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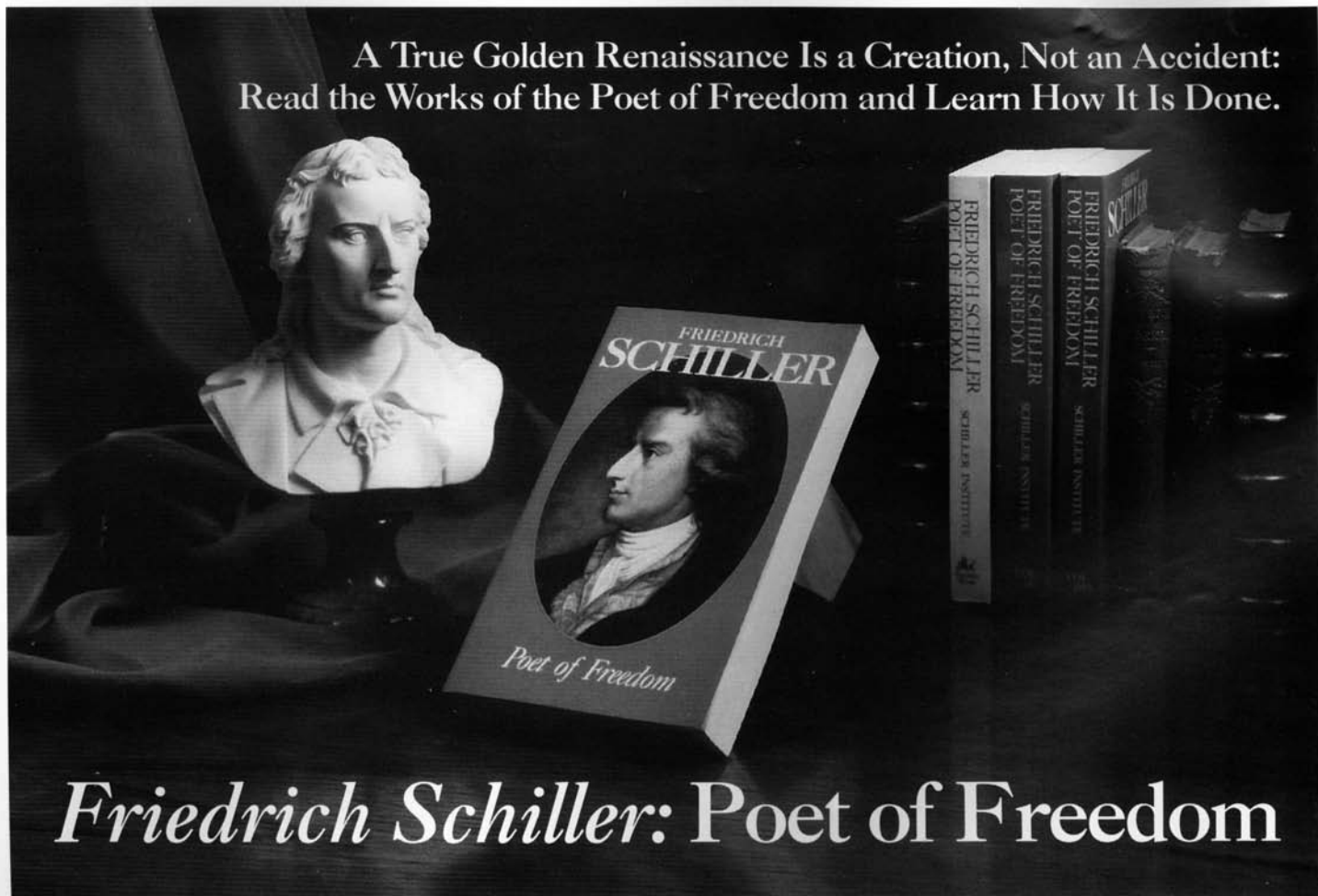
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From the Associate Editor

If any among our readers think that Lyndon LaRouche's campaign is "pretty much over," with the end of the primary season, they don't know Mr. LaRouche. The campaign now moves into an even more intensive phase, with the determination, highlighted by our cover photo, to "knock out the Nazis," starting with Pennsylvania Gov. Tom Ridge. The LaRouche Exploratory Committee will soon be issuing a mass-circulation pamphlet, "From Nuremberg to Harrisburg," documenting the crimes of the Conservative Revolution, whose budget cuts will lead to the deaths of hundreds of thousands of Americans.

EIR will be publishing information this summer on *what is fascist economics*; on who in America supported fascism in the 1930s—and who is supporting it now; and on the historical roots of the oligarchical faction that is perpetrating such policies.

At the Nuremberg Tribunal in 1945, Justice Robert Jackson, the chief U.S. prosecutor, addressed the case of the top Nazi leaders, such as Economics Minister Hjalmar Schacht, who did not kill anybody *with their own hands*. "These defendants," he said, "were men of a station and rank which does not soil its own hands with blood. They were men who knew how to use lesser folks as tools. We want to reach the planners and designers, the inciters and leaders without whose evil architecture the world would not have been for so long scourged with the violence and lawlessness, and wracked with the agonies and convulsions of this terrible war."

Thanks to the intervention of the British at Nuremberg, Schacht was allowed to go scot-free. And no wonder, since his drive to put Adolf Hitler into power in the 1930s had been fully supported by Bank of England Governor Montagu Norman, the Harriman family, and Prescott Bush, the father of George Bush. To this day, Schacht is lauded by such advocates of British economics as Milton Friedman. Indeed, if Schacht had not been let go at Nuremberg, we would now have a host of Nobel Prize winners in the dock.

Our *Feature* this week presents a case study of fascist economics, documenting the spread of "Mad Cow" disease as a direct result of the free-market policies of Margaret Thatcher in England. The case is absolutely clear: British economics kills. Its advocates must be brought to trial for murder.

Susan Welsh

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Correction: In our June 7 issue, the article "LaRouche: Impeach Pennsylvania's Gov. Ridge for 'Nazi-Like' Policies" contained an error on p. 65. The *New England Journal of Medicine* reported that 5 out of 186 medically indigent adults studied, died after six months—at least 3 of these directly due to lack of health care. LaRouche used this figure, 3 out of 186, or 1.61%, to estimate that 3,542 people would die in Pennsylvania in the first six months, as a result of Governor Ridge's legislation.

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Poland's Gdansk shipyard is shut down on orders of IMF

by Anna Kaczor Wei

One could hardly find a better example to illustrate the dismantling of the Polish economy, than the decision of the Polish government at the beginning of June to bankrupt and close down the famous Gdansk shipyard, where, 16 years ago, desperate workers initiated a wave of strikes that spread all over the country and brought to life the trade union Solidarnosc, independent of the communist government. None of those workers would have believed that their victory would eventually lead to this, although *EIR* warned them at that time against swapping the fully centralized economy for the British-style free market and monetarism. In a discussion with Schiller Institute representatives in 1990, Lech Walesa, the chairman of the trade union, who later became Poland's President, said that "Polish sheep have lots of wool; foreign investors can come and cut it." And this is exactly what has been happening during the last six years.

In its frenzy to privatize all industries, and thus to please its overseers at the International Monetary Fund (IMF) and the World Bank, the Polish government, which owns 60% of the shares of the shipyard, forced its bankruptcy by blockading all credits, supposedly due to the shipyard's high debts, although to a large degree they resulted from the government's own financial policies of the last six years: interest rates which are now 30-40%, and in the past reached even 90%; as well as high taxes, constituting 65% of the gross income of any industrial enterprise. Nevertheless, during the heated debate over the fate of the shipyard, Polish Finance Minister Grzegorz Kolodko had the audacity to say that in a free-market economy, it is the market that decides which companies survive, and which ones go under.

This was the same logic that led to the government's decision in May to privatize the mining sector, closing down 40% of its capacity and firing 90,000 of its 264,000 workers. That program is supposed to be carried out by the year 2000.

Now, at Gdansk, the plan is to lay off 4,000 of the shipyard's 7,000 workers immediately, and keep the remaining 3,000 at work for a transition period of 12 months only, to complete five commercial vessels that are under construction. The yard is not allowed to sign new contracts, because, in the words of Privatization Minister Wieslaw Kaczmarek, that would make things even worse.

The leftovers of the shipyard are to be carved up among foreign investors. One of the candidates is the South Korean company Daewoo, which has already bought out a Warsaw automobile factory, and is talking about buying private pension funds and banks. Thus, the Gdansk shipyard will share the fate of many other Polish enterprises, and Daewoo (if it becomes the new owner) will put more of its commercials on Polish TV saying, "It is so good to be with you!"

Shipyard workers voted on June 4 to occupy the yard in protest, and Solidarnosc leaders promised a country-wide action to back the shipyard. One could almost say, that the last six years have brought Poland back to "square one."

Resistance grows

Under these conditions, political resistance to the IMF program is growing. On May 9, deputies from the Confederation for an Independent Poland (KPN), the fourth-largest party in the Sejm (parliament), organized a press conference to further the debate over economic and foreign policy. Said parliamentarian Wojciech Blasiak: "We demand that the foreign policy of Poland take steps to free our country from the dictate of the IMF! . . . Also, looking at the situation in Russia: The IMF policy there is responsible for social tensions, which can become dangerous strategically, and unfortunately, Western countries do not want to help Russia."

Organizing resistance to IMF austerity policies is a major focus of the work of the Schiller Institute in Poland. The



A Solidarnosc demonstration in front of the Sejm (parliament) in Warsaw, May 1995. The freedom movement which gave rise to Solidarnosc has been betrayed, by successive governments' capitulation to the International Monetary Fund's austerity demands.

institute was officially registered in Poland in February, and elected its national leadership in April.

Institute representatives met with many Polish activists in April and May, and found that when the idea of resistance to the IMF came up in discussion, the question often posed was, "What will the American administration do, if we go against the IMF's policies?"

None of the participants in those meetings had any illusions that Poland can implement free-market "reforms," and still have a growing economy and a decent standard of living. The name of George Soros, the international financial speculator who is extremely active in intelligence operations in eastern Europe, and who came to Poland back in 1988 to promote free-market reforms, is considered by many as a synonym for "a crook and manipulator."

This is not surprising at all, since even official government statistics show a demographic crisis in the country, and blame it on growing poverty, economic hardship, unemployment among young people, and the fact that they have no hope for a better future. In a 1995 report titled "Social Policies: Present State and Perspectives for the Future," the authors rang the alarm bells over decreasing life expectancy, deteriorating health conditions, and malnutrition (for example, 20% of Polish children are malnourished). According to the Main Statistics Office, already in 1994, earnings of 50% of the Polish society were below the social minimum, and 20% of rural families hardly had any means to support themselves, due to the collapse of agriculture.

The fact that in 1995, for the first time since World War

II, the number of deaths was higher than the number of births, sparked, on the one hand, a wide discussion on the necessity for preserving at least a minimum moral code in economic activities, and on the other, a proliferation of books and articles desperately trying to prove the validity of Adam Smith's theories in economics.

Many opposition forces—political parties, trade unions, church organizations—see the parliamentary elections in spring 1997 as an opportunity to take over the Sejm, change the government, and implement sane economic policies. Although, of course, the international situation may change dramatically during the next 10-12 months, it is important to prepare a program now for rebuilding the economy, and to consolidate all those groupings that oppose free-market reforms and would like to see the rebirth of national production. This idea, of protecting and developing domestic industry, agriculture, and science, is the main point in many programs prepared by the opposition.

Unfortunately, the task of fighting the IMF's shock therapy is hindered by an influential fifth column of free-marketeers, steered and financed by, among others, the Soros Foundation, the Ford Foundation, the World Bank, and the British Know-How Fund. These foreign outfits maintain a grip over the mass media, some parties, universities, and so-called think-tanks.

For that reason, the anti-IMF forces look with concern at the situation in the United States and western Europe, hoping that the Western governments will soon take the first step to reverse the present disastrous policies.

Free market economic model is a fallacy

Pek is a member of parliament, from the Polish Peasant Party (PSL). He was interviewed by Anna Kaczor Wei in Warsaw, on May 9.

EIR: During our last meeting, we discussed Lyndon LaRouche's Presidential campaign, and the debate it has sparked in the Democratic Party, around such people as Senators Ted Kennedy, Tom Daschle, and others. Do you think that this debate could help you in Poland to escalate discussion about the disastrous effects of free market reforms?

Pek: We have to be honest with ourselves, that, although Poland is in Central Europe, a country with 40 million inhabitants and over 1,000 years of history, it is not strong enough to influence world politics. Any change, any effort to reject concepts that have been popularized over many years, will be possible if the kind of ideas, which you just mentioned, win in the U.S. and among big powers. Is it possible? It will not be easy, but it is important that such a debate has started at last, and that serious politicians are starting to talk about such problems; and secondly, that LaRouche is no longer isolated in his pursuits, that he is starting to get wider political recognition. All these are, in my opinion, positive signs.

I think that much depends on the economic situation in the U.S., and a relationship between a united Europe and America, as well as on the situation in the countries of the Far East, China, Japan, and so-called "Tigers" [the economies of Thailand, Korea, Taiwan, etc.]. If there are further signs of a global economic collapse, it will be much easier to convince voters in the U.S. and western Europe of the necessity for philosophical change in the whole economic model.

EIR: When we were meeting with you in Krakow, Mr. LaRouche was in Moscow, where he participated in a meeting with Russian economists [see *EIR*, May 31, 1996]. Many of them criticized the policies of the International Monetary Fund (IMF) and free market reforms. One can also sense a deep disillusionment with the West among the Russians, who feel threatened and cheated. In such a situation, all the talk about NATO expansion is only heightening the tension inside Russia. Would you agree that a better way to secure stability in this part of the world is to stop Darwinian free

market reforms and start implementing such programs as the Euro-Asian land-bridge, which we have discussed many times?

Pek: I would like to stress one thing: The free market economic model which has been imposed on us by certain political groups, big financial institutions, various groups from Western Europe as well as the mass media, is a sort of intellectual fallacy. First of all, because there is no free market, especially in Europe. European Union countries use free market rhetoric, they talk about the free flow of capital, information, investment, free trade, but, in reality, they use various protective measures to secure their interests, such as tariffs, quotas, and so forth. This also relates to the interests of the huge supranational corporations, and we have no idea where their real controllers are.

The second matter: objective circumstances in which we live and the necessity of improving the Polish economy, demand that we pick one solution and think through what final goals we want to achieve. While working on a model for the future, we have to think about Poland's place in various international and military structures. . . .

One has to carefully study all the proposals which are presented to Poland, in order to make a strategic decision on following issues: Do we want to join a European commonwealth, which is forming one state called "Europe"? Shall we support the idea of a federation of Euro-regions? Or do we want to have a Europe of the Fatherlands, which means an association of nation-states that keep their sovereignty, at least to some degree? The Polish Peasant Party and I definitely support this last option.

We are aware of the fact that the world financial system is described by some as a blown-up, speculative bubble: Only a small percentage of foreign exchange constitutes a turnover of physical goods, and over 90% is a speculative turnover of obligations, bonds, and that sort of transactions. This makes it difficult to decide what the right choice is for Poland, because this situation creates a framework that limits us.

Although I would like to say something good, I must admit that, till now, as a state, we have not formulated a model, which would take into consideration our national interests. This is due to how our governments have been working, as well as our parliaments, including this one, where, in my opinion, the majority thinks more in supranational than national terms.

EIR: I have a question concerning privatization of Polish economy. *EIR* readers have already had a chance to learn about terrible effects of free market reforms in Poland, especially privatization. Could you say something about your personal involvement in combatting some of these bad privatization policies?

Pek: There is no doubt that ownership restructuring is a key element of reforms, now under way in Poland, and I

must say with regret that, till today, the way this process has been going on is far from what PSL would accept, and with what would be congruent with rationally understood reason of the state, considering all external and internal conditions. The present coalition of SLD and PSL came to life as a result of 1993 elections, when both parties' election programs advocated an introduction of significant changes in the process of privatization: for example, reviewing transactions which had been concluded up to that point; reviewing them in an honest, Christian way, drawing conclusions and making those who were guilty of serious mistakes in the past take responsibility.

After the elections, it turned out that the SLD, which has taken over the ministry of ownership restructuring in the person of Minister Kaczmarek, not only lost interest in any significant change, but even created obstacles, preventing the possibility to review what had happened in the past. In practice, we see a continuation, with few modifications, of this line, which we criticized so strongly, and which is identified with Minister Lewandowski. This is a liberal, supranational line that does not consider negative effects of ownership restructuring, and, above all, does not take into account a certain phenomenon, which I call the shrinking of sovereignty of the Polish state.

Interview: Krzysztof Młodzik

True reform begins with infrastructure

Mr. Młodzik is the regional chairman of the Upper Silesia Solidarity trade union of miners and energy sector workers. The following is abridged from his interview with Anna Kaczor Wei in Katowice on April 23.

EIR: What is your analysis of the Polish economy after six years of free market reforms imposed by such institutions as the International Monetary Fund (IMF)?

Młodzik: I think this question should be directed to the prime ministers, who headed the Polish governments from 1989 on. I can talk about this as a trade unionist and a citizen, who observes various enterprises, especially coal mines and power stations. Our economy is being drained; we did not start our reforms with what should be considered first, that is, building infrastructure, which we discussed earlier [at a Schiller Institute seminar], namely railroads, communication systems, highways and so forth; reforms in

state administration, health care, and social security systems are also important. Instead, we started with matters which should have been reformed at the very end.

I can illustrate this problem. The Balcerowicz Plan assumed that coal mining would serve as an anchor, holding down inflation. Balcerowicz liberated prices from the control of the administration for all the enterprises related to coal mining. They started to function on a free market basis, while the price of coal stayed fixed. Mines had to buy supplies and machinery at free market prices, which led to huge debts. As a result, coal mining has been falling into a ditch.

In my opinion, the only thing those reforms achieved was to fill up shops with foreign goods, which people had no money to buy. There was a special tax on excessive wage increases, leaving enterprises afraid to increase wages beyond a fixed limit, since that would force them to pay a tax, which they could not afford. So, there were goods on the market that people had no money to buy. From this comes a saying: "Western prices, Eastern wages."

Presently, we are wading in the same direction. So far, no government has had the guts to start reforms by improving infrastructure: That would mean removing bottlenecks to allow capital to move, developing railroads, highways, etc. And, we have plans to build highways, but, at the same time, we are selling our cement plants.

Another thing about privatization: I always point out to the chairmen of the coal mining companies, and the ministers: "What sense does it make to sell enterprises which are making a profit? You should privatize those entities which have losses. Foreign capital should go there, to modernize the coal mines, the textile industry, which has collapsed, or former state farms." Instead, they sold "Wedel" [a well-known confectionery factory], and now plan to sell copper mines. The National Investment Funds consist of the best Polish enterprises [that are being privatized].

I blame our governments for not representing the interests of the Polish state. Instead, they surrendered to the diktat of others. In the discussion with the representative of the World Bank, we accused him of trying to control us. He denied it, saying, "No, we only propose things, and you agree." I did not have any arguments to counter him, because he was right: If our government did not utter a word in opposition, then World Bank people can claim that we simply accept their propositions.

What I learned from organizing as a trade unionist—I have been active in the political life of our trade union for seven years—and from studying economics at the university, meeting various people, including abroad, allows me to say that everything is moving in the wrong direction. President Kwasniewski, who promised a lot during his campaign—building new apartments for people, creating new jobs—will have big problems with young people, because there will be no new jobs, if the present policy is continued, because it reduces work places in production! You may have

jobs in services, but you need somebody to serve! Therefore, you need production.

If we close coal mines, then not only will mines come under the hammer: In industries related to coal mining, there are three or four workers employed per miner. A coal mine needs machinery, assembly lines, water; there must be full shops for miners and their families. If you close a coal mine, then you force the closure of 40 other enterprises, according to our estimations.

But if they succeed in putting down the miners and energy workers, nobody else will be able to stop them. We are aware that in every trade union, in every country, coal miners are the most vigorous force, because mining requires solidarity, effort, involvement, and some sacrifice. Those people can take humiliation and poor treatment for a long time. But when this solidarity comes up to the surface, it becomes such a strong wave, that it overflows and tears apart everything in its path. You can direct it in the right way, but also in the wrong one. In Romania they used it in the wrong way: The political authorities got the workers to come to Bucharest and start trouble. We experienced something like that under the Gomulka regime, when workers were used against students.

However, when our people take over the government, they will have to be tough, too; there will be no other choice. We do not have much, but production still has to go on.

You just have to evoke in people the same enthusiasm as our parents had in 1945: They often worked for free, because somebody gave them a vision for the future. It will be difficult, for the reasons which I have mentioned already.

When I was in the United States, I was asked what I think about American internal debts. I told them that—comparing internal debts in the U.S. and in Poland—the U.S. will only bend to its knees under such a debt, but Poland will collapse on its face, and never get up. You will get up, because there is no comparison between Poland and the U.S. If we sink into a spiral, in which our internal debt is to be controlled, not by our representatives, but only by financial circles, then we will become slaves!

I try to explain to people, that in a democratic system, involvement in politics should not be disregarded. In a totalitarian system, one could neglect it, because things were controlled by a party secretary. But now, one has to think politically: If we do not do it, if we do not think, do not get involved, do not use principles of democracy, then others will use our passivity for their purposes. Take an example: In Oswiecim, my hometown, with 30,000 people, one candidate to a local government was elected with just 68 votes! We do not use principles of democracy! What our predecessors from the trade unions won, we are losing now.

EIR: What do you think about the question of Polish mem-



A giant flea market takes over the main square in Warsaw, June 1995. "In my opinion," says Mr. Mlodzik, "the only thing the reforms achieved was to fill up shops with foreign goods, which people had no money to buy."

bership in the European Union?

Mlodzik: We should not lose our national identity. I look at the EU the same way as Comecon in the past. [Comecon, or the Council for Mutual Economic Assistance, was the Soviet-dominated trading bloc—ed.] Perhaps the principles of the EU are better and wiser, but I do not believe that we will join it.

I would consider joining the Union when Poland is stronger economically; it would not be good to join it as a pauper. After all, we have to fulfill certain conditionalities; for example, inflation has to be below 10%. Poland would need between five and seven years to achieve this, with great difficulty, and only if nothing cracks before, which is possible. The second condition is the elimination of tariffs, but that immediately kills our agriculture. If Western countries subsidize their agriculture, and we don't, because of the promotion of market economy, then we will end up eating eggs from Ukraine, bread from Germany, and tomatoes from Sweden, because our farmers will be producing at higher costs!

If we join the Union after all, our situation will be even worse than in Greece. Recently, at a trade union conference in Luxembourg, unionists from Greece presented a very bleak picture. The Scandinavian countries are not very happy, either. When I was in Sweden last year, trade unionists from outside Stockholm were wearing signs "I voted NO," against joining the Union. Stockholm residents voted for joining; those outside Stockholm against it.

I will not talk about military structures, but this matter also influences the situation. I don't think we are ready at all to join them. Our knowledge, as trade unionists, leads us to this conclusion.

EIR: During the meeting with the Schiller Institute representatives, today, we discussed the election campaign of Lyndon LaRouche. Would you agree that his economic program for Eurasia, would help to solve the crisis?

Mlodzik: I think LaRouche's philosophy is consistent with what I have said earlier. I was talking about the necessity of building infrastructure in one country, while LaRouche deals with this in terms of whole continents. It was a surprise, that there is a man who thinks not only in terms of his own state, but in terms of whole continents, and the whole world.

If something works on a micro-scale, in one country—the idea of starting with building infrastructure, such as railroads, which are like an irrigation system for the whole economy—then it must work for whole continents. I think this is the right approach, and now we should think what methods should be used to implement it, or what pressure we could exercise to get it done.

I see a big possibility for trade unions in the U.S. and Europe, including eastern Europe, to work out a strategy and establish one front for action. I think that the truth always comes out with great effort at the beginning, and

there are many obstacles on our way.

The biggest problem is not how to implement this idea, because it is right, but how to change people's mentality and morality. Our Cardinal Wyszynski said in 1980: "One can change a political system with one stroke, one election; an economic system within a few years; but to change the morality of people, takes generations." And this morality was destroyed by the communist system, and the system that exists in the West; because it happens that morality was destroyed on both sides, although in different ways, there are forces which want to destroy this morality. Cardinal Wyszynski said those words in 1980, but they are as valid today. So, the work ahead of us is very hard and laborious.

I like LaRouche, because, in my mind, he chose the best foundation for the whole global economy. But let's not fool ourselves: This is directed against certain people who want to keep finances for themselves and promote theories, that are no longer so popular.

But good has been always fighting against evil, although I agree with what [Schiller representative] Mr. Frank Hahn said that, currently, the idea of the good has been traded for the idea of profit. Indeed, this is what has happened here: We often think in terms of profit and loss, rather than good or evil.

EIR: During the meeting I mentioned before, we also talked about the debate inside the Democratic Party and AFL-CIO, whose members you had met in the U.S. Do you think that, if Americans criticize free trade, the Poles should use this fact to combat market reforms here?

Mlodzik: Of course, we live in a time when we have to explain to people the necessity of constant education and keeping in touch with world events. However, we have a problem inside trade unions. When I was in the U.S., I proposed that we organize a debate on the following subject: "Why is the idea of trade unions diminishing among workers?" This is happening everywhere: In the U.S., only 20% of miners belong to unions, and in general only 16 or 17% of workers are in unions. Despite this, AFL-CIO is still the largest trade union in the world. I fear that now we are losing some of the gains that have been won by trade unionists in the past. I told the American unionists that it is their responsibility to organize a conference on this subject, because they are strongest financially. Trade unionists from all over the world would participate, and I am convinced that starting from this theme, "Why the idea of trade unions is diminishing among workers," they would come to the same conclusions as LaRouche.

In newly established enterprises in Poland, during the present economic changes, there are no trade unions. It is a jungle! You can introduce whatever you want there, because you can always say to a worker, "Your replacement is waiting, and for less money!" I saw these problems with American coal miners. Their employer would say, "You

don't like it? No problem, I'll hire somebody else!" You can see the same mechanism here now, although we have trouble mainly with our government, while in the U.S., the government is, in a sense, an ally of labor. I was in OSHA [the Occupational Safety and Health Administration], where it was the U.S. government that introduced laws regulating mine safety, not private owners.

But if we, trade unionists, do not unite, then the American owner, who pays a U.S. miner \$3,000 a month, will come here and offer \$800! And then he will tell the American unionist: "Why should I pay you so much? They will do the same for \$800!" In Poland, \$800 is quite a lot, but in the U.S., it is hardly unemployment benefits. So, just as capital is uniting, we trade unionists have to become more united. A working man wants to get enough money to support his family, provide all the necessaries, and also to save for the future.

In addition, I have heard about a concept, claiming that it would be better if there were fewer people on the Earth—and less problems with it, supposedly. But this is against God, against Christian principles, and the word of the Bible. If we surrender to this passively, we will be guilty as well.

So, I agree that the role of the Schiller Institute is to make people aware of what is going on, but I would not count on quick results in eastern Europe, because this awareness is very limited. In the Katowice *voivodship* [the province which comprises Upper Silesia], 60% of the working people have only basic education [8 years]! Only 7% of the population have a university degree [after 5 years], while in western Europe the number is 30-40%!

Going back to wages: A Polish miner gets \$350-400 a month, while in Ukraine, it's only \$50! and this is where Poland's coal will come from. I am not afraid of American coal. They asked me about it in the United States. I said: "Thank God, we are separated by the Atlantic, and it takes some money to transport over this huge ocean." But coal can come from Ukraine, because they only get \$50 there, so, if somebody invests in Ukrainian coal, and gives them \$100, they will work till they drop dead. This can be a threat to us.

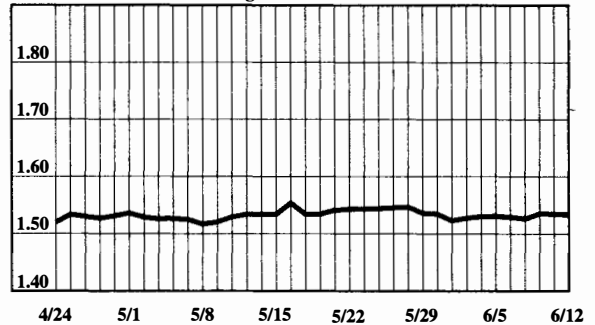
So, as trade unionists we have to invest in educating people, training them. It is a duty of the government and private owners to create new jobs. It is not a duty of a trade union, although some unionists think so.

To conclude: I think one can connect those two ideas, for strengthening trade unions and building infrastructure. I would try to convince [AFL-CIO President] John Sweeney to realize this concept. I have learned a lot from two board members of California's AFL-CIO. They had a lot of comments about the state of trade unions today. They have a tremendous experience! It is my dream to invite them to Poland, so that they can share this experience of 60 years of work in unions. They are now 80 years old: This is a mine of knowledge!

Currency Rates

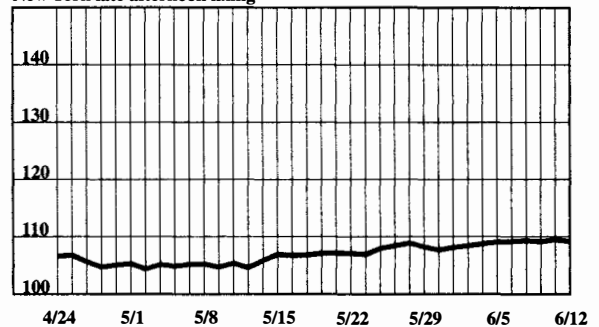
The dollar in deutschemarks

New York late afternoon fixing



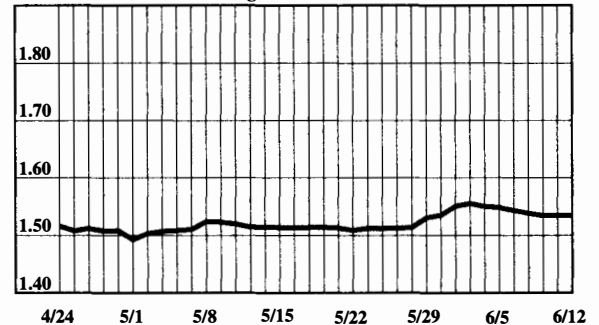
The dollar in yen

New York late afternoon fixing



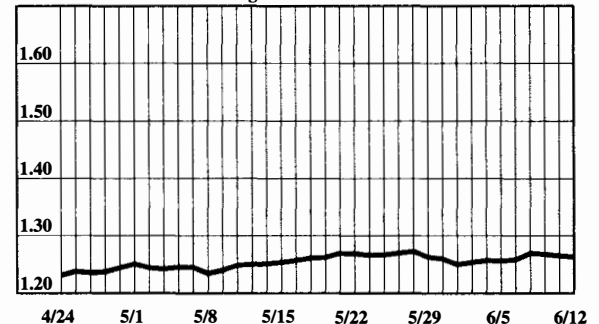
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Iran inaugurates rail link to revive the ancient Silk Road

by Hussein Al-Nadeem

In a major strategic development in Central Asia, 12 heads of state and representatives from 50 nations attended the inauguration ceremony of the Mashhad-Sarakhs-Tedzhen (Tajan) railway in northeast Iran on May 13. Connecting Iran with Turkmenistan, this 165-kilometer rail line is a crucial link to revive the ancient Silk Road.

This ancient trade route used to transport silk, gold, spices, and other valuable products from China to Europe, but has been inoperative since the 13th century following the Mongol invasions. The route remained closed for over 600 years, including as a result of British imperial policy beginning in the 17th and 18th centuries, and later because of the British-orchestrated Cold War. The completion of the project has finally made real a long-awaited dream of connecting Russia and the land-locked Caucasus and Central Asian states to the warm-water ports of the Persian Gulf and the Indian Ocean.

At the same time, it now connects Asia with Europe through one network of rail lines extending from the Far East, on the Pacific coasts of China and Japan, through continental Central Asia, Iran, and Turkey, to the western-most point of Europe on the Atlantic coast. Another line is now under construction in Iran to connect the same network via southeast Iran, Kerman-Zahedan, to Mirjaveh on the border with Pakistan. Thence, to Southeast Asia and the Far East through India.

This project will open a new phase of economic cooperation among the Middle East, the Caucasus, and Central and East Asia. Iranian President Ali Akbar Hashemi Rafsanjani said at the inauguration ceremony: "Today we open a railway in cooperation with our friends in Turkmenistan which revitalizes the historic Silk Road, which is famous as a symbol of East-West relations. . . . It shortens the long distance between Chinese ports to the Persian Gulf, is the bridge for the region and the world."

At the ceremony, Turkish President Suleyman Demirel said, "An historic legend comes to life. The Silk Road was not only about a route but was about the coming together of various nations." In the same vein, Chinese Prime Minister Li Peng described the railroad as "the Silk Road for the 21st century."

Following the ceremony, the Presidents of the member-states of the Economic Cooperation Organization, comprised of Iran, Turkey, Pakistan, Afghanistan, Turkmenistan, Uzbekistan, Kazakhstan, Tajikistan, Kyrgyzstan, and Azerbaijan, left Sarakhs for Ashkhabad, the capital of Turkmenistan, for

a summit meeting on cooperation in economic development and trade. The ECO, although short of finances, established a trade and development bank, a reinsurance company, and a joint airline company.

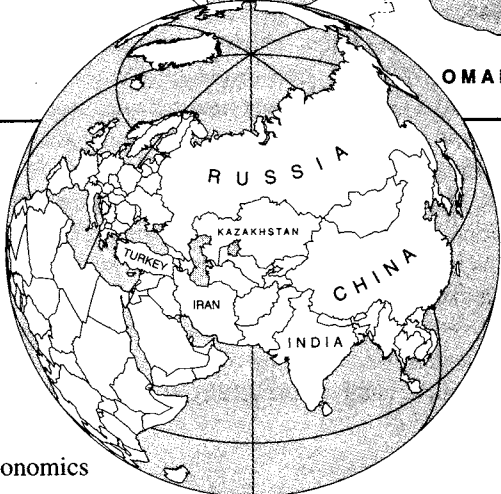
Countering Britain's 'Great Game'

The Silk Road is also important as an element for political stabilization in the Middle East, the Caucasus, Central Asia, and the Asian subcontinent. These regions have been wracked, since the middle of the 19th century, by regional wars, civil wars, and other political and military conflicts, all resulting from Great Britain's regional geopolitical strategies historically known as the "Great Game." Since the 1970s, the region has been plagued by the modern form of this Great Game, the so-called "Arc of Crisis," devised by Anglo-American strategists, including Bernard Lewis and Sir Henry Kissinger. In the last century, the Great Game was aimed at preventing the Russian Empire from reaching India, then a colony of the British Empire. Today's Arc of Crisis shares the same purpose: preventing any real economic development across Eurasia. Today, as then, transport of goods from Asia to western Europe is done over the seas, predominantly under the control of British companies.

A clinical specimen of what the British, still today, are passionately scheming, is the reaction which came out from British media and political institutions, such as Chatham House (the Royal Institute of International Affairs) and the International Institute for Strategic Studies in London. Their line is, that there will emerge an Iranian-Russian conflict over the wealth of Central Asia; Iranian-Turkish control of the Caucasus and Turkish-speaking Central Asia; conflict between the United States, which "wants to strangle the mullahs economically," and Iran—a Hobbesian world of "each against all." One can expect new schemes to be hatched in London in an attempt to make such conflicts a reality. The bare truth is that Russia, Turkey, and Iran will, to a large extent, share the benefits of the Silk Road equally. For the first time in modern history, the question is whether Russia will be able to connect its transport network to the Persian Gulf and the Indian Ocean without having to go to war.

The construction of major infrastructure projects and development of these regions compels these nations to solve their political conflicts peacefully and to free themselves of

New rail lines build the 'Silk Road of the 21st century'



- Existing main rail lines
- == Newly completed rail line
- Proposed new rail routes

British geopolitics. A glance at a map demonstrates that almost every regional conflict lies astride key infrastructure nodal points. For example, the bloody Afghanistan civil war prevents linking Pakistan and India with Central Asia and Russia. One significant sign of the potential for peaceful resolution of conflicts, was the statement by President of Pakistan Farooq Ahmed Leghari, at the inauguration ceremony. Leghari expressed hope that Iran will work with Pakistan to conclude a peaceful end to the war in Afghanistan. He also urged Iran to mediate in the conflict between Pakistan and India around the Jammu and Kashmir problem.

The Iranian government, meanwhile, urged Azerbaijan and Armenia, which are at war over Nagorno-Karabakh, to settle their problems, to make it possible to reactivate the railway which can link the Iranian rail network to the Georgian Batuman port on the Black Sea. Mediation efforts are being pushed to stop the struggle in Tajikistan between the government and opposition forces. The problems between Iran and Turkey emerging from the military activities of the Kurdish Workers Party in southeast Turkey must be solved. These are some of the real issues that have to be dealt with, if development and peace are to be achieved. This must be the last station for the Great Game. New relations based on economic cooperation and partnership among the nations of these regions must be installed in its place.

Details of the New Silk Road project

1. Inaugurated on May 13, the Mashhad-Sarakhs railway is the first stage of a bigger project being implemented by Iran to link the Transcaucasian-Central Asian rail grid with that of Iran, which in turn is connected to the Turkish grid in the west. Thus, Iran would be a key center of the Eurasian land-bridge comprising a network of railroads from Beijing to Urumqi in north China, Almaty in Kazakhstan, Tashkent in Uzbekistan, Ashkhabad in Turkmenistan, Teheran in Iran, and to Istanbul, Turkey, which is already in place.

2. The second phase of the project is the completion of a railway from the northern Iranian city of Mianeh, to Astara, across the border into Azerbaijan on the western coast of the Caspian Sea, and from there to Baku, and eventually to the Russian network. When completed, this would become the shortest route between Moscow and the Persian Gulf and the Indian Ocean. Today, there is an inactive railway that goes from Tabriz in northern Iran, through Nakhichevan, the Azeri enclave in Armenia, to Yerevan, and from there it splits to the north, to Russia, and to the west, to Istanbul, via north Anadol.

3. On the southern line, another railway between Kerman and Zahedan in southeast Iran is under construction. This one is intended to connect the Iranian rail network to Pakistan, at the border city Mirjaveh. From Pakistan, a network of railroads extends through India to Bangladesh, and eventually to all of Southeast Asia. The transport of goods and passengers from Southeast Asia and the Indian subcontinent via Kerman-Teheran-Istanbul to Europe, and also to Russia and the Caucasus, and vice versa, would be possible.

4. Last year, Iran inaugurated the Bafq-Bandar Abbas railway. This, together with a planned Mashhad-Bafq-Bandar Abbas railway, which will shorten the route by 900 kilometers compared to the detour through Teheran, would give Turkmenistan and the rest of the Russian-Central Asian grid a more direct route to the shores of the Persian Gulf and the Indian Ocean.

5. A railroad from Kerman to the Chah Bahar port on the Gulf of Oman is now under construction.

These railroads will not merely serve as means of transporting goods and passengers across Eurasia, but will be the backbone for development in the region. They serve as supply lines for other infrastructure projects along the Silk Road. Transport of raw materials and energy needed for industry and agriculture could easily be supplied to infrastructure and industrial projects along the Silk Road. Major trade, industry, and cultural centers will be built along these rail networks.

Sarakhs, once a forgotten and deserted oasis lying on the edge of a vast desert, has become the heart of a transcontinental crossroads, with an international airport and a major marketing center. Two major reservoirs are under construction to the south of Sarakhs and northeast of Mashhad, to turn the vast arid area on both sides of the Silk Road railway into cultivable land. Most of the deserts, extending from northeast Iran to Central Asia, contain the potential for agro-industrial development. The New Silk Road is the key element for that development to proceed.

So, You Wish To Learn All About Economics?

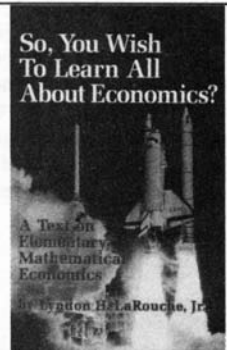
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Business Briefs

Space

Germany, Japan step up collaboration

On May 14, representatives of the German Space Agency and the National Space Development Agency of Japan reached agreement on German participation in a 1997 Japanese mission which will demonstrate the docking and rendezvous of an unmanned satellite.

Japan's Engineering Test Satellite-7 consists of two satellites launched together. In orbit, they will separate, and a chaser spacecraft and a smaller target spacecraft will drift apart and then rendezvous and dock. A robotic arm aboard the chaser satellite will be used to capture the smaller target satellite.

Germany has agreed to contribute a ground station to the ETS-7 mission, which will be built in Japan's Tsukuba Space Center. The robotic arm will be manipulated from the ground station.

Germany and Japan also discussed the possibility of German experiments being placed on the Japanese space station platform. Klaus Berge, the German Space Agency's managing director, told *Space News* that Germany would also like to install a medical instrument inside the main Japanese space station module.

Health

Oral transmission of AIDS virus confirmed

Dr. Ruth Ruprecht and colleagues at Dana Farber and the Tulane Regional Primate Research Center published a study in the June 7 issue of the journal *Science*, that shows that AIDS is more easily transmitted orally than through anal sex, the *Washington Post* reported.

In the process of studying how infants are infected with AIDS, they examined potential infection through the mouth. They placed a solution containing the simian counterpart to the human immunodeficiency virus (HIV, which causes AIDS), on the tongues of rhesus monkeys. Six of seven de-

veloped AIDS, even if they had no sores, bleeding, or abrasions on their mouth or gums. In fact, the experiments showed the dosage necessary to infect the monkeys orally was 6,000 times lower than that required for rectally induced infection. The team found that it only takes 830 times more virus to get an oral infection than a direct injection of the virus into the bloodstream, the most efficient method of transmitting AIDS.

This discovery confirms the danger warned of by Lyndon LaRouche and his associates back in 1985. Despite the new evidence, Ruprecht, an immunologist, continues promoting the politically correct line that this does not mean that AIDS can be transmitted by "casual contact." "Our results in no way imply there is a danger from casual contact. And by that we mean hugging, kissing, sharing spoons, drinking water from fountains, sharing cups and glasses and so on," she said. She claims that danger of transmission stems from "unprotected" oral sex.

Russia

State finances set to collapse after election

The Russian state bond market is headed for total collapse, Viktor Usoltsev wrote in *Pravda Rossii* of May 30. Domestic banks, the main investors, are pulling funds out of the market. On April 17, three- and six-month notes worth \$1.2 billion were sold, while over \$1.4 billion was paid to cash out old ones. The government has been using the short-term borrowings, to cover the budget deficit—as President Boris Yeltsin dishes out money on the campaign trail, although wage arrears have still not been paid in many regions.

At the April 17 auction, interest rates on the state's three-month notes were raised from 92%, up to 121%. On the six-month notes, the average rate went from 165% annually, to 180%! Despite such rates, at the April 24 auction the Ministry of Finance placed one-third less in bonds than it had planned.

The state's own financial pyramid is about to crash, Usoltsev wrote. The new issues are not covering the payments. In the

first quarter, budget revenues were 35 trillion rubles, as against 71 trillion planned. Hard currency reserves will have to be used to pay internal debt.

In the May 31-June 7 issue of *Pravda-5*, Democratic Party of Russia leader Sergei Glazyev explained that the government is financing Yeltsin's spending spree with short-term commercial borrowings, at even higher interest rates: "In the interests of major financial institutions, the Ministry of Finance has sharply raised interest rates on state bonds, which means a corresponding increase in budget expenditures to cover these obligations, with interest, during the second half of this year. The widespread practice of direct funding of state spending, by superhigh-interest commercial bank loans, goes in the same direction. . . . With such manipulations of state spending, accomplished by the sleight-of-hand artists at the Ministry of Finance, to the enormous benefit of the commercial organizations standing behind them, and all this under cover of the campaign to pay the back wages, it may be that the June wages for budget-sector employees are the last they get this year; all budget revenues in the second half will go to pay obligations to the creditors."

Philippines

Overseas workers prop up economic picture

The so-called "tiger economy" of the Philippines is riding on backs of workers exported overseas, first-quarter figures from the President Fidel Ramos administration and a May 11 survey by the London *Economist* showed. *EIR* reported this situation in its Jan. 19 issue.

According to the survey, which lauds the free trade-privatization program of Ramos, the Philippines is today the leading exporter of labor, with 4.5 million people working abroad. In 1995, Overseas Contract Worker (OCW) remittances rose to \$4.7 billion by official account, but, when "informal channels" were included, the total was more than \$6 billion, which approaches 30% of total export earnings for the year.

An estimated 2 million of the total 4.5 million OCWs are illegal aliens, subjected to harrowing conditions. In the last decade,

an increasing number have been women, working as domestics, nurses, or "entertainers." Of those working as maids in Hong-kong, one-third have some level of university education.

Socio-Economic Planning Secretary Cielito Habito admits that what a recent International Monetary Fund review team called the first-quarter "fruits of reform," reflected in a 6.2% upturn in GNP, is due entirely to OCW remittances and the service sector, while manufacturing and the still dominant agricultural sector have stagnated.

Finance

Another institution fails in Japan

Shin Kyoto Shinpan, a credit institution based in Kyoto, has declared bankruptcy with some \$3 billion in bad debts, sending shock waves through Japan's financial markets. The Bank of Japan is playing down the collapse, the eighth financial institution to fail in 18 months, by saying that its creditors are large, stronger banks, so there is no risk. But, according to sources, this latest bankruptcy puts the spotlight once more on an unresolved political situation of Japan's huge bad bank debts from the 1980s real estate "bubble economy."

"The Kyoto Shinpan collapse is being used by politicians to renew pressure on the private banks to pay their share of the bad debts their lending created, rather than the taxpayers paying via state bailout," the source said. "But there is another huge debt problem, the \$274 billion debt of the Japanese National Railway. This debt is far larger than the Jusen debt of the housing companies. The problem is that sale of Japan Rail land was to have paid down the debt, but such huge sales in central Tokyo and such areas is impossible without triggering a new real estate collapse crisis for the banks, meaning the government might have to assume that debt on its books. Add to this the stalemate in resolving the \$6 billion to finance the Jusen bailout, and it's clear the Bank of Japan will be paralyzed for months from tightening its extraordinarily easy 0.5% money policies."

Germany

Construction enters 'deep recession'

"We have entered a deep economic recession," Christian Roth, national president of the association of German construction firms, said about the construction sector, German media reported on June 7.

With a record 6,000 bankruptcies in 1995, construction is heading for another bleak year. Especially in eastern Germany, where the special, five-year tax rebates for construction projects expire at the end of June, more than 10,000, largely undercapitalized small and medium-sized construction firms are on the verge of collapse.

Last year, more than 100,000 jobs were eliminated, and another 120,000, if not more, will most likely be lost this year.

Great Britain

Reduced global role forecast by Treasury

An internal report of the British Treasury Ministry forecasts that Britain's role in the world will be significantly reduced, according to the June 6 London *Financial Times*. The report, and its leaking to the press, is part of a propaganda effort designed to downplay the vast global power of the British Empire, which is being reorganized around the British Commonwealth.

The warning, part of a survey on competitiveness, is based on the fact that there is a "skills gap" between the United Kingdom and competitor economies. Within the next 20 years, the British will fail to qualify not only for membership in the Group of Seven (G-7), but also lose their world role in the leading international institutions, such as the United Nations, International Monetary Fund, and World Bank.

Britain's fate will be shared by France and Italy, as they are replaced by China, India, Brazil, and Indonesia as the strongest economic nations early in the next century. Of today's G-7 members, only the United States, Germany, and Japan will remain.

Briefly

EDUCATION of the children of China's migrant workers is a big challenge. About 2 million children fail to go to school after their parents migrate to big cities. "More and more people come to the cities but ignore their children's education," an official of the State Education Commission said.

JORDAN received a loan of \$100 million from the Kuwaiti Arab Fund for Social and Economic Development on June 3, the first to be given to Jordan by Kuwait since the Gulf war against Iraq. The loan will be allocated to complete the third stage of upgrading the Aqaba power generation plant in south Jordan.

BELGIAN TV covered the international speculative bubble on June 9, in a report on a strike at a Belgian company, protesting layoffs planned by the company to adapt itself to the globalization of the markets. Only a tiny percentage of the hundreds of billions in worldwide money flows has to do with exchange of goods. The program shows a clown blowing up a balloon, which finally explodes.

AIDS WILL KILL 100 million Africans in the next 30 years, under present birth rates, according to a forecast of the U.S.-based Population Research Council, reports in the May issue of the monthly journal of the German Foundation for World Population Research.

INDONESIA'S National Atomic Energy Agency Deputy Director Iyos Subki said the scenario of potential danger to Australia in the event of an accident at its proposed nuclear reactor in Java, was "totally impossible," the June 1 *Sydney Morning Herald* reported.

COPPER prices crashed 15% in two hours on the London Metal Exchange on June 6, in what was described as record hectic trading activity. George Soros's Quantum Fund and the Tiger Fund were cited by the London *Financial Times* as the instigators of the maneuver.

Colombian canal project could thwart separatist plot

by Javier Almario and Carlos Wesley

The national debate provoked by the frequent massacres carried out by narco-terrorists in the Colombian region of the Gulf of Urabá, took an unexpected turn on May 22, when President Ernesto Samper Pizano proposed the building of the Atrato-Truandó interoceanic canal as a solution to the isolation and violence afflicting the region. While it is highly unlikely that Samper's proposal is anything but an attempt to divert attention from the narco-scandal in which he is embroiled, still, the placing of a spotlight on the canal project is most useful. *EIR* and the friends of Lyndon LaRouche in Colombia have supported this ambitious development project since the early 1980s, as of great benefit not only to Colombia, but to the whole world (see below).

But in Urabá today, the United Nations and the non-governmental organizations (NGOs) are using the continuous massacres carried out by the Colombian Revolutionary Armed Forces (FARC), and its counterparts in self-defense units or among allies of the Peace, Hope, and Freedom group (EPL), as a pretext to promote the British imperial strategy of demanding the presence of UN peacekeeping forces, and fostering separatist sentiment in Urabá, with the argument that the national government "is unable to protect the civilian population." Comparisons between Urabá and Bosnia-Herzegovina are appropriate here.

For over a year, Alvaro Uribe Vélez, governor of Antioquia (in which Urabá is located), advised by Harvard University professor Roger Fischer, a supporter of the idea of transforming the UN into a supranational world government (see box, p. 19), has demanded that UN "blue helmets" be deployed into the Urabá region. An army of NGOs is already in Urabá. Pax Christi International, for example, has proposed the creation of "neutral zones where the civilian population will reside," similar to those which the UN supposedly pro-

tected in Bosnia, in which thousands of Muslims were massacred by the Serbians, under the "protection" of UN troops.

Bedoya draws the line vs. separatism

The polemical statement made by Army Commander Gen. Harold Bedoya Pizarro on April 12, changed the course of the debate. Bedoya affirmed: "If we continue to allow foreigners to tell us how to protect our borders, we shall lose Urabá, just as we lost the Panama Canal. Any country in the world would be interested in the Urabá region, and if we Colombians continue to play their game, we'll lose the Atrato canal. . . . The Europeans have their sights trained on Urabá."

General Bedoya's statement was correctly perceived by the UN, its NGOs, and such allied think-tanks as the Washington, D.C.-based Inter-American Dialogue, as a direct challenge to their separatist game plan. In response, they have attempted to publicly humiliate Bedoya, and to force his resignation as Army commander. However, their attempt has backfired. A debate called in the Senate by Sen. Omar Flórez, for the purpose of subjecting General Bedoya to ridicule for his statements, instead proved the correctness of his assertions. It turned into a debate on proposals for the development of the Gulf of Urabá region, which borders Panama, and intersects the departments of Chocó, Antioquia, and Córdoba, the latter currently a victim of narco-terrorist violence (see **Figure 1**). Among the charges which the participating senators made, was that General Bedoya's statements had negatively affected Colombia's relations with the European Union.

Rather than weakening Bedoya, the Senate debate strengthened him. Support for his statements ranged from leftists such as Jaime Dussán, to conservatives such as Luis Guillermo Vélez. Vélez stated that, in fact, the Colombian Army had not been defeated by the guerrillas, but that NGO

activity had caused the Army to lose the war “in the United States, Germany, Spain, Italy, and Holland.” Defense Minister Juan Carlos Esguerra also had to support Bedoya, explaining that the general’s disputed statement referred to numerous, primarily European NGOs, that seek foreign intervention in Urabá by ignoring the national government and “going above the law.” Esguerra also explained that the general’s remarks referred to the federal government’s rejection of “the proposal to bring the UN’s blue helmets in to pacify Urabá, made repeatedly by Antioquia Gov. Alvaro Uribe Vélez, who, fortunately, will not propose it again. Rest assured that in Urabá, the only soldiers patrolling, will be those wearing the helmets of the Colombian Army, and the helmets worn by the sailors of the National Navy,” Esguerra told the senators.

The debate clearly implied that the presumed opposing forces, responsible for the massacres in Urabá, are manipulated by foreign interests for the purpose of justifying a foreign intervention—whether a military intervention using UN troops, or those of UN members, or through UN interference in the region, or even in the whole country. With the exception of the communists, spokesmen from across the political spectrum represented in the Senate, told the FARC and the EPL “not to play into the hand of foreign interests.”

British geopolitics: the Bentham plan

This British strategy for Urabá is not new. For more than three centuries, Great Britain has had its sights trained on Panama and Urabá, and in different periods of history, it has succeeded in getting the United States to back its cause, through ideological or cultural manipulation. Since the turn of the century, U.S. foreign policy has in large part been based on British geopolitics of the 18th and 19th centuries. When U.S. President Teddy Roosevelt said in 1903, “I took Panama,” and seized Panama from Colombia, he was implementing a plan first developed by Jeremy Bentham (1748-1832), the founder and first director of Britain’s intelligence service.

Bentham’s plan for Spanish America, was to take control of the outlets of all the navigable rivers, the islands critical to navigation, and the Panamanian isthmus, as a means of imposing imperial control over the entire region (Figure 2). For this reason, the British seized the Malvinas Islands, tried to take the Rio de la Plata region, seized Jamaica, took possession of Guyana, with the intention of controlling the deltas of the Orinoco and Esequibo rivers, and used several islands as the headquarters of various pirate groups which, like the FARC and ELN guerrillas today, sabotaged trade and looted and destroyed physical infrastructure.

In 1822, Bentham wrote his “Junctiana” proposal, a plan to build a canal connecting the Pacific and Atlantic oceans. The canal was to have been built on land seized from Mexico (in what is today Nicaragua), and would have bordered on the north with Mexico, and on the south with Colombia. Bentham’s ally in these plans was American traitor Aaron Burr, who intended to become the ruler of a slave empire extending

FIGURE 1

Colombia’s Urabá region



from Mexico, through Central and South America, including the Antilles—everything south of the United States.

Bentham’s Junctiana was to have been a new state, through which the canal would be built, with the involvement of a company financed largely by British investment. The state, however, was not intended to be Spanish-American, but would rather be called the Anglo-American United States. According to Bentham, neither Colombia nor Mexico was capable of providing the necessary security to protect these investments, because, as he put it, having become independent so recently from such a bad form of government, they were in constant danger. The habits and culture of a large portion of society, he said, were not of the required level.

Bentham’s idea was that the canal company would bring in profits by collecting tolls from users, charging the same amount to everyone. The proposed route was through Nicaragua. However, he said, Mexico shouldn’t try to build the canal, because this would anger Colombia. Nor should Colombia try to build the canal, because this would anger Mexico. Junctiana should have good legislation, a good judiciary, and good government. In reality, this implied and presupposed that the territory of Junctiana would be part of the Anglo-American United States. It would have two port cities,

FIGURE 2
The Caribbean region



one on either end of the canal, which would be replicas, in miniature, of “the civilized world.” The people residing there would be officials of the supervisory classes, civilian and military leaders, who would appreciably increase the value of the active population, and the circulation of wealth in the territory, starting as soon as the project began.

Except for the fact that Bentham’s proposed route was through Nicaragua, what he wrote was a perfect description of what eventually became known as the Panama Canal Zone, right down to the Gold Roll and the Silver Roll. (In the Canal Zone, U.S. employees are distinguished from native employees, such that there are actually two different payrolls. Until relatively recently, they frequented different coffee shops, sent their children to different schools, used different water fountains and bathrooms. The names Gold Roll and Silver Roll referred to the fact that, originally, Americans were paid in gold dollars, while the natives were paid in silver dollars. Now that there aren’t any gold or silver dollars, there is simply a difference in wage levels, by which Americans are compensated for suffering the “rigors” of work in the tropics.)

Bentham, of course, also wrote books on other topics: *In Defense of Usury*, and *In Defense of Pederasty*.

As early as the 17th century, the British attempted to control the Darien Gap, connecting what is now Panama and Colombia, through a colony established by William Patterson, who subsequently founded the Bank of England. British

Capt. Augustus Lloyds, employed by Colombia, succeeded in convincing the liberator, Simón Bolívar, to let him explore Panama, to establish a possible route for the canal. He returned, proposing a route that would divide the Panamanian city of Bahía Limón in half—virtually the same route as the current canal.

According to Colombian historian Eduardo Lemaitre (*Panama and Its Separation from Colombia*), the British tried to establish a beachhead on the Central American isthmus. They took Belize (from Guatemala), and succeeded in controlling the Mosquito Coast in the northern part of Central America. The British pirate Francis Drake had previously made incursions into Portobelo (Panama), while Henry Morgan attacked the old city of Panama. We call these individuals pirates, but to the British, they are known as Sir Henry and Sir Francis. England also tried to get Panama to declare its independence from Spain, by supporting an Indian chief named Andrés, whom the British called the “King of Darien and sovereign of Panama.” In 1780, Lord Nelson was ordered to take Lake Nicaragua, known as the “Gibraltar of Spanish America.”

Seeking control over a route between the two oceans, in 1845 the British solemnly crowned an Indian “King of the Mosquitos,” with the name of Robert Charles Frederick I. They then landed him at Bahía Almirante in the Panamanian province of Bocas de Toro, and from then on, proclaimed

themselves “protectors of Indian rights.”

In contrast to British imperial designs, the current Colombian Senate debate on Urabá put a spotlight on the vast development potential of this region, making it clear that any investment in the region would be to the benefit of all Colombians. Recalling the plans for building the Atrato-Truandó Canal, several senators from the Antioquia region discussed the need for deep-water ports, railroads, and highways. Investment figures in the range of \$1.5-15 billion were mentioned. There was talk of a “Marshall Plan” for Urabá.

A commission created

On May 22, President Samper, desperate to find anything to boost his popularity, and echoing the Senate debate, proposed the building of the Atrato-Truandó Canal. His government has already ordered the creation of a commission made up of the finance, communications, transportation, economic development, and national planning ministers, to determine the best route.

Whatever Samper’s motives, the debate generated by his proposal has revived dormant hopes, especially among the inhabitants of Chocó, Antioquia, and Córdoba. But it has also activated old enemies of the canal project, such as Samper’s political godfather, ex-President Alfonso López Michelsen, also known as “the Godfather” of the drug trade.

At the beginning of the 1980s, co-thinkers of Lyndon LaRouche, as well as some national institutions, mobilized around the proposal to build the Atrato-Truandó Canal. In 1984, the Colombian Fusion Energy Foundation, an organization inspired by LaRouche’s economic policies, together with the Bogotá chapter of the Colombian Society of Economists, the Colombian Geographical Society, and Sen. Daniel Palacios Martínez, created the Pro-Atrato-Truandó Civic Board.

That same year, Senator Palacios introduced a bill giving the President extraordinary powers for a four-year period, to create a mixed-capital company (public and private), for the purpose of building the canal, and to dictate whatever changes were necessary to attain that goal. The bill was passed by the Congress in 1984. In August 1985, the organizations belonging to the Pro-Atrato-Truandó Civic Board organized an international conference to promote the new law. Ramtanu Maitra, of *EIR*’s bureau in India, attended representing Lyndon LaRouche, and explained the latter’s world infrastructure program, including the proposed building of the Kra Canal in Thailand.

At that conference, *EIR* presented a study of the economic benefits Colombia would derive from building the canal. *EIR* presented the old studies done by the U.S. Army Corps of Engineers in the 1960s. In studying 30 possible routes for the building of a new interoceanic canal, the Corps of Engineers considered the Atrato-Truandó route among the best (Figure 3).

Already at that time, the Panama Canal was considered obsolete, since it could only handle 60,000-ton ships, while

Pugwash world federalists behind Urabá grab

Two leaders of the Urabá separatist project are pupils of a brainwashing project set up in Antioquia, Colombia in 1995, by Roger Fisher’s Harvard Negotiations Project (HNP). Antioquia Gov. Alvaro Uribe Vélez, and Gloria Cuartas, mayor of Apartadó, both advocates of supranational oversight of Urabá enforced by UN blue helmets, have been principals in Harvard’s “Pedagogy of Tolerance” project since Fisher opened its first seminar in Medellín on April 24, 1995.

An international law expert and an adviser to Robert McNamara’s U.S. Defense Department in the 1960s, Fisher is one of the leading architects of the post-Kennedy, post-industrial global paradigm shift directed by British intelligence’s psychological warfare division, the Tavistock Institute. His “working assumption,” he argues, is that “conflict is an inevitable feature of social life”; the only issue is, who will “manage” it.

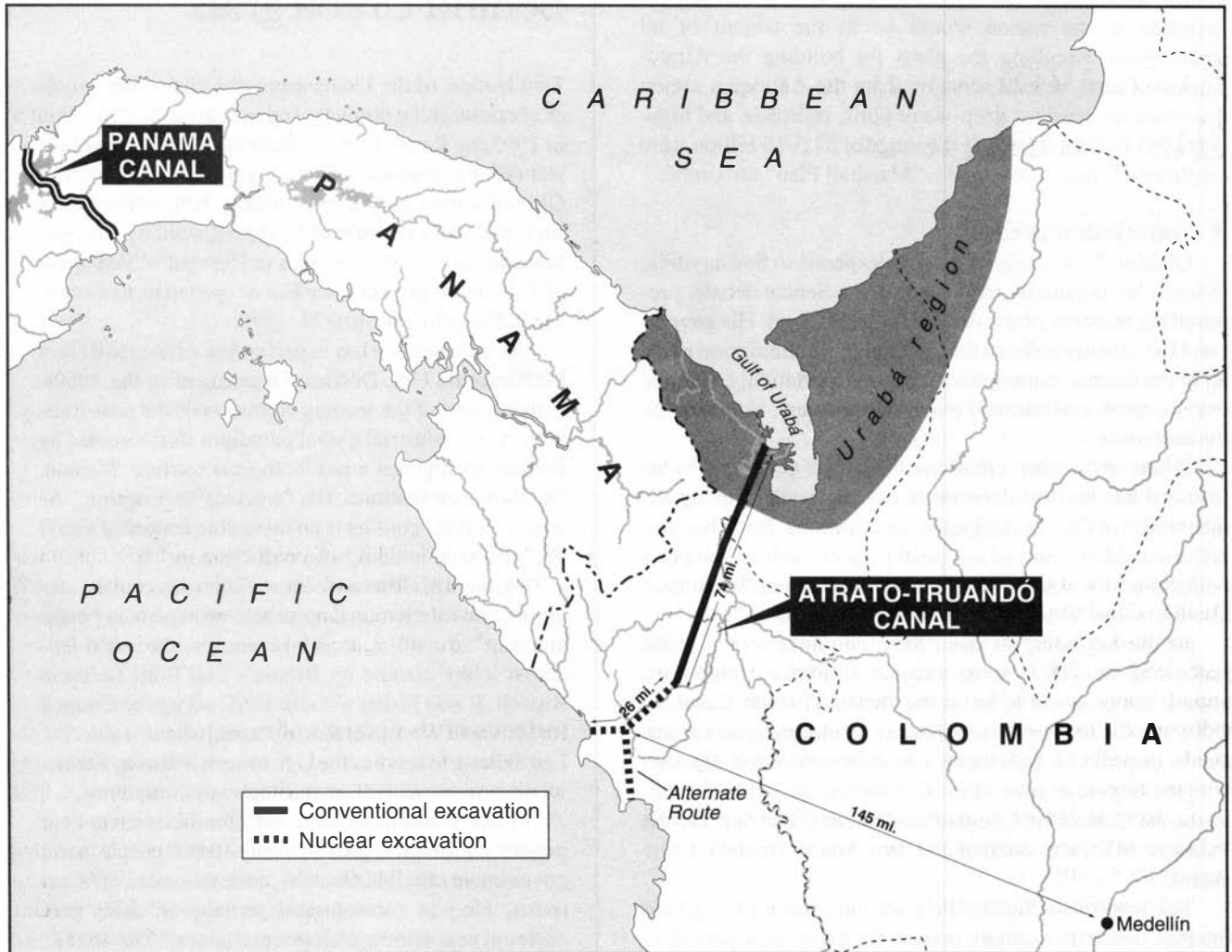
Through his Harvard center, Fisher directed the creation of an international apparatus of experts in “management” of conflict, as an instrument of the world-federalist lobby created by Britain’s evil Lord Bertrand Russell. It was Fisher who, in 1961, set up the Council for a Livable World, for Russell’s mad scientist aide, Dr. Leo Szilard, to serve as the U.S. branch of Russell’s one-world-government effort, the Pugwash Conference.

Fisher’s current program in Colombia is a two-year project whose stated goal is to train 40,000 people (local government officials, teachers, trade unionists, civic activists, etc.) in “sociological techniques” and “processes of negotiation, dialogue and peace.” The 40,000, each sent out to tutor others, is considered sufficient to reshape the nation. The site chosen by the Harvard team for their project, was Antioquia, one of the departments of which Urabá is a part, and where the drug cartels first established their grip in Colombia.

Joining Fisher as a “professor of tolerance” in the first phase of the Colombian program was Shafik Handal, the veteran head of El Salvador’s Communist Party and unrepentant advocate of armed struggle, who directed the Farabundo Martí Liberation Front’s war against his nation for decades. Handal is also a product of Fisher’s behavioral training. The Conflict Management Group set up by Fisher in the 1980s, the subgroup of the HNP which runs the Antioquia project, played a central role in establishing the current UN dictate over El Salvador. “We advised and trained both sides in the war between the government and the opposition FMLN,” CMG literature brags.

FIGURE 3

Proposed route for the Atrato-Truandó Canal



250,000-ton tankers were navigating the globe. The U.S. Army Corps of Engineers recommended the peaceful use of nuclear energy as a means of building a new canal. It was estimated that 19 nuclear explosions would be required, along 26 kilometers of rocky mountains; along the remaining 185 kilometers, conventional excavation technology could be used. The canal would have a good two-way course, at sea-level (without locks), and would operate year-round.

In one of its southern deserts, the United States built an experimental canal to test the method of excavation by small nuclear explosions. It also studied wind patterns in the Atrato-Truandó region, to determine at what time of the year explosions could be carried out without risk to human beings, and also what areas would have to be evacuated prior to the explosions. The possibility of using conventional explosives was debated, but it was determined that these would be more

costly. At the time that these studies were done, in Colombia, the Institute of Nuclear Affairs and the Institute of Hydrology and Meteorology were established.

Today, the United States has developed small fission bombs which can be used for such purposes, and from which the risk of any contamination is minimal. It is also now possible to blast through the mountains in question by using mechanical "moles," like those used to build the tunnel across the English Channel. In this case, there would be a 26 km tunnel, accommodating a canal deep enough for today's largest vessels.

This type of project could only lead to an explosion of economic development and cultural optimism, while unifying and integrating the Colombian nation, now so mortally threatened by separatism, narco-terrorism, and the advocates of one-world government.

Economic impact of the canal project

by Javier Almarío

The following are excerpts from a presentation given in August 1985 at a forum on the proposed Atrato-Truandó Canal, held in Bogotá, Colombia. The meeting was convoked by the Colombian Society of Economists, Bogotá and Cundinamarca chapter, along with the Colombian Fusion Energy Foundation, and the Colombian Geographic Society. The full title of Mr. Almarío's speech was "The Impact of the Construction of the Atrato-Truandó Canal on the Colombian Economy."

... Let us look at the effect that construction of the Atrato-Truandó Canal would have, if we began construction in 1986 ... and also consider its effect on economic growth for the years 1995 and 2000. We assume that Colombia would only import heavy construction equipment and other elements indispensable to the effort, but that cement, steel, and similar goods, as well as labor power, would be supplied by the Colombian economy itself.

Looking at the proposals for creation of new cities and industries in the area surrounding the canal, we get the following picture: 5 million tons of steel-producing capacity; a lumber and sawmill industry ten times the size of the current national industry; a chemicals and petrochemicals industry 3.5 times the current national capacity; a leather and plastics industry equivalent to current industrial levels; a huge aluminum production plant that would multiply production of non-ferrous metals tenfold; a new industry of electrical and non-electrical machinery equivalent to the capacity of current industry; and a transport vehicle industry 1.5 times current production levels.

The Atrato River valley and bordering regions could produce a large quantity of wood that could be efficiently transported by the Atrato and other rivers. Chemicals and petrochemicals are chosen, because they are products that greatly benefit from water transport to and from the factory. There is oil in the region for the petrochemical industry, but Colombia needs to produce more of these products anyway. An aluminum plant is proposed, because maritime transport makes the import of bauxite from Venezuela and Jamaica that much easier, and energy for the plant could be generated with coal from Colombia's Cerrejón, and from nuclear and hydroelectric energy.

Steel was chosen, because there is coking coal in the region, and it can be transported from other regions as well. Water is an excellent means of transportation for imported iron ore, for coking coal, and for movement of finished steel. Since this is a steel-producing region, a modern heavy machinery industry should also be built. The combined effect of the building of the canal, and related industries, would be a 7.2% annual growth in 1995, and 6.6% in the year 2000.

To this growth, we should add the growth spurred by the industries supplying the canal zone, that is, the industries located elsewhere in the country which will provide inputs for the steel and cement industries, as well as other industrial inputs, for housing construction and for workers' consumption in the canal-construction zone. Plastics, glass, and machinery production must be doubled, cement production quadrupled, and steel production increased tenfold. Thus, our growth will reach 9.5% in 1995, and 8.1% in the year 2000.

Finally, if the building of the Atrato-Truandó Canal is combined with modernization of all national infrastructure, all productive and consumer goods industries will grow. This would lead to a doubling of production in basic consumer industries, in their demand for machinery, capital goods, electricity, raw materials, and other inputs. Thus we arrive at an annual growth figure of 12.8% for 1995, and 11.7% for the year 2000.

Hundreds of thousands of new jobs

The other point is the employment generated by the building of the canal: 10,000 jobs directly, and another 20,000 indirectly, in related activities, were the building project to use nuclear explosions. The use of more traditional technologies would generate 24,000 jobs directly, and 30,000 indirectly. Fifty thousand construction workers would be needed for building new cities and industries. Some 250,000 industrial workers would be employed directly in new industries in the canal area.

One hundred thousand agricultural workers are needed for work in the Atrato valley, to fell trees and plant new forests; between 200,000 and 225,000 industrial workers would be needed for the industries that would supply the canal zone, at productivity rates 25% higher than current rates for industry. Add to this, other jobs created throughout the economy, to build other infrastructure. Take as a baseline, industrial productivity rates 25% higher than current ones.

In the manufacturing sector, there would be a total of 1.575 million new jobs, an extraordinary leap, if we take into account that there are currently only 475,000 industrial workers, according to figures compiled by the DANE statistical agency in its annual survey. Industrial employment will grow by 300%.

These are some of the benefits to be derived from the building of the Atrato-Truandó Canal, not counting the revenues collected from users' tolls.

Maggie Thatcher's economics spread 'Mad Cow' disease

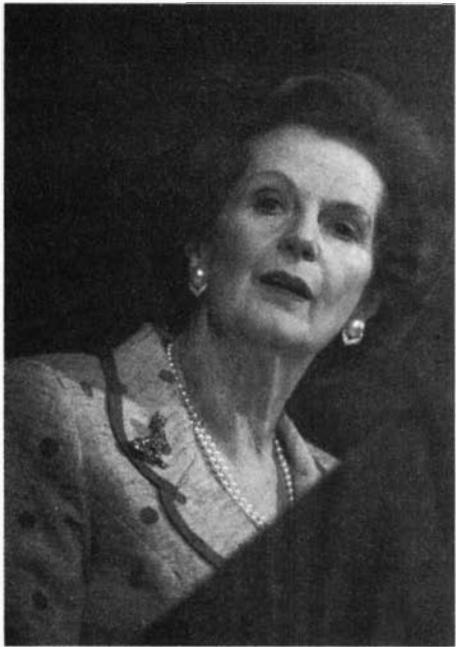
by Marcia Merry Baker and Jonathan Tennenbaum

Seldom do you see such an open-and-shut case of what is wrong with British "free-market" economics. "Mad Cow" disease (bovine spongiform encephalopathy, or BSE, a fatal degenerative condition of the central nervous system) made its first appearance in England in 1985-86; its subsequent spread—affecting 162,000 cows in the British Isles over a 10-year period—is directly connected to the deregulatory economics of the Thatcher policy years.

This disease outbreak is occurring in the context of a general process of destruction of the human race's biological defenses. The unchecked combination of AIDS and drug-resistant tuberculosis, and the return of classical epidemic diseases such as cholera and malaria in many parts of the "Third World," are exemplary. We are witnessing a collapse in worldwide investment into essential water and sanitation systems, public health care, insect control measures, immunization programs, and so forth—parallel with falling material living standards for the majority of the world's population. Radical deregulation and globalization policies, together with the looting of the base of world agriculture by the food cartels, are also very significant factors in the growing danger of a global "biological holocaust." Thereby, we are greatly multiplying the potential routes for spread of plant, animal, and human diseases, while creating epidemiological "weak links" and "forcing cultures," stimulating the emergence of new diseases.

In the *Feature* that follows, *EIR* provides a detailed record, from the 1970s to the 1990s, of what was known about the risk potentials present, including economic cofactors, for disease outbreak in the United Kingdom; and, given the situation, what Mrs. Thatcher and her cohorts did, or did not do, in their free-trade "revolution." Their record shows criminal culpability.

In brief, both before and during the 1979-90 years of Thatcher's prime minister-ship, infectious animal by-product from British slaughterhouses was recycled—*without being decontaminated*—into the livestock feed chain. The recycled offal included sheep remains, from flocks known to have scrapie (the sheep and goat



Which one is the Mad Cow?

form of transmissible spongiform encephalopathy, TSE), and cattle remains.

In 1986, the first official case of BSE was recorded in England. The consensus among veterinarians and epidemiologists, is that tainted feed was a leading cofactor. Yet, tainted feed mix continued to be distributed, and was exported. In 1990, the first BSE case occurred abroad; by 1996, over 384 official cases were recorded, in 10 countries, where tainted feed, or live cattle, had been exported from Britain.

Only in 1988 did the Thatcher government make BSE a compulsorily notifiable disease. In 1989, six thousand BSE cows were reported in the U.K.; in 1990, thirteen thousand; in 1991, twenty-five thousand; and in 1992, thirty-seven thousand (the peak year). Only in 1988 did the Thatcher government issue a ban on recycling U.K. animal wastes into livestock feed; but it was not enforced. Moreover, after tainted feed products were banned at home, Britain more than doubled exports of bone meal and other abattoir by-products for feed.

This chain of events was set in motion in September 1979, four months after Thatcher became prime minister, when her cabinet decided to set aside 1978 draft proposals for tightening animal feed standards. This deregulation continued when, in 1981, Minister for Agriculture, Fisheries, and Food Peter Walker signed the "Diseases of Animals (Protein Processing) Order," which allowed tainted feed practices to expand.

The rationale given was straight free-trade dogma: The rendering and feed industry has the right to self-regulate. It must be free to use the least costly methods (low temperatures,

low pressures, low fuel costs). "Market forces" must be free to decide what animals eat.

Exactly who are the "industry" and "market forces" referred to? The prominent companies and individuals involved are all from the top echelons the House of Windsor's financial empire. The companies include: Unilever PLC, the Anglo-Dutch food cartel company, whose subdivision, BOCM Silcock, was a top 1980s British livestock feed merchant; Prosper de Mulder Ltd., which in the 1980s owned over 70% of all rendering in the United Kingdom; British Petroleum Nutrition, one of the world's largest commercial feed companies in the 1980s (and owner of Purina Mills, the largest U.S. feed company, until 1993); Dalgety PLC, now the single largest commercial feed company in the U.K.; its subdivision is food supplier to McDonald's restaurants in North America.

When Agriculture Minister Walker resigned in 1990, he became a director of Dalgety PLC, and joined the board of the newly deregulated British Gas. Thatcher's deregulation and privatization extended to all kinds of infrastructure and vital services, gutting the physical economy. In 1992, Walker was named Lord Walker of Worcester, MBE, PC (royal Privy Council.)

What now? The BSE scandal—with new questions raised concerning possible transmissibility to humans—has provoked new opposition to "London economics" among the European Union countries. There is a resurgence of healthy nationalism over citizens' rights to safe food, and other necessities. Below is a report on this fight.

The scientific picture on BSE: incomplete, but frightening

by Jonathan Tennenbaum

Judging from its characteristics and probable origins, bovine spongiform encephalopathy belongs to a fairly well-defined family of transmissible diseases in humans and animals, whose chief manifestation is a progressive, invariably fatal destruction of brain tissue. The term “spongiform” refers to a peculiar, sponge-like quality of the brain lesions produced by these diseases.

Until the first discovery of spongiform encephalopathy of cattle, in Great Britain in 1985, this family of diseases had attracted attention mainly in two guises: first, a widespread illness in sheep, called scrapie, which had been known as a major problem in flocks of sheep in Europe since at least the middle of the eighteenth century; and second, a group of hitherto extremely rare brain diseases of humans, including especially Creutzfeldt-Jakob disease (CJD), Gerstmann-Straussler-Scheinker disease (GSS), and kuru. In both cases it had proven very difficult to determine the causes and mode of propagation of these diseases.

In the case of scrapie, it can often happen, that only a single animal in a herd is affected; genetically transmitted factors are assumed to play an important role. Major outbreaks of scrapie in the past often correlate with a prehistory of excessive inbreeding, or of breeding practices aimed at rapidly expanding the numbers of animals in periods of “high market demand.”

Nevertheless, it was demonstrated in the 1930s, that scrapie can be artificially transmitted, by injecting small amounts of brain tissue from diseased animals, directly into the nervous system of healthy animals. Later it was demonstrated that CJD, too, possesses some sort of transmissible agent. D. Carleton Gajdusek and others succeeded in transferring Creutzfeldt-Jakob disease to chimpanzees, through injection of brain tissue extracts from human CJD victims. The chimpanzee disease could subsequently be retransmitted among chimpanzees, by the same means.

Such experiments also demonstrated, that the typical latency or incubation period for scrapie and other transmissible encephalopathies—the time from initial infection until the first appearance of symptoms—can be extraordinarily long. In cases of accidental hospital transmission of CJD, by transplants or contaminated surgical instruments, the incubation period can extend to 30 years! For this reason, scrapie and CJD were provisionally termed “slow virus” diseases, placing

them in the same category with maedi-visna (a viral infection of sheep), and HIV-associated AIDS in humans today. Both the maedi-visna and HIV viruses can cause progressive brain disease, among other manifestations. There are important differences, however.

Unusual features of scrapie

While searching for a virus as suspected infectious agent of scrapie in the 1950s, D.R. Wilson, I.H. Pattison, and others discovered several surprising and disturbing facts, which have significant implications for the problem of BSE today.

Firstly, it was found, that brain extracts of diseased sheep remained infectious even after treatment by various of the methods used to sterilize instruments, medical preparations, and food products. This extraordinary degree of resistance to heat, chemicals, and even intense ultraviolet light, suggested the possibility, that these diseases might be connected with an infectious agent of a fundamentally new type. This conclusion gained some support through the finding, that infected animals display no detectable immune reaction to the agent transmitting the disease. (Indeed, according to one of the leading hypotheses being pursued today, the infective agent of scrapie and related diseases is not an ordinary virus at all, but a mere protein—a naturally occurring protein, whose characteristics have been modified by a change in its spatial conformation.)

Secondly, in 1961 Pattison and Millson published the results of experiments, showing that scrapie could be transmitted to sheep by the oral route, through ingestion of as little as 100 ml of scrapie-contaminated brain emulsion. Other experiments have shown, that the transmissible agents of scrapie are not only concentrated in the brain, but can also be present in other organs of the body, albeit generally in very much smaller concentrations.

Thirdly, scrapie was shown to be transmissible to other animals, initially including goats and mice, thereby producing a fatal, degenerative brain disease analogous to that in sheep. These and later experiments of cross-species injection, pointed to the existence of a so-called species barrier, which, however, is not absolute, but depends on such things as the dosage of infectious material and the method chosen to introduce it (by injection or otherwise).

These results, obtained in Great Britain during the 1950s and 1960s, together with the results of related research in

other countries, would obviously cause one to be wary of the practice of “recycling” sheep remains in the form of feed supplement, unless the treatment process involved were sure to deactivate the scrapie agent. Nevertheless, quite the opposite attitude prevailed in British practice, especially from late 1970s on.

When the first cases of BSE appeared in the mid-1980s, the striking similarity with scrapie was immediately noticed. The obvious hypothesis suggested itself—an hypothesis widely, but not universally, embraced among researchers today—namely, that BSE was initially the result of a species-barrier “passage” of the scrapie agent, via “recycling” into feed supplement for cattle.

Quite apart from the hypothesis about a possible “species jump” origin, there was every reason to expect (as has been confirmed by subsequent investigations), that BSE shares many common biological features with scrapie, including the existence of a transmissible agent, the high degree of resistance of that agent to normal sterilization procedures, and the possibility of transmission via the oral route. Hence, it should not have been difficult to guess, what would result from the practice of recycling the cadavers of BSE-afflicted cattle, including their brain tissue, to healthy cattle, via rendering methods which fail to deactivate scrapie-like agents. In view of the scientific results quoted above, permitting such recycling of cattle remains can only be described as an extreme form of criminal negligence. This “cannibalistic” practice almost certainly was the main factor in the rapid, epidemic-like spread of BSE after 1985.

Is there a danger to human beings?

This leaves open the critical question, whether there is a significant danger to human beings, from the consumption of meat and other products from BSE-infected cattle. An apparently strong argument against such a danger, is suggested by the observation, that human beings have been eating the meat of sheep a very long time, and have doubtless been exposed countless times to scrapie via the oral route. Scrapie has often been rampant among sheep herds in Europe, and normal cooking can hardly be assumed to have deactivated the scrapie agent in all cases. Despite this, there is hardly a trace of a correlation between lamb consumption and the incidence of Creutzfeldt-Jakob and other forms of spongiform encephalopathy in humans. The latter incidence remains exceedingly small—generally of the order of one case per million population per year. This would seem to point to the existence of a very large “species barrier” protecting human beings from infection by scrapie.

On the other hand, the reassurance offered by this argument rests on the assumption, that the potentials of transmission of BSE are practically identical to those of scrapie. Unfortunately, recent research points to some significant differences.

As noted above, scrapie can readily be transmitted to

healthy sheep by oral administration of suspensions of brain tissues from scrapie-affected sheep. However, transmission of scrapie to other species, by the oral route, has proven much more difficult. A different picture is emerging for BSE. A recent issue of the *British Veterinary Record* reports experiments, in which a spongiform encephalopathy was induced in scrapie-resistant sheep by oral consumption of the equivalent of 0.5 grams of brain tissue from BSE-infected cattle. Mice have been successfully infected from BSE in a similar way. Furthermore, following the outbreak of BSE in British cattle, spongiform encephalopathies began appearing in England for the first time in cats (68 cases as of August 1995) and in a variety of zoo animals (21 cases), in which this type of disease had not previously been observed. Evidence points to the conclusion, that these are cases of oral transmission via BSE-contaminated beef products.

These data, while not all fully corroborated, do suggest that the infective agent of BSE is more easily transmitted to other species, than that of scrapie.

To this must be added the reported appearance, in England in recent years, of at least 10 cases of a form of Creutzfeldt-Jakob disease apparently never observed before. In contrast to the usual form of sporadic CJD, which mainly infects elderly and middle-aged persons, this variant form has struck young patients (mean age, 26.3 years), and causes a clearly different pattern of brain lesions. Although by no means proven, the possibility must clearly be considered, that the new form of CJD has been caused by a transmission to humans, of the agent of BSE. Clearly, BSE-contaminated material must be rigorously excluded from human consumption.

Mad politicians—more dangerous than mad cows!

As frightening as the BSE outbreak and its possible effects on human health might be, there is every reason to believe that the BSE problem itself can be brought under control. Indeed, measures taken from 1988 on, including especially the prohibition of further “recycling” of sheep and cattle remains into cattle feed, have already produced a drastic fall in the rate of new BSE cases, beginning 1993. Even if significant numbers of people were to eventually develop CJD-type illness as a result of BSE exposure—a “worst-case” hypothesis—it would seem highly unlikely that this would lead to a sustained epidemic involving direct transmission from person to person. In all known diseases of this type, including scrapie, BSE, and CJD, such “horizontal transmission” is exceedingly rare, under normal circumstances.

Unfortunately, we are not living under “normal circumstances.” The main danger we face is not from this or that disease, but from the epidemic of criminal negligence, which made such things as BSE possible. If the policies of Thatcherism are tolerated much longer, then BSE could be a mild taste of things to come.

More work is needed to develop BSE tests

by Carol Hugunin

“Mad cow,” scrapie in sheep, Creutzfeldt-Jakob disease (CJD), and similar degenerative conditions in humans, are all forms of spongiform encephalopathies. The nature of the disease—malformations of the host’s own proteins—presents problems in developing tests for the disease. Currently, the only solid test is a post-mortem study of stained slides of the brain.

It is also possible to biopsy the brain, take a tissue sample, and if that tissue, when injected into the brain of a mouse, causes the mouse to develop spongiform encephalopathy in 200-500 days, then it can be concluded that that brain was infected with the agents called prions. However, this test in mice takes one to two years to get definitive results. In the medical realm, either waiting for the patient to die, or doing a biopsy, and then waiting one to two years for a mouse to develop spongiform encephalopathy, leaves a lot to be desired.

Surveillance and testing of cows, U.S.A.

Since BSE was first officially designated in 1986, the U.S. Animal Plant Health Inspection Service and the Food Safety Inspection Service have periodically monitored slaughterhouses, pulling out of the group of cows going to slaughter any with clinical signs of rabies or any other central nervous system disorder. These cows are strictly examined, including extensive studies of stained slides of the brain. Roughly 250-300 cows a year looked clinically suspicious; but none turned out to have BSE. Nonetheless, as BSE became a more heightened concern, on March 20, 1996, the USDA expanded this surveillance operation. On June 10-11 in Ames, Iowa, the USDA Agricultural Research Service’s annual conference, “USDA Scrapie/Bovine Spongiform Encephalopathy Consultant’s Group Meeting,” discussed research efforts to develop methods for testing.

There is need for increased, broad-based efforts to develop tests for animals, humans, and for food and medical products potentially involved in transmissibility of disease. Progress in two testing approaches is being reported but serious questions remain about where, when, and how to draw substances from the person, or animal, to be tested.

The most promising of these tests, so far, in the research phase, is being developed by Dr. Michael Harrington, at the California Institute of Technology in Pasadena, California,

and Dr. Clarence Gibbs at the National Institutes of Health, National Institute of Neurological Diseases and Stroke, in Bethesda, Maryland. They discovered that CJD in humans (or scrapie in sheep; or BSE in cows) leads to a form of brain damage in which two proteins normally found only in the brain (protein 130 and 131), are found also in spinal fluid. They developed an antibody test for 130 and 131 in the spinal fluid, which takes two days to get results, and is technically simple enough to be done in hospitals and clinics.

These two proteins can be found in patients who have herpes encephalitis, a virally induced disorder. Since herpes encephalitis is clinically a very different disorder from CJD, this testing method opens up the possibility of solid diagnosis of CJD well before the patient’s death—a necessity for any treatment to be developed; as well as the possibility of testing breeding stock, or even, possibly, whole animal herds.

There is also work on developing a test under way at the USDA’s National Animal Disease Center in Ames, Iowa, at the Respiratory and Neurologic Disease Research Unit. The work was begun by Dr. Mary Jo Schmerr, on sheep scrapie brain material. Since scrapie in sheep and goats is the prototype of transmissible spongiform encephalopathies found in other animals and humans, the test technique can have potentially wide applicability.

Dr. Schmerr and collaborators now have a means to identify the presence—using micro-level amounts of brain matter—of the abnormal disease protein (the prion). The way the test works is that some brain protein is denatured, and prepared into a monomer form (of prion protein) with a molecular mass of 27 kilodaltons. Then, peptides labeled with fluorescein are added, along with a specific antibody that is known to react with both prion and the peptide. At this point, a technique called “free capillary electrophoresis” can be used to evaluate the materials, which will differentiate themselves, based on “competitive” binding for the antibody. Depending on how much of the peptide is tied up, the scientists can tell whether there is any prion present or not.

The first phase of the test—preparing the material—takes a day and a half. The capillary electrophoresis test is fast. This method involves running current across a very small capillary, about 20 micrometers (or a nanoliter). Laser-induced fluorescence detection is done using an argon laser. What you then “see,” when the voltage is run across the material, is the differentiated migration of proteins. From reading the pattern of “peaks,” the presence of infective prion can be detected.

The test is still in what the developers call the validation stage, but technically, it does work well. A full report of the test will be published this year in the *Journal of Chromatography* (“Improvements in a Competition Assay to Detect Scrapie Prion Protein by Capillary Electrophoresis,” by Mary Jo Schmerr, Kathryn R. Goodwin, Randall C. Cutlip, Allen L. Jenny). (See interview with Dr. Randall C. Cutlip, research leader of the Ames USDA unit, in *EIR*, May 3, 1996.)

How Thatcher ravaged U.K. infrastructure

by Marcia Merry Baker and
Mary Burdman

During the Thatcher government years, 1979-90, the process of deregulation, privatization, and takedown of the infrastructure of the United Kingdom—water, power, transport, medical services, feed and food safeguards, resources development—was either begun, or accomplished, so that today, the lack of vital infrastructure constitutes a public health crisis.

Various state-run operations were selected by a group of “experts” to be packaged for government sale to the “public.” The “experts” chose whether the sell-offs were fobbed off onto the workforce through newly created public shares (giving the government a one-time infusion of revenue); or, selectively proffered to favored financial connections, usually dirt cheap, giving the privileged buyers rights to an “income stream of profit.” The sell-off list included: Associated British Ports, Britoil (North Sea), British Aerospace (1983), Cable and Wireless, National Bus Company, Rolls-Royce, Britain’s airports, British Leyland, British Steel, British Telecom (1984), and many more.

There was a revolving door between high Thatcher government officials involved in shaping deals, and plum positions in the newly privatized industry. Peter Walker, Thatcher’s agriculture minister, who supervised the deregulation of animal feed standards (1979-83), was energy secretary from 1983 to 1987, during which time British Gas was privatized. In 1990, Walker, within one month of resigning from the cabinet, joined the board of the U.K.’s major livestock feed company, Dalgety PLC, and became a director of the privatized British Gas Corp.

The Conservative Party, under Thatcher, stated successive privatization goals in a series of manifestos for each general election from the late 1970s to 1990. The 1979 manifesto pledged “to sell back to private ownership the recently nationalized aerospace and shipbuilding concerns, giving their employees the opportunity to purchase shares”; the 1983 manifesto pledged “to increase competition in, and [attract] private capital into the gas and electricity industries.” The 1987 manifesto pledged to privatize electricity and water.

Privateers loot infrastructure

As the physical economy is being looted out from under the 57.8 million population of the United Kingdom, record profits are being posted by “public” utilities now owned pri-

vately. Some examples: Southern Water is posting, for this fiscal year, a 15.5% jump in pre-tax profits (to £165.6 million) and a 22% jump in dividends. Among the new power companies, the average dividend per share jumped by 82% between April 1991 and April 1995. National Power shareholders’ dividends are up by 45% since it began; directors are all getting share options, bonuses, and pay hikes. (National power accounts for 25% of all electric generation.)

These privateering rates come from drastic cuts in workforce and investment. In the electricity sector, the workforce was cut from 144,000 down to 85,000. National Power cut its workforce from 16,000 to 4,700. In the north of England, the new private water companies cut the workforce by half.

In 1995 alone, capital spending on infrastructure maintenance and modernization fell by nearly a fifth, in real terms, in the gas, electricity, and water sectors—now mostly all privatized. This follows declines in capital spending of 5% in 1993, and 13% in 1994.

Even the most vital public health measures are cut, such as rat control. One water company cut annual spending on vermin control by 40%, compared to the pre-privatization level. Another no longer takes preventive measures, but only responds to individual complaints. Yorkshire Water cut its rat-baiting budget every year, but increased its dividend to shareholders.

Public health breakdown

The consequences are to be seen in the increased incidence of waterborne diseases and rising death rates; although, the low ratios of power, water, and similar supplies per household are masked by falling demand because of poverty, and shutdown of industry and services.

- Rats in Britain now outnumber people. The June 1995 *National Rodent Survey* estimates a 39% rise in rat infestation in Britain between 1970 and 1993.

- By 1995, whole areas of Britain, especially in the north, had water shortages, having nothing to do with weather. In summer 1995, despite adequate rainfall, reservoirs were empty; in some areas, water had to be trucked in to consumers, at exorbitant costs. The winter of 1995-96 saw pipes burst, because of lack of replacement and upgrade, all over northern England, parts of Scotland, and Wales. Thousands of households had no water.

- Thatcherite “reforms” have de facto ended the National Health Care System, removed resources, and mandated 500 separate Hospital Trusts to “compete for efficiency.” Emergency hospital admissions have risen by 13% over the last four years. But, from 1991-95, some 9,000 acute-care beds have been lost, 7% of the total. Patients are being turned away; emergency units are closing. In 1995, emergency admissions rose by more than 6%, but funding for emergency work had been cut by 1-2%.

- Electricity is more expensive and unreliable. In real terms, user prices rose each year until 1993.

How Thatcherism led to BSE

The following is a timeline of events from the 1970s to the 1990s, recording the warnings that were given by public health and political leaders, and the action—and inaction—of Margaret Thatcher and her circle. The four phases of the 25-year period are: 1) the 1970s, when Thatcherism ignored public health warnings, and intensified risks; 2) 1979-90, when the Thatcher government worsened the risks, stalled on BSE countermeasures when the disease broke out, and then spread it; 3) 1991-95, when Thatcherism continued after Margaret Thatcher left the government; and 4) 1996, when the scandal broke into the open.

—Prepared by *EIR* staff in Leesburg, Wiesbaden, and Paris.

Disease outbreaks, warnings, and actions

The policy record of Thatcherism

The 1970s—the Thatcher cabinet years

1970s: High-profile controversy rages in international scientific circles about what the causative disease agent is for sheep scrapie (known about for 250 years) and spongiform encephalopathies in other species, and how infectious the agent is.

High incidence of scrapie in British flocks. There is a ratio of sheep numbers to cattle numbers, of over 2:1.

U.K. rendering facilities start to drop use of organic solvent extraction of greaves (traditionally used in treatments of fats, such as benzene, hexane, petroleum, perchloroethylene), and also begin to use new continuous flow processing equipment, instead of the traditional batch methods. Lower temperatures and pressures are introduced, too low to deactivate certain bacteria and other contaminants.

U.K. cartel feed companies start promotional campaign for new “alternative” feeds, high in recycled animal proteins, to replace plain grain and grass-based feeds.

Researchers investigate spongiform encephalopathy that shows up in ranch minks in Wisconsin (U.S. ranch mink center; and top dairy state), which is traced to eating contaminated feeds from cow or sheep parts.



*From the French newspaper
Nouvelle Solidarité.*

1970-74: Margaret Thatcher serves as secretary of state of education and science under Conservative Prime Minister Edward Heath.

Her degrees from Oxford (B.A., 1946; B.Sc., 1949), Somerville College, included chemistry and other sciences; she worked as a research chemist in the early 1950s, before taking a law degree and entering politics in 1959. In college, “In my fourth and final year (1946-47) I worked with a refugee German scientist, Gerhard Schmidt, under [1964 Nobel Prize crystallographer] Dorothy Hodgkin’s direction, on the simple protein Gramicidin B as the research project required to complete Part II of my chemistry course.”

1971: Prosper de Mulder Ltd., private Anglo-Dutch company in the “approved” political circles of the neo-British Empire, imports the first equipment for the new (U.S.) Carver-Greenfield process (lower temperatures and pressures) for rendering animal by-products. De Mulder is moving to dominate all rendering in Britain; over 1968 to 1975, de Mulder buys up 79 U.K. rendering facilities, either closing, or absorbing them; in the course of this, de Mulder switches over to lower temperatures and pressure.

March 11-Sept. 7, 1974: Mrs. Thatcher is environment secretary in shadow cabinet of Edward Heath.

Feb. 11, 1975: Mrs. Thatcher becomes leader of the Conservative Party. She says, “It was only in the mid-1970s, when [Friedrich von] Hayek’s works were right at the top of the reading list given me by Keith Joseph, that I really came to grips with the ideas he put forward. . . . [In his book *The Road to Serfdom*] Hayek saw that Nazism—national socialism—had its roots in nineteenth-century German social planning. He showed that intervention by the state on one area of the economy or society gave rise to almost irresistible pressures to extend planning further into other sectors.”

She promotes dogma of government deregulation, free trade, privatization. Meanwhile, behind the screen of rhetoric of “individual and market competition,” a select group of individuals and companies is moving to make huge gains off privatization and monopoly positions.

In and out of the 1970s cabinets and shadow cabinets with Thatcher, is Thatcher’s future agriculture minister, Peter Walker.

1978: U.K. government-connected consultants draft proposals for tight licensing conditions for processing animal protein.

D. Carleton Gajdusek, U.S. researcher of human central nervous system disorders, receives Nobel Prize and delivers oration, "Transmissible Dementias of Man and Animals," promoting the "slow virus" view.

March 1979: Nuffield Medical Center, Oxford, veterinary expert H.B. (James) Parry, stresses the genetic factor in sheep scrapie agent, presenting the results of a study on this, warning, "In view of the wide interest aroused in the general subject, it is important to place on record facts regarding scrapie in sheep which are generally overlooked in the scramble to establish a primary infectious aetiology for this group of disorders. The implications of these results are also important for the policies of Government Veterinary and Agricultural Departments around the world, who view scrapie, quite properly, as a potentially very serious matter." (From letter to British magazine *Nature*, which rejected Parry's work.)

1979: U.S. Department of Agriculture begins systematic experiments in Ames, Iowa to see under what conditions cows might be made to get transmissible spongiform encephalopathy (TSE) from infected sheep material.

In 1970-72, Walker is Edward Heath's secretary of state for the environment; he is secretary of state for trade and industry, 1972-74. Thatcher says that Walker has a "thirst for the 'modernization' of British industry."



Thatcher's mentor on privatization, Keith Joseph, who served as her industry secretary and education secretary.

1979: Prosper de Mulder Ltd. now dominates all processing of animal slaughter waste products in Britain, and supplies growing quantities of meat and bonemeal to cartel livestock feed companies. The company's annual turnover doubles from £35 million in 1979, to £71 million in 1985.

The Thatcher government years, 1979-90

September 1979: Release of the report of the Royal Commission on Environmental Pollution, which recommends that hygiene standards in British livestock feed be tightened. The commission wants tight license conditions for processing animal proteins that are cycled back into the animal feed chain. The report states, "The major problem encountered in this recycling process [involving animal waste] is the risk of transmitting disease-bearing pathogens to stock and thence to humans." A prominent member of the Royal Commission is Sir Richard Southwood, who continues to speak out against recycling improperly treated animal protein by-product, particularly scrapie sheep material, into the feed chain.

1980s: The U.K. processing modes for rendering animal by-products are drastically changed to lower pressures and temperatures; continental rendering requirements remain far higher. In the U.K., animal product is rendered at temperatures as low as 80°C—low enough to kill *salmonellae* and some other microbes, but not near to conditions necessary to deactivate sheep scrapie scraps, and any similar infective wastes. At the same time, chemical solvents to clean the processing machines of the fat are phased out of use.

In Germany, the traditional batch mode of rendering is maintained, treating animal by-products at a high pressure for a temperature minimum 137°C.

In Denmark, farm veterinarians warn of biological holocaust from U.K. rendering and feed mix practices.

Expert opinion recommends conditions for treating animal feed be cooking for more than four hours at a minimum of 120°C.

May 3, 1979: Conservatives win general elections.

May 4, 1979: Mrs. Thatcher becomes prime minister. Her agriculture secretary is Peter Walker; minister for environment is Michael Heseltine.

September 1979: Thatcher government opposes conclusions of the report from the Royal Commission on Environmental Pollution. Thatcher government decides to loosen regulations on allowing animal wastes to be processed into animal feed, and does not implement the 1978 draft proposals for tightening licensing of processing animal wastes.

1980: Internal consultative papers of the Ministry of Agriculture, Fisheries, and Food, show that cabinet members continue to favor ignoring the 1978 draft proposals for tight licensing requirements for processing animal wastes. They favor dropping the recommendations, and do not impose them. Instead, government officials mandate a "self-regulatory regime" in the industry.

1980s: U.K. rendering of animal waste for livestock feed and other uses, is dominated by Prosper de Mulder Ltd., with its monopoly on processing abattoir animal by-product.

1980s: The U.K. animal feed mix industry—which recycles the processed animal waste product—is dominated at this point by a cartel of companies, interconnected with old-line London and Anglo-Dutch finance. The principal firm is BOCM Silcock, part of the Anglo-Dutch Unilever complex; other prominent firms are British Petroleum Nutrition (whose Hendrix International division is the biggest feed producer in Europe), Dalgety PLC, and Pauls PLC.



Sheep fed with improperly treated animal protein are at risk of infection with scrapie.

1982: U.S. scientist S.B. Prusiner puts in use the term "prion," to refer to the pathogenic agent of spongiform encephalopathies, being "proteinacious, infectious (animal tissue) proteins," and not bacteria, nor viruses, nor such known microbes.



1985: U.K. veterinarians and farmers observe many signs of new cattle disease.

November 1986: First official diagnosis of BSE in Britain.

1988: Britain's newly formed Working Party on Bovine Spongiform Encephalopathy, constituted by the Department of Health and Ministry of Agriculture, Fisheries, and Food (MAFF), is called the Southwood Committee, because it includes as a member, Prof. Sir (Thomas) Richard (Edmund) Southwood, professor of zoology, Oxford. He makes repeated warnings about the dangers of recycling animal proteins back into the feed chain.

July 1988: Australia bans imports of British cattle.

Tainted animal feeds from U.K. are exported worldwide.

U.K. feed cartel "experts" defend lowered temperatures and pressures in rendering animal wastes for livestock feed on grounds including: 1) saves fuel; 2) preserves nutrient-content and appetizing character; 3) provides cheap protein substitute for higher-cost corn, soybeans, and other livestock feed ingredients. Prominent cartel-backed centers for promoting "alternative" feeds and substances, include University of Nottingham (Professor Cole); and University of Illinois (Champaign-Urbana; Prof. Dave Baker).

1981: Government promulgates the Diseases of Animals (Protein Processing) order of 1981, which sets out minimal rules for allowing waste animal parts to be fed to cattle. Three cabinet ministers who sign this document are: Peter Walker, minister of agriculture, fisheries, and food; George Younger, the Scottish secretary; and Nicholas Edwards, the Welsh secretary. This ratifies the continuation of infective animal by-product going into the feed chain.

June 1983: Peter Walker leaves as agriculture minister; becomes energy minister (1983-87), where he continues deregulation and privatization in gas and electricity.

1985: The Monopolies and Mergers Commission (MMC) rules that Prosper de Mulder Ltd., the monopoly rendering company, engages in "discriminatory" pricing. This is the second investigation of the company. (The MMC comes to make another ruling of "discriminatory pricing" in 1993.) At no time does the Thatcher government take action to curb Mulder in its pricing or processing practices.

Feed mix company Pauls PLC is taken over by Harrison & Crossfield PLC, the old tea conglomerate with longtime diverse agriculture commodities operations in former colonial territories, now leaving Asian palm oil and other plantations, and seeking retrenched positions in U.K. and related "mature" locations.

1986: Central Veterinary Office (CVO) identifies BSE as an epidemic disease among cows.

October 1987: Peter Walker leaves as energy minister; becomes minister for Wales.

1988: Formation of Working Party on Bovine Spongiform Encephalopathy by the Department of Health and Ministry of Agriculture, Fisheries, and Food, which works through 1989.

June 1988: Government makes BSE a notifiable disease. Over 2,000 BSE cows are reported for 1988.

July 1988: Government orders that all cows known to be infected with BSE are to be destroyed; milk from infected cows is to be destroyed. Herds in which the infected cows are identified, are not required to be destroyed. Government does not enforce these rulings.

July 1988: Government orders the ban of use of cows and sheep by-product to feed other cows and sheep. Government does not enforce this ban.

Ministry of Agriculture, Fisheries, and Food overrules Department of Health, over public health threat from extensive salmo-

May 17, 1989: Memorandum to the British government from then-Labour Party shadow Agriculture Minister Ron Davies, states, "Infected meat is now being exported, in its raw state, to other countries. The government's failure to take any action to prevent the disease spreading, is so grossly irresponsible, as to be scarcely credible." He warns of an "enormous reservoir" of potential infection included in the annual export of 3,000 tons of scrapie-infected sheep meal.

Davies writes: "Such complacency . . . is so blinkered and selfish as to constitute a scandal—a scandal to which I hope our trading partners will wake up, before BSE hits them, to the extent that it has hit us. If they avoid that fate, it will not be due to any consideration of their interests by the British government."

Recommendations by Davies include: testing of cattle at slaughterhouses, better enforcement of tougher abattoir rules, the establishment of an independent Food Standards Agency, and assurances that "consumers know where their beef is coming from."

May 1989: New Zealand bans all imports of bovine genetic material from Britain.

July 1989: European Community bans imports from U.K. of live cattle born before July 1988.

U.S. Department of Agriculture (USDA) stops issuing permits to import meat scraps and bonemeal from the U.K. Imports of live animals are also banned.

September 1989: USDA halts imports of bovine calf serum, which is used in medical products.

Germany bans use of any animal remains in the feed of cattle.

December 1989: The U.S. Animal Protein Producer Industry, an association of U.S. rendering industries, recommends that its members stop processing sheep for use in feed mixes for ruminants. Dramatic increase is seen in United States (1985-90) in use of rendered cattle by-product protein back into animal rations.

January 1990: First case of BSE outside U.K., reported in the Sultanate of Oman.

Feb. 24, 1990: Saudi Arabia bans British cattle imports.

March 1990: European Community bans imports to the continent from U.K. of live cattle over six months old (replaces July 1989 ban).

EC makes BSE a notifiable disease throughout EC.

April 1990: Russia bans British beef, milk, butter, cheese, and sheep and goat meat.

May 1990: Call in the United States for setting up a BSE surveillance program immediately, from Richard F. Marsh, veterinary scientist at the University of Wisconsin, at Madison. "The exact same thing could happen over here as happened in Britain."

May 11, 1990: Feline equivalent of BSE identified in a cat in Bristol, England, the first time a domestic pet has been involved.

May 29, 1990: Austria bans import of British beef.

May 30, 1990: France bans import of British beef.

June 1, 1990: West Germany bans imports of British beef.

June 6, 1990: Italy bans import of British beef.

June 7, 1990: Qatar bans import of British beef.

June 7, 1990: EC Commission vows to tighten measures to curb BSE; France, West Germany, and Italy lift their bans

nella in U.K. eggs supplies. After Health Minister Edwina Currie acknowledges scientists' claims "that most of the egg production in this country is now infected with salmonella," she then is forced to take a back seat to MAFF spokesmen, who say that no threat exists.

1989: Over 6,000 BSE cows are reported in U.K. this year.

May 1989: Government rejects recommendations of memorandum from Ron Davies, shadow agriculture minister for the Labor Party. The government tells Davies that matters are "under control," and that the dangers were being exaggerated.

June 1989: Government bans human consumption of certain animal offal, including brain, spinal cord, thymus, spleen, and tonsils.

Winter 1989: Release of results of study conducted by the government's Working Party on BSE. It concludes that BSE spread undetected in the early 1980s through feed supplements containing rendered animal protein. The report suggests that one likely cause for the emergence of BSE was increased use of sheep offal in animal feeds, including sheep infected with scrapie. Dr. Richard Southwood warns of the dangers of "unnatural feeding practices."

*Thatcher's
Agriculture
Secretary Peter
Walker.*



1990: Over 13,000 BSE cows are reported in U.K. this year.

May 1990: Peter Walker leaves the cabinet.

June 1990: Government demands that EC rescind bans on British beef, which are being imposed unilaterally by EC continental member nations, along with dozens of other nations banning British beef, because they do not trust the Thatcher government's belated and inadequate 1988-89 anti-BSE actions.

June 26, 1990: More than 1,000 schools in U.K. drop home-grown meat from their menus.

July 1990: Walker joins the board of Dalgety Co., after four years as agriculture secretary and four years as energy secretary. Becomes non-executive director of British Gas PLC, and Tate & Lyle, cartel sweetener company; and on board of Cornhill Insurance, and others.

against British beef imports.

June 14, 1990: Switzerland bans import of British beef.

Nov. 3, 1990: Switzerland reports first case of BSE.

Nov. 28, 1990: Thatcher resigns as prime minister.

Thatcherism continues, post-Thatcher, 1991-96

Feb. 28, 1991: France reports first case of BSE.



USDA meat grader inspects beef carcasses.

Aug. 11, 1992: Denmark's first case of BSE is confirmed.

Release of book, *Prion Diseases of Humans and Animals*, summarizing what is known, and not known, about the agent and transmissibility of spongiform encephalopathy-type diseases, giving grounds for extra precaution to be taken on what goes into the food and feed chains (New York: Ellis Horwood, 1992; edited by S.B. Prusiner, J. Collinge, J. Powell, B. Anderton).

March 12, 1993: Medical journal *The Lancet* says that death from Creutzfeldt-Jakob disease (CJD) of a farmer whose herd had BSE, was the first fatality involving occupational contact with "Mad Cow" disease. Links are speculative.

October-November 1993: European Union imposes policy of "isolation and extermination" in dealing with swine fever outbreak in Northern Europe. Over two months, 520,000 pigs are killed in Germany's Lower Saxony alone; hog farmers are proscribed from resuming pig production for six months; farmers receive only the current meat price (DM 12.2 per kilogram) for their animals slaughtered; no EU compensation.

Ireland and other countries where BSE shows up, practice exterminating whole herds, not just single, stricken animals.

May 1994: Germany considers banning British beef and cattle. Three cows in Schleswig-Holstein appear to have BSE; all three were imports from Britain, coming through the same German breeder, who now comes under investigation for whether he used feed mixed with animal remains, outlawed in Germany

1991: Twenty-five thousand BSE cows are reported in U.K. this year.

1991-92: Unilever, the Anglo-Dutch food/feed conglomerate, sells feed company BOCM Silcock (the 1980s name) to Pauls PLC, which since 1985 is owned by Harrison & Crossfield PLC. Other shifts take place: BP Nutrition is sold off in various ways; Dalgety PLC (with Thatcher's former agriculture secretary, Peter Walker, on the board) becomes the largest livestock feed mix company in the U.K., and a world food/feed colossus.

1992: 37,000 BSE cows are reported in U.K. this year.

January 1992: Government threatens Russia for rejecting EU food aid offer of free U.K. beef—which rejection threatens the U.K. deal of getting paid by the EU for the giveaway beef. (Russian government decided in 1990 that British beef products may be BSE-contaminated.) British Minister of Overseas Development Lynda Chalker says, "If they are going to react like this, we have lots of other things to do, not only with our beef, but with our time." One Foreign Office official hints that Russia's objections may "have been prompted by rival EU beef producers" seeking "future orders and EU money."

The British government muscled the EU Agriculture Commission, which issues ruling, "It goes without saying that there will be further consignments of British beef" for food aid to Russia.

British Foreign Office hints that if Russia insists on saying no to food that it thinks is contaminated, then, the entire EU "food aid policy to Russia might have to be reconsidered."

Peter Walker is made a life peer, as Walker of Worcester. He is former agriculture and energy minister under Thatcher, who deregulated British livestock feeds, and privatized British gas and electricity systems; he now serves on boards of largest companies in same areas—Dalgety (largest U.K. feeds), British Gas PLC, etc.

1993: Thirty-four thousand BSE cow cases reported in U.K. this year.

October 1993: British government opposes EU compensation to continental hog farmers in North Europe hit by swine fever outbreak.

1994: Twenty-four thousand BSE cow cases reported in U.K. this year.

May 1994: Britain threatens to sue Germany in the European court at The Hague, if Germany goes ahead with the import bans that Bonn is now considering on British beef and cattle.

The European Commission, under heavy pressure from London, warns Bonn that it will face legal proceedings for restraint of

since 1989, but marketed by Britain.

May 11, 1994: Bonn backs down, under pressure from London, on Germany's threat to ban imports of British beef immediately. The German cabinet agrees to impose a ban if the EU fails to reach agreement on tougher measures to fight British BSE.

May 26, 1994: All three German "Mad Cow" cases are confirmed to have BSE; they came from the U.K.

The Helmut Kohl government wants an EU ban on British meat exports of cows over three years old and from U.K. farms which have not been BSE-free for the past four years. German Agriculture Minister Jochen Borchert says he will insist, at the May 30 EU agriculture ministers meeting, on a Europe-wide ban on British beef and cattle exports, to stop the spread of the disease. He says that he is checking whether a ban could be imposed on slaughtering British cattle imported into Germany before July 1990. "The aim of all measures must be to ensure consumers can continue eating beef without facing health risks."

German Health Minister Horst Seehofer rejects the suggestion of a restricted slaughter ban: "Isolated measures won't work. We need a common EU ruling." Bonn officials say that scientists have been unable to prove the BSE disorder cannot be transmitted to humans.

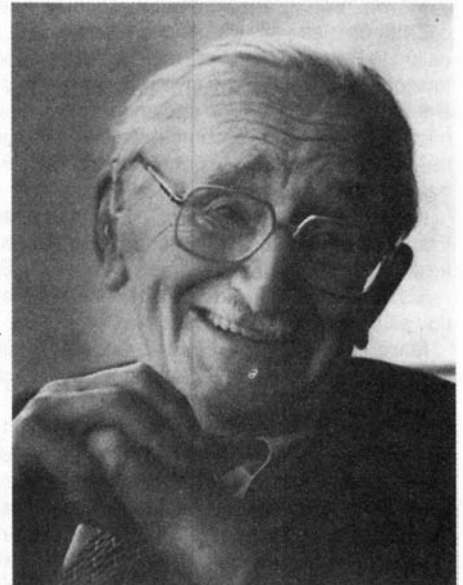
July 18, 1994: EU bans exports of meats containing bones, from cattle herds which had not been free of BSE for six years (instead of two years, a previous precaution).

Dec. 7, 1994: EU agrees to ease export curbs on beef from British cattle born since Jan. 1, 1992.



"Degulation is driving me crazy"—from the German weekly Neue Solidarität.

trade if Germany bans British beef.



Thatcher's ideological guru, Friedrich von Hayek.

1995: Fourteen thousand BSE cow cases reported in U.K. this year.

February 1995: World Trade Organization (WTO), based in Geneva, and functioning as an arm of the private finance commodities cartel interests interconnected with Thatcher circles, issues annual report (for 1994-95) featuring progress on the new International Bovine Meat Agreement (in effect as of Jan. 1, 1995), which, as of Jan. 31, is signed by all 15 EC member nations, by the United States, Canada, Japan, Brazil, Switzerland, and others, and makes no mention of BSE. WTO stresses the Thatcherite line that the agreement "aims at promoting the expansion, ever greater liberalization and stability of the international meat and livestock market by facilitating the progressive dismantling of obstacles and restructions to world trade in bovine meat and live animals, and by improving the international framework of world trade to the benefit of consumers, producers, importers and exporters."

Dec. 7, 1995: Prime Minister John Major tells Parliament that media are exaggerating threats to humans from tainted meat, saying, "There is no scientific evidence that BSE can be transmitted to humans."

Dec. 14, 1995: Government imposes new controls forbidding any use of the animal's spinal column in "mechanically recovered" meat for meat products for human consumption—sausages, ground meat for meat loaves, pies, casseroles, pastries.

Scandal breaks of Thatcherism-BSE links, March 1996

Reported cases of BSE outside of U.K., to date:

Switzerland	206	Italy	2
Ireland	123	Oman	2
Portugal	31	Canada	1
France	13	Denmark	1
Germany	4	Falklands	1

1996: Officially, 161,663 cases of BSE are reported in the U.K. since 1986. BSE cases continue to be reported in the U.K. at the rate of over 70 per week.

Feb. 6, 1996: Five German regional states ban imports of British beef.

March 18-20: Paris international conference on spongiform encephalopathies sees abrupt departure of U.K. delegation—recalled to Britain. They were scheduled to report on 10 anomalous cases of CJD, being investigated for links to BSE. Olivier Robain, expert on human and animal prion diseases at the Salpêtrière Hospital in Paris, comments, “We are asking ourselves if this was censorship.” He notes that the U.K. delegation could have spoken before they left.

March 21: Bans on imports of British beef announced by France, Belgium, the Netherlands (until March 25), Sweden, Portugal, and other nations; Germany calls for a Europe-wide ban.

EU Commission in Brussels denounces France’s unilateral action as illegal under EU codes.

March 22: Germany, Finland, Greece, Austria, Italy, Cyprus, Finland, Singapore, New Zealand, South Africa, South Korea, and others, suspend imports of British beef.

EU Commission backs down from March 21 position that national bans are illegal under EU codes, and instead, decides that where food supplies may be perceived to be threatened, the national governments may institute such bans as “precautionary measures” to protect the public interest, under EU codes.

March 25: EU veterinarians meet, concur with continuing ban on importing British beef. Marc Savey, French representative to the EU veterinary group and chief of the Health Department at France’s National Center of Veterinary Studies, says, “We are in a situation which can properly be characterized as horrific, on the verge of scandal. It is intolerable that five days after the announcement of the British government, the scientific community still does not have access to all the medical information on this dossier” of 10 non-typical CJD cases under study (*Le Monde*, March 26). Savey says, “It is scandalous that [U.K. veterinarian Dr. Robert] Will gave only an oral report. . . . Today we still have no objective information. I had come [to Brussels] to discuss written documents. This is a total break with the scientific communication practices on such a very grave problem.”

EU Commission has emergency meeting, imposes ban on all British exports of beef and cattle products to EU and non-EU countries, to be effective March 27; hours later, EU Commission suspends its decision, pending convoking of another EU veterinary meeting, March 26, demanded by U.K.

March 26: EU second veterinary meeting takes place, at demand of U.K. EU bans continue.

National Farmers Union of U.K. calls for selective culling of beef herds, targetting millions of older cattle born before 1992; calls for U.K. government compensation; expects 2-4 million animals to be killed.

April 1-3: EU agriculture ministers in marathon meetings in Luxembourg; concur on continuing EU ban on exports of British beef and cattle products; reject U.K. Agriculture Minister Douglas Hogg’s demand to lift ban. EU offers to compensate British farmers at level of 70% for costs of culling herds in which BSE cows are found, although EU codes call for only 50% compensation. The conditions of the offer are that U.K. government is to submit an acceptable anti-BSE culling program.

April: EU sets up high-level commission to recommend research projects on possible links between BSE and CJD, to be headed by Charles Weissman, director of the Institute of Molecular Biology in Zurich, Switzerland.

French government commissions medics to provide an expert opinion on potential risk to humans of BSE.

March 18, 1996: Government recalls British scientist group from Paris conference on spongiform encephalopathies, before they could speak there. The British group represents the 13-member U.K. Spongiform Encephalopathy Advisory Committee (SEAK), originally scheduled to report to international scientists on details of studies of 10 non-conventional cases of CJD in U.K., under study for possible BSE links.

March 19: U.K. Department of Health calls in Ogilvy and Mather advertising agency, to put together an ad campaign, intended to be run March 22 and 23, to damp the flak over unsafe meat.

March 20: British government spokesman states that BSE could be transmitted to humans, in the form of a variant of CJD. Health Minister Stephen Dorrell announces to Parliament that the BSE link to humans is being investigated. Media reports this as a bombshell.

March 22: Dr. Robert Will, U.K. representative to the EU veterinary meeting on BSE on this date, provides no written material of any kind to his counterparts. Will was author of March 20 report to Parliament on the subject of the potential transmissibility of encephalopathy between cows and humans.

March 25: U.K. Agriculture Ministry announces new restrictions on selling rendered animal proteins and bonemeal to farmers as animal feed.

Dr. Will, assigned to the EU veterinary group, again gives only an oral report on BSE situation in U.K. He opposes the otherwise unanimous decision of EU veterinary representatives to call for EU ban on exports of beef and cattle products from the U.K.

Prime Minister John Major calls Jacques Santer, president of EU Commission, and orders him to call another meeting of the veterinary council for March 26 to “double check” the March 25 decision. Major sends another delegation of “experts” to “convince” the veterinarians.

March 27: Lord William Rees-Mogg, in the London *Times*, plays down the U.K. government role in BSE, with an essay, “Mad about BSE,” saying that “diseases come and go, and their history is obscure.”

April 1: U.K. Treasury sets up fund of £118 million to aid “rendering industry”—a euphemism for Prosper de Mulder Ltd., which constitutes over 70% of industry—because animal by-product for animal feed is now prohibited.

Prosper de Mulder Ltd. and Agriculture Ministry are collaborating on using rendered cattle carcasses as fuel for power stations. De Mulder spokesman says, we want “to recover some value from it.” Mrs. Angela Browning, junior agriculture minister, says, “Rendered material for fuel has potential.” Charles Reynolds, for Prosper de Mulder, says that home-fuel use is possible, because the sand-like rendered product “will produce more energy per ton than chicken litter, which is used in power stations, and it has two-thirds the calorific value of coal.” The problem is, that burning meat and bonemeal leaves 25% of its input weight, whereas coal leaves only 8%—i.e., you have higher

May 9: In France, Dr. Dominique Dormont, a brain specialist, gives preliminary opinion to the government that there is possible risk of human disease from cows with BSE.

May 20: EU veterinary council rules that Britain's efforts to battle BSE are not convincing.

May 21: EU agriculture ministers decide not to lift the ban on secondary beef products from Britain, based on the previous day's EU veterinary group's decision that Britain's efforts to battle BSE are not convincing.



Prime Minister John Major: "There is no scientific evidence that BSE can be transmitted to humans."

June 4: French government receives official medical report from French experts, on the potential risks of BSE to infect humans—which danger, say French experts, needs two years further study, but meantime, precautions are required.

June 5: EU Commission decides to lift ban on certain of British cattle-derived products, including gelatin and bull semen. Germany says it will not comply with the EU Commission, and will continue ban on all British beef-related products. Germany, France, and other EU members continue to demand that the U.K. do more against BSE before ban on British beef exports will be lifted.

June 6: French Prime Minister Alain Juppé assembles his ministers for food, health, and research, and validates medical reports on BSE threat to humans.

June 7: Jean-François Girard, director-general of the French Health Ministry, holds a news conference to say that a new medical report by French experts concludes BSE should be assumed to carry a potential infection risk, pending further research, which could take two years. Government official in charge of research, Bernard Bigot, says France will provide an extra 3 million francs (nearly \$600,000) to a panel set up to study the disease. The number of researchers involved across France will be upped from 40, at present, to 100.

waste with the animal products.

April 1: Agriculture Minister Douglas Hogg goes to EU agriculture ministers' meeting in Luxembourg; demands EU lifting of bans against British beef and beef-products exports.

April 3: Agriculture Minister Hogg gives press conference in Luxembourg, lasting only 22 seconds, stating his displeasure at the EU decision to continue ban on British beef, and displeasure at EU offer to compensate the U.K., at rate of 70% for costs incurred.

April 4: Agriculture Minister Hogg reports back to Parliament on EU decisions on U.K., beef, and BSE; he says, "The ban is not justified. It is inappropriate and should be removed."

Early May: Government begins program of slaughtering older cows, starting with about 10,000 cows a week; expects to rise to 15,000 animals per week. Government takes no other decisive anti-BSE actions.

May 21: British government demands that the EU Commission lift the ban on exports of secondary beef products from Britain—tallow, semen, and gelatin—now that cow-culling has started. Britain demands this as a first step to the EU throwing out the embargo on British meat and cattle products altogether. The EU refuses.

Prime Minister Major addresses Parliament on the EU refusal to acquiesce, accusing "unnamed partners, known to include the German chancellor, Helmut Kohl, of breach of faith and a willful disregard of Britain's interests." Major announces that Britain will veto all decisions coming up in the European Union; it will adopt a policy of non-cooperation in the Inter-Governmental Conference, and "disrupt" the next EU heads of government summit in Florence, Italy, on June 21-22. Major threatens that Britain will refuse to sign any communiqué at Florence, and by that, turn the whole meeting into an absurdity. Major says that the cabinet is working on a package of "retaliatory options" to "punish" the European partners.

June 5: Foreign Secretary Malcolm Rifkind and Agriculture Secretary Hogg meet in Rome with Italian Foreign Minister Lamberto Dini, host to upcoming June 20 Florence EU summit, to try to get a deal on EU backing down from bans on British beef and cattle, in exchange for U.K. giving up non-cooperation stance in EU.

June 5-7: Foreign Secretary Rifkind proceeds to five more European capitals to lobby for EU deal on phasing out bans against Britain. He presents EU leaders with four-page document listing ten areas for phase-out, including the right to export embryos, very young calves, beef from specialist herds reared on grass, and beef from cattle under 30 months of age. Government also wants right to export to third countries, "under special conditions."

June 7: Passports for U.K. cows are offered as anti-BSE action by Agriculture Ministry, for "public comment." The "cow papers" are intended to record all the animals' movements from their original herds, in case the animals later come down with BSE, and to provide traceability and identification if necessary. "It will be illegal to move cattle born after the new legislation comes into force without a cattle passport. Central records will be kept linking ear tag numbers with the animal's date of birth, breed, sex, and identification of dam."

June 10: Agriculture Secretary Hogg goes before Parliament to answer questions on how waste from rendering plants is being disposed of.

Dr. Alan Colchester, neurologist at Guy's Hospital, London, points to possibility of infective agents in effluent discharges from rendering plants, reaching humans through water supplies or direct contact. He calls for tightening regulations on rendering, stricter policing of rendering practices, and for the inspection process itself to be subject to audit.

European backlash grows against London

by Rosa Tennenbaum

"The transmission of BSE to human beings can no longer be ruled out." With this statement from British Minister of Health Stephen Dorrell on March 20 to the Parliament, the John Major government kicked off an avalanche, whose effects they obviously underestimated. A healthy nationalism has been provoked on the continent, by the specter of BSE affecting humans, and by the years of inaction, coverup, and belligerence from London.

The media immediately seized on Dorrell's announcement, and twisted the possibility of transmission into a certainty. Headlines such as, "Mad Cow Disease Can Be Transmitted to Humans," and pictures of cows with skull and crossbones symbols, as on poison bottle labels, had their impact on the consumer, who quickly decided to do without the enjoyment of steaks and roast beef. This in turn triggered a collapse of the meat markets, creating a crisis throughout the entire European meat sector, already in deep trouble.

The sudden collapse in meat consumption forced governments into action. On March 21 and 22, France, and then other European Union member nations, decreed a unilateral ban on British beef imports—a heavy-handed rejection of EU rules. The EU Commission in Brussels reacted sharply; on March 21, it sent ultimatums to member countries to stick to the rules, and remove import bans. Late on March 22, the EU Commission lost the showdown; for the first time, they bent to the will of the member nations. Brussels declared a worldwide, total export ban for British beef and all beef products.

The British went berserk. In ever more imperious tones, British Agriculture Minister Douglas Hogg, Foreign Minister Malcolm Rifkind, and Prime Minister John Major all demanded that the EU prohibition on British beef be lifted. In their arrogance, the lords of London forgot that no one can order consumers in Italy, Germany, or anywhere else to buy British beef.

Yet that is just what the Major government wants to do. For London, it is the export ban which is grounds for complaint, not the cattle disease BSE. They increased their pressure on the EU, attempting to force member countries to capitulate.

On May 21, Major decreed a policy of "non-cooperation" with the EU Intergovernmental Conference, vowing to block

EU decisions, until and unless the EU Commission backed down and removed bans on British beef. Major pledged to "disrupt" the next EU heads of state summit, set for Florence, June 20, and turn it into "an absurdity."

Santer: London's behavior 'absurd'

A good yardstick for how much opinion in Europe has turned against the British, is the interview which the chairman of the EU Commission, Jacques Santer, gave to the London *Observer* on June 9. Santer, an outspoken ally of the British Conservatives, warned London not to further try the Europeans' patience. He called British behavior "absurd" and "irresponsible," and reminded them that "it is the British government that has triggered the crisis."

"I have to say that the British government has been responsible for mismanagement of the whole crisis," he said. "Let us say this in a very friendly way, the crisis was triggered by statements on March 20 in the British Parliament that there could be a new virus." Santer stressed, "The problem can only be solved by measures taken in the U.K."

Santer's tone is not merely unusual because it goes



A German grocery store, March 1996: "We guarantee that our beef does not come from England."

against the enormous influence which Britain has had on the EU Commission. Santer said further, "Europeans are beginning to question Britain's membership of the European Union." The "war atmosphere" which the British have conjured up inside the EU will, of course, provoke counterreactions from other countries, and "that would create an atmosphere of anti-Britishness in Europe." He warned London, "The 'hour of truth' is approaching."

Several of the 14 other EU members are obviously no longer ready to tolerate the attitude of the English. The view that the EU would function better without the British, is being expressed more and more in public.

Left to its own, the EU Commission would gladly comply with the British demands, but it cannot, because there is too much counterpressure. The pro-British Santer excused himself in the *Observer*: "It is not just governments, it is public opinion, consumer organizations, pressure groups and lobbyists," which are forcing governments, as well as the EU Commission, not to buckle under to the British.

In early June, the EU Commission loosened the export ban on a few British cattle products, such as gelatin, but Brussels can't implement this policy. For example, the German federal states demanded that Bonn unilaterally uphold the import ban. The government of Chancellor Helmut Kohl cannot backtrack on this decision. Portugal, France, and the Scandinavian countries are under similar pressure.

Conflict of 'fundamental economic policy'

Behind the theater of the absurd which the Tories have staged over recent weeks, lurks a battle over fundamental principles in economic policy. "There is a gigantic cleft between the economic theories of the British and those of the continental Europeans," said the German chairman of the European Parliament, Elmar Bruck, in a May 9 radio broadcast. "The Europeans want to maintain their socially oriented economy; the British want abolish it, indeed they have pilloried it. They want to tighten investments as a way of reducing social costs. For us that is the wrong way."

His British counterpart John Stephens corroborated this: "The crisis is not over BSE, but over which future policy is correct for the Union. We have to drastically reduce the role of the state in the economy. That is the conflict."

That is indeed the conflict. The European public, already suspicious of anti-nation pacts like the Maastricht Treaty, now see their worst fears confirmed. Supranational institutions are obviously not able, or not willing, to guarantee the basic interests of citizens, such as safe food, and protecting health. Everywhere, you hear people say, "Only national governments have finally taken action and made the borders secure."

Europe is experiencing a true renaissance of national sovereignty. And thus, the tragic story of the BSE cattle disease, will perhaps turn out to be a turning point in European history.

The leading firms during BSE's spread

by Anthony K. Wikrent

During the 1970s-1990s, when sheep scrapie and infected cattle remains were cycled through the British livestock feed chain and exports, one company came to dominate all rendering in the U.K.—Prosper de Mulder Ltd., a private, secretive Dutch-Anglo family firm; and the use of rendered animal protein wastes as supplements to livestock feeds was, in turn, channeled through a small number of pre-mix commercial feed companies—all interconnected with the famous-name British business elite among the Thatcher political circles, such as British Petroleum and Unilever.

Below, we provide corporate profiles of the companies involved, and background on leading board members. These short profiles show that, far from an "accidental" occurrence of contaminated substances entering the feed/food chain at some isolated point of weakness, the years of recycling large amounts of improperly rendered animal proteins into the feed chain was top-level, board policy.

BOCM Pauls Ltd.

47 Key Street, Ipswich IP4 1BX, Suffolk, United Kingdom
1991 revenues=£338.405 million
1991 profit=£3.725 million

Key personnel:

Jonathan Martin Paul, chairman (Pauls PLC, director).

Peter Graham William Simmonds, director (Associated British Maltsters Ltd., chairman; Harrisons & Crossfield PLC, director).

In the 1980s, this firm was BOCM Silcock, a manufacturer and distributor of pre-mix livestock feed, part of the Unilever complex of companies. Unilever is the world's largest producer of ice cream and margarine, one of the top five world exporters of milk powder, second largest producer of soaps and detergents, and one of the top five world processors of edible fats and oils. Unilever owns vast plantations in Africa and is also Africa's largest trading company, through subsidiary United Africa Co., which is comprised of the old British Empire trading firms, Niger Co., and the African and Eastern Trading Co. Unilever is among one of the most important companies in the Anglo-Dutch oligarchy; some of the directors are: Lord Wright of Richmond, former head of Her Majesty's Diplomatic Service, and chairman of the Royal Institute

of International Affairs (see profile below, under British Petroleum); Sir Derek Birkin, chairman of RTZ Corp. PLC, the world's largest mining company; Karl Otto Pöhl, former president of the German Bundesbank, and a member of the International Council of J.P. Morgan & Co. Inc.

Around 1991 or 1992, Unilever sold BOCM Silcock to Pauls PLC, which itself had been bought by Harrisons & Crossfield PLC in 1985.



Harrisons & Crossfield PLC

1 Great Tower Street, London, EC3R 5AH, United Kingdom
1993 revenues=£2.210 billion
1993 profit=£98.0 million
30,975 employees

Key personnel:

George Paul, chief executive officer (Pauls PLC, chairman; Norwich Union Holdings PLC, director; Norwich Union Life Insurance Society, director; Scottish Union & National Insurance Co., director; Maritime Insurance Co. Ltd., director; London Export Corp. Ltd., director).

Sir Richard Ernest Butler Lloyd, director (Vickers PLC, former chairman; Hill Samuel Bank Ltd., deputy chairman; Hill Samuel Securities Ltd., chairman).

Frances Anne Heaton, director (Bank of England, director; Panel on Takeovers and Mergers, director general; Lazard Brothers & Co., director).

Hugh Salusbury Mellor, director (Australian Mutual Provident Society, London Board; Burmah Castrol PLC, director; Dalgety Australia Ltd., director; Dalgety Zimbabwe Ltd., director).

Harrisons & Crossfield was begun as a tea trading venture in 1844. In 1895, the chairman, Arthur Lampard, visited Russia and established a trade route from Ceylon to Moscow, passing through the Black Sea port of Odessa, historically a crossroads of international oligarchical intrigue. In 1903, Lampard began to steer Harrisons & Crossfield into rubber, establishing plantations in Malaysia and Sumatra. In 1920, the firm branched into timber production and trading, with operations based in Borneo. A few years later, the firm also began growing coconut palms and extracting coconut oil on plantations in the Philippines, Ceylon, and the Malabar Coast.

In the 1950s and 1960s, the firm began to diversify, moving into chemicals and chromium. By the mid-1980s, the output of the firm's tea, rubber, and coconut plantations accounted for only a quarter of Harrisons & Crossfield's revenues. The firm bought Pauls PLC in 1985. Pauls, which manufactures malt and animal feeds, in turn acquired BOCM Silcock around 1991-92, from the Unilever complex. Note the link with Dalgety through Hugh Salusbury Mellor.

BP Nutrition

BP Nutrition

Wincham, Northwich, Cheshire CW9 6DF, United Kingdom
1992 revenues=£142.255 million
1992 losses=£2.242 million

BP Nutrition, which included Purina Mills Inc. in the United States, was a wholly owned operation of British Petroleum. BP Nutrition was broken up and sold by British Petroleum in a series of transactions in 1992 through 1993.



The British Petroleum Co. PLC

Britannic House, One Finsbury Circus, London EC2M 7BA, United Kingdom
1995 revenues=£36.106 billion
58,150 employees

Key personnel:

Sir David Simon, CBE: chairman 1995- (Bank of England, director; Deutsche Bank, International Advisory Council; Allianz AG, director; Grand Metropolitan PLC, director 1989-; RTZ Corp. PLC, director 1995-).

Lord Wright of Richmond, KCMG, CMG: director 1991- (entered Diplomatic Service 1955, first secretary of Embassy to United States 1960-65; Head of Middle East Department Foreign and Commonwealth Office 1972-74; private secretary for overseas affairs to prime minister 1974-77; ambassador to: Luxembourg 1977-79, Syria 1979-81, Saudi Arabia 1984-86; permanent undersecretary of state and head of diplomatic service 1986-91; Barclays Bank, director 1991-; De La Rue, director 1991-; Unilever, director 1991-; Royal Institute of International Affairs, Council 1992-95, chairman 1995-; Ditchley Foundation, governor 1986-; Royal College of Music, Fellow 1994).

Peter Sutherland: director (former director general of the General Agreement on Tariffs and Trade).

H. Michael Miles, OBE: director (Johnson Matthey PLC, director; John Swire PLC, director; ING Barings Holdings Ltd., director).

Sir Patrick Sheehy: director (BAT Industries PLC, chairman; Swiss Bank, director).

The largest non-financial company in Britain, and the fourth largest of the world's oil multinationals, more than half of BP's world output comes from the North Slope of Alaska; another third comes from the North Sea.

BP began with the joint project of William Knox D'Arcy and Burmah Oil, which struck the first oil in the Middle East in 1908. D'Arcy was then duped by British intelligence opera-

tive Sidney Reilly, known as the "ace of spies," into turning over the find to the Anglo-Persian Oil Co., run by Lord Strathcona. Winston Churchill convinced His Majesty's government in 1914 to buy 51% of Anglo-Persian. The firm was in on the first oil strikes in Iraq (1927) and Kuwait (1938). In 1928, Anglo-Persian and its major competitors made a secret "as is" agreement, which fixed world production and prices for the next 20 years. Anglo-Persian changed its name to British Petroleum in 1954.

Morgan Guaranty Trust Co., of J.P. Morgan, holds 16.67% of BP. FMR Corp., parent of the Fidelity mutual funds, owns 5.54%. The Kuwaiti Investment Office holds 9.42%.

DALGETY

Dalgety PLC

19 Hanover Square, London W1R 9DA, United Kingdom

1995 revenues=£4.907 billion

1995 profit=£127.1 million

17,877 employees

Key personnel:

Maurice Warren, chairman (South Western Electricity PLC, chairman).

Brian Baldock, director (Guinness PLC, deputy chairman).

Peter Birch, CBE, director (Abbey National PLC, chief executive officer).

The Rt. Hon. The Lord Walker of Worcester, MBE, PC, director (Privy Council; Minister of Agriculture 1979-83; Minister of Energy 1983-87; Secretary for Wales 1987-90; Cornhill Insurance PLC, chairman; British Gas PLC, director; Smith New Court PLC, director; Tate & Lyle PLC, director).

In 1995, Dalgety placed 18th in the world ranking of food and beverage companies, by dollar volume of sales.

Dalgety began in 1846 as an Australian trading operation, dealing in wool. It survived the collapse of the wool market in the late 1840s because of the 1851 gold rush in Australia, in which Dalgety & Co. made a fortune supplying gold miners. In 1854, a London office was established, and soon after, founder Frederick Dalgety also moved to London. The firm became a public company in 1884. In the early 1900s, the firm moved to exploit the new technology of refrigeration, by transporting lamb, butter, and cheese from New Zealand to Europe. Dalgety & Co. enjoyed a sharp increase in demand for wool for military uniforms during World War I, but World War II saw the widespread introduction of synthetic fibers, which rapidly cut into the wool market.

In 1962, Dalgety merged with the New Zealand Loan and Mercantile Agency, to become the world's largest broker of wool. Its first major expansion into other industries came in 1966, with the acquisition of Balfour Guthrie, with interests

in western Canadian lumber, and in U.S. poultry. In 1969, Grossmith Agricultural Industries, the largest British animal feed company, was acquired, followed a year later by the Pig Improvement Co., which has become the world's largest supplier of pig breeding stock. In 1972, Dalgety acquired Associated British Maltsters, but sold it in 1987, along with Balfour Guthrie.

In the late 1970s, Dalgety began a major shift into food processing and distribution. In 1977, the British flour-milling firm Spillers was acquired in a hostile takeover, and transformed into the largest pet food producer in Europe. Martin-Brower, the largest supplier to U.S. McDonald's fast-food restaurants, was acquired the same year. In 1985, Dalgety purchased Gill & Duffus, the world's largest trader of cocoa.

Harrisons & Crossfield director Mellor is also a director of Dalgety subsidiaries in Australia and Zimbabwe.

Prosper de Mulder Ltd.

Ings Road, Doncaster DN5 9SW, United Kingdom

1995 revenues (est.)=£135 million

1,100 employees

Key personnel:

Prosper de Mulder, chairman

Anthony de Mulder, director

Prosper de Mulder Ltd. controls 70% of Britain's meat-rendering industry, in which the offal and other unused remnants of dead animals are processed and recycled into animal feed. It was de Mulder, which, in the 1970s, introduced continuous processing into Britain from the United States, replacing the pressurized batch system under which offal and other waste was cooked at high temperature under high pressure and treated with very strong solvents, such as benzene. In 1990, the firm admitted that at least one of its five factories was processing offal at 115-120°C, at least 10°C below the safety threshold recommended by the European Community. Thanks to Thatcher's orgy of deregulation, processing at these lower temperatures, at which, British government reports warned, bacteriological contaminants would not be eliminated, was entirely legal. These government reports were kept secret until the BSE scandal broke in May 1996.

The cheaper continuous processing allowed de Mulder to undercut its competitors. Between 1968 and 1975, de Mulder bought up 79 smaller businesses involved in the meat trade, establishing a "monopoly of the cattle feed trade" in Britain. The firm has been investigated three times by the Monopolies and Mergers Commission (MMC). In 1985, and again in 1993, the MMC ruled that Prosper de Mulder Ltd.'s pricing policy is "discriminatory." Slaughterhouses, which are legally bound to have offal removed within 48 hours of dissection, have complained that they have no choice but to use de Mulder's services, and describe the firm as "ruthless."

British Crown lashes out at LaRouche in Australia

by Allen Douglas

During early June, the name “Lyndon LaRouche” dominated political discussion in Australia, a phenomenon provoked not by domestic events, but as the reaction of a terrified British Crown-centered international oligarchy, to LaRouche’s growing policy influence worldwide—particularly in Russia, China, and the United States, as chronicled in recent issues of this magazine. Australia, being a key Commonwealth country and home to a very active, LaRouche-associated organization, the Crown launched what LaRouche, in a radio interview with “EIR Talks” on June 6 (see *Documentation*), called “a very savage attack against me . . . figuring that perhaps we were vulnerable there . . . to rid Australia of my influence, and, also, to use that as a springboard for attacks on me, again, here.”

There was a several-day buildup to the explosion of publicity about LaRouche.

On June 1, more than 150,000 people demonstrated in Melbourne, against radical new gun control laws proposed by the Liberal-National coalition federal government; the bills were introduced, following an April 28 massacre of 35 people by a gunman in Tasmania. Counting demonstrations in other cities, *over 1% of the entire Australian population* hit the streets—the largest mass actions since the anti-Vietnam War protests. Sections of Australia’s political establishment were scared.

On June 3, Deputy Prime Minister Tim Fischer, head of the National Party, spent most of the day closeted in “trade talks” with Sir Leon Brittan, vice chairman of the European Commission. Less than a month before, Brittan and his free-trade policies had come under fire at a major international economic conference in Beijing (see *EIR*, June 14), by a delegation led by Helga Zepp LaRouche, founder of the Schiller Institute and the wife of Lyndon LaRouche. That night in

Australia, Fischer emerged from his talks with Brittan to attack the “extremist” LaRouche, as the author of the mass demonstrations. He repeated the utterly baseless charges the next day.

On June 5, Fischer hopped on a plane to the United States to meet with top officials of the Clinton administration, ostensibly about “farm and trade” matters. That same day, the Hollinger Corp.-owned *Sydney Morning Herald* ran a front-page article attacking LaRouche. It displayed the logo of LaRouche’s Australian co-thinkers, the Citizens Electoral Council (CEC), on the front page, and LaRouche’s picture and two additional major articles devoted to LaRouche, on the inside pages. Similar attacks appeared all over the country, most prominently in Hollinger’s *The Age* in Melbourne, the country’s largest daily, and Rupert Murdoch’s the *Australian*.

On the following morning, Australians across the continent heard Lyndon LaRouche on the ABC’s Radio National program, an interview played throughout the day. On June 7, Fischer’s 6:30 p.m. press conference at the Australian Embassy in Washington, D.C. was devoted largely to LaRouche (see *Documentation*). And on the morning of June 8, LaRouche appeared live (by satellite), for the first time ever, on Australian TV, on the “Today on Saturday” show, and dismissed the absurd allegations about his “gun lobby connections.” He laid out, instead, his vision of Australia’s crucial role in the Asia-Pacific region in the years ahead.

Her Majesty’s ministers

Queen Elizabeth is the sovereign of both Britain and Australia, whom Brittan and Fischer therefore serve as “Her Majesty’s ministers.” But it was the role of a member of her Canadian Privy Council, Conrad Black, which stamped the whole attack as “made in Buckingham Palace.”

Orchestrators of the attack against Lyndon LaRouche in Australia, left to right: Australian media magnate Rupert Murdoch; Conrad Black, chairman of the Canada-based Hollinger Corp., a front for British intelligence; Queen Elizabeth II.



The Hollinger Corp., chaired by Black, was originally formed in Canada during World War II, when it was known as the Argus Corp., as a front organization for the British Ministry of Munitions and Supplies. When Black, the son of its co-founder, took over in 1985, he renamed it Hollinger, and started buying up press worldwide, led by the *Daily Telegraph* in London.

Hollinger's board is a "Who's Who" of British Intelligence, and includes, among others: Baroness Margaret Thatcher; Sir Henry Kissinger, KCMG; Lord Peter Carrington, director of Kissinger Associates and former secretary general of NATO; Henry Keswick, chairman of Matheson & Co., a pillar of the Jardine Matheson-Hongkong and Shanghai Bank complex which still runs much of the world's drug trade, according to the bestseller *Dope, Inc.*; and Sir Evelyn de Rothschild, chairman of N.M. Rothschilds & Son Ltd.

Hollinger's *Telegraph* and associated publications have, for the past several years, concocted scandals against President William Clinton in an attempt to drive him from office.

The old 'anti-Semitism' canard

Fischer also charged that LaRouche is "anti-Semitic," a calumny frequently made by Anti-Defamation League-linked circles in Australia and internationally. Asked, on his June 8 TV appearance, about Australian businessman and World Jewish Congress chairman Isi Leibler's claims to that effect,

LaRouche replied, "Well, apparently Mr. Leibler is totally misinformed. I have never had any such views. . . . As a matter of fact, for most of my life, I was raised in a part of the United States, in the Boston, Massachusetts region, and New York region, where I lived afterward, and the largest single definable ethnic, shall we say, quality of my associations, have been Jewish. I am very much against anti-Semitism, and always have been, and it is just nonsense. Mr. Leibler just keeps repeating this sort of thing, but there is no basis for it."

One of LaRouche's closest associates for the past 30 years, Anton Chaitkin, whose father Jacob Chaitkin was the chief strategist and legal counsel for the American Jewish Congress' boycott campaign in the United States in the 1930s against Nazi Germany, confronted Fischer on this and other charges, at Fischer's Washington press conference (see *Documentation*). A visibly destabilized Fischer retreated from the most extreme of his claims, so that by the morning of June 9, even the *Sydney Morning Herald* was reporting, "Meeting with U.S. government and trade officials, Mr. Fischer backed away from his claim that Mr. LaRouche, 73, was behind gun lobby protests in Australia."

The shifting political map of Australia

Fischer carried out the Crown's attack on LaRouche because he is hysterical about losing his rural-centered National Party base to the fast-growing CEC, as even Australia's press

has noted. Now headquartered in Melbourne, the CEC was founded in Queensland in 1988, and still has its strongest support in rural Australia, where many of the 75,000 copies per month of its newspaper, the *New Citizen*, circulate.

But Fischer's party is not the only one in trouble. The Labor Party, which had ruled Australia since 1983, was smashed at the polls in February 1996, because the electorate was enraged at its Thatcherite "economic rationalist" policies of free trade, deregulation, privatization, etc., which have devastated the country. The Liberal-National coalition is accelerating those same policies, and will therefore self-destruct over the coming several months as well, leaving an almost-unprecedented political vacuum in all parts of the country, rural and urban. As for the latter, the CEC is beginning to make its presence felt there as well: In Melbourne, the capital of the state of Victoria, it recently spearheaded a two-week mobilization against Victorian Liberal Premier Jeff Kennett's plans to decriminalize marijuana, which defeated that proposal (see p. 61).

Documentation

Lyndon LaRouche made the following remarks in a radio interview with "EIR Talks" on June 6, regarding the British Crown's vision of Australia's role in world affairs, and his own. LaRouche delivered abbreviated versions of these remarks in an interview with the Australian Broadcasting Corp.'s Radio National broadcast Australia-wide on June 6, and in a nationwide live (satellite) television interview at 8 a.m. (Australia Time) on June 8, on the "Today on Saturday" show.

My policy toward Australia, is that implicit in the close collaboration among a former prime minister of Australia, Mr. Curtin, and Gen. Douglas MacArthur, and Franklin Delano Roosevelt, back during World War II. At that time, the British government, Mr. Churchill's government, had a policy of a protracted war in the Pacific, in which the United States would continue to war with Japan, into the middle of the 1950s, approximately.

Under this Churchill policy, Mr. Churchill insisted, that Australia would allow Japan to invade the territory of the continent of Australia, and would reserve only a small portion of Australia, around Melbourne, so to speak, to be defended by the Australians; sort of like a protracted Tobruk exercise.

Now, what happened, of course, is MacArthur arrived on the scene, and said, "Let's have none of that," and Curtin, the prime minister, agreed. And, with Roosevelt's support, and with help from MacArthur's and Roosevelt's allies in the Navy, the battle of the Solomon Islands, and similar battles, were engaged. And, Guadalcanal was key in that. But, the

Battle of the Coral Sea, and things like that: These battles were actually *key* to the war in the Pacific, in World War II; and, led to the most economical, and most efficient, bit of war-making, under the direction of Gen. Douglas MacArthur, in modern history. That is, more was conquered, by MacArthur, without the aid of any nuclear bombs, or anything, in that period of time, than by any other commander in World War II, or in previous wars, approximately previous wars.

So, there was a buildup of Australia, under this circumstance, which lasted into the 1960s, and stumbled into the 1970s, since which time, Australia has been economically demobilized—since the late 1960s, 1970s—and is now a mere fragment of what it had been earlier.

So therefore, my policy, is that Roosevelt, and Curtin, and MacArthur, were right: South Asia, East Asia, are the pivots of the future economy of the world. That's where the population is, that's where the economic growth is going to occur, because any growth per capita is going to be reflected, on the grandest scale, in South and East Asia.

So therefore, Australia is one of the outposts of European civilization, in the Indian Ocean and Pacific Basin, which is a proper place in which to engage cooperation, that is, maritime cooperation, with South and East Asia.

The British agree, in their own ways. The British view, which is Chatham House's view, came up to a head, in a China conference, Beijing conference, which my wife Helga recently addressed as one of the invited speakers, in which Sir Leon Brittan, the vice—the man in charge of vice for the European Union—spoke. And, what these guys have done, is, they had a recent conference, sponsored by Lee Kuan Yew, the former Henry Lee, of London, in Bangkok: the Bangkok Asiatic Conference, which is a real evil operation; the worst kind of parasitism. And, in Beijing, Leon Brittan tried to shove that policy down the throats of China; and, it was not well-received by the Chinese government, I can tell you that! My wife observed that at close hand.

But, Britain's idea, as Katherine West, an Australian who participated in this Chatham House conference recently, who produced a paper, has expressed: The British see Australia, as a mere diplomatic launching-point for doing dirty operations in South and East Asia; whereas, our view is different.

So, therefore, what's happened is, that the British who are attacking me from Canada, and every place else the monarchy has a means to do so, using my enemies and Clinton's enemies, such as the Murdoch and Hollinger press, and the London *Times*, and people like that, and the Bush people, to do that, have launched a very savage attack on me, in Australia, figuring that perhaps we were vulnerable there. And, they tried to get something going against me.

But, the motivation, apart from all the lies they're just retailing—the motivation is that I represent, to Australians (and there are many Australians who are like this): Go back to Curtin, MacArthur, and Roosevelt. Let's have American-Australian cooperation, of that type, again, in the new context.

Let's rebuild Australia, and get the job going. A lot of Australians like that.

Whereas, the London-directed, or, as the Australians call them, the "pommie-minded Australians," and the representatives of the British Privy Council, who actually run Australia today; these guys are very unhappy. So, they launched this massive attack on me, in Australia, both to try to rid Australia of my influence, and, also, to use that as a springboard for attacks on me, again, here.

It hasn't worked out too well for them, I should say.

The following are excerpts from the press conference given by Deputy Prime Minister Tim Fischer in Washington, D.C. on June 6 at the Australian Embassy. Anton Chaitkin is the reporter for EIR. Other reporters are designated "Q."

EIR: You said that Lyndon LaRouche had organized the recent gun lobby demonstrations in Australia. And, we got from Mr. LaRouche his responses. I wanted to get your reaction to it. He said, "Why did you tell this lie? Why are you babbling nonsense? How can anyone believe you, when you tell such lies? What makes you think you will have any credibility at all, when you babble such nonsense?"

And then, just to follow that up: Some people have said that you are hysterical about LaRouche, because he has enormous influence in the base of your party, the National Party. How would you respond to that?

Fischer: Well, firstly, the question is based on a wrong premise. I did not say, and I would not suggest, that the LaRouche organization has directly organized the demonstrations. What I did say, is that they have a pervasive influence in the extreme elements, and I don't agree with their agenda.

Some of those extreme elements are attracted to LaRouche. I give one piece of particular evidence: The publication in Australia, *Lock, Stock, and Barrel*, which is a publication out of Queensland, and which is an extremist publication with regards to weaponry in general, as you might believe from its title, and with regard to guns in particular, of course, has carried a number of LaRouche-type articles. And, it is a connection which I don't have to prove, it is a well-known connection, that there is such a connection between the LaRouche organization and extremist elements in Australia.

EIR: Getting back to the LaRouche problem: Isi Leibler said—

Fischer: Yes, he supported me! I thought that should have been put in a frame.

EIR: He said that the LaRouche influences are gnawing away at your party, and areas of your own constituency. Would you say that your party is falling apart, in that section of the country where you're confronting the LaRouche movement?

Fischer: No.

Q: Two questions on this Lyndon LaRouche matter: Is your government doing anything to counter the influence of Lyndon LaRouche, in all [areas]? And, on the anti-gun control rally; as they continue, will they get more support, do you think, for their cause, or do you think the public will just get sick of them?

Fischer: It is early days. There is a need for a lot more information to be circulated; and, the government of Australia is in the process of mounting an advertising, which has not yet taken place, which I think will help ease the burden of the situation, it being such a big change in the state of policy settings on that matter.

On LaRouche and other extremist organizations: clearly, the monitoring of our border entry points, to check on the flow of people who might be of criminal record, or otherwise, between Australia and other countries at any time—I specifically make that comment with respect to LaRouche. I would say, that it's a matter on which there have been some suggestions, that there should be some federal parliamentary inquiry into. That is a matter which is probably more likely to be looked at, at the Senate level, and the Senate has its own jurisdiction in that regard.

Q: If they're just extremists, but not criminal records; can they be kicked out of Australia?

Fischer: It's a difficult call on balance, is always to maintain freedom of speech, and democracy, and that is why I listen very closely to the grassroots of my electorate in Australia, and across Australia, on a range of issues. So, we, nevertheless, and I have genuine concerns about the anti-Semitic approach of a number of these organizations. If I get criticized for expressing that, so be it; but, it is a case that compromise is always in the circumstance of democracy, but if any organization involves illegal activity, obviously it'll be dealt with.

Q: Prime minister, you've had a lot of questions today about Lyndon LaRouche. Are you doing anything to counter his influence? Do you think he's a dangerous presence? Would he be allowed in Australia?

Fischer: Well, I'm not sure he's in a position to travel to Australia. I simply am absolutely underwhelmed and unexcited by the agenda of the range of extremist organizations of that ilk. I'm entirely opposed to anti-Semitism—

EIR: You can't even pronounce it.

Fischer: I simply say, *there is no place in Australia for the type of agenda being pursued by the LaRouche organization* [emphasis added]. I make no apology for doing so. I have legitimate concerns about that. I will not dodge on that.

Q: Do you think he's anti-Semitic?

Fischer: Well, there's some evidence of that. . . .

The 'leftist' United Front takes the helm

by Susan Maitra and Ramtanu Maitra

On June 1, India's President Shankar Dayal Sharma administered the oath of office to the Karnataka state chief minister and Janata Dal party leader H.D. Deve Gowda, as the 11th prime minister of India. Prime Minister Deve Gowda will be leading an alliance of 14 centrist and regional parties, brought together under the banner of the United Front, in the aftermath of May general elections which failed to throw up an outright victor. The left parties, with 55 seats in the Lok Sabha (parliament), and the Congress Party, the second largest party with 141 seats, have assured support to the United Front government.

The 13-day sojourn of the Bharatiya Janata Party (BJP), which had formed a government after it emerged in the May election as the single largest party in the Lok Sabha with 160 members, ended on May 28, when Prime Minister Atal Behari Vajpayee, facing certain defeat in the Lok Sabha in his quest for a vote of confidence, threw in the towel. President S.D. Sharma had given the BJP prime minister-elect an ultimatum to prove his government's majority on the floor of the Lok Sabha by May 27.

Wasting no time following Vajpayee's resignation, President Sharma called in H.D. Deve Gowda, who by then had emerged as the consensus candidate of the United Front, and asked him to form the government. The Congress Party had already made known its disinclination to form a government.

The United Front government has been extended a reserved welcome by the people and media in general. Such caution is based on the abject failure of two past experiments, in 1977 and in 1989, when the anti-Congress parties had hatched a common front to grab power. In both cases, the fronts disintegrated within months, because of internecine fights among the coalition leaders, bringing India to near chaos as a consequence. And in both cases, fresh elections brought the Congress Party back into power.

This time, most of the centrist parties and the Left parties had come together under the principal objective of preventing the "Hindu chauvinist" BJP from forming the government. Otherwise, the major parties represented in the United

Front have no mandate to rule in New Delhi, as their bases have actually dwindled in the 1996 vote tally. The Janata Dal party has a strong base in only three major states; its partner, the Samajwadi Party, has a base only in the crucial state of Uttar Pradesh, where it is struggling to remain as the number-two party; and some of the United Front's participating regional parties are fast losing ground to the BJP.

Congress Party politics

The crumbling of the Congress Party has also left the door open for the United Front to come to power. The Congress Party, which led the movement for India's independence from Great Britain, has ruled in New Delhi for 45 out of the 49 post-colonial years. In the May elections, the Congress Party lost almost 45% of its parliamentary representation, ending up with a mere 136 seats out of a total 535. The elections five years ago had returned the Congress to power with a working majority of 248 members.

The leadership crisis within the party, brought to the fore with the assassination of former Prime Minister Rajiv Gandhi in May 1991, has remained unresolved. Bereft of leadership from the Nehru-Gandhi family, the party has also run out of grass-roots leaders.

Before the next elections, the Congress Party may be forced to undergo a thorough reorganization. One analysis making the rounds in Delhi is that the Congress Party will eventually join the government in 1997.

One of the major English-language dailies claims that a deal is being worked out whereby Congress Party leader and its most recent prime minister, P.V. Narasimha Rao, whose five years in office were rife with allegations of personal financial wrongdoings of massive proportions, will be nominated as the next President of India by the United Front, and will seek immunity under the Constitution to remain free. Once such deals are worked out between the United Front and the Congress Party, the latter would formally join the cabinet. The Janata Dal would then merge with the Congress Party and obliterate itself. A few other smaller parties may also come back to the Congress fold, in order to counter the BJP electorally.

What next in India?

Visible conflicts within the United Front in the first days have already caused concern. Hours before the cabinet members were scheduled to take the oath of office, the regional party chieftains and state-level leaders of the centrist parties exerted pressure on the prime minister-elect to secure plum posts. Behind the scenes was former Prime Minister V.P. Singh, a manipulator par excellence, whose reckless caste politics had brought down the 1989 experiment amidst violence and chaos.

In this set-up, Prime Minister Deve Gowda himself is definitely the most reliable element. For the last 17 months,

he has been chief minister of Karnataka state, which is fast becoming a major industrial state, with the city of Bangalore emerging as the country's capital of clean industries.

With a diploma in civil engineering, Prime Minister Deve Gowda represents the villager caste, and had worked side-by-side with his father, a paddy farmer, in his youth. Following a short stint as a contractor, Deve Gowda joined politics in 1953 as a member of the Congress Party. However, his first entry to the state legislative assembly in 1962 was as an independent, having severed his relationship with the Congress Party back then.

With Janata Dal establishing itself as the ruling party in Karnataka in 1983, Deve Gowda, along with S.R. Bommai (now a minister in the Deve Gowda cabinet) and the high-profile former Karnataka chief minister Ramkrishna Hegde, emerged as one of the triumvirate that holds the key to the party's political successes. Despite the Rajiv Gandhi-led Congress Party onslaught that almost decimated the Janata Dal in Karnataka in 1987, the efforts of Deve Gowda, Bommai, and Hegde brought the party back to power at the state level in 1991.

In 1994, Deve Gowda was the only Indian chief minister who attended the World Economic Forum in Davos, Switzerland, ostensibly to attract foreign investment into Karnataka. Another of his forays, into Singapore, resulted in the first-ever high-technology Information Technology Park in Bangalore. At the same time, it was noted that, despite the Janata Dal's formal opposition to the establishment of the Cargill office and the Kentucky Fried Chicken outlet in Bangalore, chief minister Deve Gowda protected these multinational ventures to boost his state's image with foreign investors.

A common minimum program

So far, in New Delhi, Deve Gowda is drafting a common minimum program (CMP) for the infrastructure sector, which emphasizes implementing environmentally friendly policies and greater support for science and technology. The draft said that "economic stability, responsive and corruptionless administration along with acceleration of reforms," would be the major plank for governing India.

On the issue of taking those measures recommended by the International Monetary Fund to adapt the Indian economy to free-trade globalization, an issue which interests the international investors and financial institutions as much as it interests their Indian counterparts, Deve Gowda is categorical that so-called economic reform would continue with a "Gandhian face"—an expression which has yet to be defined. Undoubtedly, his appointment of P. Chidambaram, a Harvard-trained former member of the Congress Party who was a close associate of the late Rajiv Gandhi, and one of the strongest backers of the liberalization policies of Narasimha Rao and outgoing Finance Minister Manmohan Singh, will reassure the free traders in London and other western capitals.

Indian elections: shifting vote patterns

by Susan Maitra and Ramtanu Maitra

The nation of India today stands as the world's largest democracy, a fact that is at the core of India's identity as an independent nation. The election results that trickled in slowly during the week following the last election (May 7; the other two were April 27 and May 2) showed that the Indian electorate has refused to pin its hopes on any single party.

Unlike the past four or five general elections, particularly the elections of 1977, 1980, 1989, and 1991, this time around, the Indian electorate was not charged up to remove the ruling party in order to bring in some other party just for the sake of a change in government. There was no "wave" as such.

In addition, the Election Commission enforced the maximum expenditure of 450,000 rupees (about \$13,500) per parliamentary candidate, making the election a low-key affair. The Election Commission thus took away the money power of some of the wealthier parties to influence votes. Interestingly, the low-key campaigning did not result in less participation by the electorate.

Although the poll results appeared to perplex the political pundits, the voting patterns cohered with a growing trend that has appeared among the voters in both 1989 and in 1991.

In the 1989 elections, the ruling Congress Party, led by the late Prime Minister Rajiv Gandhi, was soundly defeated. From an unassailable majority in the Lok Sabha (parliament) with 405 members, secured in the 1984 elections following the assassination of Prime Minister Indira Gandhi, the party was reduced to a minority party with fewer than 200 seats. But while rejecting the Congress Party, the electorate did not indicate a positive winner. A rag-tag group of former congressmen formed the Janata Dal and took power, with the outside support of the surging Bharatiya Janata Dal (BJP).

The dismissal of the Janata Dal government within a year, and the upheavals that followed, set the tone for the 1991 elections. The tragic murder of Rajiv Gandhi during the 1991 election campaign, and the collapse of the Janata Dal, gave the Congress Party enough parliamentary seats to form the government.

But even then, the BJP, increasing its tally from 86 in 1989 to 124 in 1991, had served notice.

The trend has in fact continued: The Janata Dal and its allies took 43 seats, the Congress Party went down to 136 seats, and the BJP inched further upward with 160 seats.

Caste politics has also continued to emerge as a significant factor for the electorate. The 1989 regime of united front guru V.P. Singh had unleashed a cauldron of caste politics, which was capitalized upon by the leading non-Congress and non-BJP parties. In 1996, caste considerations continued to elect or defeat candidates in northern India, particularly in Bihar and eastern Uttar Pradesh. The role of minority Muslims was less discernible in this election, but there is little doubt that a large number of poor and downtrodden Muslims in the states of Bihar and Uttar Pradesh backed the candidates identified with the lower castes. Nevertheless, in Uttar Pradesh, the BJP gained another 23 seats to reach 85 MPs from that state.

On the other side, in the Maharashtra city of Mumbai, where the BJP-Shiv Sena combine won heavily, a significant number of Muslims in fact voted for the BJP-Shiv Sena combine.

Aside from the BJP, the only other groupings to show gains in the election were the purely regionally based parties. These include the Communist Party of India-Marxist (CPI-M), in West Bengal; the Telegu Desam Party (TDP), in Andhra Pradesh; the DMK or ADMK, in Tamil Nadu; the Asom Gana Parishad (AGP), in Assam; the Janata Dal (JD), in Bihar and Karnataka; the Samajwadi Party and the Bahujan Samaj Party, in Uttar Pradesh; the Shiromani Akali Dal, in Punjab; and the Samta Party, in Bihar.

A harmonious chord was definitely struck between the regional parties and the electorate. In the south, the issue of water and power is of primary importance, and all the regional parties in the southern states have an ongoing feud with Delhi because of the latter's inattention to the crisis. Instead of deriding the apparent parochial behavior of the electorate, national politicians would do better to heed the message being delivered.

Economic platforms

The Indian population is also beginning to register its response to the policies of "liberalization," carried out by the Rao government under the direction of Finance Minister Manmohan Singh. While these policies have loosened the socialist grip on the Indian economy held by the overbearing government bureaucracy, it also has brought in foreign multinationals in useless ventures in the consumer goods sector and has begun the process of opening up India to free-trade globalization. At the same time, the supposed benefits of liberalization have not trickled down to India's poor.

The BJP took a definite critical stance against the ruling party's foreign investment policies, which, according to their observation, allowed "hot money" to come into the country and did not encourage foreign direct investments in the required sectors, such as non-consumer durables and enhancing the technological base in that sector. The BJP was highly critical of the multinationals which, according to their critique, are extracting benefits which have not been extended

to their domestic competitors. Besides the BJP's demand for a "level playing field" for national producers by enhancing import tariffs, the party called for spending at least 6% of the country's GDP on programs such as education, maintaining fertilizer subsidies, using 60% of plan funds for agricultural-rural development, laying the foundation for a debt market to finance infrastructure and then invite foreign capital into the sector, pruning non-developmental expenditure, minimizing commercial activities of the government, and cutting back on bureaucracy.

The BJP is thus most vocal on behalf of the small and medium-size industries which are in panic following the Rao liberalization policy. The BJP is also consistently strong in pointing out India's poor infrastructure and the previous government's policy of welcoming multinationals into India's consumer sector, instead of attracting a significant amount of foreign direct investment into the core infrastructural sectors where it is most urgently needed.

The ruling Congress Party promised to carry forward economic reforms and restructuring policies to achieve 8-9% GDP growth annually and near-full employment by the year 2002. The Congress Party was also vocal about the farm sector, including promising to do the impossible—computerization of land records in consultation with states. Cautious about future measures vis-à-vis the economic liberalization, the ruling party manifesto assigned high priority to restructuring the public sector. The manifesto mentioned nothing of such controversial policies as disinvestment of public sector enterprises, restructuring of labor laws, and the speed of reforms in the financial and industrial sectors.

True to its tradition, the Janata Dal pushed such populist policies as "right to work," forging economic solidarity with the developing world, and reviewing and reversing existing reform laws.

Give the dog a bad name, and hang him

The pattern of growth in votes of the BJP, widely described in the foreign media as a "Hindu fundamentalist" and "Hindu extremist" grouping, has set a cat among the pigeons within India's political system. Considered an "untouchable" because of its virulent anti-Muslim rhetoric and the support it had lent to the violent destruction of the Babri Masjid, for the purpose of building a Ram Temple at the same location, the BJP still touches a raw nerve in many Indians who were brought up and tutored in the Fabian socialism introduced into the Indian scene by Jawaharlal Nehru, the first prime minister of India. Most leaders of the present Congress Party and of the Janata Dal, Samajwadi Party, et al., belong to the same school of political thought. Indian communists joined the Fabian school without much fuss. For all of these politicians, the rise of the BJP is a serious threat to their existence.

The BJP of today is a variant of its original form, the Jana Sangh, and came into existence in the early 1980s following the end of the Janata party rule in 1980. The Jana Sangh,

formed in 1952, was always controlled by the cadre-based Rashtriya Swayamsevak Sangh (RSS), an ideological grouping promoting Hindu consciousness. The RSS was never interested, in earlier days, in participating in the political system, and, although Jana Sangh ran in the parliamentary elections, it remained a party with only pocket boroughs. Its dogmatic promotion of Hindu consciousness in a country which was recovering from the partition by the British colonial rulers in 1947, pitched it in direct confrontation with the Muslims and secular forces of the Indian National Congress.

Garnering support mostly from the 40 million or so Hindus who had fled Pakistan following the partition, the Jana Sangh remained an anti-Muslim party, spewing venom against the Muslims for cutting up the country—rather than blaming the British. The initial success of Nehru's development policies and of Indian foreign policy, with India being at the center of the non-aligned movement in a hostile Cold War situation, kept the Jana Sangh on a leash. By and large, Hindus did not see the Muslims in India as a threat, and found little reason to support a marginal political grouping dedicated to disparaging the mostly poor Muslims who had no other home but India.

The beginning of the weakening of the Congress Party, brought about by the late Mrs. Indira Gandhi through the misuse of power during the Emergency Rule in 1975-77, provided an opening to the anti-Congress Party "secular" forces and the "Hindu fundamentalist" Jana Sangh to come to power in 1977. The collapse of the Janata party in 1979 and the subsequent resounding electoral victories of the Congress Party under Indira Gandhi, and, later, under Rajiv Gandhi, weakened the political power of the Jana Sangh further. Reincarnated as the Bharatiya Janata Party (BJP), the party began seriously to build its political machinery for the first time in the mid-1980s.

The Babri Masjid incident

The BJP's initial success, however, centered around its campaign to remove the Babri Masjid—a 16th-century mosque allegedly built over a Hindu temple during the Moghul days, which has been disputed since the time of the British Raj—and build in its place a temple of Ram, one of the incarnations of Lord Vishnu in Hindu mythology. The campaign, which resulted in the violent demolition of the mosque in 1993 during the Rao government, began to recruit a whole gamut of lumpen masses demanding Hindu revivalism. The 1989 and 1991 elections saw the BJP riding high on the Hindu revivalism campaign, with a liberal sprinkling of anti-Muslim vitriol and a tough position against Pakistan on Kashmir.

The violent fall of the Babri Masjid, however, confronted the BJP with a serious crisis. The BJP never owned up to and even denounced the demolition of the mosque. Nevertheless, the educated class left the party in droves. The subsequent drubbing that the BJP received in the assembly in a number

of northern states put the party in a quandary. The issue at stake for the leadership: While the party has a large following, it could never be a national party unless its image as an anti-Muslim party is removed and it can participate in an educated manner on the major national issues concerning poverty, economy, security, and defense.

Since the Babri Masjid incident, the BJP leadership has attempted to deflect the radical pressure and focus on activities which identify the party as a serious contender for the nation's leadership.

In the 1996 elections, the BJP improved its position in the Lok Sabha from 124 to 160 seats, and was the only major party anywhere to make gains in this general election. This suggests that the BJP strategy has worked and the politics of caste division, introduced in 1990 as a measure primarily to weaken the BJP, has failed to catch on—although, it will not be easy for the BJP to shed its anti-Muslim image.

The Indian electorate, democratic to the core, is not yet convinced that the BJP is for real, but it is surely changing its view about this "Hindu fundamentalist" and "Hindu communalist" party. A large part of India—such as the states located in the east, of Assam, West Bengal, Andhra Pradesh, Orissa, Tamil Nadu, Kerala, and a few other small states—has not given a single seat to the BJP.

The British are upset

The dose of moderation and a responsible approach to national politics ushered in by the BJP leadership under Atal Behari Vajpayee, L.K. Advani, Murli Manohar Joshi, and K. Govindacharya, among others, have created new enemies. In Britain, the BJP's ascendance to power has been under hysterical attack in the media. The *Times* of London, worried about "Hindu militants with nuclear bombs" (read: BJP), said, in its May 10 editorial, that a Left coalition is preferable, and hoped that "with luck India will escape the trap of Hindu militancy." The London *Guardian* called for containment of "Hindu chauvinism represented by the BJP," and the *Daily Telegraph* highlighted the dangers of confusion and divisions within India caused by the BJP.

Although the British media were citing the BJP's anti-Muslim image as a threat to tear the Indian subcontinent apart, what was probably of greater concern, is the BJP's strong anti-multinational, pro-nationalist economic outlook. Such British groups as Lever Brothers, Lipton, and Brooke Bond have long been present in India in strength, and are planning expansion in the wake of economic liberalization.

The British are also worried that the establishment of the BJP as a genuine national party, means that Britain may have to deal with a coherent leadership of a large party, instead of a cobbled-together group of politicians with small political bases and high ambitions. In addition, the BJP's opposition to a comprehensive test ban treaty (it would not sign the Nuclear Non-Proliferation Treaty, unless it were part of global disarmament), and its position to officially declare India a nuclear

state, makes the cold warriors and the colonial powers uneasy.

If the British are unhappy with the BJP because it may prevent them from making a fresh bid to loot India in the wake of economic liberalization and globalization, the Anti-Defamation League-linked Abe Rosenthal's outburst against the BJP in the *New York Times* was indicative of the hatred that the liberal establishment is capable of spreading. Equating the BJP moderates with the German SS, Rosenthal said that "these people [the BJP] are Hindu-first and Hindu-only—which would wipe out the concept of unity between the Hindu majority of 700 million and the Muslim minority of 120 million and Christians and Sikhs." Rosenthal warned that the electorate's verdict leads to the dangers to Indian nationhood and the possibility that "Indian civil society could again become Indian civil war."

But those who will indulge in such chaos-mongering should realize that the electorate, which has steadily eliminated the Congress Party from the populous Ganga Valley—the Congress Party having secured only 16 of the 179 national parliamentary seats that represent Uttar Pradesh, Bihar, and West Bengal—may be ready to politically eliminate those who will promote chaos and instability. They have voted for political stability, and not against economic reforms, and they see in the BJP, the largest and the only growing party, the party that can provide stability.

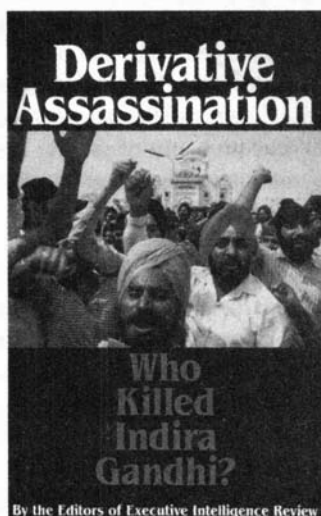
Derivative Assassination: Who Killed Indira Gandhi?

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Turbulence ahead for Romania, Bulgaria

by Konstantin George

If there is no break in the shock therapy policies of the International Monetary Fund (IMF), a crisis with potential strategic ramifications is set to sweep Bulgaria and Romania this autumn, when Presidential elections are scheduled in the former, and both Presidential and parliamentary elections in the latter. The first storms were visible in the Bulgarian Presidential primary and the Romanian nationwide municipal elections, both held on June 2.

Bulgaria: Who will oppose the IMF?

In Bulgaria, a pauperized and angry electorate gave incumbent President Zhelyu Zhelyev the boot in a primary vote that determined who in the United Democratic Front (UDF) would be its Presidential candidate in the autumn elections. Zhelyev was trounced, receiving only 34% of the vote, losing to the 44-year-old relatively unknown lawyer, Petar Stoyanov, who got 66%. The reason behind Zhelyev's debacle is not hard to find. He is one of the main people responsible for the destruction of Bulgarian living standards under six years of IMF-imposed "reforms."

The UDF is the main opposition party to the current government of the ex-communists, called the Bulgarian Socialist Party. The UDF had formed Bulgaria's first post-communist government. It discredited itself in the first phase of shock therapy implementation, and thus, as in so many other cases in eastern Europe, set the stage for the return of the former communists to power. Given the different schedules for parliamentary and Presidential elections, Bulgaria has a BSP government with an absolute majority in parliament, and a UDF President.

Ironically, the UDF, with its new candidate, Stoyanov, could very well win the Presidential election. Bulgaria has been no exception to the rule that wherever the former communists were returned to power in eastern Europe, based on a popular backlash against the "reforms," the ex-communists, once in power, proceeded to pursue and even to accelerate the very same IMF policies. The BSP regime of Prime Minister Zhan Videnov, during this year, has implemented the most draconian austerity measures to date. This has been done in accordance with conditions set by the IMF for Bulgaria to receive a standby loan and thus prevent, or paper over, an imminent state bankruptcy.

The latest austerity measures were passed at the end of May. The value-added tax (VAT) was increased from 18% to 22%, and fuel prices were raised by 80%. New import taxes were set, adding to the already steep rise in the price for anything imported, caused by this year's collapse of the national currency, the leva. Protests in the streets of the capital, Sofia, by thousands of trade unionists and pensioners, are now commonplace. The desperation of the population and the discrediting of parties and institutions, were most strikingly demonstrated in the huge welcome that over 100,000 people accorded to Simeon II, the former king of Bulgaria, who returned to Sofia in May after 50 years of exile.

On top of the latest inflationary collapse of living standards, critical items are now in short supply. There are severe shortages of bread and gasoline. Rallies, often addressed by Stoyanov, regularly demand that the government resign and new elections be held. His message is: "Bulgaria is at the brink of a catastrophe. There is no hope, no fuel, no bread." All three of Bulgaria's opposition parties, the UDF, the People's Union, and the party of the Turkish minority, the Movement for Rights and Freedoms, have called for a vote of no confidence against the BSP government the week of June 10. The BSP will survive this round, having an absolute majority in the parliament. However, no institution committed to IMF policies can survive the turbulence to come during the second half of the year.

Romania: chaos and confusion

Romania on June 2 held the first round of its first nationwide municipal elections in four years, and the results can be described as chaos and confusion. (These elections were only the first round, so a full evaluation will only be possible after the June 16 run-offs.)

The results are unknown in more than two-thirds of the country's municipalities, including most of Romania's major cities. In more than one-third of the municipalities, the first round will have to be repeated, as fewer than 50% of the voters took part. In another one-third of the municipalities, including the capital, Bucharest, a run-off vote was scheduled for June 16.

What did clearly emerge, was a strong vote against the ruling Party of Social Democracy (PDSR) of Ion Illiescu, the former "reform" communist who took over from deposed dictator Nicolae Ceausescu in December 1989. His party has ruled Romania ever since. Their spectacular bid to capture the Bucharest mayoralty by running former tennis superstar Ilie Nastase as their candidate, flopped in the first round. Nastase trailed behind Victor Ciorbea, candidate of the main moderate opposition party alliance, the Democratic Convention, led by Emil Constantinescu, who is a Presidential candidate for the coming elections. Barring fraud and voting irregularities (which in Romania are quite common), Nastase will probably go down to defeat on June 16.

Otherwise, the PDSR failed to capture any major city, except for Galati, in the first round. In Romania, as in Bulgaria, there has also been a process of discreditation of most of the parties and institutions associated with post-communist parliamentary democracy. Beyond the very low voter turnout, another indication of this was the very good results achieved by extreme nationalist/fascist figures, such as Gheorghe Funar, a ferociously anti-Hungarian demagogue, who won the mayoralty of the Transylvanian city of Cluj on the first round, with 50.7%.

As can be seen from the events and results thus far in Bulgaria and Romania, the former communist part of the eastern Balkans is moving rapidly into a political phase change. Unless Western governments, led by the United States, move to free these countries from the shackles of IMF shock therapy, and serious development projects are instituted, these countries are programmed to repeat the Balkans' experience of the last Great Depression, when fragile and unstable "democracies," under brutalization of the conditions of life, fell like nine-pins. They were replaced by fascist dictatorships, each characterized by demagogic nationalism, including oppression of ethnic minorities and irredentism.

The potentials for more "Yugoslavias" are lurking, months or a few years down the road.



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The strategic gambits behind France's 'Cheminade case,' 1990-91

by Mark Burdman

We have recently reported on the close link between French President Jacques Chirac's cowardly turn toward appeasement of Great Britain, in a new "Entente Cordiale" relationship, and a growing pattern of attacks on former French Presidential candidate Jacques Cheminade, the associate of Lyndon LaRouche. As we indicated in "Chirac Forges New 'Entente Cordiale' with the British" (see *EIR*, May 31), there has been a repeated pattern, over the past ten years, of attacks on Cheminade, and his associates in France, coinciding with important negative turns in French government economic policy or global strategy. Here, we review a series of events in 1990-91, the period coinciding with then-French President François Mitterrand's shameful abandonment of the fundamental strategic tenets of Charles de Gaulle in favor of French cooperation with the countries of the Third World aspiring to development. Instead, Mitterrand fully aligned France with the "new world order" and "Gulf war" policy of British Prime Minister Margaret Thatcher and U.S. President George Bush.

Mitterrand was to celebrate his illicit relationship to Thatcher and Bush, in one of his last acts as he was dying of cancer, by traveling to Colorado Springs, Colorado, for an Oct. 8-9, 1995 conference sponsored by the George Bush Presidential Library Foundation. He did so, despite his extreme personal circumstances, he told journalists, "out of friendship for George Bush." As we indicated, that gathering was probably the site for decisions taken to escalate attacks on Cheminade, in 1995-96.

Mitterrand's obsessions

We begin, here, by reconstructing the state of mind of Mitterrand, Thatcher, Bush, and friends, from late 1989 into 1990. As most recently confirmed in the memoirs of former French Presidential adviser Jacques Attali, Mitterrand was in an extreme state of nervousness about the newly reunified Germany. When it became obvious, in late 1989, especially with the fall of the Berlin Wall, that Germany was going to be reunified, Mitterrand went into a frenetic deployment, to head this off. When his diplomatic efforts in the direction of the East Germans, Russians, and British failed to prevent reunification, he was devastated. By the time he had regained

his composure, in the spring of 1990, he had come up with a fallback strategy, helping architect what soon came to be known as the Maastricht Treaty. Maastricht is a design to "contain Germany," as well as to destroy the economies of western European nations through the imposition of massive austerity and budget-cutting measures.

Mitterrand's actions throughout this period, are of the sort classically adopted by the "Entente Cordiale" faction in the French political class over the past 100 years. As with the original Entente Cordiale that was formalized with Great Britain in the years leading up to World War I, and which was a key factor in *causing* that war, the idea is for the French to play the junior partner, in a strategic arrangement with the British Empire. From this standpoint, it is clear that Mitterrand, and those in Britain who utilized him as a British asset, would not at all be happy with what LaRouche was doing, and the potential impact this would have in France.

In 1989-90, LaRouche, of course, was incarcerated, a political prisoner of George Bush. From his prison in Rochester, Minnesota, LaRouche celebrated the reunification of Germany. After all, on Oct. 12, 1988, he had made a speech at the Kempinski Bristol Hotel, in Berlin, forecasting the coming reunification of Germany, in the context of the situation created by the ever-worsening collapse of the economies of the Communist bloc. LaRouche's bold proposal in Berlin was exemplary of the kinds of policy leadership he was taking, that enraged the Bush-Kissinger crowd, and had already led them to engineer his judicial railroad, as shown by his indictment by an Alexandria, Virginia federal grand jury on Oct. 14, 1988. It seems, as the "Cheminade case" demonstrates as well, that such policy interventions touch a very raw nerve, indeed.

In November 1989, LaRouche launched his program for infrastructure and infrastructure-corridor development of Eurasia, a bold initiative centered around the "Triangle" region of the European capital cities of Berlin, Vienna, and Paris. Implementation of such a policy would make of Eurasia, the motor for a new era of global progress and development. Such were the promises that that time held, and which were seized upon by LaRouche.

Given that one of the three vertices of the Triangle is the

capital of France, LaRouche was obviously projecting a key role for the French nation, in his "Grand Design." Such thinking was very much in the tradition of Charles de Gaulle, especially as de Gaulle had promoted a post-World War II reconciliation with the (West) Germans, as the basis for European development and security.

Intent on destroying anything that might be associated with de Gaulle, the Mitterrand clique certainly understood the potential effect, as a *crucial policy conception*, that the Triangle proposal would have in France. They didn't appreciate LaRouche's contribution, especially because they undoubtedly had assumed that he had been "silenced" when put in prison.

Should the Triangle proposal gain ground in France, it would undermine a century's worth of geopolitical axioms held by a predominant element in the French political class. Rather than endorse this proposal, the Mitterrand clique conspired, with Bush, Thatcher, and the Mikhail Gorbachov clique in Moscow, to shift the global geopolitical terrain. It is out of that series of considerations, that, first, the Gulf war against Iraq was launched in 1990-91, and, second, the war in former Yugoslavia was triggered in the early summer of 1991.

A demand from the Ministry of Justice

From this overview, certain crucial things about the "Cheminade case" begin to fall into place.

On May 15, 1990—a most interesting date, as we will see below—the French Ministry of Justice, through the agency of the "Prosecutor of the Republic for the Tribunal de Grand Instance de Paris," demanded that French Judge Lheraut indict Cheminade and three associates, in a case that had been kicking around for almost four years, and for which Lheraut was the responsible magistrate. The letter demanding that Lheraut so act, was sent by Assistant Prosecutor François Foulon, a man with some curious connections, as we will see in a moment.

On the face of it, the case was ludicrous. It involved the family of Mrs. Denise Pazéry, who had died in 1986. She had been a financial contributor to four organizations with which Cheminade was associated. After her death, the family initiated a proceeding, claiming that Mrs. Pazéry had Alzheimer's disease, and had been, effectively, a victim of theft by Cheminade and friends. The doctor who provided an "expert judgment" supposedly confirming this claim, Dr. Michel Dubec, a self-professed expert on the subject of "major swindlers," has just authored a book, listing Assistant Prosecutor Foulon as one of his close collaborators, in composing his work! Indeed, the case was "all in the family."

The concern of Mrs. Pazéry's greedy family was, supposedly, to "recover the money." By December 1989, they had expressed a willingness to settle, in exchange for a monetary sum. Even though the sum requested was large enough to amount to a form of extortion, the point is that the family evidenced a desire for a civil settlement.

So why, then, did the French Justice Ministry, i.e., an agency of the French state, insist on a criminal indictment? What was President Mitterrand's direct role in this decision? Unfortunately, this is one of the many secrets he has taken to the grave. But the following coincidences must be kept in mind.

The giant fraud of Carpentras

On May 10, only five days before the Justice Ministry move, the entire French nation had been turned upside down, by reports that a Jewish cemetery had been desecrated in the small village of Carpentras, in southern France. Despite the fact that the local Jewish community in Carpentras pleaded for restraint from the French authorities, Interior Minister Pierre Joxe, a close ally of Mitterrand, immediately organized a giant media extravaganza, rushing to the scene with the obvious intent of hyping the situation up, as much as possible. Joxe declared to the press: "We know the guilty, and it's anti-Semitism and racism." Literally minutes after the news had been made public, the World Jewish Congress, headed by liquor magnate Edgar Bronfman, went into mobilization, inside France and internationally. Large-scale demonstrations were launched, expressing solidarity with the French Jewish community, against the "anti-Semitism and racism" denounced by Joxe, as well as against "neo-Nazism."

The problem is, the whole affair, as it was portrayed by Joxe, Bronfman, and the other orchestrators of the events, was a giant hoax. Slowly but surely, the truth emerged: The state attorney of the city of Nimes revealed that the highly publicized "impaling with a garden stake" of a corpse dug up from the cemetery, had never, in fact, occurred. This report had, originally, been a key factor in horrifying French public opinion. It was also revealed, over the weeks following May 10, that Christian graves in the same cemetery had also been desecrated, so Jews were not a sole target. Third, the much-publicized stories of "the painting of the grave-stones with anti-Semitic slogans and swastikas," also did not correspond to the facts. Gradually, it emerged that investigations were looking into a "satanic cult" as responsible for the desecrations, rather than "neo-Nazis" or specifically "anti-Semitic" groups.

In ensuing years, "Carpentras" has become synonymous with media-concocted fraud. Alfred Grosser, the prominent expert on Franco-German affairs at the Institute of Political Sciences at Sorbonne University in Paris, whose German-Jewish family had to escape from Nazi persecution in the 1930s, recently cited the Carpentras episode as a classical case of media orchestration of a fraudulent coverage of events.

Despite the gradual emergence of the truth about Carpentras, the damage had already been done. The main purpose of the exercise, as soon became crystal clear, was to bring about a mood-shift in the French population, to prepare it for

certain things to come. It was Carpentras, and its immediate fallout, that guaranteed that France, a country with traditionally good ties to various Arab countries, including Iraq, would be on the “right side” when a Middle East crisis would come.

Is it “over-conspiratorial” to assert that the higher echelons of the French elites were aware that a giant crisis was building in the Middle East? Not in the least. As Pierre Salinger would later document in a retrospective book on the Gulf war, the reality that the Gulf-Middle East region was irreversibly heading toward a major international crisis, had already become apparent to Palestine Liberation Organization Chairman Yasser Arafat and other Middle East influentials, by *mid-May 1990*.

Is it “over-conspiratorial” to draw a connection between the Carpentras mobilization of the corrupted Mitterrand circle et al., the May 15 Ministry of Justice move against Cheminade, and foreknowledge among relevant French elites that a major Middle East crisis was coming? Not in the least. Two other considerations must be kept in mind, about this April-May conjuncture.

The ‘Pamyat-LaRouche’ hoax

It is obvious that some special operations were being cooked up against the LaRouche movement’s branches in Europe, at this time. Over the weekend of May 6-8, 1990, that is, immediately preceding Carpentras, the World Jewish Congress held its annual meeting in the newly unified city of Berlin. Bronfman was in attendance, as were his leading henchmen, such as Australia’s Isi Leibler, who is, as of this writing, conducting a psychopathological attack on LaRouche’s associates in Australia.

The main purpose of the Berlin event was to pressure German Chancellor Helmut Kohl. The meeting was punctuated with warnings about potential outbreaks of neo-Nazism and anti-Semitism across Europe. With Carpentras coming *only two days after* the WJC event in Berlin concluded, they would have what they wanted.

But there was also a curious sideshow in the Bronfman circus. A delegation of Russian collaborators of the WJC attended the Berlin conference, bringing with them a Russian-language document, purporting to demonstrate that the LaRouche movement in Europe was in active collaboration with the anti-Semitic, proto-Nazi Pamyat movement in Russia. This was based on a supposed press conference by a leading Pamyat creature, in which he supposedly gushed that he was collaborating with western European groups,

By a series of unforeseen developments, the document never saw the light of day in Berlin, but instead was procured by a representative of *EIR* in attendance. An *EIR* mobilization, at the time, preempted what was obviously intended to be an international campaign, not dissimilar to that concocted by the East German, Soviet, British, and other intelligence services, back in 1986, to falsely accuse LaRouche and associ-

ates of responsibility for the assassination of Swedish Prime Minister Olof Palme.

The ADL recruits within the LaRouche movement

Meanwhile, the British, Bush’s friends in the United States, and their counterparts in France were up to a dirty trick, recruiting and cultivating a pro-British, pro-Anti-Defamation League “defectors’ movement” among LaRouche’s associates. At the very moment when the Gulf war became inevitable, this faction split from LaRouche, on the basis of full support for the Gulf war, accusing LaRouche of being a “right-wing anti-Semite.” Some months later, two of those dissidents, Laurent Murawiec and Robert Greenberg, authored articles on “anti-Semitism in the United States.” Demonstrating not simply amnesia but also cowardice, the authors conveniently omitted the fact that they had, each, been associates of LaRouche for almost two decades, and simply cited the degenerate ADL-controlled scribbler Dennis King, as their “source” about the LaRouche movement. This appeared in a book (*L’Histoire de L’Antisémitisme, 1945-1993*) edited in France by “historian of anti-Semitism” Leon Poliakov, containing a series of articles supposedly explaining the origins of anti-Semitism (see “The Poliakov File: History as British Propaganda and Fraud,” *EIR*, Aug. 26, 1994).

Murawiec has, in the past couple of years, been a leading figure in a suspicious “consulting firm,” headquartered in Geneva and Paris, called Geopol, SA, several of whose directors or patrons, have found themselves either in jail, or under investigation by Swiss or international law enforcement authorities.

M. Joxe’s emissary pays a visit

How all these various factors are interconnected, becomes obvious from one episode later in 1990, bringing together Joxe, Mitterrand, and the Gulf war.

In late October, Judge Lheraut made the strongest possible decision in French law, to dismiss the charges against Cheminade and associates. Within a couple of days, the French authorities moved for appeal. This, of course, was at the height of the period building up to the Gulf war. Two months later, on Dec. 28, as Bush and friends were moving to the military phase of their war of “the world against Saddam,” a press officer of Joxe’s Interior Ministry, one M. Lebars, visited the offices of the LaRouche-associated *Nouvelle Solidarité* newspaper in Paris, and asked for a copy of an article Cheminade had written, some months earlier. In that article, Cheminade had likened President Mitterrand’s behavior in the Gulf crisis, to France’s actions against Egypt, in the neo-colonial Suez adventure of 1956. It seems that Monsieur Le Président was not amused. The “mechanisms of justice” were set in motion, to ensure, some years later, that Cheminade and three associates would be convicted, on the ludicrous charges in the Pazéry case.

'Northern Venice' scenario set back in St. Petersburg

by Roman Bessonov

At around 2:00 a.m. on June 3, as returns were counted in the St. Petersburg mayoral election, the citizens of Russia's second largest city witnessed a tense competition between the two candidates—incumbent Anatoli Sobchak, and the ultimate winner, former Deputy Mayor Vladimir A. Yakovlev, head of the Committee for Municipal Services. This rivalry was not a clash between two “pigs in a poke”: The difference between these two persons was visible, and very striking.

A champion in demagogy, who made his career by promoting Mikhail Gorbachov to the newly invented post of U.S.S.R. President, and toppling Nikolai Ryzhkov during the elections designed for Gorbachov's victory; a parliamentary investigator of the 1990 rebellion in Tbilisi, Georgia; a member of Andrei Sakharov's “Interregional Group”; a founder of the Movement of Democratic Reforms; a destroyer of this movement with ambitions of creating a pro-Yeltsin party of his own; a loser in the 1993 parliamentary elections who managed to retain power, despite rage from the Kremlin after the unexpected victory of Vladimir Zhirinovskiy; a political broker who tried to play a special role in the Russian-Chechen negotiations; a person who twice got support from Gorbachov and twice betrayed him; a background supporter of the project to make Prime Minister Viktor Chernomyrdin President. . . . This is not everything about Sobchak as a public politician. On the level of the city, he was always a two-faced Janus, one broadly smiling face turned toward the West (but mostly to such damp places as London, Rotterdam, and Hamburg); the other, stern and contemptuous—toward the citizens of St. Petersburg, including those officials who opposed his idea of transforming the huge industrial center into a “Northern Venice” of foreign tourism and casinos.

Vladimir Yakovlev did not join any party (except the Communist Party of the Soviet Union, in which he did not make and wasn't going to make any career). He was responsible for municipal services (housing, infrastructure, sanitation, etc.) already in the Soviet period, and until 1996; a person of no great eloquence, with no specific private interests—although all the other deputy mayors were deeply engaged in one or another economic rivalry, lobbyist inter-

ests, and even trade in illegal isotopes. When Sobchak tried to uncover some personal financial interests of Yakovlev, his crew broadcast a photo of a *dacha* belonging to another official with a similar name, and a car which was hired by a different deputy mayor.

To Sobchak's motto “Mayor—to Governor!” was counterposed the modest, mundane Yakovlev slogan: “We have hard work ahead.” The second phrase gained more sympathy from the electorate, though it was an open challenge to the consumerist psychology, planted by the ideologue of the “Northern Venice.”

A full three years after the breakdown of privatization boss Anatoli Chubais's voucher funds, which buried many citizens' savings, Sobchak suddenly (one month before the elections) was overcome by concern about the victims, and promised quick return of their losses by the state. A cartoon in *Chas Pik* mocked this new fraud, depicting an old man asking a fat official: “Is the money expected in the foreseeable future?” In the background, a long road stretched to the horizon. Some of the unlucky bubble investors were unable to hear Sobchak's promises; for example, the woman who burned herself to death at the doors of the bankrupt “Russian Real Estate” company.

Sobchak also offered free train tickets to all owners of private gardens. (I tried to imagine the face of the railway administration, which has no money to repair its coaches, from which the seats have been ripped out—no doubt by garden owners, using “privatized” planks to heat their houses.) The third “social base” selected by Sobchak was rock music lovers. Free concerts roared in the Central Concert Hall every night, drawing drunken teenagers, half of them below the voting age. After a rock concert in the Palace Square, the area was covered with rubbish, and 14 alcohol- and drug-intoxicated rock fans ended their holiday at the police station. But Sobchak was still nothing for these youths but a nasty old professor, and they rather mocked him, eagerly taking an opportunity for free fun. The outcome of the elections was more likely defined by the policemen, attacked by this hashish-intoxicated crowd, and the parents of the young rock fans, who have no possibility to bring them up properly or give them a good education.

Sobchak's real social base was the consumerist psychology of the new middle class in St. Petersburg, the greater part of which is employees of the foreign companies that have flooded the town and changed its appearance during the past five years—the young girls from shops filled with Mars chocolate bars and Coca-Cola, and incessantly chewing, lazy young guys who guard these shops at night. Sobchak tried to scare them about the alleged “communist thinking” of his rival, hinting that they could lose their jobs, along with their recently purchased brick cottages on the outskirts of the city. When this didn't work, especially after the President declined to endorse either candidate, Sobchak tried to serve his consumerist propaganda under a thick sauce of regionalism. He claimed that Yakovlev was “the hand of Moscow,” that Moscow banks “under direction of [Moscow Mayor Yuri] Luzhkov and [Presidential Guard chief] Korzhakov” would loot the city. He insisted that St. Petersburg should be more independent from the federal authorities, especially respecting foreign investments.

Sobchak's approach to foreign investments was really rather original. For example, to prepare for the 2004 Olympic games, he found a Korean businessman named Lim, who was not only in the construction industry, but also sponsored a so-called “Christian cooperation,” uniting 21 of the so-called “charismatic churches,” based upon “distribution of humanitarian aid” and different methods of hypnosis. The “cooperation,” co-founded by the Bible Foundation (affiliated with the famous London Bible Society), has just opened an “ecology department” under Lim's “personal” institution, the “Emmanuel Church.”

Sobchak's support networks

There is nothing strange in the fact that Khojakhmed Yarikhanov, “minister of culture” of the Chechen rebels and linked with the most criminal sorts of separatist terrorists, was invited to St. Petersburg. Autonomy from the Russian Federation was an *idée fixe* of Sobchak. It came up when he was planning to transform the city into a free economic zone, already in 1990; just three months ago, Sobchak said that if the Communist Party of the Russian Federation (CPRF) won the Russian Presidency, St. Petersburg would secede.

Implementing his idea of the Northern Venice, Sobchak revived the role St. Petersburg played in the early 20th century, as the center of separatist projects for various parts of the Russian empire. Nowadays, these are developed at the New Age Center, the Psychoanalytical Institute, the Free Culture Center, and confederalist ideological centers at the Institute of Ethnography, and some departments of the National Library. Several big libraries were literally bought by companies controlled by the British Council, which has its headquarters right in the historic Smolny district, in a building that used to house a music school and a college of arts.

The pro-separatist activity of the Northern Venice network is far-flung. The House of Nature, the former Finnish Church, now houses the headquarters of the Unrepresented People's Organization. It is situated half way from Sobchak's flat to the casino where his daughter prefers to spend time. The Friends of Tibet Society is nearer to Sobchak's office: Its windows look out on Smolny, the city government building.

During the campaign, already targeted by the investigation of his real estate ventures, Sobchak attempted to hide behind the back of Gazprom, the giant Russian natural gas firm. The example of Chechnya, like Chiapas in Mexico, exposes the fact that fuel monopolists don't care much for the integrity of countries. They prefer as weak a central power as possible. For a corrupt regional baron, such an alliance is most profitable, and in a bad situation it seems the best way to save one's career.

Three other political supporters of Sobchak were Yegor Gaidar, the shock therapy “surgeon”; Anatoly Chubais, with his reported special affection for Britain's Prince Charles; and Galina Starovoitova, the instrument of several British-manipulated destabilizations in the Caucasus.

In the TV debate on May 31, Sobchak looked embarrassed and exhausted. The talented demagogue could hardly connect his arguments and appeared unable to repeat his own fabrications against his rival. Two hours before the debate, TV reported that the St. Petersburg Police Department on Organized Crime had tracked down and arrested Aslan Usoyan, one of the four patriarchs of the Caucasus criminal brotherhood, convicted many times for arms and drug deals. The old man, with two persons of Syrian origin, was seized in a Volvo, whose license plate showed that it belonged to the City Assembly. The driver appeared to be an assistant of Viktor Novosyolov, deputy head of the City Assembly, who has his own history of relations with organized crime—and, was very active in Sobchak's campaign. That last detail was not mentioned in the TV report, but Sobchak appeared to have lost his gift of eloquence.

Annushka has spilled the sunflower oil

In Mikhail Bulgakov's *The Master and Margarita*, the devil, disguised as a “foreign specialist,” sadly says to Professor Berlioz, “You see, Annushka has already spilled the sunflower oil.” The bewildered professor says good-bye, hurries to the nearest tram stop, slips on the rails, and gets decapitated by a tram, because a girl named Annushka has just spilled a bottle of sunflower oil right there.

Sobchak's TV ads stressed the word “head,” in Russian *golova*, which was used before 1917 to mean “mayor.” But Sobchak's head is not to decorate Smolny any more, and “Annushka” was to blame again:

Anna Yevglevskaya is presently in Moscow, in the Lefortovo jail. The State Prosecutor's Office is investigating several cases of bribery, involving over a dozen St. Petersburg

officials. Annushka is president of a small private construction company called Renaissance.

Six years ago, soon after Sobchak came to power, one of his new “democratic” officials, Sergei Tarasevich (he was responsible for half of the historical city center), transferred a nice, three-story mansion, on a quiet street not far from the Neva River, to the newly founded Apracon Company. It was going to build a new kindergarten with a swimming pool, medical services, and all. Apracon set up a daughter structure called Renaissance. After four years, there was still no swimming pool, and the kindergarten had been evicted.

In June 1994, the whole house became the private property of Mrs. Yevglevskaya. Newspapers in St. Petersburg have reported on its disposition: One of the flats already was given (as a present) to a certain Marina Kutina, the mayor’s niece. A three-room, 100-square-meter flat was sold for 1.2 million rubles (then approximately \$400, or the cost of 1 square meter of floorspace in Moscow) to Viktoria Zibarova, the common-law wife of Tarasevich. Oleg Kharchenko, the chief architect of the city, got to switch (without paying any additional fee) his 70-square-meter flat on the outskirts, for a 168-square-meter flat in the city center.

At the same time, Sobchak’s wife undertook manipulations to “double” the mayor’s flat by connecting it with the neighboring one. Had she succeeded, the family of three persons (mayor, wife, and daughter) would have gotten a huge apartment of over 300 square meters. Sobchak’s elder daughter, as well as his brother and his sister-in-law, got new pieces of “elite real estate” at the same time.

The market economy enthusiast received all this at taxpayers’ expense.

Of course, the loss for the city budget from these deals cannot be compared with the losses for the nation from Chubais’s privatization. But it gives a certain impression of the politician who began his career as a professor of law, exposing the prime minister’s mismanagement with an expression of indignation on his face.

A Russian proverb says that apples don’t fall far from the tree. In summer 1995, Sobchak’s daughter Oksana was picked up in a police drug raid on the casino in Konyushennaya Square. The 16-year-old girl was let go, but the story got into the papers.

Rumors and publications about Sobchak’s life of luxury fell, like drops of sunflower oil, on the tracks of the future elections.

The Moscow alternative

After the elections, Moscow Mayor Yuri Luzhkov, who did not conceal his support for Yakovlev, hammered the last nail into the coffin of Sobchak’s career, interpreting Yakovlev’s victory as “the end of the era of demagogues.” The Muscovites remember Luzhkov’s comments on the poor budget results of the privatization in Russia: Addressing

Chernomyrdin at the congress of his Our Home party, Luzhkov advised him not to accept Chubais into it, “or otherwise he’ll drag everything out of your home and sell it for nothing, like an alcoholic.”

Anatoli Chubais was the main supervisor and aide in Sobchak’s campaign. Having begun his career on the Leningrad Executive Committee in 1990-91, Chubais owes the city not only for the despair of the deceived investors in pyramid companies, but for immense losses of income from real estate privatization. Huge buildings of plants and supermarkets were sold for nothing. The greater part of these deals went to the buyers “under the counter,” avoiding payments into the state coffers.

As a result, construction ground to a halt. Next came the collapse of infrastructure. The number of public transport routes decreased twofold, the reconstruction of one of the biggest bridges over the Neva stopped for three years, and one subway line was closed indefinitely after a water breakthrough. Specialists blamed a rising level of ground water, caused by declining water use by industry. During the elections, one liberal paper quoted another specialist, who thought the anti-flood dam on the Gulf of Finland was really to blame; but that interpretation evidently had to do with the fact that the dam’s director, communist Yury Sevenard, was running against Sobchak in the first round. That dam, begun in the early 1980s, is still unfinished—due not to Sevenard’s political orientation, but to the shock therapy reforms that undermine and criminalize industry. St. Petersburg’s industrial giants, which previously employed over half the population, are in decay. The situation is the same in most of Russia’s industrial centers.

But the situation in the world is not the same as two or three years ago, and the strategic significance of the city on the Baltic, known as Russia’s “window to Europe,” is getting more and more important, especially after the Central Asian states of Kazakhstan, Turkmenistan, and Uzbekistan pulled in the other direction, contracting fuel agreements with Iran. Those in the Russian leadership, who want at least to try to save industrial capacities, can’t rely upon such a regional leader as Sobchak. The person of the St. Petersburg mayor began to be seen as a problem of national economic security.

At first, the preferred St. Petersburg mayoral candidate of the Moscow opponents of Chernomyrdin and Chubais evidently was Yuri Boldyrev, deputy head of the Counting Chamber and a former member of the U.S.S.R. Supreme Soviet, representing St. Petersburg when it was called Leningrad. With an image as a fair democrat who really exposed corruption in the Executive branch, Boldyrev was rather popular in the city.

But Boldyrev had not a day of experience as a head of *anything* (Sobchak, at least, had headed a university department). There was some concern, that he would be easily

manipulated by financial and political string-pullers. St. Petersburg already had the experience of left-liberal populist Aleksandr Shchelkanov, head of the Leningrad Executive Committee in 1990-91, through whose fingers a lot of city funds slipped into the pockets of the "first generation of privatizers," who thrived under Chubais (at that time, head of the Leningrad Executive Committee).

The decision to promote Yakovlev was made in Moscow only in early April, according to various sources. Sobchak's people pointed to Luzhkov and Deputy Prime Minister Oleg Soskovets as Yakovlev's main supporters in the center. Yakovlev was fair enough not to conceal this fact. "Okay," he said, "I am a hand of Moscow. But whose hand is Sobchak, in this case?"

In response to Sobchak's attacks on him for allegedly "communist views," Yakovlev said, "We should not divide the city into whites and reds." In the second round, Yakovlev was supported by centrists associated with Presidential candidate Grigori Yavlinsky, but he rejected official support from the CPRF organization.

A window of hope

The St. Petersburg elections were not quite a victory of good over evil. The new mayor depends on his Moscow and local support groups, who depend on the world financial elite; he is dependent on the logic of the Presidential election, which can make him say things opposite to what he thinks or believes; he is dependent on the government, which is still headed by stooges of London and the International Monetary Fund; he is dependent on his staff, which will not be easy to replace with reliable and professional people. But no matter how talented or weak Yakovlev proves, his victory has given hope to hundreds of thousands of people who, unexpectedly, realized they were still able to change something.

It was a victory not for communist or anti-Western views, but for human dignity. Harping on the fact that Yakovlev was not born in Leningrad (he was born elsewhere, only because of the wartime evacuation), the Tashkent-born Sobchak did not realize that the city where he became a near-dictator, imposing stricter press censorship and stricter security procedures at Smolny than in the times of the Communist Party of the Soviet Union, had its own collective feeling of dignity. It rested on the city's responsibility for Russian economy, culture, and science. This dignity had not vanished since the period of postwar reconstruction.

The invisible force that turned the election comprised the majority of those citizens, whose professional honor was humiliated by the Gaidar-Chubais reform: Scientists from the famous Leningrad institute (it designed towns for Siberia and the Far North), who haven't been paid for months; skilled workers from the now-struggling Baltic Shipyard, where the pride of the Soviet Navy was built; actors of the now almost lifeless Lenfilm studio, formerly the second

largest cinema producer; teachers at the Conservatory, which is crumbling into ruin; and so forth. These people realized that the problems of the city are a part of the nation's, but they still could not believe that the city budget has no money, when the press chatters about evening balls and parties of some organization of "old Russian noblemen," or orgies in casinos and private banks celebrating their five-year anniversary, or foreign investments for the Goodwill Games which vanished in an unknown direction, or revenues from luxury hotels which appear not to be collected by the city. Add to that, businessmen not included on the list of the privileged; presidents of construction companies choked by taxes; and even realtors, who don't understand how the municipal housing agency can be, at the same time, a privileged commercial company.

Sobchak received his lowest vote level in the military satellite town of Kronstadt, a fortress in the times of Peter I and a strategic base of the Baltic Fleet until recently. There, sailors from the former military units in Estonia and Latvia have to live in so-called "floating bases," actually in ships, since not a single house was built on the island for the last five years. The other citizens of Kronstadt are desperately waiting for their town, previously the pride of Russia, to be transformed into an international casino, with a new highway across the Gulf, bringing Swedish tourists to mock the remnants of Russian glory. The statue of Peter I at the Kronstadt quay, seeming to be darker than ever before, looks with rage and contempt at its cartoon double, with a tiny head and big belly, installed at the Fortress of Peter and Paul by the peculiar postmodernist Mikhail Shemyakin, better known as Michel Chemiakine.

During the war, besieged Leningrad was connected with the mainland only by one route, across the ice of Lake Ladoga. It was called the Road of Life.

The fate of St. Petersburg depends on what happens with Russia, and the whole nation more and more depends on the situation in the world economy. So, we have no illusions about Vladimir Yakovlev as some kind of magician. But there is an impression that now the city, which he does not divide into "reds and whites," will work hard together with him, and we'll survive together with the whole country.

Our predecessors walked through fire and icy Ladoga water. We had to make our way through the temptation of the cosy liberal mirage, through the glistening halls of supermarkets, through the disgrace of humiliation—to our identity. Those who care for this city as a part of Russia, its history, its glory, its optimistic tragedy, those who have not forgotten what this city meant for the country, those who prefer work to casino leisure, those who haven't lost their human and national dignity, have won.

I see my dear native city again through the rubbish of British and Swedish signboards, I feel its heart beating. It is my city. It is alive. The Hero-City has defeated the Northern Venice.

They are still not doing their job

The big labor protests against budget cuts will be in vain, if the labor leaders continue to back an "energy tax."

No doubt, the ongoing nationwide mobilization of the German labor movement against the government's planned deep cuts in the social and labor affairs budgets is building momentum, and it is impressive. With an average turnout of 50-80,000 workers of the various unions engaged in daily warning strikes over the first two weeks of June, and the national rally in Bonn of up to 250,000 union members, on June 15, the labor movement has shown that it can mobilize. ■

For a European country that has had a strong postwar reputation for labor peace, the June 15 event, involving all 16 member unions of the DGB national labor federation, is something that has only occurred every 15-20 years. With 9.4 million members, the DGB is a political factor that cannot be ignored. The "quiet" on the labor front, is key in the productivity and reliability of German industry, and it ensures that the quality of industrial products does not suffer the kind of sabotage that workers commit in countries that have deep disregard for the workforce. Substandard production is still very rare in Germany's industry.

Certainty of receiving fair pay, contributes a lot to the pride German workers put in the "Made in Germany" label. However, German ideologues who have borrowed massively from the London-based cult of liberalism and deregulation, tend to deny this fact.

Ironically, this was confirmed in a survey by the London-based Business Council, which concluded that, while

German industrial products certainly rank among the most expensive in the world, the clear advantage that German products have over their competitors, is their extremely high quality. The reason, the survey said, is that the average, steadily employed German worker whose job is well-paid, lives up to this job security with high reliability.

The Bonn government, influenced by the deregulation and budget-cutting ideologues, risks destroying this very advantage, and that will prove more damaging, in the long term, than any wage cuts. German labor leaders have also tried to address this, in order to revive the social consensus between labor, management, and the government. But the government, prompted by the International Monetary Fund, decided not to listen, and suddenly decreed cuts in the range of DM 25 billion for FY 1997. This broke off the Bonn roundtable talks on budget problems between labor, management, and the government in late April; since then, labor has escalated its protests.

But the ongoing labor mobilization suffers from a dangerous flaw: The unions have no program for a serious alternative to monetarism, but they do have some aspects of a potential alternative. Criticism of the financial speculation and hostile takeovers at the expense of industrial jobs, has become a prominent feature in labor's political agitation.

On June 11, Dieter Schulte, the national chairman of the DGB, reminded the government and the other critics of labor, that "management

mistakes or worse" in the spectacular cases of financial fraud, illegal transfers, and ensuing corporate collapses over the last two years—Schneider, Balsam, Kloeckner, Daimler-Benz, Vulkan—have racked up economic damages of DM 10 billion. Schulte and other labor leaders have called for a special tax on speculation, and for legislation making speculation with corporate funds a crime, holding managers personally responsible.

Calls for measures against speculation, and especially against derivatives, unfortunately, are not at the center of the DGB mobilization.

What is, rather, is its demand for an "energy tax," to increase tax revenue and ease the budget pressure. Designed as a compromise between the strong ecologist currents inside the labor unions and the government, at the expense of industry, the DGB approach is a dangerous compromise with the monetarists—who, in any case, are looking for ways of increasing the tax burden on industry, which is alleged to "consume too many resources" (which the monetarists perhaps think could be better spent on debt service).

The DGB energy tax campaign puts labor at odds with energy-intensive industry. Knowing that, labor leaders are calling for an "energy tax" on the condition that the energy-intensive industry be exempted. This, however, will necessarily turn the energy tax into a tax on private consumption, which will hit working and retired people, who already account for most of the private consumption that is taxed. The speculators, who spend their money mostly abroad, meanwhile go untaxed.

If the DGB leaves the speculators untouched, it will leave its own union members unprotected, and this is one of the big, indirect messages of the labor mobilization for the June 15 event.

MST opts for irregular warfare

The Landless Movement is now modelling itself on Shining Path's bloody war against Western civilization.

Leaving behind the pro-terrorist modus operandi it has used to date, the Landless Movement (MST), allied to the Workers Party (PT) and the São Paulo Forum, has now entered a new phase of full-scale irregular warfare. Directing its actions against strategic sectors of the country's infrastructure, the MST is modelling itself on the murderous Shining Path in Peru, whose Pol Pot-like ideology drove it to destroy similar infrastructure in Peru, because it was considered a hated sign of Western, capitalist civilization.

On May 25, Army troops occupied the installations of the huge Tucuruí hydroelectric plant, to prevent its planned seizure by the MST, small landowners, and the electrical workers' union. Tucuruí is Brazil's second largest hydroelectric plant, with an installed capacity of 6,000 megawatts. It is located in the Amazonian state of Pará where, less than two months ago, the MST provoked a bloody confrontation with military police, and gained a significant political victory from the ensuing "massacre" of 19 peasants.

According to government intelligence reports covered in local media, the terrorist action was planned with military precision. MST agitators planned to invade three or four farms near Tucuruí, the small landowners were to invade the village inhabited by officials and workers at the plant, and the electrical workers were to seize the plant's installations. Had the sabotage been successful, part of the northern and northeastern regions of the country would have been left without electricity.

Demonstrating the global nature of these allegedly "national" terrorist movements, Brazilian advocates of guerrilla war invoked the so-called Unabomber, coinciding with the MST's actions at Tucuruí. Prior to the planned seizure, Delman Sergio Ferrel, the energy secretary of the Urban Workers Federation, to which the electrical workers are affiliated, circulated a signed manifesto entitled "Unabomber." It stated: "At the moment, our forces are small . . . open confrontation doesn't interest us. We have to wage a guerrilla war. We have to wage psychological terrorism—destabilization. Things will happen. We don't know what, where, or how. They are part of the destabilization. . . . We are chaos."

For now, the MST continues to concentrate its efforts on the rich and strategically important state of Pará, where the British oligarchy has tried to impose its theory of "limited sovereignty." In a ceremony in Rio de Janeiro, in which he received the title of "citizen of the state," MST leader José Rainha (an admirer of Mao Zedong) boasted, "In Pará, we will occupy lands belonging to Varig [the Brazil state airline], and the millions of *latifundios* which produce nothing. This is how we shall obtain our rights."

Despite these threats, President Fernando Henrique Cardoso continues to capitulate to the MST's demands, thus feeding the terrorist monster threatening strategic regions of the country. On May 24, Cardoso announced that the government had decided to transfer to Pará, control of 21 million hectares of land previously

owned by the federal government, among them, some owned by the Army.

Immediately, the MST's leadership launched an attack on the target it most seeks to destroy: the Armed Forces. With its advanced technological projects, the Armed Forces have sustained the sovereign nation-state; thus, they are hated by the proponents of demilitarization among the international oligarchy. National MST leader Gilmar Mauro has stated that the terrorist group's next target is the lands belonging to the Air Force and the Navy. "They have a lot of unproductive land," he said. "The Navy, for example, could give up a piece of the large, unproductive lands it owns in Ipero," referring to the area surrounding the Aramar Technological Center where the Navy conducts nuclear research on projects such as the nuclear submarine.

While the MST wages irregular warfare, its ally, the continental narco-terrorist coalition, the São Paulo Forum, has also escalated its offensive against Brazil.

Journalistic sources report that the Sixth Conference of the São Paulo Forum will take place in Brazil, reportedly in Pôrto Alegre, the capital of the southern state of Rio Grande do Sul. This would have the obvious purpose of strengthening Raul Pont, currently the PT's candidate for mayor of Pôrto Alegre. Pont is a militant of the party's Trotskyist faction. The Forum's Fifth Conference, which took place in Uruguay in May 1995, determined that Pôrto Alegre possessed the necessary characteristics to become an international example of a neo-communist government. Moreover, the state is a bastion of the MST's activities. According to Frey Betto, editor of the São Paulo Forum's magazine, it is the "jewel of the continent's popular movements."

BBC's 'Revive Shining Path' project

Arrests of Shining Path and Japanese Red Army guerrillas in Peru prove EIR right once again on narco-terrorism.

Shining Path, the terrorists who ravaged Peru for 12 years, are coming back into vogue. Leading the way, was the mid-May announcement by Hollywood's John Malkovich, that he plans to produce a multimillion-dollar movie on Shining Path and the 1992 capture of its chief, Abimael Guzmán. The script for the film is to be based on a novel, *The Dancer Upstairs*, written by a British writer and sometime British Broadcasting Corp. (BBC) correspondent, Nicholas Shakespeare.

National law enforcement agencies around the globe had better pay attention to this one. A feature story on Shakespeare, appearing in Peru's *Caretas* magazine of May 30, confirms, with new, devastating detail, EIR's contention that British sponsorship of international terrorism most definitely still extends to the Shining Path.

Immediately following *Caretas*'s story, the news broke, that on May 25, Peruvian police had arrested a top Japanese Red Army terrorist, Kazuo Yoshimura, wanted for her role in the JRA's attack on the French Embassy in The Hague in 1974. Yoshimura, based in Lima, was working on rebuilding Shining Path.

As EIR said in its three-part series on London's "New Terror International," published Oct. 13, Nov. 10, and Nov. 17, 1995, there is *nothing* "national" about any of the terrorist groups today afflicting the world. First, the BBC story:

Shakespeare is the son of a former British ambassador to Peru. He lived in Lima when his father was ambassador (1984-89), preparing various films for BBC on such topics as the Peruvian

natives' "indigenous" celebrations.

In 1989, when Guzmán's life and whereabouts were still said to be unknown, Shakespeare published a novel, *The Vision of Elena Silves*, in which the "fictitious" leader of Shining Path is envisioned to be living in Lima, suffering from psoriasis, smoking imported cigarettes, and listening to Frank Sinatra records.

How did Shakespeare know such accurate details? "I guessed it" from reading about another "egoist," Lenin, he told *Caretas*.

Hardly a credible story. Shakespeare bragged to *Caretas* that he was a friend of another BBC correspondent, surname Simpson, who, through months of "patient work," had arranged an interview with Guzmán in 1992. Shakespeare worked with Simpson on the interview, providing a list of proposed questions for Guzmán.

There is no question that the BBC interview with the fugitive killer was coordinated with the British government. Simpson dined at the British Embassy on Sept. 12, 1992, the night before the interview was scheduled. It never occurred, only because Peruvian military and police captured Guzmán on that very day.

BBC was more than disappointed. On Sept. 18, 1992, after Guzmán's capture, BBC ran a special on Peru, interviewing Peru's top liberation theology ideologue, Gustavo Gutiérrez; Peter Archard of Amnesty International; and Britain's Shining Path "expert," Simon Strong. Their message: Peru's problems didn't begin with Shining Path, and Guzmán's capture would not end them.

Deprived of his scoop, the would-

be interviewer, John Simpson (BBC's foreign affairs editor), prepared a "devastating televised report on Peru," broadcast by BBC in December 1992, which attacked, not Guzmán and Shining Path, but those who were in the process of crushing those terrorists, Peru's Armed Forces. Lord Avebury, head of the Human Rights Commission of the British Parliament, promptly called hearings into the Peruvian military's "human rights violations" and "witch-hunts" against Shining Path networks abroad. His star witness at the hearings: Simpson.

Now, consider the Japanese Red Army story. JRA leader Yoshimura was deported to Japan on June 5, to face charges, including those stemming from the 1974 attack. She was picked up, reportedly on a tip provided by Interpol, based on interrogations of another JRA member, Yokiko Ekita, arrested in Bucharest in March 1995, who had a false Peruvian passport.

Yoshimura had been meeting with the leadership of the still-active "Red Path" faction, in the Upper Huallaga Valley, providing money and advice on the reconstruction of the Shining Path apparatus. Japanese police are said to have letters sent each year to Shining Path, for example, from JRA member Fusako Shigenobu, who operates out of Lebanon. Her husband, Junzo Okudaira, visited Yoshimura frequently in Lima.

Some 14 JRA members are thought to operate in South America, in Brazil, Paraguay, Ecuador, and Peru. The JRA is believed to operate out of the tri-national area near the Iguazú Falls (Paraguay, Brazil, and Argentina), and, according to *Caretas* of June 6, it has been said that the JRA may have been involved in the bloody 1994 bombing of the Argentine-Israeli Mutual Association (AMIA) headquarters in Buenos Aires, widely blamed on the Hezbollah.

International Intelligence

Balaguer and Bosch unite for Dominican Republic

Combining 176 years of wisdom, former President Juan Bosch, 87, and Dominican President Joaquín Balaguer, set aside their decades-old rivalry to join in support of the Presidential candidacy of Leonel Fernández in the June 30 runoff elections against the Inter-American Dialogue's candidate, José Francisco Peña Gómez. The octogenarian leaders signed a pact on June 1, stating that, despite their differences, they are united by "love for the fatherland," which, "among other challenges, faces problems coming from abroad, the great majority of which stem from the process of economic openings within a framework of globalization. . . . It is in this context, that it becomes necessary to renew our national hopes on the basis of reaffirming the principles that sustain the Republic."

A poll released June 3 showed Fernández ahead of Peña Gómez by 55% to 45%. Not surprisingly, in a speech televised nationwide that evening, Peña Gómez said the accord was a racist attempt to deny him the Presidency of the Dominican Republic.

Schiller Institute blast at Soros in Pravda

In coverage of a dispute between Communist Party of the Russian Federation candidate Gennadi Zyuganov and Russian Federation Minister of Education Ye.V. Tkachenko, over who better defends the Russian classics, *Pravda* of June 6 covered the Schiller Institute's intervention at Russian parliamentary hearings on education and national security.

Pravda's Irina Strelkova wrote: "For several days in early May, all TV channels were playing the speech of Russian Federation Minister of Education Ye.V. Tkachenko, who 'exposed' Presidential candidate G.A. Zyuganov's ignorance about contemporary schools. Meeting with voters in St. Petersburg, Zyuganov had said that schoolchildren were not being given Push-

kin, Tolstoy, and the other classics. The minister of education rejoined, that they are taught better now, than ever. He affirmed the same on May 21, at parliamentary hearings on 'Education and National Security.'

"Those assembled particularly criticized the history textbooks, published under the Soros Fund's 'Renewal of Humanities Education in Russia' program, which the Ministry of Education supports. One of the participants called the Soros history texts 'anti-scientific and anti-patriotic.' The German scholar Anno Hellenbroich, from the Schiller Institute, also spoke very emphatically in this regard, saying that Soros's interference in education was doing harm not only in Russia, but also in several other European countries."

Briton stirs up Chinese breakaways

Following the early May trip to Beijing of British European Commission Vice President Sir Leon Brittan (see *Feature* in last week's *EIR*), three of China's giant border provinces now face an upsurge of religious fundamentalism aiming to "split the Chinese motherland," as China's official press reported June 4-6. Tibet, Xinjiang, and Inner Mongolia provinces all lie outside the line drawn in 1994 by London's International Institute for Strategic Studies (IISS), on its map illustrating how China is to be broken up.

Xinjiang's capital Urumqi is a major nexus on the Eurasian land-bridge railroad from China into Central Asia.

The northern province of Inner Mongolia has now joined the list of areas facing terrorist attacks, Liu Mingzu, Communist Party secretary of the province, told the *Inner Mongolia Daily* of June 3 after the arrest of 12 "Mongolian nationalists" for violence.

In northwestern Xinjiang province, terrorists advocating "independence" on May 10 seriously wounded a pro-Beijing mullah. "Splittists," a Chinese official in Urumqi said, have killed or injured seven pro-Beijing officials since the Feb. 27 assassination of Muslim leader Akenmu Sidike, his adviser, and two policemen.

In southwestern Tibet, starting May 6, there has been violence related to Chinese moves to remove photographs of the Dalai Lama, an open British agent, from public places.

U.S. may reopen its embassy in Khartoum

Western diplomatic sources in the Sudanese capital, Khartoum, told *Alquds Alarabi* of June 7 that the United States is planning to reopen its embassy there before the end of the month, after it had been moved to Nairobi in the last three months allegedly out of fear for the lives of American staff.

These sources said that the recent visit by Russian Deputy Foreign Minister Viktor Bosovalyuk to Khartoum had an impact on the American decision. "The U.S. is concerned about the close relations between Russia and Sudan, and is worried about losing its strategic influence in that country which has a major impact on the East African region and other Arab countries in addition to its location on the Red Sea," the sources said. More important are the growing economic facilities which Sudan has given to Russia (and Iranian) oil companies in the field of mining and oil production. "All these issues have pushed the United States to work to preserve what is left of its strategic interests in Sudan," confirmed the sources.

New secessionist wing formed in Sicily

Whereas public attention in recent months in Italy was focused on the secessionist ravings in the Northern League's Umberto Bossi, a most serious development was being organized in Sicily, historically a hotbed of secessionist threats. A new "independentist" political formation, called "We Sicilians" (Noi Siciliani) got 100,000 votes in the March political elections. It was not enough to get a direct mandate, but a substantial result, if confirmed at the next regional elections, scheduled for June 16. Founder of the slate is Teresa Canepa, daughter of the

Briefly

Count of Carcaci, leader of the separatist Sicilian army (EVIS) which was defeated militarily by the Italian State in 1945. It is known that both the Mafia and the Sicilian latifundists as well as British intelligence supported EVIS.

Recently, Canepa's movement has been endorsed by the leftist Jesuit Ennio Pintacuda, who has so far been spiritual controller of the "anti-mafia" movement La Rete. Pintacuda has brought into "We Sicilians" a bunch of former members of both La Rete and the radical wing of the PDS (former Italian Communist Party).

Thus, Pintacuda is treading in the footsteps of Taparelli D'Azeglio S.J., envoy of the Savoy royal family to Sicily, who produced the leadership of the famous 1848 "Jesuit revolution," a British-steered operation to destroy the Kingdom of Naples. Chief Negotiator for the Sicilian revolutionists was Lord Minto. Taparelli D'Azeglio was among the first to draft a legal paper laying the juridical basis for a one world government, under the name "ethnarchy."

Drug legalization dealt setback in Australia

At its weekly cabinet meeting on June 11, the government of Victorian Prime Minister Jeff Kennett bowed to overwhelming opposition, and put off the decriminalization of marijuana. Though Kennett has made clear, in appointing a committee to "study" the problem for another three years, that he intends to try again, the decision was a major victory for the LaRouche movement, which spearheaded the opposition to the Mont Pelerin-George Soros pro-drug forces.

Up until the last minute, it was unclear what the cabinet's decision would be. Kennett had been attempting to ram the measure through, by appointing a rigged Drug Advisory Council (DAC) to hand down pro-decriminalization "findings," and by "kneecapping" the opposition in the parliament, all the while ostensibly remaining neutral.

On the day before the vote, Conrad Black's *The Age* newspaper gave DAC head and Mont Pelerin flunky Dr. David Pening-

ton a full page to mount a last-minute lobbying blitz. Penington pleaded that, if decriminalization were not to take place, then the cabinet should at least adopt a three-year "moratorium" on the enforcement of all marijuana laws. During this period, he said, all the recommendations of his council should be put into effect, i.e., that people should be allowed to grow five marijuana plants each "for personal consumption"—enough, given the extraordinary THC content of present strains of marijuana, to keep an elephant stoned for a year.

Opposition to the proposal remained latent until the Citizens Electoral Council, the LaRouche movement in Australia, began an intensive call-up to many of Victoria's 1,700 churches, and the circulation of over 90,000 special anti-drug supplements, "They Want to Drug Your Children!" This triggered the protests which sank the proposal.

British block Panamanian amnesty project

A campaign led by British intelligence's Amnesty International and London's *Economist* forced Panama's Legislative Assembly on June 3 to indefinitely postpone a vote on a bill to pardon nearly 1,000 military and political figures affiliated with the government of Gen. Manuel A. Noriega, overthrown by George Bush's 1989 invasion.

The government backed down after the *Economist* ran an article threatening to publicize that President Ernesto Pérez Balladares was elected in a "campaign tainted by drug money like that of the ruling party in Colombia." The British intervention provoked riots in the streets, and fisticuffs in the Assembly itself. The delay means continued imprisonment for scores of military officials jailed since the invasion, and judicial limbo for hundreds of others. Among the latter are former President Manuel Solís Palma and former President Francisco Rodríguez, both charged with "provoking" the U.S. invasion. It was also learned on June 4, that *EIR* correspondent Carlos Wesley was among those to be pardoned, on potential charges stemming from organizing support for Panama.

RENATO BRUSON, the celebrated baritone, spoke in support of the Schiller Institute's initiative to lower concert pitch to A=432 during a conference at the Pontifical Institute for Sacred Music in Rome, on June 9. The event was held to release the Italian edition of the *A Manual on the Rudiments of Tuning and Registration*, entitled *Canto e diapason*.

THE OPIUM WAR is the subject of a Chinese film which will open in Hongkong in July 1997, as the British colony reverts to Chinese rule 150 years after the British takeover.

AFGHANISTAN'S conditions are so terrible, that some war widows are selling their children in the hopes that their buyers will feed them, Ahmed Rashid reported from Kabul, in an article printed by the London *Daily Telegraph* June 11. "Tens of thousands of Afghans could die of starvation next winter," a senior diplomat in Kabul stated.

SOUTH AFRICAN President Nelson Mandela will address both British houses of Parliament during his state visit on July 11, which is being played by wire services as a "rare honor." Reuters noted on June 6 that Mandela will be only the second foreign statesman since World War II to be accorded this honor; the first was French leader, Gen. Charles de Gaulle.

ARGENTINE news agency Telam automatically deletes from the system any news item which contains the name Lyndon LaRouche, a shocked Telam journalist reported, when he visited the offices of *EIR* in Buenos Aires on June 6.

HUNGRY people on May 30, in a town in the Mexican state of Nuevo León, attacked a train carrying 40 tons of corn and beans. The train's engineer commented that, when he was forced to stop the train—the tracks had been blockaded with cement blocks—"hundreds of families appeared, just as during the Revolution [of 1910], to take the corn."

'Impeach Ridge' campaign aims to knock out the Nazis

by Nancy Spannaus

President Clinton's reelection is currently seen as a sure thing, by most pundits, including his enemies. But, this could dramatically change in the face of the volatile economic and strategic situation, or a victory in November could even be shortlived, if the Democratic Party does not win with a landslide in the Congress.

The crucial element to ensure the necessary victory is to mobilize the Democratic Party to reject the Nazi policies of budget-cutting which are currently being imposed, primarily by Republican governors, around the country. With this reality in view, Democratic Presidential candidate Lyndon LaRouche has launched a *national* campaign for the impeachment of Pennsylvania Gov. Tom Ridge, as the most exposed exponent of Nazi economic policies.

The LaRouche Exploratory Committee is actively seeking sponsors for the impeachment resolution which it has drafted. That resolution documents that Governor Ridge *knows, or should have known*, that his May 16 action cutting medical care for 220,000 indigent Pennsylvanians, would result in the wrongful deaths of thousands of citizens. Therefore, the governor is guilty of *crimes against humanity*, as defined by the Nuremberg trials which condemned Nazis to death by the same standard at the end of World War II. And, according to Pennsylvania's Constitution, this violation provides the basis for removing him from office.

Democratic Party officials in Pennsylvania have yet to take a position on the resolution, although leading members, including Black Legislative Caucus head Harold James, have been in the vanguard of excoriating Ridge's policies. But the LaRouche campaign has decided to carry out a dramatic escalation over the weeks between now and the Democratic National Convention, one that will draw the clear political lines required.

Why Ridge?

When LaRouche used the term "Nazi" to describe House Speaker Newt Gingrich's (R-Ga.) policies in his March 2 half-hour nationwide TV advertisement, and other Democrats hit Gingrich's Nazi tactics, many citizens objected that this might be too "extreme." In reality, these citizens were simply afraid to call a spade, a spade. In the Governor Ridge case, the reality is laid out in a way that forces people to confront the truth.

Governor Ridge's cuts in medical assistance were well debated in the Pennsylvania legislature. The governor was told what would happen to the more than 200,000 people faced with cutoffs of kidney dialysis, life-sustaining medications, and other vital medical treatment. He also knew that it was possible for him to balance the budget by measures other than cutting these people off from aid, since a bill for taxing speculative income had been drawn up for consideration, during the March-April debate. Yet, knowing that people would needlessly die in large numbers—studies have shown that more than 3,500 might be expected to die from lack of medical care over the first six months after the cutoff—Governor Ridge went ahead anyway.

He "knew or should have known" that his order would lead to the commitment of mass murder.

There is no difference between such action by Ridge, and the actions taken by administrators of the genocidal Nazi medical programs of the 1930s. A review of the Nuremberg Tribunal records makes this very clear.

LaRouche's Pennsylvania spokesman, Phil Valenti, described it this way: "This method of killing, is exactly what the anti-Nazi Dr. Gerhard Schmidt described as the Nazi policy for murder, which was implemented at the Eglfing Sanitarium in Germany during the war. Patients were put on near-

starvation diets, depending on how much work they could do. The motto at Eglfing was, 'We give them no fat, then they go on their own.' In Pennsylvania, Ridge gives them no medical insurance safety-net, 'then they go on their own.' Dr. Schmidt denounced this 'method of killing . . . that in the classic sense is no killing, no one-time action with a recognizable cause or conclusion.'

"What is the difference between the orientation of Ridge's 'get tough, budget-balancing' policy, and that of Dr. Arthur Guett, the Nazi Director of Public Health, who in 1935 declared, 'The ill-conceived "love of thy neighbor" has to disappear' from policy-making criteria."

LaRouche has stressed that Americans have to face the Ridge case, because, to accept Ridge, is to accept the imposition of Nazi policies wholesale in America. The current toleration of balanced-budget lunacy leads directly toward programs like Ridge's. And the mentality which allows Americans to accept budget cuts that will kill people, is the same mentality which predominated in Germany prior to Hitler coming into power.

"[Germans] accepted Hitler the same way that many Americans accepted Gingrich, and the Conservative Revolution," LaRouche said in an interview June 13. "In that time, Hitler was a product of what was called, in the 1920s and 1930s, the 'Conservative Revolution.' We had an echo of the Conservative Revolution in the United States, in the 1920s, into the 1930s, in the so-called Calvin Coolidge era. . . . So, the Conservative Revolution, then, which gave us Hitler, is now on full sweep in a new form, around the Contract with America and similar things inside the United States."

So, the Ridge issue is not a Pennsylvania issue. It is a matter of getting a movement going against these Nazi policies, starting with the most egregious example, Gov. Tom Ridge.

Moving the Democratic Party

The LaRouche wing of the Democratic Party has been battling the resurgence of Nazism—e.g., through economic austerity, euthanasia, sterilization, slave labor, and other means—for nearly three decades. Unfortunately, during much of that time, the base of the Democratic Party, and the Republican Party, refused to listen, and join in. The question today is, will they do so?

The vote totals from LaRouche's primary campaign, the support for his exoneration, and the degree of interest in LaRouche in the base of the Democratic Party would indicate growing receptivity. Although prominent national and state officials are loathe to admit it, most activist Democrats are fully aware of—and quite grateful for—the killer blow that LaRouche Democrats delivered to Oliver North during his Virginia Senate race of 1994.

Thus, when three LaRouche Democrats addressed over 2,000 delegates at the Virginia State Democratic Convention over the June 7-8 weekend, in order to nominate this writer

for the U.S. Senate, their attacks on North and the Gingrichites were applauded several times. Chief nominator Stuart Rosenblatt used his five minutes to lay out the Ridge campaign, and urge Virginia Democrats to join it. Rosenblatt said:

"Fellow Democrats, the *Republican* governor of Pennsylvania, Thomas Ridge, a disciple of that *scoundrel* Newt Gingrich, has just *ramrodded* a bill through the Pennsylvania legislature to remove all emergency health care from 250,000 people in Pennsylvania who are in *dire need* of that care. This is going to *murder* 3,000 people or more, *right now!*

"Are we Democrats going to stand by and let this happen?"

"Of course not! Nancy Spannaus is already leading the growing movement to impeach the *Republican* governor of Pennsylvania *before November!! This is real!* There are *thousands* of Ridges and Gingriches stalking the halls of power. We must make an *awful example* of Ridge now, as we did with Ollie North in 1994 [applause]!"

"To quote Democratic Presidential candidate Lyndon LaRouche, 'By impeaching Ridge we set a pattern which we intend to use, in Pennsylvania and in other states, to remove all present members of Congress who are with the Contract with America, who are *indictable* under the Nuremberg Code as *Nazi* criminals for crimes against humanity.'

"Not the *high road*, or the *low road*, but the *hard road*. To call things by their right names: Murder is murder. You cannot hide that; you can't say, 'That's my *opinion*.'—It was also Adolf Hitler's *opinion*."

"In 1994, Nancy *chaired* the Committee to Get Ollie North. That SOB, and sparked the campaign that *defeated* North [applause]."

"Now we must win the battle to impeach the *murderous* Governor Ridge and *run the cohorts* of Newt Gingrich out of the House and out of the Senate [applause]."

"It is this kind of aggressive campaign against *this* lurking evil that will energize the party and give us total victory come November."

"As *sitting* U.S. senator, Nancy Spannaus will lead this fight! I hereby place her name in nomination. Thank you."

The Virginia convention provided the most open situation for LaRouche Democrats mobilizing the party, as impeachment resolutions were circulated, in addition to the speeches. But LaRouche Democrats also participated in the Texas Democratic Convention, as well as smaller Democratic Party meetings.

In addition to the reluctance to face the Nazi issue, the main blockage LaRouche Democrats are finding, comes from Democratic National Committee circles around DNC Chairman Don Fowler. As previously reported, Fowler has moved to block LaRouche's lawful delegates to the National Convention, and, over June 7-8, also blocked the credentialing of three delegates to the Texas State Convention. If such actions are permitted to continue, they will amount to the Democratic Party committing suicide, and leaving the nation defenseless before Nazis like Governor Ridge.

A resurgent AFL-CIO is key to defeating Conservative Revolution

by Marianna Wertz

If the jacobin Conservative Revolutionaries who seized control of the U.S. Congress are to be defeated in November, a key factor will be the fight being waged by the AFL-CIO. Under the dynamic direction of the labor federation's new president, John J. Sweeney, the once-moribund labor movement has transformed itself, virtually overnight, into a powerful voice for the rights of all working people and, most importantly, for the harmony of labor and industry—based on those rights—which built this nation. It is precisely that harmony which the Gingrichites have tossed to the wind in their embrace of “free trade” and unbridled greed.

On Oct. 26, 1995, Sweeney was elected president of the AFL-CIO, in the first contested election for that office since the founding of the labor federation. His insurgent candidacy won by a margin of 7.3 million to 5.7 million votes, after a six-month, high-profile campaign to reverse the decline of the union movement which occurred under the presidency of Trilateral Commission member Lane Kirkland, whose hand-picked successor, Thomas R. Donahue, Sweeney defeated.

From day one of his presidency, Sweeney, together with Vice President Linda Chavez-Thompson and Secretary-Treasurer Rich Trumka, has been working to forge a movement that will fulfill Sweeney's campaign pledge to “rebuild the labor movement and organize at a pace and scale that is unprecedented.” Indeed, hardly a day passes that one or all of the AFL-CIO officers isn't hitting the pavement somewhere in the nation, leading protests, holding town meetings, or confronting Gingrichites.

Though the AFL-CIO has endorsed Clinton's reelection, Sweeney has made it clear that he is rebuilding the labor movement, not as a tool of the Democratic Party, or of Clinton's campaign, but as a uniquely crucial factor in rebuilding the American economy. Speaking June 3 at the New York New School for Social Research (see *Documentation*), Sweeney identified the key role of a strong union movement in America: “When companies squeeze the last possible ounce of productivity out of their workers, and then throw them on the scrap-heap of unemployment or old age, with reduced pensions and health coverage . . . who else are they hurting? This is a case where what goes around is going to come around! Only a healthy American economy that raises workers and consumers up can sustain the long-run profitability companies need and the prosperity America needs. . . .

“And the solution is a larger, stronger, smarter labor

movement, one that forcefully articulates and works to achieve the idea that the common path to long-term value—for companies, for workers, for the nation itself—lies in the investment in those things which benefit the common good. . . .

“Most of all, the AFL-CIO is going to work for the American worker by rebuilding our labor movement. . . . Yes, the truth is, our weakness encouraged employers to take the low road. Only by rebuilding our strength can we bring American business back to the high road of high wages.”

Reviving the ‘social compact’

From the beginning of his presidency, Sweeney has repeatedly identified himself as a product of the post-World War II “social compact” built under President Franklin Delano Roosevelt. Like Lyndon LaRouche, *EIR*'s contributing editor and a candidate for the Democratic Presidential nomination, who identified the World War II mobilization following the Great Depression as a model for what must be done today in his June 2 nationwide television broadcast, Sweeney points to that experience, hard as it was, as that on which the nation must draw today if it is to build itself out of this depression.

Sweeney, whose father was an Irish immigrant, described that experience in a June 7 speech to the Cleveland City Club. “I, like many of you, am a product of the social compact that lifted America out of the Great Depression and lifted working Americans into the middle class. . . . Here's what working people knew: If we got up every morning and did our jobs, then we could earn a better life for ourselves and a better chance for our children. Here's what business people knew: If they paid their workers fairly and plowed some of their profits back into their communities, they could count on loyal employees and loyal consumers. For companies back then, good citizenship was good business.”

The basis of Sweeney's philosophy is the social doctrine of the Catholic Church, first enunciated in Pope Leo XIII's 1891 encyclical *Rerum Novarum*, which established the church's backing for the rights of labor to a decent wage and to organize in trade unions. In a Feb. 27 speech to the Catholic Social Ministry Gathering in Washington, D.C., Sweeney called on the Catholic Church to publicly support the labor movement's drive to “reclaim America” and “rebuild the labor movement,” and, most crucially, to “restore the ability to



AFL-CIO President John Sweeney kicks off Union Summer at union headquarters in Washington, D.C., May 1. Sweeney is emphasizing the idea of harmony between labor and industry to build the nation: the cornerstone of "American System" economics, as against British free-market liberalism.

strike." He concluded, "My idea of America is a country where honest labor raises the standard for all," a reference to Sweeney's favorite and most-used quote from President John Kennedy, "a rising tide lifts all boats."

This philosophy is also explicitly anti-British. In his New School speech, Sweeney identified the Conservative Revolutionaries' philosophy as the Hobbesian "war of all against all," wherein "security belongs to those who can buy it." His high-profile trip with President Clinton to Ireland last December also served to underscore his anti-British sentiments, as does his staunch opposition to the doctrine of "free trade," as that is expressed in such anti-labor pacts as the North American Free Trade Agreement and the General Agreement on Tariffs and Trade.

Unprecedented organizing

As they pledged they would do from the start, Sweeney's team is conducting an unprecedented organizing drive, both in voter education and union organizing. Beginning in early December 1995, the month after his election, Sweeney announced a multimillion-dollar advertising and grass-roots lobbying campaign against the "Gingrich budget," to "hold members of Congress individually and jointly accountable for the choices they are making—and to demand that they vote *with* working families, and *against* special interests." In addition to radio and television ads targeting members of Congress who voted for the Gingrich budget, the labor federation sent out 1 million pieces of direct mail to union members and retirees in the 55 targeted districts, and staged rallies in those districts at the congressmen's headquarters.

Then, on Feb. 21, the AFL-CIO's annual winter Executive Council meeting convened a press conference to announce one of the boldest initiatives in its history—and one which has driven the Gingrichites to a rug-chewing rage. Sweeney announced that the AFL-CIO will spend as much as \$15 million in 1996—up from \$2 million in 1995—to expand organizing efforts. "We cannot obtain public policies that protect working families, unless we can build a substantially larger labor movement," Sweeney explained.

The plan also included spending up to \$20 million to retake the U.S. Congress from the Conservative Revolutionaries: for advertising, to train up to 100 union activists in every congressional district, and to deploy 2,500 activists in key districts in the six weeks before the November election.

In addition, the winter meeting resolved to launch a "Union Summer" drive, modelled on the civil rights "Freedom Summer" in 1964, in which 1,000 young people will seek to organize new union shops, help out in voter registration, and demonstrate for fundamental rights for all working people. Union Summer was officially launched on June 1 and is now up and running in 13 cities nationwide.

Finally, the AFL-CIO Executive Council meeting set into motion a series of Town Hall meetings across the country, on the theme "America Needs a Raise," running from the beginning of May to the end of June. A total of nearly 20 meetings to date has drawn close to 10,000 participants in such key cities as Birmingham, Los Angeles, Columbus, Washington, D.C., Chicago, Houston, and Baltimore. With the limited focus of taking "testimonials" from workers and unemployed people, whose lives have been devastated

by the policies of corporate downsizing and welfare “reform,” the meetings have proven to be a useful tool in organizing the population to begin to stand up for their legitimate rights.

One of the best of these meetings was held June 6 as a lunch-time demonstration on Wall Street. Sweeney addressed thousands of cheering workers, enunciating his own “Contract with America” against what he called the “Wall Street wizards who are gambling away our future”: If you don’t raise the level of wages for working people, Sweeney warned, “with our bodies and our brains, American workers and their families will rise up and take back from you what you have taken from us! That’s a promise, that’s a contract, that’s a commitment” (see *Documentation*).

Drawing the wrath of the Gingrichites

Perhaps the thing that has most irritated their Gingrichite opponents was the fact that Sweeney and the Executive Council announced plans for an unprecedented special delegated convention of all affiliated unions to endorse and provide funds for carrying out this organizing drive. Meeting in Washington, D.C. on March 25, the delegates from 79 unions voted up this plan and approved a special assessment of 15¢ per member per month to fund it. That convention also gave the Clinton-Gore ticket its endorsement for the Presidential election.

On Feb. 22, one day after the AFL-CIO’s Executive Council press conference, House Speaker Newt Gingrich (D-Ga.) melted down in public. This is “the most extraordinary open public commitment to buy the Congress in American history,” Gingrich told reporters in Atlanta. He vowed to stop “Boss Sweeney.”

This was the signal for launching a McCarthy-style witch-hunt against the leadership of organized labor, which has now begun in full force. Under the direction of Rep. John Boehner (R-Ohio), chairman of the House Republican Conference and right-hand man to Gingrich, a number of leading labor officials who are connected to Clinton, including Sweeney, are being targetted in Congressional hearings for “mafia ties” and “corruption.”

An April-May HRC report series, titled “Washington Union Boss Watch,” viciously slanders Sweeney, Laborers union President Arthur Coia, and Teamsters President Ron Carey, employing outright red-baiting and similar McCarthyite tactics.

But the Sweeney-led labor movement appears to be enjoying the fight. A recent release proclaimed victoriously, “We have hit the nerve center of the Gingrich extremists.” When a dozen freshmen Republican congressmen attempted to stage a press conference outside AFL-CIO headquarters in early June, they were met by 500 chanting workers, who presented flowers and violin music to the Gingrichites, while turning their press conference into a rally for raising the minimum wage.

Documentation

The following are excerpts from a speech by John J. Sweeney, president of the AFL-CIO, at the “America Needs a Raise” rally on Wall Street on June 6:

... From the West Coast to the East Coast, we’ve heard the same story, from workers who make \$12,000 a year to workers who make \$50,000 a year, to workers who make zero dollars a year, from white collar, to blue collar, to new collar, to no collar: “We’re working harder and harder for less and less and *America needs a raise!*”

Answer this, Wall Street: If corporate profits are up 200% and executive compensation is up 400%, why are working family incomes *down* 12%? Answer this, corporate America: If productivity is up 24% and the Dow Jones is up 401%, why are working families running out of money, running out of credit and *running out of hope?*

Answer this, American government: If family values are what this election year is all about, why don’t we value working families, why are moms and dads having to work three jobs just to stay even, why do workers have *no time left over* for their kids and their parents?

I’ll answer them all: Because for the past 20 years Wall Street and corporate America have been putting profits before people. Because for the past 20 years, the politicians we send to Washington have been pandering to the rich and the big corporations and pounding on the middle class and the poor. Because for the past 20 years, 97% of the income increase in our country has gone to the top 20% of wage earners. . . .

Here’s our challenge to Wall Street: Stop jacking up the stocks of companies who gain short-term profits from laying off long-term employees, stop rewarding CEOs who run their companies into the ground by running workers into the unemployment line.

Here’s our challenge to corporate America: Start exporting products instead of jobs, start consulting your employees when it comes to productivity, quality, and competitiveness, start paying them enough to afford the goods and services they produce.

Here’s our challenge to American government: Stop raising taxes on the middle class and the working poor, stop giving tax breaks to the wealthy and the big corporations, stop the Wall Street wizards who are gambling away our future, and *stop stalling around on the minimum wage!*

Our message to business: Low wages are bad business and they are bad for business—put some confidence in our ideas, put some dollars in our pockets, and we’ll put you on the map *anywhere in the world!*

Our message if you don’t: With our bodies and our brains, American workers and their families will rise up and take back from you what you have taken from us! . . .

A new social compact

Excerpts from a speech by Sweeney on June 3 in New York City at the New School for Social Research:

... In those years after World War II, working people, business people, and public officials shared a certain understanding—a “social compact.” Working people knew that if they did their jobs, the businesses which employed them would prosper, and they could earn a better life for themselves and a better chance for their children. And government officials understood that a compact between business and labor, in which each side contributed to the well-being of the other, was good for the society as a whole. This was the proof that, as President Kennedy put it, “A rising tide lifts all boats.”

That social compact held despite the differences between us and the bumps along the way, and produced a tremendous increase in the standard of living for millions and millions of Americans, not just a fortunate few. That was the reason that, when things went broke, we fixed them—together. It was a social compact that produced the strongest economy, the largest middle class, and the most successful society the world has ever seen.

Now, however, the stresses of global economic competition in the era after the oil shocks of the 1970s, of the new technologies, and of the deregulation of the domestic econo-

mies, have led some to think that the way for businesses to compete is to shred that compact, to use workers up and then throw them away. . . .

Some politicians and business leaders today advocate an atomized, divided society, one in which the rule is a war of all against all. They offer a world where security belongs to those who can buy it. Where hard work and loyalty are merely weaknesses to be exploited by the quick and well-connected. Where the only hope offered to the downsized is the chance to hate those even less well off. . . .

As president of the AFL-CIO, I stand with many others in offering a humane and profitable alternative to the noxious ideas of the apostles of downsizing and the apologists for the low-wage economy.

I offer the idea of a corporate economy guided by the proven truth that a productive partnership produces greater stability and greater profitability in the long term for companies and for the economy as a whole.

I propose an economy made up of companies that give workers tangible, positive incentives to produce to their maximum efforts. An economy where workers and other consumers can feel a sense of loyalty to American companies—loyalty that translates into the purchase of those companies’ products—because all are contributing to the strengthening of American society. . . .

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Detroit	1700	Sarajevo	2300
Dublin	2200	Seattle	1400
Gdansk	2300	Seoul	0700*
Guadalajara	1600	Shanghai	0600*
Havana	1700	Singapore	0530*
Helsinki	2400	Stockholm	2300
Ho Chi Minh City	0600*	Sydney	0800*
Honolulu	1200	Teheran	0130*
Hong Kong	0600*	Tel Aviv	2400
Houston	1600	Tokyo	0700*
Istanbul	2400	Toronto	1700
Jakarta	0500*	Vancouver	1400
Jerusalem	2400	Vladivostok	0800*
Johannesburg	2400	Venice	2300
Karachi	0300*	Warsaw	2300
Kennebunkport	1700	Washington	1700
Kiev	2400	Wellington	1000*
Khartoum	2400	Wiesbaden	2300
Lagos	2300	Winnipeg	1700
Lima	1700	Yokohama	0700*
Lincoln	1600	Yorktown	1700
Lisbon	2300		* Mondays

Dole's Balanced Budget Amendment flops

On June 5 and 6, the Senate again failed to pass the Balanced Budget Amendment to the Constitution. It was one of Majority Leader Bob Dole's (R-Kan.) last official acts before resigning on June 11, to run for President full time.

The most focused Democratic opposition to the amendment was over constitutional concerns. Carl Levin (Mich.) warned that a Balanced Budget Amendment to the Constitution would not work. "I am not prepared to write into the Constitution language that is more likely to lead to disillusionment and constitutional crisis than to a balanced budget." Patty Murray (Wash.) warned that "this amendment will make it impossible for future generations to determine our country's spending and revenue priorities." She added that prohibiting government borrowing would make it impossible for the government to make capital investments and to provide for increased unemployment insurance needs during recessions.

In March 1995, the Senate was one vote short of passing the amendment. Since then, Bob Packwood (R-Ore.), who voted for it, was forced to resign, and Ron Wyden (D) was elected to replace him, making it even less likely that it would pass the second time around. This fact lends credence to Robert Byrd's (D-W.V.) charge that the amendment was "little more than a political mirage in a vast, dry desert of empty election-year promises."

Brown introduces NATO expansion act

On June 4, Sen. Hank Brown (R-Colo.) introduced, on behalf of Bob Dole (R-Kan.) and five other co-sponsors, the "NATO Enlargement Facili-

tation Act of 1996." In fact, the bill is part of a British-orchestrated provocation, designed to set the United States and Russia at one another's throats, in order to forestall Eurasian economic development, or U.S.-Russian cooperation in a number of areas, including setting up a new worldwide financial and monetary system.

Brown claimed that Clinton administration reluctance to move forward with NATO expansion "brought back memories of the tragic events of World War II, of both the Soviet invasion of Poland and the German invasion of Poland and other countries of Central Europe." Brown's bill specifically names Poland, Hungary, and the Czech Republic as eligible for assistance for transition to NATO membership, and authorizes \$60 million for NATO enlargement assistance.

That NATO enlargement is aimed at Russia was made clear by John McCain (R-Ariz.), one of the bill's co-sponsors. "With the Russian elections only weeks away," he said, "eastern Europe may again be faced with a communist Russia, a Russia which proudly extols the virtues of a failed philosophy." Even if Yeltsin wins the election, he said, "let us not forget that his is no longer the government of Gaidar, Yavlinsky, Fedorov, and Kozyrev."

Kennedy blasts medical savings accounts

On June 6, Sen. Edward Kennedy (D-Mass.) attacked medical savings accounts (MSAs), which, he said, are a way of "underwriting the health insurance for the wealthiest individuals at the expense of the average taxpayer." The cost to taxpayers will be \$3 billion for each 1 million people who leave the insurance pool to take MSAs, he said. He added that the hopes of mil-

lions of Americans who need health insurance reform "should not be held hostage to this extremist, special interest proposal."

Kennedy's remarks were an effort to advance the Kennedy-Kassebaum health insurance reform bill, which has not been taken up by a Senate-House conference committee. The bill has been stalled by attempts to add provisions to expand MSAs.

Kennedy took aim at the Golden Rule Insurance company, which is by far the largest promoter of the MSA idea, and which made \$1.6 million in contributions to Republicans over the last five years. "It is no accident that a company like Golden Rule favors medical savings accounts," he said. Kennedy said that when Golden Rule stopped doing business in Vermont because it didn't want to compete in an environment of insurance reform, Blue Cross and Blue Shield took over their policies and found that "one in four policies included an exemption. Whole body parts, like arms, backs, breasts, and even skin, were written out of coverage. Newborns were excluded unless they were born healthy."

Major Owens defends prevailing wage act

On June 6, Rep. Major Owens (D-N.Y.) defended the Davis-Bacon Act, which requires the payment of prevailing wages on government construction contracts, against assault from the Conservative Revolution. Owens noted that the Senate, on May 22, unanimously rejected an attempt to repeal the Davis-Bacon Act. He called this a "vindication" of the constitutional system and suggested that the House ought to follow the Senate's lead.

Owens attacked the notion that Davis-Bacon is inflationary and adds

to the federal deficit. "The actual wages of construction workers," he said, are "going down. They are as much a part of the wage gap and the wage stagnation in America as any other set of workers." Department of Labor wage surveys "show that the construction workers are paid below the wages of the average salary for workers in similar kinds of jobs in given localities," he said.

"It comes as no surprise," Owens said, "that many of the most vociferous foes of Davis-Bacon come from states that have extremely low wage determinations which include no health or pension benefits. . . . The same people who want to criticize the Davis-Bacon prevailing wages also are the people who fought against the minimum wage." He said that those who want to repeal Davis-Bacon "are trying to . . . wipe out the middle class that is generated through the construction industry, working people who work very hard."

China MFN renewal gets strong GOP support

A number of Congressional Republicans have come out strongly backing President Clinton's decision to renew China's Most Favored Nation (MFN) trade status. House Asia and the Pacific Subcommittee Chairman Doug Bereuter (R-Neb.) endorsed Clinton's decision in a speech to the National Association of Manufacturers on May 29, but warned that "a serious effort needs to be launched to sustain the President's decision."

In the Senate, Finance Committee Chairman William Roth (R-Del.) and Frank Murkowski (R-Alaska) also endorsed Clinton's decision during a Finance Committee hearing on June 6. Roth said, "There is no question that China's conduct on matters such as hu-

man rights, non-proliferation, trade, and Taiwan pose serious concerns, but revoking MFN will not help us address these problems. By isolating the United States from China, we impair our ability to influence the directions China will take on these important questions."

Murkowski suggested that the administration consider permanent extension of MFN, in order to avoid the yearly ritual of debating the issue. "I don't think this debate has lowered the trade deficit, freed a single dissident, or prevented the sale of nuclear weapons," he said.

But support among Republicans for renewal is hardly unanimous. Bereuter said that a privileged resolution, introduced by Dana Rohrabacher (R-Calif.), disapproving China MFN, would come to a vote this summer, though probably not before July 3. He warned that Frank Wolf (R-Va.) and Nancy Pelosi (D-Calif.), traditionally opposed to MFN for China, have vowed to lead an energetic campaign against renewal.

Senate Foreign Relations Committee Chairman Jesse Helms (R-N.C.) also introduced a resolution of disapproval, co-sponsored by Connie Mack (R-Fla.), Bob Smith (R-N.H.), and Russell Feingold (D-Wisc.), on June 6.

Wisconsin workfare program gets House waiver

The House, on June 6, rushed through a bill to allow the state of Wisconsin to bypass the federal waiver process, and to begin immediate implementation of its "Wisconsin Works" welfare reform plan. The bill comes on the heels of President Clinton's endorsement of the plan in his May 18 radio address and Wisconsin Gov. Tommy Thompson's (R) delivery of waiver re-

quests in Washington on May 30.

House Ways and Means Committee Chairman Bill Archer (D-Tex.) made clear during floor debate that the bill is aimed squarely at Clinton. He complained that Clinton still hadn't approved the waiver request eight days after receiving it, even though, legally, the administration has up to 30 days. "To help the President refocus on the Wisconsin waivers," Archer said, "we are giving him the opportunity to personally approve it by signing this bill."

In another swipe at President Clinton, Jim Sensenbrenner (R-Wisc.) complained that if the welfare reform plank of the Contract with America had been signed into law, "we would not be standing here today, because there would be no waivers required for Wisconsin" to implement its plan.

Democratic opposition, led by David Obey (D-Wisc.), focused more on the bipartisan nature of the debate. Obey said the bill "is simply part of a political game to tweak the President of the United States." Maxine Waters (D-Calif.) said she was "sick and tired of some Democrats and some Republicans alike, using welfare children and families as pawns in a political squabble to try to make voters believe they are reforming welfare." The plan may be credible, she said, but nobody knows because "we have had no hearings, and the floor jockeys on the bill do not have the faintest notion of what is in this plan."

A substitute amendment, offered by Gerald Kleczka (D-Wisc.), allowing a 30-day period for public comment, was defeated by a vote of 194-223, and the bill was passed by 289-136.

Wisconsin's plan puts recipients into subsidized private sector or public service jobs which don't have to pay the minimum wage. It doesn't include education or training, and replaces Medicaid with HMOs.

National News

Business executives attack Federal Reserve

At least two prominent businessmen have recently openly agreed with the position of Sen. Tom Harkin (D-Iowa), that the U.S. Federal Reserve has been unnecessarily stifling U.S. economic growth because it is too worried about inflation, the June 7 *New York Times* reported. Harkin has been holding up the renomination hearings of Federal Reserve Board Chairman Alan Greenspan in the Senate for the past three months in an attempt to force debate on Fed policy.

John F. Welch, Jr., chairman of General Electric Corp., said, "We don't see any connection between the numbers out there and what we feel in our business. There is absolutely no inflation. There's no pricing power at all." Dana G. Mead, chief executive of Tenneco Inc. and chairman of the National Association of Manufacturers, said, "I believe very strongly that the Fed should be leaning more forward toward growth, and not be so concerned about the threat of inflation."

On June 7, President Clinton urged the Fed not to raise interest rates. Unfortunately, rather than addressing the decades-long decline in living standards, he claimed that newly released employment figures, which showed an official increase in employment, vindicated his economic program.

DOJ admits Citibank is under investigation

Department of Justice public affairs spokesman Carl Stern acknowledged that the department has opened a criminal investigation into Raul Salinas's transactions, the June 5 *New York Times* reported. The investigation seeks to determine whether Citibank, or others, violated U.S. laws which prohibit banks from knowingly helping criminals hide illicit earnings. Salinas, the brother of the former President of Mexico, Carlos Salinas, is currently under indictment in Mexico on theft and murder-conspiracy charges.

EIR broke the story in its June 7 issue, in

an article entitled "Money-Laundering Scandal Could Rock Citibank, Fed." However, *EIR* raised two central features of the Salinas-Citibank story which the *New York Times* covers up: the role of the Federal Reserve, and the fact that drug money was a significant part of what could be a \$100 million money-laundering operation. Citibank has been under direct Federal Reserve control since late 1991; thus, the Fed had to have known of the Salinas scheme.

Citibank is undoubtedly a target in the probe. The *Times* article opens: "The instructions from Citibank's New York headquarters to clerks at the bank's Mexico City office were clear: Ask no questions. Every few weeks throughout 1993, a mysterious courier made his way to the 16th floor of Citibank's glass-walled headquarters in Mexico City, carrying a cashier's check in pesos with a value of \$3 million to \$5 million. The clerks accepted the checks, which were made out to a Citibank subsidiary, and converted the proceeds to dollars. Then, the money was wired to Citibank in New York, which sent it to accounts in Switzerland. No questions asked."

FBI analysis discredits D'Amato on Whitewater

An FBI fingerprint analysis of Rose Law Firm documents, found at the White House last year, has deflated blowhard Sen. Alfonse D'Amato (D-N.Y.) and his Republican cronies on the Senate Whitewater Committee.

The FBI report said that two of First Lady Hillary Rodham Clinton's fingerprints, and four from the late Vincent Foster, were among those found on copies of records of Mrs. Clinton's legal work for Madison Guaranty Savings and Loan. This was no surprise, because it was well known that Mrs. Clinton and Foster had examined the records in 1992, in response to newspaper inquiries.

The FBI reported that fingerprints on the documents included those of White House aide Carolyn Huber, who found the long-missing documents on a table in the White House residence last August; those of two

paralegals who had legitimately handled the documents; and those of a White House aide who had worked at the Rose Law Firm.

Noticeably absent were any fingerprints of Susan Thomases, a close friend and confidante of Hillary Clinton, or of Maggie Williams, a top aide to the First Lady. Both Thomases and Williams were grilled mercilessly by D'Amato's committee as to any knowledge they had of the records, and were virtually accused of having committed perjury before the committee. Williams was specifically accused of having snuck the records out of the office of Vincent Foster on the night of his death.

"There was all this super-heated speculation that these records were carried away in the middle of the night from Vince Foster's office by Maggie Williams," Senate minority counsel Richard Ben-Veniste declared June 3. "Well, if she did so, she didn't leave any fingerprints on it, and it would seem pretty odd. The same for Susan Thomases, who was questioned closely about her appearance at the White House at various meetings. And it also indicates that there is no evidence that would contradict her testimony that she did not handle those records."

Starr seeks ban again on evidence of his motives

Whitewater special prosecutor Kenneth Starr has submitted a motion *in limine* to exclude evidence of his own political motivation from the next Whitewater-related trial in Little Rock. Starr is notorious as a political appointee in the Justice Department under ex-President George Bush, and for his current conflict-of-interest representation of such clients as the Republican National Committee.

In the recently concluded trial of Gov. Jim Guy Tucker and James and Susan McDougal, Starr submitted a similar *in limine* motion. The court ruled that evidence of the political motivation of witnesses was allowed, but agreed to bar the introduction of any evidence of Starr's political motivation for bringing the prosecution—thus severely limiting the defendants' case.

Starr's latest motion, for the upcoming

trial of Herby Branscum and Robert Hill, charges that Branscum and Hill have stated that the prosecution is "politically motivated"; that the government intends to "put the President on trial"; and that the government is trying to "put on trial, vicariously, the 1990 campaign and the President himself."

Starr's office argues that such arguments are "highly prejudicial and inflammatory" and would "confuse the jury." Therefore, the defendants should be barred from making such allegations, or eliciting any evidence to this effect from witnesses.

In the 1988 federal prosecution of Lyndon LaRouche and his associates, a far more broad-ranging motion *in limine* was granted. That "Star Chamber" proceeding prevented LaRouche and his co-defendants from presenting evidence to the jury of their own innocence, and barred evidence of the government conspiracy which was responsible for the prosecution.

Hollinger rag applauds Lamm's Presidential bid

The London *Daily Telegraph*, the Hollinger Corp.'s propaganda conduit for British Intelligence, welcomed Colorado cannibal Richard Lamm June 10 as "a breath of fresh air" in the U.S. Presidential race. The paper's campaign to destroy President Clinton and the United States reached another low in touting the former Colorado governor. While in office, Lamm rammed through a state monument to celebrate the cannibalism committed by snow-bound survivors of a failed attempt to cross the Rockies in the 19th century.

The Hollinger Corp. is pleased by Lamm's recent suggestion that he might run for President on Ross Perot's Reform Party ticket. The *Daily Telegraph* quotes Lamm's statements that "the economy of the '90s cannot support the dreams of the '60s," and that the United States now has to "pay its own way."

In a June 9 interview on NBC-TV's "Meet the Press," Lamm raved that Medicare would have to be cut by ten times the amount proposed by President Clinton, in order to make the program "sustainable" for

the future. In an interview on ABC-TV, Lamm claimed that "in 16 years, by the year 2012, the current tax structure, applied to the revenue anticipated in 2012, will only fund entitlements and interest on the national debt. No Defense Department, no national parks, no Judiciary, no Executive branch of government."

Senate vote highlights threat to entitlements

The Senate on May 23 narrowly defeated a proposal that would have cut spending on Social Security, Medicare, Medicaid, and other entitlement programs by \$679 billion over seven years. The proposal, offered by John Breaux (D-La.) and John Chafee (R-R.I.), and cosponsored by a bipartisan group of 22 senators, was defeated by a vote of 53-46. However, Robert Kerrey (D-Neb.) told the May 29 *Omaha World Herald* that he was surprised at the level of support the plan received. Kerrey heads the Commission on Entitlement Reform and was a backer of the proposal.

At a news conference, Kerrey quoted Sen. Daniel Moynihan (D-N.Y.), who described the vote as "the most significant in the last 65 years" in demonstrating that entitlement programs no longer are considered politically untouchable. Twenty-two Republicans and 24 Democrats voted for the proposal. It is based on lowering the Consumer Price Index, which automatically increases payments made to recipients of Social Security, Medicare, and other programs, five-tenths of 1%. It also would have raised the eligibility age for Social Security from 65 to 70.

Kerrey introduced an amendment to allow a degree of Social Security privatization, by allowing individual private investments of up to 2% of the Social Security tax. This proposal got 36 votes. "The 36 votes moves us much closer, much faster to the very, very specific, very tough changes that will have to be made in entitlement programs." He derided the Presidential candidates for arguing over minimum wage, and other issues, which, "relative to this, are insignificant," he said.

Briefly

WILLIAM WELD (R), the Massachusetts governor whose Nazi-like policies would eliminate "useless eaters," had to navigate his way past a union picket line June 2, on arriving at the Boston Harbor Yacht Club. One hundred employees of the Massachusetts Bay Transit Authority were on hand to denounce Weld's plan to "privatize" the entire public transit system for the Boston metropolitan area. The blueblood privateer is campaigning against incumbent Democrat John Kerry for the U.S. Senate.

PRESIDENT CLINTON, during his weekly radio address June 8, described the burnings of African-American churches in the South as a "disturbing rash of crimes that harkens back to a dark era in our Nation's history." The latest burning, on June 6 in Charlotte, North Carolina, was "at least the 30th African-American church destroyed or damaged by suspicious fire in the South in the past 18 months."

THE LONGSHOREMEN'S and Warehousemen's Union distributed leaflets May 30 in communities all along the West Coast, to oppose port privatization. Such schemes "displace family- and community-supporting jobs with cut-rate, low-wage operations," ILWU President Brian McWilliams said. Public ports account for 15.3 million jobs.

THE SUPREME Court upheld on June 3 the right of banks to set credit-card terms for customers nationwide based on the rules of permissive states such as Delaware. The ruling came in *Smiley v. Citibank*, in which a woman had sued Citibank's credit card operation, claiming that the bank's late-charge fees violated California consumer protection laws.

WISCONSIN Democrats retook control of the state Senate, by winning a recall election in Racine, Wisconsin in early June. According to the AFL-CIO's *Work in Progress* weekly report, "labor's efforts played a big role" in the ouster of George Petak by Democrat Kim Palche.

Editorial

British ideology is an infectious disease

Whether it turns out to be the case that “Mad Cow” disease can be transmitted to humans by eating infected beef, the ban on British beef exports is fully warranted, because the British have shown that they cannot be trusted to meet international public health standards. Even more urgent, however, is the necessity to ban the export of British ideology, and to drive spokesman for that ideology out of office, before they destroy the viability of entire nations.

Just as it was the British who intervened in Germany to bring Adolf Hitler to power, so, too, are they attempting to destroy republican government everywhere. A case in point is their attempt to establish a fascist regime in the United States, through their continuous barrage of scurrilous attacks on President Clinton, coupled with their support of neo-conservatives (more aptly named neo-Nazis).

Austerity measures of the kind being advocated by House Speaker Newt Gingrich’s Contract with America crowd, and by Ross Perot and his supporters, are the short road to death camps such as Auschwitz. Nazism was, and is, a deadly attack against the sacredness of human life, against man created in the living image of God. But Nazism was not a German phenomenon. Rather, it was the deliberate creation of an international oligarchy, led by the British oligarchy, and supported by the royal houses of Europe. The British Empire was racist through and through, and before the Second World War, the British organized an international pro-euthanasia movement which supported Hitler’s racism.

Today, the British are using every means in their power to destroy republican government in the United States. They are also giving support to genocidalists who are much more blunt about their intentions than were Hitler and his followers. One such is the quintessential Nazi doctor, Jack Kevorkian; another, is former Colorado Gov. Richard Lamm.

Kevorkian has been rightly called “Dr. Death” for his role in so-called “assisted suicide”—which, properly identified, is murder. But on June 8, the prestigious

British Medical Journal not only failed to denounce Kevorkian, this monster who advocates that “useless eaters,” i.e., the disabled, be put to death, but it declared him to be a “hero.” For this official voice of British medicine, the fact that Kevorkian now openly assists in the suicide of people who are not fatally ill, but merely have painfully disabling diseases, is considered honorable and courageous.

This representative of the British medical community also attacks the American Medical Association, for its consistent opposition to the whole idea of assisted suicide, and because it has condemned Kevorkian’s actions in particular. For the *British Medical Journal*, it is sufficient that Dr. Death does not charge fees for his services in terminating an individual’s life, to establish his credentials.

Another striking instance of how the British give support to Nazis, is the case of Lamm, who has openly stated that elderly Americans have a duty to die and get out of the way for the next generation. Lamm appears to be in line to become the Presidential candidate of Ross Perot’s Reform Party. He is calling for cuts in Medicare ten times greater than those proposed by President Clinton, and he also wishes to raise the age at which people would qualify for Social Security benefits.

Lamm is supported by the Hollinger Corp.-owned *British Daily Telegraph* newspaper. In an article on June 10, Lamm was welcomed as a “breath of fresh air” in the American Presidential race, and it reported, hopefully, that Lamm might run for President on Perot’s Reform Party ticket.

Another case in point of these British-supported Nazi policies, is the legislation promoted by Pennsylvania’s governor, Tom Ridge. LaRouche Democrats are currently spearheading a movement to impeach this fascist, who is trying to impose austerity measures on Pennsylvanians which would deny health care to the poor and elderly.

It is crucial, if humanity itself is to survive, that a quarantine be declared against the British royal family, and all those who support them.

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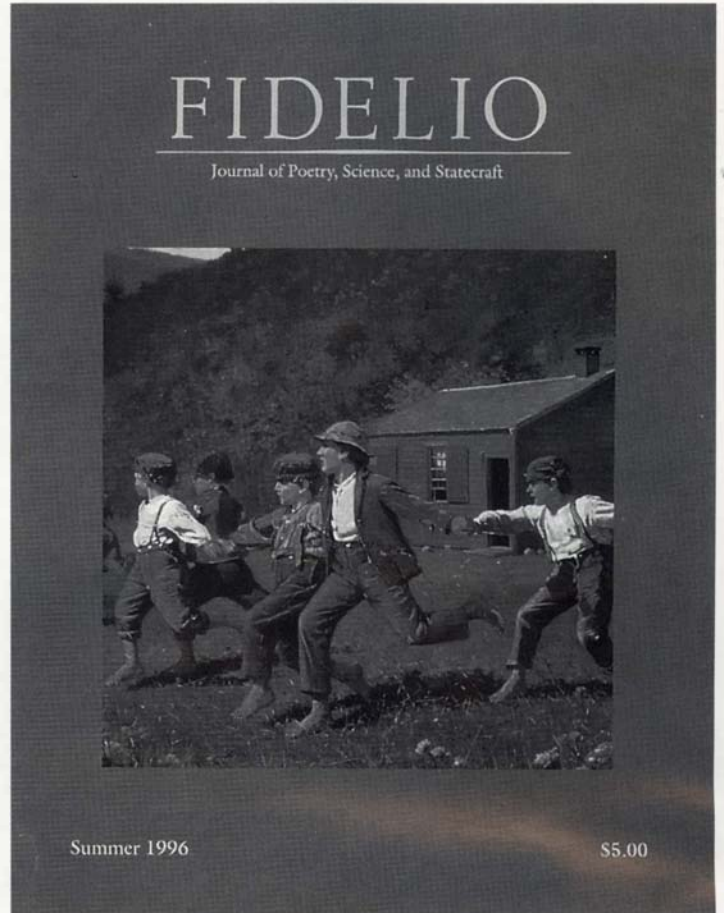
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