

EIR

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From the Associate Editor

Helga Zepp LaRouche, a person richly imbued with the Schillerian quality of optimism, concludes the speech which we publish as our *Feature* story this week, by urging the rest of us to be optimistic too, as we combat those who would impose a Malthusian world dictatorship and a new Dark Age. “Because I personally think,” she says, “that if we do our job right in the United States, a new Renaissance is much closer than you think.”

Apart from the evidence she herself develops, we bring you these exclusive reports, from the front lines of the battle for global economic reconstruction, against British geopolitics:

- In Sonora, Mexico, the fifth national forum was held on the theme “Yes, There Is Life after the Death of the IMF!” A resolution was adopted by 220 delegates, supporting the Emergency Bill for the Bankruptcy Reorganization of the Economy—also known as the “LaRouche Plan.” The body also voted up support for the LaRouche movement’s drive in the United States to impeach Gov. Tom Ridge of Pennsylvania, whose austerity measures against the poor, sick, and elderly constitute Nazi-like “crimes against humanity.”

- In the United States, the campaign against Ridge—the “lead duck” in the Conservative Revolution flock—is picking up steam, even as British newspapers promote him as Bob Dole’s vice-presidential running mate. The battle-lines could not be more clearly drawn! Lyndon LaRouche will be addressing the people of Pennsylvania with more than 20 half-hour television broadcasts during August.

- In China, the visit of U.S. National Security Adviser Anthony Lake has laid the basis for a positive shift in relations with the United States. Now, America should put its backing behind the Three Gorges Dam and the Euro-Asian Continental Bridge, two vital infrastructure projects that will carry China’s 1.2 billion people into a 21st century of development and prosperity.

The key to the success of such initiatives, is defeating the British assault on the U.S. Presidency. That is the strategic context for evaluating the principal news developments of the day, such as the tragic explosion of TWA Flight 800, should that turn out to be the result of a terrorist act.

Susan Welsh

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Helga Zepp LaRouche returned to China in May, after a 25-year absence, to address the International Symposium for Development of the Regions Along the New Euro-Asian Continental Bridge. Here, she speaks before a university audience in Beijing

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Helga Zepp LaRouche tells the participants at a Washington, D.C. seminar that either the globalist approach recently ratified by Group of Seven leaders at Lyons, or the kind of strategic alliance among Russia, China, and the United States advanced by Lyndon LaRouche, will prevail. The first path leads to catastrophe, while the second offers a means for economic reconstruction.

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'Success story' of U.S. jobs creation is a fraud

by Richard Freeman

An incompetent April 1996 U.S. policy document on employment is being used to justify continuation of an economic policy course, which has very dangerous implications for the United States, as well as for the world economy. The 11-page document, entitled "Job Creation and Employment Opportunities: The United States Labor Market, 1993-96," was released on April 23, and was prepared by the Council of Economic Advisers (CEA), under the supervision of its chairman, Joseph Stiglitz, with assistance from the Department of Labor's Office of Economics, headed by Lisa Lynch.

In contrast to the reality of plunging U.S. living standards, a worsening depression of the physical economy, and imminent global financial disintegration, the U.S. "Job Creation" report paints a rosy picture of idyllic economic prosperity. Examining the time frame from January 1993 through March 1996, it reports that during this 39-month span, a record 9.4 million jobs were created, of which 8.5 million were in private industry, with the remainder in government. The report concentrates on the private sector jobs.

Among its conclusions, the report states that of the new U.S. job growth created since 1994, "two-thirds (68%) . . . occurred in industry/occupation groups paying above median wages," and that "over 30% of net job growth occurred in the top 30% of job categories." It also states that "employment in 'hamburger flipping jobs' actually fell."

Quite an achievement—if only it were true! *EIR* has examined the report, including its statistical tables, and has found otherwise. We also exhaustively examined other reports, journals, and data compiled by the Department of Labor's Bureau of Labor Statistics. We found the "Job Creation" report to be a combination of statistical and methodological

incompetence, and, worse—given the extensive data available to the analysts—willful deceit.

In reality, there has been no high-paying job resurgence, but rather, just an extension of low-paying jobs, with few, if any, benefits, overwhelmingly in the service sector and the retail trade. Whereas during the 1960s, a Pittsburgh steelworker earned enough at one job to support his family well, both materially and culturally, today, a worker sometimes holds two jobs, his wife works, and one or two children work part time, all just to earn the wage equivalent of the 1960s steelworker. Often, even then, the family can't survive.

Why, then, has the Stiglitz Report gained such cachet? For one thing, its assertions are consistent with the type of bad advice being given to President Clinton, from his White House campaign guru, Dick Morris, on how to electioneer by using happy-talk about the economy. (Morris' functioning as a torpedo in the Clinton campaign has been documented in *EIR*, July 5, 1996, "The 'Ghost' of Roy Cohn Stalks the Clinton Campaign.")

The Stiglitz Report is also consistent with the U.S. "growth economy" rhetoric of Treasury Secretary Robert Rubin, who likes to cite his 25-year Wall Street experience as enabling him to vouch that U.S. economic "fundamentals" are now in great shape.

Secretary Rubin sang the praises of "U.S. job creation success" in meetings with finance ministers at the Group of Seven summit in Lyons, France, on June 27-29. At this summit, French and British delegations, in particular, ganged up on President Clinton to endorse the Lyons economic communiqué (for excerpts, see *EIR*, July 19, 1996, "Reality Refutes the Lyons Communiqué"), which claimed that the United

States was enjoying prosperity and jobs growth. The communiqué called for giving sweeping power to the International Monetary Fund, World Bank, World Trade Organization, and United Nations Organization, to make the American low-wage, dead-end-job economy, based on post-industrial dogma, into the model for other countries in the world, under the rubric of “globalization.”

In contrast to this, President Clinton has, on occasion in the past, expressed concern for U.S. family security and jobs creation. During 1995 and early 1996, a series of Democratic Party policy initiatives on dealing with the “Quiet Depression” of the U.S. economy came out from Congressional leaders Sen. Tom Daschle (D-S.D.), Rep. Richard Gephardt (D-Mo.), Sens. Jeff Bingaman (D-N.M.) and Edward Kennedy (D-Mass.); and from Lyndon LaRouche’s primary election period series of four half-hour national TV broadcasts on “economic security.” We itemize these initiatives below.

But first, we present the “Job Creation” report’s main conclusions. The report’s and *EIR*’s methods of calculations are presented. Finally, *EIR* shows the “Job Creation” report to be a hoax.

What the report alleges

The “Job Creation” report asserts the following half-truths and outright lies:

1. “Since January 1993, employment has grown rapidly—expanding by 8.5 million new [private-sector] jobs” through March 1996.

2. “Two-thirds (68%) of the net growth in full-time employment between February 1994 and February 1996 occurred in industry/occupation groups paying above-median wages.”

3. “Even in the traditionally lower-paying service industry, a majority of net employment growth has been in managerial and professional specialty positions, which typically pay above-median wages. Contrary to conventional wisdom, the new jobs are not disproportionately part-time, low-skill positions.”

4. “Employment in ‘hamburger-flipping jobs’ actually fell between 1994 and 1995.”

5. “The unemployment rate has fallen from over 7% in January 1993 to 5.6% in March 1996.”

The report’s authors employed what they describe as a “sophisticated” method to come up with their conclusions. Perhaps “creative” might be a better word, since *EIR* caught the CEA-BLS authors working into their method some truly “creative” number manipulation. The authors also used numbers which are not made available to the public, relying upon a special BLS computer model.

It should be kept in mind, that the Bureau of Labor Statistics conducts two different monthly surveys, using two different approaches, to compute employment and wages. One is the “Establishment Survey,” while the other is the “Household Survey.” The “Establishment Survey” surveys 400,000

businesses, which fill out monthly forms to report on the level of wages of non-supervisory workers as well as employment of all workers in each industrial sector, by Standard Industrial Classification (SIC) code. The workforce of the surveyed 400,000 businesses comprises 46% of America’s industrial workforce. Thus, it is far more comprehensive and reliable with regard to the industrial workforce, which is what the “Job Creation” report purports to study.

On the other hand, the BLS’s “Household Survey” looks at 50,000 households each month. This is out of 98 million households in America; that is, it surveys just 0.5% of all households. From the survey, the BLS extrapolates the employment level of all workers, the official unemployment rate, and the “median wage” paid by job category. The “Household Survey” categorizes jobs by “type of employment” such as laborer, clerk, and manager.

The “sophisticated” method of the CEA-BLS team, attempted to combine and cross-grid both surveys, while relying primarily on the data provided by the “Household Survey.” Since its data are not published, no one knows exactly what the authors did; however, they only used a sample of one-quarter of all households surveyed by the “Household Survey,” or 12,500 households, to build their extrapolations for the entire population. As a result, in some cases, according to their own reports, the samples the team obtained from some industries were so small, that they had to be discarded.

Reality versus fantasy

By contrast, *EIR* used exclusively the BLS’s “Establishment Survey” of 400,000 businesses. It employed the “average wage” of non-supervisory workers, instead of the “median wage.”

Contrary to the “Job Creation” document’s conclusions, here is the reality:

1. As opposed to 68% of new jobs being created in “above median-wage” positions (which, at other times, the report calls “high-wage jobs”) *EIR* found that only 53% were created in “above average-wage jobs.”

2. The “average wage” for all private employees in America is just \$400.14 per week, or \$20,007 per year. This is barely \$5,000 above the poverty level for a family of four. What does it mean to that say a job’s wage-payment is “above” that level? Nothing. To correct this, *EIR* employed the “average wage level” of a manufacturing job as the standard, but with one adjustment. Because the manufacturing wage, since 1973, has fallen 12% officially—and much more in reality—*EIR* adjusted upward the 1996 average manufacturing wage by 12% to reflect the 1973 standard. In today’s dollars, that is \$577.72 per week, or only \$28,886 per year. *Three-quarters of the 8.355 million new jobs that were created since January 1993, fall below that standard.*

Moreover, were a worker to be a sole wage-earner, earning \$28,886 per year, he would never be able to support a family of four.

3. The report emphasizes that a large percentage of the new service sector jobs created are managerial, professional, or executive level. Between January 1993 and March 1996, some 4.34 million service jobs were created, or half of the entire total new jobs created in the American economy. Contrary to the report's finding, however, *EIR* discovered, using the "Establishment Survey" figures, that 88% of all new service jobs created are classified by the BLS as "non-supervisory," meaning that only 1 in 8 are in a supervisory position.

4. The report's claim is that employment in "hamburger flipping" fell between 1994 and 1995. Technically that is accurate, but it is not true—actually part of a deliberate lie. Isn't it interesting that a study covering 1993 to 1996, should take the shortened interval of 1994-95 as an example? In reality, the category of employment in "eating and drinking" establishments—which is what is referred to as "hamburger flipping"—grew by 597,000 between January 1993 and March 1996, accounting for 7% of all new job growth all by itself.

Employment in "eating and drinking" establishments pays \$141 per week. There are now 6.4 million Americans working in that job category. "Eating and drinking" is part of the larger category of "retail trade." This pays an average of \$225 per week, below the poverty level wage, which is \$11,250 per year. There are now 20.6 million Americans working in the category of "retail trade," which consists of fast food shops, mall outlets, etc., which is 21% of all people employed in private industry in America, in March 1996.

5. In March 1996, goods-production and infrastructure workers accounted for just 26% of the labor force. This point does not even register with the report's authors. Instead, some examples of the types of jobs they extol: computer programmers (grew by 597,000 during this period), motion picture industry workers (grew by 153,000), and securities and commodity brokers (grew by 90,000). Some of these pay high wages, but they are a deduction from the economy, representing parasitism.

6. Unemployment is not 5.6%; *EIR* calculates it at 13.3%.

7. America's physical goods output, represented by its capital goods and consumer goods market baskets, has plunged by more than 40%, on a per-capita and per-household basis, since 1967. This represents a collapse in the standard of living.

Timing of the report

The report was released in the midst of a policy debate, whose intensity had been mounting since the beginning of this year. Behind its statistical façade, it is a fiercely factional document, the kind of thing that Dick Morris, saboteur in the White House executive, could be expected to promote. Consider a brief timeline:

Feb. 8: Sen. Ted Kennedy tells an audience at the Center for National Priority that the United States and the world has entered a "Quiet Depression."

Feb. 27: House Minority Leader Richard Gephardt delivers an address before the Economic Strategy Institute in Washington, in which he takes up the issue of the destruction of the conditions of life for average American working families.

Feb. 28: Senators Daschle and Bingaman issue their "high-wage task force" report, "Scrambling to Pay the Bills: Building Allies for America's Working Families." The 57-page report picks up on some important themes from Lyndon LaRouche's earlier "Program to Save the Nation."

March: The AFL-CIO begins "America Needs a Raise" town hall meetings to address the problem of falling real wages.

March 11: Congressmen Gephardt and David Obey (D-Wis.) release a 58-page report, "Who Is Downsizing the American Dream?" which documents the loss of jobs, because of corporate downsizing, as well as the growing income gap.

March 5: Lyndon LaRouche scores a breakthrough, winning 11% of the vote in a two-way Presidential primary race in Colorado. LaRouche goes on to score a string of double-digit Presidential primary results.

As this ferment about the collapsed state of the economy and the growing financial disintegration intensified, right on cue, on April 23, the "Job Creation" report appeared, and its conclusions soon became the standard cant of administration officials.

International implications

The report's conclusions became the underlying document for the portion of the G-7 Lyons economic communiqué that extolled the fake "job machine of the U.S." The background is this: For the past half-decade, various Baby Boomer economists have tried to sell the model of a high level of service sector, retail trade, etc., jobs creation, which they call the "American labor market mobility model," to the Europeans and Japanese.

The argument has been that Europe and Japan are too tradition-bound, and connected to the old, "second wave" manufacturing economy. America, on the other hand, is willing to let its old manufacturing jobs go, and because of its "mobility," its displaced production workforce can "flow" into services. Traditionally, the Europeans have retorted that the jobs America creates have no benefits, and are too low-wage. Hence the report's need to attempt to fake figures to show that a majority of the new jobs pay "above the median wage."

At the summit, British forces inserted the "Job Creation" report's premises into the economic communiqué. The communiqué's Section 17 states, "We must define ways to reinforce people's employability throughout their working lives by facilitating the transition from one job to another"—precisely the job "flow" described above of the "American labor market mobility model."

Russian financial system nears collapse

by Konstantin George

The outgoing head of the Presidential staff of Russian President Boris Yeltsin, Nikolai Yegorov, has warned that unless emergency economic measures are adopted, Russia will plunge into an "economic and political catastrophe" this autumn. The warning took the form of a "farewell document" by Yegorov to Yeltsin. The document, which broke the veil of regime censorship concerning economic statistics, was published July 19 in the dailies *Segodnya* and *Nezavisimaya Gazeta*. What was presented in detail was the imminent prospect of a blowout of state finances.

The crisis for the government of Prime Minister Viktor Chernomyrdin was compounded on July 22, when the International Monetary Fund (IMF) announced that it was withholding payment of its July monthly tranche of \$330 million that Russia was slated to receive under the terms of the \$10 billion, three-year standby credit it was granted in March. The withholding was in response to the report issued by an IMF team, which stated that it had not been able to complete its monitoring of Russian compliance with IMF "targets." The conflict seems to have arisen over the demand by Russian Energy Minister Shafranik for taxes on energy exports, a revenue-earning measure desperately needed by Russia, which the IMF has banned. In addition, the government had submitted an official request with the IMF, pleading for an easing of conditions.

The IMF is counting on the profile of the Chernomyrdin group to do whatever is asked, so as to receive both the July and the August tranches before all hell breaks loose on the Russian government bond market. In any case, it will be settled in August whether there will be another IMF "quick fix" for the comprador faction of Russia. In its July 22 announcement, the IMF said that its delegation will again be in Russia in early August, and will then present a final, detailed report to the IMF executive in Washington. The IMF executive will then decide whether to grant the tranches. The IMF decision will be timed with the expected official announcement of the new Russian cabinet.

Chubais replaces Yegorov

In his document, Yegorov emphasized that the crisis will be spearheaded by a collapse of the Russian financial system, including state finances. If the replacement of Yegorov as

head of the Presidential staff by the notorious "Mr. Privatization," Anatoli Chubais, is any yardstick for Russian economic-financial policies over the next few months, then the chances for timely corrective emergency measures are slim. The Yegorov warning has placed all the relevant facts on the table, so that no one in the Russian elite can claim not to have had advance notice of the impending disaster.

Yegorov's warning has confirmed the warnings to the same effect by Lyndon LaRouche and *EIR*. Unveiling the statistics known to, but kept secret by the government, Yegorov reported that the decline of Russian production heavily accelerated at the close of the second quarter. In June 1996, industrial production was 8.3% lower than in June 1995. For bigger companies, it was 11% lower, and for machine production, it was 20% lower. Investments in the industrial sector had fallen by 20%, with productive investments made impossible by a regime policy of what he termed "hyper-profitability" for speculative financial operations. On top of that, as he documented, Russia had sold off 50% of its gold reserves and taken several billion in dollar holdings from the Central Bank. This was to enable the regime to meet the first wave of electoral campaign wage and pension payoffs to voters, without causing an immediate budget blowout.

Yegorov further disclosed the awesome dimensions of the crisis of state indebtedness, when the government must pay back 15 trillion rubles (about \$3 billion) in the Russian equivalent of treasury bills coming due, and raise 30 trillion rubles in new notes to cover wages, pensions, and ballooning national debt-servicing costs. In the first quarter of 1996, some 15% of the budget was allocated for servicing the state's debt. This figure increased to 25% during the second quarter. During August, it is expected to be at least 40%.

Chernomyrdin's 'about face'

On several counts, the Yegorov bombshell was very well timed. The regime could no longer deny the reality that had been confirmed to the Russian public. Two days earlier, on July 17, Chernomyrdin himself was finally forced to concede that state finances were closer than ever to a crash. As cited by Itar-Tass, he warned of the "consequences of the country's precarious financial situation." He declared, "We are standing before great, serious problems," adding that the government will do "everything possible" to prevent a "further worsening of the economic situation." He did not reveal, though he knows perhaps better than anyone else, the details as to why the financial situation is so precarious. He also did not say that the regime's methods employed to date to put off the day of reckoning, are being exhausted.

What are these methods? The Russian financial crash has been averted so far by a budgetary triage of entire sectors of the real economy. The latest example of this "robbing Peter to pay Paul" policy to meet IMF budget conditions, is the energy paralysis in the Russian Far East. The region's

thermal power plants are unable to pay for fuel, because their customers, mostly state-owned enterprises and government agencies, have been cut off from budget funding since last autumn. The Russian Far East and Siberia had already experienced a daily pattern of loss of electricity supplies throughout this year. Then, on July 17, the Far East's main thermal power plant, Dalenergo, with a 1,400 megawatt capacity, ran out of fuel, and the region's smaller power plants were producing at only a fraction of capacity. This left the entire region of about 2 million people, including its two main ports of Vladivostok and Nakhodka, virtually without electricity. Besides the suffering of households, the industrial production of an entire region has all but come to a standstill.

The best that can be said about the group around Chernomyrdin and Chubais, is that they recognize on an empirical basis the extreme dimensions of the current crisis. Based on all evidence available so far, the solution they are proposing is a guarantee for one of two possible outcomes: an economic-financial blowout in August-September, or, through their manipulations, an even far more devastating blowout a short time later.

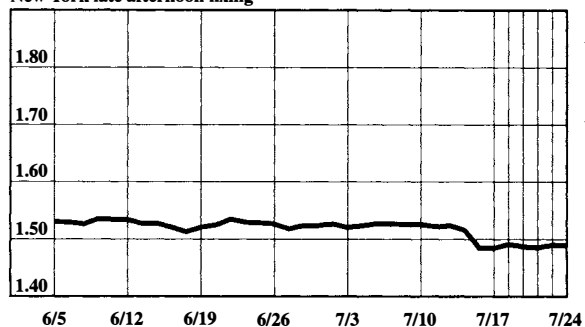
Their solution is a flight forward, monetarist approach to stave off, via a "garage sale" of choice Russian state assets, an imminent collapse of state finances. The details were revealed on July 18 by Alfred Kokh, first deputy chairman of the State Property Committee. Kokh presented plans for a new wave of privatization, meaning the sell-off of choice state enterprises. He didn't give exact dates, but said the sales would be held this year and would, allegedly, raise an anticipated 12 trillion rubles. In addition, Kokh announced the re-launching of the earlier Chernomyrdin "loans for shares" proposal, in which the top Russian banks would be enticed to buy government bonds in the amounts needed to prevent the collapse of state finances, and be rewarded through the option to convert the bonds at maturity into shares of lucrative Russian state enterprises. In short, debt for equity.

Even should these measures buy time, and that is by no means probable, the continuation of present policies will be measured in weeks or months. However, the cost of "success" is illustrated by what is happening in the Far East and other regions. As noted in the Yegorov document, the regime's triage policy against the regions, to "save the budget," has dried up the regions' financial resources. As a consequence, Yegorov wrote, Russia's regions have begun illegally issuing their own paper money, because no rubles arrive from Moscow. This phenomenon, together with the exploding debt and the collapse of goods production (given the July Far East and Siberian energy paralysis alone, the continued acceleration in this decline is guaranteed), is threatening a Weimar-style onset of hyper-inflation and chaotic breakdown. If the Chubais crowd has its way, this Weimar scenario will be reality in the near future.

Currency Rates

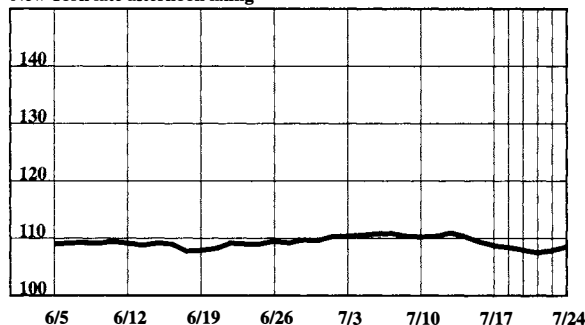
The dollar in deutschemarks

New York late afternoon fixing



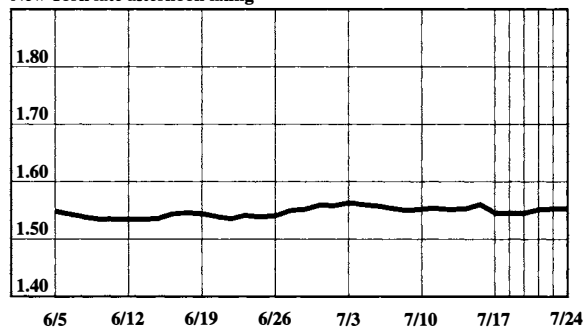
The dollar in yen

New York late afternoon fixing



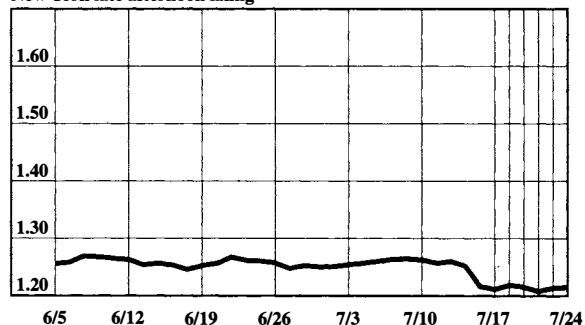
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Mexico conference maps out strategy for defeating the IMF

by Valerie Rush

On July 19, the Fifth National Forum, “Yes, There Is Life after the Death of the International Monetary Fund,” was held in Hermosillo, Sonora. Over 220 delegates, from scores of organizations representing more than a million members from around the country, met to discuss Mexico’s accelerated collapse—both economic and political—as part of a much larger crisis of the world monetary system. The meeting was the latest in a series of such initiatives, for the purpose of expanding the national movement launched with the First National Forum in the city of Guadalajara, a little over a year ago, on June 17, 1995.

The Hermosillo forum was opened by Sonora producer Adalberto Rosas, also a pre-candidate for governor within the opposition National Action Party (PAN). Rosas, who came into the National Forum movement at its inception, recalled that the movement had opposed the North American Free Trade Agreement and the free-trade policies of former Mexican President Carlos Salinas, from the very beginning. In his address (see *Documentation*), he notes that the Forum actually came into being in embryonic form in 1992-93, with discussions among businessmen, farmers, and others from various states, on how to avert the collapse of the agricultural sector.

In August 1993, these same activists organized a tractorcade to demand an audience with then-President Salinas. The audience was won, and Salinas was given a no-holds-barred lecture on how his free-trade policies were destroying the nation’s ability to feed itself, and that a national financial crisis was imminent if those policies continued. Salinas ignored the warnings, leading to the December 1994 peso meltdown, and current conditions of virtual insolvency of the Mexican economy.

In the three years since that meeting with Salinas, where does Mexico stand? Food shortages are widespread and consumption has collapsed, the fate of Mexico’s pensioners has been thrown onto the futures market, the national debt—both domestic and foreign—is paralyzing the economy, the nation’s prime assets have been sold off, and the petrochemical industry is now on the auction block. The political institutions are in an advanced state of collapse as well, with destabiliza-

tion campaigns against the Presidency and against the ruling Institutional Revolutionary Party (PRI) being financed and promoted by an international financial community frustrated with President Ernesto Zedillo’s foot-dragging on privatization of the state oil company.

One of those destabilization campaigns is the so-called El Barzón “debtors movement,” which has received extensive and favorable publicity by the organs of Wall Street and the City of London. The National Forum movement has repeatedly warned that El Barzón was an enemy operation, created to channel legitimate discontent over the economy into one-worldist proposals, such as the securitization of the country’s debt, and was destined to end up siding with the narco-terrorists against the country’s legitimate institutions. In the days leading up to the Hermosillo event, El Barzón’s national leaders signed a “mutual defense pact” with the Zapatista narco-terrorists in Chiapas, leaving the National Forum movement standing alone as the only credible alternative.

Discussion at the Fifth National Forum centered around the various manifestations of the dying world financial order—the international food crisis, the \$500 billion a year dope trade, the spread of narco-terrorism, etc.—and on the kinds of economic policies that can be adopted to turn the crisis around. International messages of support were received from across Ibero-America, as well as from the United States, Canada, Australia, Russia, and elsewhere (see *Documentation*).

Attention was focused on the so-called “LaRouche Plan,” draft legislation for a bankruptcy organization of the economy based on the economic proposals of U.S. Presidential pre-candidate and statesman Lyndon LaRouche. Such a bill has already been submitted to the legislatures of both Mexico and Argentina, and constitutes the centerpiece of an organizing process begun in Mexico, and now ready to move continentally. Among various resolutions passed by those attending the Fifth National Forum was the decision to convoke a continent-wide mobilization against the International Monetary Fund for Oct. 9-12. The 220 conference delegates also condemned the “Nazi-style policies” of Pennsylvania Gov. Tom Ridge, whose austerity policies threaten the lives of

thousands in his state, and who falls into the category of those who “knew or should have known” that their policies were genocidal.

The National Forum took place one week before the convening of an international conference of narco-terrorists and their supporters in Chiapas, the stronghold of the Zapatista National Liberation Army. That July 27-Aug. 3 meeting, plus another one immediately preceding it of the Castro-founded São Paulo Forum, in San Salvador, El Salvador, will supposedly consider alternatives to the problems of “neo-liberalism.” In fact, what they represent is a modern-day recreation of Fidel Castro’s “Tricontinental International” from the 1960s. Attending these meetings, among others, will be Che Guevara’s old sidekick Régis Debray, Danielle Mitterrand, the Sandinistas’ Daniel Ortega, Mexico’s own Cuauhtémoc Cárdenas, and Cuba’s Communist leaders.

Documentation

The following is the opening speech given by Adalberto Rosas López, gubernatorial candidate in the Mexican state of Sonora for the opposition PAN party, to attendees at the Fifth National Forum entitled “Yes, There Is Life after the Death of the International Monetary Fund.” Subheads have been added.

I would like to thank all the organizations which convoked this Fifth National Forum, “Yes, There Is Life after the Death of the International Monetary Fund,” for granting me the honor of offering all of you an enthusiastic and cordial welcome, especially to our invited international guests.

We have come to this forum as the result of a systematic national mobilization, which was formally launched on June 17, 1995 in the city of Guadalajara, site of the First National Forum.

I was able to participate in the beginning of this series of national meetings, which, after Jalisco, were also held in the state of Nuevo León, in Mexico City, and in the state of Guanajuato. As can be seen, in the period of one year, we have held these five national events, which demonstrate a significant effort to contribute with a competent body of ideas to confronting the deep crisis that our country, and the world economy, face today.

While this organizing process was formally begun with the First National Forum held in Jalisco, the reality is that, as agricultural producers, we had already begun to realize since mid-1992 that the indiscriminate trade opening put into practice as of 1986, the disappearance of price guarantees, the constant decline in prices, the permanent rise in costs, and the scandalous growth in interest rates, would take us to a

situation of insolvency and accelerated decapitalization.

Warning of this, we took the initiative of issuing an open call to all producers, businessmen, and researchers to begin a discussion that would enable us to make a realistic evaluation of the state of affairs of the agricultural sector, and to also determine whether the government’s free-trade economic strategy would lead us in the right direction.

In these late-1992 discussions, we were able to gather a great deal of information on the level of deterioration of the national agricultural sector, and in those same discussions, we had access to the analytical tools provided by the Ibero-American Solidarity Movement, which enabled us to understand that the explosion of debt arrearages at the time was only a reflection of a mistaken economic strategy, and part of a world financial crisis.

Convinced of this, we broadened the discussion to producers in other states, holding meetings that same year (1992) in Jalisco, Sinaloa, and Baja California. It was in the state of Jalisco that we held one of these first meetings, with the outstanding help and participation of Engineer José Ramírez Yañez, at the time, mayor of Gómez Farfás municipality.

A tragic figure

During 1993, we undertook a series of actions that gained importance in August of that year, with a tractorcade from Ciudad Obregón to the port of Guaymas, to press for an audience with then-President [Carlos] Salinas [de Gortari], who at the time was visiting our state. That meeting with Salinas was held on Aug. 19, in the same port of Guaymas, where a group of producers, representing the coordinating body of the Permanent Forum of Rural Producers (FPPR), spoke through our friend Jaime Miranda Peláez, who read a document warning Salinas that his free-trade policy was going to lead to a serious national security problem for the country, because of our deteriorated capacity to produce our own food, and to a financial crisis that would endanger the national credit system.

We concluded that meeting by asking him not to sign the North American Free Trade Agreement with the United States and Canada. Salinas, a fanatic of his liberal dogmas, nonetheless ignored our forecasts and is today a tragic figure of national history.

But the proposal we made to Salinas was the same one we discussed in several meetings with producers on a national level, and which we took—backed by producers from Baja California, Sinaloa, Chihuahua, and Guanajuato—to the first national meeting held in Jalisco in September 1993, with the then-incipient Barzón movement. The problem we faced at that meeting was the refusal to recognize the need to challenge Salinas’s economic policy, and to grasp that the crisis of the agricultural sector jeopardized the government’s entire economic strategy.

We stuck to our proposals, and all those in positions of leadership and government responsibility, who foolishly de-



Leaders of the Permanent Forum of Rural Producers signing a letter to President Carlos Salinas de Gortari, on Aug. 19, 1993. The letter denounced the IMF's destruction of agriculture and the productive economy, and outlined a series of measures to reactivate the economy. Adalberto Rosas López, who addressed the Fifth National Forum, is third from the right.

fended the regime's economic policy, find themselves totally discredited today, with no intellectual authority to comment upon the future of the national economy. As a result, our authority and our organizational potential have grown enormously, more so because the diagnosis emerging from these national forums is based on two very good pieces of news: One, that the International Monetary Fund is dying; and second, that there is life after that death.

The oligarchy plans to 'tighten the screws'

This is the reality that many don't wish to face: that we are in the worst crisis of the postwar period. As even many international financial institutions are recognizing, this crisis has unleashed the disintegration of the international financial system, which seeks to save itself through the imposition of brutal austerity on debtor nations. The International Monetary Fund's managing director said as much on June 27 of this year during the meeting of the Group of Seven in France, when he admitted that "the world financial system is in pieces, and there is an urgent need to tighten the screws." Now, we all know what "tighten the screws" means, especially after the economic devastation experienced during 1995, which has placed the nation in a dangerous state of defenselessness. This is due, among other reasons, to our alarming need to import extraordinary quantities of food at a time when the world is suffering the worst food shortages of the last 30 years, and when we lack the financial ability

to make those purchases.

This is the challenge we Mexicans face, one which we must take up with courage and political determination. We must adapt to a truthful diagnosis of the national and international situation. We cannot indulge in the political irresponsibility of peddling illusions, presenting false signs of economic recovery. We must not commit the crime of saying the patient has the flu, when he really has cancer. We participate in the work of this Fifth National Forum, convinced that we are working with a movement that has had the courage to take full responsibility for the future course of the nation.

I sincerely believe, as I indicated in a recent conference, that what prevents us from making those crucial decisions which bind us to our nation's destiny, is the fear of change, of abandoning a belief structure which offers us a false sense of security, and which chains us to ideas which have already failed. In summary, it is the fear which has caused the great tragedies of nations, the old fear, based on that conformist and pessimistic adage, which says, "Better the devil you know, than the devil you don't."

To my friends at this forum, I say that there is nothing to fear. The truth must be the light which inspires change. Only truth gives legitimacy to change, and only truth can make us truly free.

We should not forget that what dignifies us as citizens and as people, is our ability to change, to seek perfection, and to contribute to the common good.

Mexico must break the chains of the IMF

The following resolutions were approved at the Fifth National Forum "Yes, There Is Life after the Death of the IMF," held in Hermosillo, Sonora on July 19. Subheads have been added.

We, the delegates and attendees at the Fifth National Forum, "Yes, There Is Life after the Death of the IMF," gathered in Hermosillo, Sonora (Mexico), on July 19, 1996, resolve to:

1. Urge the federal government to break the chains imposed on it by the International Monetary Fund (IMF), regarding budgetary and public investment policies, to undertake on an emergency basis, an aggressive policy of investment in grain production to permit districts under irrigation to maximize the availability of water and significantly increase food production.

Were this not done, the country would be wracked by hunger and social unrest, as a result of the drastic fall in food production and consumption provoked by irrational free-trade policies, and particularly by the North American Free Trade Agreement, coinciding with the worst drought in years.

This national picture is aggravated by a fall in world grain production, a severe reduction in international reserves, and an increase in their prices.

This emergency plan should have as its point of departure the fact that 80% of the debt and arrearages of rural producers is illegitimate and should be forgiven. Monetary measures such as the securitization of the debt are a desperate attempt by the IMF and creditor banks to squeeze out the last pound of flesh from debtors, and we totally repudiate these. We have no reason to sacrifice ourselves on the altar of the international financial system, now in irrevocable disintegration, thanks to usury and speculation.

2. We support Mexico's retirees in their fight against the system of forced savings, or *Afores*, because this scheme for privatization of social security and pensions represents blatant robbery of their income, and jeopardizes their pensions by tossing them onto the world gambling casino, which the secondary market has become. By the same token, we denounce the privatization project imposed by the IMF and creditor banks, especially the plan to privatize Pemex and the petrochemical sector.

3. We energetically condemn the Nazi-style policies of Pennsylvania Gov. Tom Ridge, involving cuts in health care which will cause the deaths of thousands of poor workers and indigents. We agree with Democratic Presidential candidate Lyndon LaRouche, that Tom Ridge falls into the category of

those who were tried at Nuremberg, who "knew or should have known" that their policies would result in genocide, and therefore commit ourselves to mobilizing international support to impeach him.

We also firmly support H.B. 2833, presented to the Pennsylvania State Assembly by the president of the Black (and Hispanic) Caucus, Harold James, together with legislators Benjamin Ramos, Tadeus Kirkland, LeAnna Washington, and John Meyers, which calls for imposing a 0.2% tax on such financial transactions as stocks, bonds, derivatives and others, in order to cover the fiscal deficit.

This bill is an example for all nations to follow, as H.B. 2833 specifies, in order to "discourage the speculative financial activity which destroys the economic welfare" of states and their citizens, and "encourage stable investments and job creation" as well as "increase the state's revenues without causing harm to the lives or health of its people."

Exonerate LaRouche

4. We urge U.S. President William Clinton to end, once and for all, the monstrous injustice committed against Lyndon LaRouche and his associates.

We demand the exoneration of Mr. LaRouche, now free on parole after having served five years in jail, and the freedom and exoneration of his colleagues, currently serving prison sentences: Mike Billington, Paul Gallagher, Anita Gallagher, Laurence Hecht, and Donald Phau.

5. We denounce the fact that the ill-named "International Forum against Neo-Liberalism and for Humanity," planned for July 28-Aug. 6 in La Realidad, Chiapas, and convened by the narco-terrorist EZLN [Zapatista National Liberation Army], has as its real purpose the formalization of the new "Terrorist Tricontinental," under the command of its longtime commander, Fidel Castro. This new Tricontinental operates as an irregular army at the service of British imperialism and its liberal allies in Washington and on Wall Street, in their ferocious attempt to destroy national sovereignty, dismantle vital institutions such as the armed forces and the Catholic Church, and loot nations of such strategic resources as oil. This narco-terrorist new Tricontinental openly supports "globalization," both of the economy—that is, neo-liberalism [free trade]—as well as of politics that seeks the elimination of the sovereign nation-state. It is nothing but imperialism's puppets.

We therefore demand that the three branches of government apply the Constitution, and consider this event an assault on our sovereignty, a threat to our national security and territorial integrity.

6. We support the July 15 declaration issued by the Latin American Bishops Conference (CELAM), which clearly identifies Ibero-America's foreign debt as illegitimate, a product of illegal usury, which bleeds the continent's economies. We support CELAM's call for said debt to be forgiven,

a proposal inspired by the powerful Judeo-Christian tradition of the Jubilee, recently taken up by Pope John Paul II.

7. We convene the First Continental Ibero-American Solidarity Conference, "Yes, There Is Life after the Death of the IMF," to take place next Oct. 9-12 in the largest possible number of nations and cities of the Ibero-American *Patria Grande* (Greater Fatherland), to create a common bloc of the region's debtor nations, whose task it will be to promote the bankruptcy reorganization of the IMF system, and to create a new one which forbids usury while guaranteeing agro-industrial development. In several of our countries we have already presented to our respective legislatures a Bill to Reactivate the National Economy, also known as the "LaRouche Plan," to attain these goals. This plan includes provisions to:

- create a new financial and monetary system to replace the IMF;
- eliminate the autonomy of the central bank and establish a sovereign National Bank, owned by the state, which will establish a new internal monetary policy, oriented toward credit issuance for infrastructure projects;
- impose exchange controls and declare a moratorium on foreign debt;
- establish an independent commission to determine the illegitimate portion of foreign as well as domestic debt to be forgiven; and
- reject free trade, and agreements such as NAFTA, and in their place, promote Ibero-American integration.

We invite all of the continent's patriots—trade unionists, businessmen, students, public officials, clergy, or military personnel—to support this bill with their signatures.

To culminate the First Continental Conference, we also convene the Sixth National and Continental Forum, "Yes, There Is Life after the Death of the IMF," to take place in Mexico City, next Oct. 11-12.

Greetings to the Forum

The following are excerpts of messages sent to the Fifth National Forum "Yes, There Is Life after the Death of the IMF."

Col. Mohamed Ali Seinedin, president of the Movement for National Identity and Ibero-American Integration (Mineii):

Dear friends, compatriots from Ibero America: The challenge today, which you are leading from that blessed Mexican soil, is to find and show the way toward the definitive emancipation from all foreign domination, regardless of its cover. None of our nations obtained its independence as a gift. The current reality teaches us that the preservation of our dignity as free men, demands from us the permanent exercise and defense of that right. We must love liberty more, and yearn for it more, than the powerful lust and desire to subjugate us. . . .

Craig Isherwood, national secretary, Citizens Electoral

Council of Australia:

On behalf of the Citizens Electoral Council of Australia, representing the hopes and wishes of the many Australians who have followed the efforts and struggles of the Ibero-American people, against the evils of the International Monetary Fund and the policies of economic rationalism, we bring warm greetings.

As Mr. LaRouche has said on numerous occasions, the crisis which civilization now faces, can go for "better" or for "worse." We applaud your Forum's sustained, potent efforts to ensure that the world, as a whole, becomes better. This can only be done, as sovereign nations endorse and nurture the means for their citizens to act as true human beings, and not as bestialized slaves. Life for your nations and for ours and for the rest of the world is dependent on the death of the IMF, and the reestablishment of the principle of "man in the image of God."

Luis Carlos Heinze, Municipal Prefecture of São Borja, Rio Grande do Sul, Brazil:

At a time that our brothers among the Mexican producers are involved in organizing a movement seeking improvements for agriculture, we cannot fail to transmit from here our support, and our hopes that your gathering will be as successful as on other occasions.

We are also experiencing the most serious agricultural crisis in years, caused by a government of technocrats which invested \$30 billion in bailing out the banks, leaving agriculture and those who depend on it, totally unprotected. . . .

We continue to fight for what is ours. Evidence of this is the recent mobilization led by producers of São Borja who, on July 9, 1996, parked their agricultural machinery in front of the Municipal Prefecture, demanding that they be decreed objects of public good. . . .

It only remains for me to wish you a successful event, out of which new ideas may emerge in search of the revitalization of the agriculture of Mexico, and of the entire Ibero-American people. . . .

Dr. Taras Muranivsky, professor, president of Schiller Institute for Science and Culture in Moscow:

My best wishes for the success of your forum, in the name of many scientists and parliamentarians of Russia and Ukraine! After the visits of Lyndon LaRouche, Marivilia Carrasco, Dennis Small, and Karl Michael Vitt to Russia and Ukraine, and their lectures about the activity of the IMF, the existing situation in Mexico and the rest of Ibero-America is well known to us. We also much better understand the dangerous results of IMF activity in our countries. . . .

You help us to understand our problems, and we support your forum, and hope it could well prove to be the most significant so far.

The British rush to take over Peru

Even as their financial Titanic sinks, the British are scurrying to take possession of Peru's physical assets.

The House of Windsor and its business partners, who have been buying up physical goods around the globe to protect themselves from the imminent sinking of the financial *Titanic*, have discovered an "El Dorado" in Peru, whose primary products—including the coca trade—have fallen increasingly under British control, along with the majority of the national territory. The British also dominate the internal sale of most basic consumer products.

Territory: Several of the House of Windsor's main companies, such as Anglo-Dutch Shell, Rio Tinto Zinc, Newmont, Unilever, Inchcape, Cargill, and Bunge and Born, all operate in Peru. Rio Tinto Zinc alone has received 670,000 hectares in mining concessions, out of a total of 17 million hectares dedicated to mining. The Peruvian government has handed over 13 million hectares in oil concessions, while 9.4 million hectares are ecological reserves, dominated by affiliates of Prince Philip's World Wide Fund for Nature.

If we add the 1.5 million hectares either sown with, or deforested to grow coca, the raw material for making cocaine, we reach the astounding sum of 40 million hectares, fully one-third of Peruvian national territory. And, a new assault is already being prepared to snatch 822,924 hectares of the best coastal agricultural lands from sugar cooperatives, by forcing them to swap the land as debt payment, to the benefit of new "investors." To facilitate this process, the new Law of Lands and Waters has reversed the 1969 Agrarian Reform.

Mining: Newmont, Phelps Dodge,

Asarco, Marc Rich and Co., and their associates dominate mining exports, Peru's traditional source of foreign exchange. Yanacocha, Newmont's gold "super-mine," has put Peru in second place in gold production in all of Ibero-America, and promises to move it to first place. Rio Tinto, Anglo-American, Barrick, Placer Dome, Phelps Dodge, and others have taken over a large number of the country's mining projects.

The Peruvian government is betting on its mining exports as the magic answer to its payments crisis, which came to light in 1995. The Peruvian government is hoping for \$7.8 billion in mining investments over the next eight years, but it is clear that the mines that have been seized by the House of Windsor's "intelligence capital," are nothing more than a temporary refuge in the face of the imminent collapse of the global financial bubble, a collapse which has been forecast by Lyndon H. LaRouche. That is why the British are not bothering to "invest."

Just how tenuous that refuge is, is shown by the recent collapse of copper prices, triggered by the Sumitomo bank crisis in Japan, which drove down the copper stocks of Southern Peru, Ibero-America's second largest mining company, and Peru's export earnings along with them.

Oil: Occidental Petroleum is the largest oil-exploiter in Peru, but the government has already handed over the gigantic Camisea gas deposits to Shell-Mobil, which, together with Chevron and Texaco, already controls the domestic sales of lubricants and fuels in Peru.

Food: Nestlé, Unilever, Inchcape, Pepsico, and RJ Nabisco control a large portion of the domestic sales of mass-consumption food products, while Cargill, Marc Rich and Co., Bunge and Born, and Purina provide a large percentage of Peru's food imports.

Debt: Companies not directly controlled by the British cabal are either its clients, or its debtors. The greatest control is exercised through business debt owned by J.P. Morgan, Morgan Grenfell, ING Baring Bank, and Barclays Bank. For example, ING Baring Bank, which runs corporate banking operations in Peru, has \$1.2 billion worth of outstanding credit with Peruvian companies. Private foreign debt has grown some \$12 billion since 1991. At the same time, 64.5% of the value of stocks on the Peruvian stock exchange is in the hands of foreigners. Among these, Great Britain occupies second place, after the United States.

Re-insertion: The key to Peru's return to the colonial status it has held for the greater part of this century, was its 1990 "re-insertion" into the world financial community through the International Monetary Fund, and the adjustment and privatization policies it has imposed. Already in 1992, Peruvian assets were worth but one-fifth of their real value, thanks to IMF-dictated shock treatment, trade opening, and the shutoff of state credit.

Privatization, which has accelerated dramatically since 1994, has been run by House of Windsor banks such as Morgan Grenfell and ING. Two of Peru's directors of privatization have gone to work, openly, for the British. One of these, Carlos Montoya, was, until recently, in charge of Peru's privatization program, COPRI. Today he is the representative in Peru of Britain's Flemming Latin Pacific Peru S.A.

Will Germans ever land on Mars?

Budget-cutters and ecologists are threatening the existence of the German aerospace sector—with help from the British.

Compared to other budgets, the planned cut of 2.5% in the FY 1997 budget of the Ministry of Research and Technology appeared rather small. This comes in close connection, however, with cuts in the defense budget—which affects many R&D projects in aerospace, as well. These cuts involve vital “investment” funds for long-term projects, which, argue the budget-balancers, produce no short-term revenue; according to them, private industry should do more and relieve the state of its financial burdens.

No doubt German industry can and should do more; but, as far as the genuine, long-term interests of a leading industrial nation like Germany are concerned, the state has a crucial part to play, and cannot “opt out,” not least, because other governments are giving considerable support to their national aerospace sectors. And because that is the reality, in spite of all that neo-liberal economic propaganda alleging that “more deregulation is needed in Germany,” the aerospace industry is quite embarrassed at the Bonn budget-cutters.

On July 5, Manfred Bischoff, president of the national association of aerospace enterprises (DLR), denounced the planned budget cuts as “the wrong signal, if Germany wants to remain a leading industrial nation into the next century.” Bischoff continued that “given the ongoing restructuring of the aerospace industry in Europe, Germany is threatened with being turned into a pawn on the chessboards of other European nations.” Although he did not name names, everybody knew he meant the British and

the French, who are not very interested in a strong German aerospace sector.

The maneuvering against the Germans has intensified, even after reunification in 1990 (which influential circles in London and Paris opposed), and even more so, since London and Paris resolved a year ago, to build up a front against the Clinton administration and what they see as “its German proxy on the continent.”

The new Anglo-French Entente Cordiale, as recently as mid-July, was successful in outmaneuvering the Germans over a profitable aerospace agreement with China, and having an Anglo-French group get the contract to design a Chinese regional air carrier.

The British have also tried to sabotage the Franco-German cooperation, especially in space research and the new Ariane-5 launch vehicle. Ironically, the British have had most of their success not by talking to the French, but by convincing the Germans that space research budgets absorb too much money. The German government has been in the forefront, in recent years, in efforts to downsize state-funded European space programs, to scrap “costly” manned space missions that have no immediate commercial results. Instead, commercial satellite launchings which are said to bring short-term revenues, are being pushed.

But it is in the field of manned space missions, that the Germans have a technological margin that the British and French, who have always been more interested in the immediate military benefit of space projects, do not

have. German space engineers developed and built the module for the 1980s NASA Columbus space station mission, and they have also designed numerous key components for scientific exploratory missions, to prepare for manned missions to the Moon and Mars.

A team of engineers in Marburg has just presented their prototype of a relay satellite, Amsat P3-D, which has been designed for a role in Mars missions. It is intended to serve as a reliable “telephone cell in space,” in an orbiter near Mars, to transmit vital data between the exploratory probes on the Martian surface and Earth. A German component also serves an unmanned mission of Russia to the red planet, Mars 96, which will be launched at the end of this year.

Impressive as these contributions may look, they are a result of programs that were authorized 5 or 10 years ago. There is no such program in Bonn at present.

The German-born leading NASA staffer, Jesco von Puttkamer, who in the 1960s worked with Wernher von Braun’s Apollo project, had some warnings for the Germans, when he came to receive an honorary degree from the University of Saarbrücken on July 15. In an interview with the weekend supplement of the July 6-7 *Berliner Morgenpost*, which mostly dealt with the future of the Mars missions, he said that it was quite absurd that “Germany, which is where many of the space travel pioneers originated, has cancelled its involvement for the rest of this century, and thereby has decoupled from the moving train.

“If a country like Germany hesitates for much longer, it could wake up one day and realize that it has turned from a supplier into a client, because others meanwhile have explored the potentials of outer space,” Von Puttkamer warned.

Business Briefs

Labor

Japanese urge U.S. firms to educate workers

Ray K. Tsuchiyama, head of Japan's Ministry of International Trade and Industry, looking at the General Motors decision to build a major auto industry in Thailand, wrote on June 25 that "if GM and other U.S. car makers want to emulate the success story of Japanese car companies in Thailand, they should establish or sponsor agencies with educators who can assist in a long-term research and development building program in Thailand."

Japan, since the 1960s, has been the primary backer of the two leading technical institutes in Thailand, has trained over 100,000 engineers through the Thai-Japan Technology Promotion Association, and trained 500 interns in Japan.

Tsuchiyama acknowledges one major source of his concern: "GM's other option will be to raid staff from the country's already established Japanese car plants."

Africa

OAU forms group for industrialization

For the first time, leaders of African nations gathered to discuss the industrialization of the continent, at the Organization of African Unity summit in Yaounde, Cameroon, on July 8-10, China's Xinhua news agency reported. The summit passed a motion to create the first-ever Alliance for Africa's Industrialization (AAI).

There has been little progress in industrializing Africa since the Lagos Plan of Action in 1980. The contribution of the industrial sector to Africa's Gross Domestic Product has been falling, and is now below 5% in many countries; in addition, Africa has been more and more marginalized in the world economy.

"We still have to spend billions of dollars every year to import expensive industrial products with our limited pool of hard cur-

rency, earned by exporting our cheap raw materials," said Vijay Makhan, OAU deputy secretary-general for the economy. "That is why there is an emergency for industrialization for Africa." Makhan is a vehement advocate of continent-wide economic integration, and is known as Mr. AEC, or "African Economic Community." "African industrialization is an ambitious dream, but a realistic dream," he said.

Also at the summit was Mauricio Campos, of the UN Industrial Development Organization, who is claiming that Africa has finally entered a period of political stability and economic recovery, and that his organization has a long-term plan to build African industry, and will dedicate \$70 million for industrializing the continent. He referred to the Ivory Coast, Ghana, and Cameroon, which have all been cooperating with UNIDO.

An all-Africa private-sector forum will be held in Accra, Ghana, later this year to work out detailed guidance for the AAI.

Trade

Italy's Lombardy region opens center in China

Roberto Formigoni, president of the Lombardy region, went to China in July for a one-week official visit, together with 140 Italian industrialists, the regional minister for Productive Activities, and the head of the Institute of Foreign Trade, *Lombardia Notizie* reported on July 17. The delegation visited Shanghai, where it inaugurated a permanent trade center, as well as an industrial fair representing 2,500 Italian industries (chemical, machine tool, steel, textiles, and food processing). It visited Tianjin, the main harbor city, and Beijing, meeting Chinese authorities involved in the Tianjin Economic Technological Development Area project.

Alberto Guglielmo, Lombardy minister for Productive Activities, emphasized the importance of the visit, because "Italy cannot stay out of the great opportunities opened by developments in China."

On the way back to Milan, Formigoni

referred to the crisis in the current international monetary system: "We return from our mission in China with more precise ideas and more precise projects. We also have something to tell the Italian government, as well as the institutions which regulate foreign trade, in the context of the present credit and financial system. There are problems and needs to face, answers to be given in the shortest time possible." Formigoni is one of the Italian parliamentarians who endorsed the call to President William Clinton to exonerate Lyndon LaRouche.

Asia

Railway to link Malaysia to Kazakhstan proposed

Prime Minister of Malaysia Dr. Mahathir Mohamad, who made a five-day state visit to Kazakhstan and Kyrgyzstan in July, said that the Trans-Asia railway line connecting Southeast Asia with China could be linked to Kazakhstan, providing an important rail and road link among East Asia, Russia, and Europe, the Malaysian *Straits Times* reported on July 19.

Mahathir said that it would be the logical step eventually to link this system, which runs from Singapore to Kunming, China, with the railway system in Central Asia passing through Kazakhstan.

"Kazakhstan is indeed located in a strategic position in Euro-Asia between China, an important neighbor which is in the process of becoming an important economic power, and the Russian Federation in the north, and to the west, the whole of the European continent," he said at a dinner hosted by Kazakhstan President Nursultan Nazarbayev in Almaty, Kazakhstan.

Mahathir said that Kazakhstan would give many land-bound Central Asian nations access to the sea; he referred to the fact that Kazakhstan has gained access to the Persian Gulf through the recently completed Iran-Turkmenistan railway.

By the end of this year, Malaysia is to host a meeting attended by representatives from the members of the Association of

Southeast Asian Nations (ASEAN) and Laos, Burma, and Cambodia to discuss the Trans-Asian Railway Project. The agenda reportedly will cover the financial and technical aspects of the projects.

Mahathir has taken a leading role in promoting construction of railways and other transport, connecting peninsular Malaysia-Singapore with the Mekong River nations, and moving west into Central Asia. In Kyrgyzstan, he penned an agreement for Malaysian investment in the Taldy-Vulak Levoberezhny gold mining project.

Australia

Budget cuts will cause recession, experts warn

The debate over the Australian federal government's International Monetary Fund (IMF)-approved plans to slash \$8 billion from the commonwealth budget over two years, gained intensity recently, when 114 economists signed a statement condemning the budget plans as "economically irresponsible" and in danger of pushing the economy into a recession, the Melbourne *Age* reported on July 6.

The statement said that the cuts would inevitably cause job losses, but would not reduce the deficit, because of the lower tax revenues flowing from reduced growth. Instead, it calls for increased spending to boost infrastructure, jobs, industry, and regional development. "Savage expenditure cuts are economically irresponsible and socially damaging," the statement said.

Kenneth Davidson, the economics writer for the *Age*, attacked the government's deficit reduction plans as unnecessary, and described the deficit reduction plan as "a propaganda device, based on improbable projections, pretending to be forecasts." The only intellectual justification of present policy were two recent reports, by the IMF and OECD, of a joint study of 62 industrialized countries. Davidson estimated that, "based on IMF criteria, Australia would have to cut public debt by about \$15 billion over two years to be successful. . . . This means that, if the underlying structural defi-

cit figure of \$8 billion is to be believed, some \$22 billion would have to be cut out of government spending over the next two years. Anything less in the way of cuts would be defined as unsuccessful. This potential \$22 billion in cuts represents about 19% of the federal budget!"

Space

Manned missions to Mars getting more attention

Once the preparatory and necessary research on radiation and non-gravity effects on humans has been done, the first manned mission to Mars can be launched by no later than the year 2018 or 2019, Jesco von Puttkamer, director of the NASA planning section, said in an interview with the Saarland radio station in Germany on July 15.

Puttkamer, whose latest book about the colonization of Mars is entitled *The Millennium Project*, said that the completion of the planned Alpha space station is instrumental for the mission, and the flight to Mars could start from there, at feasible costs.

The exploration of space should be viewed "as a cultural process that will transform the world, like the sea voyages of Columbus did at the end of the 15th century, and the opening of the New World which followed that," Puttkamer said.

Puttkamer also said that space projects are job-creators: For example, the (much-reduced) Alpha project for an international space station is generating 42,000 highly qualified jobs in the United States alone. By comparison, the giant Mars project is expected to create new jobs in the range of upwards of 1 million. Those that will explore the potentials of outer space now, will be the ones that will be among the most-advanced nations in the next century, he said.

Meanwhile, upcoming missions to Mars were discussed at the biennial meeting of the Committee on Space Research, which was held at Birmingham University, U.K. in July. Four missions are scheduled, with tasks including mapping the surface of Mars, studying weather, atmospheric, and soil conditions, and searching for water.

KAZAKHSTAN President Nursultan Nazarbayev announced July 18 that his nation and Malaysia have signed an \$800 million deal for construction of hydropower plants on the Almaty and Taldy-Kurgan rivers, and have agreed to establish an air connection. The national banks of the two countries also agreed to boost bilateral trade and investment.

THE LION'S SHARE of British investment will go to Kwazulu-Natal, according to KwaZulu-Natal Marketing Initiative Chairman Peet Marais, who accompanied South African President Nelson Mandela to Britain in July. One provincial official said that the strong historic ties between the British and the people of Kwazulu "should not be underestimated."

NIGERIA'S first deep-sea port, at Onne, near Port Harcourt, was expected to begin operation in July with the completion of the Federal Ocean Terminal, the July 15 London *Guardian* reported.

FOOD PRICES in the United States will rise 6-8% this coming year, because of skyrocketing crop prices, analysts at the Food and Agricultural Policy Research Institute, based at the University of Missouri, said in a study released July 12. U.S. food prices have risen an annual average of 2% in the 1990s.

A PROTOTYPE for floating nuclear power plants, with a capacity of 70 megawatts, is to be built in 1997 at a facility in Murmansk at a cost of about \$160 million, the German daily *Die Welt* reported on July 16. Such plants could be floated into place along coasts or rivers, ideal for many Third World nations.

THE GERMAN Finance Ministry plans to increase the stock capital of the Frankfurt-based Credit Institution for Reconstruction from DM 1 billion (\$625 million) to DM 10 billion, the German daily *Die Welt* reported on July 19. It could "emerge as even bigger than Deutsche Bank," one banking source said.

Our choice: world reconstruction, or world dictatorship

by Helga Zepp LaRouche

The following is edited from Helga Zepp LaRouche's presentation to a Washington, D.C. seminar hosted by EIR, on July 17. The keynote was delivered earlier by her husband, Democratic Presidential pre-candidate Lyndon LaRouche, who focussed his remarks on the strategic significance of the campaign to impeach Pennsylvania Gov. Tom Ridge, whose budget-cutting policies are the paradigm for a fascist United States, under the dictatorship of the so-called Contract with America.

What I want to do, is to counterpose two completely different approaches for how to relate to the strategic and economic reality in the world, which are right now both on the agenda. The question of which of the approaches will be the dominant one, will determine your history, your fate, that of your children, and your grandchildren. Therefore, it is advisable that you very quickly become familiar with these two fighting tendencies, which right now are in completely opposite directions.

On the one side—and that this is not an unimportant matter, you can see by the fact that two weeks ago, in Lyons in France, there was the G-7 summit.* The G-7 is the Group of Seven most important industrialized countries—that's the United States, Japan, Germany, Canada, France, Italy, and Great Britain. They met to discuss the condition of the world, and for the first time, they had in that meeting—and that represents a real coup, a coup which, if not defeated, will be devastating—they conducted this meeting not only in the presence of Mr. Chernomyrdin, in replacement for Yeltsin, whose health was very bad, but in the presence of the heads of the United Nations (Boutros-Ghali), the International Monetary Fund (IMF), the World Bank, and the World Trade Organization.

Basically, what was discussed at that meeting, was nothing less than to establish

* See also *EIR*, July 19, "G-7 Leaders Reach New 'Munich Pact' at Lyons Summit."—ed.



Helga and Lyndon LaRouche in Berlin, October 1988. It was there, that Mr. LaRouche outlined a comprehensive proposal for East-West collaboration on economic development projects spanning Eurasia, to break the world free of British geopolitics. Today, China has adopted a very similar perspective, as reflected in the May 7-9 Beijing conference on the New Eurasian Continental Bridge, which Mrs. LaRouche addressed.

world dictatorship by these supranational institutions.

This meeting, however, had two levels: One was for the credulous masses—it put out nice words, nice documents—and these words were completely “virtual reality.” They had as much to do with the real world as any computer game you may be watching: basically nothing.

It is very clear that if that scenario, which was discussed in Lyons, would become the dominant one, the world would end up in an absolute catastrophe.

Now, the alternative, about which I’m going to speak some more today, is another reality which is emerging, which is totally in this real world already existent, and that is the emergence of the Eurasian land-bridge, the new Eurasian land-bridge, as the potential cornerstone of a global economic reconstruction, including the United States, Ibero-America, and Africa.

The success of the latter obviously requires a financial reorganization of the type Mr. LaRouche has been talking about this morning, and it means to return to the kind of strategic alliance which existed under Franklin D. Roosevelt, when the United States was allied with Russia and China. And, these three powers have to be united against the British Empire, which today has made its tools these international/supranational organizations—the World Bank, the IMF, the World Trade Organization.

Now, if we go in the direction of building the Eurasian land-bridge, as I will show you later, there is every reason for optimism. As a matter of fact, we are probably right now,

closer to the biggest economic miracle in the history of mankind than you know. This may sound miraculous to you, but I can assure you that there are parts of the world which are completely different, which are absolutely not so culturally pessimistic, not so downtrodden, and not willing to roll over and die, as many people in the United States and in western Europe seem to be.

I will go into this in a second, but let me just tell you: Which of these two scenarios would prevail, global world dictatorship or global reconstruction around the Eurasian land-bridge? This is not something which will be decided in the distant future. It may be that this decision will be forced upon the President of the United States even before the end of the election campaign. He, obviously, doesn’t like that, because people want to have their election campaigns be peaceful, they want to have their elections not interrupted by collapses of world systems.

But, we are right now very close to it, and I hope that you are not among those unfortunate suckers (I don’t know if that’s a word one can use), of people who have invested all their savings in mutual funds. I hope you didn’t do that, because what you can see already, is that the people who have been doing that for the last years, and especially the last 12 months, have been used by the big moneybags to put their savings into these futures funds to speculate on the stock market, so that the mutual funds would be a gigantic buffer, to absorb the coming disruptions, of which you can see already now the first rumblings.

First, a week ago, or two weeks ago, the U.S. bond market was being shaken up. Now, yesterday and the day before, the stock markets around the world were collapsing by 3, 4%, and this is just the rumblings of much larger shake-ups to come. So, the little people went into these operations, and the big families and moneybags, they have diverted their finances into more durable commodities: all kinds of food, strategic metals, gold, and other more stable investments.

But, as I said, this decision may come, because the collapse of the system is very close, and that actually was already known in Lyons, and that was the real background behind that nice surface. But, let me first say a couple of words about this surface.

Lyons communiqué: a supranational 'Mein Kampf'

They put out an economic communiqué, an economic joint declaration, at this heads of states summit in Lyons, under the title "Making a Success of Globalization for the Benefit of All."

Now, this document, actually, if you have some time and interest, it's really worth looking at it, because when Hitler wrote *Mein Kampf*, a lot of people later claimed they never read that document, and that all the evil came from the fact that nobody really had read in time what he had written.



LaRouche Campaign Is On the Internet!

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

TO REACH the LaRouche page on the Internet:

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

TO REACH the campaign by electronic mail:

larouche@clark.net

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

This document, while it is in nice diplomatic language, contains actually an incredible collection of lies. And, given the fact that Chirac is the author of it, that should not be a surprise. Somebody mooted that Chirac may actually be a Freemason, because only a Mason could produce so many lies in one document.

Behind the scenes, however, there was panic, panic about a systemic crisis. There were violent attacks, in which President Chirac and Major from Great Britain ganged up against President Clinton, and there was violent shouting. And, they demanded more cuts in the U.S. budget. They claimed that despite the conservative fiscal policies of the Clinton administration, he's still much too dirigistic, and he should do what the Republicans are demanding: Cut the budget. So, the British and the Republicans right now are actually demanding the same thing for the United States.

Now, the biggest lie of this document, was the thesis: First of all, they say "globalization of the world economy is irreversible. There's nothing you can do, and it has led to a considerable expansion of wealth and prosperity in the world."

Now, if you look at the effect of globalization, what it did to the United States: It destroyed productive work places, and, naturally, it opened the way for many cheap, unproductive jobs. But, it has destroyed some of the more expensive, skilled jobs. In Europe, it had a devastating effect. Europe right now is crumbling as a result of it. Russia today has about 20% of the capacities of industry it had four years ago. So you can imagine what the Russian economy looks like. Ukraine is even worse. And, if you go into places like Africa, they are, right now, with very few bright spots and exceptions, Africa is right now a dying continent.

So, to say that globalization of the economy has led to an increase in the world's wealth, is just a horrible lie.

Then, it says that "Since the summit in Halifax, the economic development has been on the whole positive and disparities of economic performance among us have been narrowing." Now, if you look at the fact that in the United States alone, the rich are becoming more rich, the ten upper percent are becoming more stinking rich by the day, while 80% of the American population is becoming poorer, that same scissors development goes for the rest of the world even more, where you only have a very tiny group of speculators who become richer, while the vast majority of the world is plunging into poverty, hunger, and disease.

They say, "Admittedly, some European countries experienced a slowdown," but "we are confident that things will get better in the second half of this year," which has as much worth as reading your horoscope in the morning.

So, the document, however—and now comes the part where I say the comparison to *Mein Kampf* is legitimate—admits that "because of globalization of the economy, the poorer countries may accentuate their inequality and certain parts of the world could become marginalized."

What is called so nicely “marginalized,” is that, simply, certain parts of the world—Africa, Latin America, large parts of Asia, but, also, parts of the United States, parts of the cities in the United States, parts of Europe—should become white spots on the land map, where there’s no development, where chaos rules, the mafia dominates, and so forth.

They say that because of this marginalization of part of the world, therefore, we need world dictatorship. And, what they mean by that, is that from now on, apart from the governments that decide world policy, there should be a permanent decision-making body which should meet regularly: the UN secretary general, the IMF managing director, the World Bank president, and the director general of the World Trade Organization. They should form a world dictatorship, and they should impose global economic policies, which comes down to global fascist economics, because if you look at what the balanced budget policy does for the United States, that is exactly the same thing as what the Maastricht Treaty does for Europe, what the IMF conditionalities do for eastern Europe, for Russia, and for the so-called Third World.

They basically admitted in Lyons, to themselves: The system is collapsing, and the only way we will deal with it, is by world dictatorship. Now, that will not function, obviously, because you can have dictators ruling over chaos, and the chaos will be victorious, because, you know, chaos is really not controllable.

So, in a seminar before the summit, the head of the IMF, Camdessus, actually admitted to a small, selected audience of economists, that the system is in pieces, and that a collapse of the entire financial system could erupt at any moment. That was the head of the IMF admitting that.

Now, we know what could trigger this. (Despite all the glorious remarks about Russia, Yeltsin in “good health,” which poor Mr. Gore, for some reason, found Yeltsin to be, while all the Russian media say how swollen Yeltsin is, how bad he looks. People in the European media make comparisons to Brezhnev, to Andropov, to Chernenko, who were kept on artificial life-saving machines for a long time after they had been dead already. So, I don’t know why Mr. Gore finds Mr. Yeltsin in such “good health.”) But, one thing is clear: that the Russian economy is about to die. And, every expert in Europe, at least, knows that the official bankruptcy declaration is due to come within this year, because Yeltsin just threw around money, buying this voter group, buying that voter group. But, now his pockets are empty, and so is the Russian economy, and the whole collapse of the system may be triggered by a bankruptcy of Russia. That’s right now one of the most likely trigger points.

But, so is Japan, where, everybody knows, more Sumitomo bank scandals are on the way, and many other factors around the world, many Barings Banks are on the horizon.

All right. So, that’s virtual reality. Lyons will go into history as having had nothing to contribute to solve the world’s problems. I think the only good thing which happened

in Lyons, is that the British and the French behaved so hostilely to President Clinton, that I think it reminded him of the problem. I think that’s the *only* positive outcome of this summit, and you can see, actually, a couple of positive initiatives by Clinton in the aftermath, reflecting that.

Eurasian land-bridge conference in Beijing

Now, there is a concrete alternative on the table. You may not know about it from other media than our own, but I can assure you: There is an evolving, new economic system, which is very real.

I participated, with a whole delegation of the Schiller Institute, in a conference which took place in Beijing, from May 7-9; and the title of this conference was: International Symposium on Economic Development of the Regions Along the New Eurasian Continental Bridge.

This map shows the outline of the Chinese conception of the three different lines of the Eurasian land-bridge (**Figure 1**). And, you will remember our own Schiller Institute conception, which we published many years ago, and you can see the similarity.

This was actually a rather big international conference, with 460 experts and leading officials from 34 countries. And, what was presented there, was really a kind of thinking which is completely lacking in the West right now.

What different speakers, especially of the Chinese government but, also, of some governments from other countries in the region, were presenting there, was a grand strategy for the entire Eurasian land-mass, from the Pacific to the Atlantic: the idea of integrating that land-mass through a network of modern transport, maglev, high-speed railway, energy production and distribution, waterways, and communication infrastructure.

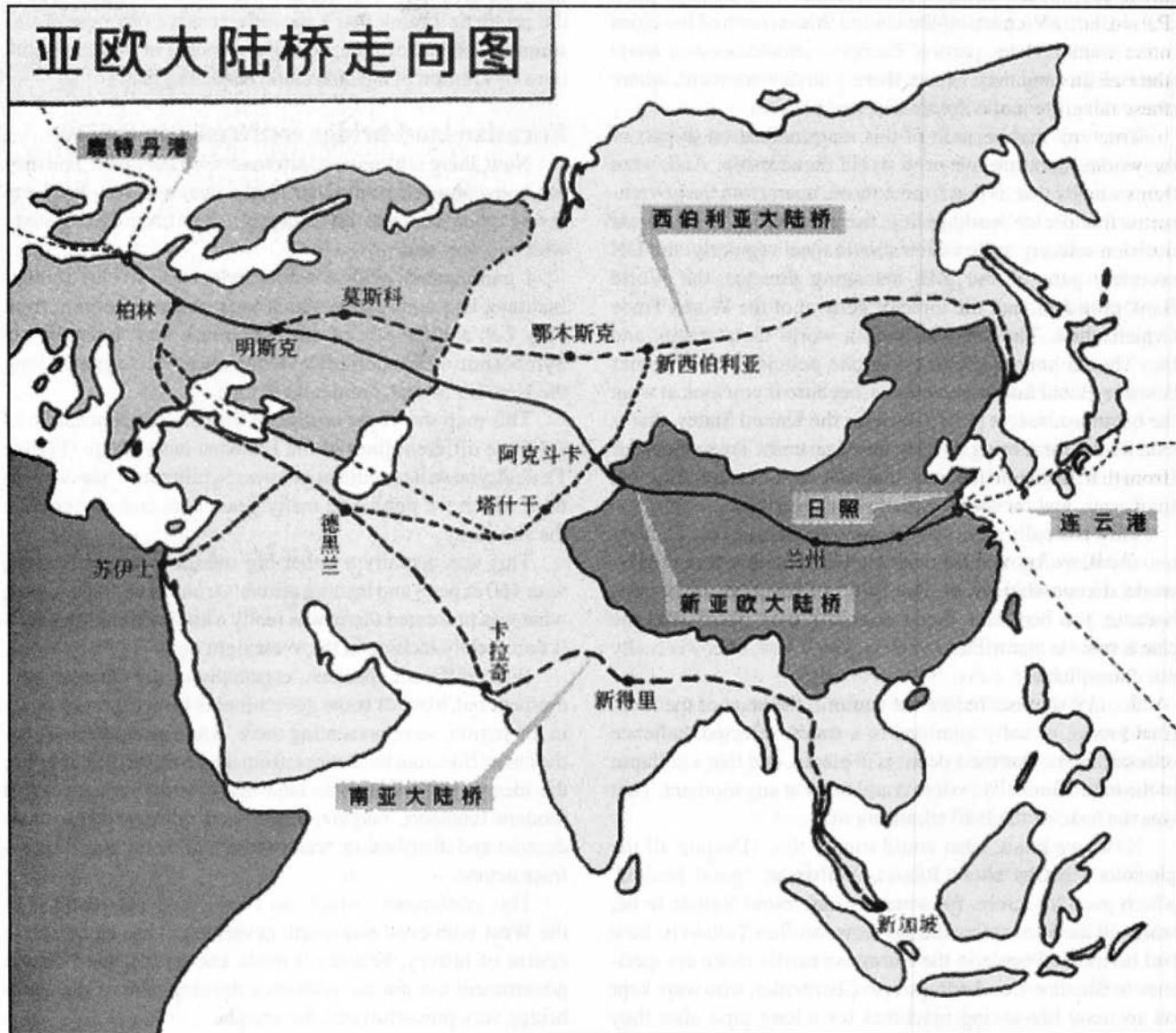
This conference, which, as I said, was not reported in the West with even one word, nevertheless has changed the course of history, because it made known that the Chinese government has put the economic development of this land-bridge very powerfully on the agenda.

In speech after speech, these officials gave a very impressive combination of infrastructure projects which are already either completed or in progress. They produced and distributed about 60 papers at this conference, and this was an official conference by the Chinese government. It was organized by the State Science and Technology Commission, the State Planning Commission, the Ministry of Foreign Trade and Economic Cooperation. And, it was co-sponsored by the UN Development Program, the World Bank, the European Commission, the Asian Development Bank, and a number of other institutions. Jonathan Tennenbaum and myself [both representing the Schiller Institute] were official speakers on the second day of the conference. And, one can actually say that both the Chinese approach and our own approach, were really very, very, very similar.

Now, just to give you a little review of how this came into

FIGURE 1

A Chinese view of the Northern, Middle, and Southern routes of the Eurasian Bridges



Courtesy of the Organizing Committee for the International Symposium on Economic Development of the Regions Along the Euro-Asia Continental Bridge.

being. The first comprehensive proposal going in the direction of developing the Eurasian land-mass, was made by my dear husband, the world-famous statesman and economist, Mr. LaRouche, at the Kempinsky Hotel in Berlin in 1988, on Oct. 12, where Lyn—and, I must say, if you look back, was really the only statesman of the whole world, at least the Western world, who anticipated the coming collapse of the Soviet Union. Because what he at that speech said, was that because of the economic difficulties which the Soviet Union was encountering at that time, that he would propose that Germany should unify soon, East and West Germany should unify, and that the unified Germany should take, as a model state, Poland,

to develop it with Western technologies, and then make the Polish example the key beginning, to develop all the countries of eastern Europe in the same way.

Well, it took exactly one year until the Iron Curtain came down, and things took their course. And, we know that that speech was studied very carefully in many capitals in western Europe and in eastern Europe.

Now, when the Berlin Wall came down in November of 1989, Lyn made the famous proposal of the Productive Triangle, taking the industrial region between Paris, Berlin, and Vienna, which incorporates a triangular region which, at that time, had the largest concentration of industry around the

world. And, develop this region even more, through high-technology investment, and then, through so-called development corridors, build the infrastructure from the triangle Paris-Berlin-Vienna to Warsaw, to Moscow, to Minsk; another track to Kiev, to the Black Sea, another one through the Balkans, connecting the Middle East. And, basically, use these development corridors, not only to have integrated infrastructure, high-speed railway, maglev, waterways, highways, energy, nuclear energy, as well as communications systems, but to use these corridors as arteries, where the infrastructure is the supply line, but then, about 50 kilometers on each side, you put industries, so that with the infrastructure, you bring the industrial development into eastern Europe, into those regions which were less developed, and especially which had suffered from communism.

The approach at that time, was *not* to close down the industries of eastern Europe, but, in a certain way, to use up those industries which were not competitive on the world market for infrastructure development, and then use the profit from that, to go into the next highest level of investment. And, that way, you could have brought the economic miracle of western Europe very quickly into the East.

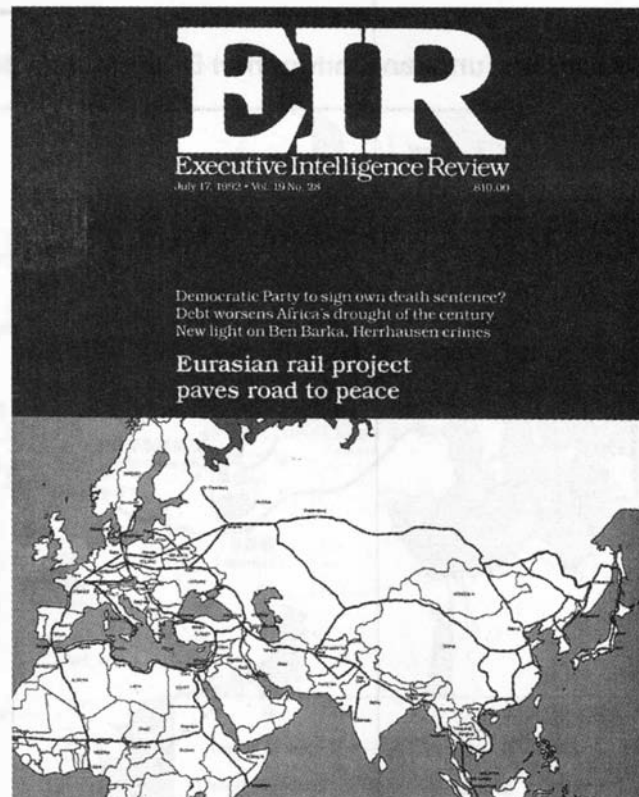
Well, we know that this did not happen, because the IMF instead imposed their rule, and, today, Russia is in an absolute catastrophe. So is Ukraine, and most of the other countries of the former Warsaw Pact.

Now, nevertheless, this proposal was put on the table. And, in 1991, when the Soviet Union collapsed, we expanded that proposal, not only to include eastern Europe, but to include China, Southeast Asia, South Asia, the whole Eurasian continent. Basically, we had a similar program, with three lines, A, B, C, in the north, the middle and the south.

A new economic era for mankind

Now, independent of what we did, the Chinese government, since 1985, was building railroads into Northern Xianjiang, and that was actually the precondition to make the connection to Central Asia and Europe. In 1990, the whole line of the new Eurasian Continental Bridge was connected, and put into operation for international use on Sept. 12, 1992. In 1994, the Chinese government decided on the development of the region along the bridge. And I would actually insist that the specific spread of Lyn's ideas in China, especially the idea of the corridor and the idea of science-driver, is something that clearly was absorbed by many countries in the region. Now in 1995, the Chinese government decided to set up the China-New Euro-Asia Continental Bridge Economic Corridor, and in 1996, in the spring, they incorporated this program into the Ninth Five Year Plan and into the outline of the 2010 Long-Term Development Target, with the explicit idea to speed up its development.

To make this actually possible, on April 26 of this year, there was a meeting in Shanghai with the leaders of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, who signed an agreement on the strengthening of military trust along the



EIR's cover story from July 17, 1992, "Eurasian Rail Project Paves Road to Peace," shows the three proposed rail routes spanning the land-bridge from the Pacific to the Atlantic.

border areas. This is actually very important, because if you want to have this economic integration, you must have agreements among these countries to really want that, and that was one extremely important step in this direction.

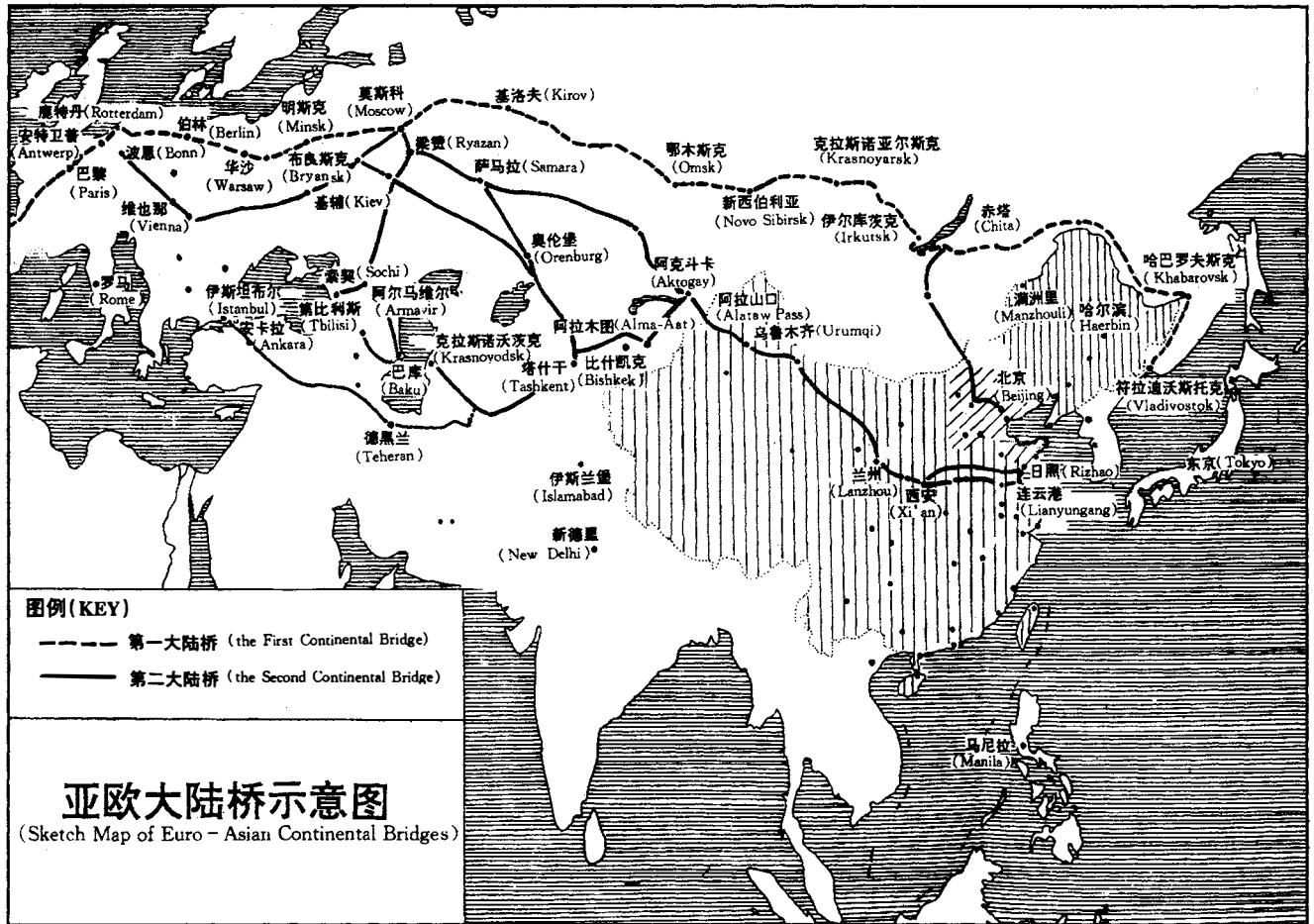
China's vision of the next century

Now, what the Chinese government has put, therefore, on the agenda, is a vision for the twenty-first century. And, I want to give you some of the quotes. There were many beautiful speeches given, some of which you can read in the *EIR* from June 14, but I want to give you some quotes from a very interesting speech by Mr. Rui Xingwen, who is the chairman of the China Development and Promotion Commission of the New Euro-Asia Continental Bridge.

What he talks about, is that this land-bridge actually constitutes the start of a new economic era for a new human civilization. He says that the land-bridge economy, "is a newly developed economic pattern in the world." It will bring human society into a new era. And then he says, "The term 'continental bridge' is a figurative one." What it means, is a "new, modern, transcontinental, international ocean-land corridor, which connects ocean transportation with land transportation directly by means of railways, as well as highways, aviation, ocean shipping, water transport, and pipeline transportation," and all of this will be done through computerized

FIGURE 2

The chief Eurasian Continental Bridge rail lines



Courtesy of Gao Zhengang, Editor, "A Study on the Strategic Significance of the New Euro-Asia Continental Bridge," Jinan, 1996.

container transportation. And, this will also be equipped with fiber optics communications facilities. There will be new industries, especially microelectronics, nuclear energy, biotechnology, and so forth.

Now, the Euro-Asia-Africa land-bridge across South Asia will go—and some people, indeed, want to involve it via the Middle East into Africa—will go across South Asia, Southeast Asia, West Asia, ending in Europe and in Africa, and the Euro-Asia-America continental bridge, will connect Asia via a dam or a tunnel across the Bering Strait.

So, "It is imaginable," he says, "that future human society will neither be hindered by oceans, nor be frustrated by severe cold, altitude, and desolation any longer. Transcontinental high-speed trains and expressways will circle the globe, and bring unprecedented new opportunities for existence, development . . . and sharing of science and technology, construction and operation of transcontinental energy, transport, and communications networks, and improvement and enhancement of the regional environment. All these aspects will help

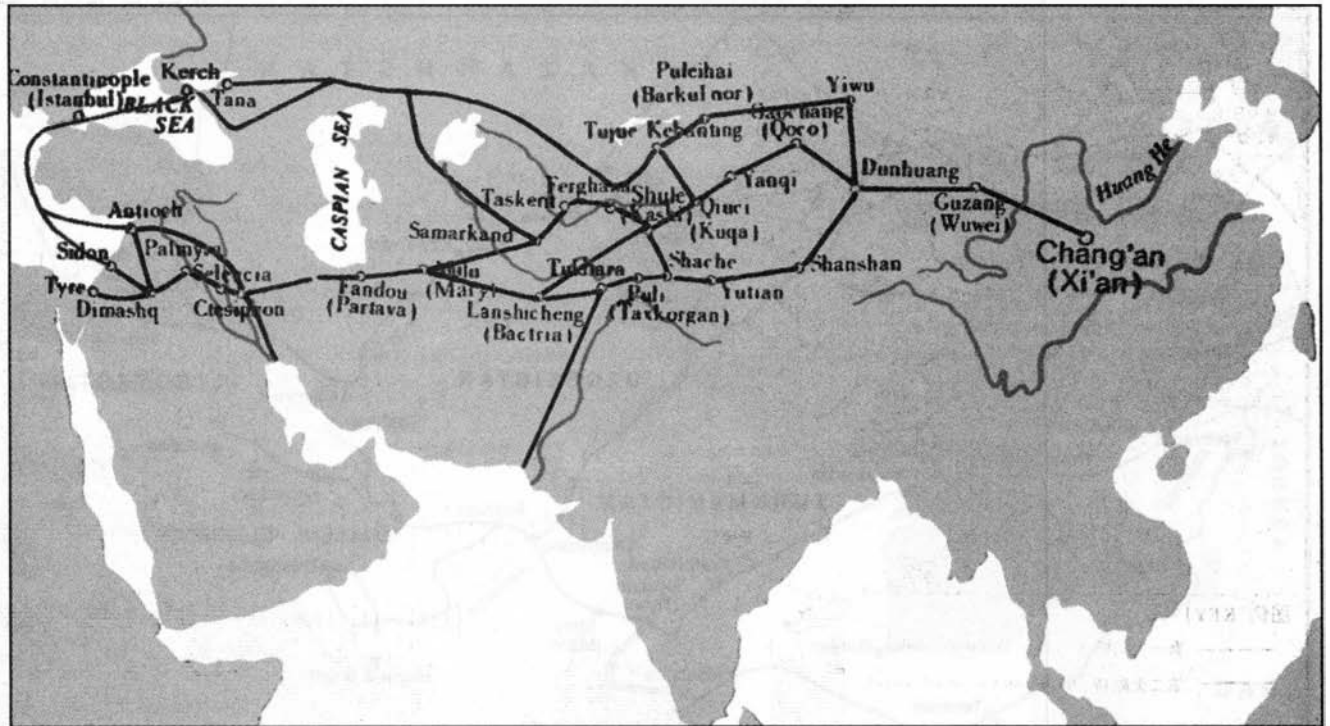
the land-bridge economy become prosperous; hence, human society will enter into a new era—the continental bridge era, which is the third development era of human society."

Now, it's a very interesting conception, because he says that you can divide human history into two periods up to now. One, was the river economy era, which was when the natural condition of rivers and oceans meant that the environment for human settlement was favorable, so the early phase of human development was along rivers, or along the seaside, and they did not go into the interior of the country much, because living conditions were just not convenient.

Then, the second phase (he separates this) was the sea-shore economy era, which was when the industrialization, the invention of the steam engine, the steamship, and similar things, enabled people to bridge larger distances, and the third, is the land-bridge economy era. And this, he says, will bring "advanced civilization and prosperity to the vast, backward, landlocked regions, to develop the undeveloped or underdeveloped areas now taking up 80.8% of the total land

FIGURE 3

Main land routes of the silk trade, circa 1100 A.D.



Source: *The Silk Road on Land and Sea*, China Pictorial Publishing Co.

area, and to exploit new development areas, discover new materials, make new cultivation, and form new environments for the existence and development of the human race.”

Why not take this approach? Why not develop the West in the United States? You have a whole part of the United States which is landlocked, very poorly populated, and should be opened up. So, with this conception of linking actually all continents, I think, except Australia—which is a little bit far off, but that’s not a problem, because you can ship there—but to link the whole world through this continental bridge system, is actually a very fascinating idea.

Now, the new Eurasian land-bridge (Figure 2), which goes from the ports of Lianyungang and Rizhao. These are two deep-water ports. The land-bridge is already connecting them with the port of Rotterdam in the Netherlands, and there was a big competition by Amsterdam, which wanted to be the link instead. This already spans a territory of 10,900 kilometers, and they said, this is a new economic region. It’s a gigantic international corridor which, to the East, links up to Northeast Asia and South Asia, and it can further connect to the western coastal cities of the United States. It connects to the west after a track transfer at the Alataw Pass in Xianjiang. It connects to Kazakhstan westward to Aktogay, and, from there, via three routes: the northern route, which you see on top, via the Siberian Railway to western Europe and northern Europe. Then you have a middle route which goes through

Russia, Belarus, Ukraine, Slovakia, Hungary, Austria, Switzerland, Germany, and France. Or, a second line in the middle route is through Central Asia, the Black Sea, Bulgaria, Romania, and Hungary, and, from there, to western Europe.

And then the southern route (Figure 3). This, by the way, is the old Silk Road, which existed around 1100 A.D., but that is actually not the oldest one. The oldest one existed 2,000 years ago (Figure 4). And, now, the southern road, which connects to Iran, Turkey, the Bosphorus Strait, Europe, the Middle East, and northern Africa.

Where you see two dotted lines, from Bafq to Bandar-Abbas and from Tajan to Mashhad—completion of that part, was very proudly announced at that conference by the deputy foreign minister of Iran, who said that now the Eurasian Silk Road land-bridge is connected to the Persian Gulf, and they did this, he very happily said, without any international help. They did it entirely with their own efforts, except the friendly support of Turkmenistan. And then on May 14, there was a big conference in Teheran, with the participation of 30 countries of the region, very proudly announcing the opening of that part of the railroad.

Now, what Rui Xingwen’s speech then further concluded, is that this program is in the interest both of the underdeveloped, as well as the developed countries, who have big economic problems themselves, and therefore, for them to participate in this, is actually in their own interest. He stressed the

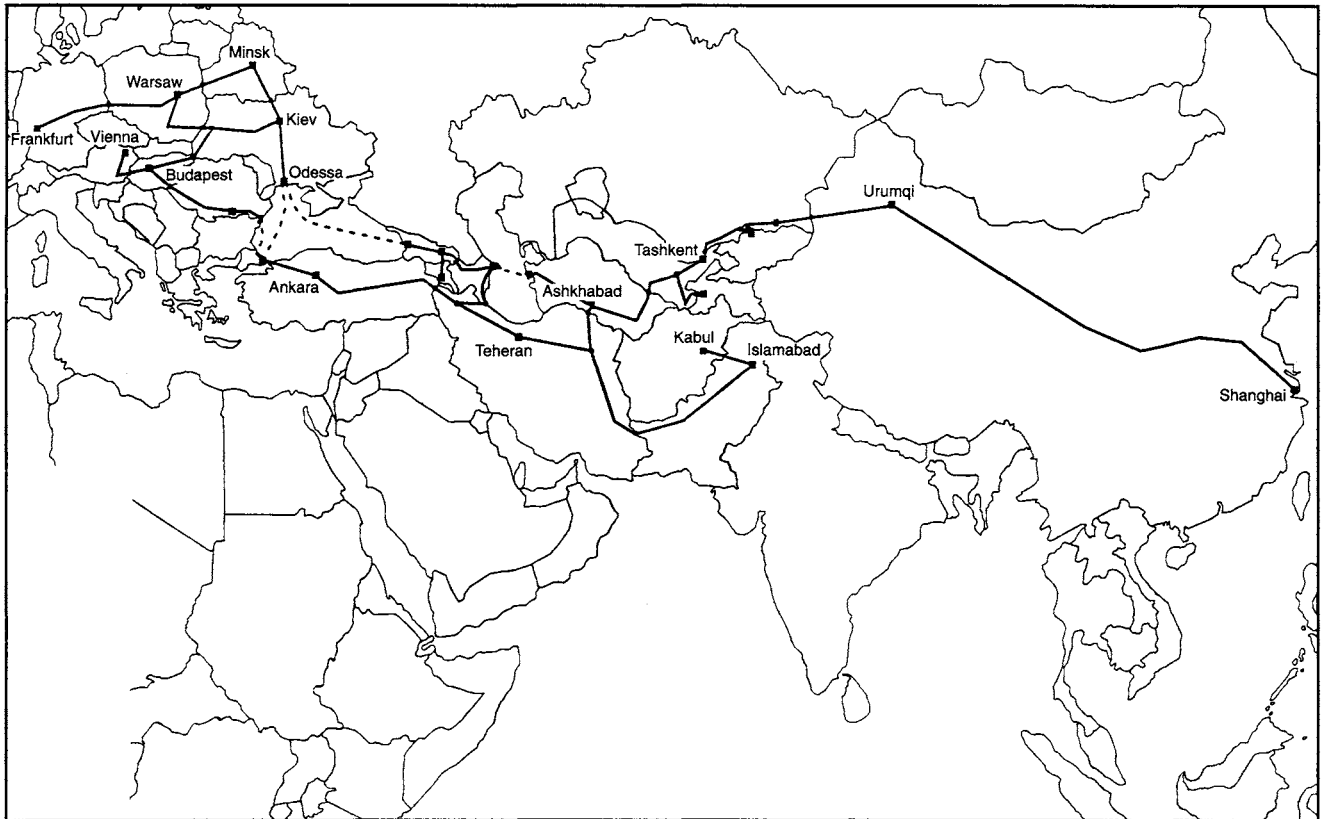
FIGURE 4

Central Asian rail link to Persian Gulf port is now complete



FIGURE 5

Sketch of the 'Trans-Asia-Europe Optical Cable Trunk System'



From paper of Wang Hongjian, Ministry of Post and Telecommunications of China.

extreme importance of basing this cooperation on defending the sovereignty of all participating countries, meaning that it should not be a supranational coordination, but that each sovereign nation-state participates in this project.

This (Figure 5) is an already-existing optical fiber cable which connects western Europe to the city of Shanghai. So, you have a trans-Asian-Europe optical cable trunk system, which will begin to function in April of next year. This will obviously improve communications tremendously.

Now, there were many other speeches at this conference. One, for example, was by a governor from a province who emphasized the importance of connecting Asia with the Paris-Berlin-Vienna Triangle. Now, who but us has used that conception? And, to bring development to China's west and center region, and it was stated explicitly by Chinese officials, that the aim was to raise the level of development of the western and middle regions of China, as quickly as possible to the level of the developed coastal area, and then to the level of the world.

Now, that means 1.2 billion people are on the road to being on the level of the world, by their goal of the year 2010. So, if these developments go well, by the year 2010—and the Americans better listen—China, not the United States—will

be the most powerful nation in the world, and they will be the largest economic power in the world. So, it's your choice: Do you want to join the Third World, or to join the Eurasian land-bridge?

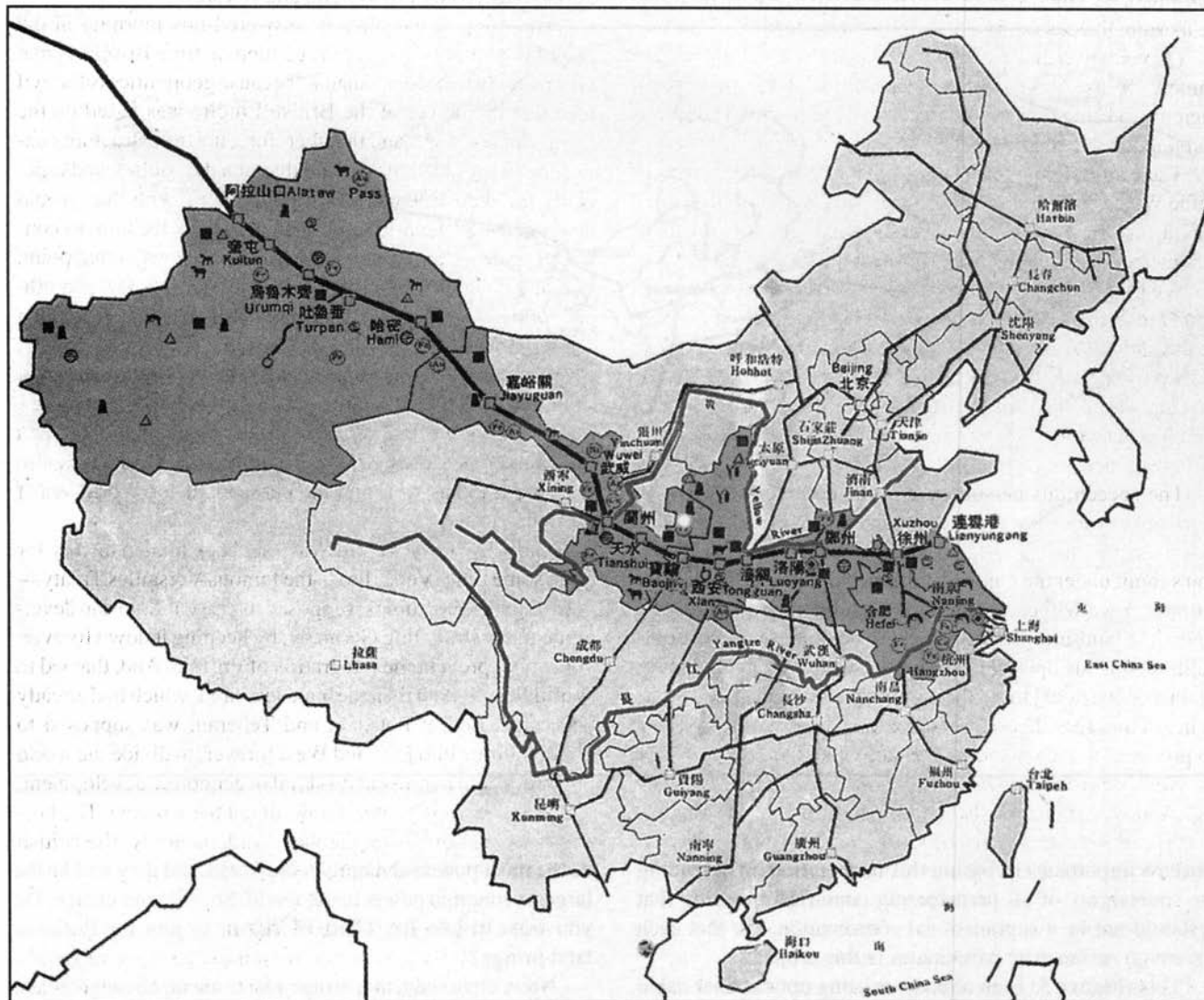
Now, obviously, this bridge will connect, already, as it is, hundreds of new cities—and we were actually proposing the construction of thousands of new cities along this land-bridge.

'Like pearls on a brilliant necklace'

This right now is the existing corridor (Figure 6), the dark area is the area where the development corridor is supposed to be, at least of one line, and, along this region, along the transport arteries, we are proposing the construction of thousands of new cities, new cities the size of 300,000 people to a million people, cities which are supposed to be either nuplex cities or science cities, with beautiful architecture. Not these strange malls which they build here now at every place in the United States, so that the whole United States looks, equally, every new shopping area looks exactly the same. No, no, no. We propose the use of beautiful ancient Chinese architecture with the construction of these new cities, this total emphasis on basic research and development. And, ears were very open for our ideas.

FIGURE 6

Chinese provinces along the new Eurasian Continental Bridge, with major rail connections



Courtesy of the Organizing Committee for the International Symposium on Economic Development of the Regions Along the Euro-Asia Continental Bridge.

Now, as I said, one of the governors said that the bridge connecting these hundreds of new cities will be like “pearls on a brilliant necklace,” and the Chinese have this beautiful language all the time, to give metaphor to beautiful ideas.

Now, one governor said, “the only way to narrow the difference between the inland areas, is to develop, in-depth, processing and high-technology industry in the inland areas, with their abundant resources, to promote continuous industrial growth, instead of sticking to the traditional model of supplying natural resources and primary products.” And that, again, is an idea Lyn has been proposing in the Pacific Basin program, in the 40-year India development program years ago. But now, people are picking it up.

The idea is: infrastructure not only for the exploitation of

raw materials in these areas, but to bring processing, to bring high technology, into the inland areas as quickly as possible, and to bring the level up. And, this has been our main criticism against China in the past, if you remember, that you had 20% of the country developed, and 80% not developed, and we always said that the big challenge for China would be to bring development to the countryside, to uplift the people in the poorer areas, and that’s exactly what they are doing right now.

The British Empire’s nightmare

Now, if you confront these two conceptions, the difference could not be clearer. The evil IMF world dictatorship, United Nations world dictatorship conception, which was expressed in the Lyons document, said, “Okay, too bad, global-

ization is irreversible. You can't do anything about it, and you'd better get used to it. Large parts of the world will be marginalized. Ghetto people will be marginalized, Africa will be marginalized, so, forget it—you will be dead."

Or you have that approach which is the exact opposite: namely, to use the advanced technology of the developed regions, to bring development to those areas which are poor and not developed.

Therefore, no matter if this conference was not reported in the Western media. What was presented at this conference, was a historic bombshell, because it has put forward two completely different agendas for the world.

We found out—which we knew before, because we were involved in this—this conference was in preparation for two years, and it was again and again postponed, mainly because of the key speaker from the European Commission, Sir Leon Brittan, who is the vice president of the European Commission, because it did not fit his schedule, so it was postponed and postponed.

The speech this person gave at the conference, was—if you want to know how the British think, then read that speech. It was an absolute insult, because the message was: Either you submit under the control of the world supranational institutions, or we will cause so much destabilization in the area where the land-bridge is supposed to be, that it will never be built. It was an open declaration of war, by Great Britain against China, and I think that anybody who read that speech, or heard that speech, on the side of the Chinese officials, had no problem in understanding it exactly like that.

Now, he insisted on *no dirigistic policies, no state financing*. And, you can actually see how absurd British thinking is: He proposed to build that beautiful, big land-bridge with—what? With a toll bridge system! And, he proposed to finance it by putting up toll booths along the way! You know, that's British thinking. No wonder that Great Britain is in such a wretched condition, if they have such ideas.

It is very clear, that right now, those forces, Great Britain, France, but also, you know, certain Republican networks in the United States, and other oligarchs around the world, are very, very freaked out about this development. Because this is detonating any effort to put the world under a balanced-budget regime, under Maastricht, under the IMF. And, there was actually an effort by the ASEM conference, that was the joint conference of the Association of Southeast Asian Nations (ASEAN) and European Commission in March, to impose the rule of the UN over the Eurasian land-bridge. I think they will not succeed.

Now, why is this such a hot issue? Because this idea of an integrated Eurasian land mass has been the British nightmare for more than 100 years. This is exactly what happened at the end of the last century, when France, under the leadership of Foreign Minister Gabriel Hanotaux, the German industry around George von Siemens, the Russian Count Sergei Witte, the Chinese Dr. Sun Yat-sen, and similar people, were, indeed, thinking of making use of railway and other connections

to integrate this part of the world in one economic zone. And, at that time, they were building the Baghdad Railway, the Paris-Vladivostok rail system, and so forth.

And, as Lyn has already answered this morning in the response to the question of the gentleman from Bosnia, at that point, the British went bananas, because geopolitics is the evil idea that the power of the British Empire was based on the control of sea trade, and that therefore, the infrastructure connection of the land areas would threaten the control, and especially the industrial explosion going along with that, would detonate the monetarist control coming from the famous control of trade—"buy cheap, sell dear"—and that at that point, you had geopoliticians like Mackinder, Haushofer, and others, who said, that if the Eurasian land mass develops, then the Atlantic Rim countries will become irrelevant, namely, England and the United States, under Teddy Roosevelt at that time, and therefore, the entire effort must be balance of power, and at that point, they organized the Entente Cordiale, and then the Triple Entente. They organized the Russo-Japanese war, the Balkans war, and the chessboard for World War I was set.

And, obviously, World War I set back human history for quite some time. Versailles—the famous Versailles Treaty—was, among other things, supposed to prevent Eurasian development. By strangling Germany, by keeping it down forever, you would prevent the integration of Eurasia. And, that led to World War II. And then the Yalta division, which had already been discussed at Potsdam and Teheran, was supposed to divide Europe into East and West forever, to divide the world into blocs, and to prevent this kind of economic development.

Now, obviously, this is now all out the window. The borders are open, this is on the way. And, naturally, the British are completely freaked out.

British plot to break up China

More recently, a very evil person by the name of Gerald Segal from IISS, the International Institute for Strategic Studies, has written a number of articles which make clear that the British policy right now, is to split China into five or more parts. The Taiwan issue is one. Look at Jesse Helms, here; what he is doing. The Tibet issue is another one. You have a gigantic Tibet lobby in Washington, that throws around money like—you know, they have champagne parties and all kinds of things, which poor Tibetan monks for sure don't have in Tibet. Somebody else is using this issue, using the Xianjiang Islamic population, using Hongkong. Hongkong will become part of China next year, and some people plan destabilizations by that, by bringing in Western and other influences.

So, anyway, at that conference in Beijing in May, the two China policies were put on the table. The Chinese government wants this, we want this; the Schiller Institute was very powerfully represented, and actually lauded. As a matter of fact, in all humble modesty, my speech was praised in the concluding summary as one of the best speeches there, so, there was total

praise for our intervention.

And, the British policy was also there: splitting China, keeping China down, and so forth.

Now, there is no question in my mind, that the Clinton administration—and I think, as I said, the Lyons shock probably helped to clarify matters—clearly took the side of the pro-China policy. Because National Security Adviser Anthony Lake was just in China, and both sides, the United States side and the Chinese, praised that visit as having been very successful, and opening a vision for the next century (see article, p. 39).

Now, I do not know what Mr. Lake discussed, but I can be absolutely sure that the Chinese did discuss this, because this is uppermost in their minds.

Therefore, the fact that the United States right now is becoming favorable in their relationship with China, is an extremely important strategic development, for reasons which I will discuss in a second; but let me just interject very briefly some reflections, because most of you have not been in China, therefore, I have to tell you a little bit more about my own experience.

How China has changed

I was in China not only in May, but already once 25 years ago. In 1971, as a young journalist, I spent late summer and the fall, about three months, there. And, I must tell you: When I came to Beijing this time, I had, for about three days, a real culture shock. I didn't recognize the place. I was, at that time, in Shanghai, in Tsingtao, in Tianjiang, in Beijing, and, from there, I had made many excursions to the countryside, factories. Every morning from six a.m. to midnight, I was traveling. I wanted to see everything.

So, I had in mind how the streets looked: hundreds and thousands of bicycles, rickshaws, donkey carts, maybe one or two cars. Well, right now, you go through Beijing (and I have heard it's the same in other cities), and you have a very good chance of ending up in a traffic jam, like at home. So, you will not be homesick because of a lack of traffic jam. You have hundreds of thousands of cars, totally packed. You still have a lot of bicycles, but you have at least as many cars.

All of Beijing is a gigantic construction site: modern hotels, modern headquarters of businesses, modern buildings, apartment buildings. Just endless construction and construction.

I went from Beijing to Tianjiang, which, 25 years ago, was a dirt hole. And now, it's a modern highway, in much better shape than your old highways here, no holes in the ground, everything smooth, with nice direction of the traffic, and so forth. So, it's totally changed.

I felt like a traveller in a time machine, because the gap was so different. I haven't been there in the meantime, and I came to a conclusion that, including South Korea, including Taiwan, including other countries, there is probably right now, no country on this planet which has experienced such a development in the last 25 years.

Now, Lyn was talking this morning about the change over the last 25 years in the United States, how, from the cultural optimism of the Kennedy years, the Apollo Project, how the United States has plunged into cultural pessimism, and people are downtrodden, and not really well-focussed. The same, for sure, is the case in Europe. The same, or worse, is the case in Russia.

You know, Lyn and I were in Russia two weeks earlier, and the difference—you can not imagine! Russia is falling apart. In Moscow, you hardly see construction, maybe in the suburbs here and there, but nothing compared to Beijing, or these parts of China.

Now, in Russia, as I said, you have, after four years of reform policy, about 20 to 30% of the former industrial potential left. It's a powderkeg as a result, while China is on the best way to becoming the leading economic power in the world.

Now, how was this possible? What is going on? I mean, I was shocked. And, I must really say, that even though I knew reports of how the economic development is going, it was a shocker for me, and I would not have had that comprehension, if I had not been there with this interval of 25 years.

The Cultural Revolution

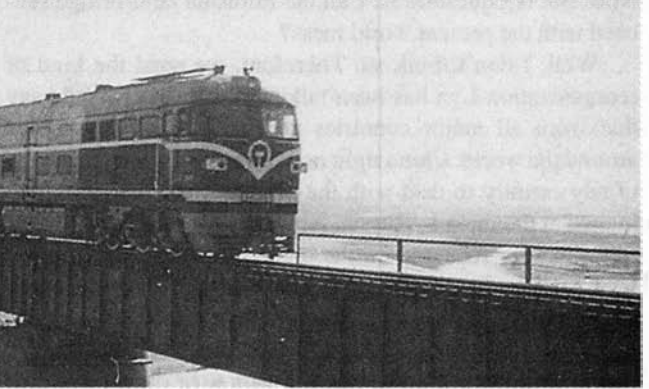
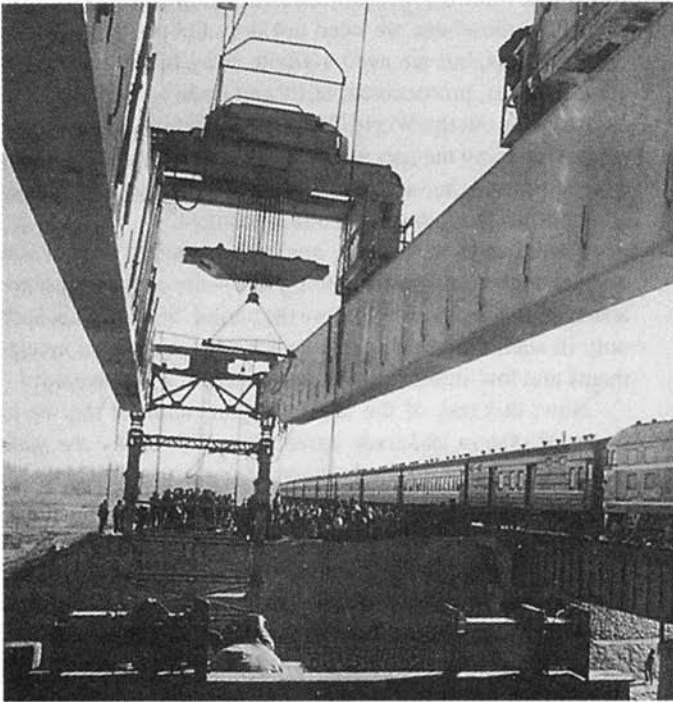
To understand what is going on there, you have to first look at what was the Cultural Revolution. Because when I was in China in 1971, this was in the middle of it, because it lasted from '66 to '76. And, today, many intellectuals in China compare this period of ten years, to the Nazi period in Germany. Many people say that they could not understand how a beautiful country like Germany, full of rich poets, thinkers, philosophers, composers, could plunge so deeply into the Nazi pit, until the Cultural Revolution occurred in China. Because, you know, that did to the Chinese mentality and Chinese culture exactly the same thing.

Now, what happened was that after the initial construction period of Maoism and socialism, Mao and the famous Gang of Four in 1966 had given a free hand to the Red Guards, which were these young, anarchist youth, to dismantle everything. They painted all the ancient culture red, they denounced practically every political opponent of the so-called reformer camp. There were permanent waves of persecution, denunciation, public denunciations. People were tortured. There was a tremendous waste of resources. There was about ten years of a complete deficit in education, which completely collapsed for that period.

The people who opposed this Maoist wave were called "counter-revolutionary revisionists," among them, Deng Xiaoping and many other people who later on became those who did the reforms. There was a complete cultural wasteland. The entire music in these ten years, was reduced to eight revolutionary Beijing operas, which were repeated over and over again. Nothing else was allowed.

The only books you could read, were the *Thoughts of Chairman Mao*. You had millions of books of Mao's thoughts, but nothing else.

After 25 years of post-industrial devastation and cultural pessimism, the U.S. rail system is ready for the junk heap, while China's industrial optimism has set it on the road toward becoming the leading economic power in the world.



So, at that point, there was an absolute destruction of science, any intellectual development. The Gang of Four put out statements like, "The more knowledge somebody possesses, the more reactionary he becomes." They praised the stupidest people. They said, "Workers without an education are preferable." To possess foreign books, bordered on treason. So you could not have foreign books from poets or thinkers.

So, the so-called continuers, those who said we have to continue the Socialist Revolution, actually, in reality, were oligarchs, because what it led to, is not only the personality cult of Mao, but also the rule of a small clique, while the majority of the population plunged into poverty and backwardness, and hunger was gripping the majority of the country.

A tremendous waste of resources: People sent the most educated people to the countryside, "to learn from the masses," which were actually work camps. So, nothing better could fit British geopolitical aims, than what Mao Zedong did. So, in that sense, he did, indeed, serve British interests, in a very direct way.

A shift in policy

Now, the change started to occur with a famous speech by Deng Xiaoping in March 1978 at a conference on national science, where he praised the leading role of science and technology in the development of the productivity of the labor force. And, that became policy then, in December '78, at the Third Plenum of the Eleventh Central Committee meeting,

and that constituted the beginning of these reforms.

Deng made another speech on Jan. 16, 1980, at a meeting of cadres about the main task for the '80s, where he identified modernization as the key for the solution of the domestic and international problems. And he said the remarkable sentence: "The role which we will play in international affairs, will be determined by the extent of our economic growth."

Now, things did not go without problems, and there were several personnel changes in the institutions, especially up to 1985. And, in the beginning of the reforms, many mistakes were made. There was a certain amount of bubble economy allowed in the free trade zones. But, after '93, the Chinese government took preliminary measures to curb speculation, to stop the liberalization of the economy, and one can say that if you compare what the official Chinese policy is today, that it is actually nearly the opposite of what it was during the Cultural Revolution.

As a result, the living standard of a large part of the population—I'm not saying, yet, the whole population—but a large part of the population, has gone up very significantly. But, equally, or maybe even more important, is the change I observed concerning the psychological condition of the people.

When I was there in '71—you have no idea: loudspeakers everywhere, revolutionary Beijing Opera beaming loud, *everywhere*. Propaganda, everywhere. People were afraid. People were crying. I met with some old people, especially in Shanghai, who told me their life stories, and they were actually in tears. People were really afraid, and paranoid,

very paranoid.

This has all, in a certain sense, disappeared. People are now calm, moving forward in a calm way, and there is optimism, there is a tremendous optimism. If you read the totality of all the speeches given by the governors of the different provinces at this conference, it was absolutely remarkable, how energetically and optimistically they were talking of bringing the development to their region, to their region, to their region. So, it was actually extremely joyful to see.

LaRouche's global economic reorganization plan

So, there is no question that the genie is out of the bottle. Now, the big question is: Can the Eurasian land-bridge succeed with the present world mess?

Well, I don't think so. Therefore, we need the kind of reorganization Lyn has been talking about, but I would say that from all major countries and not-so-major countries around the world, China right now is probably best-equipped of any country to deal with the present crisis, because they looked at the mess in Russia. Because of long historical ties, they are very focussed on the crisis in Russia. They do not want to experience that, for sure. They also looked very closely at the international situation. Lyn's analysis has been widely published: the collapse curve, the "financial AIDS" analysis, and so forth. They do not want to be drawn into that.

Now, what do we have to do, and what do we have to accomplish? The IMF system is hopelessly bankrupt. The only solution, is an orderly reorganization in the short term of the entire international financial system. As Lyn has been outlining, that means that the United States President must place the Federal Reserve System into receivership by the U.S. Treasury. The President then must secure emergency legislation from the Congress, which Article I of the Constitution gives the legal basis for, and establish a large issue of U.S. currency notes as a supplement to those Treasury notes which are already in circulation.

The President then must establish a National Bank, and launch an emergency national economic recovery program.

In the United States, there is no reason in the world why you can not start to do what the Chinese are doing: Pick those infrastructure programs which are absolutely vital, both new ones, like the Nawapa project, bringing down the water from Canada to those areas of the United States and Mexico which need it, and to renew old infrastructure. There is no need for most of the streets in the United States to be in such a horrible condition: New York, entire parts of New York are collapsing, when you drive along the wrong way, you can fall down any moment into these potholes, or other catastrophes.

So, the national emergency programs must be selected. And then, the necessary credit lines must be opened to start the economy. It is not much more than what Franklin D. Roosevelt did in the '40s, when he geared up the economy of the United States to enter World War II; only this time, we want the U.S. President to do this for peaceful purposes. *There*

is no reason why you can not gear up the economy with dirigistic measures for the well-being of the people.

Now, given the condition of the world, the U.S. reorganization must take into account the international economic situation, and therefore, we need not only the program for the United States, but we need a whole array of new, mutually advantageous, protectionist tariff and trade agreements. We have to wipe out the World Trade Organization, because they are only helping the speculators and the grain cartels, and we have to replace that with a new set of agreements benefitting all countries participating in this agreement.

There has to be stability among currencies. We have to go back to the old—or something like—the old gold-reserve arrangement, as it existed before the period '68 to '72, because only in such a climate, can you have the long-term investments and low-interest-rate-financed trade, which we need.

Now, this task of the rapid reorganization of the world financial system and trade agreements, is actually *the most important issue*. And, anybody who conducts political meetings, or foreign policy meetings, who does not think about that, who does not take that into account—it doesn't matter if you are in a state parliament, if you are in a national parliament: that is the primary reality of the world. The collapse is coming, the need to reorganize the system, and how to rebuild the world in time, before a catastrophe strikes. If you don't discuss that, then whatever else you discuss, is relatively irrelevant. Because if we don't do that, the world will plunge into a new dark age, of which Africa is only a foretaste of what is to come.

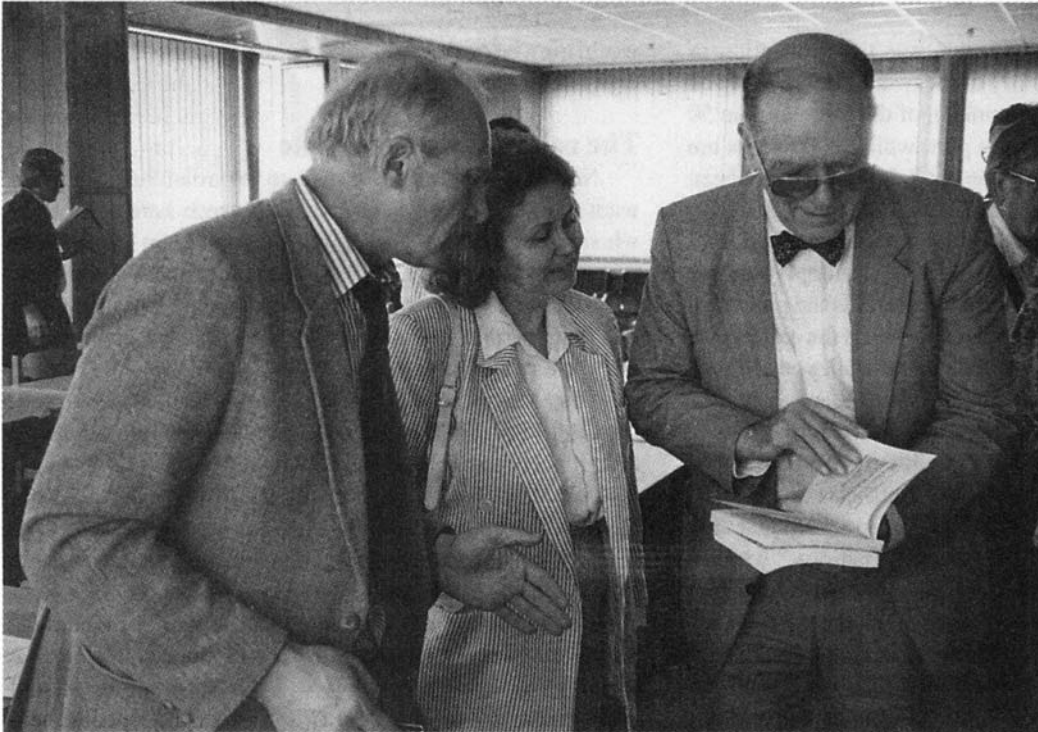
Now, who should do this? Obviously, without the United States, given its power position in the world right now, it can not be done. We need the United States, we need Russia, which will come to a point with the present idiocy reigning in Russia, it probably means that the collapse will force the issue on the table. And, we need China, because China is a positive factor in the equation right now.

We need such a combination, because the United States *alone* is *not* powerful enough to defeat the British Empire right now: "British Empire" meaning the control over world financial transactions, strategic raw materials, and so forth and so on; the food cartels, the UN, and the supranational institutions.

Now, the regional powers: Europe—unfortunately, they have let the historical momentum go out of their hand. I regret that deeply. You all remember '89, the jubilant opening of the Berlin Wall, where everybody said, correctly, that this was the greatest chance of Europe of this century, which it was. But, the leaders were not fit to use it.

Today, Europe is, unfortunately, nearly politically irrelevant. I'm still working to change that, and I don't give up, but right now, I don't think that the German government will do anything to spearhead any positive effort. They just don't. So, being a world citizen first, and a patriot second, I right now support this Three Power reorganization of the world.

Now, what we need, therefore, is that the United States



Lyndon LaRouche during his June 1995 visit to Russia, at the Institute of Economics in Moscow. There are forces in both Russia and China, and elsewhere, which strongly "desire the kind of political and economic reforms which necessarily lead to the sovereign nation-state," says Mrs. LaRouche.

and at least one other big power, maybe Russia, maybe China, and preferably a large group of smaller countries, reorganize the international debt, cancel the majority of the debt of the poorest. There is no point in dragging out the debt of Bosnia, the debt of Africa, the debt of other poor places—just cancel it! Reorganize some other debt. Create national banks, issue credit lines for these well-defined infrastructure programs along the Eurasian land-bridge, the U.S. reconstruction program, an Africa infrastructure program, Latin American development program, Eurasian-based global reconstruction program.

Now, it's easy. It could be done tomorrow, and it may be tomorrow, because the system may collapse tomorrow. So, I'm not talking about some far distant plans. But, one thing I can say for sure, is that this can not be discussed with traditional methods of diplomatic negotiations, because if you only talk about intellectual property rights and other stupid issues, you will get into clashes, and discontent is certain.

This can only be solved, if all the nations participating do that because they are directed to a common higher task, a common interest of mankind uniting us all.

The Confucian tradition today

Now, what is common among you and the Chinese, among me and the Russians, among the Africans and the Latin Americans? We all are gifted with creative reason, with the capability to form adequate hypotheses about the laws of the universe, leading to progress in the knowledge of mankind about these laws of the universe.

Even if Russia or China never were a true nation-state, in

the sense that America was constituted through the American Revolution, nevertheless, both in Russia, and in China, there are forces—even though in Russia, they are not in power right now—which express a very strong desire for the kind of political and economic reforms which necessarily lead to the sovereign nation-state. In Russia, the experience of the Schachtian economics of the collapse of the last four years, has catapulted that. It's not dominant right now, but they're there. In China: Sometimes, looking at the abyss—and the Cultural Revolution *was* the abyss—helps you to understand that you have to reverse course.

Now, in China, obviously, communism is still there. But, I don't think that that's the whole story. As a matter of fact, the most fascinating thing about China is that, when you talk to people there, you immediately notice that people do have an identity as one of the cultures representing one of the greatest of human civilization. They have a culture which is 4,000, 5,000 years old. They have contributed many inventions, long before they appeared in Europe: gunpowder, book printing, many other things.

So, there is the tradition of Confucianism, Confucianism which underwent many transformations. We had the neo-Confucianism, especially in the twelfth century, in the Song Dynasty. And you have today what I would call a "new Confucianism." I haven't found a better word for it, but it is clearly in this tradition.

Now, what is Confucianism all about? It's a moral teaching, and defines the highest task to bring society into cohesion with some form of natural law. It teaches that there must be a correspondence between the heavenly laws and moral laws

for mankind. So, for millennia, this was the foundation of culture in China, and the history of the twentieth century, and especially the history of communism, of the last less than 50 years, is really only a minuscule part, while 5,000 years are quite different, and especially the last 2,500 years have been characterized more by Confucian ideas.

One notion which is extremely important is the notion of *li*, which can be described as the need to develop your best potential, *each* of you. This actually represents the precondition for the ordering of any social cosmos. It's the expression of a cultured humanity. So, only if you do what you are supposed to do, are you in correspondence with *li*.

It's the same idea that Nicolaus of Cusa calls "the concordance in the macrocosm, is only possible through the maximum development of all microcosms." And, it's very interesting that one of the governors at this conference said that "the land-bridge will function like a cantata of nations," which I think is a very beautiful idea: like a beautiful song, to which each nation contributes.

Now, another very important notion is the notion of *ren*, which is a moral quality meaning love for man, and both *ren* and *li* mean that you have to be concerned about the common good. Now, for Confucian thinking, morality and power must represent a unity. Therefore, what Confucian thinking lends itself to, is what corresponds to the American idea that the

world must be organized in a community of principle of sovereign nation-states.

The role of the nation-state

Now, why is the nation-state so important? And, I really want to say this. Today, in Europe, there is hardly anybody who understands this. And, given the fact that in Lyons, there was just an attempt to establish a world dictatorship, eliminating the sovereignty of nations, let me restate why the sovereign nation-state is so important, if mankind is supposed to come out of this mess.

The nation-state, as it was developed in the fifteenth century, is the only form of government where the freedom of the individual is guaranteed. Because, if you have a supranational institution like the United Nations, the IMF, the World Bank, the WTO, well, you can forget about voting, because your fate will be decided by bureaucrats who are not accountable for their deeds to anybody.

The nation-state is the only form in which you have a representative system, where the elected representatives have a reciprocal legal relationship to both the government, and those who are governed. And they must, on the one side, help to develop the state to the maximum good, but they must also guarantee the maximum development of all individuals.

So, this actually also is the only way you can have account-

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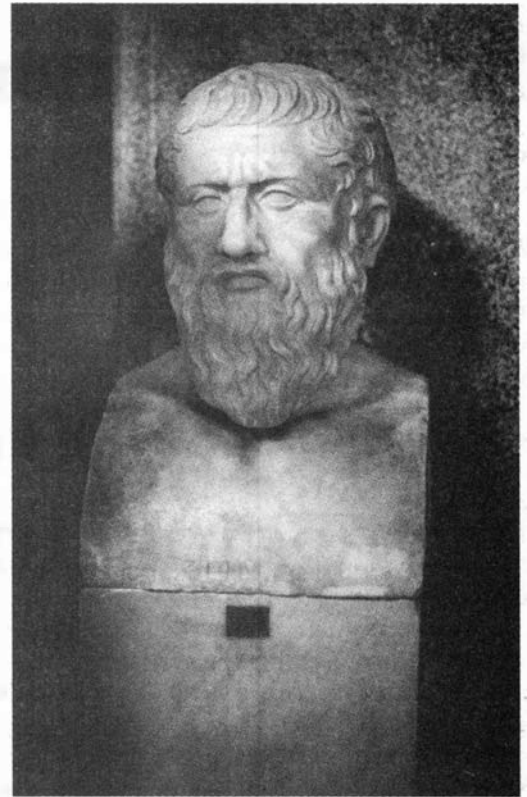
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Denver	1500	Santiago	1800
Detroit	1700	Sarajevo	2300
Dublin	2200	Seattle	1400
Gdansk	2300	Seoul	0700*
Guadalajara	1600	Shanghai	0600*
Havana	1700	Singapore	0530*
Helsinki	2400	Stockholm	2300
Ho Chi Minh City	0600*	Sydney	0800*
Honolulu	1200	Teheran	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*
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A statue of Confucius at the temple in Nanjing (left), and a bust of Plato in the Vatican Museum (right). The “new Confucianism” emerging in China, represents a return to the most profound values in the national heritage, values which are fully consonant with the legacy of Plato in the West. “I can assure you,” says Mrs. LaRouche, “that between Plato, Schiller, and Confucius, and Leibniz, there is no disagreement.”



ability, because people have to be re-elected. They have to prove to the people that they serve the common good, or else they will be voted out, and they must be devoted to the common good.

Now, one extremely important notion in the nation-state, everywhere around the world—and I stressed this a lot in China in particular, and also in Russia, for that matter—is the need for universal education. Because the only way we are going to end this miserable condition of mankind, is if actually everybody has access to the entire knowledge of mankind, that you have not every footnote, not every stupid, tertiary book, but, the essential knowledge of mankind, up to the present day—every child, and adult, for that matter, must have access to it.

Now, in China, there is a notion which is called *daxue*, which means “great learning.” It’s also a Confucian idea, and it’s the idea that continuous learning should occur throughout your whole life. In other words, you do not stop learning after you get out of school, but you try to improve your knowledge throughout your whole life. And, right now, there is, worldwide, probably no society which is more focussed on the idea of continuous learning, than the Chinese. And, needless to say, that represents a nearly ideal condition for the absorption of Western science and technology, because people *do want* to improve throughout their whole life.

Therefore, the idea of bringing development to the underdeveloped regions through infrastructure and high technol-

ogy, obviously requires universal education of the pupils in these areas. I was most fascinated to find people in China, who have not only a vision of how to get into the twenty-first century, but who also have some thoughts about what are the wrong axioms. Why is the United States going down? Why is Russia going down? Why is Europe going down?

One explanation, which I thought was very intriguing, is that they said that the problem is that, in the last 200 years, Eastern culture has not progressed. And, therefore, in these same 200 years, Western culture has spread throughout the globe. The only problem is, that this Western culture is naked materialism, empiricism, and therefore, they say, that the biggest catastrophe which could happen to human civilization, is if that Western value—personal greed, personal materialism, personal desire for profit—would spread all over the planet. And, therefore, they recognize the need to go back to more profound values, and, come to a dialogue in which we do not discuss Hollywood, but we discuss Plato, we discuss Leibniz, we discuss Schiller, we discuss Beethoven, and say, this is the level on which we want to bring in our identity. And they bring in Confucius. And I can assure you, between Plato, Schiller, and Confucius, and Leibniz, there is no disagreement. You can have the most beautiful discussion, and common understanding.

Therefore, I think you should be optimistic. Because I personally think that if we do our job right in the United States, a new Renaissance is much closer than you think.

TWA 800 crash: an act of war against the United States?

by Jeffrey Steinberg

With the recovery of the “black box” flight recorders from TWA flight 800, the Clinton administration is moving closer to the conclusion that the July 14 downing of the Boeing 747 over Long Island, New York, killing 230 civilians, was an act of terrorism. Up until now, the White House, as well as senior federal law enforcement officials, have cautiously refrained from labeling the tragedy as an act of sabotage. Instead, they have emphasized, correctly, that there are three distinct possible explanations for the mid-air explosion of the plane: a catastrophic mechanical failure (what some have called “the ValuJet syndrome,” the consequences of years of airline deregulation, “downsizing,” and other disinvestment in airline safety procedures and fleet modernization); a bomb planted onboard the plane; or a missile attack.

Evidence for a missile attack

After several days of attempting to downplay, or deny, outright, the possibility that TWA 800 was shot down from the sky by a sophisticated surface-to-air missile, FBI and U.S. Army officials eventually acknowledged that there were two “highly credible” eyewitnesses, satellite surveillance data, and other forensic evidence, suggesting that a missile attack could indeed have been behind the explosion.

Sources close to the New York Police Department, which was one of the first agencies to arrive at the crash site, and which has provided extensive manpower and technical expertise to the search and probe, told *EIR* that early forensic evidence, including autopsies of some of the bodies recovered from the ocean, did not refute the possibility of a missile attack. A surface-to-air heat-seeking missile, fired from the

beach or from a boat offshore, would have hit one of the plane’s engines, which are on the wings, below the fuel tanks. This would have caused a powerful fuel-air explosion. Eyewitnesses say that the plane burst into a fireball, a second after a smaller flash of light was seen. This would occur in the case that a heat-seeking missile hit the plane. A similar effect, the sources added, would have also occurred if a bomb had been planted on the wing.

According to several declassified technical publications, including *Janes Land-Based Air Defense* and *World Missiles Briefing*, there are a number of modern surface-to-air missiles, capable of hitting a 747 flying at 13-14,000 feet. These include: the French Simbad, the Swedish Bofors RBS-70, the U.S. Stinger FIM-92B, the Russian Strella, and the British Javelin and Blowpipe.

During the 1979-89 war in Afghanistan, the West delivered hundreds of shoulder-held surface-to-air missiles to the afghansi mujahideen, enabling them to defeat the Soviets’ air superiority. When the war ended, over 100 of these missiles were still in the possession of mujahideen fighters, and the CIA made an exhaustive, but only partially successful, effort to recover them, often paying ten times their original cost to purchase them from black marketeers and mujahideen leaders. Many of these U.S.-delivered Stingers are still unaccounted for. But, even beyond this missing inventory of Afghan War missiles, most major governments around the world have large inventories of such weapons, and these inventories are often accessed by black market gun and drug traffickers.

Today, as *EIR* documented in an Oct. 13, 1995 *Special*

Report, this afghansi mujahideen apparatus is at the center of international terrorism and irregular warfare, serving as a vast mercenary force-for-hire, operating on every continent. *EIR* estimates that no fewer than 2,500 well-trained afghansi mujahideen fighters are active in such terrorist gangs as Hezbollah, Islamic Jihad, the Liberation Tigers of Tamil Eelam (LTTE, or Tamil Tigers), the Algerian Armed Islamic Group (GIA), several groups plotting the overthrow of the Saudi regime and the expulsion of the U.S. military from the Persian Gulf, and the Filipino Abu Sayyaf. Ramzi Ahmed Yousef, the accused mastermind of the New York City World Trade Center bombing of February 1993, fought in Afghanistan. He is also accused of plotting bombings of American commercial airliners in Asia, and attempting to assassinate Pope John Paul II and President Clinton, during separate trips they made to the Philippines last year.

A possible strategic threat

Whether the crash of TWA 800 was the result of a bombing or a missile is, of course, of only secondary importance. If the flight was downed as the result of either form of sabotage, this represents an act of war against the United States, and demands the most serious form of response, once the authors of the attack are identified.

EIR Contributing Editor Lyndon LaRouche, in a radio interview with "EIR Talks" on July 24, was very circumspect, not casting blame for the tragedy prematurely, but pointing to the international strategic context in which the event occurred.

"This is an extremely significant event, obviously, whose significance, I think, is poorly understood by most Americans, who unfortunately must rely upon the so-called major news media for most of their information on the subject," LaRouche emphasized.

"Now, once we have or might have determined that it was not a mechanical or related failure of the craft itself, but someone's malicious interference with the life of the craft and the passengers on it, then we're dealing with something—a terrorist act of potentially strategic significance. And, we are by no means looking at possibilities of actions by Libya or Iran. Under no circumstances, would we expect that such an action would have been taken by Libya or Iran, despite what Sen. Alfonse D'Amato has said, and so forth. (Alfonse D'Amato is a man who doesn't lie all the time, but his probability of telling the truth is very small.) That would be extremely serious.

"A bomb would be very serious," LaRouche continued. "Instead of the case of using a missile—in this case, it would have to be something equivalent to a SAM-7 of some sophistication, probably launched from a boat—that would be *even more* terrifyingly strategically significant.

"Now, there are two things you can look at in the case it were a terrorist action, in order to see where we should go,

what we should be prepared for. I'm not suggesting that this is the case, but what we have to be prepared for, in case it turns out not to be some defect in the craft itself—defect of wear, age, or maintenance. In that case, we're looking at something beyond ordinary terrorism; we're looking at a strategic threat. If a missile: This is really first-rate strategic effect. It's not a terrorist effect in the ordinary sense. If it's a bomb, it's *still* something of that sort.

"Now, the suspects: We should not look so much for the carrier. The ordinary person doesn't understand how terrorism works, particularly so-called irregular warfare in the age of sub-nuclear conflict. We don't look for the messenger. It's important to look for the messengers, the delivery boys, so to speak, but that doesn't answer your problem. You have to look for the guy who hired or retained the services of the delivery boy. And, this has to be a major player—not Iran, not Libya.

"I have some very good ideas about who such a perpetrator would be—not the delivery boy—particularly in the case it were a missile. I'm not going to say at this time, but I have a very clear conception of the strategic overview, of the guy who might have hired or organized this event, as opposed to the delivery boy. And, I'm prepared to say what has to be said, at the appropriate time."

Warfare by the British/Club of the Isles

While it is appropriate to avoid prematurely foisting blame for the crash of TWA 800, there are crucial background facts that should already be prominently under consideration by the White House and the national security agencies charged with investigating this potential heinous crime.

First among these facts is the preponderance of evidence, provided by governments all around the world, that London is the center of world terrorism today. By London, we do not necessarily mean the British government of Prime Minister John Major. As *EIR* documented in a recent *Special Report*, "The Sun Never Sets on the New British Empire," London is the center of a worldwide financier oligarchy, associated with the apparatus of the British Crown and the British Commonwealth, but more broadly tied to a network of 3-5,000 prominent bankers, intelligence officials, corporate directors, and others. This apparatus is often referred to as the Club of the Isles.

Through the British monarchy's Privy Council, England has been turned into a safehouse for the afghansi mujahideen apparatus, in its various forms. This is not a matter of speculation. Since August 1995, a number of governments have lodged formal protests with the Major government, over British protection and bankrolling of terrorist groups.

• In August 1995, Prime Minister Benazir Bhutto of Pakistan called for the British government to extradite Altaf Hussein, the leader of Mohajir Qaum Movement, an afghansi-linked terrorist group responsible for a string of bombings

and assassinations in Karachi. "When Altaf sits in London and he gives a call for a strike in Karachi and his militants enforce that strike and kill 30 innocent people a day, I think the British government has a moral responsibility to restrain him," Bhutto wrote to Major. The British government declined to honor the extradition request, claiming there was no "proof" that Altaf Hussein was involved in the terrorism in Pakistan.

- On Nov. 3, 1995, the French daily *Le Monde* wrote about the bombing spree by the Algerian GIA: "The track of Boualem Gensaid, GIA leader in Paris, leads to Great Britain. Britain has served as logistical and financial base for the terrorists. . . . Great Britain transformed itself into a formidable network of fundraising aimed at financing the guerrillas in the Algerian *maquis*." The next day, *Le Parisien* reported that the author of the GIA terror attack inside France was former Afghan mujihedeen leader Abou Farres, who was given a residence visa in London, despite the fact that he was already wanted in connection with the bombing of the Algiers Airport.

- On Nov. 24, 1995, the Egyptian government weighed in against Britain, when the interior minister publicly accused the British government of "harboring Islamic terrorists" implicated in the Nov. 19 car-bombing of the Egyptian embassy in Pakistan. According to British news accounts, Egyptian police raids on a terrorist base had turned up "details of bank transfers from London to finance terrorist operations planned by terrorist leaders living in Britain."

- On March 4, 1996—after a powerful bomb blew up in a central market in Jerusalem, killing a dozen people, and a second bomb exploded in Tel Aviv—the British *Express* reported:

"As the the bomb exploded in Tel Aviv, Israel's ambassador was meeting British Foreign Minister Malcolm Rifkind to ask for Britain's help in beating Hamas. Israeli security sources say the fanatics behind the bombings are funded and controlled through secret cells operating here. Only days before the latest terror campaign began, military chiefs in Jerusalem detailed how Islamic groups raised £7 million in donations from British organizations. The ambassador, Moshe Raviv, yesterday shared Israel's latest information about the Hamas operations. A source at the Israeli embassy said last night, 'It is not the first time we have pointed out that Islamic terrorists are in Britain.'"

The British government's response? The Foreign Office officially informed the Israeli ambassador: "We have seen no proof to support allegations that funds raised by the Hamas in the U.K. are used directly in support of terrorist acts elsewhere."

Later in the spring, when President Clinton convened an emergency heads of state summit at Sharm el-Sheikh, Egypt to tackle the problem of terrorism, the Israeli government again raised the issue of British support for terrorist

commanders. This time, the British government denied that Israel had ever provided documentation of the London terror links. The Israelis furiously responded, saying that they would deliver a formal dossier on the massive British support—including government financial subsidies—for terrorists.

President Clinton's Achilles' heel

President Clinton is well aware that the guns of London have been aimed at his head, from almost the first day he entered office. Following the 1993 World Trade Center bombing, and, again, following the 1995 Oklahoma City bombing, leading British parliamentarians from the ruling Tory Party publicly gloated over the fact that the U.S. President was on the receiving end of irregular warfare. According to the London *Guardian* of April 21, 1995, immediately after the Oklahoma City bombing, Tory MP David Wiltshire wrote to the U.S. ambassador to the Court of St. James: "I would suggest that one consequence of your tragedy ought to be the rethinking of your government's fêting of apologists for terrorism in Northern Ireland," a reference to President Clinton's granting of a travel visa to Sinn Fein President Gerry Adams. Another Tory MP, according to the *Guardian*, gushed that the terrorism in Oklahoma "had taught the Americans a lesson."

Despite this visceral hostility toward the U.S. President from senior British officials, and despite the evidence, cited above, of London's role as the center of world terrorism today, the U.S. State Department has publicly refused to even consider the "British factor" in international terrorism.

Immediately after the Sharm el-Sheikh summit, State Department spokesman Nick Burns, in response to a question about British involvement in terrorism from *EIR* correspondent William Jones, replied: "I would not single out the United Kingdom in determining how we can foreclose terrorist options for Hamas in the future. I wouldn't single out the United Kingdom. I would single out Iran. . . . I simply don't know if this particular subject has been raised diplomatically by the United States with the United Kingdom. But again, I would argue very strongly that singling out the United Kingdom would be most curious now."

Indeed, so far, the Clinton administration has not broken from the Thatcher-Bush era coverup of the actual sponsorship of world terrorism, even when British control is not at issue. There continues to be a coverup of the role of the Syrian regime of Hafez al-Assad in the December 1988 bombing of Pan Am Flight 103, which crashed over Lockerbie, Scotland, killing a total of 270 people.

So far, the Clinton White House has been wise to avoid jumping to any conclusions about the TWA 800 tragedy. Soon enough, compelling evidence will be gathered on the authorship of the crash. At that point, the truth must be told—regardless of who stands exposed.

President Clinton puts U.S.-China relations back on the right track

by William Jones

The visit on July 6-11 by U.S. National Security Adviser Anthony Lake to China promises to provide the beginnings of a policy of "strategic engagement" between two of the most important players on the world stage during the 21st century. That the actors themselves are aware of the importance of that relationship is indicated by statements issued by both sides during and since the visit.

In an interview with Tom Brokaw on the cable news network MSNBC on July 16, President William Clinton said, "I think how Russia and China define their own greatness in the next 20 years will have a lot to do with how the 21st century comes out." In a July 18 interview with the *Los Angeles Times*, Lake explained, "There are two views of political relations. One, that I call the 21st-century view, is that as nations get closer and closer together economically, the penalties of conflict and the benefits of cooperation are much larger than they were before," and, therefore, "the great powers, specifically including China . . . are increasingly playing by rules that govern their economic and diplomatic relationships in ways that work for their mutual benefit. . . . This contrasts . . . with what I call the 19th-century view of great powers in a state of permanent rivalry, in which one works against the interests of the other."

The Chinese response to the Lake visit has also been extremely positive. President Jiang Zemin commented that "sound Sino-U.S. relations not only conform to the interests of both countries and peoples, but also to the emergence of a better world and peace and prosperity of the 21st century," the official *China Daily* reported.

The U.S. relationship to China has been of prime importance for the Clinton administration since it came into power in 1993. At the end of 1993, President Clinton had his first meeting with President Jiang Zemin at the Asia-Pacific Economic Cooperation meeting in Seattle, Washington. However, during the interim, the Clinton policy has run into a number of roadblocks, strategically placed there by the President's British enemies, who are playing their own deadly games in the Asia-Pacific region, and their Tory "fellow-travellers" in the Republican "Conservative Revolution" Congress.

In the spring of 1995, Taiwan's President Li Teng-hui

received a visa for a "private" visit to the United States, to attend a reunion at his alma mater, Cornell University. The visit, arranged with the help of Senate Foreign Relations Committee Chairman Jesse Helms (R-N.C.), was hyped by Helms and his Conservative Revolution cohorts into a major political event, hoping thereby to provoke a strong reaction from Beijing. The lawful reaction was not long in coming, with Beijing furious about what they viewed as an open feting of Taiwan.

The United States has long recognized the People's Republic as the only government of one China, a policy to which the Clinton administration is firmly committed. The actions by Helms and others were a direct provocation against that policy.

An extended meeting

At the end of that year, President Clinton decided that something must be done to put U.S.-Chinese relations back on track. In March 1996, Lake met with his Chinese counterpart, Liu Haoqui, outside Washington. The session lasted longer than is customary for such meetings, according to David Johnson, Senior Director of Public Affairs for the National Security Council, in order to allow them to cover the entire spectrum of relations between the United States and China.

Although the discussion was conducted, as Johnson characterized it, on a "philosophical" level, allowing each of the parties to fully explore their respective positions, the discussions occurred in the midst of a major crisis. This occurred when the Chinese, at a critical period of the Taiwanese elections, did some "missile-testing" in the China Sea, very close to Taiwan. The United States then sent an aircraft carrier and other ships to the Taiwan Straits.

Despite the tensions, in the following weeks, it became clear that these discussions had had a positive effect. The Taiwan crisis was resolved—at least for the moment. Later, feeling the heat from the big-money Hollywood crowd, which was up in arms over alleged Chinese pirating of videocassettes and CDs, Acting U.S. Trade Representative Charlene Barshefsky threatened to impose sanctions on China if the Chinese authorities didn't crack down harder

on the alleged pirating. At the last minute, the Chinese agreed to the conditions and no sanctions were imposed.

Encouraged by Chinese reactions, the administration arranged a follow-up to the Middleburg meetings, by having Lake travel to Beijing in early July. There, Lake met with all of the Chinese leaders and prepared to respond positively to the long-standing Chinese request for an exchange of state visits between Clinton and Jiang Zemin. The Chinese had long been keen on such an exchange, but the United States had been noncommittal. In the light of the improved relations, the administration decided that “the time was ripe” for such an exchange. Knowing, however, that the Republican “Tories” would continue to beat the drums against China—be it on the issue of human rights or trade—in their attempt to destroy the Clinton Presidency, the White House has decided to schedule such a visit well after the November elections.

Wide-ranging talks

Although Taiwan was a topic of discussion in Beijing, the talks were wide-ranging. Lake had assured the Chinese leaders that the recent security agreements between Japan and the United States were “not aimed at anybody,” and that U.S.-Japanese cooperation over the last 50 years had been a “source of stability” in the region. Moreover, according to Johnson, Lake had explained to the Chinese leaders that the U.S.-Japanese agreements, signed last year, were not only “benign” with regard to China, but “positive.” Lake indicated that the presence of the United States in the area could provide a positive contribution to greater cooperation between China and its Asian neighbors. The United States also views the growing collaboration between Russia and China in a positive light, contributing to it in many ways behind the scenes.

However, to supersede the “19th-century,” “balance of power” methods, as Lake expressed it to the *Los Angeles Times*, the administration will have to confront the fundamental issues of economics. Introducing China into the world of International Monetary Fund conditionalities and austerity would ultimately make an enemy of that country for years to come. Providing it with the possibility for real economic development, as characterized by the “Silk Road” project aimed at creating corridors of development in its central and western regions, and the Three Gorges Dam, the “TVA on the Yangtze,” would make of China a “friend for life.” In order for that to occur, however, the Clinton administration must categorically reject the premises of the recent Lyons G-7 summit communiqué, which would make the international financial institutions (the IMF, the World Bank, and the World Trade Organization) the final arbiters of economic policy. In addition, it would have to jettison some of the environmentalist baggage which it dragged with it from the 1992 election.

U.S. Eximbank should finance Three Gorges Dam

by Ray Wei

Another killer summer flood has struck in China. Floods across a belt of eight central and southern provinces have claimed at least 1,500 lives and ripped through 33 million hectares of arable land. Nearly 4 million people were cut off by flood water, 810,000 homes have collapsed, and 2.8 million homes have been damaged as of July 18, according to Chinese official reports. Last year, floods killed more than 3,850 people and caused \$20 billion in losses. But all these catastrophes could have been prevented, say Chinese officials.

On July 6, Qin Zhongyi, vice general manager of the China Three Gorges Dam Development Corp. (comparable to the Tennessee Valley Authority, TVA, in the United States), said that the project will protect millions of people from the ravages of flooding, after its completion.

Yet environmentalist groups in the United States, led by the heavily funded Friends of the Earth, have launched protests, arguing that the Three Gorges Dam will be detrimental to the environment. In answer to this, Qin asserted that protecting 15 million people living along the Yangtze River is one of the primary reasons for building the dam. He cited the major flooding of the Yangtze that occurs every 100 years—the devastation in 1870 claimed 300,000 lives; another flood in 1954 took 40,000 lives.

Population density has increased sixfold along the river since the last century, thus putting more people at risk, Qin said. He also believes that the next flood will be bigger, according to *China Daily*.

The Three Gorges Dam is the only solution to that problem. In addition, the dam itself redresses the ecological imbalance which is the cause of current environmental damage—worsening soil erosion and sediment. The dam would “turn the roaring Yangtze River into a shining Milky Way,” Qin said.

A message for the United States

Qin’s statements on the urgent necessity for the construction of the Three Gorges Dam came one day before Anthony Lake, U.S. national security adviser, made his diplomatic journey to Beijing, marking the rapid warming of relations between the United States and China.

Chinese-language newspapers outside China had earlier speculated that Lake was among those in Washington who did not support subsidized financing from the Export-Import Bank, or Eximbank, to U.S. companies wanting to help in the construction of the Three Gorges Dam project.

However, within days of Lake's trip to China, the U.S. Eximbank began approving financing for projects in China—specifically, \$321 million worth of sales of U.S. equipment and services for two power plant projects. One check of \$55.8 million goes to China to finance the sale of six hydraulic turbines, accessories, and services by an American company for use in the Xiaolangdi Dam project on the Yellow River in central Henan Province. The bank also approved financing to support the \$263 million sale of power plant equipment and services by a consortium of General Electric and several other companies to Huaneng Power International, for a power plant in the lower reaches of the Yangtze River in eastern Jiangsu province.

This is the first Eximbank funding to China since the March 1996 controversy over China's alleged export of missile and magnetic rings to Pakistan, which resulted in a total loan freeze on China.

Biggest engineering project on earth

As China's leading economic policy planners have repeatedly stated, the Three Gorges Dam is a linchpin for the industrialization of China. Once completed, it taps 10% of the hydropower of the mighty Yangtze River, to generate power for many provinces in the heartland. It also will make the wild Yangtze navigable, enabling larger ships to travel to upstream cities. Some economists in China simply call the 1.3-mile-wide plug of rock and concrete across the river, a new "Great Wall"—to prevent "water invasions"!

Work on the Three Gorges Dam started in 1994, and is planned to be completed by 2010. It requires \$30 billion of investment, and it will relocate over 1 million people to a safer location, with better housing.

Unknown to many, the dam is the brainchild of Dr. Sun Yat-sen, who founded the first republic in Asia in 1911 on the ashes of the decadent Qing Dynasty. He had a vision to criss-cross China with a railway system that would rival America's at its best. Sun Yat-sen may have been inspired for the idea of the Three Gorges Dam, by the United States itself, where he spent much of his childhood and youth.

After Dr. Sun's death, in the 1930s and again in the 1940s, the government of Chiang Kai-shek started feasibility studies on building the dam with help from the TVA. Chiang sent dozens of senior engineers to the United States to work with American counterparts in planning and designing the project. World War II and the ensuing Chinese Civil War interrupted the project. But after decades of feasibility studies of its own, the Communist government gave it the final go-ahead in the late 1980s.

To some environmentalists' horror, China's current leadership has taken the project seriously. Beijing has set a date and drawn up a budget to complete the project that is even more ambitious than Chiang's plan. The original plan has been kept: to supply power, enhance navigation, and control the Yangtze flooding. But, under current plans, additionally, water collected in a reservoir behind the dam will be delivered, by a series of canals, from the Yangtze to northern China, where drought constantly imperils daily life.

China has also made Shanghai, where the Yangtze runs into the sea, a leading industrial base to revitalize the entire region.

Help from the United States

Despite its enormous promise, the U.S. response to the dam has been lukewarm, at best. At the end of 1993, Friends of the Earth in the United States filed a lawsuit against the U.S. Bureau of Reclamation for what it had done 50-60 years ago to help Chiang Kai-shek's government build the Three Gorges dam. To the U.S. government, the message is loud and clear: Any U.S. financial or technical aid would trigger legal actions from environmental groups.

Qin said that he believes the American media has put out misleading reports on the project. In an interview with *China Daily* published July 7, Qin astutely pointed out that while America's concern now is over how to preserve the environment, the Chinese way is to correct the environment. The U.S. way makes sense, he said, because massive construction projects in the 1950s and '60s have left a good ecological environment. "But China wages an annual fight against drought in the North and floods in the South, and hence stresses improving its ecology by using engineering. . . . Erosion and silt buildup have swayed the natural balance of the river, and engineering is the only means available to restore the balance, aside from resorting to God's mercy," Qin said.

The Chinese government emphasizes that environmental protection comes through grand projects to correct the ecological imbalance. Ironically, it takes a Chinese official to tell the American people that they must adhere to the Biblical imperative to *subdue the earth* to preserve God's work.

In July, U.S. military transport planes airlifted 16 tons of relief supplies into Shanghai, for flood victims in the nearby east China province of Anhui. But even in the medium term, it would be a lot cheaper, and a lot more helpful to the Chinese people, if the Eximbank were to open up the loan channel for the Three Gorges Dam. After visiting China, Lake hopefully will appreciate that Washington must airlift top-notch know-how to China to help build infrastructure. Eximbank loans for the Three Gorges Dam would be one way to demonstrate that the Clinton administration has a political will to build peace in Asia, and reverse the collapse of the world's physical economy.



Peru's war against Shining Path has not yet been won

Sara Madueño is president of the Schiller Institute in Peru and a leader of the Ibero-American Solidarity Movement. She was interviewed in Europe on July 16, by Katharine Kanter.

EIR: People think of Peru as a very poor country; they also think about Shining Path. How would you characterize Peru's situation today, especially vis-à-vis narco-terrorism?

Madueño: In some ways, Peru might indeed be seen as a poor country, although in truth, it is a rich country. Things are very bad, not only because Shining Path and the Tupac Amaru almost destroyed the country, but also because the IMF [International Monetary Fund] is helping them by pauperizing, not only Peru, but the entire continent.

Almost four years ago, the government of Peru, following the civilian-military agreement, decided to launch a war against terrorism, a war which turned out to be far easier to wage than everybody had thought. Easier, because everybody knew who the terrorists were, where they were, how they worked. And the reason is, that this kind of terrorism is, in fact, a special form of irregular warfare.

EIR: When did terrorism in Peru reach its paroxysm?

Madueño: In 1992, the leadership of these two groups called out a general offensive. The government passed laws to encourage members of Shining Path to surrender their arms and turn themselves in. This was called the Law of Surrender. It was very successful: Some 6,000 people came to the Army bases and said that they had been forced to become terrorists. They were telling the truth: Shining Path was used to kidnap villagers, and force them to kill, over and over. They were turned into killing machines.

The government had to close down Congress for a time, because under the previous government, a great number of pro-terrorists had been allowed to enter Congress as deputies. Terrorism had, up to that time, rather successfully played upon the failures of the democratic system—which is why it was decided to try the terrorists under martial law in special tribunals.

Most of the leadership of the movement is now in jail. But, once the government had virtually finished off the

terrorists, the IMF took over and began to dismantle the country, with its outrageous demands to the Peruvian government.

EIR: Shining Path has been pushed back outside the cities. What form does it presently take?

Madueño: There are only a few Shining Path members left; most are in the jungle deployed to "protect" the narcotics-producing zone.

Therefore, I would say that although we may have gained some time in the war against Shining Path, the British plan for the continent remains operational. The British plan was for a Shining Path North and a Shining Path South. Shining Path North is the EZLN [Zapatista National Liberation Army], the Zapatista movement in Mexico. Only a few months after the first big Shining Path offensive, the Zapatista movement exploded in Mexico. That was January 1994. Were these movements ever to come together, they could blow up the continent. That was the plan.

EIR: What do the Peruvians themselves, as opposed to Western sociologists, think about all this indigenist business?

Madueño: Indigenism as an ideology exists only in the minds of the anthropologists, sociologists, and other such baby-boomers trained by the Tavistock network in South America. Their leadership was trained by the notorious Tavistock Institute in London. The head of the Peruvian Institute of Psychoanalysis, which is nothing but a branch of the Tavistock Institute, is now working full time to rebuild some new version of Shining Path, because they are working with the same program. These people may well have been disappointed when the war against Shining Path was won under [Peruvian President Alberto] Fujimori, but they are losing no time to get something similar off the ground.

And, as I said, the IMF is effectively smoothing the path for terrorism; the IMF has taken over Shining Path's job of physically wrecking the country and making us poorer and poorer. This then gives the indigenists an objective argument to whip up the population into reactions which are then described as "indigenist." But the people react because they are so poor. Since the IMF took over Peru,

the people running the government's economic policy, almost to a man, are members of, or close to, the Mont Pel-erin Society.

Alvin Toffler was in Peru a year ago; at a conference he gave, he stated that Latin American countries will be changed back into tribes. This reminds me of what John Reed of Citibank said around 1988 to a Brazilian magazine: "Peru and Bolivia will have vanished as nation-states in a few years." They thought they would succeed with their terrorist operation, which is why Reed said that in 1988.

Toffler's words make it clear that separatist movements are meant to continue as part of the plan to destabilize the continent. When former UN Secretary General [Javier] Pérez de Cuellar was running for President of Peru against Fujimori in 1995, one of the first things he said upon arriving was, "We have to take into account the fact that in Peru there are three nationalities: the Quechuas, the Aymaras, and the mestizos. Each group should be educated according to a distinct, separate program." This was, basically, what Toffler was referring to. Happily, the Peruvians refused to elect Pérez de Cuellar.

EIR: How is Peru's economy facing the era of globalization and privatization?

Madueño: The Peruvian model, as the IMF proudly calls it, has become one of the more flagrant examples of liberalism, more flagrant even than in Chile. Chile looks protectionist by comparison! In Peru, at this point, nothing is regulated any longer. Practically the whole country is up for sale, and, of course, there is great interest from [British] Commonwealth countries. They like gold mines. In the last two years alone, they have bought several mining corporations. One buyer was George Soros. Both the Buenaventura Company and San Antonio del Poto were bought by Anglo-Dutch companies. Two months ago, one of the biggest gas deposits was bought up by Shell and by Mobil Oil. Petroperu, the state-owned oil company, is up for sale. Over the last two years, the government has sold off the telephone company, the electricity company; all the banks in which the government used to have shares, have been sold to Spanish groups such as Bilbao-Vizcaya and Santander.

The industrial sector has almost ceased to exist, bankrupted by dumping. Energy in Peru has become very expensive. It is easy to wreck domestic production, if foreign products are allowed to come in at dumping prices. Something like 60% of industry has been shut down.

The same is true for agriculture: We have to import almost 60% of our food. This is a national security issue. We don't have food! Around 60% of our population is down to the level of extreme poverty, even misery. In Mexico, that figure is 80%, thanks to the IMF, which is literally killing off the continent.

EIR: When Alan García was President, he said that debt

repayment would be limited to 10% of export income. How do things look now?

Madueño: García, in the middle of his Presidential term, decided to surrender to the IMF, because no one supported him. Even the Socialist International, his own party, did not support him. He had no chance. There was a virtual state of economic war then against Peru, to sabotage García's project. The only international support he got was from the Schiller Institute. In addition to surrendering to the IMF, García made a deal with the international drug traffickers, and allowed drug money to come freely into the Peruvian economy. Since that time, he has been their best ally, supporting corrupt leaders such as Venezuela's jailed former President, Carlos Andrés Pérez, and others.

Now that the country has caved in to all the IMF measures, the only thing growing in Peru is the debt. In 1992, foreign debt stood at \$19 billion. One month ago, the economic minister said the debt had reached \$27 billion. One day later, the head of the Central Bank said, no, it is \$32 billion. The next day, some other official came along and said, you are all wrong, the real debt is \$40 billion. The plain fact is, nobody really knows, and that gives you an idea of the state the country is in.

EIR: You said that Peru is in fact a rich country. What is the Ibero-American Solidarity Movement (MSIA) proposing?

Madueño: One of the riches that we have is our moral reserve. The pope once called Ibero-America the Continent of Hope. Almost 95% of the population is Catholic. That means something. The greatest wealth you can have is your people.

But we also have raw materials. It is quite unbelievable, when you think how poor we are, and how rich we could be. But we export everything which is extracted: 61% of our exports are minerals. The Peruvian Andes are sheer mineral rock.

The MSIA in Peru has, since the 1980s, insisted over and over again on our central proposal: the Great Projects of Ibero-American Infrastructure. That happens to be the title of a book on the subject, which was studied throughout the continent. In 1990, when we took part in the electoral campaign, we published specific projects for Peru, in our *Mercantilist Manifesto for an Industrial Peru*. My husband, Luis E. Vásquez, is the head of the MSIA in Peru. The MSIA is trying to get these programmatic ideas out as widely as possible, in the face of the pessimism provoked by the IMF and by the experience with Alan García.

What happens in the U.S. elections will determine things—I mean the LaRouche campaign, and LaRouche's mobilization against Gov. [Thomas] Ridge of Pennsylvania. The IMF did to Ibero-America ten years ago exactly what Ridge is trying to do to Pennsylvania. We know by experience what LaRouche is talking about, and if Ridge were to be tried as a Nazi, which he is—well, I am sure

that the IMF will be thrown out of Ibero-America, very shortly after.

EIR: What are the major infrastructure projects the MSIA is proposing?

Madueño: South America has practically no rail and no road systems. No matter how close a neighboring country may be, there is no integration of transport systems. We need an integrated rail and road system from one end of the country to the other.

Another big problem in Peru is the energy supply: We have got to build both nuclear and hydroelectric plants. As for water, well, the jungle is criss-crossed by rivers, whereas the coast is desert-like. Water must be brought from the jungle, through the mountains, and down to the coast, where it will be used for irrigation. A great deal of land could thus be opened for agricultural production. Were there an integrated road and rail system, we could open the jungle to feed many countries.

Also, were we to open the jungle and connect it with the entire country, the narcotics plantations could no longer exist. Now they exist because the Andes allows these plantations to be well cut off from the rest of the country. I think this is the best way to win the war against narcotics: to bring progress to this whole region.

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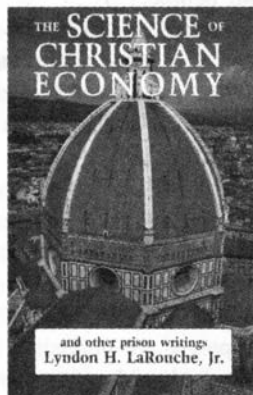
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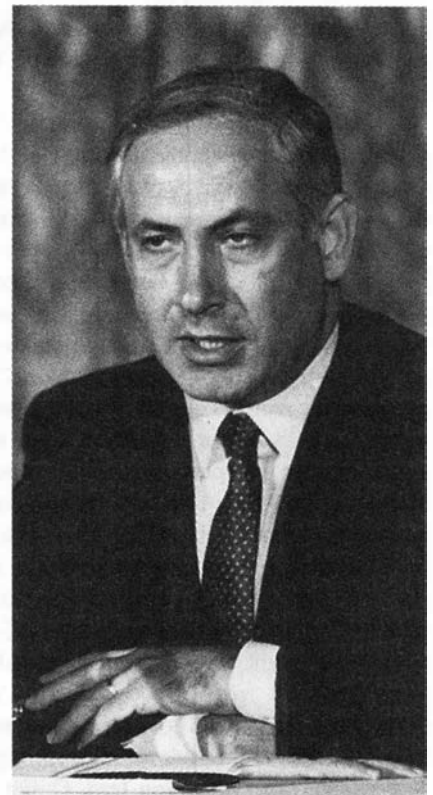
ADL neo-cons peddle war plan for Mideast

by Dean Andromidas

Israeli Prime Minister Benjamin Netanyahu's first official visit to the United States was filled with statements on his commitment to peace—but he wasn't talking about the peace process of the previous government of Shimon Peres. His meeting with President William Clinton was chilly at best, and, as one Netanyahu supporter remarked, "the most important meeting is the Congress and Speaker of the House Newt Gingrich."

Although he has not revealed details of his own policy beyond campaign rhetoric, a document published by the Jerusalem Institute for Advanced Strategic and Political Studies (IASPS) sheds a lurid light on what the Netanyahu policy may well be. Personally presented to the prime minister on the eve of his departure for the United States, it is entitled "A Clean Break: A New Strategy for Securing the Realm," and calls for abandoning a policy of comprehensive peace based on the "land for peace" formula—the policy supported by the Clinton administration—in favor of a concept of "peace for peace," "peace through strength," and "balance of power" policies. The policy would target Syria, Iran, and Iraq as enemies of peace who should suffer political, economic, and military punishment. The report also calls for the elimination of Palestinian Authority President Yasser Arafat and the Palestine Liberation Organization as representatives of the Palestinian people. The entire policy is underpinned by a radical, free market economic policy.

The document was written, financed, and directed by the chief ideologues of the Conservative Revolution in the United States, and is aimed at bringing Israeli policy directly behind the attack on Bill Clinton in the U.S. Presidential campaign. It was drafted by a group led by Richard Perle of the American Enterprise Institute. Perle is a foreign policy adviser of Republican Presidential candidate Bob Dole, and is currently being groomed to become a kind of second-generation Henry Kissinger. With long-standing ties to the Anti-Defamation League (a U.S.-based hate group) and to Kissinger crony Ariel Sharon (who is now Netanyahu's minister of economic infrastructure), Perle was a U.S. Defense Department official in the Reagan administration, and was an official of the Jewish Institute for National Security Affairs (JINSA). Through JINSA, Perle was the Washington controller of Jonathan Pollard, the Office of Naval Intelligence



Richard Perle of the American Enterprise Institute (left) and former George Bush team member Jack Kemp (center) are leading a pack of American neo-conservatives who are urging Israel's new Prime Minister Benjamin Netanyahu (right) to turn Israel into a miserable plaything of British imperial balance-of-power machinations.

counter-terrorism analyst, who was an Israeli spy. In 1985, Pollard was convicted of passing U.S. top-secret information on the Soviet Union to the Israelis, which resulted in the deaths of a number of American agents operating in the Soviet Union, and was given a life sentence. This same network was deeply involved in the Iran-Contra policy of former Vice President George Bush and his underling, Lt. Col. Oliver North.

Perle was part of the so-called "X Committee," a group of neo-conservative officials of the Reagan-Bush national security apparatus, who were all suspected of being part of the broader Israeli-Soviet spy apparatus that deployed Pollard.

One of the report's co-authors is Douglas Feith, a Washington-based political consultant who is currently foreign policy adviser to the Dole campaign. According to sources in the office of then-Secretary of Defense Caspar Weinberger, Feith was also on the list of suspected "X Committee" operators. Other contributors to the report are likewise drawn from JINSA and other U.S. right-wing think-tanks.

The IASPS happens to have its Washington office in the same building as the American Enterprise Institute. The AEI was founded by the late Joseph Churba, who was a close friend of Meir Kahane, with whom he founded the terrorist Jewish Defense League.

The IASPS also published an accompanying report on how to transform the statist Israeli economy into a radical

free-market one. The foreword to that report was written by a former Republican congressman and former cabinet member in the Bush administration, Jack Kemp, who presented the report to Netanyahu shortly after his arrival in Washington. The political purpose of this policy is to win support within the Gingrich camp in the U.S. Congress, while destroying the institutional base of support within Israel for the Labor Party and supporters of the peace process. The aim is to bring Israeli policy behind the Republican Presidential campaign machine of Bob Dole, as well as to back other political operations against the Clinton administration. The document helpfully highlights certain passages which Netanyahu might consider incorporating into his speeches.

Retooling the Greater Israel policy

The new policy is aimed at overturning the peace effort begun by former Prime Minister Peres, Palestine Liberation Organization Chairman Yasser Arafat, and the late Israeli Prime Minister Yitzhak Rabin, who was assassinated by the same forces who stand behind this document. The document's release was timed to coincide with the beginning of a tour by former Secretary of State Henry Kissinger through the Middle East, which took him to Israel, where he met Prime Minister Netanyahu, and to Jordan, where he spoke before a conference as a guest of King Hussein and Crown Prince Hassan. Simultaneously, the *Washington Post* pub-

lished Kissinger's own new doctrine for the Middle East, under the slogan "Peace for Security," which parallels that of Richard Perle.

The new policy retools the classic "Greater Israel" and "Jordan is Palestine" policy trumpeted by Ariel Sharon and the Likud party back in the 1980s. It calls for:

- A direct attack on so-called "Labor Zionism," through radical free-market reforms. By "Labor Zionism," is meant the tradition of David Ben-Gurion, the founder and first prime minister of the Israeli state, who used dirigist methods to shape a sovereign nation-state for the Jewish people.

- Totally abandoning the previous "New Middle East" perspective, with its emphasis on regional economic development and "land for peace," in favor of one based on so-called "peace for peace," "peace through strength," and, above all, the use of the old British imperial "balance of power" doctrine of which Kissinger is so fond. With an echo of "Greater Israel" in the background, the document calls for "unconditional acceptance by Arabs of 'Israel's rights, especially in their territorial dimension"—an obvious reference to the right to unilaterally expand settlements in the West Bank.

- Securing Israel's northern border, not through negotiating with Syria, but rather through rolling Syria back, while, at the same time, attacking Iran. Going beyond mobilizing

international support for sanctions against Syria for its support of terrorism and the Hizbollah, it calls for "the establishment of the precedent that Syrian territory is not immune to attacks. . . . This includes striking Syrian military targets in Lebanon, and should that not prove sufficient, striking select targets in Syria proper." It calls for conducting an international propaganda campaign portraying Syria as the independent center of international terrorism and narcotics trafficking, and "drawing attention to its weapons of mass destruction program and rejecting 'land for peace' on the Golan Heights." The report fails to mention the most obvious fact, that Syria's Hafez al-Assad has long been firmly attached to strings pulled from abroad, in London.

- Perhaps most alarming of all, a return to the so-called "traditional balance of power strategy," which cannot fail to throw the region into a "Thirty Years' War" nightmare, that would topple all the regimes in the region, including that of King Hussein in Jordan. The new "balance" would be a Jordanian-Israeli-Turkish axis against Syria, Iraq, and Iran. This would entail stoking the flames of Turkish and Jordanian anti-Syrian tendencies, for the purpose of "weakening, containing, and even rolling back Syria." This, in turn, would entail "removing Saddam Hussein from power in Iraq" and establishing King Hussein of Jordan as king of a dismembered Iraq, divided up between Turkey and Jordan. Israel should support, "diplomatically, militarily, and operationally," Turkey's and Jordan's actions against Syria, such as securing alliances with Arab tribes that cross into Syrian territory and are hostile to the Syrian ruling elite.

- Under the cover of "advancing of human rights among Arabs," demanding that the Palestinian National Authority be held accountable for its alleged "repression and injustice." The paper calls for the overthrow of Yasser Arafat and of the Palestine Liberation Organization as the legitimate representatives of the Palestinians. It recommends that Israel "cultivate alternatives to Arafat's base of power. Jordan has ideas on this"—this latter comment being a reference to Ariel Sharon's notorious "Jordan is Palestine" doctrine.

- The "forging [of] a new U.S.-Israeli relationship" and the implementation of economic polices to the end of finding "support from a broad bipartisan spectrum of key pro-Israeli congressional leaders, including Speaker of the House Newt Gingrich." The paper proposes, in effect, a "Contract with Israel," complete with budget cuts, privatization, and deregulation of the Israeli economy. While loudly proclaiming that Israel must cut itself off from the massive economic aid it receives from the United States, which is currently \$3 billion a year, it quickly adds that "military aid is separated," and that this would add up to another \$3-4 billion—more than the total U.S. military aid given to all foreign countries combined.

The report concludes by urging that the best time to implement these initiatives is "before November 1996," since neither Congress nor the President would be expected to act against these initiatives before the elections.

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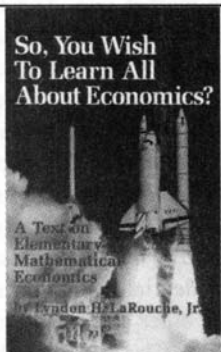
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New 'universal fascist' movement is formally launched in Geneva

by Our Special Correspondent

The campaign by international financial circles and British-centered social engineers, to deconstruct the institutions of the sovereign nation-state and to create a new "universal fascist" movement, has taken on an ominous new dimension. On July 12-14, the first Communitarian summit, sponsored by the Washington, D.C.-based Communitarian Network, was held at the University of Geneva, in Geneva, Switzerland. The aim of the organizers of this event was to transform "communitarianism" from the somewhat amorphous ideology and social-political tendency that it had been in the earlier 1990s, into an organized, directed political movement, with tentacles all over the world.

Some 300 political leaders, sociologists, psychological profilers, and community activists gathered for two simultaneous extravaganzas, the summit as such, and the eighth annual meeting of the Society for the Advancement of Socio-Economics (SASE). The founder-guru of SASE and the Communitarian Network, and the leading light at the July 12-14 events, is George Washington University Prof. Amitai Etzioni.

Etzioni is a leading figure in the international social-psychological networks centered at the Tavistock Institute and Tavistock Clinic in London. He was among those Tavistock propagandists in the 1970s, who promoted what *they* called "fascism with a democratic face," or "fascism with a human face," i.e., to get people to accept vicious austerity, but without some of the messier features of Hitler's Nazi regime. (Such an ideology has been dubbed "universal fascism" by some of its promoters, such as former State Department official Michael Ledeen.) The magazine that led the charge in that campaign, *Challenge*, is one that Etzioni has written many articles for; it was prominently on display at the summit. In the 1970s, the LaRouche movement conducted a no-holds-barred offensive against this brainwashing propaganda. Already in the latter 1960s, LaRouche had warned that movements for "local community control" were the precursors of a new fascist movement.

The speakers at the summit included Etzioni; Dr. Kurt Biedenkopf, the minister-president of the German state of Saxony, and a leading figure in the ruling Christian Demo-

cratic Union; U.S. Undersecretary for Personnel and Readiness at the Pentagon Dr. Edwin Dorn; former U.S. State Department Policy Planning Staff member Francis Fukuyama, currently at the Rand Corp.; British Conservative parliamentarian David Willetts; and British Chief Rabbi Dr. Jonathon Sacks. German Social Democratic Party Deputy Chairman Rudolf Scharping was unable to attend, but submitted a paper, enthusiastically endorsing the aims and principles of the movement.

Over the weekend, hundreds of panels were held on themes ranging from "The Economic and Human Costs of Cutting Down on Public Welfare," "Fairness in the Crunch: Can Advanced European Welfare Societies Survive?" and "Social Networks and Sociological Interventions," to profiles of "community"-based movements in the United States, Mexico (Chiapas, Guerrero), Russia, Spain, Holland, and Israel. The Israeli kibbutz was featured at the summit, including at the Communitarian Network book-table, as a model of "communalism," for possible imitation in various parts of the world.

What is communitarianism?

Communitarianism has been carefully designed as an ideology to appeal to the growing number of disaffected people around the world, in the conditions of the latter 1990s, characterized by worsening fiscal and economic crises, the impotence of governments in dealing with problems, and the spread of cultural pessimism. When we say "carefully designed," we mean that quite literally: At the precise moment that Etzioni began to launch communitarianism as a movement inside the United States in 1990-91, he had just joined the editorial board of *Human Relations*, the journal of the Tavistock Institute!

In their literature and speeches, Etzioni et al. put forward a delphic argument, that the rampant individualism of the 1970s and 1980s, caused in significant part by Thatcherite-Reaganite economic policies, has led to a breakdown of the moral structure of societies, evidenced by the spread of drugs, crime, teen pregnancies, and the like. This process is particularly virulent in the United States, but is rapidly spreading in

Europe and elsewhere. A function of this individualism, is that there is an epidemic of people asserting "rights" of all kinds, without accepting "responsibilities." To reverse this, they say, means strengthening the institutions of family, school, and neighborhood. If not, "extremists," whether the "Christian Right" or "Islamic fundamentalists," will hijack the social-political agenda. What is needed, is a new "consensus," that can draw in "centrists" who agree on established "democratic values."

If that were all there were to it, communitarianism might seem to be relatively innocuous, a kind of "moral-ethical uplift" movement, with Etzioni being the philosophical variant of those travelling medicine men, who would go from town to town in the United States earlier in this century, promising miracle cures for all sorts of ailments.

But beyond the sales pitch, the dangers, and fascistic potential, become readily apparent. Communitarians are vehemently antagonistic to the institution of the sovereign nation-state, their primary reference-point being communities, whether they mean by this, the "global community," "local communities," or various "spiritual" or "intellectual" communities.

Under conditions of economic and financial collapse, there are fascist potentials in this, as locally defined communities are pitted against each other for survival. One Communitarian Network activist confided, in a private discussion, that she fears that communitarianism, as it is evolving in the United States, is becoming a movement of, and for, an increasingly anxiety-ridden upper-middle class, seeking to band together against the poorer elements of society. She reported that one of Etzioni's pet ideas, which he prefers not to broadcast from the rooftops, is that communities issue "identity cards," to check who is coming in and out. "This could become very dangerous," she fretted.

A leading social profiler in Britain, formerly stationed at the Tavistock Clinic in London, put it this way: "The growth of the communitarian movement reflects the growing helplessness, the turn to self-help groups, 'small is beautiful,' withdrawal into self, growing anxiety, narcissism. This is why a crude form of what I call 'popular Darwinism' is now so popular. Crudely speaking, survival of the fittest, directed against the other."

Sacrifice in the post-welfare-state era

Communitarianism's leading proponents promote it as the belief-structure appropriate to a "post-welfare-state" era, in which austerity will be the central policy thrust. The most shameless public expression of this viewpoint was put forward in Geneva by Saxony Minister-President Biedenkopf, who gave an outrageous portrayal of Germany as a country uniquely fit for communitarianism. Unlike France, it has had only a short history as a nation-state, he boasted, somehow sidestepping the noxious issue that, before it was

unified, the territory of the later Germany was divided into hundreds of petty principalities, ruled by feudal oligarchs. Because of this history, Biedenkopf proclaimed, the Germans had learned to favor "small units."

Coupled with this, is another reality, according to Biedenkopf. Over the past years, largely due to the rampant assertion of "individual desires," the welfare state had grown massively, in Germany and in other parts of Europe. Now, there is a "need to reform the welfare state," and "communitarianism derives a lot of its prospective value from the crisis of the welfare state. . . . The welfare state can no longer overcome its contradictions. . . . We are faced with choices. Communitarian thinking is very important. The welfare state has reached its limits. No one disagrees with this. . . . How do we cope?" That is a "very practical" matter, which depends on "returning responsibility to where it belongs, small units." He called for a "highly decentralized system of sharing responsibilities."

What Biedenkopf and other communitarians mean by "responsibilities" here becomes clear: When personal disaster strikes, such as a health breakdown, it is your own fault, you are "responsible" for dealing with the problem, and you should stop turning to "the state" for help.

The same message, in substance, was delivered by Etzioni in an article in the March-April 1993 edition of *Challenge*, written at the time when the Communitarian Network was being formed, entitled "Deficit Reductions in a Populist Age: How to Sell Shared Sacrifice." He insisted that the electorate would only tolerate "pain," if it were allowed to participate in decisions imposing austerity. He recommended a system, in which the public is "accorded time . . . without any government prodding," to discuss how cuts would be implemented, and under conditions in which the media is mobilized to discuss "*what* we should cut, rather than *whether* we should cut" (emphases in original). According to Etzioni, "without finding some way actively to involve the re-engaged public . . . significant deficit reduction is unlikely to muster the broad and strong civic support it requires. . . . Once one accepts that 'real' cuts must be made if the deficit reduction is to be achieved and the public trust is to be assured, there is a long list of devices that could help enforce the belt-tightening commitments. . . . Only if the public is truly involved, will it support the considerable belt-tightening the accumulating debt seems to require."

Against the 'totalitarian nation-state'

It is not simply *local* communities that communitarians refer to, but also to a global "community of communities." The communitarian belief-structure is, in essence, an updated, 1990s variant of the one that became popularized in the "New Age," "futurist," and United Nations/world-federalist movements of the 1970s: "Think globally, act locally."

The communitarians treat the nation-state with abhorrence. That the era of the nation-state has come to an end, is, for them, self-evident, and a favorable turn of events. Those who defend the nation-state are dismissed as either “statist nationalists,” or even “totalitarians.” In his speech, the vastly overrated Fukuyama, who never lets any facts get in the way of his thesis that “we have reached the End of History, liberal democracy has triumphed forever,” said that a proof that the days of “statist nationalism” and “centralized economies” (interchangeable concepts, for him) are over, is that “even building large dams” is no longer on the agenda. Obviously, neither the nation of China, nor its famous Three Gorges Dam project, exists for this former State Department hack-ademic.

The main paper circulated in Geneva on the subject of “Communitarian Economics,” authored by Norton Garfinkle of the Oxford Management firm, asserts that “communitarian philosophy holds a centrist position on the social order that mediates between totalitarianism and libertarianism. Totalitarianism argues that *the collectivity in the form of the nation-state* has superior needs and objectives, and that individuals only exist to serve those collective needs. . . . Communitarianism seeks to mediate the tension between these two forces of extreme autonomy and extreme centralized authority” (emphasis added). He redefined American history, as expressed in the Declaration of Independence and the U.S. Constitution, as a function of “these values which define the American Community.”

Consistent with this, communitarians abhor the idea that men, and societies, can act on the basis of intelligible, knowable, and scientifically ascertained truth. Intelligible truth is rejected, too, as totalitarian. Not accidentally, at a July 14 panel, the philosopher promoted as the earliest “communitarian,” was Aristotle, who is lauded for having undermined the “statist” perspective of Plato. For the communitarians, solutions to society’s problems are to be achieved through “consensus.” The managers of that “consensus” are sociologists, social engineers, psychologists—exactly what Tavistock’s founder Dr. John Rawling Rees described as “psychological shock troops.”

‘Global change organizations’

Etzioni and his Tavistock friends had already put together the ideological infrastructure for communitarianism before the 1990s. In November 1989, some months before he was to join the editorial board of *Human Relations*, Etzioni gave the keynote speech at a conference at Case Western Reserve University, on “The Organizational Dimension of Global Change.” This conference produced a series of policy papers, with related initiatives, that were published, in updated and redrafted form, as a special series in *Human Relations* in 1991. The general consensus at that gathering, was that the nation-state represented the last vestiges of the old, industrial paradigm; it must be removed as

an institutional form, and replaced with a new form of tribalism or communalism, that is universal and global in fashion. The new structures of governance would have to be “global,” but organized “communally,” with the key instrumentality being “global change organizations,” more commonly known as non-governmental organizations (NGOs). This was all shaped to fit the imperatives of the emerging “new British Empire” (see *EIR*, May 24, “The Sun Never Sets on the New British Empire”).

In his keynote, Etzioni spoke of a new global civilization being born. He called for the development of a new economic paradigm, which supersedes the simple post-industrialism of the 25 years up to then. A new belief-structure is required, to place priority on the emergence of the new order of “global change organizations.” Etzioni proposed that all social sciences now work together to create the new order. He proposed a new communality, a so-called “I and We” paradigm, which, he said, anchors the self-interested “I” with the broader “social collectivity” of the “We.” What is needed, he concluded, is the creation of a “new Kantian work ethic” of communality, replacing what he says is the “hedonistic utilitarianism” of the industrial paradigm, which still infects the post-industrial era.

Etzioni and others emphasize that communitarianism draws heavily on environmentalism, both in its search for a model of how political movements might be built, and for elements of its belief-structure: The earth, or Mother Earth, should be conceived as the source and inspiration for the ultimate “community.” Precisely this polemic was made in Geneva by University of Tübingen “theology of liberation” Prof. Jürgen Moltmann. In 1993, in his book *The Spirit of Community*, which is a kind of bible for many communitarians, Etzioni had written: “The communitarian movement . . . is an environment movement dedicated to the betterment of our moral, social, and political environment. . . . And Communitarians are dedicated to working with our fellow citizens, to bring about the changes in values, habits, and public policies that *will allow us to do for society what the environmental movement seeks to do for nature*, to safeguard and enhance our future” (emphasis added).

In his writings, Etzioni draws attention to the historical precedent of how the “environmental movement” was launched, with such “dramatic actions” as Rachel Carson’s publication of *Silent Spring*, or the writings and initiatives of Ralph Nader.

Who is Etzioni?

So, who, or what, is Amitai Etzioni? He was born in Germany, some 65 years ago. His German Jewish family emigrated to Palestine when the Nazis came to power. He fought in the Israeli War of Independence. In the 1950s, Etzioni emigrated to the United States. From 1958 to 1978, he taught sociology at Columbia University. From very early on, he

was a participant in confidential discussions of psychologists, sociologists, and related types on how to build a “post-industrial” society, based on a new cultural paradigm. Already in 1962, he was huddled with the likes of Kenneth Boulding, the latter, together with his wife Elise, being among the early mentors of U.S. Conservative Revolution leader Newt Gingrich. Several among those who are, today, on the endorsers’ list of a statement of communitarian principles, were, back then, key to engineering the paradigm shift. For example, one endorser is Robert Theobald, chief author of the 1964 “Triple Revolution” study.

Etzioni was at Columbia University during the 1968 student strikes there. He was among those Ford Foundation-centered circles who opposed attempts by the followers of Lyndon LaRouche, in the nascent SDS-Labor Committees, to bring students and workers into common cause, in support of policies promoting economic growth and reversing economic decline. Having worked to neutralize a positive turn among protesting students, he then became, in 1968-70, a member of the American Council on Education’s Advisory Committee for the National Study on Student Unrest.

Throughout the 1960s and ’70s, Etzioni was a member of a vast array of organizations, or editorial boards of publications, involved in promoting the post-industrial paradigm shift. A very partial list would include the American Sociological Association, the Research Committee on Sociotechnics of the International Sociological Association, the International Society for Research on Aggression, the International Society of Political Psychology, and the Committee on International Order.

He was also increasingly active in the liberal establishment institutions shaping U.S. domestic and foreign policy. In 1976-88, he was a member of the New York Council on Foreign Relations, the American branch of London’s Royal Institute of International Affairs. In the late 1970s, he was an official White House adviser to the Carter administration. At various points, he has been a consultant to government agencies or commissions, including the Arms Control and Disarmament Agency, and the President’s Commission on the Causes and Prevention of Violence.

Points of access

These biographical data underscore what makes communitarianism a clear and present danger: Etzioni has access to highest-level circles in many countries, especially the United States, Britain, Germany, and Israel. This reality is reflected, but only partially, in the Geneva speakers’ list published above.

The highest density of institutional penetration is unquestionably in the United States. In the recent period, Etzioni has been able to meet with President Bill Clinton, likely Republican candidate Bob Dole, and potential “third party” candidate Richard Lamm—in the latter case, one week before Lamm

announced for the Presidency. Vice President Al Gore has publicly endorsed the principles of the movement. When still a senator, in November 1991, Gore and Sen. Daniel Patrick Moynihan (N.Y.) were the two Democratic senators attending a teach-in of “community activists,” the which event, claims Etzioni, was a turning-point in launching communitarianism as a movement in the United States.

In June of this year, the Communitarian Network held a meeting, on the subject of “Character Education,” in the White House, addressed by First Lady Hillary Clinton. The main point of penetration, is through the White House Domestic Policy Council. Until about six months ago, their principal contact on that body was William Galston, who is now a professor at the University of Maryland, and a member of the editorial board of the main communitarian journal, *The Responsive Community*. In the early 1990s, Etzioni co-authored at least two articles with Galston, one for the *National Civic Review*, and the other for *Challenge*. The latter, for the magazine’s November-December 1992 edition, was entitled “Communitarian Economics: How to Cut the Deficit and Put Americans Back to Work.”

The Communitarian Network is currently in negotiations with the U.S. Department of Justice, to host a joint conference, early in 1997, on “community crime prevention.” The Network is hoping to promote a pilot project it is engaged in on this theme, in York, Pennsylvania. The Network hopes to prove, that the “community approach to fighting crime” can save the state and federal government money, especially if, as one member put it, the “sociologists on scene, can mobilize the local community to fight crime.”

The Communitarian Network has also held at least one event together with the U.S. Department of Education, for which it received funding from that government agency. Senior Pentagon official Ed Dorn’s presence in Geneva, where he extolled the American military as an “integrative force” that strengthens “community” in the United States, is testimony to Etzioni’s reach into the DOD structure.

Also reflective of official U.S. backing, is the fact that an upcoming Etzioni visit to Israel, is being coordinated by the American Embassy in Israel.

In Germany, in addition to Biedenkopf, Etzioni has met Chancellor Helmut Kohl, on a visit to the country during which he was formally hosted by Green Party big shot Joschka Fischer. The party that has moved most publicly to endorse communitarianism, over the past days, has been the Social Democratic Party (SPD). In his written statement to the summit, SPD Deputy Chairman Scharping stated: “The communitarian movement is attracting growing public interest, and is becoming increasingly popular. . . . Communitarianism began as an intellectual, moral and emotional movement in the United States. It emerged from within a morally bankrupt society characterized by rampant and apparently uncontrollable egotism. . . . Communitarianism seeks to revitalize the

dynamics of community life.” Then, in a July 18 interview, on Germany’s second television channel, ZDF, SPD Chairman Oskar Lafontaine praised the “new political movement” that has been developing most rapidly “in the United States,” namely “communitarianism.”

British monarchy promotes communitarian football clubs

In Britain, Etzioni is in touch regularly with both Labour Party leader Tony Blair and Liberal Party leader Paddy Ashdown, and has significant contacts in the Conservative Party.

It is in Great Britain that the nature of the sponsorship for communitarianism becomes most apparent. This is not surprising, given that the movement, as we have said, usefully serves the purposes of the new British Empire. The main advocacy group for communitarianism in Britain is a London-based think-tank, Demos. Demos’s director, Geoff Mulgan, arranged Etzioni’s two meetings with Blair. Mulgan portrays Demos’s activities as aimed at “grassroots” movements. But the people who run Demos, are not exactly grass roots.

The group’s advisory council includes Helen Alexander, chief executive, Economist Intelligence Unit; John Ashworth, director, London School of Economics; Ian Hargreaves, editor of the Fabian Society’s *New Statesman and Society*; Anita Roddick, managing director of the Prince Philip/World Wide Fund for Nature-linked Body Shop PLC; Martin Taylor, chief executive, Barclays Bank; and several leading British trades unionists.

Demos’s self-described “core funding” is received from such multinational giants as British Gas, Shell International, National Westminster Bank, and British Petroleum, all closely linked to the political and financial empire of the British Crown. Demos projects have been sponsored by, among others, the Gulbenkian Foundation, which ultimately draws its resources from the Royal Dutch Shell billions; IBM; and Prudential.

And what is the perspective of this distinguished grouping of individuals and British imperial institutions, for building a communitarian movement in Britain itself? According to Mulgan, a coming edition of the Demos journal will feature a study about how to use “local football clubs” as potential “agents of communitarian change” in Great Britain! According to Mulgan, “While the thesis makes me a bit queasy, given the recent hooligan behavior, the fact is, local football clubs have often been agents of positive community change, and are often the strongest local community organizations.”

The behavior of those lunatic English “football fans,” rampaging against any German targets they could find in Britain, after England’s loss to Germany in the Euro ’96 soccer semifinals in late June, gives a taste, in communitarianism, of the potential for a full-fledged fascist movement to be unleashed.

Mongolia: Elections bring shock therapy and geopolitics

by Mary Burdman

The “democratic” opposition victory in the June 30 elections in Mongolia, bodes ill for that nation. Mongolia, which lies between China and the Russian Federation, just south of Lake Baikal, has only 2.3 million people in a territory equivalent to that of western Europe. The economy, already very poor (Mongolia owed the Soviet Union approximately \$15 billion in 1990), has suffered greatly since the election of “former” communist Punsalmaagin Ochirbat as President in June 1993. Ochirbat began using “shock therapy” reform methods and sent the economy into free fall. Inflation hit 325% in the recent period, although it has fallen to “only” 50% since. He imposed a privatization plan modelled on that of the Czech Republic, the eastern European darling of the free marketeers, and called for opening Mongolian enterprises to foreign investors, even to the point of selling them 100% control.

One-third of the population are still nomadic herders, subject to the extreme weather conditions (temperatures stay above freezing for the full 24 hours for only one month a year). Average wages are the equivalent of \$35 a month, with 22% of the population living below the Mongolian poverty line.

Making matters worse

The Social Democratic government elected in the upset on June 30, is in no way capable of dealing with this situation. Most of the members are young and have never been in government positions before; they were totally unprepared to win. The seats held by the communists in the 76-member Hural (parliament) fell from 70 to 23, while the democrats went up from 6 seats to 48. Their campaign was for even faster economic liberalization and political reform.

The Social Democrats’ agenda could eliminate tens of thousands of jobs, although unemployment is already 10%. Their “reform” program includes raising electricity and gasoline prices (something the communists refused to do), selling off state-run companies, and closing unprofitable ones. The new prime minister, M. Enkhasaikhan, in order to attract foreign investment, said that new investors “should be able to

take majority control, even 100%" of Mongolian companies. Social Democrat Party head Bat-Erdeniyn Batbayar said: "Only foreign investments can save Mongolia. We must do everything to attract them."

Only one-fifth of the economy is now private, but "we will reverse that," said Rinchinyamin Amarzhargal, head of Mongolia's economics college, who has a degree in "development economics" from England's Bradford University. He is the likely new finance minister. Only the energy system will not be open to foreign control. Otherwise, telecommunications, railways, and gold, uranium, and copper mining will all be available for foreign investment. However, Mongolia is not likely to get much. Foreigners only invested \$115 million in the country over the past *six years*. In addition, Mongolia will be hit by the collapse in copper prices which occurred after the Sumitomo bank scandal in Japan. Copper accounted for half of Mongolia's exports last year.

Already, Mongolia's first fully private commercial bank, the Central Asia Bank, has gone bankrupt, and there are fears of an expanding financial crisis.

British influence

Mongolia is facing other dangers of a geopolitical nature. Throughout this century, Mongolia has been a target of both Great Britain and Japan, because of its strategic position in Eurasia. In the post-World War II period, while Mongolia remained very closely tied to the Soviet Union, the British got a hand in, as early as possible. In 1963, just after Mongolia joined the United Nations, Britain established the first and, for most of the succeeding decades, the only embassy, complete with a full-fledged ambassador, of a Western industrial nation in the capital, Ulan Bator. As the *Times* of London, Britain's establishment newspaper, noted in January 1990, the British embassy "has been there because Whitehall had the prescience to recognize Mongolia's unique position as an observation point between the Soviet Union and China. [The embassy] has made Britain the number-one potential beneficiary of Mongolia's gradual rejection of the communist straitjacket. . . . The Mongolians have one of the largest copper mines in the world . . . and a wealth of other minerals." Britain has since become the biggest western investor in Mongolia.

Now, Mongolia's "unique" geopolitical position makes it a key factor in the present Russian-Chinese strategic rapprochement and for the development of the Eurasian continental land-bridge, both of which London is determined to spoil.

In late April, President Ochirbat made a 10-day tour of Britain and France—coinciding exactly with the extremely important summit of Russia, Kazakhstan, Kyrgyzstan, and Tajikistan with China in Shanghai, which Mongolia did not attend.

In Britain, Ochirbat had an audience with the Queen, as well as with Prime Minister John Major. The Queen's

daughter, the princess royal, visited Mongolia in 1993, weeks after Ochirbat was elected in June of that year. Press coverage indicated that he spoke of "Ulan Bator's love affair with Britain."

French President Jacques Chirac invited Ochirbat to France as part of Chirac's new Asia policy. France and Mongolia signed a treaty of friendship and cooperation, and France pledged to send an ambassador to Mongolia, for the first time since 1984.

While in Paris, Ochirbat made a statement that Mongolia wants to keep its "equidistance" from both Russia and China, something his hosts must have been delighted to hear.

London Times revives Genghis Khan

The *Times* greeted the June elections by hailing the "Mongolian renaissance" in its July 2 editorial. Included is the astonishing rehabilitation of Genghis Khan, conqueror of the vast Mongol empire stretching over most of Eurasia, which blocked and cut apart cultural and economic development among China, India, the Muslim world, Russia, and western Europe.

"Mongolia has triumphantly confirmed its place in the vanguard of peaceful democratic change in Asia," the *Times* wrote. "Revived patriotism and political reform [have] rapidly become firmly entwined in the popular mind—a process in which the rehabilitation of Genghis Khan, the great 12th-century Mongolian conqueror, played an important part. . . ."

"President Ochirbat has appealed to Britain, which was for many years the only western government to maintain an embassy in Ulan Bator, to take a lead in buttressing its recovered independence. That appeal merits full-hearted support."

The *Times* pointed to a key feature of the new Mongolia: the revival of the reputation of the brutal Genghis Khan, conqueror of "the greatest empire in history," as the nation's hero. It should be noted that Genghis Khan was touted as "the man of the millennium" by the *Washington Post* in January 1996. The Social Democrats ran one television election advertisement, showing Genghis Khan coming out of his tent and jumping on his horse, to gallop off to vote for the "reformers."

Another means of enhancing Mongolia's "buffer state" role, is the promotion of lamaist Buddhism, which centuries ago spread from Mongolia to Tibet, also being cultivated as a "buffer state" (see *EIR*, July 5, p. 35). The Dalai Lama of Tibet, known, among other things, for his patronage of Japanese Aum cult leader Shoko Asahara, visited Mongolia for a week during the first part of August 1995. He will visit Mongolia each year, and the London-based Tibet Foundation has been sending exile Tibetan monks to Mongolia. The Dalai Lama's visit was arranged with the aid of the Indian ambassador to Ulan Bator, Bakula Rinpoche, who said at the time that Mongolians "must preserve their culture to be independent, and that culture is Buddhism."

New military club head slams globalism

Brazil's military nationalists challenge the new world order, and its devotees inside the country.

On June 26, Gen. Helio Ibiapina Lima (ret.) assumed the presidency of Brazil's traditional Military Club, which incorporates both active and reserve officers from the country's three Armed Forces. In his acceptance speech, the general committed himself to mobilizing the institution around the principle of national sovereignty, and against the plans for Brazil promoted by the advocates of a colonialist new world order, a euphemism for one-world oligarchism.

His speech, conveniently ignored by the national press, was a denunciation of various aspects of this one-worldist assault. First, he referred to the policy of the Anglo-American globalists in seeking to dismantle the armed forces of Ibero-America, and particularly of Brazil, "strategies that seek the weakening of the armed forces, such as low salaries, obsolescent weapons and equipment, degrading of their missions, and constant attempts to set them against the society they serve."

In an unusual break from protocol, General Ibiapina named the two globalist entities with the greatest influence on the continent: the Inter-American Dialogue and the São Paulo Forum: "The arguments of the detractors center around pernicious and detrimental doctrines of limited sovereignty, shared defense, globalization of the economy, and so many others. We know that these doctrines and their advocates are in the service of the policy of the Big Seven, whose objective is to prevent Third World countries from developing, an objec-

tive reinforced by the activities of the Inter-American Dialogue and Forums like that of São Paulo."

Naming the Inter-American Dialogue in his speech was a message clearly directed to Brazilian President Fernando Henrique Cardoso, who has been a member of the Dialogue since its founding in 1982.

General Ibiapina also gave voice to the discontent that has been growing inside the Brazilian Armed Forces, both over the reopening of the cases of the "political disappeared," dating back to the military regimes of the 1970s, and over the Yanomami Indian reserve, which was created directly at the behest of the British monarchy. The general described the creation of the reserve as "a threat to territorial integrity . . . a monstrous political error that is becoming an inadmissible enclave [and which] should have been sufficient reason to impeach [former President Fernando] Collor de Mello."

Finally, General Ibiapina issued a warning about the threat posed to the nation by the actions of the terrorist Landless Movement (MST).

Despite various press commentaries which attempted to minimize the influence of the Military Club, Brazilians would do well not to forget that the Military Club still retains fresh memories of the decisive role that institution has played at historic moments in the fight for national sovereignty, such as when the state oil company, Petrobras, was created.

The fact is, that the recent election of General Ibiapina was a clear vote

against the military establishment, which has accommodated itself to the British free-market and globalist program of President Henrique Cardoso. This was the conclusion of Rear Adm. Sergio Tasso de Aquino, one of the three contenders for the presidency of the Military Club, who, although he did not win, garnered a significant vote. Referring to the combined vote for Ibiapina and himself against the "official" candidate, Tasso declared: "The votes of opposition to the sad situation in our country, to generalized injustice and impunity, to a lack of ethical and moral sensitivity in managing the public domain . . . to repeated insults to the nation's sovereignty, the integrity of national patrimony, and the dignity of the Armed Forces, totalled 3,645, that is, 69% of the total vote. The government, and especially the military ministers, would do well to be attentive to this fact."

Admiral Tasso's father, former Military Club President Gen. Tasso de Aquino, published a commentary just prior to the May 29 election, which set the tone for General Ibiapina's own remarks. He attacked Brazil's devotees of the new world order, which he described as "a product of the depraved minds of George Bush, Robert McNamara, and Henry Kissinger, an international villain . . . praised in Brazil when he should have stones thrown at him."

Despite the fact that his son lost the election, General Tasso said that both he and his son would continue to fight, because "the situation in Brazil is calamitous. . . . We are being governed by the flower of the radical left. . . . They are handing over our mineral wealth and our material, cultural, and moral patrimony." Both he and his son, General Tasso said, would continue to raise the banner of national sovereignty and defense of the dignity of the Armed Forces.

International Intelligence

Jordanians seek release of anti-IMF activist

A newly formed committee in Jordan has issued a letter demanding the immediately release from prison of Laith Shubeilat, a well-known Jordanian political figure and activist against the International Monetary Fund's genocidal policies, as well as the release of other "prisoners of conscience" who have been jailed according to a law which, in effect, muzzles any criticism of government policy by defining it as a "shameful act that is directed against the king."

The group, called the Popular Committees for the Defense of Laith Shubeilat and Prisoners of Conscience, says in the letter, that even though Shubeilat's three-year sentence was upheld by an appeals court, both that and the original decision are "basically wrong," and that the Jordanian Constitution guarantees his right to express his views freely. The letter also points out, that "the court refused to call all the defense witnesses, in a precedent in the Jordanian judiciary. Not one evidence in defense of Shubeilat was allowed to appear before the court." It describes the case as one that was "cooked up, to frame Shubeilat who did not break the law in his attempt to educate."

In addition to demanding the release of Shubeilat, the letter calls for the annulment of the law under which he was tried, as well as "the halt of the implementation of the IMF programs that will increase the food prices and cause more hunger in the land."

Crackdown in Ukraine after assassination attempt

On July 17, Ukrainian President Leonid Kuchma convened an emergency session of the National Security Council to discuss the implications of the recent assassination attempt on Prime Minister Pavlo Lazarenko. According to Ukrainian news agencies, some 500 commandos and 3,000 militia have been dispatched to Kiev to assist in the hunt for the suspects, and to monitor trains, bus stations, and roads.

National Security Council head Volodymyr announced that the new security measures will include dismissal of incompetent and corrupt officials, stricter control over use of state funds, and better security protection for Ukraine's leaders. "I cannot say this is a state of emergency," he said, "but elements of a state of emergency will be introduced. The task before us is not an easy one, but if we don't start to solve these problems, I cannot be sure that by autumn we will be able to speak of Ukraine as an independent state."

This latter comment was an acknowledgement that the measures are being viewed as a political means to enforce the next round of International Monetary Fund-imposed austerity policies, including the regime's plans to shut down 30 "non-profitable" coal mines. Although a major miners' strike in the Donetsk region, over non-payment of wages, has just been settled temporarily, a new burst of strikes this autumn is all but inevitable. In anticipation of that, Lazarenko has begun to fire numbers of regional officials and mine directors.

Drug legalization debate sparked in Argentina

Two calls for drug legalization have been given prominent coverage in the Argentine press, triggering a national debate on the issue. In an interview with the daily *Página 12*, Argentina's national secretary for the prevention of drug addition, Julio César Araoz, called for the decriminalization of drug consumption, as his answer to the government's failure to finance an effective drug treatment and rehabilitation program for offenders. At the same time, one of Spain's leading lobbyists for drug legalization, Antonio Escotado, was brought into Argentina to promote drug use and legalization on the most widely viewed television station in the country.

During a round-table televised debate, Escotado insisted that drugs "were invented to help the human condition overcome three things," namely, lack of peace,

lack of energy, and the "psychic routine." Different narcotics are appropriate for putting up with these different stresses, he claimed, adding that, "On a higher level, the great visionary pharmaceuticals are the origin of nearly every religion on Earth." Escotado claimed that different narcotics have proven effective in helping him through different phases of writing and reviewing books, and said he plans to introduce each of his six children to all kinds of drugs as soon as they reach 18 years of age. He criticized any "war on drugs" as "hypocritical," and argued that legalizing all drugs would yield "enormous savings" for the state.

Since Argentine law prohibits public defense of the use of drugs, a police squad was immediately dispatched to the TV studio to arrest Escotado. But, by the time they arrived, Escotado had already departed. The videotape was confiscated, and the head of the TV station has been ordered to appear before a judge.

The incident prompted David Vinas, a spokesman for the terrorist-linked São Paulo Forum, to argue that "One can and should debate the issue of all drugs. . . . If one can discuss the existence of God, why not talk about drugs?"

Sudan denies new charges of blocking aid

The government of Sudan stated on July 21 that it is absolutely not obstructing the flow of humanitarian aid to the war-torn southern part of the country, as has been charged by United Nations Secretary General Boutros Boutros-Ghali. In a statement in the government paper *al-Sudan al-Hadith*, the Sudanese Foreign Ministry said that the United Nations could increase aid to the south if it relied less on air, and more on land and river routes.

In response, on July 22, Boutros-Ghali's spokeswoman said that the UN chief continued to be deeply concerned over the Sudanese government's "unilateral and unjustified obstruction" of humanitarian aid to the south. The previous week, the UN

World Food Program had charged that the Sudanese government had refused since September 1995 to allow it to use C-130 transport plans to make urgently needed food drops, giving the argument that arms deliveries to rebels had been made by similar aircraft."

In response to that charge, the Sudanese Foreign Ministry said that on the contrary, the United Nations was responsible for the low volume of relief supplies that reached the south, due to its over-reliance on air transportation. In 1995, some 87,953 tons of relief aid were transported to southern Sudan, 15,532 tons of which were delivered by air, 3,575 tons by river barges, and 68,836 tons by land. It said that Sudan would continue to allow relief services to the south, but it urged aid agencies and relief workers to work toward the reconstruction and development of the war-torn areas, and to support the resettlement of displaced persons and refugees.

Clinton administration seeks to unite Cyprus

U.S. ambassador to the United Nations Madeleine Albright recently completed a visit to Turkey, Greece, and Cyprus, as the first shot of the Clinton administration's bid to unite Cyprus, as part of its ongoing mediation between Greece and Turkey.

Cyprus not only has 30,000 Turkish troops based there, but is also the site of two major British military bases, the legacy of its years of colonial status under the British Empire. Prince Philip (who harkens from the Greek royal family) is a frequent visitor to the bases, and Cyprus is the headquarters for British intelligence for the Mideast theater, under Sir David Hanney.

Cyprus is also the major money-laundering center for drug and other hot money coming out of Russia.

According to a British news source, Albright told reporters in Athens on July 17, that Clinton saw an opportunity for resolving the decades-old Cyprus problem this year. "Assisting the parties to seize this opportunity as long as it exists, is now our dip-

lomatic goal," she said. "And our message today is a simple one: The Clinton administration is prepared to assist those who are prepared to take the risks for peace. . . . The time has come for practical solutions and a comprehensive settlement of the Cyprus conflict for the sake of the people who live there, and to prevent the outbreak of wider war."

Under U.S. mediation, both Greece and Turkey have agreed to refrain from conducting military exercises in the Aegean Sea in July and August.

According to a TV news report on July 21, during her return trip from the Mediterranean, Albright was forced to switch planes during her stopover in Frankfurt, due to a bomb threat against the plane she was traveling on.

France wants to lead NATO's southern forces

France is preparing to present its candidacy for the leadership of the Southern European Command of NATO, the Cincsouth, covering the Alliance's flank toward the Mediterranean and Southern Europe, according to Jacques Isnard, military correspondent for the daily *Le Monde*, in the issue of July 21-22.

According to Isnard, France will replace its traditional divisions with "Army Corps," of the same size and qualifications of those of NATO. Those Army Corps will be composed of four groups of forces of 15,000 men each.

On July 17, the government announced its intention to create an operational command of land forces based in Lille. Led by 600-800 high-level officers, this high command would have at its disposal the means to deploy forces instantly for national, but also allied, interventions. According to Isnard, there is not yet a consensus among the "allies" to allow France to lead the Southern Europe Command after so many years of being outside the military alliance. The Italians and the Germans think this is a bit much, but the British "are more open to discussion."

GEN. IGOR RODIONOV has been selected by Russian President Boris Yeltsin as the country's new defense minister. He replaces Pavel Grachov, whom Yeltsin sacked on June 18. Aleksandr Lebed had strongly pressed for the appointment of the 59-year-old military careerist and former military commander of the Soviet Transcaucasus military district.

250,000 CATTLE or more suffering lung disease may have to be slaughtered in Botswana in order to prevent the contagion from spreading. Neighboring South Africa, which eradicated the disease within its borders in 1910, is taking measures to prevent infected cattle from entering the country.

A POWERFUL BOMB filled with metal fragments was found in the waiting room of railway station in Voronezh, Russia on July 19, after its detonator failed to ignite the 1.5 kg of high explosive. Had it gone off, the bomb would have caused massive destruction and many deaths.

GERMAN DOCTORS, some 3,000 of them, took to the streets in Munich on July 20, to protest against the federal government's planned new "single unit remuneration" pay scheme, which, they said, will drive many doctors into bankruptcy. During the demonstration, fist-fights broke out between the doctors (and dentists) and police.

POPE JOHN PAUL II still wants to visit Sarajevo, and the Vatican will study the possibility of a trip after the Bosnian elections in September, a papal spokesman said on July 21.

FRENCH PRESIDENT Jacques Chirac made an official visit to Gabon and Congo on July 16, where he discussed the creation of an intervention force, under auspices of the Organization of African Unity, for crisis management and peacekeeping missions in Africa.

Parents being misguided about Attention Deficit Disorder

by Philip Ulanowsky

Teenagers with ADD, A Parents' Guide

by Chris A. Zeigler Dendy, MS
The Special Needs Collection, Woodbine House,
Bethesda, Md. 1995
370 pages, paperbound, \$16.95

The increasing dominance of the fields of psychology and psychiatry by the degraded view of man as nothing more than a talking beast, has led to a growing acceptance of the notion, that the human mind may be comprehended by its chemistry alone. So-called Attention Deficit Disorder (ADD, or ADHD, specifying hyperactivity as an included symptom) and its popular "treatment" with Ritalin (methylphenidate), typify the results of this dangerously unscientific logic. A critical look at *Teenagers with ADD* may give the reader an insight into the awful truth behind this, and similar frauds, once the veneer of scientific credibility is stripped away.

Like any number of other alleged disorders codified by the psychiatric profession in the recent decades (the number listed in the diagnosticians' reference manual has, reportedly, nearly tripled in the past 15 years, from just over a hundred to over 300, though homosexuality, for example, is no longer listed), the symptoms for ADD are sufficiently vague to allow very broad inclusion. *Teenagers with ADD* appears to have been written—or, better, constructed—to convince every possible parent, that his or her child probably has ADD, hyperactive or not. Whatever symptoms are claimed, the cause is alleged to be a chemical imbalance in the central nervous system. Some insist that the root is genetic. No proof of either claim exists.

The author is described in the book as a "mental health

consultant" with 24 years of experience, the mother of two teens with ADD, and co-founder of the local chapter of Children and Adults with Attention Deficit Disorder (CHADD) in Gwinnett County, Georgia. CHADD, a national "parents' support" organization, actually functions as a support group for Ciba-Geigy, the manufacturer of Ritalin, from which it receives major funding.

The craft of manipulation

The book's appearance of solid grounding for its argument, results from employment of psychological smoke and mirrors throughout. The opening sentence of the first chapter, gives just a hint of what passes for science in the succeeding, several hundred pages:

"Attention Deficit Disorder (ADD) is a neurobiological disorder. That is, researchers believe that the symptoms of ADD are caused by chemicals in the brain that are not working properly."

Why does it not read, for example, "ADD is believed to be a neurobiological disorder," or, "Some/many researchers believe that . . ."? There is no basis for the first sentence as written; yet, the entire book rests on it.

Let's go a bit further in this "parents' guide."

"Although *all* children may be inattentive and impulsive at times, youngsters with ADD behave this way more frequently. In addition, their impulsivity and inattention are more likely to cause serious problems at home and school.

"Another hallmark of many teenagers with the disorder is underachievement in school. That is, these students don't perform as well academically as would be expected, given their level of intelligence. For some, but not all, hyperactivity during childhood is also a classic indicator. By adolescence, this hyperactivity has usually subsided, to be replaced by restlessness or sometimes rebelliousness. Seldom will two teen-

agers with ADD behave the same way.”

Thus, we have a neurobiological disorder (“researchers” believe), which causes inattention and impulsivity, which may or may not be symptomized by hyperactivity, poor academic achievement, and restlessness or rebelliousness in teen years, more often than “at times.” How many children have just been described?

Add to this the argument, that “uneven achievement”—doing poorly in one or more areas, while doing well in others—is another sign of this chemical imbalance, and you may see how this psychological quicksand works.

Not far into the book, this sort of loose talk is purportedly substantiated by a short, technical section on neurotransmitters, synapses, chemical imbalances, and so on. The key evidentiary study cited, is one conducted by Dr. Alan Zametkin of the National Institutes of Mental Health, which used a high-tech approach to detect higher brain glucose levels in adults with ADHD. This widely cited study was contradicted by another, similar study by the same fellow, on adolescent males, three years later, which showed no such evidence. However, the latter study is rarely, if ever, acknowledged, and certainly not in *Teenagers with ADD*.

‘Other factors’?

The Zametkin synopsis is then succeeded by the following, remarkable sentence: “Although current research supports the hypothesis that ADD has a genetic/biological basis, other factors may also influence the teenager’s behavior.” The role of parents, family life, and other circumstances of the child’s relationship to the world, are discussed at some length, but never is it suggested, of course, that the essential problem might be other than physical.

The highly manipulative construction of the book is pervasive. The main body of text repeats certain emotionally charged refrains, in order to convince the reader (i.e., parent) of the pertinence of a wide range of ADD “symptoms,” and the importance of accepting the disorder, making the child a “partner in treatment,” seeing drug treatment as a way of allowing the child to be himself/herself, and so on. Thus, over 200 pages in this oversized book, are devoted to counseling parents redundantly, on how to cope with the child, with themselves, with teachers, with other parents, and, of course, with all the psychological complications which may arise from the child’s problems, such as low self-esteem, depression, the parents’ own guilt, etc.

Complementing the main text, are photos of teenagers, some of which show them engaged in risky physical activities, such as daring skateboarding, and some of which do not. These are directly or implicitly captioned with quotes or text, which sometimes appear to have no connection whatsoever.

In addition, quotes are interspersed throughout the text, the implication being, that they “prove” what the text is saying. Again, some seem to match up, some not. Some, however, so obviously speak to completely opposite interpretations of why Johnny can’t concentrate, that their inclusion

can only be viewed as a way of making the reader doubt his basis for even *considering* that something other than ADD could be the cause of his child’s “problems.” Take, for instance, the following:

“‘Up until my ADD was diagnosed, I had never done well in school. During class I tended to be real tired and sleep a lot. I guess I thought I was lazy and stupid. Since I started taking Ritalin, I’m making mostly A’s and B’s.’—Shawn, 16”

A subsequent quote from Robert, age 18, is blunt:

“Academically, school wasn’t challenging. I didn’t get any gratification out of the academics. I always felt I could do the work. The work was always easy but I couldn’t concentrate. I’d get attention from [doing] academics but everyone got the same attention. But I could get limitless attention if I misbehaved. I always had good intentions. I always wanted attention but I hated bad attention. But it was the only attention I could get.”

The ironic, double meaning of “attention deficit” is so clear, that it is hard to imagine the quote having been included for anything other than manipulative reasons. Yet, it strikes at the heart of the matter.

The real problem

There is a pervasive and growing problem in our society, with problems symptomized by attention “deficits” and a host of other abnormalities, just as there are pervasive and growing problems with drug abuse, violence, teen suicides, and on down the list. However, whether one takes the “liberal” view, that the problem is chemical or genetic, or the “conservative” view, that the problem lies in television or the public school system, or even the New Age view, that there is no problem, as long as everyone feels good about “processing” through it, the underlying reality will continue to grow worse.

As Lyndon LaRouche continues to emphasize, the pandemic of all these problems has resulted from the three generations (minimally) of social capitulation to fearful irrationality—from the suburb-bound generation of returning World War II veterans, to their Baby-Boomer children, and, in turn, to the “Generation X” children of the Baby-Boomers. Each succeeding generation has fled further from the reality defined by the challenges placed before it by world history, and has thus become more ignorant, more manipulable, and more pathological. The growing acceptance of the notion, that such new labels as Attention Deficit Disorder, Conduct Disorder, and Oppositional Defiant Disorder (not to mention such problems as depression) are genetic or chemical problems, demonstrates a clear case of Mass Superstitious Alchemic Disorder (MSAD).

As LaRouche has elaborated, the problem with psychology, and with the practice of psychiatry, even by insightful and compassionate individuals, has always been, that it has never defined psychological normalcy from any reasonable standpoint: It has never defined the human mind in terms of its essential (i.e., normal) creative nature, that extra-logical capacity of the individual human thought process, by which

mankind, through revolutionary discoveries in knowledge, realized through technological progress, has consciously advanced the relative potential population density of the entire species by orders of magnitude—something of which no other species is capable.

That uniquely human quality of mind, never enters the pages of *Teenagers with ADD*, of course; nor will one find it in the exhaustive literature churned out on the multitude of disorders and their pharmaceutical companions. One can rave that television producers subvert it, and scream that the schools don't teach it. It were better, however, to remember that we, as a society, have stopped living it, and to decide to do something about it.

Degrading the issues, destroying the mind

by Nancy Spannaus

Breaking the News: How the Media Undermine American Democracy

by James Fallows

New York, Pantheon Books, 1996

296 pages, hardbound, \$23

When a journalist gets attacked in the *New York Times*, it's certainly intriguing. In the case of this book, it was the clue to the fact that journalist James Fallows, now Washington editor of the *Atlantic Monthly*, had something trenchant and important to say.

Before *Breaking the News* had been out for two months, *New York Times* managing editor Howell Raines wrote a commentary attacking it. The gist of his attack was that Fallows was demanding that journalists act in the interest of informing the electorate on public policy issues, rather than covering all politics as a "horse race." Raines all but equates the responsible coverage of policy issues, as the equivalent of making "life easy for candidates and officeholders."

Even the *Times* doesn't mind Fallows's attacks on the media celebrities, of course. That they consider part of the genre of mindless, *ad hominem* attack journalism, which they love. They are determined, of course, as tools of the ruling establishment, to be the arbiters of political opinion and decisions, and to feed the cynicism of the population about the political process.

But Fallows has a more important message in this book, than exposing the conflicts of interest and astronomical sala-

ries of "stars" like ABC News's Ted Koppel and Cokie Roberts. He argues that the current mode of journalism is literally destroying the potential for a democratic political process in the United States, both by ignoring substantive policy issues, and by promoting a kind of political contest which is destructive of meaningful citizen participation.

When news became 'entertainment'

It's interesting to note some of the history of journalism's descent, to which Fallows refers. He reports that what are now the major news-entertainment features on TV, were once produced only to meet the rules of the Federal Communications Commission for providing some "public interest" programming. At that point the "talk" or news shows were not even expected to make money for the networks. But, beginning with "60 Minutes" in the early 1970s, Fallows says, that changed. News shows were now supposed to make money, and they gradually became more and more like entertainment, and did bring in mega-bucks.

But this is not merely true with the talking heads on TV. The orientation toward entertainment has also permeated the written press, to the point where it is often impossible to tell anything about a political campaign except "who hit whom?" Fallows puts it this way: "The effect is as flattening and mind-shrinking as if the discussion of every new advance in medicine boiled down to speculation about whether its creator would win the Nobel Prize that year. Regardless of the tone of coverage, medical research will still go on. But a relentless emphasis on the cynical game of politics threatens public life itself, by implying day after day that the political sphere is mainly an arena in which ambitious politicians struggle for dominance, rather than a structure in which citizens can deal with worrisome collective problems."

How opposite to the way in which journalism began in America! At that time, there were often "Gazettes," which concentrated on publishing commercial news, and on publishing government documents, for the perusal of the citizenry. But, nowadays, it is considered anathema for newspapers to publish long government documents, or policy papers by politicians. That's considered "partisan," whereas "real journalism" is located in the back and forth of charges and countercharges between one politician, or political party, and another.

Fallows locates this argument in the opposition of what is called "public journalism" to the standard fare of today. Taking on the institutionalized, and arrogant, dictum of the *New York Times*, he insists that journalism is not, and cannot be, objective and value-free. Journalists all have a point of view, because they have to choose from the massive array of "facts," what they are going to present. So, journalists should be honest and explicit about their point of departure, and deal with the issues they believe to be important in public life.

In the journalism world, apparently, what was called the public journalism movement took off in 1973. The examples which Fallows gives of this movement are not generally im-

pressive; they involve a lot of “dialoguing,” which can be worse than useless. But the concept of providing the materials required for making policy decisions, rather than revving up and sensationalizing local conflicts, is a vast improvement.

The story behind the story

In many respects, this book reflects a naïveté on Fallows’s part. The media “industry” in this country, and the world, is not just a business. It has largely been spun off intelligence operations, and still functions as a means of social control, by the powerful, and centralized, financial interests behind them. It is impossible to understand how the media has degenerated so, without understanding these realities.

In the near future, *EIR* will publish a study of the media, which will document a good deal of the story. It will be clear who the powerful forces are who want to keep the American population so stupid, and why.

As a leader of the LaRouche movement, which produces its own products for print and electronic media, I have a clear concept of the alternative. We have a press which provides for serious study on history, economics, politics, and science; we have a variety of half-hour and hour TV specials which do the same. A market for such media products will be created to the extent that Americans determine that they are going to become qualified to run their republic. That is a decision which is long overdue.

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A disservice to American history

by Nancy Spannaus

Trial and Triumph: Presidential Power in the Second Term

by Alfred J. Zacher

Presidential Press, Fort Wayne, Ind., 1996
349 pages, hardbound, \$24.95

This book shows the folly of trying to address history through the prism of sociology, and, even worse, through trying to predict who will win the next election. *Trial and Triumph* is a review of 18 American Presidents, all of whom served at least two terms. Author Zacher comes up with a metric for predicting their success, by devising 10 measures of Presidential conduct. It all turns out to be either meaningless, or disorienting.

The publicity for this book focusses on its relevance to whether President Clinton will win a second term, and the publishers have even gone on the Internet with a quiz, by which readers are supposed to rank the 18 Presidents Zacher discusses. But there is so much disinformation involved in the Presidential history, that no one could conceivably evaluate their performance, much less use it for generalized predictions.

Case-studies in misevaluation

Two examples will suffice.

One of Zacher’s favorites is President Andrew Jackson, who served from 1828 to 1836. Jackson represented the Democratic Party in its pre-FDR form, i.e., as the party of slavery and treason. His claim to fame was the destruction of the Second National Bank, as well as his racist abrogation of the treaties with the Indians. Jackson aggressively opposed the basic tenets of the American System of political economy—the responsibility of the federal government for infrastructure, sound credit, and industrial development. The destructive consequences of his actions were dramatic, as the economy went into depression as soon as he left office.

Yet, Zacher considers Jackson’s second term as President—when he was in all-out war with the National Bank—to be “glorious.” He claims that “Jackson fought for the worker and the small businessman with high spirit,” although, in reality, Jackson’s economic program was a disaster for

workers and small business—aiding only the British banking establishment which used Jackson to break the power of national banking in the United States. In reality, Jackson's economic sabotage had everything to do with supporting slavery, and preparing the groundwork for the Civil War. Yet Zacher claims he was for the "common man."

This presentation of Jackson is not unique to Zacher, of course. Many Democrats around the country still idolize Jackson as the apotheosis of an American President. But they couldn't be more wrong.

Another egregious case of historical misevaluation (among many) is that of Harry S Truman. Zacher correctly indicates that Truman "contrasted totally with FDR and his style," but he falsely claims that Truman's course left "the nation and the world far stronger and safer and enduring." In reality, Truman's failure to continue the course which FDR had charted, specifically the dismantling of the British and French empires, created the conditions for unnecessary human suffering for years to follow.

The book jacket does not claim that Zacher was trained as a historian, but rather as an economist. It seems as though he must be one of those economists who measures "satisfaction" by opinion polls. As long as it "feels good," it's okay—and that goes for Presidencies as well.

This book has some interesting tidbits about Presidencies you rarely hear about—like the fact that Calvin Coolidge translated Dante's *Inferno* from the Italian during his honeymoon—but, in general, it is not worth the time.

Sir Jimmy's City of London magic tricks

by Laurent Manet

La réponse à la Commission Européenne et aux Libre-Echangistes Premiers Responsables du Chômage, du Déclin de la Nation et de l'Europe

by Jimmy Goldsmith

Editions Fixot, Paris, 1996, FF 99

Do you sometimes get the feeling that the world no longer spins on its axis and that it is becoming crazier and crazier? Are you repulsed by watching the rich become richer and the poor poorer, social fissures grow day by day, and the state become ever more insatiable while leaving unfulfilled its role of tutor and protector; that "they" are inventing a single Eu-

rope with nothing solid behind it, and which excites less than no enthusiasm? Well, then you are in the target group for Sir Jimmy Goldsmith's book, *Response to the European Commission and to the Leading Free-Traders Responsible for Unemployment, Decline of the Nation and of Europe*.

The chapter titles are alluring, if you like his polemic. The "single Europe idea" (*pensée unique*) is a crime, according to Sir Jimmy, because it imposes out and out economic liberalism, whereas what's needed is an intelligent protectionist policy, such as that applied by Alexander Hamilton, when he was the United States' first treasury secretary.

"Throughout the 20th century, the United States was systematically protectionist and, at the same time, watched its growth surpass Great Britain's, to the point of becoming the dominant economic power. From 1816 to 1846, American policy, profoundly influenced by Alexander Hamilton, the first treasury secretary (from 1789 to 1795), and by his book *Report on Manufactures*, was strictly protectionist." Any reader of publications associated with Lyndon LaRouche would turn somersaults, and think they had made a new and powerful friend.

Reality, however, is a bit different in the best of all possible worlds of high finance.

In Her Majesty's service

Despite his veneer as a righter of wrongs, Sir Jimmy has more than a few difficulties passing himself off as a defender of freedom for the people. His Saville Row business suits can seldom be confused with the trappings of national sovereignty.

Editions Alcuin in Paris has issued a report, "Who Is Jimmy 'Goldballs' Goldsmith?" which points out that our hero is "first of all, an intimate of Lord Jacob Rothschild," and that he is not just some billionaire, but rather a member of the administration committee of Jacob Rothschild Holdings, where he rubs shoulders with Lord William Rees-Mogg, a high-level mouthpiece for the British monarchy.

It was also thanks to "financial help from Jacob Rothschild that, in 1979, Jimmy Goldsmith set himself up in New York to participate, with the collaboration of the 1980s 'golden boys,' in launching junk bond operations and wild leveraged buyouts against American enterprises. Associated with Michael Milken of Drexel Burnham Lambert, and other men of the financial world, such as Jerry Packer, Gianni Agnelli, Lord Hanson (a close collaborator of Margaret Thatcher), Goldsmith, among others, was behind the leveraged buyouts against Crown Zellerbach Paper and Goodyear Tire Co."

All this makes up a pure-blooded Anglo-American grouping, whose cup of tea is not exactly the welfare of the people. Lord William Rees-Mogg, for example, has proposed new forms of a strong state to impose austerity—not against financial speculators and oligarchical elites, but for "our" people.

Sir Jimmy has not had the career of an industrial entrepre-

neur creating productive work places, but a financial shark, who took part in the massive asset-stripping of the 1980s.

Well, then, are we looking at some miraculous conversion? Some of our sources among Paris stockbrokers recall that Sir Jimmy was not successful in being initiated into that temple of French finance, the Société Générale. So, out of spite, he turned his hand to politics, paying for a red-white-and-blue golem, Philippe de Villiers, a leading figure in Goldsmith's anti-Maastricht party L'Autre Europe (the Other Europe), and his front man in last year's French Presidential elections.

However, a man like Jimmy Goldsmith never acts alone, nor out of pure personal passion. Too dependent on the circles who have protected him, he plays whatever role they assign. It is here that we must understand how these circles think, being the most cynical and realistic among the British oligarchy. On the one hand, they know that the international monetary and financial system is disintegrating, and, on the other hand, they are convinced that the "Europe of Maastricht" will provoke a social explosion and a profound revolt against the "single Europe idea." Given these two realities, which they cannot deny (the smug adepts of the "Kondratieff waves" notwithstanding), their problem is to "cover all bases."

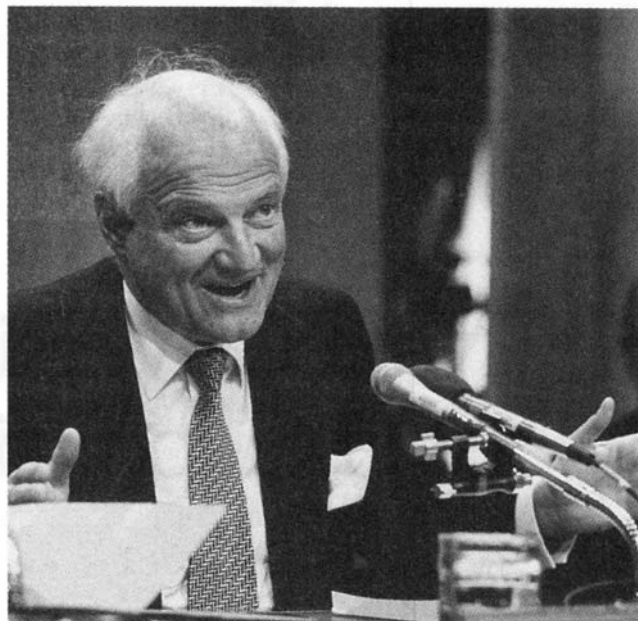
That is where Sir Jimmy comes in. His role is to take over the legitimate movement against the *pensée unique*, by misleading it into a strategic blind alley. However, you may ask, why is he reliably serving his employers? Why doesn't he fly on his own wings?

The answer lies in the circumstances of his ascent. Someone is "reliable" if he is bound to his past. And we have seen that Sir Jimmy's is not exactly untrammelled.

The imprint of his controllers appears more in what Sir Jimmy does not propose, than in what he does. Logically, his book should include proposals in favor of a new world economic order, based on orderly liquidation of speculative financial interests and for the systematic emission of credit for infrastructure and productive industrial and agricultural investments. By itself, such a choice would naturally turn the order of things upside down. In this matter, not only is Sir Jimmy not a subscriber, but he vigorously opposes the most advanced technologies, such as nuclear energy, necessary to ensure the takeoff of the world economy.

Logically, Sir Jimmy should be interested in the proposals of Lyndon LaRouche and his leading French associate Jacques Cheminade, which he is thoroughly familiar with. But here, he is not only not a subscriber, but, in the United States, he was part of the witch-hunt against LaRouche; and, in France, with the help of some onerous legal cases, he turned certain circles against Cheminade, which would normally have supported the latter's ideas.

In short, we have here a very curious sort of enemy of financial liberalism, who, while claiming to fight it, systematically plays its game. When it comes to Goldsmith's books *The Trap* and *The Menace*, perhaps we should apply such



Sir Jimmy Goldsmith testifying at a 1994 U.S. Senate Commerce Committee meeting on GATT and the World Economy. Sir Jimmy likes to rally the French troops against globalization, but the British billionaire is no enemy of the British oligarchy's schemes for one-world government.

epithets to him first.

According to a source close to him at the Paris headquarters of L'Autre Europe, in the United States, he supports Pat Buchanan, and, eventually a "Ross Perot-Pat Buchanan ticket." Buchanan certainly stands against global free trade in order to defend American jobs, but he holds forth against immigrants and the peoples of the Third World in general, in a manner every bit as extreme as France's Le Pen. According to our source, the "traditional values of Buchanan are agreeable to Sir James, especially in the area of agriculture, since they are both against the Green Revolution" (whose new grain varieties vastly increased Third World agricultural yields, allowing some countries to achieve food self-sufficiency).

Now we can see the devil's tail sticking out. Sir Jimmy is against the "single European idea," because he's set on a return to the land, hearing a call to the "communion with nature" inspired by "Oriental religions." In short, Sir Jimmy is leading his troops back to the past. Two individuals whom he favorably quotes in *The Menace* are Mrs. Vandana Shiva and Brazil's former environment minister José Lutzenberger. These two are both leading lights of the ecologist movement, promoted and financed by multimillionaires among the British oligarchy and its supremo Prince Philip, president of the World Wide Fund for Nature.

Sir Jimmy is decidedly a great political magician: When you rummage around in his top hat, you may fish out variously, an enemy of liberalism, a friend of the people, an ecologist rabbit, and, perhaps, even the head and tail of a banker.

Nazi Gov. Ridge is at eye of U.S. political storm

by Nancy Spannaus

Pennsylvania is rapidly turning into a central battlefield for the American public this year, including both political parties. On the Democratic side, the test is whether the party in Pennsylvania, and nationally, will follow the lead of Presidential candidate Lyndon LaRouche, in demanding the impeachment of Gov. Thomas Ridge for his implementation of Nazi-like cuts in health care. On the Republican side, the basic moral question is compounded by the fact that leaders of the Dole Presidential campaign have indicated that they are considering Ridge for the vice-presidential slot.

On the broadest level, the outcome of the battle initiated by LaRouche will determine the character of the fall election campaign, and whether the American public will finally reject the Nazi-like economic policies represented by Newt Gingrich's Contract on Americans. If President Clinton is re-elected through pragmatic adaptation to the Republicans' policies, as his sleazy adviser Dick Morris is proposing, he is probably headed for a prison term, rather than a full second term in office. If the Democrats take up the lead from the LaRouche campaign—as some of them did during the anti-Ollie North effort in Virginia's 1994 U.S. Senate race—there will be a clear basis for the U.S. to carry out its necessary mission in reorganizing the world financial system, and saving the world from a New Dark Age.

LaRouche campaign saturates Pennsylvania

On Aug. 1, the LaRouche Exploratory Committee, LaRouche's 1996 Presidential primaries campaign committee, began broadcasting a series of more than 20 half-hour television advertisements throughout the Commonwealth of Pennsylvania. The ads feature an address made by Lyndon LaRouche at an *EIR* seminar in Washington, D.C. on July 17, during which he walked the audience through the argument

as to why Governor Ridge must be impeached for *knowingly* implementing Nazi-style health cuts. By acting on this clear case of criminality, in which Ridge is documented to have *known or should have known* the murderous impact of his *unnecessary* budget cuts, LaRouche argues, Americans will be going up against the faulty axioms of thinking which have prevented them from saving the country, and the world, from the decline of the last 30 years.

Already, the LaRouche effort is creating a huge stir in Pennsylvania, and is known to be under scrutiny in Democratic Party circles around the country—including in nation's capital.

So far, LaRouche campaign spokesmen, led by the well-known Lewis du Pont Smith, have given press conferences in 49 county seats, and 10 major cities, throughout the Commonwealth. While the media have not necessarily attended these public events, they have served as an occasion for distributing the pamphlet put out by the LaRouche Exploratory Committee (LEC) on Ridge's impeachment, as well as for discussions with local citizens. Some excellent articles on LaRouche's impeachment campaign have been published in the local press.

In addition to the media events, LaRouche supporters are circulating "Impeach Ridge" pamphlets by the tens of thousands. Labor leaders, Democratic Party officials, and private citizens are taking hundreds for distribution in their social and political circles.

Over the last two weeks, LaRouche supporters have also staged high-profile interventions at public appearances by Governor Ridge. Two of these occurred at ceremonial events, and two at events where Ridge was hosting the likely Republican Presidential nominee, Bob Dole. In each case, a dozen or more supporters manned picket lines, holding signs about

Ridge's Nuremberg crimes, distributing pamphlets, and chanting slogans about the governor's guilt.

A dilemma for the Republicans

Over the last few weeks, the Dole campaign—which is otherwise in such serious disarray that even leading Republican pundits are publicly expressing the hope that he will yield to another candidate—has let it be known that it has put Governor Ridge on the “short list” of potential vice-presidential nominees. The idea was even promoted in the British press.

Ridge's qualifications, the argument goes, are that he is a Vietnam War hero, that he attended Harvard, and that he is the governor of one of the populous northern states which Dole needs in order to have a chance at the Presidency. Ridge is also a Catholic, with moderate pro-abortion beliefs, the argument goes.

A significant expansion of the “pro-Ridge campaign” came with the July 18 London *Times*. In a feature news-article, at the top of its “America” page, Tim Hames wrote that “the man most mentioned” as a possible Republican vice-presidential candidate is “Tom Ridge, the governor of Pennsylvania.” Hames affirms that the source for his *Times* article was Dole's campaign manager, Scott Reed, who identified Ridge, to him, as “one of the four to five really serious contenders” for the vice-presidential post. Based on information from other U.S. sources, Hames admits—although he omitted this in his article—that the one factor working against Ridge, is the “very large backlash” against him within Pennsylvania, particularly in Philadelphia and other urban centers. While trying to dismiss the role of LaRouche, Hames concedes that there is serious consideration of an initiative to impeach Ridge by leading black politicians in Pennsylvania.

Interestingly, Ridge was aided in his previous electoral campaigns by Dick Morris, the Rasputin of President Clinton's inner circle. Morris is well known for manipulating polls, and advising his clients to preempt the issues of their opponents, regardless of what they intend to do when elected.

If the Republicans are paying attention to polls, they may also be getting a bit sour on Ridge. An article in the July 24 edition of the *Philadelphia Daily News* reported on the Keystone poll, which had been commissioned by KKY radio and the *Daily News*, and called 500 registered voters to ask them a series of questions about Ridge and Dole. This is not a significant sample, of course, but still, the results could not have been consoling. They indicated that Ridge's addition to the Republican ticket would not help Dole at all, and that Ridge's personal approval rating, when the ratings of good or excellent are taken together, had gone from 61% in September 1995, to 47% today.

The issues of life or death

Meanwhile, on the level of the daily lives of the citizens of Pennsylvania, the issue of Ridge's health care cuts is becoming white-hot. Especially in the city of Philadelphia,

where the majority of the 220,000 individuals targeted for cutoff from the states' medical assistance program live, the uproar is growing.

For example, State Legislator John Myers (D-Philadelphia) stunned an audience of community activists on July 18, when he told the story of a young diabetic man, one of the 220,000 poor and disabled Pennsylvanians cut from the state medical assistance rolls by Governor Ridge.

The man was informed earlier that week, that he was no longer eligible for state health benefits—he came straight from the welfare office into Myers's office, and told Myers's staff: “If I don't get insulin, I will be dead next week!”

“The people in my office took about 15 minutes for this to sink in,” Myers said. “It took them a while to come to terms with the seriousness of what was being said. Then, it hit my staff like a ton of bricks—Ridge's legislation is literally going to cause people to die.”

Myers reported that the young man was finally directed to a nearby Philadelphia City Health Clinic, but he warned that “thousands will die” in the coming months, unless Ridge's cuts are reversed. The city is already turning needy people away from homeless shelters for lack of money—officials are warning that the same thing could soon happen to the health centers, since at least 50,000 people are being cut from state medical assistance in the city of Philadelphia alone.

Myers, and City Councilwoman Donna Reed Miller, called on the public to help them document the devastating impact of Ridge's policies. “We can't let folks just die in silence,” he said. (Myers has introduced House Bill 2678, which would nullify Ridge's deadly cuts in the state health program.)

The funds are there

Less well known than the horrors Ridge is creating, is the fact that legislation to raise the monies needed to restore funding for medical assistance and other vital services—and then some—has been introduced. State Bill 2833, introduced by State Black Caucus leader Harold James (D-Philadelphia), would put a small sales tax on financial transactions, which would, it is estimated, raise *billions* of dollars of revenue for the state. Ridge argued that the murderous medical cuts were necessary in order to save approximately \$250 million.

In a release issued July 17, Representative James described the tax, and indicated that he intended to hold public hearings on it sometime in August. The Securities Transfer Tax which James proposed would impose a levy of 20¢ per \$100 on transactions of trading in stocks, bonds, and other financial instruments. Noting that such a tax would be one-thirtieth of the sales tax paid by people buying their necessities every day, James asks: “We already impose a sales tax on the purchases made by people of low-income and modest means. Why not impose a tax, which is minor by comparison, on the million-dollar deals being done so casually by rich people?”

'Dirty Dick' Morris assets helped wreck Peres reelection

by Mark Sonnenblick

Political consultants allied to Dick Morris, President William Clinton's chief political strategist, and a cousin and protégé of the late Roy Cohn, helped defeat Shimon Peres in the May 29 Israeli elections, thus helping to scuttle President Clinton's historic collaboration with the late Yitzhak Rabin, Yasser Arafat, and Peres, to forge a lasting Middle East peace.

According to Israeli sources, American pollster Doug Schoen, of the New York political consulting firm Schoen and Penn, travelled on several occasions to Israel and provided campaign advice to Prime Minister Peres. Both U.S. and Israeli sources say that the Schoen role in the Peres election campaign was "very negative." And, although Schoen reportedly did not remain in Israel for the entire duration of the prime minister's losing campaign against Likud Party rival Benjamin Netanyahu, he created problems within the Peres camp by peddling the idea that Peres should run a "below the belt" smear campaign against Netanyahu, and blunt the policy differences between Labor and Likud.

The May 29 election was a near tie, in which Peres lost by less than 1% of the vote (30,000 votes). The Labor Party continues to charge that Netanyahu's campaign committed widespread vote fraud.

The role of Schoen in the defeat of Peres should serve as an important lesson to President Clinton: that he should dump "Dirty Dick" Morris from his campaign apparatus immediately. It should also serve as proof to anyone who doubted *EIR's* long-standing warnings, that the Anti-Defamation League of B'nai B'rith (ADL) is an avowed enemy of Middle East peace.

Schoen, a longtime pollster for the ADL and other sordid interests, was brought into the White House last year by Dick Morris as Clinton's chief pollster.

Political polling and campaign dirty tricks have, in recent years, become a major U.S. export (along with pornographic rock-videos and other "intellectual property"), bringing in millions of dollars annually. Around the world, slick TV sound-bytes and sophisticated psychological manipulation have replaced policy debate as the means by which candidates run for office.

Since 1975-76, when Lyndon LaRouche was collaborating with leaders of the Israeli Labor Party on plans for peace

through regional economic development, the Israeli people's yearning for a secure peace has been repeatedly frustrated by the same scenario and the same actors. Each time Henry Kissinger's geopolitical faction saw a danger that they would lose their ability to manipulate the world through Israeli-Arab enmity, a well-timed atrocity against innocent Israeli civilians would be perpetrated by "the Palestinians." The same crew of New York-based political spin-masters would be on hand to skillfully arouse fears of a new Holocaust; and the peace faction would go down to defeat.

Sabotaging Mideast peace

In 1977, the one-time Irgun terrorist Menachem Begin drove the Labor Party out of power, in what was considered an upset victory, thanks to the bombing of a school bus. Begin's political strategist was David Garth, "the *éminence grise* of New York politics," in the words of the late Roy Cohn's leading publicist, William Safire.

By the 1981 elections, the Israeli people were back in the mood for an end to permanent war mobilization, and January opinion polls showed Begin as "a sure loser" to Shimon Peres and the Labor Party. Garth again helped Begin to victory, by building a cult of personality around Begin with slick TV ads showing him as a gentle family man. In contrast, Peres's Labor Party ran a lackluster campaign, advised by the American David Sawyer, who had helped the Meyer Lansky mob in its successful campaign to introduce casino gambling in Atlantic City, and in its failed effort to legalize gambling in Miami Beach. The 1981 election should have alerted Peres and his Labor Party allies to the dangers of an "inside-outside" wrecking operation, courtesy of the "friends of Israel" in the Meyer Lansky and Roy Cohn-led U.S. National Crime Syndicate.

Garth brought in Douglas Schoen to help defeat Peres in 1981. Schoen, after graduating from Harvard Law School and earning a doctorate in philosophy at Oxford, had been an acolyte of Dick Morris in New York City. Schoen followed Morris to take up residence in the Connecticut village of West Redding. In a profile he recently wrote for *Campaigns & Elections*, the trade journal of political consultants, Schoen boasts that he "worked closely with David Garth in the early

years” of his career. Schoen also writes that his best moment in a campaign was “when our client, Israeli Prime Minister Menachem Begin, explained to me why he authorized destruction of the Iraqi nuclear reactor in 1981.” The bombing of Iraq was a turning point in Begin’s re-election drive.

Shortly after Begin’s 1981 re-election, Penn and Schoen Associates, Inc. was commissioned by the ADL to survey U.S. attitudes toward the Middle East. Schoen was hired again by the ADL in 1988 for a comparative survey, after Americans were shaken by Israeli repression of the Palestinian Intifada. This is the Schoen with whom someone saddled Peres in 1996.

Sources in Israel report that Schoen was brought into the Peres campaign—despite his past association with the Likud campaign of Begin—at the urging of Zev Furst, an Israeli living in Englewood, New Jersey. Furst is a long-standing partner of David Garth.

Penn and Schoen poll for intelligence operations as much as for candidates. They poll for *Spy* magazine, for the Roy Cohn-linked *National Law Journal*, which features Dick Morris’s father (see *EIR*, July 5), and work for Dope, Inc. In 1988, they helped Colombia clean up its image as a cocaine exporter. As part of a \$2 million public-relations contract with Sawyer/Miller (run by the Sawyer who helped Peres lose in 1981), they surveyed 200 “inside-the-Washington-Beltway” influentials and found hostility towards Colombia disappeared when people were reminded that “a minister of justice, half the Supreme Court, senators, legislators and teachers have given their lives fighting the drug cartel.” A series of ads on this theme took credit, or gave cover for, President Bush’s measures to reverse the Reagan administration’s rigorous customs inspections on imports from Colombia.

At the same time as they were taking the heat off the Medellín Cartel, Penn and Schoen ran an intelligence operation to promote Bush’s 1989 invasion of Panama. In July 1988, after Gen. Manuel Noriega was indicted on charges of being helpful to the Colombian drug cartel, they did a survey in Panama. They determined that nearly two-thirds of Panamanians wanted some form of U.S. intervention “to have a truly democratic system,” and that 81% favored “economic and political union” with the United States—both highly dubious findings. The reported results suggested that only 6% of Panamanians would resist an abrogation of their sovereignty by the United States. “This is the most important information we have received from Panama in months,” said Roger Fontaine, former senior National Security Council staffer on Latin America.

Ad man for the ADL

Schoen and Penn’s work for organized crime was not restricted to the Colombian cartels and the Lansky gambling syndicate. In the 1980s, Schoen and Penn became the pollsters for the ADL.

“Sometime in mid-June,” the *Los Angeles Times* reported on Sept. 9, 1982, “as Israel’s world image shook with the

rumble of Israeli tanks and firepower in Lebanon, the Anti-Defamation League of B’nai B’rith concluded that Israel had a public relations problem in America. Further, the League theorized, American television was at fault. To test the theory, the League commissioned the services of David Garth.”

Garth admitted to the *Washington Post*, “It is not a question of fairness or unfairness of coverage. So far the reporting is accurate. . . . But the perception is the problem. The American Jewish community is very sensitive about it.” After surveying evening news reports, Garth and his partner, Zev Furst, accompanied an ADL representative to try to strong-arm CBS and NBC into not reporting accurately on Israeli atrocities against innocent civilians in Lebanon.

Garth was described in 1994 by Kissinger’s mouthpiece, William Safire, as “the *éminence grise* of New York politics.” He serves as a political fixer for the organized crime forces associated with the ADL. He led every one of former Mayor Ed Koch’s campaigns. Dick Morris and Douglas Schoen worked under him in several Koch campaigns.

Schoen has never hidden his scorn for Democratic constituency politics, which grew under the influence of Franklin Delano Roosevelt. In a Nov. 13, 1986 *New York Times* commentary that he co-authored with his partner Mark J. Penn, Schoen asserted that “In this year’s Senate contest, it was only after Democratic candidates succeeded in demonstrating that they shared the Republicans’ basic positions on fiscal issues that they could turn to the local issues and personality differences that led to such a sweeping victory. . . . Indeed, virtually every successful Democratic Senate candidate made it clear from the start that he opposed wasteful spending on social programs, opposed using tax reform as a way to raise taxes, and supported governmental policies to encourage economic growth and traditional American family values. This approach represents more than just an abandonment of New Deal policies. It marks a virtual co-optation of the rhetoric, ideas, and policies that had swept Ronald Reagan into the White House and a Republican majority into the Senate in 1980.”

In 1988, Garth destroyed Al Gore’s presidential campaign, which he was managing, by having him grovel, on the eve of the crucial New York primary, at the feet of Ed Koch and the Likud’s anti-Palestinian warmongering. Garth later confessed, “I think we really screwed up that thing in 1988 for Gore, and he knew it.” After David Dinkins, a black liberal, ousted Koch from the mayoralty in 1989, Koch and Garth teamed up in 1993 to help Republican Rudolph Giuliani depose Dinkins. They exploited racial conflict in Crown Heights, Brooklyn, to manipulate Jewish Democrats to vote for the Republicans.

Netanyahu’s ‘Submarine’

Dick Morris has made a career out of playing both sides of fence. While serving as President Clinton’s election “Rasputin,” he has made big bucks running the campaigns of a number of prominent Republicans, from Sen. Jesse Helms

(R-N.C.) to Massachusetts GOP Gov. William Weld. The same rules applied when Morris threw himself into the recent Israeli elections. While Morris unquestionably played a role in foisting Schoen on the failed Peres campaign, he also had a hand in the Likud campaign of Benjamin Netanyahu.

Alan Sipress, a *Philadelphia Inquirer* correspondent, in a May 20, 1996 article, reported that, by the mid-1980s, "Behind the scenes, he [Netanyahu] had already gathered a high-power clique of Israeli and Jewish-American backers—men of political savvy with millions of dollars, an operation so closely guarded that it was known to insiders as 'The Submarine.'" After Rabin and Peres ousted the Likud in 1992, "The Submarine provided him with lavish headquarters in a Tel Aviv suburb and paid for a big-money advertising campaign. . . . To launch Netanyahu's drive three months ago, his backers paid an American consulting firm \$200,000 to conduct public opinion research and help design a slogan. . . . Last week, the mass-circulation newspaper *Yediot Aharonot* reported that Netanyahu's media strategy was being overseen by U.S. election consultant Arthur J. Finkelstein, whose bruising ad campaigns secured victories for clients including conservative Republicans Jesse Helms, Alfonse D'Amato, and George Pataki."

An Ayn Rand libertarian, Finkelstein hung around Roy Cohn's East Side Conservative Club in the 1960s. He entered politics in 1970 by trying to convince drug-legalizer degenerate William F. Buckley, Jr., to run for the U.S. Senate, but, instead, wound up managing Buckley's brother, James, who was elected to the Senate on the Conservative Party line. Nassau County Republican boss Joe Margiotta promptly retained him as pollster and deployed him to elect Al D'Amato to the Senate in 1980.

Finkelstein has earned a reputation as the impresario of campaign sleaze. This often boils down to pure and simple racism, as in 1990, when Finkelstein hired Dick Morris to formulate the race-baiting commercial which re-elected Sen. Jesse Helms. Helms was running well behind former Charlotte Mayor Harvey Gantt, an Afro-American who had earned broad respect among white voters. The Morris-Finkelstein ad showed a white hand crumpling a job rejection notice, with the employer's voice stating, "You were the most qualified, but I had to hire a mi-no-ri-ty." Gantt, who himself opposed affirmative action quotas, lost the race.

According to author Bob Woodward, D'Amato brought Finkelstein to Dole in January 1995. Finkelstein told Dole that to be elected, he would have to shift from "theocratic moralism" to Pete Wilson's populist support of abortion, while bashing immigrants and the poor. D'Amato delivered Dole an ultimatum to let Finkelstein perform political surgery on his brain: "He'd be by your desk . . . and you wouldn't say *anything* unless Arthur tells you what to say." Dole gave Finkelstein a secondary position; but Dole's bad poll numbers are being used to pound him into letting Finkelstein loose to savage Clinton.

Welfare 'reform' bill cracks whip over poor

by Suzanne Rose

Within the space of only four days, the House and Senate voted up legislation to overhaul the nation's welfare system, modelled on the "Personal Responsibility Act" of the Contract with America. The bills, H.R. 3734 and S. 1956, would reduce payments by about \$60 billion to the 8.8 million children and 4 million adults who receive Aid to Families with Dependent Children (AFDC) over a period of six years. Further, the "reform" will force at least half of the adults into "workfare" programs within two years (those who refuse face termination of benefits), and will turn the federally guaranteed payments over to the states to be administered as block grants. There will be a five-year lifetime limit on receiving these benefits.

Welfare to families with dependent children will be ended as an entitlement program, which means that families are not guaranteed assistance if their income falls below a certain level, effectively terminating the federal safety net for the poor. Instead, states will receive a fixed sum and have a great deal of latitude as to how this money is spent and who receives benefits. Since the payments to each state are capped and based on historic participation in the program by state, states will have incentives to kick people off the rolls as need expands.

You might ask, what has changed that we no longer need a federal safety net for the poor? Has poverty or joblessness disappeared? Only in the minds of election strategists in both camps. On the one hand, Dick Morris, chief campaign strategist for President Clinton, hopes to entice the President into capturing "welfare reform" as his campaign issue by signing the Republican-authored bills. The President has come dangerously close to that, by letting it be known that he would sign a bill so long as it didn't include the "poison pill" of block grants for Medicaid. The Gingrichites, anxious to trap the President into endorsing their fascist overhaul of the economy, left those cuts out.

A Dickensian nightmare

Given real unemployment levels of 12-15% (some 17 million Americans, if you include people who have given up looking for work, or who have found temporary work instead of full time), and the steadily increasing poverty, financially strapped states are slashing their budgets. Republican gover-

nors from Mississippi, to Michigan, to Wisconsin are “experimenting” in putting welfare recipients and prison inmates to work, in order to cut labor costs for their corporate benefactors, or simply to streamline their state budget outlays with cheap labor.

This process will intensify as the real economy continues to shrivel. It is estimated by some Democratic Party sources that the manufacturing base of the economy, historically the source of governments’ tax revenue, is crumbling at the rate of 14,000 jobs a month. States, which, unlike the federal government, cannot expand their budgets to support growing numbers of poor, will “recycle” the newly unemployed into work programs or community service, rather than incur the expense of welfare benefits.

One notable example is the “workfare project” of Gov. Kirk Fordice in Mississippi. The federal government has given Fordice a green light to experiment with “reform.” AFDC recipients deemed capable of work, are sent into sweatshop industries. The employer is given the equivalent of the welfare check and Food Stamp benefits, as a supposed enticement for hiring a welfare recipient, while the recipient is paid the minimum wage. The employer acquires a captive workforce with no union protection, which cannot refuse speedup or any other hazardous condition. In many states, the welfare benefits are higher than a family’s minimum-wage income.

In Michigan’s welfare program, widely praised for reducing the unemployment levels, welfare recipients are forced to work off their grants for a required number of hours, at below minimum wage. The Wisconsin plan puts recipients into public service jobs, which do not have to pay the minimum wage, if they can’t find private sector jobs. If the recipient fails to work for the assigned number of hours, he or she will lose the entire grant.

Harsh opposition, but not sharp enough

The House and Senate bills were harshly criticized by some of the Democratic leadership during the limited debate, and a large coalition of religious and charitable groups mounted an offensive in Washington on July 18, the day the House bill passed. Representing at least 100 groups, the coalition held a press conference on Capitol Hill, claiming that the bill was being rushed through without public or Congressional hearings. They appealed to legislators’ consciences, stressing the harm to children from such bills. Rev. David Beckman, president of Bread for the World, told the press that the welfare reform bills would cause unacceptable harm to children and “lead to poverty like we saw in the 1930s. Children will be living under bridges.” A spokesman from the Food Research Action Council (FRAC) said that the welfare reform bills before Congress contained the most massive cutback in food assistance the country has ever seen. The bills will cut \$28 billion in Food Stamp benefits to the poor, over six years, including for 12 million children.

The FRAC spokesman said that, to make up for these cuts, charitable food distribution systems would have to increase their outlays five times, an impossible requirement for an already overloaded system. It was reported at the conference that the Republican leadership had passed a last-minute amendment to the House bill which would cut off most unemployed, childless adults from Food Stamp assistance, unless they find work within three months.

The House bill, slightly more vicious than the Senate’s, included an amendment which would bar legal immigrants from benefits, including AFDC, Food Stamps, Medicaid, and Supplemental Security Income for people with disabilities. The most merciless provision of all, adopted in both Senate and House versions, would prevent the government from authorizing voucher payments for the needs of children whose parents had been thrown off the rolls.

At the press conference, an *EIR* representative asked if the Nuremberg Code for crimes against humanity weren’t applicable to such cuts in social welfare, citing specifically the cutbacks authorized in Pennsylvania under the guise of welfare reform. There, Gov. Tom Ridge had 220,000 medically indigent people removed from the state’s medical insurance program for the poor. She cited the UCLA study which had been done, after California initiated similar cutbacks: The study determined that a specific number of people would die in the short term from lack of medical care. Would the authors of such cuts not be accountable for “crimes against humanity” under the Nuremberg Code, in cases like Pennsylvania where it is known that cuts in medical insurance will increase the death rate? *EIR* asked. Unfortunately, the chairman of the press conference punted, replying only that it would, indeed, be dangerous to turn the responsibility for welfare programs over to the states.

The Nuremberg precedent

The Democratic leadership in both the House and the Senate denounced the bills as harmful to children, but propitiated the drumbeat for “welfare reform.” The final vote reflected election-year pragmatism, with over 30 House Democrats, many in tight reelection campaigns, and 27 Senate Democrats voting for their respective versions.

Sen. Chris Dodd (D-Conn.) pointed out that the onus of the cuts would fall on children, who make up the majority of the AFDC rolls. He pointed out that the federal expenditures on welfare were less than 1% of the budget. He showed that the Republican bill has even eliminated the standards of health and safety for the childcare programs for mothers who must work, which had been in previous bills. Other questions of relevance were raised by senators such as Wendell Ford (D-Ky.), who asked, “What if we have a downturn?” Others offered palliative amendments, most of which were voted down. No one was prepared to offer the challenge that it is the economy, not the so-called welfare system, that needs fixing.

Democrats take up pension reform

The House and Senate Democratic leadership held the second in a series of forums on Capitol Hill on the Democratic Families First Agenda, on July 15. The forum heard testimony from a panel of witnesses on the abuse of employee pension funds by corporations.

Chairwoman Sen. Barbara Boxer (D-Calif.) stated that federal law does not protect the most rapidly growing and predominant American pension plan, the 401(k), which currently enrolls 22 million Americans and holds \$675 billion in assets. Boxer and Rep. Gary Condit (D-Calif.) have proposed a bill to regulate this type of plan to prevent the abuses which were detailed by the panel. These plans, in which an employer deducts a portion of the employee's salary every week and directs the investment of it, do not come under the protection of federal pension law, which prohibits the investment of more than 10% of their assets by the employer. Consequently, corporations have used these funds as a piggybank as the economy has worsened, and, when they go bankrupt, the life savings of the employee go up in smoke.

Sen. Byron Dorgan (D-N.D.) commented, "You cannot say you are pro-family unless you care about this sort of thing."

Sen. Jeff Bingaman (D-N.M.) said that he was introducing a new bill to reform the current pension system. A press release on the bill said that the bill will make it easier for small businesses to establish pension plans for the more than 50 million American workers who lack coverage. It will allow employers and employees to contribute to the Pension Portability Clearinghouse, a non-profit private corporation chartered by an act of Congress, which would be established

by the bill. The board of the clearinghouse would contract fund management to "qualified investment houses which would manage at least the following funds: a fixed income fund, equity fund, government securities, small business capitalization fund, and a public infrastructure fund."

Through the clearinghouse, workers could change jobs and continue the same pension investment. Participating employers would contribute a uniform percentage of each employee's salary, and the employee could contribute, tax free, an amount up to twice the employer's contribution. The goals of the plan, called the Pension Pro-Save: Retirement Security for All Americans Act, are "to encourage employer pension contributions; facilitate pension portability; preserve and increase retirement savings; and simplify pension law."

Lott maneuvers to avoid government shutdown

On July 15, Senate Majority Leader Trent Lott (R-Miss.) endorsed the idea, proposed by House Majority Leader Richard Arney (R-Tex.), of passing a continuing resolution lasting until March 31, 1997, so that the government wouldn't shut down if not all of the appropriations bills are passed before the next fiscal year begins on Oct. 1. Last year, Republicans were hurt badly politically when House Speaker Newt Gingrich, Arney, and the Conservative Revolution crowd deliberately shut down the government in an attempt to get their program passed.

An early continuing resolution would enable the Republicans to adjourn Congress without finishing all the appropriations bills. Other Senate Republicans, notably Larry Craig (Id.)

and Ted Stevens (Alaska), both up for reelection this year, have also endorsed the idea.

Minority Leader Tom Daschle (D-S.D.) said, on July 17, that he thought President Clinton might veto a continuing resolution if he thought it premature. He also reported that a discussion he had had with Clinton "led me to believe that he wants us to stay here and do our work, and he indicated to me that he wants to take whatever actions he thinks would be useful in ensuring that we do stay here and do our work."

As of July 18, the Senate had passed only 1 of 13 appropriations bills, while the House had completed action on 10.

Ethics report on Gingrich probe sought

Jim McDermott (D-Wash.) called on the House ethics panel to report to the House on the status of its probe of House Speaker Newt Gingrich (R-Ga.) on July 15, "so that the House can further instruct the committee on how to proceed." The call was unusual, because McDermott is the ranking Democrat on the committee.

McDermott was critical of committee chairman Nancy Johnson (R-Conn.). He said that if a tie vote (the committee has an equal number of Republicans and Democrats) prevents the resolution of an issue, then the issue "would simply die in the lap of the chair" if one side decided it didn't merit further inquiry. "If that happens," he said, "the chair of the committee will have destroyed the ethics committee by failing to lead the committee to a resolution of an issue of major importance."

The following day, Peter King (R-N.Y.) filed an ethics complaint against

McDermott, claiming that McDermott's use of Washington-based fundraising consultant Steven J. Jost in his own campaign, calls into question McDermott's right to participate in the Gingrich probe. Jost assisted former Rep. Ben Jones (D-Ga.), who ran against Gingrich in 1994, in filing the original complaint against Gingrich that year. The complaint also alleges that McDermott violated ethics rules by his earlier criticisms of Johnson's handling of the Gingrich probe.

Treasury funding passes amid concern about IRS

The House passed on July 17 the Treasury, Postal Service, and General Government appropriations bill by a vote of 215-207, despite disagreement over a host of issues, including funding for the Internal Revenue Service. The bill cuts IRS funding by 11% compared to last year.

Jim Lightfoot (R-Iowa), chairman of the Treasury, Postal Service appropriations subcommittee, attacked the IRS, complaining that the agency is incapable of accounting for the money it spends on its operations. "The IRS cannot justify their appropriations because they cannot reconcile their expenditures," he said.

Steny Hoyer (Md.), the ranking Democrat on the subcommittee, praised increases in law enforcement funding that are contained in the bill, but complained that "these increases in law enforcement have been made at the expense of the Internal Revenue Service." Hoyer said that the \$800 million cut in the IRS's budget could create "a very significant risk that substantial federal revenues could be lost, thereby exacerbating our federal budget deficit problems." Lightfoot and Hoyer both noted that there was also

concern from the Ways and Means Committee, chaired by Bill Archer (R-Tex.), about the IRS funding levels, but Archer did not express that concern or offer an amendment to increase funding.

Conferences frustrated by partisan bickering

Several bills passed by both Houses of Congress are still hung up over an inability to come to agreement to go to conference. The two most important bills are on medical insurance reform, which has been stalled for more than three months, and on the minimum wage, which has been stalled since July 9.

Democrats have accused Republicans of holding the minimum wage hostage to their demand for medical savings accounts (MSAs) on the health bill. Senate Majority Leader Trent Lott (R-Miss.) was coy when he was asked on July 16 about whether he would tie the two together. "I might and then I might not," he said. He also said that the Democratic proposal to split the MSAs proposal from the health insurance bill was "not a practical, reasonable or serious offer," and accused Democrats of "insisting on gridlock."

Senate Minority Leader Tom Daschle (D-S.D.) complained the following day that "every time we come up with yet another innovative way to break the impasse" on health insurance reform, "we're told, no, and then they'll tell you that we're the ones responsible for the fact that they're not making progress on health care. . . . We'd love to have a conference, but we've got to have a conference where people are on both sides of the table."

Daschle was equally determined on the minimum wage issue, warning

that if Republicans don't show some movement on it, Democrats would return to their strategy of offering it as an amendment to every single piece of legislation that comes up. By the end of the week he was more optimistic. He told the press on July 19, "I think we're making reasonable progress" on the minimum wage bill, "and I'm hopeful that health care can be resolved this month," but he was careful not to back off on his warning of a couple days before.

Mack, Kasich would privatize interstates

Sen. Connie Mack (R-Fla.) and House Budget Committee Chairman John Kasich (R-Ohio) introduced a bill on July 18 to turn over funding and management of the interstate highway system to the states. The bill is a Conservative Revolution attack on the federal government's role in national transportation policy. On July 19, Mack called the highway system a "relic" of the era of big government and "a perfect example of a program that ought to be returned to the states." He also attacked the system of collecting and distributing gasoline taxes as "inefficient, costly, and bureaucratic."

Mack said his bill "re-empowers the states to make their own decisions" by eliminating the federal highway trust funds, repealing most federal highway regulations, and removing "federal roadblocks to infrastructure privatization." He claimed that elimination of federal gasoline taxes would allow states "to regain control over their highway program and raise their state gas taxes if they choose. Any money collected would stay within the state to be used as the state sees fit without restriction from Washington." Presumably, this would include using such funds for budget balancing.

National News

Arizona approves tax windfall for Murdoch

The Arizona legislature met in special session in late June to approve about \$7 million in tax breaks for a media conglomerate which will be known as American Sky Broadcasting. The Satellite TV Center to be built in Gilbert, Arizona is the venture of two of the world's major communications companies—MCI and Rupert Murdoch's News Corp. Media mogul Murdoch, a conduit for British intelligence, has added numerous American newspapers to his empire in recent years, as well as buying up the Fox Television network and 20th Century Fox film studio.

The Republican-controlled legislature held a special one-day session completely devoted to the satellite issue. Democrats contested the large tax breaks, especially in light of the fact that only 100 new jobs are being created. Foes of the measure also argued that the tax break will cost the state three to four times more than \$7 million.

LaRouche book reviewed by U.S. defense journal

The Plot to Annihilate the Armed Forces and the Nations of Ibero-America, the 1994 study published in Spanish and English by *EIR*, which inspired patriotic forces throughout Ibero-America, has been reviewed in the U.S. National Defense University's *Joint Forces Quarterly*. The book was prefaced by Argentine Col. Mohamed Alí Seineldín, and by Lyndon LaRouche—who inspired the overall project.

The *EIR* study was reviewed by James Zackrison, an analyst for the Office of Naval Intelligence and an adviser to the Joint Chiefs of Staff. He acknowledges the growing influence of the book in Ibero-America, noting that "it is reportedly on the required reading list at several regional military academies and staff colleges," and that "students of Latin American affairs will ignore this book to their detriment."

Breaking with the longstanding media policy to omit any discussion of LaRouche's ideas, Zackrison admits that the factual material presented by *The Plot* is right on the mark, and cannot be dismissed as "yet another odd conspiracy theory." Zackrison hysterically denies, however, that there could possibly be any *policy intent* behind all the recent efforts to destroy the military forces of various sovereign countries in Ibero-America, and claims that "their logic . . . involves the assumption of a causal relationship between the intent of events and people involved. That assumption is unquestionably false."

The reviewer also quibbles with the book's assertion "that there is no moral difference between the oligarchy of Britain and the United States . . . and Bolshevism." The basic theses of the book, however, are left unchallenged.

Virginia private prison gulag breaks ground

Virginia Governor George Allen has started construction of his privatized prison gulag. Work was scheduled to begin on the state's first private prison on July 12, after the state signed a contract with the Correctional Corporation of America, Inc. for the \$44.5 million, 1,500-bed facility in Lawrenceville.

According to the July 12 *Richmond Times-Dispatch*, CCA operates 45 facilities, with 31,000 inmates in 11 states and Puerto Rico. They claim that they will be able to run the prison at a cost of \$12,500 per inmate, as opposed to state costs of nearly \$17,000. The savings comes from hiring below-scale and non-union labor.

Sources in Richmond report that, if Allen has his way, at least 10,000 of the new prison beds demanded under the Project X "no parole" scheme will be built as privatized concentration camps, run by private agencies; Allen would like that figure to rise to 15,000. The state projections are for a doubling of inmate population by the year 2005, from about 25,000 to more than 51,000. Since the state doesn't have the capital resources to build the new prisons, operations like the CCA's are made to appear more at-

tractive. Governor Allen and the George Bush-related networks who crafted the Project X scheme knew all along that this would be the outcome and planned it this way, the sources say.

The goal, said one of the sources, was to make Virginia a model for the nation—a fascist justice system, a fascist parole system, and a privatized gulag.

Radon scare exposed as a highly expensive hoax

Finnish researchers at the Center for Radiation and Nuclear Safety have recently published a study which concludes that "radon exposure does not appear to be an important cause of lung cancer." Environmentalists have been claiming, without any scientific evidence, that as many as 10% of lung cancer deaths (150,000 a year) are due to radon exposure.

The radon scam has proved expensive for Americans, who have spent about \$400 million testing for radon and renovating homes with high levels of the supposedly deadly gas. Studies in Canada, Missouri, and China have also all found no connection between residential radon and lung cancer. John Boice, Jr., former chief of radiation epidemiology at the National Cancer Institute, told reporters that the Finnish research "is an exceptional study in an area of high radon and they found no link." Some of the radon levels found in homes studied in Finland were at 10 picocuries per liter, which is two-and-a-half times greater than the maximum level allowed in homes by the Environmental Protection Agency. Even so, the EPA has no plans to change its current radon policies.

Greenspan links wage control to insecurity

In his semi-annual appearance before the Senate Banking Committee on July 18, Federal Reserve Board Chairman Alan Greenspan gloated that the growing anxiety among

working Americans over job security, is the main reason why there is no real growth in wages, despite the "high rate of employment." Greenspan stressed that technological changes and globalization have created job insecurity, which is useful in holding down wages.

"With such fast and changeable currents," Greenspan said, "it is not surprising that workers may be less willing to test the waters of job change. Indeed, voluntary job leaving to seek other employment appears to be quite subdued despite evidence of a tight labor market. Because workers are more worried about their own job security and their marketability, if forced to change jobs they are apparently accepting smaller increases in their compensation at any given level of labor market tightness." In plain language, the accelerating collapse of the economy has terrified people into accepting lower wages.

Globalization, with broader markets and price competition, Greenspan went on to say, tends to keep "both wages and prices lower than historical relationships would predict. But at some point, greater job security will no longer be worth the further sacrifice of gains in real incomes." Greenspan expressed concern over recent indications of "the possibility that workers' willingness to surrender wage gains for job security may be lessening."

U.S. farms hit by decay of rural infrastructure

According to a national study conducted by the Illinois Institute for Rural Affairs, nearly 50% of U.S. rural roads are deteriorating, even with normal maintenance. Another 30% of rural roads have a "barely adequate surface" and badly need repair or replacement.

Similarly, nearly one-quarter of rural bridges maintained by local governments were built before 1940, and are now beyond their designed lifetimes. Nearly half of the 203,490 bridges that are 20 feet or longer, are in poor condition. One-third of bridges that are less than 20 feet are also in poor condition.

The use of these rural roads and bridges is expected to increase greatly as the U.S. rail industry "consolidates." The collapse of the U.S. rail grid has increasingly forced farmers to truck their produce to more distant rail freight facilities. Yet less money is available for maintenance and construction of rural roads and bridges.

Changes in federal funding have allocated a larger share of what funding is available to urban areas, reflecting the insane post-industrial policy shift toward reducing the number of family farms and relying heavily on food imports. Dan Raterman, a road engineer for McDonough County, Illinois, told the *Farm Journal* that "We're losing the old attitude that we need to take care of rural America because it's the breadbasket of the world."

'Primary Colors' author is an old LaRouche enemy

Joe Klein, the writer for *Newsweek* magazine who has finally confessed to being the author of *Primary Colors* (the fictionalized smear against the Clinton White House) has wallowed in the muck for more than 20 years. Klein was part of the FBI/MI-5 apparatus deployed in late 1973 and early 1974, to orchestrate an assassination attempt against Lyndon LaRouche—and then to cover up for the FBI after the operation was exposed.

At the time, Klein was a writer for the Boston *Real Paper*, a counterculture weekly which enjoyed the financial support of both the Rockefeller family, and "Grateful Dead" lover William Weld (now Massachusetts governor). Early in January 1974, Klein ran a personal harassment campaign against the elderly parents of Lyndon LaRouche. Klein then showed up at a public meeting at the Statler Hilton Hotel in New York, where LaRouche exposed the filthy British assets behind the attempt to destroy him and his organization. During the meeting, LaRouche confronted Klein with Klein's obscene harassment tactics.

Shortly thereafter, the *New York Times* churned out the first major slander against LaRouche and his political organization.

Briefly

HOUSE SPEAKER Newt Gingrich, asked to comment on D.C. Delegate Eleanor Holmes Norton's proposal to lower federal tax rates in the District of Columbia, declared, "We're committed to having a very, very strong enterprise zone bill designed to make this city a lot more like Hongkong."

PRIVATIZING Social Security is the goal of a forthcoming report of by a Congressional advisory panel, which may recommend that 50% of the money held in the Social Security trust fund be invested in the stock market. Attacks on this hare-brained scheme cite the fact that the Social Security system is already underfunded, and could not survive even a stock market drop which wiped out just 10% of its value.

AGING PRISON INMATES are considered a "ticking time bomb" for state budgets, because maintaining them costs two to three times the average \$21,000 a year needed to incarcerate a younger inmate. According to the American Correctional Association, the number of inmates 55 or older, who cannot by law qualify for Medicare, increased 40% from 1990 to 1994, largely because of the growth of "three strikes" legislation.

FUSION RESEARCH is again in jeopardy as the House Appropriations Committee recommended a cut of \$31 million from the administration's request. The shortfall includes only \$55 million of an \$80 million commitment to the International Thermonuclear Experimental Reactor.

ROBERT BURNS and the American Revolution is the subject of a new book just published in Glasgow, Scotland. Written by American Mark Calney, the book was entirely financed by its Scots subscribers, who include members of the legal community who helped to free Lyndon LaRouche. The book also contains an interview with LaRouche, conducted while he was imprisoned, which deals with the potential for a second industrial revolution in Scotland.

Editorial

The new international terrorism

At the end of 1995, *EIR* ran three major articles on the resurgence of terrorism internationally. Unfortunately, events since then have borne out the thesis of these articles, in every respect.

Terrorism is a form of irregular warfare, whose target is the nation-state. It is instigated at the behest of London, but networks created by George Bush when he was vice president, are deeply involved as well. One need only remember the role of National Security Council staffer Oliver North in the Iran-Contra affair, for example, and the point is clear.

EIR has been tracking international terrorism since the 1970s. What became crystal clear, was that certain influential agencies tied to government were directly involved in these acts. We see the same phenomenon today, in the legion of trained terrorists who are veterans of the 1980s war in Afghanistan, which were armed and deployed under the direction of Bush and British Prime Minister Margaret Thatcher.

Whatever the truth turns out to be in the destruction of TWA flight 800 (presuming that it was not a maintenance failure), we must view this latest terrorist incident in the same light. It is important that the actual perpetrators of the deed be found and punished, but more important is to understand by which forces and to what ends the operation was directed.

First and foremost, it is important to see this new wave of international terrorism, begun with the murder of Israeli Prime Minister Yitzak Rabin, in context with the collapse of the monetary system. The present gyrations of the world's stock markets are only symptomatic of the extraordinary danger of an absolute collapse of the entire global banking system.

Michel Camdessus, managing director of the International Monetary Fund, expressed the views of the oligarchy, when he warned of the danger of the present situation during the recent meeting of the Group of Seven in Lyons, France. His remedy for impending chaos on the financial markets is top-down imposition of a bankers' dictatorship.

But, this means imposition of the kind of austerity which could only be implemented by national govern-

ments that are orders of magnitude more vicious than Adolf Hitler's Nazi government. Measures would have to be imposed even more horrendous than the Nazi crimes already committed by the governor of the state of Pennsylvania, Tom Ridge.

In fact, no nation exists today capable of imposing such a ruthless policy of genocide upon its own population. These are the circumstances in which the oligarchy, led by Britain's Prince Philip, looks to impose a one-world police state under its own direct control. Terrorism, then, is a form of irregular warfare against the existence of every nation-state, and directed particularly against the United States.

Introducing the three-part *EIR* series on terrorism (which appeared in *EIR* on Oct. 13, Nov. 10, and Nov. 17, 1995), Lyndon LaRouche explained the process. He wrote: "The question posed implicitly to every member of the Anglo-Dutch-led international financial oligarchy, is whether the oligarchy itself is going to survive, or not. Will the oligarchy outlive the obliteration of its own present, world-wide monetary and financial system? . . . Could a nation-state outlive the collapse of a world-wide monetary and financial system?"

LaRouche answered these questions by pointing to the example of the fledgling United States under the inspired leadership of Treasury Secretary Alexander Hamilton and President George Washington. The only way to avoid a devastating social collapse today, is for governments, particularly the U.S. government, to declare the present financial system bankrupt, and to replace it with national banking institutions guided by the policies for economic recovery outlined by LaRouche on numerous occasions.

Such actions would doom the House of Windsor and the oligarchical forces which it represents. LaRouche's words in October are decidedly relevant to an attempt to get to the bottom of the TWA crash. He put it succinctly thus: "Hence, the oligarchy is at the extremes of hysteria, in its determination to destroy existing nation-states, especially the United States of America, before the point is reached that such recovery measures might be forced on the table for immediate action."

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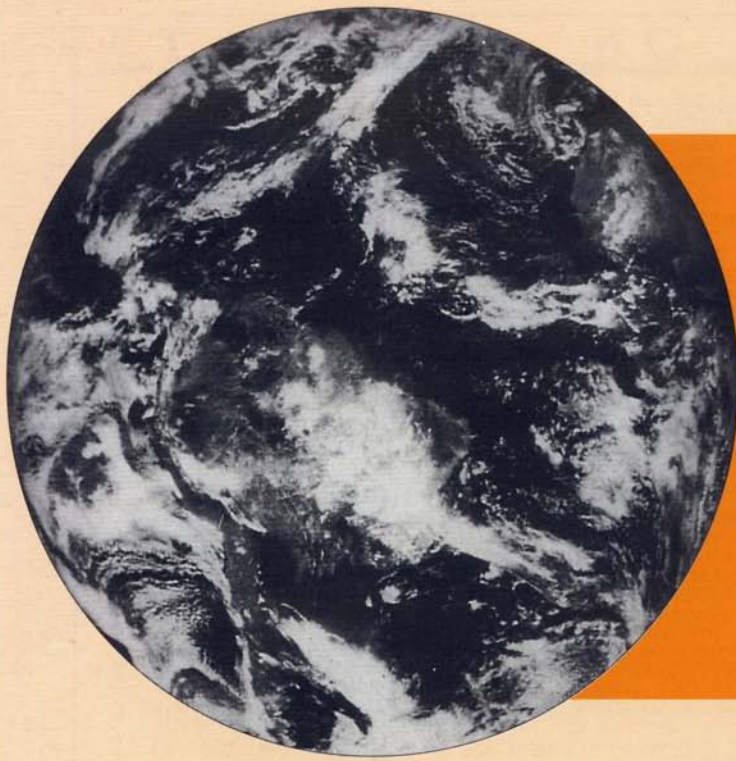
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