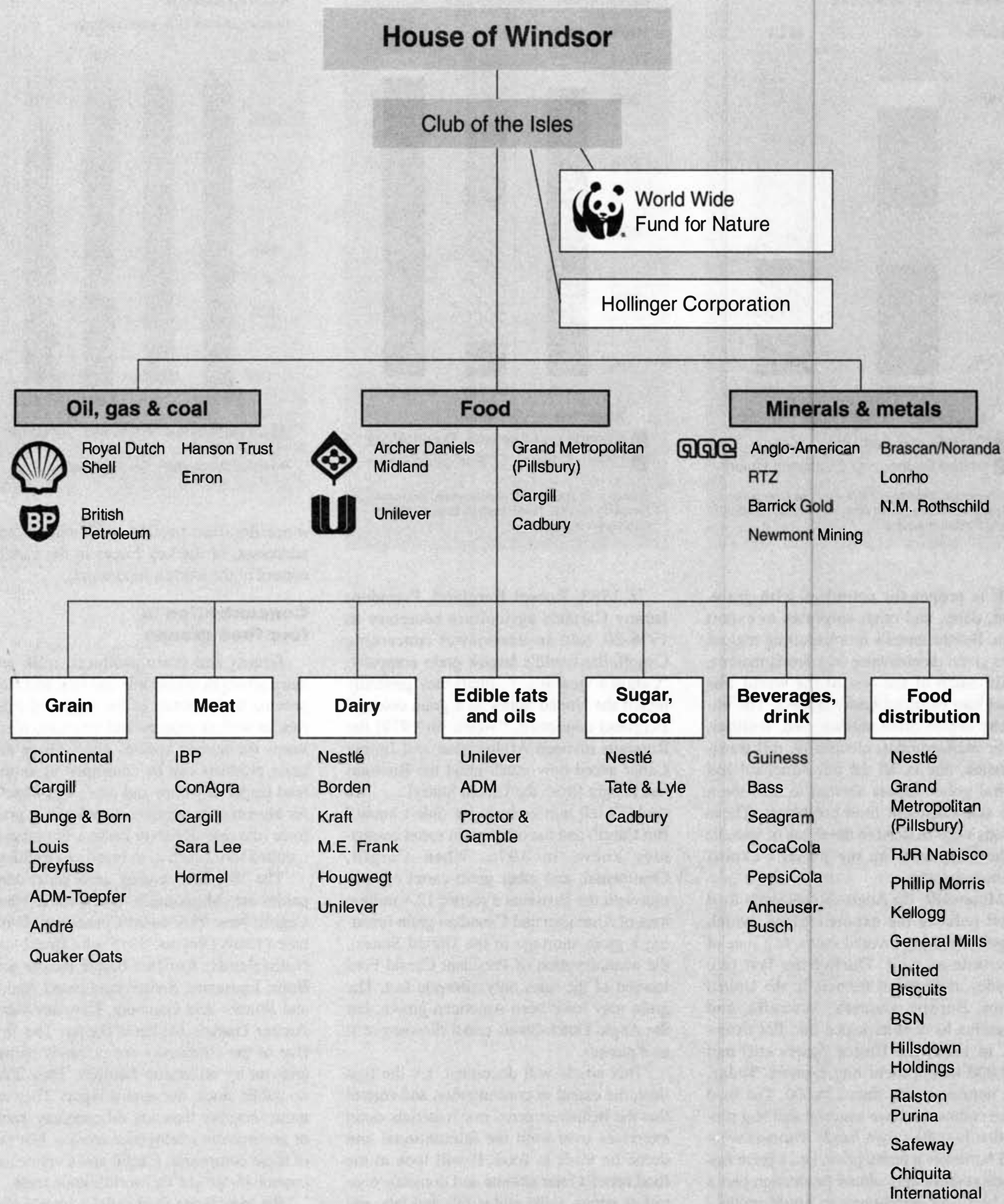
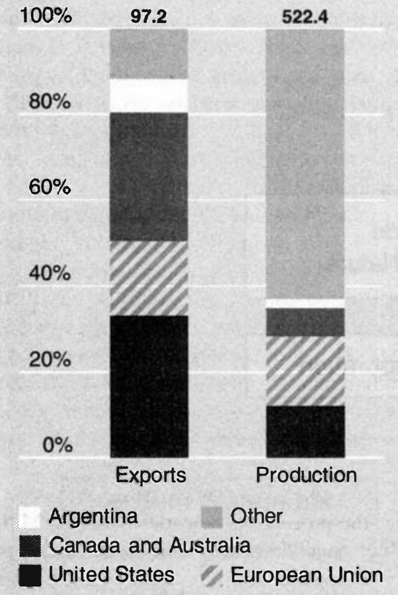
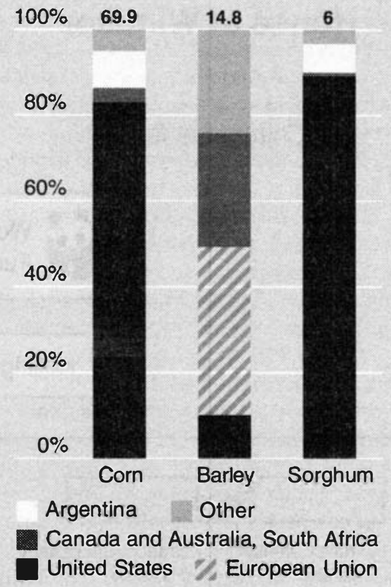


FIGURE 2
Control of international wheat exports
percent of total / million tons



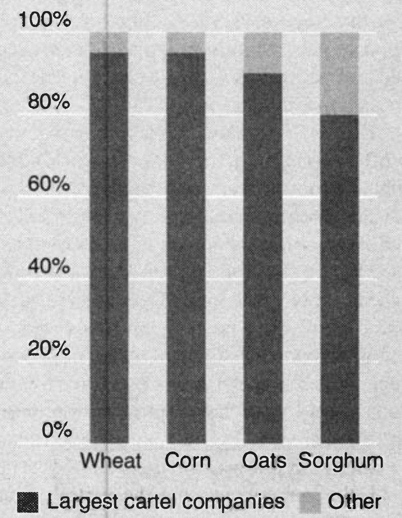
Source: U.S. Department of Agriculture, Economic Research Service, Trade Analysis Branch, 1994/5 crop production figures.

FIGURE 3
Control of international coarse grain exports
percent of total / millions of tons



Source: U.S. Department of Agriculture, Economic Research Service, Trade Analysis Branch, 1994/5 crop production figures.

FIGURE 4
Control of U.S. grain exports by largest cartel companies
percent of total U.S. grain exports



Sources: *EIR* interviews; *The Grain Traders.*

It is proper for countries with grain, meat, dairy, and other surpluses to export them. But the cartel's four exporting regions were given preeminence in a brutal manner, while much of the rest of the world was thrust into enforced backwardness. The oligarchy denied these nations seed, fertilizer, water management, electricity, rail transportation, that is, all the infrastructural and capital goods inputs needed to turn them into self-sufficient food producers. These nations were reduced to the status of vassals: Either import from the cartel's export regions, or starve.

Meanwhile, the Anglo-Dutch-Swiss food cartel reduced the export regions, which supposedly enjoy favored status, to a state of servitude as well. During the last two decades, millions of farmers in the United States, Europe, Canada, Australia, and Argentina have been wiped out. For example, in 1982, the United States still had 600,000 independent hog farmers. Today, that number is less than 225,000. The food cartel companies have concentrated hog production into their own hands. Farmers were paid far below a parity price, i.e., a price that covers costs of agricultural production plus a fair profit for investment in future production.

In 1983, Robert Bergland, President Jimmy Carter's agriculture secretary in 1976-80, told an interviewer concerning Cargill, the world's largest grain company: "Cargill's view is . . . [that] they generally regard the United States as a grain colony." Bergland continued, "When [in 1979] the Russians invaded Afghanistan and Jimmy Carter asked how much grain the Russians had bought [from the United States] . . . we couldn't tell him because we didn't know." But Cargill and the other grain cartel companies knew. In 1976, when Cargill, Continental, and other grain cartel companies sold the Russians a record 12.4 million tons of American and Canadian grain (creating a grain shortage in the United States), the administration of President Gerald Ford learned of the sales only after the fact. The grain may have been American grown, but the Anglo-Dutch-Swiss cartel disposes of it as it pleases.

This article will document, for the first time, the extent of concentration and control that the British-centered raw materials cartel exercises over both the international and domestic trade in food. It will look at the food cartel's international and domestic control of grains, milk, edible oils and fats, and meat. The article which follows provides a more detailed profile, with names and addresses, of the key forces in the cartel's control of the world's food supply.

Concentration in four food groups

Grains and grain products, milk and dairy products, edible oils and fats, and meat provide the majority of the intake of calories, as well as proteins and vitamins, which keeps the human species alive. Grain and grain products can be consumed as animal feed (especially corn and oats), and directly for human consumption, sometimes in grain form (the case of rice or barley), but often in a milled form, such as in bread and tortillas.

The "Big Six" leading grain cartel companies are: Minneapolis- and Geneva-based Cargill; New York-based Continental; Paris-based Louis Dreyfus; São Paulo, Brazil- and Netherlands, Antilles-based Bunge and Born; Lausanne, Switzerland-based André; and Illinois- and Hamburg, Germany-based Archer Daniels Midland/Töpfer. The first five of the companies are privately owned and run by billionaire families. They issue no public stock, nor annual report. They are more secretive than any oil company, bank, or government intelligence service. Just two of these companies, Cargill and Continental, control 45-50% of the world's grain trade.

We look at the food cartel's control over each of the four dominant food groups.

Grains: Grains, or cereals as they are often called, consist of wheat; the coarse grains, including corn, barley, oats, sorghum, and rye; and rice.

The Anglo-Dutch-Swiss cartel's control over wheat exports is shown in **Figure 2.** For the crop year 1994-95, the cartel's four food export regions produced and traded 88% of the world's wheat exports of 97.2 million metric tons.

But, the four cartel food export regions, while accounting for 88% of worldwide wheat exports, accounted for only 39% of all the world's wheat production of 522.4 million metric tons in the 1994-95 crop year (see Figure 2). That is, their share of world wheat exports was more than double their share of world wheat output. This underscores the point that the cartel built up four regions as the choke points over the world's food supply, even though these regions, collectively, are not often the largest producers.

Figure 3 shows, for the 1994-95 crop year, the percentages that the cartel's four food export regions control of the exports of the leading coarse grains. They control 95% of world annual corn exports, of 69.9 million metric tons; 76% of world barley exports, of 14.8 million metric tons; and 97% of world sorghum (milo) exports, of 6 million metric tons.

Within these export regions, the cartel's six leading grain companies have, historically, built up total domination of the external grain markets. While the cartel's export regions dominate 76-97% of the world's grain trade, depending on the grain, the cartel's six grain companies also control the exports of the four regions.

For example, in the 1994-95 crop year, the United States exported 102 of the world's 215 million metric tons in grain exports, nearly half the total. It accounted for 33% of world wheat exports, 83% of world corn exports, and 89% of world sorghum exports, making it the leading exporter in each of these three markets.

Now, let us turn to the leading grain companies' command of America's grain export market, with America itself controlling nearly one-half of all world grain exports. **Figure 4** shows that the cartel's Big Six grain trading companies own and control 95% of America's wheat exports, 95% of its corn exports, 90% of its oats exports, and 80% of its sorghum exports. A few smaller companies, almost all in the grain cartel's orbit, control the remaining market share. The grain companies' control over the American grain market is absolute.

The Big Six grain companies also control 60-70% of France's grain exports. France is the biggest grain exporter in Europe (the world's second largest grain exporting region), exporting more grain than the next three largest European grain exporting nations combined.

Figure 5 shows that the Big Six, along with some affiliated Argentine companies such as Nidera and ACA, control 67.8%, or two-thirds, of Argentina's grain exports. Argentina is the fourth largest grain exporter in the world.

Canada and Australia combined are the world's third largest grain exporting region, after America and Europe. Although they have their own unique internal picture, with a modicum of political influence from farmers, both are British Commonwealth nations, under the thumb of Queen Elizabeth II.

In sum, the Anglo-Dutch-Swiss food cartel dominates 80-90% of the world grain trade. In fact, however, the control is far greater than the sum of its parts: The Big Six grain companies are organized as a cartel; they move grain back and forth from any one of the major, or minor, exporting nations. Cargill, Continental, Louis Dreyfus et al. own world shipping fleets, and have long-established sales relationships, financial markets, and commodity trading exchanges (such as the London-based Baltic Mercantile and Shipping Exchange) on which grain is traded, which completes their domination. No other forces in the world, including governments, are as well organized as the cartel, and therefore, London's power in this area remains unchallenged.

Milk and Milk Products: The big exporters of milk and milk products are three out of the cartel's four basic export regions: the United States; the European Union plus Switzerland (which is not an EU member); and the British Commonwealth countries of New Zealand, in particular, and Australia.

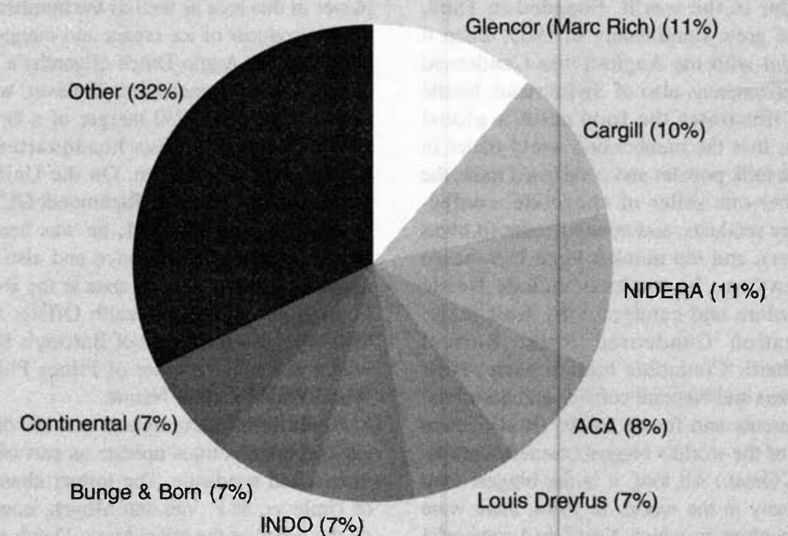
In 1994, the cartel's domination of dairy and dairy products was astonishing. **Figure 6** shows that the cartel's food export regions controlled 89% of the world's export of whole milk powder, of 1.08 billion metric tons; 94% of the world's export trade of 653 million metric tons of butter; and 86% of the world's export trade of 1.11 billion metric tons of cheese. It also controlled a huge portion of the export of condensed milk.

The case of whole milk powder exemplifies the process of the cartel's control. Milk is not usually exported in liquid form, except for short distances over nearby borders; it is usually exported either as whole milk or skim milk powder, or as condensed milk. When it is exported as whole milk powder, it is reconstituted upon delivery, usually at the ratio of 10 parts water to 1 part whole milk powder. Of the world's export of 1.08 billion metric tons of whole milk powder in

FIGURE 5

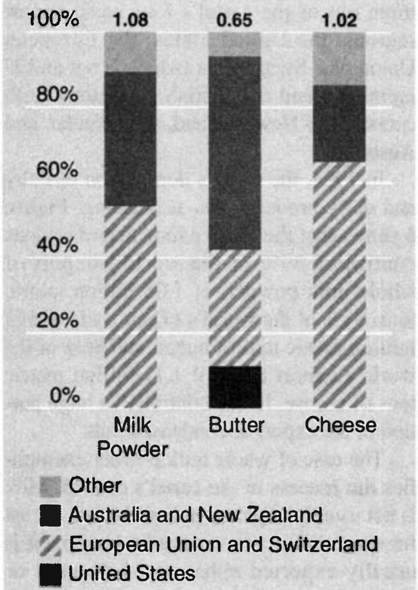
Nine members of the grain cartel control two-thirds of Argentina's grain exports

percent of total Argentina grain exports



Source: *Ambito Financiero* (Argentina), Sept 28, 1993.

FIGURE 6
Control of international milk and milk products
percent of total / millions of tons



Source: Food and Agricultural Organization of the United Nations, "Commodity Review and Outlook, 1994-95," 1994 production figures.

1994, the developing world imported 885 million metric tons, or 82% of the total.

Nestlé Corp., S.A., based in Vevey and Cham (near Geneva), Switzerland, and Borden, Inc., based in Columbus, Ohio, are the two largest exporters of whole milk powder in the world. Founded in 1867, Nestlé grew significantly in 1905, when it merged with the Anglo-Swiss Condensed Milk Company, also of Switzerland. Nestlé S.A. illustrates the food cartel's global reach: It is the number-one world trader in whole milk powder and condensed milk; the number-one seller of chocolate, confectionery products, and mineral water (it owns Perrier); and the number-three U.S.-based coffee firm. Its products include Nestlé chocolate and candy; Libby fruit juice; Carnation Condensed Milk; Buitoni spaghetti; Contadina tomato paste; Hills Brothers and Nescafé coffees; and Stouffers' restaurants and frozen foods. (It also owns 26% of the world's biggest cosmetic company, L'Oreal.) All told, it is the biggest food company in the world. In 1994, there were 13 countries in which Nestlé had sales of 1 billion Swiss francs or more, including all advanced sector nations. Its total 1994 sales were SF 56.9 billion, or $45.5 billion. Its 1994 profits were $4.8 billion, bigger than all but a half-dozen companies.

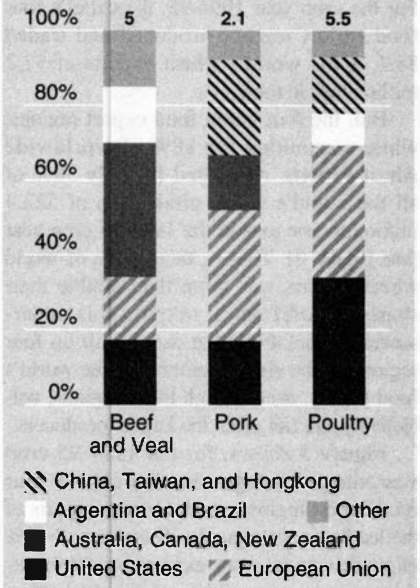
Nestlé chairman Helmut Maucher is on the board of J.P. Morgan, British intelligence's leading bank in the United States. Its board of directors serves as a retirement home for the world's central bankers: Fritz Leutwiller, former chairman of the Basel, Switzerland, Bank for International Settlements, the central bank of central banks, is on Nestlé's board, as is Paul Volcker, who, as chairman of the U.S. Federal Reserve Board in 1979 and the early 1980s, put the world economy through what was referred to as "controlled disintegration."

Borden is the second biggest milk powder producer, through its KLIM milk powder division. It is also one of the world's biggest condensed milk producers, through its Eagle Brand sweetened condensed milk. In 1995, Borden was bought by the leveraged buy-out firm of Kohlberg Kravis Roberts, which is headed by Henry Kravis, who was finance committee co-chairman of George Bush's 1992 Presidential campaign. As a result of the 1988 merger of R.J. Reynolds and Nabisco, KKR now owns 33% of, and effectively controls, RJR Nabisco, which produces nine of the top ten cookies and crackers brands sold in America. KKR also owns a portion of Beatrice Foods, a conglomerate, which makes KKR one of the top five food companies in the world.

Completing the picture of world control of whole milk powder is Unilever, a large player in this area as well as the number-one world producer of ice cream and margarine. Typifying the Anglo-Dutch oligarchy's joint control over raw materials, Unilever, which is the result of a 1930 merger of a British and a Dutch firm, has headquarters in London and Amsterdam. On the Unilever board is Lord Wright of Richmond, GCMG. From 1986 through 1991, he was head of Britain's Diplomatic Service and also permanent undersecretary of state at the British Foreign and Commonwealth Office. Lord Wright is also a director of Barclay's Bank, which is a major funder of Prince Philip's World Wide Fund for Nature.

Unilever is an example of how the different corporate entities operate as part of one interlocked syndicate. The former chairman of Unilever, M.F. Van den Moven, now sits on the board of the other Anglo-Dutch giant, Royal Dutch Shell Petroleum, the world's largest marketer of oil and a controlling force in the energy cartel.

FIGURE 7
Control of international meat exports
percent of total / millions of tons



Source: U.S. Department of Agriculture, Economic Research Service, Commercial Agricultural Division, 1995 production figures.

Meat: The cartel's four major export source regions (the United States; the European Union; the British Commonwealth countries of New Zealand, Australia, and Canada; and the Ibero-American nations Argentina and Brazil) exert enormous dominance over meat exports. As well, a Chinese bloc of China, Taiwan, and Hongkong (the last nation a re-exporter) is important in pork and poultry exports.

Figure 7 shows that for 1994, the cartel's basic food export regions commanded 85% of the world's export of beef and veal of 4.95 million metric tons; when the Chinese market is added in, these regions commanded 92% of the world's export trade of 2.1 million tons of pork, and 93% of the world's export trade of 5.84 million metric tons of poultry. The export of pork and poultry in China and Taiwan is increasingly run by the food cartel.

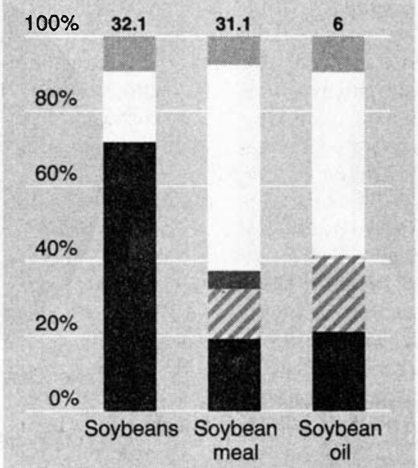
Four of the cartel's biggest companies in beef export are Cargill, Archer Daniels Midland/Töpfer, ConAgra/Peavey, and Iowa Beef Processors, now called IBP. The Dakota City, Nebraska-based IBP exemplifies how the oligarchy employs its corporate offshoots. Once owned by Armand Hammer's Occidental Petroleum Co., today 13% of the stock of IBP is owned by FMR Corp., the holding company for Fidelity Investments, the largest family of mutual funds in the United States, which is run by the Boston Brahmin oligarchical families. FMR is interlocked with other parts of the Windsor cartel—it is a large owner of raw material cartel companies, including shares of 5% or more of Homestake Mining, Coeur D'Alene Mines, and Santa Fe Pacific Gold Corp., three of the world's largest gold mining companies.

Through IBP, the food cartel is intervening in the U.S. Presidential elections, giving heavy backing to the "free enterprise" Presidential campaign of Sen. Phil Gramm (R-Tex.). On IBP's board of directors is Alec Courtalis, a Florida real estate magnate who was national finance co-chairman of the 1992 Bush-Quayle campaign, and is currently chairman of the futuristic Armand Hammer United World College and finance committee chairman of the Gramm for President campaign. In addition, Gramm's wife, Wendy Gramm, is an IBP board member. From 1988 to 1993, Wendy Gramm chaired the Commodity Futures Trading Commission, during which time the CFTC rigged the explosive growth in speculative derivatives instruments.

Edible oils and fats: The United States, the European Union, and Argentina and Brazil thoroughly dominate the export market in the soybean and its by-products, the most basic source of edible oils and fats. **Figure 8** documents that the food cartel export source sectors are the masters of 90% of the international trade in soybeans, of 32.1 million metric tons per year; 90% of the international trade in soybean meal, of 31.1 million metric tons; and, along with British Commonwealth member India, 92% of the 31.1 million metric tons of soybean meal exports.

According to spokesmen for the U.S. Department of Agriculture, as well as private industry, the same six companies that dominate the international grain trade also dominate the international trade in soybeans and by-products. The one additional cartel member company which is influential in the soybean trade, and which is smaller than the leading six companies, is S.I. Joseph Co. of Minneapolis, Minnesota. Burton Joseph, chairman of this company, is a former national chairman and a leading member of the Anti-Defamation League of B'nai B'rith. He is a longtime enemy of Lyndon LaRouche.

FIGURE 8
Control of international soybean and soybean product exports
percent of total / millions of tons



Source: U.S. Department of Agriculture, Economic Research Service, Trade Analysis Branch, 1994/5 crop production figures.

Feed and seed: The cartel also controls feed for animals and seed for planting. British Petroleum, through its Nutrition division, is the largest feed producer in Europe. Having bought Purina Mills from Ralston Purina Company, British Petroleum, one of the House of Windsor's key energy companies, is now the second largest feed producer in America. Cargill, the world's largest grain exporter, through its Nutrena Feed division, is also the biggest producer of animal feed and hybrid seed in the world, while Continental Grain, through its Wayne Feed division, is one of the biggest producers of feed and a major force in hybrid seed production.

Domestic markets

The cartel exercises an iron hand over the domestic agricultural economies of nations, especially those that comprise the four export source regions of the food cartel. This is exercised through the processing industries: If one controls the processing industries, one controls domestic trade. Except for use as animal feed, corn, wheat, and soybean cannot be eaten in their unrefined form (excluding sweet corn, which is eaten by humans, but which is a minuscule percentage of the annual corn harvest). The grain, or soybean (which is a legume), must be processed. The same is true of meat, which must be slaughtered and cut, before it is fit for human consumption.

This is where the processing-milling industries, in the case of grains and soybean, and the packing/slaughtering industries, in the case of meat, come in.

Taking America as the test case, in order to make the case generally, one can see the cartel's domination.

For example, **Figures 9, 10, 11,** and **12,** demonstrate that the main grain companies of the oligarchy's food cartel control 71% of the milling of America's flour; 57% of the dry milling of America's corn; 74% of the wet milling of America's corn; and 76% of the crushing of America's soybeans.

(In the dry milling of corn, the corn is turned into corn meal, muffins, corn flakes, etc. In the wet milling of corn, the corn is turned into sweetener, starch, alcohol, ethanol, etc. Of America's corn crop of 7.4 million bushels, 5.6 million bushels will be consumed as animal feed; 1.5 million bushels will be wet milled; and 0.3 million bushels will be dry milled.)

Figures 13, 14, and **15** confirm that the largest meat companies in the food cartel (IBP, ConAgra, Cargill, and two smaller companies) control 72% of America's beef slaughtering/packing; 45% of its pork slaughtering/packing; and 70% of its sheep slaughtering/packing. The meatpacking industry demonstrates the accelerated rate at which the cartel is building its concentration in these industries. In 1979, the top four packers controlled 41% of the industry. Today, they control 72%.

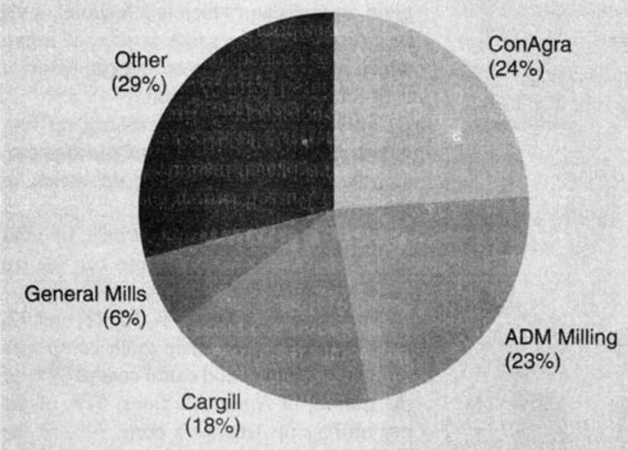
Finally, as **Figure 16** shows, four of the six leading grain cartel companies own 24% of America's grain elevator storage capacity. However, this figure is deceptive. Many of the grain elevators in America are in local areas, where there is a substantial degree of individual or cooperative ownership. When one gets to regional grain elevators, the grain cartel's ownership percentage is higher. And at ports, where grain is transshipped, the same four grain cartel companies own 59% of all American grain elevator facilities.

A farmer must sell his grain either to a grain elevator, or, in the rarer case where he can afford transport, to a grain miller. In either case, it is a grain cartel company to

FIGURE 9

Four members of the grain cartel control 71% of America's flour milling

percent of total U.S. flour milling capacity



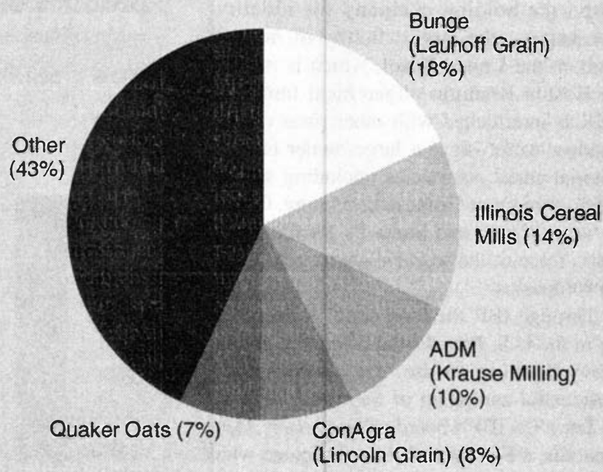
Daily milling capacity = 1,259,296 hundredweight of wheat

Sources: *1994 Grain and Milling Annual*; *Milling and Baking News* magazine; research of William Heffernan and Douglas Constance, Department of Rural Sociology, University of Missouri.

FIGURE 10

Five members of the grain cartel control almost 60% of America's dry corn milling

percent of total U.S. dry corn milling capacity



Daily grind = 670,000 bushels of corn

Sources: *Corn: Chemistry and Technology*; research of Heffernan and Constance.

which he must sell. By this process, the grain cartel sets the price to the farmer—at the lowest level possible.

The control apparatus

The control of food for use as a weapon is an ancient practice. The House of Windsor inherited certain routes and infrastructure. One finds the practice in ancient Babylon/Mesopotamia 4,000 years ago. In Greece, the cults of Apollo, Demeter, and Rhea-Cybele often controlled the shipment of grain and other food stuffs, through the temples. In Imperial Rome, the control of grain became the basis of the empire. Rome was the center. Conquered outlying colonies in Gaul, Brittany, Spain, Sicily, Egypt, North Africa, and the Mediterranean littoral had to ship grain to the noble Roman families, as taxes and tribute. Often the grain tax was greater than the land could bear, and areas of North Africa, for instance, were turned into dust bowls.

The evil city-state of Venice took over grain routes, particularly after the Fourth Crusade (1202-04). The main Venetian thirteenth century trading routes had their eastern termini in Constantinople, the ports of the Oltremare (which were the lands of the crusading States), and Alexandria, Egypt. Goods from these ports were shipped to Venice, and from there made their way up the Po Valley to markets in Lombardy, or over the Alpine passes to the Rhône and into France. Eventually, Venetian trade extended to the Mongol empire in the East.

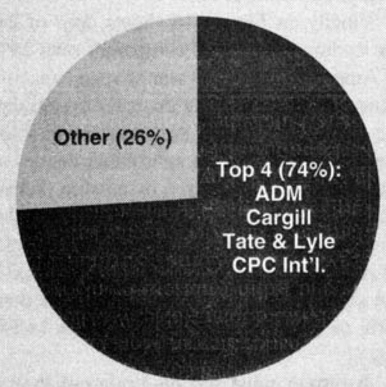
By the fifteenth century, although Venice was still very much a merchant empire, it had franchised some of its grain and other trade to the powerful Burgundian duchy, whose effective headquarters was Antwerp. This empire, encompassing parts of France, extended from Amsterdam and Belgium to much of present-day Switzerland. From this Venetian-Lombard-Burgundian nexus, each of the food cartel's six leading grain companies was either founded, or inherited a substantial part of its operations today.

By the eighteenth and nineteenth cen-

FIGURE 11

Four grain cartel members dominate 74% of U.S. wet corn milling

percent of total U.S. wet corn milling

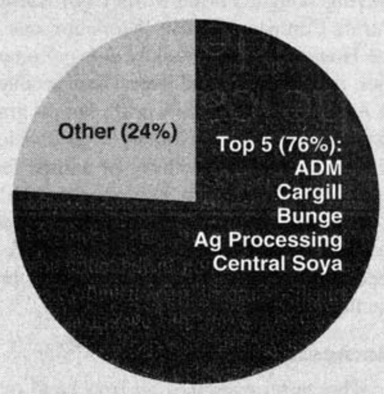


Sources: *Milling and Baking News*; *Milling Directory*, *1990*; research of Heffernan and Constance.

FIGURE 12

Five grain cartel members control 76% of U.S. soybean crushing

percent of total U.S. soybean crushing



Sources: *Feedstuffs* magazine; Bruce W. Marion and Donghwan Kim, "Concentration Change in the Selected Food Manufacturing Industries: The Influence of Mergers versus Internal Growth," Food System Organization, Performance and Public Policies, Working Paper No. 95, October 1990, Madison, Wisconsin; University of Wisconsin, Department of Agricultural Economics, Food System Research Group.

turies, the British Levant and East India companies had absorbed many of these Venetian operations. In the nineteenth century, the London-based Baltic Mercantile and Shipping Exchange became the world's leading instrument for contracting for and shipping grain.

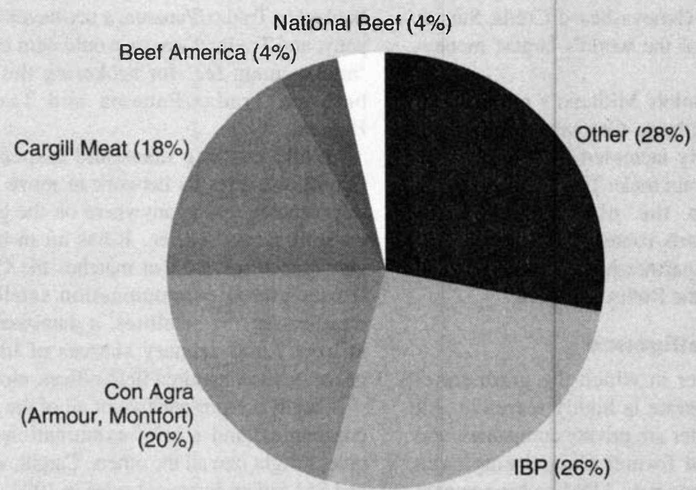
The five privately held grain companies were carved out from the centuries-old Mesopotamian-Venetian-Burgundian-Swiss-Amsterdam grain route, which today extends around the world. The Big Five are Cargill, Continental, Louis Dreyfus, Bunge and Born, and André. The Continental Grain Company is run by billionaire Michel Fribourg and his son Paul. Simon Fribourg started the company in 1813 in Arlon, Belgium. He moved the company to Antwerp, and then, in the 1920s, to Paris and London. Today, it has a New York office, along with a strong Swiss-French base.

In 1852, Léopold Louis Dreyfus, who was born in Sierentz, France, established wheat-trading operations in Basel, Switzerland. In this century, except during World War II, Louis Dreyfus has been headquartered in Paris (part of the old Lombard-Burgundian route).

Bunge and Born was founded by the Bunge family from Amsterdam in 1752. The company was eventually moved to Antwerp (today it is technically headquartered in São Paulo, Brazil and the Netherlands Antilles). The André Company was founded by Georges André in Nyon, Switzerland, and today is headquartered in Lausanne, Switzerland.

Cargill Company, the world's largest grain company, is based in the Minneapolis, Minnesota suburb of Minnetonka. It was founded by Scotsman William Cargill, in Conover, Iowa in 1865, and has been run, since the 1920s, by the billionaire MacMillan family. But the true nexus of Cargill is in Geneva, Switzerland, where Cargill's international trading arm, Tradax, Inc., is headquartered, having been established there in 1956 (technically, Tradax is a Panamanian-registered company). Tradax has divisions all around the world, including in Argentina, Germany, and Japan. It is the major source for Cargill's international trading; Cargill has a lot of money invested in it, and Cargill reaps a large return from

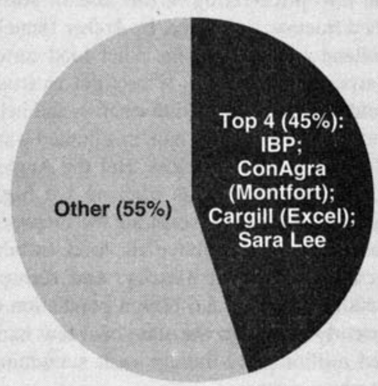
FIGURE 13
Three food cartel members control 64% of U.S. beef packing
percent of total U.S. beef packing capacity



Daily capacity = 138,000 head of cattle

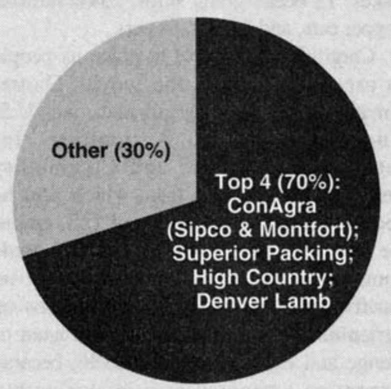
Sources: *Meat and Poultry* magazine; research of Heffernan and Constance.

FIGURE 14
Four food cartel members control 45% of U.S. pork slaughtering
percent of total U.S. pork slaughtering



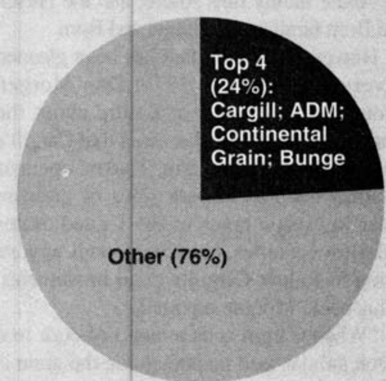
Sources: *Successful Farming* magazine; *Feedstuffs* magazine; research of Heffernan and Constance.

FIGURE 15
Four sheep slaughterers firms control 70% of U.S. capacity
percent of total U.S. sheep slaughtering



Sources: American Sheep Industry Association; research of Heffernan and Constance.

FIGURE 16
Four grain cartel members own 24% of U.S. grain elevators
percent of total U.S. grain elevator capacity



Sources: *1994 Grain and Milling Annual*; research of Heffernan and Constance.

Tradax's operations. Tradax also has partial Swiss ownership. The Lombard, Odier Bank, as well as the Pictet Bank, both old, private and very dirty Swiss banks, own a chunk of Tradax. The principal financier for Tradax is the Geneva-based Crédit Suisse, which is one of the world's largest money-launderers.

Archer Daniels Midland's purchase of Töpfer, a Hamburg, Germany-based grain company, vastly increased ADM's presence in the world grain trade. Töpfer's trade is situated within the old Venice-Swiss-Amsterdam-Paris routes, and it has extensive business partnerships with the British Crown jewel, the Rothschild Bank.

Secret intelligence

The manner in which the grain cartel companies operate is highly secretive. All but ADM/Töpfer are private companies, and Bush ally and former Cargill employee Dwayne Andreas runs ADM as his personal fiefdom.

A strategic profile of each of the leading food cartel companies is contained in the following article, but it is worth noting here a few critical points about how they work. Much of their workings is shrouded in mystery, because they release little information to the public. People who have attempted to write books about the grain companies have spent years without getting a single interview from any of the reigning grain company families. Unlike many American companies, where the founding family has long since departed the scene, such as in the case of Morgan bank or Chrysler Corp., the grain cartel companies are run by the same families that have run them for centuries. The intermarried MacMillan and Cargill families run Cargill; the Fribourg family runs Continental; the Louis Dreyfus family runs Louis Dreyfus; the André family runs André; and the Hirsch and Born families run Bunge and Born.

However, the little that has been gleaned is very revealing. In 1979, Dan Morgan wrote *The Merchants of Grain,* about the world grain trade. He disclosed that Cargill's Geneva-based trading arm, Tradax, operates not only such as to park sales of grain in order to escape taxes in the United States and most countries, but it confounds anyone trying to follow Cargill's grain movements. In his book, Morgan reported:

"When Cargill sells a cargo of corn to a Dutch animal-feed manufacturer, the grain is shipped down the Mississippi River, put aboard a vessel at Baton Rouge and sent to Rotterdam. On paper, however . . . its route is more elaborate. Cargill first sells the corn to Tradax International in Panama, which will 'hire' Tradax/Geneva as its agent; Tradax/Geneva then might arrange the sale to a Dutch miller through its subsidiary, Tradax/Holland; any profits would be booked to Tradax/Panama, a tax-haven company, and Tradax/Geneva would earn only a 'management fee' for brokering the deal between Tradax/Panama and Tradax/Holland."

While evading taxes and inspection, Cargill also uses its network to move large shipments of goods anywhere on the globe, on split-second notice. It has an in-house intelligence service that matches the CIA's: It uses global communication satellites, weather-sensing satellites, a database that utilizes 7,000 primary sources of intelligence, several hundred field offices, etc.

Cargill is representative of all of the grain companies, and a brief examination of it gives insight into all the others. Cargill, which had $51 billion in annual sales in 1994, has a dominant position in many aspects of the world food trade. It is the world's and the United States' number-one grain exporter, and has a market share of 25-30% in each of several commodities. It is the world's number-one cotton trader; the number-one U.S. owner of grain elevators (340); the number-one U.S. manufacturer of corn-based, high-protein animal feeds (through subsidiary Nutrena Mills); the number-two U.S. wet corn miller and U.S. soybean crusher; the number-two Argentine grain exporter (10% of market); the number-three U.S. flour miller (18% of market), U.S. meatpacker (18% of market), U.S. pork packer/slaughterer, and U.S. commercial animal feeder; the number-three French grain exporter (15-18% of the market); and the number-six U.S. turkey producer. It also has a fleet of 420 barges, 11 towboats, 2 huge vessels that sail the Great Lakes, 12 ocean-going ships, 2,000 railroad hopper cars, and 2,000 tank cars.

Cargill has been able to place its people in top posts around the world. Daniel Amstutz, a 25-year Cargill man, was U.S. Undersecretary of Agriculture for International Affairs and Commodity Programs in 1983-87, from which post he decided on the export policy of U.S. grains. He later became a leader of the U.S. trade commission in the General Agreement on Tariffs and Trade (GATT) negotiations on agricultural trade. Meanwhile, the head of Bunge and Born, Nestor Rapanelli, became Argentina's economics minister within weeks of Carlos Menem coming in as Argentine President in 1989. Rapanelli began shifting Argentina from "State intervention to a 'market driven' economy."

Today, Cargill Company is privately owned and run by the MacMillan family. The MacMillan family's collective wealth, at $5.1 billion, according to the July 17, 1994 *Forbes* magazine, is larger than that of the better-known Mellon family. The MacMillans have always been of service to the British. John Hugh MacMillan, president of Cargill from 1936 to 1957, and then chairman from 1957 through 1960, held the title of "hereditary Knight Commander of Justice in the Sovereign Order of St. John (Knights of Malta)," one of the British Crown's most important orders.

The drive to the East

The food cartel continues to consolidate its worldwide control in the face of the oncoming financial disintegration. In the past four years, the food cartel has bought up many milling-processing plants and bakeries throughout the former Soviet Union and East bloc, bringing these nations under tight food control. Recently, IBP moved to dump cheap Mexican meat there, in order to bankrupt beef producers. The Clinton Agriculture Department has brought them up for investigation.

The food cartel has also built up its control, in the food distribution industries, through such combines as Philip Morris, Grand Metropolitan-Pillsbury, and KKR-RJR-Nabisco-Borden. In the case of Philip Morris, which owns Kraft Foods, General Foods (Post cereals), the Miller Brewing Company, and a host of other brand names, 10¿ of every $1 that an American spends on brand-name food items is for a Philip Morris product.

The food cartel's power must be broken. This year, the U.S. Justice Department's Anti-Trust division launched an investigation into price-fixing in the case of corn-based fructose and lysine, by Archer Daniels Midland and some of the other food cartel companies. The case, if brought to trial, could provide valuable information and help to expose and possibly halt, in a limited way, a few of ADM's practices. But the Anglo-Dutch-Swiss cartel is playing for high stakes—the ability to constrain the supply of raw materials, and above all, food, to turn back the clock of history, and reduce mankind from the 5.6 billion population it currently enjoys to the state of a few hundred million semi-literate souls scratching out a bare existence.

That assault cannot be fought timidly. The full truth about the food cartel must be known.

Control by the food cartel companies: profiles and histories

by Richard Freeman

Here are strategic profiles of 11 of the principal companies that constitute the Anglo-Dutch-Swiss food cartel. The profiles confirm that through multiple forms of concentration, these companies dominate grain, meat, dairy, and other food production, and the processing and distribution system of food, all the way to the supermarket. Very little food moves on the face of the earth without the food cartel having a hand in it.

Cargill

Headquarters: P.O. Box 9300, 15407 McGinty Road, Minnetonka, Minnesota 55440-9300
International Trading: Tradax Division of Cargill, registered in Panama and Geneva, Switzerland
Sales and production: $51 billion in 1994

No. 1 U.S. grain trader/exporter (25% of market, which is equivalent to Cargill exporting 25.1 million tons or 1.0 billion bushels of grain); No. 1 world grain trader/exporter (25% of market, which is equivalent to Cargill exporting 52.9 million tons, or 2.11 billion bushels of grain); No. 1 U.S. owner of grain elevators (340 elevators); No. 1 world cotton trader; No. 1 U.S. manufacturer of corn-based high-protein animal feeds (through subsidiary Nutrena Mills); No. 2 U.S. wet corn miller; No. 2 U.S. soybean crusher; No. 2 Argentine grain exporter (10% of market); No. 3 U.S. flour miller (18% of market); No. 3 U.S. meatpacker, through Excel division (18% of market); No. 3 U.S. pork packer/slaughterer; No. 3 U.S. commercial animal feeder; No. 3 French grain exporter (15-18% of market); No. 6 U.S. turkey producer.

Cargill raises 350,000 hogs, 12 million turkeys, and 312 million broiler chickens. In the United States, it owns 420 barges, 11 towboats, 2 huge vessels that sail the Great Lakes, 12 ocean-going ships, 2,000 railroad hopper cars, and 2,000 tank cars.

Cargill and its subsidiaries operate 800 plants. It has 500 U.S. offices, 300 foreign offices. It operates in 60 countries.

History: Shortly after the Civil War, William Cargill, a Scottish immigrant sea merchant, bought his first grain elevator in Conover, Iowa. In 1870, with his brother Sam, William Cargill bought grain elevators all along the Southern Minnesota Railroad, at a time when Minnesota was becoming an important shipping route. But Cargill's biggest break came when he bought elevators along the line of James J. Hill's Great Northern railroad line, which went west of Minneapolis, and into the Red River Valley as far as North Dakota, and also into South Dakota. Hill was the business partner of Ned Harriman (father of Averell Harriman), who became the business agent for England's Queen Victoria's son, Prince Edward, later King Edward VII. Through a preferential rebate system, and other arrangements, Hill's rail line helped build the Cargill operation.

Twice during the twentieth century, the Cargill firm nearly went under. William Cargill, Jr., the son of company founder Will Cargill, made some bad investments in Montana during the first decade of the twentieth century, and between 1909 and 1917, Cargill hovered on the brink of bankruptcy. Some British capital came in to rescue the company. William Cargill, Sr. had a daughter, Edna, who married John MacMillan. The financiers designated John MacMillan and the MacMillan family to come in and reorganize Cargill. This was the period in which the MacMillan family started running Cargill.

Cargill also nearly went under following the 1929 U.S. stock market crash, and ensuing Great Depression. There is not a word of what happened to Cargill Co. during the depression in the *History of Cargill, 1865-1945.* But two forces came to the rescue: John D. Rockefeller's Chase National Bank, which sent its officer John Peterson to help run Cargill. Peterson became Cargill's top officer. The other force was a Byelorussian Jewish grain merchant, Julius Hendel, who joined the company in the late 1920s. It would seem odd at first that a European, and a Jew at that, would be admitted into the inner councils of a rock-ribbed Scottish-American firm, but this indicates the international scope of forces that shape the grain trade. Hendel would later also school Dwayne Andreas, when Andreas worked for Cargill after World War II.

During the mid-1930s, Cargill used cutthroat tactics. In September 1937, corn was a scarce commodity. The 1936 American crop had been a failure, and the new crop would not be harvested until October. Cargill bought up every available corn future, to the tune of several millions of dollars, and created a squeeze on the market. The Chicago Board of Trade ordered Cargill to sell some of its futures to relieve the squeeze. Cargill refused. The CBOT expelled Cargill from the Board of Trade. The U.S. secretary of agriculture accused Cargill of trying to destroy the American corn market.

In 1922, Cargill had opened up a New York office; in 1929, it opened an Argentine office, and it continued to expand, especially after the Second World War, as the United States exported large quantities of grain to Europe and other parts of the globe. In 1953, Cargill established Tradax International in Panama to run its global grain trade. In 1956, it set up Tradax Genève in Geneva, Switzerland, as the coordinating arm of Tradax. Tradax subsidiaries were set up in Germany (Deutsche Tradax, GmbH), England (Tradax Limited), Japan (Tradax Limited), Australia (Tradax Limited), France (Compagnie Cargill S.A.), and so forth. Thirty percent of ownership of Tradax is held by old-line Venetian-Burgundian-Lombard banking families, principally the Swiss-based Lombard, Odier, and Pictet banks. The financier for Tradax is the Geneva-based Crédit Suisse, which has been cited repeatedly for drug-money laundering.

On Feb. 7, 1985, the U.S. government caught Crédit Suisse and other large banks laundering $1.2 billion in illegal money—much of it suspected drug money—to the First National Bank of Boston.

In 1977, Cargill's involvement in a "black peseta"-laundering operation at Cargill's offices in Spain was revealed.

Cargill has been repeatedly cited for "blending"—that is, adding foreign matter to its grain. For example, an export contract may allow for 8% of the grain volume that a company is exporting to be foreign matter. If Cargill's grain load is only 6% foreign matter, it will mix in dirt and gravel. A Cargill superintendent told the *Kansas City Times* in July 1982, "If we've got a real clean load, we'll make sure we hold it until we can mix it with something dirtier. Otherwise, we'd be throwing away money."

Cargill has expanded into every major crop and livestock on the face of the earth, in over 60 countries. It has also expanded into coal, steel (it is America's seventh largest steel producer, owning LTV), waste disposal, and metals. Today, Cargill runs one of the 20 largest commodity brokerage firms in the United States, trading on the Chicago and world markets, which is larger than those of most Wall Street brokerage houses. Another division, Cargill Investor Services, has offices throughout the United States, as well as in London, Geneva, and Zurich.

Key personnel and policy: The combined Cargill and MacMillan families of Cargill own 90% of the company's stock (the rest is owned by company executives). They are one of the ten richest families in America: According to the July 17, 1995 *Forbes* magazine, the combined Cargill/MacMillan families are worth $5.1 billion, making them richer than the Mellons. Whitney MacMillan, W. Duncan MacMillan, John Hugh MacMillan III, and Cargill MacMillan, Jr., are each worth $570 million.

The British connections of the MacMillan family are evident. John Hugh MacMillan II (1895-1960) was the president of Cargill from 1936 until 1957, and was chairman from 1957 until 1960. He was a hereditary Knight Commander of Justice of the Sovereign Order of St. John, the chivalric order run by the international oligarchy grouped around the Anglo-Dutch monarchy. Whitney MacMillan, chairman of Cargill from 1976 until 1994, was educated at the exclusive British-modeled Blake School (where the chairman of General Mills was also educated), and then Yale University.

Showing the link with the gangster-ridden Democratic Party of Minnesota, Walter Mondale was elected a director of Cargill.

In 1983-84, the family-controlled Cargill Foundation contributed $50,000 to the University of Chicago's monetarist Economics Department.

Continental Grain

Headquarters: 277 Park Avenue, New York, New York 10172
Sales and production: $17-18 billion in 1994

No. 2 U.S. grain trader/exporter (20% of market), and No. 2 world grain trader/exporter (20% of market) (according to official Continental documents). No. 1 U.S. exporter of soybean products and derivatives (through joint venture called Conti-Quincy Export Co.); No. 1 world cattle feedlot operator (7 feedlots in southwestern and plains states of United States); No. 1 shrimp farm in Ecuador; reportedly No. 2 French grain exporter; No. 3 owner of U.S. grain elevators; No. 3 or No. 4 U.S. animal feed manufacturer (through subsidiary Wayne Feed Division); No. 3 or No. 4 world cotton exporter; No. 8 Argentine grain exporter (7% of market).

Continental processes and markets 2 billion pounds of poultry, beef, pork, and seafood, along with 5 million tons of animal feeds and wheat flour. The company transports nearly 75 million tons of grains, oilseeds, rice, cotton, and energy products annually, an amount that exceeds the annual production of almost every country in the world.

Continental owns a fleet of towboats and 500 river barges. It owns over 1,500 hopper cars. It has offices and plants in 50 countries, on 6 continents.

History: Simon Fribourg founded the predecessor organization as a commodity-trading company in Arlon, Belgium in 1813. By the middle of the nineteenth century, the Fribourg family went into milling, building mills in Luxembourg and Belgium, especially Antwerp, which, with its deep harbors and connections to the Rhine River, transported Fribourg flour and wheat to and from the rest of Europe. Toward the end of the nineteenth century, Michel Fribourg, a great-grandson of founder Simon, went with bags of gold to Bessarabia (today Moldova and Romania) to buy grain. This was a large grain-producing region. By 1914, the heirs of the family, under the name Fribourg Frères, moved operations to London, to capitalize on the ability to trade grain internationally. In 1920, the headquarters moved again, this time to Paris, and the company's name changed to Compagnie Continentale. Thus, 100 years after its founding in 1813, the Continental Company had established firm links into the cities and channels of the European grain trade, as well as to Australia, through London.

In 1921, the Continental Company opened an office in Chicago, and another in New York. In 1930, it leased a terminal in Galveston, Texas. During the Depression of the 1930s, the Continental Company made out like bandits. As reported in one history, the head of the family, Jules Fribourg, instructed his New York agent to buy Midwest grain elevators, which were at depressed prices, with the instructions, "Don't bother to look at them—just buy them." The Fribourgs lived very, very well. René Fribourg, the co-head of the company, lived like a Medici prince, collected gold snuff boxes and Louis XV and Louis XVI furniture, and dined off eighteenth-century china. But when the Nazi Army invaded France in June 1940, the Fribourgs fled to America.

In 1968-69, the Fribourgs, working with the Cargill company, and through an agent of the grain cartel in the U.S. Department of Agriculture, Clarence Palmby, helped destroy the American merchant fleet, by convincing President Nixon that the "50-50" provision, by which half of all American grain exports had to be carried on American vessels, should be abolished, in order to land a large Russian grain deal. Almost all of the grain went on Russian-bottom boats. Various favors paid off, for, in 1973, the Russians rewarded Continental by making an unprecedented purchase from the company of 6 million tons of grain and soybeans. The head of Continental was and remains Michel Fribourg. His personal financial adviser, Sasha Maximov, was the son of the last czarist ambassador to Constantinople, a post usually held by a Venetian agent.

In 1976, Continental was fined $500,000 for short-weighting ships. In the late 1970s, when Zaire, which was very poor, was unable to pay its bills, Continental cut off food shipments to that starving nation. In the 1970s, Continental became the first grain company to sell grain to China.

Key personnel and policy: The heir apparent of the company is Michel Fribourg's son, Paul, who, at the age of 41, is president of Continental. Michel Fribourg, great-great-grandson of Continental's founder, and his immediate family, own

90% of Continental's stock (other members of the Fribourg family own the rest). The Oct. 17, 1994 issue of *Forbes* magazine lists the worth of Michel Fribourg alone at $1 billion.

Louis Dreyfus

Headquarters: Paris, France
U.S. headquarters: 10 Westport Road, Wilton, Connecticut 06897
Sales and production: approximately $15 billion in 1994

No. 1 French grain exporter; No. 3 world grain exporter; No. 4 U.S. grain exporter; No. 5 Argentine grain exporter (8% of market); No. 1 world exporter of grain to Russia.

Louis Dreyfus operates 47 vessels—bulk carriers, lakers, panamaxes, and chemical and natural gas carriers—worldwide.

History: Léopold Louis Dreyfus, who was born in Sierentz, France, set up his wheat trading operations in Basel, Switzerland, at the age of 19, in 1852. He bought wheat from Vojvodina plain, which went to Budapest, Hungary, for milling, then the milling capital of the world. He also purchased grain from Moldova and Wallachia (present-day Romania) and shipped it to Liverpool for milling. In the process, he became close friends with King Carol I of Romania, whom he charmed so much that he was appointed a councillor at the king's court. In the first decade of the 1900s, Léopold Louis Dreyfus was appointed Romania's consul to Paris.

Léopold Dreyfus also invested heavily in grain elevators and the grain trade in Odessa, Ukraine. He began importing Russian wheat into Marseilles, France. Toward the end of the nineteenth century, he was marketing grain through a network of offices in Hamburg, Bremen, Berlin, Mannheim, Duisburg, in Germany, and Paris, thus having a healthy share of the German market. Léopold Louis Dreyfus expanded into corn, barley, and other crops, and as a wholesaler of grain, dealt with Canada, Australia, and the United States. He moved to Paris, married a Florentine baroness, and ran a newspaper, *L'Intransigent.*

In the 1940s, the company was run by Jean, François, and Pierre Louis Dreyfus. After the Nazis liquidated France's Vichy government in 1942, Jean and François left for Argentina and Pierre for London.

Louis Dreyfus, although privately owned, is also a cooperative under French law. It owns 49% of the shares of the co-op Union Française des Céréales (UFC, better known as La Cooperative Lafayette). Under this arrangement, UFC sells French grain exclusively for itself and Dreyfus, both within the European Union and to third markets. This allows Dreyfus to obtain credit at low interest rates from the quasi-official French banking institution Crédit Agricole, which terms are not available to purely private corporations.

Louis Dreyfus also has a bank bearing its name, which in the 1970s rose to become the fifth largest private bank in France.

Key personnel and policy: The current head of the company is Gerard Louis Dreyfus. Gerard is the son of Pierre Louis Dreyfus and Pierre's first wife, who was the daughter of an American industrialist. Gerard was educated in the United States, attended Duke University, attended law school, and worked for a while at the organized crime-connected law firm Dewey Ballantine. Gerard now resides in France, and by conservative estimates, he and his immediate family are worth $0.5-1 billion.

Bunge and Born

Headquarters: São Paulo, Brazil
Address of holding company: N.V. Financieel Zaken Maatschappij "Los Andes" of Curaçao, Netherlands Antilles
U.S. headquarters: 11720 Borman Drive, St. Louis, Missouri 63146
Sales and production: approximately $10 billion in 1994

No. 1 U.S. dry corn miller (through its subsidiary, Lauhoff Grain) (18% of the market); reportedly No. 1 Brazilian grain exporter; No. 2 U.S. soybean products (soymeal and soy oil) exporter; No. 3 U.S. grain exporter; No. 3 U.S. soybean processor; No. 4 world grain exporter; No. 4 U.S. grain elevator capacity; No. 7 Argentine grain exporter.

Bunge operates 50 grain elevators in the United States, most of them located along the Mississippi River from St. Louis to New Orleans. It also has a giant grain export elevator in Quebec City, Canada.

History: In 1750, in Amsterdam, the Bunge family had started trading hides, spices, and rubber from Dutch overseas colonies. After a century of lucrative trade in this area, in 1850, Charles Bunge moved the family business to Antwerp, Belgium. Charles's two sons established a merchant monarchy straddling the Atlantic Ocean. Edouard Bunge stayed in Antwerp, and Ernest Bunge emigrated to Argentina in 1876. With his brother-in-law George Born, Ernest established the firm Bunge and Born. In 1897, a Mannheim Jewish grain trader by the name of Alfred Hirsch joined the firm in Buenos Aires. In 1927, Hirsch became president of Bunge and Born, and held that position for 30 years.

Hirsch and others at Bunge and Born accumulated *estancias*—plantations of hundreds of thousands and even millions of acres of land, many in the rich soil region of the Pampas plains. The extent of Bunge and Born domination of the Argentine economy was revealed in 1974, when the Montoneros terrorists kidnapped the heirs to the firm, Jorge and Juan Born, and held them for many months. During the time that the brothers were held in captivity, they revealed that Bunge and Born not only dominated Argentina's agriculture, but also that Bunge companies produced 40% of Argentina's paint, one-third of its tin cans, 20% of its textiles, etc.

Argentine President Juan Perón attempted to suppress the power of Bunge and Born and other grain cartel companies in Argentina. When Perón became President for the first time in 1946, he moved to have the government buy the grain from the Argentine farmer and export it. The profits were used to finance the industrialization of Argentina. In 1948, he established the Institute for the Promotion of Trade (IAPI) to achieve this purpose. However, the grain cartel companies, weakened by Perón's reforms, wanted him out of power. In 1955, Perón was deposed and the IAPI system he had set up was disbanded. When Perón returned to power in 1973, he established a National Grain Board for the same purpose. Again, Perón was fiercely opposed by the grain cartel companies. He died in 1974, and was succeeded by his wife, Evita. In 1976, Evita Perón was overthrown. The National Grain Board was dismantled, and control of grain and meat exports was returned to the private grain companies.

In the meantime, Bunge diversified a large share of its capital into Brazil and the United States. However, the power of Bunge and Born is still strong in Argentina. The first two ministers of economy in the government of President Carlos Menem, were executives of Bunge and Born, first Mor Roig, and Nestor Rapanelli.

Key personnel and policy: The Born and Hirsch families, which run Bunge and Born today, are each conservatively estimated to be worth half a billion dollars.

André

Headquarters: Lausanne, Switzerland
U.S. headquarters: Garnac Grain Company, a captive subsidiary of André, based in Shawnee, Kansas
Sales and production: $7-10 billion in 1994

No. 1 South African grain exporter; No. 5 world grain trader; No. 5 or No. 6 U.S. grain exporter.

History: Founded in 1877 by George André in Nyon, Switzerland. He imported hard durum wheat for pasta from Russia. The grain was unloaded at Marseilles and railed up to Switzerland. In 1937, Frederic Hediger, also Swiss, came to the United States and founded Garnac, using money from George André. Garnac became a subsidiary of the André Holding Company. In the 1970s, André was accused, along with Bunge Company, of wrecking the Spanish corn growers by importing corn at low prices into Spain from the United States. During the 1970s, after an embargo had been placed on the commercial activities of what was then Rhodesia (now Zimbabwe), André helped sell Rhodesian grain on the world market through illegal channels.

Key personnel and policy: Georges André, a member of a very strict Calvinist sect, lived, until he died in 1942 at the age of 86, in an Alpine chalet in Gstaad, Switzerland. His neighbor was Axel Springer, the German publishing mogul. André's three sons, Henri, Pierre, and Eric, inherited the company. The André family is reported by Forbes magazine to be worth $2.3 billion.

Archer Daniels Midland/Töpfer

Headquarters: 4666 Faries Parkway, Box 1470, Decatur, Illinois 62525
Sales and production: $11.4 billion in 1994

No. 1 U.S. soybean crusher (between 30 and 35% of market); No. 1 U.S. wet corn miller (approximately 50% of market); No. 1 world processor of combined grain and oil seed; No. 1 world producer of ethanol; No. 1 U.S. producer of corn-based additive (60% of market); No. 2 U.S. flour miller (23% of market); No. 2 in U.S. grain elevator capacity; No. 3 U.S. dry corn miller, through subsidiary Krause Milling (10% of market); No. 5 or No. 6 world grain export trader (combined ADM and Töpfer) (9% of market).

ADM/Töpfer makes enough flour every year to bake 16 billion loaves of bread and enough soybean meal to feed 13 billion chickens—twice as many broilers as the United States produces.

History: In 1878, John W. Daniels began crushing flaxseed to produce linseed oil and in 1902 formed Daniels Linseed Company in Minneapolis. George A. Archer, another experienced flaxseed crusher, joined the company in 1903. In 1923, the company bought Midland Products and adopted the name Archer Daniels Midland (ADM).

In the United States, the use of the soybean had been pushed by Dr. John Harvey Kellogg, brother of the Battle Creek, Michigan cereal magnate and a leading exponent of the cultish health-food "wellness" movement. Dwayne Andreas, who was born into a Mennonite family in Decatur, Illinois in 1918, joined his father's R.P. Andreas firm in the mid-1930s. In 1936, the Andreas family changed the name of the firm to the Honeymead Company, and in 1939, Honeymead began to diversify from linseed crushing to soybean crushing. In 1945, when Dwayne Andreas thought he was about to be drafted—by this time he was chief executive officer of Honeymead—he sold 60% of the family's Honeymead to Cargill.

From 1946 through 1952, Dwayne Andreas worked for Cargill, learning how to hedge and speculate in commodities from Julius Hendel, a top European Jewish grain trader who came to the United States to help salvage Cargill from disaster in the 1930s. In 1945, Dwayne Andreas met Hubert Humphrey, who was tied into organized crime. Andreas contributed $1,000 to Humphrey's first senatorial campaign in 1948. Later, writing about this contribution, Humphrey called it a "spectacularly large amount." Humphrey and Andreas became intimate. Humphrey was godfather to Andreas's son. Former U.S. House Speaker Tip O'Neill said of Andreas, "Hubert was his first love." In 1977, Humphrey, then on the Senate Agricultural Committee, wrote legislation to establish government supports for sugar, which saved Andreas from huge losses. In the 1980s, Andreas funded a Hubert Humphrey Room at the Anti-Defamation League's new headquarters at U.N. Plaza in New York City. While Humphrey lived, Andreas and Humphrey took 85 trips together.

In 1974, ADM entered into a price-fixing scheme that overcharged the U.S. government $19 million in sales of soy-fortified food to the Food for Peace program. As one reporter commented, the money was stolen "either from the taxpayers or the starving poor, depending on which devout Mennonite perspective you prefer." ADM was convicted. In 1976, the company pleaded no contest to federal charges that it had systematically short-weighted and misgraded federally subsidized grain that was being shipped abroad.

Andreas's investment in high-fructose corn syrup (HFCS) production prospered, when the soft-drink industry bought it. By 1983, HFCS accounted for 75% of sweeteners purchased by Coca-Cola and 50% of Pepsi's sweeteners.

Andreas became deeply involved in grain sales to Russia and was active in the U.S.-U.S.S.R. Trade and Economic Council, eventually becoming USTEC's chairman. In 1984, Andreas met Mikhail Gorbachov for the first time. In 1990, Andreas contributed $1 million to create a Gorbachov Institute in the United States and Russia.

ADM purchased a 50% stake in Alfred C. Töpfer International, one of the most powerful second-tier grain cartel companies. This purchase also works the other way, with the older, Hamburg-based Töpfer Company, with extensive roots in Europe, exercising an influence over ADM. The Töpfer Company has an over 70% equity position in two French firms—Compagnie Européene des Céréales and G. Muller. The remaining shares in these companies are held by the Rothschild Group in France. These two French companies and the Töpfer Company own at least ten large grain elevators in France and Germany. Also, before the Iron Curtain came down, Töpfer controlled 50% of the grain imports into East Germany.

Andreas was always close, as a result of his friendship with Hubert Humphrey, to the organized crime-linked Anti-Defamation League of the B'nai B'rith. During the 1980s, Andreas was persuaded by another major grain trader, Burton Joseph, of the Minneapolis-based S.I. Joseph Company, to contribute $1 million to the ADL. Andreas made the payments in amounts of $50,000 to $100,000 per year.

In 1995, the U.S. Justice Department launched an investigation into fraud and anti-competitive price-fixing in ADM's handling and marketing of corn sweeteners and lysine. The latter enhances growth in chickens and hogs, while making meat leaner.

Key personnel and policy: Board of directors: Howard Buffett, vice president of ADM and son of Berkshire Hathaway (men's clothing brand) owner Warren Buffett (at the beginning of the Justice Department's investigation, Howard Buffett resigned from ADM board); Robert Strauss, George Bush's ambassador to Russia, 1991-93, and a long-time friend of Andreas. Strauss is also a member of the board of British intelligence's chief propaganda mouthpiece, the Hollinger Corp.; Brian Mulroney, former prime minister of Canada, and associated with the Hollinger Corp.; several members of the Andreas family, including Dwayne's brother Lowell Andreas, and his son, Michael Andreas, who is also ADM's vice chairman and the heir apparent.

ConAgra

Headquarters: One ConAgra Drive, Omaha, Nebraska 68102-5001
Sales and production: $23.5 billion in 1994

No. 1 U.S. flour miller (24% of market); No. 1 U.S. sheep slaughterer (33% of market), through Sipco and Montfort meats; No. 2 U.S. beef slaughterer (20% of market); No. 2 U.S. pork slaughterer; No. 4 U.S. dry corn miller (8% of market);

History: ConAgra was founded in Omaha, Nebraska in 1919 as Consolidated Mills, a grain processor. (The name was changed to ConAgra in 1971.) In 1982, ConAgra bought the Peavey Company. Peavey, along with its Minneapolis confederates, the Pillsbury and Washburn families, dominated the milling of American flour, which came up the Mississippi River or along the railroads from the American Midwest to Minneapolis. This immediately made ConAgra America's largest flour miller. This was followed by a slew of purchases in the meatpacking industry, including Armour (1983), Northern States Beef (1985), E.A. Miller (1987), Montfort (1987), and Swift (1987).

The purchase of Montfort Meats typifies the takeovers in the meat industry. The Colorado-based Montfort Meats was America's third largest meatpacker, and an independent. In 1986, Cargill Meat Company made a bid for Spencer Beef. Montfort Meats took legal action to block the takeover, on the grounds that it would make Cargill too large in the meatpacking industry, and thus it clearly violated U.S. anti-trust laws. Even though a local court and a district court ruled in Montfort's favor, the U.S. Supreme Court upheld the takeover. Fearing it was just a matter of time, and that it could not survive on its own, Montfort tendered itself for takeover to the giant ConAgra.

ConAgra also bought Elders, the largest beef producer/processor in Australia and the largest beef and lamb exporter in the world. ConAgra continued its takeover binge: Since the mid-1970s, ConAgra has acquired over 100 companies. It bought the Chung King line of foods; Beatrice Foods, including Butterball Turkeys; Peter Pan peanut butter, and others.

Major brands: Hunt's Tomato Sauce and Ketchup; Wesson Oil; Banquet TV dinners; Armour, Swift, Eckrich, and Hebrew National meats; Healthy Choice foods; Orville Redenbacher popcorn; Peter Pan peanut butter; LaChoy Chinese foods; Swiss Miss cocoa; Reddi-Whip whip cream.

Key personnel and policy: Board of directors: Dr. Ronald Roskens, president of Action International, former president of the University of Nebraska, reportedly dismissed for pedophilia, and George Bush's director of the State Department Agency for International Development; Marjorie Scardino, chief executive of the Economist Newspaper Ltd. and *Economist* magazine, which is jointly owned by Britain's Rothschild and Lazard Frères banking houses, both close to Britain's royal family; Charles Harper, chairman and chief executive of RJR Nabisco.

IBP

Headquarters: IBP Avenue, P.O. Box 515, Dakota City, Nebraska 68731
Sales and production: $15 billion in 1994

No. 1 U.S. beef slaughterer (26% of market); No. 1 U.S. pork slaughter (12% of market). IBP, the largest butcher in the world, accounts for 9 billion pounds of meat a year, or about 14% of U.S. total. Japan, which consumes half of all U.S. meat exports, is a major market for IBP.

IBP was bought in 1981 by Armand Hammer's Occidental Petroleum Corp. Occidental sold 49.5% of the company in 1987, and the remaining 50.5% of IBP in 1991. FMR Corp. is the holding company for Fidelity Mutual Funds, the largest family of mutual funds in the United States, with over $300 billion in investments. FMR Corp. is run by Boston Brahmin oligarchical families, and owns 13% of IBP's stock. FMR is also a large owner of raw material cartel companies, including shares of 5% or more in: Homestake Mining, Coeur D'Alene Mines, and Santa Fe Pacific Gold Corp., three of the largest gold-mining companies in the United States.

History: Formed in 1960 by A. Anderson and C. Holman, as Iowa Beef Processors; the first plant was in Denison, Iowa. IBP broke with tradition: It built the plant in a rural area where the cattle was raised. In 1967, it took another step: Its Dakota City, Nebraska plant cut the meat and shipped it, pre-cut, in vacuum packs to stores (called boxed beef). IBP reached a marketing agreement with Cactus Feeders, the nation's largest commercial feeder, to supply it with beef cattle. In the early 1990s, it purchased 40 hog-buying stations from Heinhold Hog, Inc. in Missouri, Iowa, Nebraska, South Dakota, and Minnesota.

IBP makes money by driving down the wages of its workforce and the price of beef paid to farmers. IBP tried to ban union wages and the union. In 1965, a strike against this IBP policy became so violent that the governor of Iowa had to intervene to settle it. A 1969-70 strike, provoked by IBP, resulted in one death. A similar pattern prevailed in the 1980s. On Aug. 15, 1995, the *Wall Street Journal* reported: "In May, the Immigration and Naturalization Service arrested 24 illegal aliens, who worked for an IBP contractor, at the company's Council Bluffs plant: a month earlier, 35 illegals were arrested at an IBP plant in Minnesota."

For the third quarter of 1995, IBP's net income/profit rose to $85.4 million, an increase of 74% from its net income of $49.2 million during the third quarter of 1994. But IBP's quarterly sales, for the third quarter of 1995, were virtually the same as those of the third quarter of 1994, $3.3 billion and $3 billion, respectively. So how did IBP nearly double profits on the same sales volume? By driving down the price of beef paid to the farmer. It is now $60 per hundredweight of beef, when a price of $75 to $80 is needed for cattle ranchers to break even. Cattle ranchers are not selling, because they can't afford to accept the low price.

IBP attempted to get its meat into the New York market by forming ties with the Mafia, which was exposed in trials in the 1980s.

Key personnel and policy: Board of directors: Wendy Graham, wife of the budget-cutting lunatic Sen. Phil Gramm (R-Tex.). From 1988 to 1993, Wendy Gramm was George Bush's chairman of the Commodity Futures Trading Commission, during which time derivatives holdings at large U.S. financial institutions exploded from $2.5 billion to over $20 billion. In August of this year, IBP offered free tickets and bus transportation to its employees (paid for by the Gramm campaign), if they would go to the Iowa Republican Party Presidential straw poll and vote for candidate Phil Gramm, whom IBP backs, over local favorite, Kansan Bob Dole. Also on IBP's board is Alec Courtelis, a Florida real estate developer and the nation's largest Arabian horse breeder. Courtelis was National Finance co-chairman of the 1992 Bush-Quayle campaign, and is now Finance Committee head of the Gramm for President campaign and chairman of the Armand Hammer United World College.

Nestlé

Headquarters: CH-1800, Vevey, Switzerland
Sales and production: $45.5 billion (56.9 billion Swiss francs) in 1994 (profits were $4.8 billion)

No. 1 world food company; No. 1 world trader in dry milk powder; No. 1 world trader of condensed milk; No. 1 seller of chocolate and confectionary products; No. 1 world seller of mineral water; No. 3 U.S. coffee firm.

In 1994, there were 13 countries in which Nestlé had 1 billion Swiss francs or more in sales; the countries (with sales in billions of Swiss francs in parenthesis): U.S. (SF 12.2); France (SF 6.5); Germany (SF 6.1); U.K. (SF 3.3); Italy (SF 3.2); Japan (SF 3.1); Brazil (SF 2.9); Mexico (SF 1.8); Spain (SF 1.8); Australia (SF 1.1); Switzerland (SF 1.1); the Philippines (SF 1.1); Canada (SF 1.0). Nestlé's has 400 manufacturing facilities on 5 continents.

History: In 1866 in Cham, Switzerland, Charles Page founded the Anglo-Swiss Condensed Milk Company. In 1867, in nearby Vevey, Henri Nestlé founded Farine Lactée Henri Nestlé. In 1905, Nestlé and the Anglo-Swiss Condensed Milk Company merged.

In 1922, a banker, Louis Dapples, took over management of the company, and eventually became chairman of Nestlé. Over the next 70-odd years, Nestlé made one takeover after another, especially during the past ten years. It controls the export of powdered milk to the developing sector.

Brand names: Nestlé's chocolate mix and chocolate milk; Nestlé's candy bars, including Crunch, Butterfinger, Kit-Kat, After Eight dinner mints; Peter-Cailler-Kohler Chocolats; Perrier, Vittel, Fuerst Bismarck, Spring, Arrowhead, and other brands of bottled mineral water; Libby fruit juices; Hills Brothers, Zoega, and Dallmayr roasted coffee; Carnation sweetened condensed milk and Carnation breakfast bars; Coffee-Mate creamer; Stouffer's restaurants, frozen foods, and other products; Findus and Surgela frozen products in Europe; Nescafe instant coffee; Taster's Choice coffee; Nestea instant tea; Buitoni spaghetti and Contadina tomato paste, sauce, and Italian food products; Friskies cat food; and Alpo dog food.

Nestlé's also owns Alcon eye products, such as Opti-Free, and 26.3% of L'Oreal, the world's largest shampoo and cosmetics company.

Key personnel and policy: Board of directors: Nestlé chairman Helmut Maucher is also on the board of J.P. Morgan Bank, British intelligence's leading bank in the United States, and Allianz Versicherung of Munich, an insurance firm; Fritz Leutwiller, who was also chairman of Swiss National Bank and, in 1982-84, of the Bank for International Settlements, the central bank of the central banks; Paul Volcker, chairman of U.S. Federal Reserve Board of Governors 1978-85, currently chairman of Blackstone Group, a Wall Street investment firm.

Unilever

Joint headquarters: Unilever PLC, P.O. Box 68, Unilever House, Blackfriars, London EC4P 4BQ
Unilever, P.O. Box 760, Rotterdam, the Netherlands
Sales and production: $47.5 billion (£29.7 billion) in 1994 (with profits of $4 billion)

No. 1 world producer of ice cream; No. 1 world producer of margarine; one of the top five world exporters of dry milk powder; No. 1 European tea seller; No. 2 or No. 3 world producer of soaps and detergents; one of the top five world crushers of palm oil and palm kernel; one of world's largest producers of olive oil.

History: In 1885, Englishman William Lever and his brother James formed Lever Brothers. It produces Lux, Lifebuoy, Rinso, and Sunlight soaps. In the Netherlands, rival buttermakers Jurgens and Van den Berghs were pioneers in margarine production. In 1927, they created the Margarine Union, a cartel that owned the European market. In 1930, the Margarine Union and Lever Brothers merged, forming Unilever. This paralleled the merger of Royal Dutch Oil Company and Britain's Shell Transport Company at the turn of the century, to form the Royal Dutch Shell Oil Company, the world's largest. Both Unilever and Royal Dutch Shell are corporate entities that express the joint interests of the Anglo-Dutch monarchies.

Brand names: Breyers, Good Humor, Klondike, Magnum, Carte D'Or, and Popsicle brands ice cream; Bird's Eye and Igloo frozen foods; Ragú and Chicken Tonight pasta and meal sauces; Lipton Tea and Brooke Bond Tea (leading European tea company); Lipton soups; Continental Cup-a-Soup; Country Crock, Blue Bonnett, Flora, Becel and Rama margarines; Bertoli and La Masia olive oil; Wishbone salad dressing; Boursin and Milkana cheeses; Bon Vivant cookies; Pepsodent, Close-Up, and Mentadent tooth pastes; Dove, Lux, and Lever soaps; Wisk and Surf laundry detergents; Vaseline Intensive Care, Pond's Cold Cream, Elizabeth Arden, Fabergé (Brut, Chloe) and Calvin Klein skin care products and cosmetics.

Key personnel and policy: Board of directors: Lord Wright of Richmond, GCMG, from 1986-91, permanent undersecretary of state at the British Foreign and Commonwealth Office and head of the Diplomatic Service, also a director of Barclay's Bank; Sir Derek Birkin, from 1985-91, chairman of London-based RTZ (Rio Tinto Zinc), the world's second largest mining company, in which the Queen of England has a substantial investment; Frits Fentener Van Vlissingen, from 1974 through 1991, member of the Supervisory Board of the giant Rotterdam Bank of the Netherlands; Sir Brian Hayes, former permanent secretary of Britain's Ministry of Agriculture; Viscount Leverhulme, KGTD, grandson of William Lever, largest stockholder in Unilever, and funder and builder of Prince Philip's World Wide Fund for Nature (WWF), the coordinating arm for British intelligence.

Philip Morris

Headquarters: 120 Park Avenue, New York, New York 10017
Sales and production: $65.1 billion in 1994

No. 2 world food company; No. 1 U.S. food company (10¢ of every $1 Americans spend on branded food items in the United States is for a Philip Morris/Kraft food product); No. 1 world processed cheese seller; No. 1 world cream cheese seller; No. 1 U.S. seller of luncheon meats; No. 1 U.S. seller of powdered soft drinks; No. 1 world cigarette producer; No. 1 U.S. and Japan cigarette producer (44.8% of U.S. market); No. 2 U.S. beer brewer, through Miller Brewing; No. 3

world beer brewer; No. 3 world confectionery business; No. 3 U.S. breakfast cereal company (Post cereals).

History: In 1847, Philip Morris opened a London tobacco store, and by 1854 he was making his own cigarettes. In 1919, U.S. financier George Whelan purchased the rights to market Philip Morris brands such as Marlboro, Ovals, Players, and Cambridge. Ten years later, Whelan's successor began manufacturing the cigarettes in Richmond, Virginia.

In 1985, Philip Morris bought General Foods, producer of Jello brand gelatin and Post cereals, for $5.75 billion. In 1988, Philip Morris spent $12.9 billion to acquire Kraft Foods.

Brand names: Kraft Products, such as Kraft Mayonnaise and Miracle Whip and Kraft cheese; Velveeta; Philadelphia Cream Cheese; Dairylea; Cool Whip; Post cereals; Entenmann's Cookies; Jello; Kool-Aid, Country Time, Crystal Light and Tang powdered drinks; Maxwell House, Sanka, Maxim, Gevalia, Jacobs, Kaffe Hag, and Carte Noire coffees; Milka and Toblerone confectionery chocolates and candies; Jacobs Suchard, a Swiss maker of chocolate and coffee (Philip Morris bought it in 1990; Jacobs Suchard is one of the ten largest European food companies); Tombstone Pizza; Miller, Miller Lite, Molson, Lowenbrau, Red Dog beers; Oscar Mayer, Louis Rich, Simmenthal and Negroni lunch meats; Lender's Bagels; Budget Gourmet frozen dinners; Shake N' Bake; Stove Top Stuffing; Log Cabin syrup; Good Seasons salad dressing; Marlboro, Lark, Philip Morris, Benson and Hedges, Chesterfield, Virginia Slims, Merit cigarettes.

Key personnel and policy: Board of directors: Rupert Murdoch, chairman of the News Corporation. The Australian-born Murdoch runs major propaganda organs for the British, including his company's flagship newspapers, the *Times* and *Sunday Times* of London; Richard Parsons, president of Time Warner. The publisher of *Time* magazine and of Warner records, Time Warner is partially owned by the mob Bronfman family of Seagram's Liquor, which family is reputedly a major force in the world's illegal narcotic trade; Stephen Wolf, senior adviser of Lazard Frères investment bank.

Philip Morris is one of the largest corporate sponsors of Prince Philip's WWF. It is one of the largest smugglers of illegal cigarettes, both for sale and as barter for other illegal goods. It has been cited repeatedly in the Italian press as one of the world's largest marijuana dealers.

Focus: Lester Brown, Dennis Avery

The cartel 'experts' decide who eats

by Charles Tuttle and Marcia Merry Baker

Among the most prominent of the so-called experts on food and agriculture policy that you are likely to see yakking in your newspaper and on television, are Lester Brown and Dennis Avery. Their notoriety does not reflect aggressive public relations work, but rather the fact that these individuals are the figureheads for 20-year-old propaganda machines that are "approved" and bought and paid for by the commodities cartel interests.

Brown, who heads up the Washington, D.C.-based Worldwatch Institute, and Avery, head of the Virginia-based Center for Global Food Issues, a division of the Indianapolis-based Hudson Institute, are usually portrayed, like Punch and Judy, as having opposing viewpoints, usually "left" and "right," respectively. However, they serve the same interests, and their job is to lecture, travel, and issue reports on food, agriculture, and related matters, in such a way as to manipulate public opinion favorably to cartel interests.

The characteristic Brown line is that world population numbers have exceeded the world's natural resources base, and population must be cut. And to "save" the world's environment, Brown demands that the use of advanced agriculture technology be limited to only certain people and places (determined by the food commodities cartel companies).

The characteristic Avery line is that the world can support billions more people, as long as free trade rights are extended to certain people and companies (of the food cartels), which will provide the needed food. He sings the praises of biotechnology, i.e., the particular advances whose use and patent rights are controlled by the cartel companies.

What Brown, Avery, and others like them have in common, is that they *never name the names* of the individuals, corporations, and entities that gain from food commodities control. Both Brown and Avery were created as bogus food "authorities," by these interests.

Here we provide the background, funding, and pedigree of Brown and Avery, and report on some of their propaganda activities in 1994-95.

Lester Brown pushes one side of food cartel propaganda, that population is outrunning the world's resources and ability to feed itself. Shown at a press briefing on China on Aug. 24, 1994.

Lester Brown

Lester Russell Brown has been president of the Worldwatch Institute since its creation in 1974. Often called "Dr. Doom," or "God's Scorekeeper," Brown's entire career is associated with Worldwatch Institute, which was created for propaganda purposes. Brown was born in New Jersey in 1934, and was elevated into his role as an "agriculture authority" as a young man in Washington, D.C. in the 1960s.

Funding: The 1974 start-up grant for Worldwatch Institute was $500,000 provided by the Rockefeller Brothers Fund. The chief funders of Worldwatch over the succeeding years include the following foundations: Ford, Rockefeller, John D. and Catherine T. MacArthur, Andrew W. Mellon, [Ted] Turner, William and Flora Hewlett, Charles Stewart Mott, Geraldine R. Dodge, Edward John Noble, W. Alton Jones, Curtis and Edith Munson, Frank Weeden, Energy, George Gund, Surdna, Public Welfare, and Edna McConnell Clark.

Other Worldwatch funding agencies include the U.N. Environment Program, the U.N. Population Fund, the Rockefeller Brothers Fund, the Winthrop Rockefeller

Trust, the Lynn R. and Karl E. Pickett Fund, the Robert R. McCormick Charitable Trust, and the Pew Charitable Trusts.

Associations: Brown is a member of the following groups: New York Council on Foreign Relations, Zero Population Growth, Common Cause, and World Future Society. He is a board member of the Institute of 21st Century Studies, the Population Reference Bureau; and an advisory council member of the Commission of National Institutions for the Environment. He is on the advisory committee of the Institute of International Economics, a consulting group run by C. Fred Bergsten of the Trilateral Commission, which acts in close association with the International Monetary Fund.

Education: B.S. from Rutgers University; masters degree in agriculture economics from the University of Maryland, 1959; masters degree in public administration from Harvard University, 1962.

Background: Brown worked at the U.S. Department of Agriculture in Washington, D.C. in 1959-69, starting out as an analyst for international agriculture in 1959-63, and otherwise working in the USDA Foreign Agriculture Service. During this period, Brown was groomed for service by Secretary Orville L. Freeman.

Freeman, as secretary of agriculture in the 1960s, was, in turn, beholden—as he is to the present day—to the London-centered financial and food commodities interests operating out of Minnesota, Freeman's home state. Freeman started out as a lawyer in 1947, and was elected governor in 1955. He was part of the Hubert Humphrey political machine, including all its connections to organized crime and international free trade. Freeman has served as chairman of the Worldwatch Institute's board of directors for its entire 20 years, and serves on many similar boards, for example, the Club of Rome-linked World Future Society. The World Future Society is one of the biggest proponents of the insane "Third Wave" theory that society has gone into a post-industrial epoch, peddled by Alvin Toffler and Newt Gingrich.

In 1964-66, Brown was given the role of adviser on foreign agriculture policy to Agriculture Secretary Freeman. Then, after another Freeman appointment, Brown served as administrator of the USDA International Development Service in 1966-69. Brown went on to help found and work with the Overseas Development Council (ODC), started in 1969 with the backing of many private corporations, foundations, and individuals; Freeman was on the board, James P. Grant was president, and Theodore Hesburgh was chairman of the board. Brown calls this period with the ODC (1969-74) "the beginning of 26 rewarding years spent on Massachusetts Avenue's 'think-tank row.' "

Worldwatch chroniclers like to cite a specific discussion that Brown had with William Dietel, vice-president of the Rockefellers Brothers Fund, at the Aspen Institute in Aspen, Colorado in the summer of 1973, as the point of origin of the founding of Worldwatch. They cite the men's "shared common interests in forming a small research institute to do integrated study and analysis of global issues," specifically environmental and environmentally related issues.

During the early 1970s, Brown was active in many locations. He was faculty member, Salzburg Seminar in American Studies, summers 1971 and 1974; guest scholar, Aspen Institute, summers 1972-74. (He was MacArthur Foundation fellow in 1986.) In 1974, the Worldwatch Institute was officially created.

These Aspen Institute links are critical. Aspen was founded by Robert Maynard Hutchins, the longtime chancellor of the University of Chicago, who was the leading American ally of the late Lord Bertrand Russell, the international socialist who advocated the elimination of science and the systematic elimination of the darker-skinned races. To this day, Aspen is one of the leading Malthusian policy snake-pits in the world, peddling the idea of "food as a weapon."

Awards: 1965 USDA Superior Service award; 1965 Arthur S. Flemming award, for one of 10 outstanding young men in federal government; 1981 A.H. Boerma award of the United Nations Food and Agriculture Organization; 1982 National Wildlife Federation Special Conservation award; 1985 Lorax award of Global Tomorrow Coalition (the group associated with the Malthusian Donald Lesh and Club of Rome); 1986 MacArthur Foundation "Genius" fellowship award; 1989 World Wide Fund for Nature International award; 1989 U.N. Environment Prize; 1991 American Humanist Association, "Humanist of the Year"; 1991 Pro Mundo Habitabili award of King Carl XVI Gustav of Sweden.

Markers: During the 1960s, Brown cultivated the reputation for being the "whiz kid" who could connect the issues of population growth rates with food availability. Orville Freeman and other mentors of Brown realized that in Brown, they had a pliable personality who could be counted upon to make the issue of population limitation the "big issue" for agriculture.

For example, Brown counts among his greatest accomplishments, working with Freeman in the 1960s, in their efforts to persuade the U.S. government to insist upon fundamental changes in India's food policy as a condition for food shipments from United States.

Brown's claim to fame in economics? His specialty is to assemble and cite any incident or statistics, from which he can adduce whatever his backers want to hear. An early example, the chroniclers report, dates from when Brown made a tour to India in the 1960s. He showed his self-professed "knack for putting together a lot of bits and pieces of information no self-respecting State Department analyst would use," and he produced arguments and "predictions" of an imminent countrywide drought and threat to the food supply, based on reports such as one from a duck hunter that his favorite lake had dried up.

Author: Publications include:

1963 "Man, Land and Food: Looking Ahead at World Food Needs," (USDA-FAS study, tying global agriculture forecasts to population growth forecasts)

1965 *Increasing World Food Output*

1970 *Seeds of Change*

1972 *World Without Borders*

1974 *In the Human Interest*

1974 *By Bread Alone,* with Erik P. Eckholm, for the Overseas Development Council

1978 *The Twenty-Ninth Day: Accommodating Human Needs and Numbers to the World's Resources*

1981 *Building a Sustainable Society*

1995 *Who Will Feed China? Wake-up Call for a Small Planet*

Editor: 1988-, *WorldWatch* magazine; co-editor, 1991, *Saving the Planet: How to Shape an Environmentally Sustainable Global Economy;* 1984-, *State of the World* annual reports, now issued in 26 languages, in multi-thousands of copies.

Dennis Avery

Dennis Avery has been, since 1989, the director of the Center for Global Food Issues, part of the Hudson Institute, for which he also serves as senior fellow. Avery resides as a "gentleman" horse and cattle rancher near Swope, Virginia.

Funding: The operations and policy of the Hudson Institute are funded by foundations including: the Charles Stewart Mott, John M. Olin, Harry and Lynde Bradley, Carthage, Sarah Scaife, Starr, Smith Richardson, JM, General Mills, and Bristol-Myers Squibb. Funding also comes from the

Pew Charitable Trusts, the Lilly Endowment Inc., Sandoz Corp., ConAgra Inc., Archer Daniels Midland, Philip Morris Companies Inc., IMC Fertilizer Inc., Louis Dreyfus Corp., British Petroleum Oil Company, Pfizer Inc., Amway Corp., Sunkist Growers Inc., E.I. du Pont de Nemours and Co., Exxon Corp., Procter and Gamble Company, David H. Koch, Richard Dennis (who funds many Libertarian causes, including the Drug Policy Foundation which backs drug legalization), and Jay Van Andel (of Amway Corp., also a big funder of the Heritage Foundation).

Background: Avery received a B.A. degree in agricultural economics from Michigan State University in 1957, and an M.S. from the University of Wisconsin-Madison in 1959. He worked as an editor at the USDA in Washington, D.C., in 1959-67, and 1969-71. He was a staff member of the U.S. Food and Fiber Commission, 1967-68. In 1971-74, he was a policy analyst for the USDA. In 1974-80, he was assistant to the vice-chairman, U.S. Commodity Futures Trading Commission, in Washington, D.C. In 1980-88, Avery was chief analyst for global agricultural issues at the U.S. Department of State. He was an analyst for World Perspectives in Washington, D.C. in 1988-89. Avery is a member of the National Association of Business Economists.

Author: Publications include:

1968 *Food and Fiber for the Future*
1991 *Global Food Progress*
1993 "Biodiversity: Saving Species with Biotechnology" (brief)
1993 "Frontline Perpetuates Pesticide Myths" (article)
1994 "The Organic Threat to People and Wildlife" (brief)

1994 articles: "Boosting Crop Yields Saves Wildlife," "Hi-Yield Farming and Wildlife Preservation Change Terms of the Environmental Debate," "Avery Tackles Dr. Gloom at Senate Hearing," "Fighting Famine Is Politically Incorrect," "Saving the Planet with Pesticides and Plastic: The Environmental Triumph of High-Yield Farming."

Editor of the Hudson Institute's *Global Food Quarterly.*

The propaganda conferences

Through publications, conferences, and media events, Lester Brown, Dennis Avery, and others in their networks keep up a barrage of hokum for the gullible.

In June, Brown was among the featured speakers at a Washington, D.C. conference, hosted by the International Food Policy Research Institute (based in Washington, and founded in 1975 as part of the Kissinger-era food control politics), where Avery restated his customary theme that the world's population has exceeded the "carrying capacity" of its resource base. Later in the year, Brown toured Asia to trumpet this theme, and to focus on China as the "face of the enemy" in terms of producing too many hungry mouths that will threaten to consume the world's scarce food supplies. To underline this, he released his 160-page tract, *Who Will Feed China? Wake Up Call for a Small Planet.* In October, Brown spoke on the need for population reduction in Quebec City at the 50th anniversary of the U.N. Food and Agriculture Organization.

As the loyal opposition, Avery also attended a food conference in Beijing this fall, along with George Bush (who is associated with the British food cartels), and spoke at numerous Washington, D.C. conferences; for example, a September conference of U.S. dairy farm interests, heavily lobbied by the British company Grand Metropolitan ("Good Humor") and Philip Morris ("Kraft"). Avery's refrain is that billions more people can be fed. In particular, his theme is that the Pacific Rim will offer an export boom market for the United States. But his unstated theme is that free trade and cartel food control must be absolute. In particular, he demands that Asian nations better open their domestic markets to private international companies, or else. A quick review of last year's conferences shows how the Brown and Avery vaudeville act works.

The year started off with the release in January of the Worldwatch annual "State of the World 1994," preceded, as usual, by a press briefing in December 1993. The usual notes were struck about population exceeding food supply capacity, etc. The report was released in each of 26 languages, in several thousand copies, all designed to shape both public and scholarly opinion. It became required reading in hundreds of colleges.

Throughout the year, Brown authored various statements on how population has exhausted resources, that were released to media as opinion columns, in particular, before the Cairo U.N. Population Conference, whose backers are the same as those of Worldwatch.

Enter Avery. He, too, authored dozens of columns and releases in 1994, in apparent opposition to Brown, saying, "Billions more people can easily be fed." But a look at a 1994 Hudson Institute conference on the subject shows what a sham their pro-population, pro-technology position is.

Called "The Greatest Opportunity in Farming History," the conference was held in Indianapolis, Indiana, the headquarters of the Hudson Institute since it moved from New York, where it was founded in 1961 by Herman Kahn (known as "Mega-Death" Kahn for his advocacy of the usefulness of nuclear war).

The official host groups were the Competitiveness Center and the Center for Global Food Issues of the Hudson Institute.

The financial sponsors were top cartel firms, including Cargill, Inc., ConAgra, Sunkist, AGP Cooperative, Inc., Countrymark Cooperative, Inc., DowElanco, and Miles Laboratories.

Free trade pushed

The theme of the conference was that free trade must be expanded (beyond even the North American Free Trade Agreement and the General Agreement on Tariffs and Trade, or GATT), which, it was argued, would allow international "competition" in farming, through which, from interventions of selected biotechnological and other high-technology inputs, plenty of food would be produced for future billions of people. Former Vice President Dan Quayle gave the conference keynote on "American Agriculture as a Growth Opportunity"; he called free trade the friend of the U.S. farmer. Other speakers included Paul Faeth, economist from the World Resources Institute; Dean Kleckner, head of the American Farm Bureau; and many former USDA officials. All made special pleas for the rights of the food cartel (euphemistically called "U.S. national interest") to operate freely, outside any national controls.

In particular, Avery and the Hudson Institute-cartel crowd demand exclusive control over present and future biotechnology breakthroughs. They demand the arrogation of sweeping patent rights and exclusive "intellectual property" rights, to be enforced under the GATT Uruguay Round and World Trade Organization, to control innovations in food and fiber from seed to table.

For example, the cartel company W.R. Grace, in October 1992, received patent rights to all genetically engineered cotton, of any type, by any means, produced in the United States until the year 2008. Grace is thus entitled to a royalty on any plant or seed of genetically engineered cotton, the fourth-highest-value U.S. crop, no matter how the genetic matter was introduced or by whom. Similarly, Monsanto has a sweeping patent for engineered wheat.

New banking crisis is set to rock France

by William Engdahl

A new phase in the French banking crisis is programmed to erupt early next year, just as the country and the government are struggling with the most serious economic crisis since the 1930s. The intersection of the two interconnected processes, will create one of the most unstable political and financial conditions in the industrial world, potentially rivalling the ongoing Japanese banking crisis, which was examined by Kathy Wolfe in *EIR* two weeks ago.

This past summer, just weeks after Jacques Chirac won French Presidential elections, sweeping the Socialist Party of former President François Mitterrand out of power, the European Union Commission in Brussels agreed to permit the French government to make a second, extraordinary State bailout of 145 billion French francs ($30 billion) to prevent the collapse of France's largest commercial bank, Crédit Lyonnais. In return for their approval, necessary under the terms of the European Union Single Market directives, the French government agreed to a massive restructuring of the bankrupt State-owned bank. Part of this restructuring involves taking the huge portfolio of non-performing real estate assets from Crédit Lyonnais, putting them under a separate agency, Consortium de Réalisation, a mini-version of the Resolution Trust Corp. in the United States, which handled and sold off real estate assets of defunct savings and loan associations in the early 1990s.

Here is where the danger lies. Beginning early next year, this state consortium is mandated by Brussels to sell, "at market price," $10.3 billion worth of the real estate formerly held by Crédit Lyonnais. Three years ago, the largest real estate speculative binge in French history came to a halt, as the Bank of France was forced to sharply raise its interest rates to defend the French franc from speculative attack. Under terms of the proposed European Monetary Union (EMU)—the so-called Maastricht Treaty—France must have a "stable" currency for a considerable period, before it can be admitted as a participant in the new European currency.

The high interest rates and simultaneous severe economic recession in Germany, France's largest export market, in 1993, collapsed demand for expensive new office space which was being built, notably around Paris, as France's economy went into recession. At present, an estimated 5 million square feet of new office space stand vacant, a testimony to the frenzy of the speculation over the past decade. According to informed accounts, just as in the S&L speculation in the United States, a significant portion of the funds which poured into real estate projects in France, was tied to the international laundering of illegal narcotics profits. Law enforcement sources report that France became a focus for such illegal fund flows after 1992, when political corruption scandals in Italy forced a shutdown of many of the previous Italian-Swiss money-laundering routes.

France's real estate bubble

But regardless of the source of the funds which went into the French real estate bubble, the problem now, is that all French banks have heavy exposure on mortgages on the now-empty real estate holdings. In addition to Crédit Lyonnais, the largest creditors include Groupe Suez, Paribas, and BNP. If they were all to mark the valuation down from the high levels hit during the bubble speculation, many banks would show huge losses, rather than their currently reported small profits. Until October, an informal, air-tight pact among

French bankers, had been keeping the non-performing real estate on the books of French banks as assets at the peak price levels of three years ago. All had agreed not to sell those assets, so long as the market for real estate remained depressed.

But after almost three years, and severe economic recession, French banks are now finding it increasingly difficult to make profits in other banking areas; the bad real estate hangs like a millstone around their neck. Two weeks ago, Barclays France became the first bank to break the pact. Barclays France revealed that it had vigorously sought to dump some $414 million of its real estate onto the market at huge discount, but had so far failed to find buyers. Now Crédit Lyonnais' $10 billion will force real estate prices across the greater Paris region to plunge in nominal value.

As a Paris real estate analyst put the problem, "Right now, the market is overvalued, simply because there are no transactions. But any attempt to sell large amounts of real estate would shatter the market." Estimates are that prices would immediately be marked down by at least 30%. In Japan, real estate valuations have fallen by about 60% since the peak in 1990 (see graph in *EIR*, Nov. 24, 1995, p. 13).

Such a sharp collapse in paper assets on the books of French banks will have a devastating impact on their overall credit standing, some more than others, but also on their willingness to lend to business. Here is where the banking problems intersect a disastrous French government economic policy.

Maastricht: France's Gingrich austerity

In early November, after months of vacillation, the government of Prime Minister Alain Juppé announced that its "top priority" would be to impose sufficient budget cuts and tax hikes, in order that France qualify as one of the founding countries in the proposed Single European Currency. In December 1991, in the wake of German reunification, the 12 Heads of State of the EU met in Maastricht, the Netherlands to sign a Treaty on European Union. The heart of this document, is a plan to create one currency out of the disparate economies by 1999 at the very latest. Since this is a ratified treaty approved by national parliaments, any proposed change reopens the entire ratification debate in national parliaments. Four years ago, when the treaty guidelines were agreed upon, the assumed outlook for EU economic growth was optimistic. The conventional wisdom was that the new markets of eastern Europe would create the basis for enormous economic expansion in EU industries, making the Maastricht convergence targets feasible.

The opposite has been the result, largely because of ideologically motivated insistence by the French and the British, that German economic expansion be "controlled." Tragically, France has been plunged into its deepest postwar recession since 1991, largely as a result of its effort to sabotage a successful German economic strategy to rebuild eastern European economies, instead of moving to have French industry play an essential cooperating role with Germany in that task.

Another victim of British geopolitics

Underlying this destructive French policy impulse, is the doctrine that caused two world wars in this century: Halford Mackinder's British geopolitics. Under that doctrine, first made public in 1904, British geopolitics seeks always to prevent the emergence of a Eurasian economic sphere, based on strong economic and political alliances between the countries of Central Europe, with Russia and the surrounding States. The argument is that this combination would create an overpowering combination which would end British global hegemony. British elites, most notably former Prime Minister Margaret Thatcher, adamantly adhere to this doctrine, which has shaped British policy toward France and Germany.

Rigid adherence to the strict Maastricht Treaty conditions were sold to Britain and France in 1991, as a way to contain German economic domination of eastern Europe, and hence of all Europe. This attitude remained French national strategy until the end of the Mitterrand era in May 1995. During the following six months, it appeared that his successor, President Jacques Chirac, was having grave doubts about the wisdom of continuing the Maastricht monetary austerity; he had won the election largely on his pledge to create hundreds of thousands of new jobs in a revived French economy. The Maastricht regimen, however, forces the opposite: Through its strict budget austerity—a European version of the discredited Gingrich "balance the budget" folly—Maastricht forces severe cuts in State spending. In France, where State sector industry is a major part of the overall economy, such cuts immediately cause soaring unemployment.

Following his London meeting on Oct. 29 with Britain's Prime Minister John Major, Chirac reneged on his campaign promise, and announced that henceforth, his "top priority" would be to meet the severe austerity demands of Maastricht, and to bring France's budget deficit down from its current 5% of Gross Domestic Product, to 3% by 1997. To reach the Maastricht-mandated goal would mean severe budget cuts or tax hikes equal to $27 billion. Such severe cuts in less than two years, at a time when the same Maastricht austerity demands are pushing the German economy and the rest of Europe into a new recession or worse, are all but politically impossible. Recent strikes which have brought French transport to a standstill, as well as sit-ins in schools and universities across France, are merely the first, modest response to the proposed cuts.

In early November, Prime Minister Alain Juppé announced draconian cuts in health care and social security and state pension benefits in order to reduce the deficit (see *EIR*, Nov. 24, 1995). Major had evidently convinced Chirac that Maastricht containment of a growing Germany was more important than the health of France's own national economy.

But already, French official unemployment is 11.5% and rising. An even more alarming sign is youth unemployment in France, currently running over 23% officially. The series of measures being proposed in the past month by the Juppé government—sharp cuts in social security and health benefits, severe rationalization of the state railway, and general budget cuts and new taxes—guarantee that, all else being equal, the French economy over the coming months will plunge far deeper into depression.

To reduce the French budget deficit from 5% of GDP to 3% by 1997, will mean that hundreds of thousands will be forced out of state jobs, from the state railways, the airline, and public services. It is a cruel irony that the austerity will only worsen the deficit, as overall tax receipts to the government fall. France's public sector forms a predominant share of the overall economic activity—some 40% of GDP, far higher than in Germany or the United States—so cuts here hit the economy most directly.

Caught in a blind alley of debt

The present situation underscores the trap waiting for most governments of the European Union. Ever since the oil shocks of the 1970s, most European governments have gone deeply into debt to finance oil imports and maintain "full employment." France today has a total national debt of more than $828 billion. Germany's public debt will top $1.4 trillion by year-end. Italy has well over $1 trillion debt. The Maastricht Treaty, under these conditions, imposes the worst possible deflationary engine upon the European economies, just when their economic necessities demand radical new job and infrastructure-creation expansion policies.

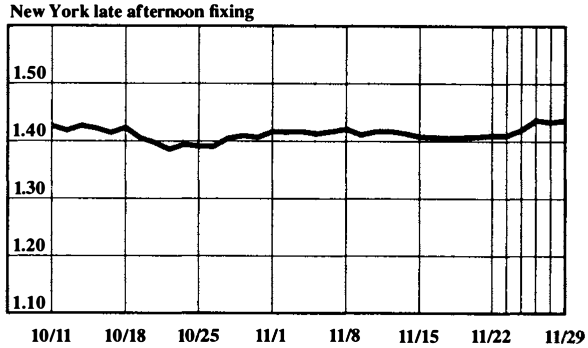
To reduce deficits, France, Germany, and other European Union countries are also introducing severe new tax burdens on industry. This, in turn, is accelerating the trend to industrial "globalization." Large French and German multinationals are going to cheaper production sites in Asia or eastern Europe in order to lower production costs, leaving a growing army of unemployed behind, who draw even more on the State welfare deficit.

The situation is a vicious, self-feeding downward spiral. On the one hand, the Juppé government demands that State employees work several years longer to qualify for pension benefits. But that only means fewer workplaces for young workers, as the economy contracts. The high interest rates of the Bank of France, needed to keep the franc stable for the Maastricht Treaty, prevent significant business and job creation in France. Massive job eliminations in State companies from railways, aerospace, and electricity generation further ensure loss of tax revenue. Into this volatile situation, the triggering of a new banking crisis through liquidation of billions of dollars of French office space at fire-sale prices in coming months, gives us all the ingredients for a financial and economic explosion.

Currency Rates

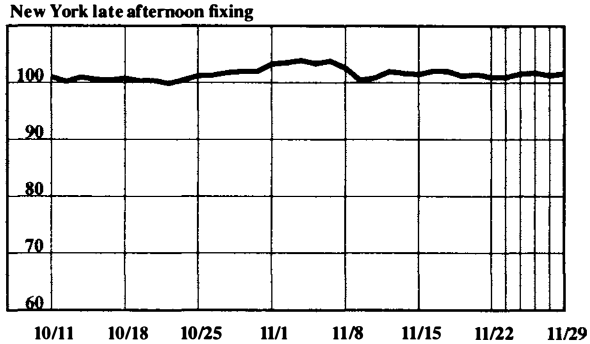
The dollar in deutschemarks

New York late afternoon fixing



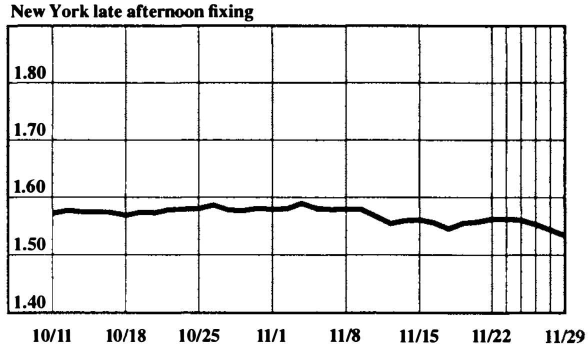
The dollar in yen

New York late afternoon fixing



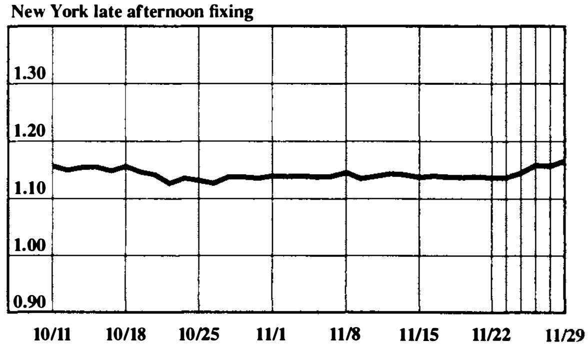
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Brazilian government makes a death pact with the banks

by Lorenzo Carrasco Bazúa

Less than three months after it intervened in Banco Economico to prevent its bankruptcy, Brazil's Central Bank had to act again, on Nov. 20, this time to force Brazil's seventh-largest bank, Banco Nacional, to sell the healthy part of its assets to Unibanco, while the Central Bank itself will cover the bank's bad debts. Unibanco paid $1.04 billion to acquire Banco Nacional's retail and international operations, and, with the acquisition, becomes one of Brazil's three largest private banks.

Once again the government of Fernando Henrique Cardoso has acted to patch over the state of bankruptcy of the country's national financial system. Despite efforts by Central Bank President Gustavo Loyola and Finance Minister Pedro Malan to minimize and suppress knowledge of this crisis, it has reared its ugly head. Nacional's exact losses have not yet been revealed, and according to Brazilian banking analysts, this is what the financial markets want to know. The Nov. 23 *Tribuna da Imprensa* warned that the "rotten" debts of one bank are a good indicator of the distribution of risk throughout the entire system, and if the figure for Nacional's bad debt is high, this would exacerbate the crisis of the system as a whole.

Nor is the crisis in Brazil's banking sector an isolated case. The bankruptcy of the international monetary system has rocked the economies and banking systems of most Ibero-American nations. Argentina's banking system has never recovered from the Mexican devaluation crisis of December 1994, after which it lost almost $8 billion in deposits—which have yet to return. While the Carlos Menem government has resorted to an array of rescue measures, the system remains extremely fragile. The Mexican banking crisis is even more severe than Argentina's, and the Ernesto Zedillo government has had to enact several emergency measures in an attempt to keep the banks afloat.

Banco Nacional was founded 51 years ago by José de Magalhaes Pinto, a powerful politician and governor of Minas Gerais state. He was known as the civilian commander of the military movement which overthrew President João Goulart in 1964. Banco Nacional's problems became particularly thorny for President Cardoso, due to family involvement: his daughter-in-law, Magalhaes Pinto's granddaughter, held 17% of the bank's stock.

To finagle the sale of Banco Nacional, the government financed a $1 billion loan at super-subsidized rates; but this is a small part of the bank's estimated $4 billion in losses. The loan was made possible because of a law which the federal government itself imposed on the Congress, under the pompous title of Program to Stimulate the Restructuring and Strengthening of the National Financial System (PROER). The law, which is intended to promote bank mergers, was adopted after the direct intervention of the Federal Reserve Bank of New York.

In fact, the PROER doesn't even begin to cover up the rather perverse relationship which President Cardoso maintains with the leading national and international bankers, who dominate every aspect of national life. As *Veja* magazine reported on Nov. 22, an anonymous minister of State said that "Nacional won't go under because it can't. If this happens, others will go down with it. This is a government decision." This idea of rescuing bankrupt banks by any means possible was the most relevant aspect of talks that took place between Mexican President Zedillo and President Fernando H. Cardoso, during the October summit of Ibero-American heads of State in Bariloche, Argentina.

The essence of this relationship is based on the promiscuity which has existed between Brazil's public finances and the private financial system, to the point in which several of the private banks' leading executives came from the Central Bank's board of directors. The government can't let the banks collapse, because it assumes that with them, the entire structure of internal public financing would also collapse. With this logic, and according to its own monetarist dogmas, the government can also set usurious interest rates at astronomical levels, which the banks will agree to impose on the economy as a whole. It is this insane relationship which, so far, has made it possible to maintain so-called monetary stability—despite the destruction of Brazil's physical economy.

Why the financial system is a wreck

Monetary authorities claim that the banking system is in a phase of "accommodation," due to the reduction of inflation, which had been the source of the financial system's gigantic profits. While there is some truth to this, it by no means explains the banking system's real difficulties.

The system is in bankruptcy because the physical economy at all levels is in bankruptcy. It is not only that thousands of industrial and agricultural enterprises are simultaneously ceasing to pay their debts and laying off their employees and technicians. On a mass scale, individuals are also failing to honor their personal debts with banks and businesses.

This dramatic reality is reflected in the growth of debt payment arrearages (loans more than 60 days overdue), and in non-performing debt (loans more than 180 days overdue with insufficient collateral, or 360 days overdue with sufficient collateral). According to the Central Bank's November 1995 bulletin, the total amount of debt arrearages, as of last July, was $26 billion, an increase of 130% over July 1994 when the "Real Plan" was launched.

Of this total amount of arrears, the rural sector accounts for $4.3 billion; industry, $8.4 billion (an increase of 150% in one year); business, $3.3 billion (an increase of 300%); and personal arrearages, $2.2 billion (an increase of 500% compared to July 1994). All together, the level of non-payment represents 12% of all credits granted by the financial system to the private sector. Although Central Bank figures aren't available for subsequent months, the pattern of non-payment continues to grow, placing the entire banking system in jeopardy.

A former justice minister and former Supreme Court magistrate, Paulo Brossard, characterized the PROER in his column in Pôrto Alegre's *Zero Hora* on Nov. 13. He wrote that the government, already in possession of certain privileged information, authored a law and sent it "in the early hours of a Saturday before the light of day appeared on the horizon . . . to rescue the financial system, which has for so long benefitted from the usurious policies which corrupt, subvert, and destroy the work of Brazilians in agriculture, industry, and trade." Brossard continued, "Brazilian society has been whipped by official plunder, and no one benefits more from it than the financial system; and now the government comes, in the dark of night, to reward finance capital, granting it special credits as well as tax benefits."

With the crises of Banco Economico and Banco Nacional, the government has already injected over $5 billion into the banking system. And now with PROER, it will be free to help the bankers with another $10 billion or more, which is the minimum amount which banking analysts estimate is needed.

Usury bites its own tail

The level of arrears, on which there is little hope of future payment, is a direct result of the very dynamic of the government's monetary stabilization plan. It's worth repeating what *EIR* has reported many times before. The Real Plan is based on three monetary artifices: First, the fixing of an artificial exchange rate which, together with the lowering of tariff barriers, allowed the country to be flooded with cheap imported products, to the detriment of national industry and agriculture. Second, the freezing of agricultural prices below the level of the minimum cost of production. And third, winning the world's usury championship, with annual interest rates of 200%, while inflation was supposedly close to zero.

The first of these policies caused a decline in economic activity, although official stupidity refuses to call this a recession, much less recognize the reality of a deep depression. The second led to a transfer of profit from the agricultural sector of at least $15 billion, despite the largest grain harvest in Brazil's history. And the third pushed the entire economy toward the abyss, through the disproportionate growth of forced indebtedness.

With these policies, the government caused an explosive growth of indebtedness at the federal, state, and municipal levels, while the effects of monetary policy led to a drop in tax revenues. For example, internal debt in government bonds, which are negotiable within the financial system, doubled beginning in July 1994, when the Real Plan was launched. That debt was $70.2 billion, with the federal government accounting for $59.5 billion, and the states and municipalities accounting for $20.6 billion. By October 1995, the amount had grown to $140.3 billion, of which $103.2 billion corresponded to the federal government's share, and $37.1 billion to that of the states and municipalities.

So that the reader may have a more precise idea of what this means, the government's debt grew during this period at a rate of $1 billion per week, and this has now increased to $1.5 billion per week. What this means is that every working day, the debt in bonds of the federal, state, and municipal governments increases by $300 million.

As a result of this exploding debt, through August of this year, the public sector had already spent $20 billion in interest payments. Combined with the fiscal contraction, this caused a deficit in public accounts of $21 billion as of September, the equivalent of 4.36% of Gross Domestic Product.

This hemorrhaging of public resources caused a current account deficit of $13.7 billion up through September, now being financed by the enormous inflow of speculative capital. As of September, the liquid amount of foreign capital invested in Brazil was $23.7 billion, of which $18 billion corresponded to the third quarter alone, thus reversing the outflow of capital which occurred after the Mexican devaluation crisis of December 1994.

While it is true that the government of Fernando Henrique Cardoso will not confront a short-term exchange crisis similar to Mexico's, and that it has raised its foreign reserves to almost $50 billion, the effects of monetary stabilization policies, particularly the usurious interest rates which attract foreign capital, are leading the entire national economy into bankruptcy. And what the government does through PROER is irrelevant.

Australia becomes a colonial quarry

by Michael J. Sharp

The Citizens Electoral Councils (CEC), the co-thinkers of Lyndon LaRouche in Australia, have just released 25,000 copies of an explosive new special report, *Behind the 'Land Rights' Scam: The Oligarchy's Raw Materials Grab,* outlining how Australia is set to become the world financial oligarchy's private quarry.

Since January, the CEC's *New Citizen* newspaper has featured a series of special reports exposing the British Crown's hand in preventing Australia from developing as a sovereign nation-state, showing that Prince Philip and the oligarchical elites of the Club of the Isles founded Australia's environmentalist and "indigenist" movements. The most recent issue, entitled "The Rise and Fall of Australia," emphasized how Queen Elizabeth had personally directed the sacking of Prime Minister Gough Whitlam in 1975, because, despite his shortcomings, he had a grand vision to industrialize and settle the entire continent, and to take back control of the vast natural resources of the nation from the oligarchical multinationals that controlled 62% of the nation's minerals and energy wealth at that time.

The special report showed how these elites control the raw materials cartel firms, such as Rio Tinto Zinc (RTZ) and ICI. It is therefore lawful to find these mining and commodities firms funding the radical environmentalist-indigenist movement in order to lock up vast resource-rich land from development.

Oligarchs fund indigenists

A prime example is Sir Maurice Mawby, CBE (Commander of the British Empire). Mawby was the first chairman of Conzinc Rio Tinto of Australia Ltd. (CRA), RTZ's subsidiary, and the Chairman of Benefactors of the Prince Philip-founded Australian Conservation Foundation (ACF), i.e., its chief fundraiser. Mawby was also on the board of RTZ (London).

Richard Austin and Charles Warren Boynthon are other examples of mining and raw materials executives sponsoring the ACF-World Wildlife Fund (WWF). Austin, OBE (Order of the British Empire), was deputy director of the Australian Secret Intelligence Service; he held various senior positions in RTZ and was on the board of trustees of the WWF in Australia. Bonython AO, KStJ (Knight of St. John), was a board member of ICI Australia in 1940-66, is a foundation member of ACF, and is on the WWF's board of trustees.

In addition, Prince Philip's old Navy buddy, and former private secretary, Cmdr. Michael Parker, was on the board of ACF and is on the WWF's board of trustees. Former Prime Minister Malcolm Fraser was a founding member of ACF, and on the WWF's board of trustees. Although not a raw materials executive, Fraser was the chairman of the U.N. Committee on African Commodity Problems. As the report points out, "There has only ever been one commodity problem in Africa, which is that the Crown-linked multinationals have been ripping off Africa's mineral and agriculture commodity wealth for less than 1¢ on the dollar, for over a century."

Through various ploys, 32% of Australia has been locked up in either "conservation" or Aboriginal land rights. The *New Citizen*'s report reveals that Aboriginal organizations (Aborigines are 1.5% of Australia's 17 million population) hold 77 cattle ranches, making them the largest land-holders in Australia. These vast ranches are acquired by Aboriginal organizations, through government funding. Once acquired, "land claims" are filed, to make it Aboriginal land in perpetuity. The purpose is not development, for Aborigines or anyone else. Much of the area becomes wasteland, through neglect.

Two case studies

The report illustrates this using two case studies: 1) the Kimberleys region of Western Australia, where cattle stations are carrying only 10% of their capacity after being taken over by Aboriginal organizations with government money, and 2) the Northern Territory, now 47% "Aboriginal," with many land claims pending. In both cases, the self-appointed Aboriginal organizations overseeing "Aboriginal rights," have played very shady roles. The Kimberley Land Council intends to turn a vast swath of northwestern Australia into an autonomous nation within two years.

The Northern Land Council, the Northern Territory's Aboriginal land group, has a deal with RTZ's subsidiary, CRA Ltd., for an area of some 4,300 square miles, in which the NLC will get funds for the area it claims, whether or not the NLC is finally granted the land in court.

Australia's most graphic example of radical indigenism can be seen in the state of Western Australia (W.A.), where 95% of the state's mining leases are under Aboriginal claim. The Kimberleys goldfields is one of the world's wealthiest gold deposits, where in some cases, Aboriginal land groups have registered up to four separate land claims over the same area. Some 420,000 square miles, or 30% of the state, are under claim by Aboriginals, including the world's largest diamond deposit, owned by RTZ.

To illustrate how wild these claims are, *New Citizen* listed some of them: The Swan River, the capital city of Perth's main waterway; Perth Airport; the entire Ord River hydroelectric scheme in the northwest of W.A.; an area extending from W.A. to South Australia (the neighboring eastern state), going about 100 miles out to sea and taking in the Great Australian Bight.

Business Briefs

Corporate

Germany's Mittelstand hit by credit squeeze

Germany's small and medium-sized industry, called the *Mittelstand*, is threatened because of a credit squeeze by the German banking sector, the Nov. 20 *Wall Street Journal* reported.

"A record 28,000 other small to mid-size companies are expected to go bankrupt this year—over 3,000 more than the previous year's total. Nearly all are from Germany's *Mittelstand*, which comprises firms employing from 20 to 500 workers and forms the basis of the country's export powerhouse. The failures will idle hundreds of thousands more workers, exacerbating Germany's high unemployment rate of 9.3%," it said.

The reason, according to employers associations, is a toughening of lending policies by most major German banks. The director of Creditreform, Helmut Roedl, said, "It's a vicious cycle. Companies can't get credit, and they go bankrupt. Then banks pull back even more."

The *Journal* also cited medium-sized machine tool producer Herbert Walter GmbH, which over 25 years operated very successfully. "Suddenly, Deutsche Bank AG, one of the three 'house banks' that had together seen Mr. Walter through ups and downs and financed expansion, withdrew most of its credit."

Finance

Japan sets up company to buy bad loans

The Japanese Finance Ministry said on Nov. 22 that it will set up a new institution to dispose of the huge bad loans at banks and other failed financial institutions. Finance Ministry banking bureau chief Yoshimasa Nishimura said that the ministry will transform Tokyo Kyodo Bank, set up earlier to take over two failed credit unions, to dispose of bad loans over the next five years.

Nishimura said thatthe new institution will be set up after enactment of a bill authorizing the needed reorganization of Japan's deposit insurance system in the next session of parliament. He said that would differ in key aspects from the U.S. Resolution Trust Corp., set up in 1989 to handle failures of savings and loan institutions in the United States. No decision has been made on whether to funnel taxpayers' money into the new body. Finance Minister Masayoshi Takemura said that such funds might be extended to a special deposit insurance account that might be set up to deal with failed financial firms.

The decision came as Japan's three long-term credit banks, Industrial Bank of Japan, Long-Term Credit Bank, and Nippon Credit, are facing a refinancing problem on about $80 billion in five-year bonds issued in 1990, the *Frankfurter Allgemeine Zeitung* reported on Nov. 21.

The three banks were originally used by the government to direct credit toward creation of new industrial investment. In recent years, as financing has been secured from other sources, the long-term banks have increasingly gone into international speculation to earn profit, creating some of the present problems.

Russia

Medical, germ warfare labs face breakdown

Medical and germ warfare laboratories in Russia are falling apart as a result of budget cuts, creating a risk that dangerous pathogens could be released, according to a series of articles in the Russian press, the Foreign Broadcast Information Service reported on Nov. 14.

According to *Ogonyok*, there has been a 50-70% drop in funding for applied medical research. As a result, Russian biomedical science has experienced a severe brain drain. An estimated 25-50% of scientists 30-45 years old have left the country. Major research institutes have tried to become self-supporting by producing medical products, but relaxation of energy price controls combined with government regulation of pharmaceutical prices have made it a difficult endeavor.

Institutes are in constant peril of having utilities shut off by privatized companies. Institute directors emphasize that a shutdown of special air cleaning and refrigeration systems could lead to loss of valuable strains, and release of extremely lethal microorganisms.

"This summer Vektor State Science Center director Academician Lev Sandakhchiyev successfully used these arguments to persude the Ministry of Finance to cover the Vektor electricity bill," *Literaturnaya Gazeta* reported on June 15, 1995. In contrast, 18 months earlier, the same ministry refused to fund "normal activities" at the State Science Center for Applied Microbiology in Obolensk—despite a request from First Vice Premier Oleg Soskovets "in the name of the Russian government," *Rossiskaya Gazeta* reported on July 25, 1995. The ministry said that the nation's reserve fund is to be used only for emergencies. The Obolensk center, which reportedly does "cutting-edge" research in genetic engineering and is "equipped to handle the most dangerous organisms," continues to be threatened with having its utilities shut off for "intentional failure to pay debts."

At the same time, crucial medical breakthroughs are being suppressed. Researchers have developed antidotes and vaccines to some of the most lethal diseases known to man. For example, the Russians have had a vaccine for the deadly Venezuelan equine encephalitis for years, as well as a vaccine and an anti-serum for Ebola (the germ warfare labs apparently cultivated Ebola). Other breakthroughs include "cancer diagnostic methods and treatments, interferon, genetically engineered insulin, and soil bioremediation microorganisms, all created at the State Science Center for Applied Microbiology in Obolensk," *Rossiskaya Gazeta* reported on July 25.

Germany

Transport policy debate is skewed, says official

The ongoing debate on transport policy in Germany is ignoring fundamental characteristics of transport infrastructure, preventing an accurate assessment of transportation systems, Herbert Baum, a member of the German Transport Ministry Advisory Council and a professor at Cologne University, stated on Nov. 22 at a conference of the automobile association OICA in Munich.

At the moment there is a lot of talk by environmentalist institutions about the so-called "external costs" of transport infrastructure, i.e., environmental damage, land use, and pollution. The idea is that these "external costs" should be paid by the "consumer of transport services," thereby making them much more expensive. The European Commission is working on a Green Paper on "external costs" of transport infrastructure, and the German Federal Statistical Office is planning to release figures periodically on the "Ecological Social Product," in order to contrast it to the usual Gross National Product.

Baum noted that 50% of the productivity increase of the German economy during 1960 through 1990 is a consequence of the improvement of the transport system, allowing for much higher transport volumes. He said that he has calculated that a 10% increase in road infrastructure would lead to a 2% increase in GDP.

Economic Policy

Bosnia, Croatia warned of IMF, Soros danger

The government of Croatia is being warned not to adopt International Monetary Fund (IMF) policies, nor to listen to speculator George Soros.

The Bosnian magazine *Ljiljan* recently featured Faris Nanic, the secretary general of the ruling Bosnian Democratic Action Party in Croatia and secretary of the International Parliamentarians Against Genocide In Bosnia. Nanic warned the government against accepting the promises and conditionalities of the IMF and World Bank. The point is not just to receive some money from these institutions, Nanic said, but to establish who will be in charge of the funds and how they will be invested, i.e., in the real economy, or to create a debt that will deliver Bosnia into the hands of "creditors." In 1992, *Ljiljan* interviewed Lyndon LaRouche.

Recently, an IMF and World Bank team visited Sarajevo, promising minimal funds in exchange for adoption of "privatization" and "free market" policies, and the establishment of an "independent" central bank.

The Catholic Church has been giving similar warnings. "We are having a lot of talks with the government concerning the danger of the IMF and Soros for Croatia," a source close to the church told *EIR* on Nov. 20. So far, the contacts have been private, but voices may soon be raised publicly against the attempt of Soros and company to take over the financial institutions of the country. The Catholic leadership is well aware of the danger of the usurious policies of the IMF and World Bank, and, in particular, of the role played by Soros. "You don't know how much Soros did to disrupt relationships inside Croatia," the source said.

The Catholic Church in Croatia has been shocked by the results of the Polish elections. "Cardinal Glemp called for voting for Walesa and you saw what happened. The root of that defeat is in the penetration of these usurious economic programs. These are absolutely opposite to the social doctrine of the church," the source said.

Eastern Europe

IMF blamed for return of command economy

If there is a resurrection of Soviet command economics, the International Monetary Fund (IMF) and World Bank are to blame, declared Belarus President Aleksandr Lukashenko, in an interview with the German financial daily *Handelsblatt* on Nov. 21. These, and other, western financial institutions intend to "ruin the economies of Belarus, Ukraine, and also Russia," and the three victims of this policy might be forced to join in the defense of their national interests, he said.

With the exception of Germany, Lukashenko charged, western nations are closing off their markets to Belarus products. This left Belarus no choice but to form a customs union with Russia, to seek trade preferences. He added that close economic and political relations between Belarus and Russia is also related to the fact that 2.5 million out of the 10 million citizens of Belarus are ethnic Russians.

Briefly

● **GERMANY** will see 2 million more jobs "phased out" in the next few years, because of job rationalization, the "recession," and outsourcing, according to a forecast by the Roland Berger consulting firm. The firm is a partner of Deutsche Bank, which has recently abandoned traditional industrial banking for British banking methods.

● **ARCHER** Daniels Midland is buying up 30% of the stock of Mexico's Grupo Maseca, the national monopoly for production, processing, and marketing of corn meal, *Reforma* reported on Nov. 23. The daily noted that ADM is accused of "predatory" practices.

● **LLOYD'S** of London insurance syndicate will reach total cumulative losses since 1988 of $17.73 billion by next spring, according to a report released in November by a Lloyd's advisory committee. In mid-November, chief executive Peter Middleton resigned, as a growing number of "Names" are suing Lloyd's over their open-ended liability.

● **CHINA** will cut tariffs on two-thirds of imports by 30% next year, President Jiang Zemin said at the APEC meeting in Japan on Nov. 19, the *International Herald Tribune* reported. The cuts will bring down tariffs to 24-25%, still higher than developing nations' average of 15%.

● **INDIAN** Prime Minister Narasimha Rao called an for an Indian Ocean economic bloc, at a three-day conference in New Delhi, according to wire reports on Nov. 20. It would include India, South Africa, Australia, Malaysia, Mauritius, Oman, and Singapore.

● **BAD HARVESTS** in other parts of the world are to the benefit of Europe, declared John Bensted-Smith, senior aide to European Union Agriculture Commissioner Franz Fischler, in Vienna on Nov. 20. EU grain reserves have dropped from 33 million tons to 5-6 million tons in only a few years, but he said that it is now possible to get better prices.

Mexico's free-trade 'miracle' is based on dope and looting

by Valerie Rush

The Nov. 15 arrest in Geneva, Switzerland of the wife and brother-in-law of Raúl Salinas de Gortari, as they tried to withdraw nearly $84 million out of a Swiss bank under one of Raúl's aliases, confirms in spades what *EIR* has been saying since at least May 1991, when it issued a *Special Report* on "Auschwitz Below the Border": The free-trade "economic miracle" imposed on Mexico by Raúl's brother Carlos Salinas de Gortari, and by the administration of President George Bush in Washington, was nothing but a looting mechanism of the first order, under which usury, speculation, drug trafficking, terrorism, and money-laundering flourished with abandon.

The corruption of the "Salinas model" is now a matter of public record, and its demise has ramifications that go far beyond the victimized nation of Mexico. Salinas's "miracle"—codified by the North American Free Trade Agreement (NAFTA)—was a showcase model for George Bush and Margaret Thatcher's "new world order." That model, imposed through the International Monetary Fund (IMF) on countries around the globe, from Russia to Argentina, has in every case resulted in the destruction of the physical economy of the targetted nation, the looting of its raw materials and workforce, and the growth of usurious speculation, illegal narcotics trafficking, and attendant criminal mafias in its stead.

When she was arrested, Paulina Castañon de Salinas, Raúl's latest wife, was using false documents, and carried documents giving her power of attorney in the name of Juan Guillermo Gómez Gutiérrez, to empty one or more bank accounts of millions. The arrest was the result of careful coordination between the Mexican, Swiss, and U.S. authorities, according to statements from U.S. Justice Department officials. It was one of the first such actions carried out under the aegis of President Clinton's recently decreed Presidential Directive 42, which specified that leading money-laundering centers in the world—such as Switzerland—will pay a heavy price in U.S. retaliation if they fail to cooperate in anti-drug investigations, such as that of Raúl Salinas. Authorities in all three countries are now trying to identify other bank accounts under Raúl's alias, and to track down others who may have had access to those accounts.

Charges of illicit enrichment have been added to the murder charge which Raúl Salinas is facing in Mexico, and there are reports that charges of laundering drug money are being considered as well. He is currently in jail awaiting trial.

There are insistent reports that ex-President Carlos Salinas, Harvard economics degree and all, was complicit in brother Raúl's criminal activities. Although Carlos quickly faxed a press release from an undisclosed location to the media, denying any knowledge of the origin of his brother's multi-millions, a source at the U.S. Drug Enforcement Administration told the Mexican daily *Excélsior* that "we reported directly, and at the highest level, on the suspicious transfers abroad" carried out by Raúl during his brother's six-year term. Inside Mexico, there is widespread belief that the former President is lying outright about what he knew. Eighty-one of 300 congressmen from the ruling PRI party have already publicly called for both Salinas brothers to be thrown out of the PRI.

Wall Street attempts damage control

The City of London and Wall Street banking crowd that put the Salinas team in power and promoted them as a model globally, have leapt to their defense, and are trying to control the damaging fall-out from the scandal. Back in April of this year, *Wall Street Journal* editor Robert Bartley penned a sympathetic interview with the former Mexican President, who is today a member of the board of Dow Jones, Inc., which publishes the *Journal*. Bartley quotes Salinas insisting that the murder evidence against his brother is just "hearsay." The interview also cites Carlos Salinas's "gratitude" to Sir Henry Kissinger KCMG, the self-proclaimed British agent of influence and longstanding admirer of the Mexican "miracle," for coming to his aid with a public lunch invitation. Perhaps thinking of his own role as a modern-day Iago, Kissinger called the Salinas brothers' troubles "a Shakespearean tragedy."

In a June interview with Mexico's *El Financiero,* Kissinger Associates' vice-president Alan Stoga declared that any trial of Raúl Salinas would "not get past the first round," because it was "very weak, based 100% on verbal testimony."

On the other hand, the evidence of Raúl Salinas' corruption under his brother's reign is now so overwhelming, that the disgraced President appears to have fled to Castro's Cuba, leaving his sponsors to worry that their carefully crafted "Salinas model" could go down the tubes, in Mexico and elsewhere. As one prominent columnist in the daily *Excélsior* put it on Nov. 27, "What will be the response of Salinas's domestic and foreign allies to this new situation, [of] figures . . . like George Bush or Henry Kissinger in the United States, who have been key in building the image Salinas knew how to project?"

Wall Street's response, as is typical of the Bush-Kissinger crew, has been to threaten Mexican President Ernesto Zedillo to back off on the investigations, or else. An article in the Nov. 27 *Wall Street Journal,* explicitly warned Zedillo that he "is playing a dangerous game in pursuing new charges against Raúl," since, as academic Delal Baer puts it, "To the extent that Zedillo shares the economic views of the previous administration and those views are discredited, it makes it difficult for Zedillo to continue with those economic policies." A Dec. 1 article in the *Washington Post* attempted to whitewash the Salinas scandal, arguing that it is really President Zedillo "who had the chance to make things right. Instead, he is making things worse."

Portrait of 'free-trade' sleaze

Raúl Salinas de Gortari held several plush posts during his brother's six-year reign, including "technical director" of a vast slush fund known as Pronasol, which Raúl turned into a private fiefdom run by an army of "ex"-communists and "former" terrorists. It was this network and Pronasol funds which provided critical support for the January 1994 Zapatista narco-terrorist insurgency in the southern Mexican state of Chiapas. Raúl also ran Conasupo, the state's staple food distribution agency, which oversaw import and export of meat, milk, and grains; Raúl used Conasupo's immense powers, in collaboration with speculators and the international grain cartels, to destroy Mexico's grain, cattle, and dairy industries, while making a killing for himself and his family on the side.

This is a perfect example of how "free trade" works. Before Salinas came into power in 1988, Mexico was nearly self-sufficient in corn, beans, and other basic food staples, and was importing only 5 million tons. Between 1988 and 1994, grain imports zoomed. Now Mexico is importing 15 million tons of grain a year, equalling 25-30% of the country's total grain imports. Equally important, Mexico has no money to pay for it, and its population is faced with a very real threat of mass starvation and epidemics in the immediate period ahead. Outrage is so widespread, that journalists are already suggesting that the real source of Raúl's millions comes from the killing he made while destroying the nation's farm sector.

It is said that public servant Raúl, whose official annual income was $180,000, amassed a multibillion-dollar fortune, stashed away in scores of bank accounts around the world. His links to various of Mexico's drug-trafficking cartels were universally known. Raúl's terrorist capabilities were at the same time key to protecting his brother's "miracle"; the assassination of at least one of several prominent Mexican figures murdered in the latter part of Salinas's term because "they knew too much"—in the words of one columnist—has been officially laid at Raúl's door.

The 'Salinas effect'

Like the so-called "tequila effect" when the first collapse tremors hit Mexico's free-trade "miracle" last December and then spread outward across the continent, the "Salinas effect" is already being felt elsewhere. In Venezuela, President Rafael Caldera gave an interview on Nov. 27, in which he pointedly observed, "The situation in Latin America is very serious. Look, until December 1994, they presented the policy of President Carlos Salinas de Gortari of Mexico to us as the model. Very distinguished Venezuelans who had been [to Mexico], said, 'Caldera, what has to be done, is what Salinas de Gortari did.' Why are they silent now? Why don't they say anything? Why don't they talk about Salinas de Gortari?"

One week earlier, Caldera's Finance Minister Luis Matos Azocar fired the head of Venezuela's Investment Fund (FIV), Carlos Bernardez, whose pro-IMF views had repeatedly clashed with those of the government. Bernardez's dismissal, at a moment when the Caldera administration is in delicate negotiations with the IMF, triggered a new round of attacks against the Caldera government, led by "consultant" Steven Hanke's threat that Venezuela could become "the Nigeria of South America" if it persists in defying IMF "recommendations."

Hanke, a Mont Pelerin hatchetman who is a persistent advocate of British-style "currency boards," served as an adviser to Bernardez, and is now out of a job in Venezuela. Venezuelan government official Roosevelt Velásquez was quick to note in response to Hanke's threat, that "but of course, [Hanke] was an adviser to Mexican President Carlos Salinas de Gortari."

The fall of the House of Windsor is on

by Jeffrey Steinberg and Paul Goldstein

One year after Lyndon LaRouche wrote "The Coming Fall of the House of Windsor" (see *EIR*, Oct. 28, 1994, p. 12), the British monarchy is going through the gravest existential crisis since the American Revolution. And, while there are various groups in and around the London-based Club of the Isles oligarchy who are taking up factional positions on the fate of the Windsors, a far more fundamental battle over the issue of republicanism versus oligarchism has suddenly broken out in the pages of the Establishment media.

The ostensible trigger for this latest upsurge in Windsor-bashing was the British Broadcasting Corp.'s hour-long "Panorama" interview with Princess Diana, the estranged wife of Charles, the Prince of Wales and the heir-apparent to the English throne, which aired on British and American television in late November. In addition to her soap opera tales of marital infidelity, spousal abuse, and "low self-esteem," Lady Di declared bluntly that Charles is unqualified to serve as king.

In the aftermath of her TV appearance, the very existence of the House of Windsor and the British monarchy has been called into question.

American Founding Fathers were right

In one of the most blunt commentaries, *Washington Post* columnist E.J. Dionne, Jr., who is known around town as a "close friend" of the Clinton White House, wrote a Nov. 28 column headlined "The King Is Dead," in which he stated: "The world should be grateful to this Windsor lot for proving what our American forebears understood long ago: that republics are better than monarchies, that monarchism and its philosophical ally, aristocracy, are dead ideas that deserve to stay dead."

Dionne quoted Tom Paine on the issue of hereditary monarchies:

"One of the strongest natural proofs of the folly of hereditary right in kings is that nature disapproves of it. Otherwise, she would not so frequently turn it into ridicule." Paine's comments, directed at "mad" King George III, fit the present Windsor lot to a tee.

Dionne warned, however, that the issue of republicanism versus oligarchism is not a settled matter, even in the United States:

"Not even Pat Buchanan is lobbying for hereditary monarchy, even if he is a little soft on the old Hapsburg empire. But the truth is more complicated. Monarchical and aristocratic yearnings lie just under the surface in many of the democracies as voters translate their impatience with politicians as a group into a wish for something resembling 'a better class of people' to run things. If you want to be a real republican (that's small 'r' and can be defined here as the opposite of a monarchist), you don't have to love politicians, but you do need to respect their craft."

He concluded:

"Politicians are what you get when you toss out the kings and princes. . . . Free citizens should neither need nor want hereditary or even personalized symbols of unity. Monarchies were junked precisely because people traded their faith in symbols for a confidence that, for better or worse, they could (and ought to) rule themselves."

Asked about the significance of this debate about the future of the Windsors, Lyndon LaRouche, during a Nov. 29 "EIR Talks" radio interview, linked the fall of the British royal family to the imminent collapse of the present financial system.

"Obviously," he said, "the institution of the monarchy is finished. Nothing can be done about it, because the entire international monetary system will end within months. There's no way of getting around it. Either it will end by disintegrating, spontaneously, or it will be ended, that is, put out of its misery, with key parts being put into receivership by relevant governments.

"But either way," he continued, "the kind of power, financial power and monetary power which London has exerted, is coming to an end. And in the process, it's obvious that the British monarchy, in its present form at least, is doomed. It's an archaic institution anyway, and who needs it?

"So various people in the situation are playing it. On the one side, you have some people associated with [former British prime minister] Mrs. [Margaret] Thatcher, who never got along with the queen anyway, but for different reasons than I did (I don't get along with Mrs. Thatcher, as you know), are playing the Lady Di side. Others are playing it.

"Some people who are in the British oligarchy, essentially, even though they're not Brits by pedigree—they're Dutch, Germans, and so forth—from the outside are also very upset, and think the monarchy is anachronous and should be discontinued.

"So, one should not look at the affair as a soap opera," LaRouche cautioned, "even though it has some aspects of that. But this is a reflection, a symptom, of the doom of a long out-lived archaic institution, the British monarchy. And this is the way it goes."

Ravings from the royal fringe

The Princess Di appearance on BBC, in rekindling the "Royals" debate, has dragged some bizarre proponents of the *ancien regime* out of the woodwork.

On Nov. 29, Donald Forman, head of the Monarchist League, a London-based advocacy group peddling the revival of every dead and near-dead royal household on the European continent, told reporters that "republicanism doesn't work." Citing the example of the current chaos in France, and recent coverage in the French daily *Le Figaro* attempting to rehabilitate the reputation of Napoleon III, Forman argued that there is at least 20% support among the French electorate for a revival of either the Bourbon, Orleans, or Bonaparte royal houses.

The following day, former London *Times* editor-in-chief Lord William Rees-Mogg penned a rabid *Times* commentary defending royal blood lines. "In the 20th century," he wrote, "the hereditary principle has been widely discredited in application to human beings, though it is still generally accepted for race horses. Yet the more the scientists discover about the human brain, the more clear it becomes that brain structures are genetically determined physical realities, like our noses or our muscles. . . . Kings are successful both because they have the necessary mental attributes and because they are trained to be kings. It seems likely that training on its own cannot produce a great monarch, any more than it can produce a Derby winner."

On a slightly more mentally balanced note, royal biographer A.N. Wilson wrote in the *New York Times* on Nov. 25 that "no one can doubt that [Princess Di's BBC interview] was a skillfully organized attack on the institution of the monarchy itself. Not just on Prince Charles. Not just on the queen, whom Diana obviously hates. But on the monarchy."

Wilson proceeded to deliver about the closest thing to a direct threat to the Princess of Wales:

"The war is not about individuals. It is about the oldest and most durable constitutional monarchy in the world. The example of Wallis Simpson and Edward VIII should be enough to tell Diana that when it comes to fighting a war, the Establishment can get very nasty, indeed, and that for all her undoubted popularity, if she continues to rock the boat in this way, the Establishment will simply get rid of her."

Nicholas Soames, the Tory deputy defense minister and grandson of Winston Churchill who is a close pal of Prince Charles, publicly denounced Lady Di as a "paranoid."

Two tracks

First and foremost, the assault on the House of Windsor is part of the ongoing war between Washington and London, since President Clinton made it clear that he was no longer interested in the "special relationship" that has dominated Anglo-American affairs since the death of President Franklin D. Roosevelt in 1945.

Second, the unraveling of the international financial system that has been one key power base for the Club of the Isles, has provoked a "falling out among thieves." Over the past several years, Dutch, German, and American financial institutions have moved in to bail out some of London's oldest and most regal institutions, including Barings Bank, Lloyd's, and Morgan Grenfel. As a result, there has been a power tilt within the Club of the Isles, with the House of Windsor and the City of London being relatively weakened, and a Dutch-German combination gaining strength.

Among the British elites, there is a revival of the debate that broke out at the time of the American Revolution, when some oligarchical families seriously considered dumping the Hanoverians altogether and running the empire directly through the British East India Company and its adjuncts.

According to several well-placed sources, today there are at least six factions inside the British Establishment waging a war over the future of the Windsors and their own political survival. Among the monarchists, there are advocates of the status quo, who wish to see Queen Elizabeth II remain on the throne until her death. This group wishes to see Prince Philip reassert his position as "chief operations officer" of the Club of the Isles. A second pro-monarchist group sees the need to reform and "downsize" the Crown in order to assure its survival into the 21st century. Press magnate Rupert Murdoch, and the London *Times* apparatus more broadly, are representative of this grouping.

The Thatcherites, including the former prime minister herself, oppose the queen because of what they see as her dismal failure to preserve the global role of Britain, particularly her failure to preserve the vital Anglo-American "special relationship." The Rothschild banking interests, which have for a century served as the financial backbone of the Windsor Dynasty, are now hedging their bets against the monarchy in the interest of assuring their survival.

British Prime Minister John Major has steered the current Tory apparatus into the camp that favors preserving the monarchy via "reform." It was Major who orchestrated the Windsors' decision to "voluntarily" pay taxes. And, while one faction of the Labour Party, associated with its present chairman, Tony Blair, is also out to preserve the monarchy through reform—possibly including the drawing up of a written constitution significantly reducing the power of the monarchy—another Labour faction is pushing for the total elimination of the monarchy and the full integration of Britain into the united Europe of the Maastricht Treaty.

While this British political intrigue is of slightly more political significance than the bed-hopping antics of Charles and Di, the real underlying issue, which has been LaRouche's point of emphasis for years, is whether this dying oligarchical system is going to pass benignly from the earth or take down much of humanity with it in the onrush of a New Dark Age.

Euromed in Barcelona: noble ends, but can 'free trade' attain them?

by Muriel Mirak-Weissbach

No one could object to the exalted principles proclaimed at the first conference of the Euro-Mediterranean Association, in Barcelona on Nov. 28, 1995. The final document approved unanimously by the 27 foreign ministers who had traveled to the Catalan capital from their countries in the European Union (EU), North Africa, and the Middle East, was full of laudable sentiments, regarding the three "pillars," as Spanish Foreign Minister Solana put it, on which the new grouping around *Mare Nostrum* is to be erected: the political, the economic, and the cultural. The vision is one of democracy, fruitful exchange of ideas, and cooperation for mutual economic development. But whether the means defined by the conference are appropriate to reach the noble aims, is another question.

The issues of greatest importance discussed in the conference dealt with the Middle East political situation, and the economic perspectives for Mediterranean integration.

Compared to the international Middle East-North Africa (MENA) conference held in Amman, Jordan at the end of October, which brought together the protagonists of the Mideast peace process under U.S. and Russian cosponsorship, the Barcelona conference did not take Arab-Israeli relations as its central concern. Yet, several aspects of the conference had direct bearing on current and future developments there. In the opening plenary session, talks between the Israeli and Syrian governments began, in a manner of speaking. Israeli Foreign Minister Ehud Barak issued a direct offer to his Syrian counterpart, to enter negotiations which would lead to a peace treaty. Syrian Foreign Minister Al Sharaa acknowledged the offer, by reiterating the demands of Damascus for a treaty: withdrawal of Israeli forces from the occupied Golan Heights and southern Lebanon. Whether or not the two also had direct talks behind the scenes, was not made public, but the remaining points of conflict became the stuff of lengthy haggling around the formulation of the final document. Israeli delegates privately expressed their irritation, that the Syrians would "try to transform this meeting into a forum for their demands."

In the end, careful wording was chosen to satisfy both sides. "The participants support the realization of a just, comprehensive and lasting peace settlement in the Middle East based on the relevant United Nations Security Council resolutions and principles mentioned in the letter of invitation to the Madrid Middle East Peace Conference, including the principle land for peace, with all that this implies." The document added that the participants would undertake to "respect the equal rights of peoples and their right to self-determination, acting at all times in conformity with the purposes and principles of the Charter of the United Nations and with the relevant norms of international law, including those relating to territorial integrity of States, as reflected in agreements between relevant parties." These two points acknowledged Syrian demands for withdrawal. A further clause established the need to "settle their disputes by peaceful means . . . [and] renounce recourse to the threat or use of force against the territorial integrity of another participant, including the acquisition of territory by force." The formulation fell short of what Al Sharaa had wanted, i.e., that the declaration distinguish between "terrorism" and the "right to struggle against foreign occupation."

Egypt, among other Arab states, had put pressure on Israel to agree to the Nuclear Non-Proliferation Treaty (NPT). Israel demanded that any reference to nuclear weapons non-proliferation also include reference to Iran and Iraq. A compromise was reached here, too, by committing the parties to "promote regional security by acting, *inter alia,* in favor of nuclear, chemical, and biological non-proliferation through adherence to and compliance with a combination of international and regional non-proliferation regimes, and arms control and disarmament agreements such as NPT, CWC, BWC, CTBT . . . etc." Israel's demand was not met directly, but generically: "the parties shall pursue a mutually and effectively verifiable Middle East Zone free of weapons of mass destruction, nuclear, chemical and biological, and their delivery systems. Furthermore, the parties will consider practical steps to prevent the proliferation . . . etc."

The other significant intervention related to the Middle East situation came from Palestinian National Authority President Yasser Arafat, who reiterated the need to continue the peace process in the context of the "land for peace" formula of Madrid, as well as the U.N. Resolutions 242 and 338.

Arafat renewed his call for the establishment of a Palestinian State with Jerusalem as its capital, and regretted the U.S. Congress's resolution to move the American embassy to Jerusalem from Tel Aviv. At the same time, the Palestine Liberation Organization chairman exalted the value of the "birthplace of Christ, Bethlehem," and said, "this city, like other Palestinian cities, has suffered the decay of intentional sabotage, the Palestinian National Authority considers one of its priorities, together with the sacred city of Jerusalem." Referring to "one of the greatest events in the history of mankind," which we are to live in four years, "the second millennium of the birth of our Lord Jesus Christ, peace be upon Him," Arafat hinted at a special status for the city. "In this occasion" of the millennium, Arafat called for "participating in this great, worldwide, religious and historic event, and making of Bethlehem and Jerusalem the center of illumination of peace and cohabitation of all the believers throughout the world, and especially in the land of Palestine, center of the three divine religions, Judaism, Christianity, and Islam."

Real problem, false solution

Although important, the Middle East peace process was not the absolute center of the Barcelona gathering. The key issue was economics, or better, how economic cooperation can help stem the tide of immigration from North Africa into Europe and of "political Islam," which were identified de facto as the twin evils to be confronted. What the EU put forward as its panacea is an "economic and financial partnership" through the establishment of a free-trade zone covering the 27 countries represented. "The free-trade area will be established through the new Euro-Mediterranean Agreements and free-trade agreements between partners of the European Union. The parties have set 2010 as the target date for the gradual establishment of this area which will cover most trade with due observance of the obligations resulting" from the World Trade Organization. The free-trade zone means that "tariff and non-tariff barriers to trade in manufactured products will be progressively eliminated in accordance with timetables to be negotiated." The free-trade area will be facilitated through "the adjustment and modernization of economic and social structures, giving priority to the promotion and development of the private sector." They will create an "environment conducive to investment" by eliminating obstacles to investment, etc.

Although the free-trade agenda had the day in Barcelona, there was considerable resistance to wholesale takeovers of their economies by many participants. This is evident in several clauses in the declaration particularly regarding agriculture: E.g., the elimination of tariffs will proceed "as far as the various agricultural policies allow"; the introduction of market economy will proceed "taking into account their respective needs and levels of development"; the private sector will be privileged, but there is also reference to the "upgrading of the productive sector." Finally, it is explicitly said, that the participants "likewise endeavor to mitigate the negative social consequences which may result from this adjustment, by promoting programs for the benefit of the neediest populations." They also claim to facilitate "the promotion of mechanisms to foster transfers of technology."

Spanish farmers are better economists

The most eloquent resistance to the free-trade area was voiced by Spanish farmers, who traveled from several cities to Barcelona, to demonstrate. The demonstrators, about 20,000, who tried to bring their protest to the Hotel Juan Carlos I, where the diplomats were holed up, were held back by tear gas. Those gathering to protest included farmers organized in the Coordination of Farmers and Cattlemen (COAG) and the Agrarian Association of Young Farmers (ASAJA).

Their protest focussed on the EU policy and proposed free-trade zone, which will allow cheap food imports from the Maghreb countries into Spain, thus wiping out Spanish farmers. Among their demands was that the EU give subsidies for tomatoes, fruit, and citrus products during the "rationalization" phase. The demonstrators referred to "social dumping," to the fact that the multinational food companies buy up land cheap in the North African producer countries, pay their farm laborers dirt cheap wages (ten times less than a European farmer earns), and undercut European prices. Spanish landowners also demonstrated, separately, but for the same reason. Also significantly, the farm union leaders who spoke at the demonstration, voiced their solidarity with the farm laborers of the Maghreb countries: Josep Riera of the COAG was quoted in *El País* Nov. 30 saying "The free-trade zone will encourage cheap exports from Morocco and Algeria, without strengthening the agriculture of these countries."

Under pressure of the farmers, the Spanish Secretary of State for Relations with the EU, Carlos Westendorp, met with union representatives, and agreed that Madrid would introduce graduality in the free-trade zone, guaranteeing preferential treatment for Spanish fruits and vegetables.

The farmers showed a better understanding of economics than any of the experts of foreign ministers present. Farmers know that following free-market ideas of cheap labor and cheap produce only undermines the economic health of a nation. Just how far such free-trade madness has become official policy, even in nations with highly dirigistic economic traditions, can be seen in the case of French Foreign Minister Hervé de Charette. In answer to a question from *EIR*, on whether such a free-trade recipe would not yield similar disastrous results in the Mediterranean, as it has since its introduction in eastern Europe and Russia, de Charette replied that "history shows that no economy can be developed through Statism" (State dirigistic policy). Acknowledging that liberalization of markets, prices, and wages will create social dislocation, he persevered: "Every change involves painful side-effects." Thus, he concluded, the wise men of the EU had decided to allocate funds for alleviating the socially negative side effects.

The best way to sum up the significance of Barcelona, is to look out the window, as it were, of the Hotel King Juan Carlos I, and catch a glimpse of reality: beyond the tens of thousands of Spanish farmers in protest, to see the hundreds of thousands, if not millions, of French civil servants, transport workers, students, marching through the streets and paralyzing the nation's activity; and beyond, to the starving masses of formerly productive workers in Russia, Ukraine, Poland, Georgia. A glance a bit further reveals the record heights reached on the Wall Street stock market, and the lines going off the charts that describe the cancerous growth in financial aggregates of the system. The illustrious ministers at Barcelona stood aloof from all this all-too-unpleasant reality.

There was one rude intrusion into the fantasy world that reigned in Barcelona. A special round-up issue of the English edition of the Jordanian financial daily *Al Aswaq*, dedicated to the recently completed Amman summit, was distributed free to the delegates and press. In it appeared the interview with Lyndon LaRouche, on development policies for the Middle East, including his proposals for a regional development bank (for the full interview, see *EIR*, Nov. 17, 1995, p. 47). LaRouche not only outlined his proposals for real peace through physical economic development, but also denounced the impending collapse of the existing financial and monetary order.

Afghansis draw blood in war against Pakistan

by Susan Maitra and Ramtanu Maitra

The blowing up of the Egyptian Embassy in Islamabad on Nov. 19, the selected assassination of key individuals in Baluchistan and Sindh, and the continuing bloodshed in Karachi indicate that the viper's eggs of the afghansi (veterans of the Afghanistan war), nourished from abroad and protected zealously inside Pakistan, have now hatched and are spitting their venom at their protector. In a retaliatory measure, Prime Minister Benazir Bhutto rounded up a number of foreign nationals and arrested Anjuman-e-Sipah-i-Sahaba (ASS) leader Zia Rehman Farooqi, along with a number of his associates. Farooqi, an infamous assassin, was in London in 1995 on a month-long trip to recruit for his terrorist Sunni sectarian group (see *EIR*, Oct. 13, p. 59).

More recently, Bhutto, now under pressure from Egypt and moderate Arab States, told the Middle East Broadcasting Corp. in an interview that the terrorist groups threatening Muslim countries were getting arms and active support from the West. The statement is nominally correct as far as it goes, but Bhutto, whose image inside Pakistan has been badly tarnished, evaded the truth for the umpteenth time in not naming London's role behind the terrorist activities now destroying Pakistan. Instead, she reiterated the West's funding of the Afghans during the Cold War days.

Meanwhile, the afghansis, the Mohajirs, and the sectarian religious groups have dramatically raised the stakes:

- On Oct. 10, the secessionist Jiye Sindh movement leader Syed Imdad Mohammad Shah, son of the late G.M. Syed who had led the movement for "Sindhudesh" for decades, sent an ultimatum from London that unless Islamabad changes its "repressive policies," it could lead to the creation of a Sindh nation. Syed Imdad was addressing the World Sindhi Congress in London.
- Mohajir leader Altaf Hussain, whose ethnic group Mohajir Qaum Movement (MQM) (see *EIR*, Oct. 13, p. 59) is involved in terrorist activities in Karachi and some other cities of Sindh in Pakistan, has written to a former Pakistan prime minister, Mian Nawaz Sharif, to join hands with him in the "struggle" against Islamabad. Altaf Hussain has been based in London for the last four years. In October, he formally asked U.N. Secretary General Boutros Boutros-Ghali to mediate between Islamabad and the MQM.
- On Nov. 22, a provincial minister of Baluchistan and the election commissioner belonging to the same province were ambushed by unknown assailants.

- On Nov. 21, Pakistani forces had to be deployed in Baluchistan as the situation became highly unstable following the assassination of Naseer-ur-Rehman Kalpar, grandson of the Baluch tribal chief Wadera Khan Muhammad Kalpar. Kalpar was gunned down near Pakistan's most important natural gas field near the Sui installations.
- The brother of the provincial chief minister of Sindh was gunned down in Karachi in early November, while waiting in his car at a traffic signal.

In addition, a spate of bad news from Karachi indicates that violence in the port city is fast becoming the norm. On average, four to five people are killed every day, and the situation is widely considered to be beyond Islamabad's control.

Belated and weak response

The blowing up of the Egyptian Embassy has put enormous pressure on Prime Minister Bhutto. Her stated commitment to keep Pakistan a modern and non-fundamentalist nation is being called into question. Islamabad has rounded up hundreds of foreign nationals, including three Egyptians suspected of involvement in the bomb blast. Interior Minister Gen. Naseerullah Babar has issued a statement calling the International Islamic University, where the suspect Egyptians were reportedly enrolled as students, "a hotbed of terrorism"—a statement which has greatly upset the Arab nations which finance the university. In addition, on Nov. 27, a special anti-terrorist court issued death sentences to 13 Sunni ASS activists for the massacre of 27 Shia Muslims at a Shia place of worship in Karachi earlier this year.

It is expected that more clamping down on the terrorists will be ordered by Islamabad, particularly to appease those Arab nations which are complaining against Pakistan's harboring of hard-core terrorists. These terrorists are now involved in efforts to bring down the "moderate" governments of Islamic nations. The United States and the Philippines have also asked Pakistan to curb terrorist afghansi activities.

Despite such requests and the "best of intentions" in Islamabad, it is almost certain that the afghansi network will continue to push Pakistan toward disintegration. The afghansi network, which plays a key role in shaping Islamabad's policy toward Afghanistan and the Indian-held part of Kashmir, has infiltrated, directly or indirectly, every part of Pakistan's socio-political system. Its financial strength, due to its control over the drug trade, its firepower, and its massive international reach have helped the afghansis to corrupt Pakistani society at every level. On the other hand, the time has come for Islamabad to reassess its economic and strategic interests. If Bhutto is given the power to do so by the powerbrokers who control Pakistan from within and without, then, and only then, can the menace of the afghansis be eliminated.

Cairo reveals names of terrorists in Pakistan

The issue of Egyptian terrorists residing in Pakistan as part of the afghansi terrorist network has come to the fore once again following the blowing up of the Egyptian Embassy in Islamabad on Nov. 19. But in fact, Cairo has long been pressing the Bhutto government to hand over these terrorists to Egyptian authorities. However, the Bhutto administration, under pressure from the religious-political groups and the afghansi controllers within Pakistani intelligence, has declined to meet the requests.

In 1994, an Egyptian plane landed at Islamabad airport in the dead of night, and unidentified Pakistani government officials handed over five Egyptian nationals wanted in Cairo for various crimes. This news later caused a problem for Islamabad. The most vocal backers of the afghansi terrorists, the Jamaat e Islami, a religious-political party which enjoys substantial power, protested to the Bhutto government, and Islamabad denied the whole "story."

Now, under the gun, Cairo has made known the identity of a number of top Egyptian terrorists residing in Pakistan and planning the violent removal of the Mubarak government. Some of the names include:

- Mohammad Shawqi al Islambuli, brother of the assassin of Egyptian President Anwar Sadat. Islambuli, a top leader of the anti-Mubarak terrorist gang of the Gamaa Islamiyya, was condemned to death *in absentia* by Egyptian authorities in the 1993 trial of the "Afghan veterans" accused of seeking to topple the Mubarak government.
- Osman al Samman, another top Gamaa official who lives in Peshawar, North West Frontier Province, along with Islambuli. Samman fled Cairo prisons and came to Pakistan through Libya and Saudi Arabia.
- Mohammad Mekkawi, head of the terrorist Egyptian group Al Jihad.
- Mustafa Hamza, a former Al Jihad member and now a leader in Gamaa. Hamza is suspected of masterminding the assassination attempt on President Mubarak last June in Addis Ababa, Ethiopia. Hamza, who came to Pakistan through Yemen, is in Sudan, Egypt charges.
- Talaat Fuad Qassem, another Gamaa member, is now in Denmark, where he received political asylum.

Three other terrorist leaders, Ayman Mohamaad al Zawhari, Yasser Tawfiq al Siri, and Rifai Ahmed Taha, all afghansis, have now settled elsewhere and remain active. Zawhari is in Switzerland, Tawfiq in London, and Taha in Khartoum, Sudan, according to Cairo.

Samper must go, for democracy to survive

by Andrea Olivieri

Colombia's Council of State, its highest judicial body, decided on Nov. 28 to extend the mandate of Prosecutor General Alfonso Valdivieso Sarmiento for another three years. The decision, taken on a 12-10 vote and under intense pressure from the Clinton administration in the United States, represents a blow to President Ernesto Samper Pizano and to the criminal networks of the Cali cocaine cartel, which today constitute his most important base of support in the country.

Valdivieso, considered a scrupulously honest man, was named to his office in August 1994 to replace the discredited pro-drug Gustavo de Greiff, now Colombia's ambassador to Mexico. Since then, the task of rooting out drug corruption has inexorably led Valdivieso directly to Samper's doorstep, and has turned the Prosecutor General into Colombia's best hope for finally breaking Dope, Inc.'s stranglehold on the country.

Desperate efforts by the Cali Cartel and its minions inside the government to force Valdivieso out of office by early 1996, failed, and their fury was registered by Samper's defense lawyer Antonio Cancino, who claimed that Valdivieso's ratification was entirely the result of pressure by the Clinton administration and the U.S. Drug Enforcement Administration. Cancino sneeringly dubbed the highly popular Valdivieso "a spectacle," and threatened that efforts to oust him would continue. "After Samper is exonerated by the [Colombian] House of Representatives, what will follow is a political trial . . . to identify those responsible for handing our justice system over to the United States," Cancino promised.

The threats notwithstanding, Valdivieso will now be dogging Samper's footsteps, and those of his cartel buddies, through 1998, when Samper—if he lasts that long—is slated to leave office.

The narco-Presidency of Samper is now fighting for its life, and that apparatus is using every imaginable form of Gestapo-tactics against its opposition, ranging from harassment to assassinations, including two new death threats against *EIR*'s Colombia correspondents.

Desperate straits

President Clinton's Executive Order 12978, issued Oct. 22, which declares war on the Cali Cartel's financial apparatus, and Presidential Decision Directive 42, which goes after the global dirty-money laundering centers, have tightened the noose around the necks of Samper and his cartel backers. Not only is President Clinton holding the issue of U.S. "certification," with its attendant privileges, over the Samper administration's head, but he is simultaneously attempting to choke off the lifeblood of the drug trade which has corrupted governments such as Samper's, and the world monetary system as well.

The vise in which Samper and his cartel allies now find themselves has produced new levels of desperation on their part. On Nov. 21, cartel hit men assassinated Ernesto Vásquez, an executive of the Colgate-Palmolive subsidiary in the city of Cali, in gangland style in broad daylight. Colgate-Palmolive is one of several American companies in Colombia which have cancelled their contracts with the cartel front-companies named in Clinton's executive order, including the drugstore chain La Rebaja, owned by the cartel's imprisoned kingpins Gilberto and Miguel Rodríguez Orejuela. La Rebaja is feeling the pinch: The chain is drawing few customers to its nearly empty shelves, and is barely keeping its doors open. Workers at La Rebaja, and at other Rodríguez Orejuela front-companies named by Clinton's order, have been holding protest marches in Cali, accusing Clinton of being "imperialist" and causing unemployment in Colombia.

One day after Vásquez was assassinated, other Colgate-Palmolive executives reportedly began to receive threats that if their company maintained the commercial blockade against cartel businesses, they would get it "like Vásquez." Colgate-Palmolive has reportedly begun to send its executives abroad, and has taken special security measures for those remaining behind.

Samper and the cartel are also targetting journalists, both foreign and Colombian. According to a recent article in the magazine *Cambio 16,* the 60 foreign journalists in the country are convinced that their telephones are tapped. They further complain that Samper has created his own task force, allegedly to "improve Colombia's image abroad," which harasses foreign journalists with daily phone calls and faxes, and which smears journalists as "DEA," agents of the U.S. Drug Enforcement Administration, when their coverage does not meet with Samper's—and the cartel's—approval.

The "DEA" smear has particularly threatening implications, in view of Interior Minister Horacio Serpa Uribe's ferocious attack last October on that U.S. agency, and on the Clinton administration itself, for having allegedly authored an assassination attempt against President Samper's personal lawyer, as part of a campaign to overthrow the Colombian President. Serpa Uribe, an intimate—and some say controller—of the President, has been described as close to the narco-terrorist National Liberation Army (ELN) guerrillas. He was also just chosen by Samper to head a new nationwide intelligence system, with wide-ranging powers.

The "DEA" smear was also used in the latest death threats delivered to Javier Almario, *EIR*'s correspondent in Bogotá, and to Maximiliano Londoño, a collaborator of *EIR* and president of the Ibero-American Solidarity Movement in Bogotá. For two decades, *EIR* has been exposing the networks involved in narco-terrorism, and naming the names of the individuals and institutions which have created and protect them. Over the last year especially, Almario, Londoño, and their families have been subjected to a campaign of almost daily telephone harassment, muggings, break-ins to vehicles, apartments, and offices, and repeated death threats to Almario and Londoño. The latest, delivered in written form on Nov. 28, states: "DEA SOB You'll have a widow and orphans."

Death threats escalate vs. EIR in Colombia

The following chronology documents the past year's escalating threats against EIR *in Colombia, and its employees.*

Nov. 2, 1994: *EIR* of Colombia booked a room in the Bogotá Royal Hotel for a Nov. 3 conference by Ibero-America Editor Dennis Small, on "The Coming Fall of the House of Windsor; How Colombia Became a British Colony." On Nov. 2, the hotel manager called *EIR*'s office to report that important British investors, owners of the hotel, had ordered the cancellation of the conference, which they considered an insult to Great Britain. The executive said that if he allowed the conference to proceed, he would lose his job. However, he promised to find *EIR* a room in another hotel, given that *EIR* had been long-standing clients. The conference was eventually held in the Bogotá Plaza, located some 10 blocks away.

Nov. 17, 1994: A letter arrived at the *EIR* office, addressed to Javier Almario, and signed "A British Friend." The letter threatened *EIR* for attacking Queen Elizabeth and "the august Prince Philip," and criticized the theme of the conference on the "Fall of the House of Windsor." Particularly distressing for this "friend" was the second half of the conference title, referring to Colombia as a British colony. The letter expressed an interest in talking with Almario, if the latter were "seriously" interested in learning about British culture and in leaving that "extremist" U.S. organization to which he belonged. The British "friend" offered the newspaper *El Tiempo* to serve as an "impartial" liaison for contacting him.

November 1994: Almario's wife, Elizabeth Vásquez de Almario, was attacked by two lumpens, brandishing machetes, who tried to rob her (although she hadn't a penny on her), as she was leaving the apartment of EIR collaborator Maximiliano Londoño at 5:30 p.m. Elizabeth tried to run, but was seized by her jacket. A neighborhood guard on his way to work, got off his bicycle and confronted the thugs, and entered into a fight with bricks and stones. The thugs ran off and the guard escorted Mrs. Almario away from the place.

December 1994: Starting in early December, especially on weekends, a campaign of phone calls to the Almario home began, with no one speaking on the other end—the kind of calls used by burglars and kidnappers to determine the routines of prospective victims. In March and April of 1995, persons began to ask for Javier or Elizabeth Almario; as soon as the Almarios would identify themselves, the caller would hang up. For two weeks in March, the calls were daily, usually occurring just when one or the other Almario would return home from work.

March 4, 1995: Unidentified persons broke through the metal door of the Almario residence, in an apartment house with a security guard, wrecking clothes and books, and stealing various objects, including a stereo and a child's violin.

March 1995: A group of knife-wielding thugs attacked *EIR* employee Virgilio Rativa, and stole his wedding ring, the only object of value in his possession.

- Unidentified persons broke into the van belonging to *EIR*, and usually driven by Maximiliano Londoño. The individuals apparently tried, but unsuccessfully, to hot-wire the vehicle. The "thieves" stole various tools and damaged its electrical system.
- Unidentified persons broke into the trunk of Javier Almario's Renault, stealing his spare tire.
- The National Electoral Council verbally communicated with *EIR* that it had decided to cancel the legal status of the Ibero-American Solidarity Movement (MSIA), ostensibly because the MSIA had not won 5,000 votes in the last election. Later, official notice was delivered.

April 16, 1995: Unidentified persons tried to break into the *EIR* offices. The alarm was set off, frightening off the intruders before they could steal anything. The alarm simultaneously alerted the police, and Almario and Rativa's homes. Almario arrived in precisely 10 minutes, and entered with two police agents; nothing was stolen and there was apparently no entry.

April 23, 1995: Patricia de Londoño, wife of Maximiliano Londoño, received a phone call at their apartment at 1:30 a.m.; a man's voice said: "Tell Maximiliano Londoño Penilla to be careful, because we're going to make mincemeat out of him."

April 28, 1995: Javier Almario answered a call to the *EIR* office at 7:45 p.m.: "Son of a bitch, we're going to f— you."

May 1, 1995: Patricia de Londoño received another call, in which the voice—which appeared to be tape-recorded—said repeatedly, "be careful, be careful, be careful. . ." until she hung up.

June 27, 1995: The third threat in less than a month was phoned at 8:15 p.m. to the home of Maximiliano Londoño. A male voice asked, "Is this the home of Maximiliano Londoño?" When told it was, the caller said: "Tell him to shut his trap. Or doesn't he want to think about his wife and kids?" One week earlier, by mail, Londoño had received a death notice, or obituary, in his name.

Aug. 3, 1995: At 9:50 a.m., Almario received a call from a man with a marked Cali accent: "You are going to pay for writing such garbage."

Aug. 4, 1995: Almario received a call at 3:55 p.m., in which a woman's voice whispered, "Be careful, jerk!"

Aug. 26, 1995: Londoño received another call at 7 p.m., in which he could only hear dance music in the background. Londoño hung up, and immediately received another call. This time, with the same music in the background, a woman's voice was heard: "Fool!"

Aug. 28, 1995: Telephone call at 6:45 a.m. to Almario home. A man's voice said: "You won't make it past this week."

Aug. 30, 1995: The conservative daily *El Nuevo Siglo,* run by Alvaro Gómez Hurtado, published an EFE wire, datelined Washington, reporting on the death threats against Almario and Londoño, who are identified, respectively, as correspondent and collaborator of *EIR,* "financed by the ultrarightist group led by Lyndon LaRouche."

Aug. 31, 1995: Caracol FM Radio, on its program Viva FM, broadcast a brief live interview with Almario at 9 a.m. Before the interview, the newscaster read parts of the Aug. 30 EFE wire which said that *EIR* was founded by "ultrarightist Lyndon LaRouche." Caracol FM Radio asked: What kind of threats have you been receiving? What have you been writing that has caused them to threaten you? After the interview with Almario, his apartment received 15 silent, "heavy-breather" calls.

Sept. 5, 1995: Phone call at 10 p.m. to the Londoño home, answered by Patricia Londoño. A woman said: "Fools, don't you realize we're following you?"

- Strangely, a shipment of *EIR*'s Spanish-language bimonthly *Resumen Ejecutivo* carrying the special report on Ernesto Samper Pizano and the drug trade, "disappeared" at the Bogotá airport. Avianca airline owned by the Santodomingo financial group which supports Samper, claimed the shipment never arrived in Colombia.

Sept. 12, 1995: Jeny Valencia, supporter and lawyer for the MSIA who represented the MSIA and its president Maximiliano Londoño in a suit against the National Electoral Council, received a telephone death threat. Dr. Valencia is also lawyer for the National Peasant Association (ANUC), whose president had been assassinated one week earlier. It is not clear if the threat is connected to her representation of ANUC, or her links to the MSIA.

- At 2 a.m., nearly simultaneous "heavy-breather" calls were made to the apartments of Londoño and Almario.

Sept. 15, 1995: The Cali section of the Administrative Security Police (DAS) called the *EIR* office in Bogotá to inquire about the threats to Almario and Londoño. The DAS agent asked if *EIR* had offices in Cali. When he learned it did not (it had been closed 18 months earlier), he said he would write a report to send to Bogotá, which would be the investigating office. This is the first time a State security agency showed any interest in the ongoing threats.

- On the Sept. 15, a caller to the the *EIR* office simply whistled into the phone. A second call, at 1 a.m. on Sept. 16 to Londoño's home was a "heavy-breather" call.

Sept. 25, 1995: An individual with an American accent called the *EIR* office, asked for Londoño, and asked to know what *EIR* stood for. Told it was *Executive Intelligence Review,* a magazine founded by Lyndon LaRouche, the individual burst into laughter and then said, "Ah, LaRouche, son of a bitch."

Sept. 26, 1995: "Heavy-breather" call came into Londoño's apartment at 7 p.m.

Sept. 28, 1995: A male caller to Londoño's apartment at 6 p.m. said, "son of a bitch," and hung up.

Oct. 9, 1995: Bogotá police discovered a bomb one block from *EIR*'s offices, and the entire area was cordoned off from 7-8:45 a.m., while the bomb squad successfully deactivated it. The bomb was composed of 10 kilograms of the explosive pentrite and a lot of shrapnel designed to cause maximum fatalities. The bomb was to be detonated by remote control and supposedly targetted a police bus carrying 25 agents that was to have passed at 9:30 a.m. Although the bomb would not likely have reached *EIR*'s offices, it could have injured or killed an employee passing through the area.

Oct. 12, 1995: Gilberto Mora Mesa, manager and owner of the company Miami Spy Representaciones Ltd., with which *EIR* of Colombia had a verbal agreement to install telephone call tracing equipment at its offices, was arrested by the National Police on charges of illicit enrichment. He was named as the Cali Cartel's chief of telephone interception. It was Mora who had tapped the phones of the U.S. Embassy in Colombia and produced the tapes used by M-19 congressman Carlos Lucio to try to prove a U.S. Drug Enforcement Agency (DEA) conspiracy to overthrow Samper. Although the deal between *EIR* and Miami Spy was never concretized, Mora Mesa was given information about *EIR*'s phone lines, as well as those of Londoño and Almario.

Oct. 16, 1995: The *EIR* office alarm went off twice on this holiday, at 10 a.m. and 12:30 p.m., indicating attempts at forced entry.

Nov. 28, 1995: Identical written death threats were slipped under the door at Almario's apartment, addressed to him, and at the *EIR* office, addressed to Londoño, reading, "DEA SOB, you'll have a widow and orphans. . . ."

Narco-terrorists behind Brazil Raytheon scandal

by Silvia Palacios and Lorenzo Carrasco

A great scandal broke in Brasilia, the capital of Brazil, on Nov. 20, when the press disclosed the contents of various private conversations of Ambassador Julio Cesar Gomes dos Santos, head of protocol at the Presidential palace, Planalto, obtained through wiretaps. A judge, it was reported, had authorized the Federal Police to tap Gomes dos Santos's home telephone.

At first, the scandal appeared to be simply a case of influence-peddling within Planalto by individuals seeking favors for the U.S. defense contractor, Raytheon. Before the news broke, President Fernando Henrique Cardoso had already requested two resignations, that of his chief of protocol, Gomes dos Santos, and Air Force Minister Brig. Mauro Gandra, the latter because the tapes revealed he had once stayed for three days at the home of Raytheon's representative in Brazil, with whom he had been a friend for ten years.

Those who set up the phone-tapping operation, at the highest levels of the government, thought that the scandal would remain targetted against the ousted officials and Raytheon. But the angry reaction of the Air Force high command, and the military crisis provoked by the forced resignation of Air Force Minister Gandra, who had not committed any act of corruption, turned the scandal back against its perpetrators. Investigations began into who had ordered the tapping of Planalto personnel's telephones.

It was discovered that the leaks to the press and the circulation of the transcripts of Ambassador Gomes dos Santos's telephone conversations, had been from top advisers to Francisco Graziano, director of the Agrarian Reform and Colonization Institute (INCRA), who had served until recently as private secretary to President Cardoso. On Nov. 27, Graziano was forced to resign, after the Air Force high command, backed up by the Army and Navy, threatened an open rift with the President, unless Graziano was dumped.

Strategic anti-drug project at issue

The objective of the phone-tapping operation, was to block installation of the Amazon Surveillance System (SIVAM), a sophisticated network of radars vital to protect the strategic Amazon region. From the moment the Brazilian government announced its decision to implement SIVAM, two defense companies competed fiercely for the project, Raytheon of the United States, and the French company Thomson, to the point that President Bill Clinton intervened personally on behalf of the U.S. company. The Brazilian government had finally signed a contract with Raytheon, but the phone-tapping scandal revived efforts by opponents to scrap the project.

More than international competition over a business deal is at stake in this contract, however. The entire Amazon region in South America has become the transshipment center of the Western Hemisphere for international drug-traffickers. The vast majority of the Amazon lies in Brazil; without the radar system, Brazil has no means to identify, and stop, the dozens of small (and not-so-small) airplanes which the traffickers fly in and out of the area daily.

Thus, it is not surprising to find that Graziano and the operatives caught running this latest attempt to scuttle the radar project, are high-level activists of the Brazilian branch of the São Paulo Forum, the continental narco-terrorist apparatus founded by the Cuban Communist Party—the same São Paulo Forum which has declared that it will block installation of an equally strategic anti-drug radar planned for Puerto Rico, by terrorist means if necessary. The Forum's networks, and its Puerto Rican anti-radar operation, were documented by *EIR* in its Nov. 10, 1995 *Special Report,* "New Terror International Targets the Americas."

Ousting a military opponent along the way

The resignation of the Air Force minister was considered of added benefit to this crowd, because he had served as one of the major obstacles to the policy of reducing the central institutional role which the Armed Forces have historically played in Brazil, a policy which President Cardoso has carried over into government from his previous leading role on the executive committee of the fanatically anti-military Inter-American Dialogue.

Brigadier Gandra had publicly challenged the President's closest advisers, and the international non-governmental organizations apparatus, over a series of measures which they had imposed, which, although disguised as seeking respect for human rights, sought in reality to punish the Armed Forces in revenge for its participation in suppressing the communist terrorism in the 1970s, and ensure it takes no action against renewed terrorism today.

On Sept. 21, for example, Gandra had protested the President's decision to force the Army attaché in London, Col. Armando Avolio Filho, to resign because of accusations by British intelligence's instrument, Amnesty International. Gandra called Avolio's forced resignation a violation of the Amnesty Law which had been passed to close the book on the 1970s war against terrorism. Likewise, Gandra protested a law, drawn up by another intimate of the Presidential circle, Secretary General of the Justice Ministry Jose Gregori, which orders the government to pay indemnities to the families of some 150 "disappeared" activists from the 1970s. Gandra charged that the law would be "the same as the Army making claims on leftist politicians."

A parallel power structure

Discovered in the wake of the scandal, was that Francisco Graziano was part of an entire clandestine network, which included sectors of the Federal Police operating outside the official hierarchy. Formally, the Federal Police are subordinate to the Justice Ministry, yet when the wire-tapping scandal came to light, Justice Minister Nelson Jobim reported that he knew nothing about the order to tap Ambassador Gomes dos Santos's telephone. On Nov. 23, Jobim confirmed to *Gazeta Mercantil* that Graziano had participated in the operation.

One of Graziano's advisers, Federal Police officer Paulo Chelotti, had provided the tapes made by the Federal Police, which then were brought to the President. Paulo Chelotti, whose brother, director general of police Vicente Chelotti, had participated in Cardoso's Presidential campaign.

Sociologist Graziano belongs to the President's inner circle, and flaunts his personal friendship with the President and his wife, anthropologist Ruth Cardoso. It is to the latter, it is said, to whom Graziano owed his appointment as head of agrarian reform at INCRA—a shocking appointment, given Graziano's long-standing role in the liberation theology circles which created the Landless Movement (MST), a Zapatista-like operation run by the Workers Party (PT) which is currently organizing violent land seizures across Brazil, in the name of "agrarian reform." The same Workers Party co-founded and runs the São Paulo Forum with the Cuban Communist Party today.

Graziano named as his chief of staff at INCRA, Paulo Loguercio, a leading member of liberation theology's Pastoral Land Commission (CPT) out of which the MST was created. When he left the CPT to join Graziano at INCRA, Loguercio named as his replacement, João Stedile, today one of the principal leaders of the MST. Graziano also named a former PT municipal president as one of INCRA's directors. One of Graziano's chosen gurus in agrarian reform, is his uncle, Jośe Gomes da Silva, an agronomist linked to the PT.

In light of the network uncovered, political analysts have taken note of the fact that the trade union of the Federal Police is formally affiliated with the PT's trade union arm, the Unified Workers Central.

Even after the Graziano-Federal Police-PT network was revealed, President Fernando Henrique Cardoso left Graziano in his post, until the Air Force, supported by the Army and Navy, threatened, not so quietly, an open fight with the President, over the fact that he had moved with such alacrity when it came to dumping the Air Force minister, but showed no interest in removing the party caught illegally attempting to torpedo the radar deal.

Dialogue sets Haiti trap for Clinton

by Carlos Wesley

The Inter-American Dialogue, the Washington-based bankers' pro-drug legalization lobby that serves as the primary channel of British policy into U.S. policymaking toward Ibero-America, unleashed another bloody crisis in Haiti this past month, when it publicly urged Jean-Bertrand Aristide to ignore his deal with President Bill Clinton to leave office on Feb. 7, and instead hang on to the Presidency for at least another three years.

Aristide immediately jumped at the opportunity, and unleashed a wave of violent demonstrations of his Jacobin mobs, demanding that he stay on as President. The Clinton administration is insisting that Aristide leave on schedule, but is nervous that if they push the psychologically unstable Haitian leader too hard, he will give the green light for another giant wave of boat people refugees to head for the United States, which would be a political disaster for Clinton in an election year.

The crisis exploded just as Clinton was proposing to send 20,000 U.S. troops to Bosnia, as part of the NATO peacekeeping force to help implement the U.S.-brokered Dayton peace accord, which the British were opposed to. Thus, Conservative Revolution press hounds in the United States seized on the "unravelling" of Haiti—where Clinton last year foolishly deployed the U.S. military to restore Aristide to power—to challenge the administration's planned Bosnia operation.

Lighting the match

The signal to ignite Haiti was given in an internationally syndicated column by Peter Hakim, the president of the Inter-American Dialogue (IAD), who called on the Clinton administration to allow Aristide to extend his mandate. According to the Spanish-language version published in Argentina's daily *La Nación* in early November, Hakim admitted that besides violating the agreement with Clinton that restored Aristide to the Presidency, it would be a violation of Haiti's Constitution were Aristide to remain in office. He also recognized that Aristide, a defrocked priest, is "an aspiring dictator ready to perpetuate himself in power."

But, Hakim cynically argued, since whoever becomes Haiti's next President will be "handpicked" by Aristide anyway, it would be better for the United States, in the interest of "transparency," to let Aristide revamp Haiti's Constitution. "Regardless of whether he is committed to democracy or not, he continues to be extremely popular, and would win any elections in a landslide," lied Hakim. Given that Hakim's alter ego is Richard Feinberg, his predecessor as president of the IAD who is currently in charge of Latin American policy at the U.S. National Security Council, the article was read inside Haiti as a green light for all hell to break loose.

On Nov. 7, unidentified gunmen shot two members of the Haitian Parliament linked to Aristide's Lavalas political organization, one of whom, Jean-Hubert Feuille, a former bodyguard and relative of Aristide, died. Aristide blamed the killing on the opposition, and police raided the home of Gen. Prosper Avril, a former President, shot up the place, arrested his daughter, and forced Avril to seek diplomatic asylum with the Colombian ambassador.

Lavalas mobs in the town of Les Cayes burned the homes of presumed opponents, and beat to death a man they claimed belonged to an anti-Aristide paramilitary group. The same happened in Cap Haitien, Port-au-Prince, and elsewhere, causing scores of deaths. In Gonaives, there were reportedly clashes with U.N. peacekeepers. People in Cité Soleil, a slum in the outskirts of Port-au-Prince, the capital, burned down the local police station and killed two policemen, after one had accidentally killed a six-year-old. Residents took to arming themselves with knives and machetes to protect themselves from roving gangs armed with machine guns terrorizing the area.

Everywhere the mobs demanded that Aristide remain in office, and threatened to kill anyone who filed as a candidate for the Presidential elections scheduled for Dec. 17.

'I am the State'

The violence had markedly intensified following the eulogy Aristide delivered at the funeral of the slain parliamentarian Feuille, in which he urged the masses to practice vigilante justice, and demanded complete disarmament of the population. "Do not sit idly by, do not wait; accompany the policemen when they are going to enter the homes of the people who have heavy weapons, give them information, do not be afraid of them. When you do that, tell the policemen not to go only to the poor neighborhoods, but to go to the neighborhoods where there are big houses and heavy weapons," he said, according to a transcript of the speech published by the U.S. government's Foreign Broadcast Information Service. "I am the head of State in charge of the safety of each Haitian. I want, I want, I want, and I can. I want and I can. It is over, it is over, it is over. I want and I can. It is over," Aristide said.

He openly blackmailed President Clinton: "The month of December 1995 must be a month of peace, a month of success. So the month of November 1996 can be a success also in the United States, this month must be a month of total and complete disarmament."

The eulogy recalled his earlier speeches praising the "necklace" as "a beautiful instrument." Among other reasons, it was his penchant for "necklacing"—placing a gasoline-filled, burning tire around the neck of a victim whose arms have been chopped off—that led Haiti's military to overthrow Aristide in 1991.

On Nov. 24, Aristide personally escalated the chicken game, when he agreed to submit to his cabinet a resolution, passed by a government-sponsored three-day "National Dialogue" of reconciliation, held at a luxury hotel, calling for a three-year extension of his mandate.

The move shook the U.S. administration and forced Clinton to send some of his top aides, including National Security Adviser Anthony Lake, to convince the defrocked priest that he had to leave office.

Aristide acquiesced—for now—on Nov. 29, just two weeks before Haiti was to hold its Presidential elections, making those proceedings even more of a sham: The winner is expected to be Aristide's former prime minister, René Préval. Every serious opposition candidate was terrorized away from participating, or eliminated. This is the secret behind Aristide's much-vaunted popularity. In fact, many of Aristide's better-known former supporters, including former Port-au-Prince Mayor Evans Paul and famous popular singer Emmanuel "Mano" Charlemagne, who is currently mayor of Port-au-Prince, have broken with him because of his dictatorial methods.

The refugee weapon

In exchange for withdrawing, Aristide apparently extracted a promise that the U.S. administration will return thousands of documents taken by U.S. troops last year. His government wants the records in order to move forward its vengeful persecution of supporters of the former military regime, supposedly for violating "human rights."

The big cudgel Aristide wields against Washington, is the threat of flooding the United States with a wave of "boat people." On Nov. 24, forty-seven people died off Haiti's north coast, when their vessel capsized. Three days earlier, the U.S. Coast Guard intercepted 516 Haitians aboard a coastal freighter about 150 miles off the coast of Florida, and another 60 undocumented Haitian immigrants were intercepted recently off the Bahamas.

Haiti's economy is a disaster, made worse by the fact that Aristide signed on with the International Monetary Fund before he was overthrown. Furthermore, the U.S. administration is pushing the IAD's disastrous privatization program in Haiti. Across the border, in the Dominican Republic, the fear is that Haiti's crisis will spill over, leading to a U.N. trusteeship over both countries.

Meanwhile, the IAD is exploiting the Haiti situation to advance its plot to destroy the Ibero-American armed forces. On Nov. 19-26, former Costa Rican President and IAD member Oscar Arias sponsored a travelling road-show and meeting of Costa Rican, Haitian, and Panamanian lawmakers and journalists to "institutionalize demilitarization."

Presidential election in Poland: shock therapy now from the left

by Elisabeth Hellenbroich

On Nov. 19, Alexander Kwasniewski, the chairman of the Social Democratic Party in Poland (SDRP) and fraction leader of the mainly left-wing alliance SLD, was elected President of Poland, with 51.4% of the vote. Lech Walesa, the President and legendary labor leader, received only 48.6% of the votes in this run-off election.

The result of the election has internal political consequences in Poland, as well as the effect of sending a signal abroad. Political observers expect the coming elections for the Russian Duma (the lower house of the Russian Parliament) to show a considerable loss of votes for the so-called reformers, and a significant gain for the communists, nationalists, and followers of Gen. Aleksandr Lebed.

Similar to the situations in Lithuania, Hungary, and Bulgaria, where the former commmunists have also celebrated comebacks, the election in Poland was a "logical" reaction to the reform policy followed by President Walesa, a policy imposed at the beginning of the 1990s by speculator George Soros, Harvard "economist" Jeffrey Sachs, and the International Monetary Fund (IMF). That austerity/free market policy has caused catastrophic upheavals in the economic and social structures of every eastern European country where it has been imposed.

President-elect Kwasniewski received the most votes from those social classes who were embittered at the government's economic policy, protested Walesa's reform policy, and set their hopes on the new President to make changes. These expectations were especially prevalent in the northeastern districts, in Lower Silesia, and in central Poland, where, in rural areas, the unemployment rate is as high as 40%. Kwasniewski also got many votes from young voters; over 1 million of those under 24 are unemployed.

The 41-year-old Kwasniewski is a careerist who was a member of the Communist Party (KP), and from 1988 to 1989 was Minister for Youth and Sports in the Rakowski government. Since 1990, he has been chairman of the SDRP; since 1991, a member of the Sejm (the Polish Parliament); and since 1993, chairman of the Constitutional Commission of the National Congress. Whatever the voters may hope, he stands for the continuation of the neo-liberal reform of the IMF with only minor modifications.

From the standpoint of cultural policy, he stands for a "paradigm shift" in the direction of "post-modern" left liberalism—and that in a country with traditional Christian values. It was Kwasniewski who, as Minister for Youth, started a new culture in Poland, and with that image his Presidential campaign was oriented.

The international markets reacted calmly to the election, and within financial circles it is expected that Kwasniewski will go on with the IMF/World Bank reform policy, under a left-liberal camouflage.

International reactions

While the Italian press commented that Kwasniewski would be seen as a person who would try to keep things calm from the markets' standpoint, the *Wall Street Journal* wrote, quoting a Barings Securities Ltd. analyst in London: "Mr. Kwasniewski will sooner shy away from the idea of trade liberalization with the EU [European Union] than was the case under Walesa." A French diplomat commented in the daily *Le Figaro:* "The heirs of Lenin are now sleeping under the cover of social liberalism," and Kwasniewski's adviser for public works, Jacques Séguéla (who also advised former French President François Mitterrand), mused that "Mr. Kwasniewski is the most capitalistic, liberal, and modernist politician I have ever met in Poland."

And while the Bonn correspondent of *Le Figaro* wrote that this election is also a warning to German Chancellor Helmut Kohl and must be seen together with the success of the post-communist PRD party in East Berlin, the British *Guardian* opined that in the light of the results of economic shock therapy, no eastern European regime has any choice but to seek the lesser of two evils: "If the ex-communists would govern with more sensitivity than the Thatcher ideologues, all the better." "The economic measures, which Kwasniewski will take, will disappoint many voters too, but these measures are as necessary today as yesterday," stated the Spanish daily *El País*.

The architect of shock therapy, Harvard economist Jeffrey Sachs, voiced enthusiasm in an interview in the National Public Radio program Market Place, broadcast on public radio stations throughout the United States. "After five years of reform policy Poland's economy is undergoing a boom—they will continue to make market reforms." No investor in Poland need fear, because "Kwasniewski will make a very favorable impression in the coming weeks. He knows what the foreign investors are looking for. . . . I am cautiously optimistic. Poland has struck out on a dynamic path, and it will go further on this path," Sachs said.

A painful 'upswing'

EIR spoke to a London-based figure who has been, over the past several years, a senior adviser to the "reform" groupings in various Polish governments, and who now holds a senior advisory post with the Polish Central Bank. This source had been one of the few individuals accompanying global-speculator George Soros to Poland during the mid-1980s, before the fall of the communist system. He had worked with Soros, to bring "shock therapy" lunatic Jeffrey Sachs into Poland, in the post-1989 period.

In the discussion on Nov. 21, he gave some revealing indications about what "the recovery" (as he called it), has meant for large numbers of Poles. He said that there has been a "very deep shift" from the former concentration in mining and heavy industry, toward "services and consumerism." This individual asserted that "during the recovery, the so-called heavy industrial sectors—power, electricity, steel—have remained stagnant or in some cases declined, while those areas of manufacturing most strictly linked to consumption—chemicals, printing, paper production, textiles, even food processing—have risen."

He noted: "The effect on the population has been very hard. In the last five years, the consumption level, overall, has increased by 20%. But this is, in reality, very unequal. For the top 5%, there has been an increase of 100%, so that affects the overall average. In other words, a small percentage has become fabulously wealthy. But significant sectors of society, especially in agriculture, show very considerable decreases in consumption over five years, down some 30-40%. It is the hostility of this section of the electorate to Solidarity, which explains, in large part, why Walesa was defeated. The agricultural labor force is 20% of the overall labor force, and one-third of all Poles live in the countryside. Also, in the small cities, there is significant unemployment."

He insisted, however, that "the situation in Russia is worse than that in Poland."

Like Hungary?

Too late did President Walesa try to distance himself somewhat from the IMF policies; too late, also, did the Roman Catholic Church begin to mobilize behind Walesa as an alternative to Kwasniewski, whom Warsaw Archbishop Cardinal Jozef Glemp, on the day he cast his vote, called a "neo-pagan" candidate.

The election was a protest vote against the dominant reform policy, but at the same time it involved the real hopes for a genuine change of many Poles who have been economically and socially shunted aside. To the extent that Kwasniewski embarks on a political course like the Social Democrat Gyula Horn, who was elected in Hungary in 1994 with

Polish President Lech Walesa (left) was defeated in the recent elections because he embraced the free market policies pushed by George Bush (right) and Margaret Thatcher.

an overwhelming majority as the candidate of the left, in Poland a new social ferment against the reform policy will break out among broad layers against the government.

Prime Minister Gyula Horn's IMF-ordered austerity policy, which led to plummeting of aid for children, massive cuts in the social safety net, and the lowering of real wages, in the service of Finance Minister Barkos's line of "ending the welfare state," has led to an enormous loss of respect for the Horn government. On Nov. 11, some 25,000 employees of the health care sector demonstrated in front of the Parliament building in Budapest, who have to get by on a monthly income of about $200. School teachers are also out demonstrating in the tens of thousands, demanding a 25% salary hike.

This scenario could certainly repeat itself in Poland, if there is no real economic policy change. The question that remains open is what role the Solidarity movement is going to play in this. Badly divided, it was the real loser in the election. Some factions, for example parts of the Jacek Kuron faction and followers of Jan Olszewski, voted in the second round for Kwasniewski. The other losers are the center-right camp and the Catholic circles, who relied on anti-communist rhetoric without any economic program or vision of the future. For these circles, the elections could lead to a healthy shock and force them to bring into the debate a financial and economic policy based on physical economy, which would include a policy of infrastructural and industrial buildup for Poland.

International Intelligence

Kinnock seeks 'Marshall Plan' approach to East

Neil Kinnock, European Union transport commissioner and former head of the British Labour Party, called for Europeans to take an approach similar to the postwar Marshall Plan, to build up the economies of eastern Europe so that they could join the EU, the London *Financial Times* reported Nov. 28. He was speaking at a private conference sponsored by the German Siemens corporation in London on Nov. 24. He also spoke against a too-rapid and too-rigid approach to applying the Maastricht Treaty criteria for monetary union in western Europe.

"I continue to believe that employment, investment, and productivity should be taken into account, if not as formal criteria then as measurements of real strength," Kinnock said. While supporting the EU intention to offer full membership to 10 central and eastern European nations, Kinnock opposed the current EU economic strategy.

The western nations must, he said, "take an approach to the east that is similar to that taken towards the war-ruined economies of Europe in the 1940s and 1950s." He contrasted the policies of that period—which included suspension of full currency convertibility for 10-12 years, a combination of protectionism and import promotion, state-funded reconstruction of basic industries, and $300 billion in grant aid over four years—with the current polices, which include a rush to convertibility, a commitment to free trade with no demands on industrial policy, and total aid, including that only "committed," of $85 billion since 1989.

Algerian general's death may be warning to Zeroual

A senior Algerian military officer, Gen. Mohammed Boutighane, the commander of the coast guard, was assassinated in the Birmandries suburb of Algiers on Nov. 28. Although press reports attributed the assassination to Islamic militants, senior Algerian sources point to a possible internal power struggle in the regime. According to these sources, Boutighane was not a hardliner, and was part of the patriotic nationalist faction in the military. Although not known as one of the leading officers, he was very close to President Liamine Zeroual.

Therefore, it could be seen as a warning to Zeroual on the question of negotiations with the opposition. In any case, the report that he was killed while "shopping" lacks credibility, these sources point out, since senior government officials never do such errands.

China's Qiao Shi visits India for six days

Chinese National People's Congress chairman Qiao Shi made a six-day visit to India Nov. 15-20, where he met the President, the prime minister, and other leaders, the *China Daily* and *Hindustan Times* both reported.

In his arrival statement, Qiao Shi emphasized the importance Beijing attaches to developing "good neighbor" relations with India, and his aim to increase high-level contacts between India and China. Qiao described India and China as two "ancient civilizations," and "our friendly exchanges over 2000 years have forged profound friendship between the two peoples." He compared the world's two biggest developing countries' similar historical experiences of colonial oppression, and said their common task was to develop their national economies and improve the people's livelihood.

Carter holds East Africa meeting in Cairo

Former U.S. President Jimmy Carter opened a heads-of-state summit of the East African countries Nov. 27 in Cairo, Egypt, with the purpose of finding a way to repatriate more than 2 million Rwandan Hutu refugees now in camps in Zaire, Burundi, and Tanzania.

Carter organized the summit after he had gained the cooperation of Zairean President Mobutu Sese Seko. In November, Carter visited Uganda, Rwanda, and Burundi. Attending the summit were President Yoweri Museveni of Uganda—whose National Resistance Army has supplied the leadership of the now-ruling Rwandan Patriotic Front (RPF) in Rwanda; President Sylvestre Ntibantunganya of Burundi; Rwandan President Pasteur Bizimungu; Zaire's President Mobutu; a special envoy from Tanzanian President Benjamin Mkapa; and Egyptian President Hosni Mubarak.

Carter's effort was made jointly with former Tanzanian President Julius Nyerere, who continues to be the effective head of Tanzania; and Anglican Archbishop Desmond Tutu of South Africa.

The summit has not raised the hopes of the Hutu refugees, who are not represented at the summit. The Rally for the Return of Refugees and Democracy in Rwanda (RDR), composed of Rwandan leaders not involved in the bloodletting of summer 1994 in that nation, has been excluded.

Education minister to get the Rabin treatment?

"After Yitzhak Rabin, Amnon Rubinstein?" begins Patrice Claude, writing from Jerusalem for the Paris daily *Le Monde* Nov. 28. "Less than a month after the assassination of the prime minister by a religious agitator for 'Greater Israel,' several rabbis of the extreme right, according to Israeli journalists, met Sunday, Nov. 26, at a secret site in Jerusalem, to pronounce a *pulsa denora,* a 'flagellation by fire,' in literal Aramaic—that is to say, a mortal malediction, or curse, aimed at the minister of education and culture."

Claude says this "malediction" comes from the "Jewish cabbalistic tradition." The same ancient "prayer," a "virtual appeal to murder," had been read out loud, seven times in sequence, at full volume, in front of the official residence of Mr. Rabin, by a group of ten cabbalistic rabbis, dressed in prayer shawls. This was done a little more than three weeks before the assassination of Nov. 4. In the terms of the cabbala, the target of the *pulsa denora* must die within 30 days of the pronouncement."

Rubinstein's "crime"? To have authorized archaeological digs, in areas recently uncovered by researchers, where the warlike Maccabees lived, whom the Greater Israel fanatics idolize. Also, after the murder of Rabin, Rubinstein decided to cut off public subsidies to religious schools which promote political extremism.

Sudan leader slams United States

Sudanese leader Gen. Omar Al Bashir, in remarks attributed to Sudan's official news agency SUNA Nov. 23, slammed the United States by name as working with other "arrogant, hegemonistic and colonialist forces" inciting neighboring countries to attack Sudan. "The United States and its allies have succeeded in tempting these countries against Sudan due to its Islamic orientation," he said while on a visit to the eastern Sudanese town of Gedaref. "These arrogant countries have lost hope of involvement in a direct attack because of the hard blows they received in Somalia, so they have taken to launching war on Sudan through its neighbors," he added.

"We hail Kenya, Zaire, Central African Republic, and other African countries that have shunned the temptations and resisted western pressure, adhering to their independence and will," he was quoted as saying.

Katapat movement founded in Philippines

EIR's Ibero-America editor Dennis Small was the featured guest speaker at the founding conference of "Katapat," a political movement of Filipino nationalist businessmen and consumer groups, held in Quezon City, Philippines, on Nov. 23.

Katapat coordinator Antonio "Butch" Valdes introduced the presentation by telling the 250 participants in the day-long conference, that one year ago, in November 1994, Gail Billington and Richard Freeman of the LaRouche movement and *EIR* had visited the Philippines and warned of the danger of an imminent explosion of the derivatives bubble. A month after their warning, the Mexico crisis exploded. Now Katapat has invited Dennis Small and Gail Billington back, to speak on the Mexican and world financial crisis, on whether the Philippines "is going down Mexico way," and what can be done about it.

All participants received from the conference organizers a packet containing a study of the Philippine economy prepared by a Katapat economist; the text of Small's speech and graphs; the Guadalajara Manifesto of the Mexican National Forum; and the Forum's Draft Legislation for National Economic Recovery, submitted to the Mexican Congress earlier this year.

Alain Madelin makes comeback bid in France

Alain Madelin, the Mont Pelerin Society operative in France who had to resign as minister of economy and finance when his austerity measures enraged labor this past August, has published a book, *When the Ostriches Will Raise Their Heads*. The daily *Le Figaro* on Nov. 23 devoted two-thirds of a page to an interview with Madelin, and one-third of a page to a wildly enthusiastic endorsement of him by neo-conservative ideologue (and occultist) Louis Pauwels.

Figaro wrote that, in a "symbolic gesture," he gave the first copy of the book to French President Jacques Chirac. Madelin recalls that he was sacked in August, from the government of Prime Minister Alain Juppé, for antagonizing the trade unions, but he intends, with his book, to remind people that he was the first to insist that "reduction of the public deficit" was the highest priority. His speech to this effect, in August, was judged to be "politically incorrect" then, but now, this theme has "become the leitmotif" of the government, since Juppé is now adopting his austerity prescription.

Briefly

- **RUSSIA'S** terrorism problem is mainly coming from Islamic organizations, an unnamed source in Russia's Federal Security Service was quoted on Russian NTV on Nov. 25. More than 60 such organizations are accredited in the Russian Federation, he alleged, and many "tourists" who visit Russia from Muslim countries become Islamic preachers once they arrive, and set up terror organizations and recruit people for training abroad.

- **BEIJING** city police arrested Wei Jingshen, China's most prominent pro-democracy dissident, on Nov. 21, on the capital charge of trying to overthrow the government. Wei, 44, has been held incommunicado since April 1, 1994, after he met with a visiting senior U.S. human rights official. Wei was nominated for the 1995 Nobel Peace Prize last year.

- **SWISS FARMERS,** in a surprise move, blocked distribution centers, central bakeries, and meat departments of the two big food chains in Switzerland, Migros and Coop, in mid-November. These two companies control 80% of the food market of the country. The farmers were protesting against the sudden and drastic fall in farm prices.

- **INDIA'S** greatest strategic challenge is China, according to the "highly influential RAND Corp. strategic analyst" George Talham, quoted in the *Hindustan Times* Nov. 19. The U.S. analyst contends that Indian Prime Minister Narasimha Rao's "look East" policy is driven by the desire to reach out to Southeast and East Asia's growing nations, and that security matters will get more important as smaller nations worry about the "growing giant" China.

- **LOUIS FARRAKHAN** is not "even allowed to step foot in Great Britain," thanks to the World Jewish Congress and its British affiliate, brags WJC president Edgar Bronfman in a fundraising letter. Bronfman smears the Nation of Islam leader as a spreader of "racist, anti-Semitic demagoguery."

Clinton trip marks death knell of British Empire

by William Jones and Edward Spannaus

It was an unprecedented scene. In all the pomp and circumstance that only the halls of Westminster could provide, an American President, Bill Clinton, spoke before an assembly comprising most of the names in *Burke's Peerage* as well as the members of the House of Commons, to outline to them his vision for the post-Cold War world. The ironies of the situation were manifold. Since taking office, President Clinton has been consistently attacked and reviled by the moguls of the British media such as the London *Times*'s Lord William Rees-Mogg and the *Sunday Telegraph*'s Ambrose Evans-Pritchard. The media hype was, however, only a backdrop to more serious threats to the President from the same British circles.

The President's three-day trip, to England, Northern Ireland, and the Irish Republic, is one of the most important events in Clinton's Presidency, and in the history of Anglo-American relations. The President's message to Parliament was simple: The days of the British Empire, are over. But we can still be friends.

Underscoring the point, Clinton's reception in Northern Ireland and Ireland was nothing short of phenomenal. His presence electrified the country, with some observers on the scene declaring that Clinton's trip surpassed that of John F. Kennedy's visit in its impact. Everyone knows, despite the President's own disclaimers, that he is responsible for bringing the possibility of peace to Northern Ireland after 25 years of troubles.

The Clinton policy

It was clear from the beginning of Clinton's administration that the new American President would change the way U.S. foreign policy was conducted. In almost all important respects, U.S. foreign policy was reversed 180° from the direction of the Bush years. In Bosnia, the Mideast, and Ireland, the Bush policy, which was well-coordinated with Britain's Margaret Thatcher, was moved from war and conflict, toward a policy of peace and reconciliation. More important, and a prerequisite to the shifts, Clinton broke the Anglo-American "special relationship"—a fact that was more widely acknowledged in Britain than in the United States, where most citizens remain ignorant of Clinton's foreign policy revolution.

This was most evident in the role that President Clinton was taking in relation to the conflict in Northern Ireland. In no other geographic area had British imperial policies been more intense. Northern Ireland was, after all, a part of "the Isles," and a contested area long before Britain possessed an empire.

Clinton's granting of a visa to Sinn Fein's Gerry Adams initiated a process leading to the "ceasefire" in Northern Ireland 15 months ago. Then, administration officials established contacts with the other key figures and parties of Northern Ireland, Ireland, and Britain.

As momentum in the peace process grew, even Britain's Prime Minister John Major was, with great reluctance, brought on board. More recently, however, Major began demanding that the Sinn Fein begin disarming its members before being invited to all-party talks. In the weeks before Clinton's trip, the peace talks were at an impasse, with Britain being rightly accused from all sides of sabotaging the peace process. The Irish government accused the British of "cynical manipulation" of the situation, in trying to blame the government of Ireland and Sinn Fein for the breakdown.

In a last-minute breakthrough, Major and Irish Prime Minister John Bruton agreed to a "twin-track initiative," which will transfer the question of the "decommissioning" of arms in Ireland to an independent commission headed up by Clinton's special envoy, former U.S. Sen. George Mitchell. Simultaneously, the two governments would move toward setting up all-party talks to achieve an overall peace agreement.

In response to a question from *EIR*, White House spokesman Mike McCurry said that the last-minute agreement was "by no means a surprise," because National Security Adviser Tony Lake had been in extensive contact with all the parties over the last few days.

Clinton at Westminster

One of the many ironies of the visit to London was the fact that the President and Hillary Clinton, together with the Queen and Prince Philip, reviewed the First Battalion of the Scot's Guards, part of a regiment that has rotated units in and out of Northern Ireland for the last 25 years. Because of the President's peace policy, these troops can now spend more time brushing up on their parade drills, rather than shooting down innocent people on the streets of Londonderry.

Prior to his visit to Buckingham Palace, Clinton addressed a joint session of Parliament. Under the gaze of King George III and a panoply of British monarchs, Clinton held out an olive branch to America's historic enemy. For all of his praise of the "extraordinary relationship" between the United States and the U.K., he made his own independence from the old "special relationship" clear.

The speech was rife with ironies. In the heart of the country which perfected Venetian balance-of-power manipulations, Clinton spoke of bringing together former adversaries. In the country whose official agencies and private thinktanks and universities never cease promoting ethnic and religious conflicts, Clinton denounced "ethnic hatred, extreme nationalism, and religious fanaticism." In the country now being denounced by governments as "the center of world terrorism," Clinton denounced terrorism and "the forces of disintegration."

Clinton reminded his audience of the history of U.S.-British relations, recalling the War of 1812 when the British laid siege to Washington. "Indeed," Clinton commented, "the White House still bears the burn marks of that earlier stage in our relationship. And now, whenever we have even the most minor disagreements, I walk out on the Truman Balcony and I look at those burn marks, just to remind myself that I dare not let this relationship get out of hand again."

Clinton in Ireland

Clinton travelled from London to Dublin and Derry (called Londonderry by the Loyalists). Everywhere he went, he was greeted by enthusiastic throngs. In Belfast, Clinton told the crowd: "If you build for peace, the U.S. will proudly stand with you. Northern Ireland can become a model for tolerance." The President made reference to the American Civil War and the need after it to achieve reconciliation and forgiveness. During stops in Belfast at a factory and at an industrial park, Clinton stressed the need for peace in order to achieve economic prosperity.

In Derry, the town square was jammed with people, young and old, waving American flags. Not since Kennedy had a U.S. President received such a greeting in Ireland, and never before in Northern Ireland—President Clinton is the first American President to visit there.

The President cited William Penn, a native of Derry and a Protestant who went from soldier to become a peacemaker. Clinton noted that Penn had founded the city of Philadelphia, where Irish Catholics and Protestants could live together in peace. That same harmony must be established now, but in Northern Ireland, he said.

The President said the most important divisions were no longer racial or religious, but rather the differences between "peacemakers and the enemies of peace, between those who are in the ship of peace and those who would sink it."

On Dec. 1, the Clintons took the city of Dublin by storm. At least 80,000 people turned out to watch the President light the Christmas tree at City Hall, giving him a hero's welcome. Waving American flags, the crowd chanted, "We Want Bill"—a cry which has followed him throughout the Irish leg of the trip.

The threat

In London, Clinton's welcome had been mixed. Although most of the British coverage of the Clinton Westminster speech was polite, there were a few items that indicated the degree of rage among certain unreconstructed Empire layers. Aside from the Hollinger *Daily Telegraph,* the most notable outburst came from the *Daily Mail*'s Simon Heffer, who wrote a "Dear Bill" letter for his column on Nov. 30 entitled, "Please Keep Your Opinions on Your Affairs to Yourself."

Heffer criticized the President for imagining himself as a peacemaker. "Yesterday you arrived in England and immediately behaved in a way guaranteed to turn the stomachs of most rational Englishmen," Heffer wrote. "In the most patronizing and proprietorial tone, you praised the prime ministers of Britain and Ireland for having reached a compromise on Tuesday night, that would allow a target date to be set for talks on the future of Northern Ireland. . . . The only inference we could draw was that you would have regarded it as an affront, had a compromise not been reached. In fact, to put it bluntly, it is none of your damned business.

"You are used to acting on behalf of a great power that satisfies its need for superiority by going around the world refereeing the affairs of Third World countries," Heffer ranted. "Despite one or two appearances to the contrary, Britain is not a Third World country. It is not a colony, or client state, of America."

One London source told *EIR* on Nov. 30 that the Thatcher-Hollinger-Murdoch crowd will be more opposed to Clinton than ever, after the current trip. They will dig themselves in deeper to a hole of their own making, and their anti-American thrust, as personified by Evans-Pritchard, will harden. This, said the source, will increase the security threat to the President. "The threat to the life of the President is very real," he warned.

Republicans respond to Bosnia accord

by Kathleen and Mel Klenetsky

The response from Republican Presidential candidates to the Bosnian peace accords, and to President Clinton's proposal for sending U.S. troops to the region as part of a NATO peace implementation force, ranged from conditional support to vitriolic opposition. Here's what the leading GOP presidential hopefuls had to say:

Bob Dole (R-Kan.): The Senate majority leader gave the Clinton administration's Bosnia initiative the most favorable response of any of the Republican candidates. Dole had been in the forefront of Congressional efforts to lift the arms embargo on Bosnia, and has been critical of both the Bush and Clinton administrations for their failure to do so.

"The President took the first step. It was a good statement," Dole commented, in an interview with CBS News immediately following the President's Nov. 27 address to the nation explaining the Bosnian accords and why it was necessary to deploy U.S. soldiers to implement the peace.

"We're going to be under the command of an American general—that's going to be very helpful. He [Clinton] didn't mention the United Nations. But what the President didn't talk about was the failure to do anything for 30 months while this ethnic cleansing was going on, and the fact that we tried and tried and tried in a bipartisan way to lift the arms embargo so the Bosnians could defend themselves. Had we done that . . . he wouldn't be addressing the American people tonight about sending 20,000 American troops."

Dole was reminded by the interviewer that under the Bush administration "there wasn't much done." Dole: "That's right. I've said so—it started in the Bush administration. President—candidate—Clinton said if he were elected he would have air strikes and lift the embargo. We talked about that at the White House. But, again, I'm just laying the premise. I think the President made a good statement. . . .

"I obviously want to support the President. I talked to the President yesterday. He called me from Camp David. I have a strong belief in the power of the President, the constitutional authority the President of the United States has, and must have. And no doubt about it, whether Congress agrees or not, troops will go to Bosnia. So those are facts. And I think we need to wait and see what the American reaction is. I told him very honestly—I said, 'Mr. President, if you can't persuade the American people, I don't believe you'd be able to sway the Congress of the United States.'. . .

"We need to find some way to be able to support the President. . . . We only have one President at a time. President Clinton is the commander-in-chief. And when he makes the case, as he started to make tonight, if he makes that complete case, then he should have our support."

Dole said that the United States needs "to find a way to arm and train the Bosnians, because if they're going to—if we're going to depart there in six months or a year, they've got to be able to defend themselves. And we can't have this so-called build-down, with the Serbs still, you know, in a stronger position than the Croats and the Muslims combined."

Phil Gramm (R-Tex.): The Senate's equivalent of Newt "Crybaby" Gingrich went on ABC-TV's "This Week with David Brinkley" on Nov. 26, where he denounced President Clinton's work to achieve a Bosnian peace as "social work," even while acknowledging that were Congress to succeed in blocking the deployment of U.S. troops to Bosnia, this would disrupt the peace agreement.

"I don't think [Clinton] has made his case. . . . Foreign policy is not social work," Gramm said. "You don't look around the world for things you could do to make things better. I think you have to have some real test for using American military power. . . .

"This is an intervention the President has wanted to make. . . . I think it is an unworkable agreement. And I'm not going to feel better about adding American names to the casualty list. And therefore, I am not in favor of sending American troops to Bosnia."

Asked by George Will what would happen if the United States, which produced the agreement, which is premised on American peacekeeping, refused to participate, Gramm replied: "I don't deny that if we decide not to send troops, if that disrupts this agreement, that there are not costs involved—given what the President has done to this point."

Asked what would happen if the war spreads to Greece, Gramm said that, "if the war started to spread, that is something that we'd have to look at."

Lamar Alexander: The former Tennessee governor and U.S. secretary of education issued a press release on Nov. 27 objecting to the U.S. troop-deployment aspect of the Bosnia agreement:

"I would never have made a commitment to send 20,000 U.S. troops to the former Yugoslavia in the first place. But now that President Clinton has made that commitment, the American people deserve to know the answers to at least these three questions: 1. Why is the protection of newly created borders in the former Yugoslavia a vital national interest of the United States? 2. How will we know the 'peace' put on paper in Dayton actually exists on the ground before we send American troops there? 3. How can you assure the American people you will know when the peacekeeping mission is done and our troops can come home?

"The President is our commander-in-chief and he has the right to make his case to the Congress and to the American people. But he has not yet done that—and he must, before our troops are sent into an open-ended peacekeeping mission."

Steve Forbes, the publisher of *Forbes* magazine whose multimillion-dollar personal fortune is fueling his dark-horse Presidential race, put out a statement on Nov. 22 calling for a Republican mobilization to block the U.S. troop commitment to Bosnia:

"While the settlement is applaudable and one hopes lasting, it would still be a murderous mistake to send American ground forces as peacekeepers. If the settlement is real, such a presence will not be necessary.

"Putting American troops in Bosnia would set the stage for another Lebanon or Somalia. Even worse, this debacle may set in motion forces that could destroy NATO and form xenophobic nationalist forces in Russia.

"I call upon Congress and Republican Congressional leaders to fight such a deployment with every ounce of energy they have. It must be blocked."

Pat Buchanan: Buchanan has been the most outspoken opponent of the Clinton administration's Bosnian peace plan. He held a press conference in Washington, D.C. on Nov. 27, prior to the President's television broadcast, to excoriate the plan:

"We're here to talk about the President's plan to intervene with 20,000 American troops in Bosnia. In my judgment, President Clinton has no authority to do this. These American troops are NATO troops. Bosnia is not covered by NATO. No Americans have been attacked in Bosnia. There is no vital interest at risk in Bosnia. . . . I don't know where in the Constitution Mr. Clinton gets the authority to wage war against Bosnian Serbs in a country that is not even covered by NATO without the authority of the Congress of the United States. . . . I think what is transpiring is an act of folly, and it's inviting a tragedy of historic dimensions. . . .

"Let me talk about the President now. While I disagree with the President and while I don't believe he has the authority without specific congressional approval to put an American army into Bosnia, he is leading. The President is taking a stand. He is articulating a vision about peace and democracy, utopian though it may be. . . ..

"The Republican Party should likewise take a stand. I think the Republican Party should stand up and say, 'We oppose American troops in Bosnia and we should deny the President the authority in the Congress to send those forces into Bosnia.' I think it's time Congress asserted a co-equal role with the President in the shaping of foreign policy."

Richard Lugar (R-Ind.): The second-in-command of the Senate Foreign Relations Committee issued a statement through an aide on Nov. 28:

"His [Lugar's] general policy is that, before troops are sent, there should be Congressional approval, and it has to be a clear and defined mission. As far as the President's statement was concerned, he was pleased with it, he thought it was positive, but he still would like some more questions to be answered."

Newt's freshmen are 'gangsta reps'

by Mark Sonnenblick

It's no secret that, were the next elections to take place today, Newt Gingrich and his band of Republican "revolutionaries" would be swept out of Congress. It's not just the "message" that has turned off the American public. But increasingly, the "messengers" are turning out to be very different than their slick public relations images.

In fact, some of Gingrich's most devoted Congressional freshmen are turning out to be "sleaze personified."

A 'Mormon Maggie Thatcher'

Take the case of Rep. Enid Waldholtz (R-Utah), who paraded conservative Mormon virtues to defeat a feminist incumbent Democrat in Salt Lake City. During the campaign, she repeatedly pledged, "I promise to bring Utah values to Washington, not Washington values to Utah."

Waldholtz came from third place in the election race to win, thanks to an infusion of $1.8 million in what she claimed was "personal money." Grilled by the press as to the source of the mystery money, she reassured the voters in her best Mormon manner, "We were very blessed for our hard work." They chose to believe her.

Now, the FBI is investigating the myriad of federal election law violations by her campaign. These include falsified campaign reports to hide unlawful contributions, embezzlement of campaign funds, falsified personal asset reports, bounced checks, and misuse of Congressional funds. Husband Joseph Waldholtz has also been subpoenaed as a material witness in an alleged $1.7 million check-kiting scheme. He is negotiating a deal with prosecutors which could include helping to convict his wife. The congresswoman claims that all misconduct was hidden from her until recently by "misrepresentations made to me by Joe Waldholtz."

Once in Washington, Enid Waldholtz promptly became Newt's darling and rose to an influential position in the class of '94. The *New York Times* reported, "Her fellow freshmen bow exaggeratedly in her presence." Eighty-five percent of the freshmen vote with the Speaker over 90% of the time. That huge voting bloc has been the source of Gingrich's power.

Gingrich gave her a seat on the Rules Committee, much to the chagrin of many more senior Republicans. She was the first freshman to be on Rules in 70 years. Under Gingrich, the Rules Committee has even more power than before. It has frequently replaced bills approved by Republican-dominated committees with ones which better fit the Gingrich agenda for fascist austerity. When Democrats complained about the Rules Committee preventing full debate on major legislation, Enid Waldholtz was called out to accuse the Democrats of "hypocrisy."

Waldholtz's leading role in the Gingrich kindergarten was hailed by the British media. The *Times* of London described her as the archetypical member of "the shock troops of the Gingrich army." It reported she carried the Contract with America in her purse "like a Bible" and praised her as "a self-proclaimed revolutionary with an unshakeable belief in her cause." The City of London's *Economist* weekly anointed her "the Mormon Maggie Thatcher."

Who done it?

Enid and Joseph Waldholtz are now locked in a bitter dispute over which one stole the funds which bought her seat in the Congress. Enid filed for divorce on Nov. 14, charging that Joe was responsible for all the campaign financing shenanigans, and that she knew nothing of them. On Nov. 17, after six days in hiding, Joe turned himself in to federal authorities. He says he can prove that she knew and approved of anything illegal he may have done to get her elected.

The whole affair is on its way into becoming an American version of the Prince Charles-Princess Di soap opera. After all, didn't the English invent the mechanism of "rotten boroughs," by which people could buy their way into Parliament?

This is not the first time that Representative Waldholtz has had her run-ins with campaign law. The Salt Lake City daily *Deseret News* ran a story on Nov. 28 which details how "she was the architect in 1992 of a situation similar to the 1994 problems but on a smaller scale. . . . She filed a financial disclosure form that suggests she may not have had enough assets to legally provide the money she supplied to her campaign, and her father ended up furnishing the cash that paid off campaign debts."

The next day, the *Salt Lake Tribune* reported that her lawyer, Charles Roistacher, acknowledged that her father, wealthy San Francisco stockbroker D. Forrest Greene, was the source of much of the mystery $1.8 million which she claims were her own personal contributions. FBI agents are checking reports that her father directly wired payment for her last-minute TV ads which are credited with winning her the election.

Federal election law forbids buying of federal elections. Nobody, except for the candidate, may contribute more than $1,000 to a campaign. That prohibition includes parents and spouses. Enid Waldholtz learned this in her class on election law at Brigham Young Law School.

Pittsburgh stealer

Joseph P. Waldholtz, 32 years old and almost 300 pounds, is from Pittsburgh. As a young man, he was under great pressure to be "successful." He was raised Jewish, but tells Republican hot-shots that he's an Episcopalian. When Enid got elected, "power-tripper" Joe rented the Georgetown townhouse in Washington, D.C. once owned by Henry A. Kissinger. They used it for expensive power-parties and other social activities which might not fit in with "Utah values."

The Waldholtzes met when she was running for national chairwoman of the Young Republicans in 1991. She was told that if she wanted to win, "You have to get to know that fat guy from Pittsburgh." Like Wendy Gramm, Sen. Phil Gramm's (R-Tex.) power-hungry wife, Enid overcame her initial disgust. She was elected chairwoman, and he, treasurer.

Joe worked on George Bush's Pennsylvania campaign in 1988, and, in 1992, he was made exective director of Bush's campaign at the request of billionaire Elsie Hillman, George Bush's cousin. In 1991-92, he was employed as her personal political operative. Hillman is one of two Republican National Committee members from Pennsylvania, and is the Republican boss of the Pittsburgh area.

The high living which Waldholtz employed to give associates the impression that he was independently wealthy and "the big man on campus," was financed by his running up $100,000 in bills on Hillman's account. It took Hillman some years to catch on, because she gave him management control over a portion of her own fortune. Even when she fired him from the Bush campaign in June 1992, she protected him, and possibly herself, by doing it in a most discreet manner.

Waldholtz's first political "coup" came with the 1990 surprise victory of Rick Santorum in a Pittsburgh area Congressional contest. Waldholtz was one of Santorum's two campaign "gurus." Santorum was a product of the Pittsburgh law firm headed by Bush Attorney General Richard Thornburgh. The firm Kirkpatrick & Lockhart was sued for its role in setting up the looting of Sharon Steel by reputed Meyer Lansky-mob associate Victor Posner, to the benefit of Mellon Bank.

During this period, Joe was also embezzling from his own family, according to lawsuits filed by members of the family. His family exhibits a November 1990 note from Joe to his grandmother, Rebecca Levinson, stating that he was managing $680,000 of her funds. He also took out a $87,000 loan on her house. The family was never able to get Joe to give them income from Levinson's funds or even tell him what he was doing with them. They had a subpoena out for him in mid-1992 when he suddenly emmigrated to Salt Lake City. Joe listed his mother and father as contributing $1,000 each to his wife's 1994 campaign. His father responded that they made no such contributions; but, he wondered whether Joe had spent their inheritance in the campaign.

Emergency call goes out to stop Newt

On the heels of the Nov. 15 conference on "Why American Voters Are Rejecting Gingrich," co-sponsored by *EIR* and the Schiller Institute, the latter has geared up a campaign to gather support for an emergency call for action against House Speaker Newt Gingrich's anti-government terror campaign in the U.S. Congress. The Institute is soliciting endorsements, especially from current and former lawmakers and elected officials, for a statement to be published in a major U.S. daily, prior to the Dec. 15 deadline for a new agreement on continuing U.S. government operations.

The call reads:

"The shutdown of the federal government, caused by House Speaker Newt Gingrich and his allies, that began on Nov. 14, is part of an overall back-door effort by these Conservative Revolutionaries to impose their priorities on the nation.

"Last spring, Gingrich threatened that he would force President Clinton and the American people to accept their budget, and their Contract on America, by tagging items of the Republican agenda, for which he had no veto-proof majority, onto legislation needed to raise the debt ceiling. As far back as April, Gingrich boasted about bringing about a crisis in the fall, by shutting down the government, and pushing America into default, unless their extremist proposals were accepted.

"As Nov. 13, the day that funding for the continuing operations of the federal government was to run out, drew closer, the Gingrichites had made little progress in passing their draconian, Contract on America budget proposals, necessitating a 'continuing resolution.'

"By tagging such items as an increase in the premiums paid on Medicare, as well as cuts in education, and funding for the environment, onto that continuing resolution, they thought they could blackmail the President into signing into law measures that were clearly veto-bound if passed as ordinary budget bills.

"The President refused to be blackmailed. He vetoed the resolution, defending the U.S. Constitution, which gives the President the power to veto measures not in the public interest, stating: 'The Congress passes bills. The President signs or vetoes them. Then, the Congress can either override the veto, which requires the support of two-thirds of the Congress, or they can work with the President to find a bill that he can sign. That is the wisdom of the Founding Fathers.'

"That same Constitution, which Gingrich and all members of Congress swore to uphold, also affirms in its Preamble, a promise to 'promote the general welfare, and secure the Blessings of Liberty to ourselves and our Posterity.'

"The actions of Gingrich and his allies are blatant attempts to destroy that Constitution, first by pushing their Contract on America, which is an attack on the general welfare they promised to protect and promote, and then by trying to break the Constitutional authority of the institution of the Presidency by means of blackmail.

"We, the undersigned, welcome the action by President Clinton, to honor his oath of office. We call on our fellow citizens, and those elected officials and organizations that represent them, to join us in an effort to defeat this assault on the general welfare of our people and our nation by Gingrich and his Conservative Revolution allies. Further, we dedicate ourselves to a major voter registration drive between now and the elections, to assure that we send representatives to Washington, D.C. who will fulfill the promise of the U.S. Constitution to promote the general welfare for all the people."

The campaign is giving a clear focus to a generalized state of disgust with the dangerous antics of Speaker Newt. As of this writing, over half the elected officials who attended the Washington conference, have signed the statement, ranging from lawmakers in the rural South to mayors in the formerly industrialized Midwest heartland.

Whined and dined

Gingrich himself is clearly feeling the heat. On Nov. 28, Newt was the featured speaker at a Washington testimonial dinner for respectable Republican moneybags Max Fisher, a onetime member of Moe Dalitz's Detroit "Purple Gang." Before introducing the Speaker, master of ceremonies Michael Medved tried to deflect the increasing association of Gingrich as a pampered *enfant terrible,* by complaining that Democrats and welfare recipients were turning America into a "crybaby society." Gingrich himself then whined about the attacks on him: "I expect the labor unions and the left to run dishonest ads [about his budget-cutting mania], because they lie," and went on to compare one newspaper, which had criticized his program to cut Medicare, to the Soviet Communist Party paper *Pravda.*

After the event, pudgy Newt Gingrich socialized in the hotel lobby with his even pudgier British manager Tony Blankley. *EIR*'s Anton Chaitkin stepped forward and requested an autograph, proffering a copy of the New York *Daily News* that had carried a front-page cartoon of "Cry Baby Newt." A rattled Newt quickly recoiled, but then pasted a grim smile on his face, and said, "No! I won't do it. There's a limit to my sense of amusement." Then he grabbed Chaitkin's arm and said, "I'll sign anything you want, anything at all, but not that." With that, he walked out of the Washington hotel.

Black leaders demand hearings on DOJ abuse

by Marianna Wertz

Calls for congressional oversight hearings into gross misconduct by the Department of Justice were issued by the Tennessee Black Caucus, during its Twenty-first Annual Legislative Retreat on Nov. 16-19; and by Tom Barnes, mayor of Gary, Indiana, at a Nov. 21 joint press conference with Schiller Institute board member Sheila Jones. In both cases, these African-American leaders were responding to the findings issued by an independent panel of experts following hearings, facilitated by the Schiller Institute, in Northern Virginia on Aug. 31-Sept. 1, into gross misconduct by the Department of Justice in the LaRouche case; the targeting of African-American officials; and cases involving the DOJ's Office of Special Investigations (see *EIR*, Oct. 6, 1995).

The Tennessee Black Caucus became the first caucus in the United States to unanimously pass a resolution supporting the independent panel's findings. The resolution was adopted on Nov. 19 at the Caucus's Annual Legislative Retreat in Gatlinburg, which brought together black elected officials, educators, health care professionals, businessmen, and civil rights and political activists from across the state. The resolution first passed the Criminal Justice Task Force unanimously, and was then voted up at the closing plenary session by the entire body. It will be brought up for consideration by the Tennessee state legislature in January.

Resolution text

The full text of the resolution reads as follows:

"WHEREAS a series of public hearings to investigate allegations of gross misconduct by the Department of Justice were held Aug. 31-Sept. 1, 1995, in Northern Virginia, facilitated by the Schiller Institute, and

"WHEREAS chairman of the Tennessee Legislative Black Caucus State Rep. Ulysses Jones, Jr. participated as a member of the distinguished panel that heard testimony, and

"WHEREAS another former member of the Tennessee Black Caucus, former State Representative and former General Sessions Judge Ira Murphy presented testimony on the case of Tennessee Congressman Harold Ford, and

"WHEREAS the panel focussed on cases where there was evidence of political targetting of groups and individuals by corrupt officials inside federal governmental law enforcement agencies working in tandem with a concert of private organizations, and

"WHEREAS the testimony was organized around three panels: the harassment of African-American elected and public officials—the FBI's 'Operation Frühmenschen' ('Early Man'); the conduct of the DOJ's Office of Special Investigations, particularly in the case of John Demjanjuk; and the case of Lyndon LaRouche, the largest-scale single case, involving the same DOJ corrupt apparatus that operated in the OSI and 'Operation Frühmenschen' cases, and

"WHEREAS in case after case, decisive evidence of rampant DOJ corruption, prosecutorial misconduct, withholding of exculpatory evidence, and conscious perjury and fraud upon the court, politically motivated and designed to deprive the American citizen of effective representation, was presented, not by the good word of witnesses, but by government documents, records, and memoranda, first suppressed and later obtained under the Freedom of Information Act and other legal actions,

"THEREFORE, Be It Resolved that this body, the 1995 Annual Legislative Retreat, join this independent panel of distinguished individuals in demanding oversight hearings by both houses of the U.S. Congress to investigate these allegations of gross misconduct by the Department of Justice in the three areas of testimony heard by this panel."

Gary Mayor Barnes speaks out

Showing great courage, Tom Barnes, Mayor of Gary, Indiana, joined Schiller Institute Board Member Sheila Jones, a LaRouche Democrat who ran for mayor of nearby Chicago, Illinois, in a Nov. 21 news conference which delivered another blow to the dirty side of the Justice Department. Hosting the news conference in his office, Mayor Barnes was supported by former and current state officials, civil rights leaders, Nation of Islam state leaders, lawyers, and state leaders of the Oct. 16 Million Man March.

In his remarks, Mayor Barnes presented a timeline of Justice Department targeting of black elected officials in Gary and nationally, and concluded, "I intend, after I leave office, to dedicate much of my time to a full investigation of current cases. It is my intention today to provide you with excerpts related to 'Operation Frühmenschen'; to provide you with the transcript of the Schiller Institute's Independent Hearings . . . and to ask you to take time to fully review . . . and to obtain the full transcript or the videotape of the hearings."

Mayor Barnes then presented Sheila Jones to discuss the importance of the LaRouche case. She said, "It is not only the individuals themselves who suffer, but the voters of this nation, who are deprived of representative participation in determining the direction of their nation. Taking into account the mass of documented evidence, nothing short of Congressional hearings will suffice. . . . Without a reversal in the LaRouche case, Newt Gingrich and his Confederates buddies have a carte blanche to impose brutal fascist policies."

Dirty U.S. military networks implicated in King assassination

by Edward Spannaus

Orders to Kill: The Truth Behind the Murder of Martin Luther King
by William F. Pepper
Carroll & Graf Publishers, Inc., New York, 1995
537 pages, hardbound, $28

Shortly after the assassination of Dr. Martin Luther King in April 1968, one man who was with King when he was shot down, Rev. James Bevel, urged the civil rights movement to demand a fair trial for the man accused of King's murder. "We should not allow this country to give us a poor, defenseless goat for the body of our lamb," Bevel told a meeting of the Southern Christian Leadership Conference leadership in early 1969. "I don't believe Ray was capable of killing Dr. King, but whether he did or not doesn't really matter now. Ray's execution would not take us one step further in recognizing Dr. King's dream. It would furnish our enemies with a scapegoat. They could wash their hands of guilt."

Dr. King's successor as president of the Southern Christian Leadership Conference (SCLC), Rev. Ralph Abernathy, first supported, and then repudiated Bevel's motion, and publicly censured Bevel.

Bevel was subsequently driven out of the SCLC, in large part because of his continuing advocacy of justice for the accused assassin, James Earl Ray.

It is a cause which Bevel has never given up. In a January 1994 speech to a conference of the Schiller Institute in Washington, Bevel spoke on the theme of Martin Luther King and James Earl Ray. Bevel told of how he had fought for a fair and impartial trial for Ray since 1968. He told the conference:

"You're going to claim that you love Martin Luther King—and James Earl Ray sits in jail for 25 years, which totally denies the reason King even came to the country. He only preached two things: 'Don't judge a man by the color of his skin but by the content of his character,' and, 'Injustice anywhere, is a threat to justice everywhere.' He didn't preach but two things. And he died; and we hadn't learned either one of the lessons. That's tragic."

'Raul' and New Orleans

Now, dramatic new evidence confirming the innocence of James Earl Ray, and identifying the actual killers of Martin Luther King, Jr., has emerged in published form. Dr. William F. Pepper, the author of *Orders to Kill: The Truth Behind the Murder of Martin Luther King,* had worked around Dr. King during the last years of King's life, and was executive director of the National Conference for New Politics, organized by Dr. Benjamin Spock and others, which hoped to put King forward as a third-party candidate for U.S. President in the 1968 elections.

After King's assassination, Pepper walked away from politics. But, in 1977, as the House Select Committee on Assassinations was beginning its investigations, Reverend Abernathy asked Pepper to interview James Earl Ray. Pepper familiarized himself with some of the background and literature on the case; he later found that key books and articles on the King assassination and James Earl Ray had been directly commissioned by J. Edgar Hoover and the FBI, so as to present a deliberately falsified portrait of Ray as a hardened racist and career criminal to the public.

Pepper, accompanied by Abernathy and a psychiatrist, conducted a lengthy interview with Ray in prison in October 1978. Ray's story centered around the man whom Pepper calls "the shadowy character Raul," who Ray says coordinated and directed his activity from the day Ray met him in Montreal in August 1967, up until April 4, 1968. The existence of Raul (or "Raoul") was dismissed out of hand both by the state prosecutors in Tennessee, and by the House Select Committee on Assassinations.

Pepper comments that, in the initial interview with Ray, he and the psychiatrist noted "a vagueness and apprehensive equivocation relating to any connection with persons or places in Louisiana."

Louisiana, and New Orleans in particular, plays a crucial role in Ray's story. He had met Raul in Montreal, where

Raul recruited Ray into low-level gun-smuggling operations; subsequently, Ray usually met Raul in New Orleans, and Raul had given him a phone number in New Orleans to call for instructions. Years later, Pepper determined through painstaking work that the building where Ray went for meetings in New Orleans was the International Trade Mart, at that time run by Clay Shaw, a well-known central figure in the conspiracy which carried out the assassination of President John F. Kennedy.

To anyone familiar with the Kennedy assassination, such discoveries jump out of the page. Although Pepper never references Permindex, the international assassination bureau which actually coordinated the Kennedy assassination, as well as numerous attempts on the life of Charles de Gaulle, the overlap is obvious. Permindex was established in Montreal in the 1950s by Maj. Louis Mortimer Bloomfield, who was detailed to the FBI's counterintelligence section, Division Five during World War II. Clay Shaw was a board member of Permindex, and his Trade Mart was part of the Permindex ("Permanent Industrial Expositions") network.

It is this sort of item which makes Pepper's book both fascinating and extremely credible. The book is written as a more-or-less chronological account of Pepper's investigations from 1978 up through the summer of 1995. Pepper is not a "conspiracy buff," and he did not start with a fixed doctrine as to who was ultimately responsible for the murder of Martin Luther King. Pepper takes the reader through the process of his own discoveries, step by step, showing how pieces of evidence, which corroborated other pieces of evidence, filling out the picture, came together over a long period of time.

The 'Commercial Appeal' articles

Indeed, Pepper's most important discoveries, regarding the role of U.S. military intelligence agencies, only began to emerge in 1993, after the publication of a series of articles in the Memphis, Tennessee *Commercial Appeal* on U.S. Army surveillance of King's family for three generations.

The Memphis newspaper articles, written by reporter Stephen Tompkins, drew upon both Congressional hearings from the early 1970s and Tompkins's own interviews with former military personnel. Tompkins showed that Army intelligence units were on the scene in Memphis the day King was killed, but he said in the lead article, on March 21, 1993, that his investigation had "uncovered no hard evidence that Army Intelligence played any role in King's assassination." This would change.

The key protagonist in the *Commercial Appeal* series was Maj. Gen. William P. Yarborough, the U.S. Army Assistant Chief of Staff for Intelligence (ASCI) who, prior to assuming that position, had run the Army's special warfare school at Ft. Bragg in North Carolina. Yarborough is popularly described as the founder of the Army's "Green Beret" special forces commandos, although the actual history of Army special forces is more complicated. But in any event, Yarborough, one of the U.S. military's top experts in intelligence and counterinsurgency, became convinced in the mid- to late-1960s that the United States was on the verge of revolution, and that the Chinese or Soviets, via Cuba, were behind much of it, and particularly, that they were bankrolling and directing black militant leaders.

Tompkins's account in the Memphis newspaper documented that elements of two Army units were involved in Memphis at the time of King's assassination. There was the southern-based 111th Military Intelligence (MI) Group, which conducted surveillance, and the 20th Special Forces Group (SFG), based in Alabama and Mississippi. The 20th was a National Guard unit, into which a number of Special Forces veterans from Vietnam had been "dumped" for safekeeping. The 20th worked closely with the Ku Klux Klan, trading weapons and training for information on black activists, and it was also involved in broader gun-running operations.

Tompkins's newspaper account—not quoted in Pepper's book—contained the following cryptic statement: "Eight Green Beret soldiers from an 'Operation Detachment Alpha 184 Team' were also in Memphis carrying out an unknown mission. Such 'A-teams' usually contained 12 members."

We now return to Pepper's narrative.

The military trail

Pepper met with Tompkins four months after the series was published, to see what, if anything, Tompkins knew about King's assassination—which was not the subject of his articles. Tompkins told Pepper that he had stumbled across certain information which he could not print for lack of corroboration. He said that he believed that the Army presence in Memphis involved more than mere surveillance, and that it had a more sinister mission related to the assassination.

Tompkins had talked with a former member of the Alpha 184 Special Forces team, whom Pepper calls "Warren," who had left the United States for Ibero-America after one of the members of the team had been killed. He feared that a "cleanup" was in progress.

Over a period of a few months, Tompkins agreed to help Pepper. He also told Pepper that members of the 20th Special Forces Group were involved in gunrunning activities in New Orleans, with organized crime figures tied to Carlos Marcello.

Another lead came through a private investigator who had recently had a discussion with General Yarborough, who reportedly had said that he believed it was time for the American people to be told how close America was to civil war in the 1960s, and how extensive was the military preparation for this.

Pepper followed the trail, eventually succeeding in putting questions to both "Warren" and a second member of the Alpha team, via reporter Tompkins. Pepper learned that the team had been specially selected by a top officer of the 902nd

MI Group; unlike the geographically based MI groups, the 902nd was deployed directly by General Yarborough, and handled highly secretive, sensitive assignments. The 902nd also worked closely with J. Edgar Hoover and with the head of FBI's Division Five. Hoover had assigned an FBI agent, Patrick Putnam, to work directly on Yarborough's staff.

(Hoover's famed turf battles with other intelligence agencies did not extend to Army Intelligence. His top aide (and reputed homosexual lover), Clyde Tolson, came to the FBI from Army Intelligence in the 1920s, and Gay Edgar himself held an honorary rank of lieutenant colonel in Army Intelligence.)

While Army Intelligence had increased its domestic activity since 1962-63, there took place a dramatic escalation in surveillance, infiltration, and the preparation of contingency plans for civil insurrection in 1967, sparked by urban rioting and by the growth of the movement against the war in Vietnam. The formal command structure was designated as the U.S. Strike Command (Cincstrike), headquartered at MacDill Air Force Base in Florida (the current headquarters for the U.S. Special Operations Command).

The existence of the formal command structure and the various units described in Pepper's book (except, obviously, the assassination teams) has been independently verified by this reviewer consulting Congressional hearings and reports from the early 1970s.

The overall planning for the Cincstrike operation took place in the U.S. Intelligence Board, consisting of representatives of all U.S. intelligence agencies, but heavily weighted toward the military intelligence services.

Overall policy was clearly set at a higher level of the Anglo-American establishment than this. But within the U.S. framework, one notable meeting took place on June 12, 1967, and included the Chairman of the Joint Chiefs of Staff Earl Wheeler, CIA director Richard Helms, Defense Secretary Robert McNamara, and National Security Adviser McGeorge Bundy. Pepper writes: "Out of this session, which focussed on the ever-growing combined anti-war and civil rights movements, decisions were made to mobilize the 20th SFG for special duty assignments in urban areas and for the 111th MIG to provide a new analysis of the intentions of Dr. King and his organization." The orders went out that day.

'Focal Point'

Pepper says that he obtained a copy of the actual deployment orders for the Alpha team from "Warren," one of the members of the team. Warren, a noncommissioned officer, himself did not know the meaning of many of the markings on the document, which a Pentagon source interpreted for Pepper. While the authenticity of the document is not 100% verified to the satisfaction of some experts, or to this reviewer, the document in highly interesting—in fact, even more interesting than Pepper himself realizes.

It is a Joint Chiefs of Staff (JCS) teletype, dated April 3, 1968, and references Cincstrike as well as the well-known "Oplan Garden Plot." It describes the mission of the team as "recon riot site Memphis prior to King, Martin L. arrival," to be further elaborated at a briefing at 0430 hours on April 4.

The distribution of the teletype included the Chairman of JCS, the Director of the Joint Staff (DJS), Secdef (Secretary of Defense), other Pentagon offices, and the White House. Pepper was told by his Pentagon interpreter that one of the acronyms, "SACSA," was "the FBI's Special Agent in Charge of Security Affairs."

As *EIR* (see June 12, 1992, p. 57-58), and the 1972 book *The Secret Team* by Col. L. Fletcher Prouty (ret.), reported, SACSA is actually the acronym for "Special Assistant for Counterinsurgency and Special Activities." This position existed in the Joint Chiefs of Staff from 1962 to 1970, and, as Prouty describes it, this was essentially the CIA office within the Pentagon; it included the "Focal Point" system which was, at that time, a secret and hidden channel of communication within the military for the CIA. From the beginning of its creation in the 1950s by Allen Dulles, the Focal Point expanded to include a worldwide covert operations capability way beyond the CIA, both inside and outside the military, free of Congressional oversight, and which utilized private funding for many of its operations.

The assassination

The select 20th Special Forces Group Alpha-team members were deployed with orders to kill Martin Luther King and his aide Andrew Young. While "Warren" had Young in his gunsights, the shot rang out which killed King. Warren says he was ordered to disengage, and was never given an explanation as to what had happened.

Pepper's conclusion is that King was shot by Raul, not by the Army team. In his view, the operation had at least three levels: 1) James Earl Ray, the patsy, 2) a contract killer, Raul, deployed and paid for through New Orleans organized-crime networks tied to H.L. Hunt and coordinated with J. Edgar Hoover and Army Intelligence, and 3) the Army team, which was on the scene as a backup in case the level-two operation failed.

Most of the focus of Pepper's investigation has been on the middle level; in December 1993, Loyd Jowers, who owned Jim's Grill behind the Lorraine Motel where King was shot, confessed that he had paid the actual assassin. Jowers said that he had been contracted by two others, one from New Orleans.

Unable to get a new trial for James Earl Ray (who pleaded guilty in 1969 to avoid the death sentence), Pepper filed a civil suit against Jowers in August 1994 for conspiracy to deprive Ray of his civil rights, which resulted in Ray's wrongful imprisonment for 25 years. In the spring of 1995, Pepper located the man he believes to be Raul, and on July 5, Raul was served with a summons and made a defendant in the *Ray v. Jowers et al.* civil lawsuit.

National News

Thurmond bill would end unanimous verdict rule

Sen. Strom Thurmond (R-N.C.) filed legislation on Nov. 27 to end the judicial requirement that jurors' verdicts must be unanimous. His bill would allow jury decisions to be made on a 10-2 vote in federal criminal and civil trials. Thurmond argued that there is no literal Constitutional requirement for a unanimous verdict, despite the fact that Constitutional practice has maintained it to safeguard the principle of "reasonable doubt."

Thurmond offered the unsubstantiated claim that "today the entire trial process is heavily tilted toward the accused, with many, many safeguards in place to ensure that the defendant receives a fair trial. . . . This change for jury verdicts in the Federal courts will reduce the likelihood of a single juror corrupting an otherwise thoughtful and reasonable deliberation of the evidence."

Newt's White House bid folds early in London

When House Speaker Newt Gingrich told a press conference Nov. 27 that he would not run for President in 1996, the news was already five days old in Britain. The *Times* of London, the favorite rag of the imperial-nostalgia set, angrily reported the death of Newt's campaign Nov. 22, and even announced that he would formally withdraw on Nov. 27. The *Times* bluntly attributed Newt's fall to his "extremism," his "megalomaniacal philandering," and his "bad mishandling" of the budget showdown with President Clinton.

Gingrich began his own announcement by saying, "So, there's no more speculation. I will not run next year for President. My intent is to run for reelection to the House and hopefully be Speaker again." When asked whether his decision was based on the fact that his "personal popularity in the national polls has taken a nosedive," Newt cut off his questioner and shot back, "That's about where Goldwater's was when he got the nomination." Newt failed to mention that Barry Goldwater, the 1964 Republican nominee, lost the election to Democrat Lyndon Johnson in a landslide.

Asked if he would endorse Republican front-runner Bob Dole for President, Gingrich replied, "No, I won't endorse any candidate. I would hope that I would be asked to be chairman of the [party] convention. And you could still well have a contest going on at that stage, so I would be neutral." As for any Republican hopes of winning the White House, Newt offered the wild speculation that there would be five major candidates on the Presidential ballot in November 1996, and that the entire election would be thrown into chaos.

Even before he folded his own collapsed tent, Gingrich had become such a political liability that Democrats were eagerly looking for ways to tie their opponents to Newt's tail. California Democrat Jerry Estruth—preparing to face Republican Tom Campbell in a special election on Dec. 12 to fill the seat vacated by Rep. Norman Mineta (D)—sent Gingrich an airplane ticket inviting Newt to campaign for Campbell.

The chairman of the Democratic Congressional Campaign Committee, Rep. Martin Frost (Tex.), said, "I hope Newt comes to my district. . . . And I hope Newt goes to every district in the country, quite frankly." Frost said he had called for Democratic candidates to make "your opponent's middle name Gingrich, and that's exactly what's going to happen in this election."

DOJ cleanout moving ahead under Clinton

A recently released report by the Justice Department's internal affairs unit, the Office of Professional Responsibility (OPR), reveals that 20 Federal prosecutors quit the department during fiscal year 1993, while they were under internal investigation for alleged misconduct. By comparison, during the previous eight years, only 22 attorneys quit while under OPR probe, according to the Nov. 24 *Washington Post.*

The OPR's report also indicated a 78% increase from 1992 to 1993 in complaints of misconduct against department officials. Some DOJ officials have tried to play down the increase in allegations of prosecutorial misconduct, suggesting it was simply the result of defense attorneys using the claim as a "trial tactic." According to the OPR study, however, only 10% of the complaints came from defense lawyers, whereas 49% of the complaints originated from within the Justice Department itself.

According to the *Post,* Attorney General Janet Reno instituted new procedures in December 1993, which gave OPR more authority to probe official misconduct. Reno ordered that all OPR complaints be immediately investigated—even when they involved ongoing litigations—and that OPR probes continue even after the targeted DOJ officials left the department. Under her predecessor in the Bush administration, William Barr, complaints against federal prosecutors were often not even reported to OPR for centralized investigation.

Sources in Washington indicate that there is strong White House support for cleaning out what amounts to a rogue element long entrenched in the DOJ bureaucracy. This may be reflected in the increased clout given to Deputy Attorney General Jamie Gorelick, known to be on close personal terms with both President Clinton and his wife Hillary.

Gingrich is deadliest disease threat to U.S.

A leading health expert told *EIR* Nov. 28 that the most serious infectious disease threat now facing the United States "is the Republican Congress." Dr. Robert Black, chairman of the International Health Department of Johns Hopkins University's School of Hygiene and Public Health, said that Newt Gingrich and his budget-cutting policies were going to severely damage public health in the United States.

Dr. Black, who formerly worked for the U.S. Centers for Disease Control (CDC) in Atlanta, Georgia, was attending a NASA-sponsored International Symposium on Remote Sensing and Vector-Borne Disease Monitoring and Control, in Baltimore. He told *EIR* that public health "experts are very scared," and that Americans had no idea of the threats that they are facing. Budget cuts during the past several years, he said, have decimated the CDC and the U.S. infectious disease surveillance network; and Gingrich's policies were likely to wreck what was left.

U.S. DEA investigating Ritalin lobbying group

The Drug Enforcement Administration (DEA) has been looking into the lobbying organization pushing Ritalin, a drug manufactured by the pharmaceutical giant Ciba-Geigy. CHADD (Children and Adults with Attention Deficit Disorder) receives close to half its budget from Ciba-Geigy, and has been actively lobbying the DEA to reclassify methylphenidate, the stimulant marketed as Ritalin, used to treat the disorder. It is currently classified as a highly addictive drug, along with cocaine and various amphetamines, even though it is prescribed to millions of Americans, most of them children.

According to a Nov. 16 article in *USA Today,* recent DEA documents cite "agency fears" that "the financial relationship" between CHADD and the Ritalin manufacturer is "not well-known by the public, including CHADD members that have relied upon CHADD for guidance." Reclassifying Ritalin, as CHADD is proposing, would make the drug cheaper and even more widely available.

The article claimed: "Gene Haislip, DEA's head of diversion control, says he found parents abusing their kids' prescriptions, kids selling to kids, illegal drug rings, illicit trafficking. Mexican smuggling rings, even."

According to Haislip, one study in Texas shows more high school seniors were using Ritalin "non-medically" than those who actually had prescriptions. Two deaths in March were also reported of youngsters who had crushed the tablets and "snorted" the drug, i.e., inhaled it nasally, as a means of inducing the rapid onset of euphoria.

Haislip says CHADD "misleads" members about Ritalin's safety. The U.S. Department of Education recently withdrew a $100,000 CHADD-produced video that was distributed to educators in February, after learning about the CHADD connection to Ciba-Geigy.

Several recent national television features have also reported growing abuse of Ritalin among teenagers *and* adults to "get high." It has reportedly become one of the drugs most frequently stolen from pharmacies, and high school athletics coaches and other personnel have been frequently found stealing doses prescribed for students from school medicine cabinets. A recent *Newsweek* article described Ritalin "snorting" parties among high school students, and claimed that use of the drug has risen nearly sixfold in the last five years.

None of these exposés, however, actually questions the use of Ritalin for treating children with so-called attention deficit disorder (much less those who are misdiagnosed with Attention Deficit Disorder and end up being "treated" with it), or the fact that widespread administering of the drug by school officials has created a climate of acceptance for its use.

Gambling casinos are a flop in New Orleans

Harrah's Jazz Co. filed Nov. 22 for Chapter 11 bankruptcy protection from its creditors, after its temporary gaming hall in New Orleans' municipal auditorium brought in only half the revenues expected. Harrah's Jazz opened its temporary quarters on May 1, while it was building the city's only land-based casino, at a cost now projected at more than double the original estimate of $425 million. Bank lenders cut off lines of credit following Harrah's announcement that it would close the hall.

Two riverboat casinos also declared bankruptcy in early June after only two months of operation, and are now in liquidation. Hilton Hotels Corp. has also cooled on New Orleans, and reportedly wants to sell its gambling hall there. Showboat Inc.'s casino left last year, and Circus Circus Enterprises abandoned a suburban casino development that never opened.

Briefly

● **LYNDON LAROUCHE** is among the 15 Presidential candidates selected to appear on California's March 26 primary election ballot, as announced by California Secretary of State Bill Jones Nov. 27. LaRouche is the only Democratic contender listed other than President Clinton. The LaRouche campaign plans to be on the primary ballot in 37 states.

● **GOV. WILLIAM WELD,** the Massachusetts blueblood who recently demanded that the state privatize what little remains of its vital functions, announced Nov. 29 that he is running for U.S. Senate in 1996 against Democratic incumbent John Kerry. "We've succeeded in changing the political culture of Massachusetts," he said. "Now it's time to change the political culture of Washington, D.C."

● **A COLORADO** state legislator wants to eliminate compulsory education, or at least terminate it at age 12 instead of 16, the *Washington Times* reported Nov. 28. Under the guise of eliminating truants who disrupt class when compelled to stay in school, Rep. Russ George (R), from the rural town of Rifle, plans to introduce his ignorant bill in January.

● **PRIVATE PRISONS** may be full of "pitfalls," the *New York Times* admitted Nov. 24. Payments to private companies, to run low-security federal prisons, have exceeded the costs the government would have paid to maintain them itself. The *Times* also noted that private prison companies frequently ignore federal guidelines on treatment of inmates, and often are headed by former government officials who can exert influence over government contracts.

● **THE LABOR** Department is investigating some 300 U.S. companies for diverting funds from their employees' 401(k) pension plans. The caseload has tripled since last year, when Labor Department investigators began to scrutinize the drain of 401(k) pension funds by small and medium-sized companies.

Editorial

An end to kings, queens, and oligarchs

The British monarchy is doomed; that is undeniable. But the real question is, how much of the world will they bring down with them?

We are in the grip of an extraordinary crisis, with implications far beyond the impending financial collapse. Under the circumstances, the kind of financial and monetary power which London has exerted is coming to an end, and with it, the reign of the mighty Windsors, whether or not they continue to parade their dirty family laundry in public.

Britain's George III was positively demonic in his hatred of the new American republic. No doubt, the revolutionary leader Tom Paine had a vision of mad George before his mind's eye when he wrote his pamphlet *Common Sense* against the institution of monarchy, but his words were far more profound than an attack merely on a particular, demented monarch. He wrote: "For all men being originally equal, no one by birth could have a right to set his own family in perpetual preference to all others forever, and though himself might deserve some degree of honors of his contemporaries, yet his descendants might be far too unworthy to inherit them. . . . One of the strongest natural proofs of the folly of hereditary right in kings is that nature disapproves of it. Otherwise, she would not so frequently turn it into ridicule."

The British monarchy is not important in itself, nor is it really English; it is merely representative of a European oligarchy in which they play a leading role, whose days are also numbered. Nor is it the case that the British oligarchs are necessarily loyal to their monarch. It is the institution of the monarchy to which they are committed. On this point, Lord William Rees-Mogg, a spokesman for the monarchy, is quite clear, in his counterposition of the principle of monarchy to that of republicanism.

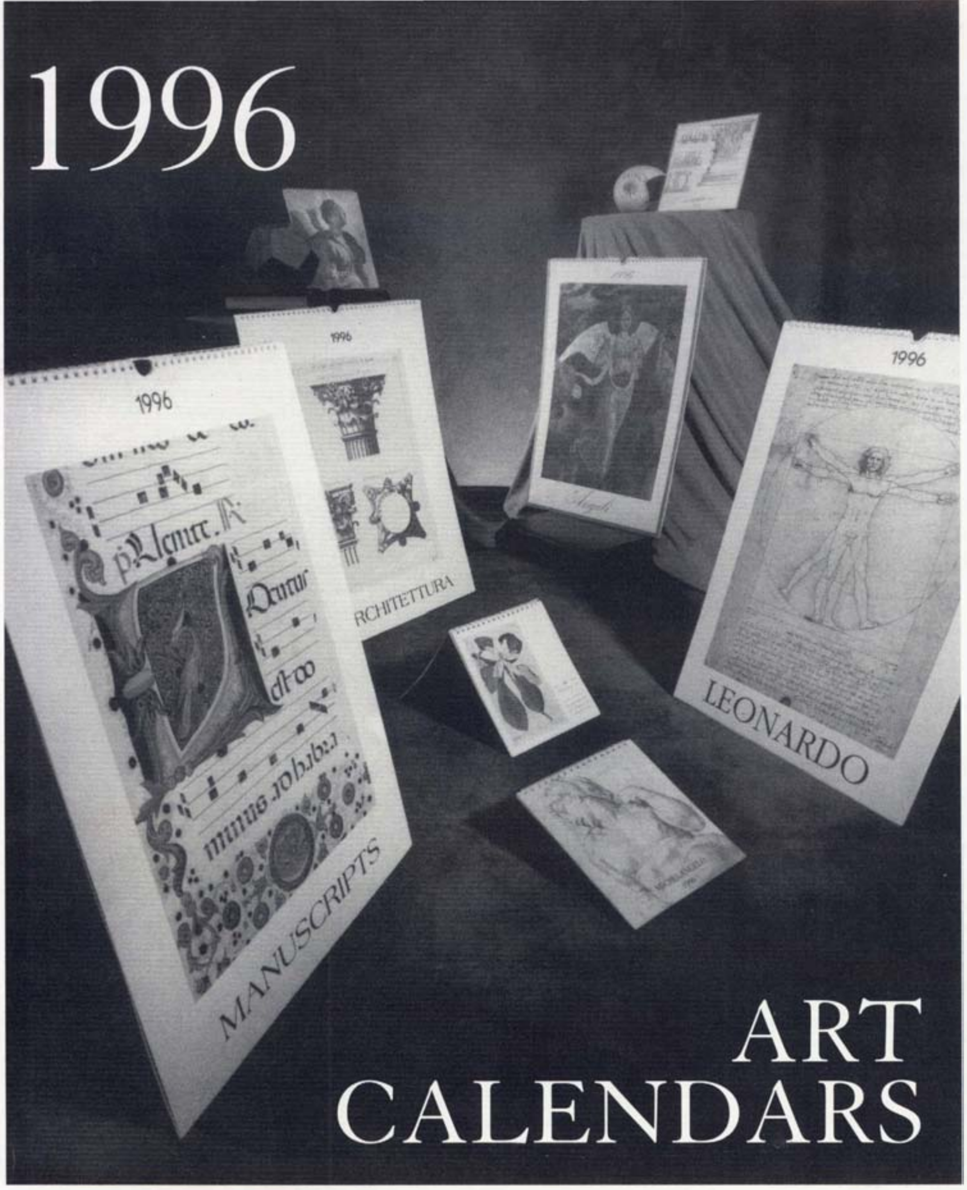
In his Nov. 30 column in the London *Times*, entitled "The Best and the Brightest, Monarchs and Presidents Show that Elites Are Bred, Not Born," he laid out his thesis quite explicitly. It should be noted that this was published while President Clinton was in Great Britain. Rees-Mogg's thesis is that leadership qualities are "genetically determined," such that what he calls a "cognitive elite" will rule the world in the coming millennium. Most bizarre, he identifies the superior gene pool of the upcoming global elite, with the Plantagenet rulers of Britain in times past.

It seems that just as Rees-Mogg is jumping ship on the Windsors, he has also ditched his recent protégé, U.S. House Speaker Newt Gingrich. The British lord cites the fact that Sir Colin Powell also shares this Plantagenet "blood" through a 19th-century governor of Jamaica. To make his ludicrous point, this oligarch attempts a comparison between 18 kings of England—from William the Conqueror in 1066 to Richard III in 1485—to the 18 American Presidents of this century. He asserts that these bloodthirsty monarchs were superior to Presidents such as Franklin Delano Roosevelt, John F. Kennedy, and William Clinton.

One day earlier, on Nov. 29, President Clinton addressed the British Houses of Commons and Lords. With a certain irony, the American President addressed the same point as Rees-Mogg, but from the opposite point of view. After citing the "extraordinary relationship that unites" the two nations, he cited some past history of the real conflict between the British monarchy and the American republic.

"It is perhaps all the more remarkable," President Clinton noted, referring to the War of 1812, no doubt tongue-in-cheek but nevertheless right on the mark, "because of our history; first, the war we waged for our independence, and then, barely three decades later, another war we waged in which your able forces laid siege to our capital. Indeed, the White House still bears the burn marks of that earlier stage in our relationship. And now, whenever we have even the most minor disagreements, I walk out on the Truman Balcony and I look at those burn marks, just to remind myself that I dare not let this relationship get out of hand again [laughter]."

Let us once and for all put an end to the rule of kings, queens, and oligarchs of all kinds! Let us fulfill the promise of the American Revolution, for all the peoples of this Earth!



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