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## From the Associate Editor

**T**o introduce Lyndon LaRouche's *Feature* on "Today's Echoes of Civil Wars in Ancient Rome," I turn over this column briefly to William Shakespeare. In *Julius Caesar*, Mark Antony prophesies the disasters that will befall Rome, in the wake of the assassination of Caesar:

"... A curse shall light upon the limbs of men;  
Domestic fury and fierce civil strife  
Shall cumber all the parts of Italy;  
Blood and destruction shall be so in use  
And dreadful objects so familiar  
That mothers shall but smile when they behold  
Their infants quarter'd with the hands of war;  
All pity choked with custom of fell deeds;  
And Caesar's spirit, ranging for revenge,  
With Ate by his side come hot from hell,  
Shall in these confines with a monarch's voice  
Cry 'Havoc,' and let slip the dogs of war;  
That this foul deed shall smell above the earth  
With carrion men, groaning for burial."

How closely the current world situation parallels that of the Roman civil wars, you will see in LaRouche's analysis. Worldwide, we have shifting alignments, in which nations are threatened with dissolution, and the oligarchy maneuvers to put in place a one-world government.

Virtually this entire issue documents LaRouche's thesis: *Jordan*, one of the most durable regimes in the Middle East, has gone up in flames because of IMF austerity; *Russia*, on the brink of chaos, is ruled by a Triumvirate; France and Britain—the new Entente Cordiale—are trumpeting their plans to impose a new empire on *Africa*; *Brazil* has been targetted by the same oligarchical alliance, for dismemberment by separatist insurgencies.

But we have not yet reached the depths that Mark Antony describes; as the crisis deepens, resistance is growing, and the "handles" exist to reverse the situation. The appointment of economist Sergei Glazyev to a high post in Moscow is one such sign; the combat effectiveness of the LaRouche movement is the most important.

*Susan Welsh*

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## National Economy

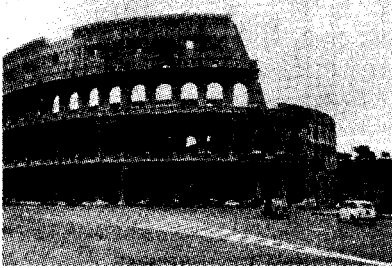
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**Correction:** On p. 34 of our Aug. 23 issue, in the article "Iran-Turkey Deals: The West Should Now Pursue 'Dialogue,'" second column, the text should have read: "Swap transactions are also used, whereby Iran exports its crude oil from Kharg Island to consumer markets in exchange for crude made available to Iran [not Iraq, as erroneously printed] by the other countries."

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## Feature



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"The source of (at least, most) international terrorism today, is not Libya, not Iran, nor some privately funded potency, such as a mythical 'Goldfinger' conceived for a James Bond movie-script. Most of today's terrorism occurs as covert warfare among leading powers of the world, like the U.S.-backed, British covert war against the Soviet Union, in Afghanistan, conducted by privately funded channels of an Afghansi *mujahideen*, and based out of the drug-trafficking paradise in northern Pakistan." Lyndon H. LaRouche, Jr. brings his unique grasp of history to bear on the current strategic crisis.

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## IMF austerity provokes bread riots in Jordan

by Our Special Correspondent

It is recounted in the history books that, when Marie Antoinette was informed of the fact that the people of Paris were suffering because they did not have bread, she said matter-of-factly, "Let them eat cake." Apparently, that attitude runs through royal veins, even across the centuries. As riots broke out in the Hashemite Kingdom of Jordan on Aug. 16, leading spokesmen for the government displayed about the same quality of comprehension of the reality in which most of their citizens live as the poor French queen who lost her head. This is not to say, that bloody events like those which wracked France in 1789 are destined to be repeated on the stage of the Middle East; it is eminently within the powers of the ruling government, not to mention King Hussein himself, to ward off disaster, by reversing the process which has led to such a perilous threshold. Whether or not the elites choose to follow this prudent course, and defuse social tensions in a region of growing instability, could determine the future of the institutional set-up in Jordan today.

What set off the most serious riots in Jordan since 1989, was the announcement by the government of Prime Minister Abdul Karim Kabariti, that state subsidies on bread and animal fodder, would be lifted, in accordance with the dictates of the International Monetary Fund (IMF), which has been running the country's Structural Adjustment Program (SAP). The price rises, which were implemented on Aug. 13 after months of political haggling, were to be offset by cash subsidies, which, however, were not adequate. Citizens were being forced to pay out three times as much for bread (220 fils instead of 80 fils), and were promised a subsidy which would cover one-third the price. It was not only bread, which is the staple of the population's diet, which was hit, but feed for animals as well. The cash rebate promised to livestock owners, was limited to those with fewer than 100 head of cattle or camels, and the amount given would not suffice to pay for

feed. As some employers tried to compensate for greater strains on their employees' purses, by increasing salaries, a general wave of inflationary rises swept across the market. All food items, medicines, even those produced domestically, clothing, etc., shot up in price overnight.

No wonder riots broke out. On Friday, Aug. 9, following prayers, Jordanians flowed out of the mosques and into the streets of three major cities in the south, Tafila, Maan, and Karak, to protest the IMF measures. According to eyewitness reports, demonstrators denounced the IMF, and called for the liberation of Laith Shubeilat, the popular former member of Parliament, currently in prison, who has championed the cause of Jordanian sovereignty against the dictates of the IMF. Tafila is Shubeilat's home town, a place where the 1989 protests also had taken place. In these southern areas, large parts of the population are engaged in agriculture and livestock breeding. Thus, among those taking to the streets were bedouins from local tribes, who found that, with the price hikes for fodder, they would no longer be able to keep their herds. On the meat markets, it became clear that farmers were slaughtering their animals, as a result, and that meat prices had plummeted 30% in a matter of days.

### The 'iron fist'

King Hussein immediately mobilized the Army and police units to face the rioters, fortunately without any confrontations leading to casualties. His Majesty personally hastened to the scene of the worst riots, in Karak. In a statement taped during the night of Friday into Saturday morning, the King promised that he would use an "iron fist" to quell the protest. The military and police moved in armored vehicles through the crowds, using tear gas. Rioters set fire to public and private buildings, among them numerous banks, and overturned and burned cars. Despite the massive deployment of the forces of

order, the riots continued for several days, and reportedly spread to cities of the north, like the capital Amman, Irbid, Salt, and Zarqa. Hundreds of arrests were carried out, and protesters were held for interrogation. Parliament, which had been paralyzed for two weeks by 23 deputies of the opposition, who were committed to a showdown with the government in that forum, was unceremoniously shut down by the King. Thus the extraordinary session was terminated, and no further session is to be called before October. A curfew was imposed, to prevent further outbreaks of violence.

After having come down, as he had promised, with an iron fist, the King began to adopt a more conciliatory stance, leading many press outlets to speculate that a compromise solution might be in the wings. Although King Hussein made clear that he would not accede to popular demands for the measures to be revoked and/or the prime minister to be fired, he did make gestures indicating a desire to cool down tempers.

On Aug. 21, the King invited a group of MPs from the opposition to lunch, during which they presented him their official demands, that the subsidized prices be restored, and that "prisoners of conscience," persons who have opposed the IMF policy, be released. The following day, the King hosted the entire parliament at the Royal Palace for lunch. The meetings were presented as events which had "turned over a new leaf" in relations between the monarchy and the opposition. At the same time, the curfew was lifted and reports began to indicate that some of the hundreds of persons detained, were being released, one by one. A mass demonstration of "1 million hungry men," announced by the opposition Islamic Action Front for Aug. 23 in Amman, was cancelled just one day before the scheduled rally, after the authorities denied the demonstrators a permit. Thus, the iron fist was still being used, albeit in a glove.

### **A shaky truce**

If the situation were apparently under control one week after the riots, there was no guarantee that the truce would hold. The main obstacle to overcoming the crisis lay in the refusal, on the part of the country's elites, to look reality in the face. This was evident in the first statements to be issued after the disturbances, which attributed responsibility for the riots to "outside agitators," in this case, the "sympathizers of Saddam Hussein inside Jordan," the "Baath Party of Jordan," a tiny political party with one member of parliament, the Palestinian group of Hawatmeh, and the like.

Instead, the responsibility for the chaos lies squarely in the hands of the IMF, which has placed inordinate pressure on Jordan to comply with its SAP, and which, on Aug. 21, released a \$60 million loan to "encourage" government policy. The previous government, under Prime Minister Ben Shakr, which resigned in February, had made a commitment to the IMF to cut the bread subsidies and to compensate for them by a cash rebate. The terms of agreement were contained in the December 1995 letter of intent. In June 1996, as the

new Kabariti government approached further talks with the IMF, that international body demanded that Jordan immediately lift subsidies, threatening that any failure to impose the drastic measures all at once, would result in international isolation. "The IMF told Jordan," according to one source, "that it would cancel its program if we did not comply. That means, it would stop foreign aid, prevent extension of soft loans, and make sure there would be no negotiations, for example, with the Paris Club, for any debt rescheduling."

The irony is, everyone in the country has acknowledged IMF responsibility for a situation in which 3.8 million out of a population of 4.3 million live below the poverty line. The rioters in the streets damned the IMF. Even economists close to the government, official press editors, and others, who continue to support the IMF policy, at least acknowledge the fact that the social explosion was catalyzed by the brutal implementation of these measures. Only the government and the Crown place the blame elsewhere.

### **Freedom for Shubeilat?**

Yet, there is no doubt that the highest echelons of power in Jordan know what is going on. There are hints, that they may be searching for the means with which to extricate themselves from the mess, without alienating the international bankers completely, and without provoking a social revolution. Just days after the riots broke out, on Aug. 19, rumors started circulating in Amman, that the King, though committed to defending the subsidy cuts, was mooting the formation of a Commission of Inquiry to examine the economic and social condition of the population. Recalling the 1989 demonstrations, one Jordanian newsman told *EIR*, he thought the King might choose a similar line of action: "Remember, the response of the King to economic protests at that time, was political; he introduced elections and allowed the formations of political parties." Now, too, it is thought that the King could establish a Commission of Inquiry, with a mandate to seek ways of "improving the margin of freedom." Such a commission could "draw up a national economic program for the next ten years, identifying clear priorities." For such a commission to enjoy any credibility whatsoever, it would have to include personalities identified with the fight for defending Jordan's economic self-interest. The undisputed leader in question is Laith Shubeilat, currently in prison. Among the "crimes" of Shubeilat, for which he is serving a three-year sentence, is that he spoke out against the danger that, were the IMF policy to be imposed, it would mean robbing the people of their bread. Shubeilat forecast, in speeches and articles at the end of last year, when the IMF was drawing up its letter of intent, that the measures would destroy the national economy, and that a starved, desperate population would rise up in protest, as it had in 1989. Shubeilat was accused of having "destabilized the national economy and currency" with his scientifically precise forecasts.

Now, with the dramatic turn of events, Amman is rife with

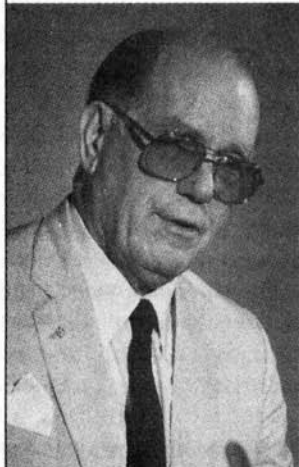
talk, that Shubeilat might be liberated. In response to the first rumors in this direction, the jailed Islamist issued a statement, saying he would not leave prison, unless other "prisoners of conscience" who share his views, were also released. Now, there is being mooted, that Shubeilat and about 50 others will be freed, and that the anti-IMF standard-bearer might be invited to sit on the Commission of Inquiry, to draw up a national economic program. As one astute observer put it, "Shubeilat should be freed, but his freedom will not fill people's stomachs. What we need is real democracy, and a completely national, economic policy, independent of the IMF."

The other curious hint, that the elites have a pretty good idea of how the game is being played, appeared in a column Aug. 17 by Jordanian syndicated columnist and economist Dr. Fahed Fanek. Known to share and support the views of the government, Dr. Fanek penned an article published not only in Jordan's *Al Ra'i*, but in *Al Arab*, and leading dailies in Lebanon, Morocco, Yemen, and Algeria, which blasted a British conspiracy against Jordan. Fanek accused British journalist David Hirst of having "urged" the Jordanian population to revolt against the King. "The *Guardian*," he wrote, recently published a report dripping with poison, by its Amman correspondent, David Hirst. The article was entitled, 'King Hussein Faces a Revolution.' " Fanek wrote that, if domestic opposition to the economic measures in Jordan were understandable,

"this Englishman's stance is difficult to understand." Fanek said he was reminded of those "who regard the English as the source of all evil in the world," and added that this was a "stance shared by the American LaRouche group, which believes that an English premeditated and planned 'finger' lies behind any trouble, war, and destruction in the world." Although Fanek's characterization of LaRouche's views on the British here is somewhat crude, it is no exaggeration to assert that those leading the effort to destabilize the Middle East, are the British. Reached by *EIR* on Aug. 19, Dr. Fanek reiterated his conviction: "He is not a neutral observer," Fanek commented, "he is not someone making an analysis."

There is a way out for Jordan, but it is one which requires unusual political foresight and courage. It requires the liberation and full rehabilitation of Laith Shubeilat, the man who has staked his political and personal reputation on defending the nation from supranational, oligarchical IMF control. It requires a serious rethinking of economic policy, perhaps through the suggested Commission of Inquiry or another vehicle; rethinking which recognizes the devastation which IMF and World Bank policies have wrought on the economy, not only of Jordan, but of the Palestinian Authority and the entire region, under the promise of "peace." It requires the courage to reverse the deleterious measures, in defense of the living standard of the population.

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Lincoln . . . . .	1600	Yorktown . . . . .	1700
Lisbon . . . . .	2300		*Mondays



# Resistance grows to Argentine austerity

by Cynthia R. Rush

Analysts and investors on Wall Street and in the City of London were badly rattled on Aug. 8, when Argentina's labor movement paralyzed that country in a successful general strike. Called by the Peronist-run General Confederation of Labor (CGT) to protest the Menem government's July 12 announcement of draconian austerity measures, the strike was 80-90% effective, especially in the country's interior provinces, where the economic depression is most visible. Labor Minister Armando Caro Figueroa was forced to admit that the strike "was the most important one [the CGT] has organized against us." What most bothered international bankers is that the strike didn't just target specific austerity measures; it went after the entire government economic program, known as convertibility, labeling it "fundamentalist capitalism," and demanding changes.

Convertibility pegs the peso to the dollar in a one-to-one relationship, and prohibits sovereign issuance of currency unless it has 100% backing of foreign reserves. The fascistic Mont Pelerin Society has lauded it as the reason why Argentina remained "stable," in the wake of Mexico's 1994-95 devaluation crisis.

The Aug. 8 strike was the first time in over a decade that the CGT, once the country's only, and most powerful trade union confederation, had shut down the country. Particularly after the 1989 election of Peronist Carlos Saúl Menem as Argentina's President, the CGT leadership has been generally supportive of the convertibility program for political reasons, even while the policy increasingly destroyed living standards and productive economic activity, pushing the official unemployment rate to over 18%. A study published by the daily *Clarín* on Aug. 18, revealed that in 1980, there was little unemployment among the country's middle class. Today, one in four Argentines is poor; one in five workers is unemployed; and one in every four unemployed is a member of the middle class.

When convertibility's architect, Finance Minister Domingo Cavallo, announced austerity measures on July 12, eliminating family subsidies and abolishing a tax-free food voucher program upon which many people rely to pay for their marketing, this was the last straw for many Argentines.

A nationwide backlash forced Menem to axe Cavallo on July 26, naming the monetarist central bank president, Roque Fernández, as his replacement.

## Perception and reality

After the successful general strike, CGT Secretary General Gerardo Martínez warned the government that the labor protest should be seen as a "wake-up call." The government "will have to admit that there is hyper-unemployment and misery," he said, and if the austerity decrees aren't revoked, there will be more protests. But on Aug. 12, Roque Fernández announced yet another package of austerity measures, and the CGT announced that it would call another general strike, this time for 36 hours. A mid-September date has been tentatively set, although the government has been feverishly negotiating to avert it.

The reality of the Argentine situation is very straightforward. The convertibility model, dependent on inflows of foreign capital, and horrific looting of the country's physical economy and human resources, *is finished*. By June, the government faced a \$2.5 billion budget deficit, a violation of its accord with the International Monetary Fund (IMF), projected to go as high as \$6.6 billion by year's end. The Menem government will not only have to ask the Fund to grant it a waiver for missing fiscal targets for the first half of 1996, but also request less stringent goals for the second half of the year.

The new austerity measures are supposed to generate \$1.2 billion in additional revenue by increasing gasoline prices by 18.5%, diesel fuel prices by 46.6%, raising value-added taxes on previously exempted items, and removing all industrial and export-promotion subsidies. Tax-free imports of capital goods have been eliminated, together with incentives and tax breaks for specialized industries. The package also establishes a ceiling on statutory transfers of tax revenues to the provinces.

Even if the government does raise \$1.2 billion, however, it still needs another \$5.4 billion to cover the anticipated \$6.6 billion deficit. Since by May, it had already borrowed abroad up to the \$6.6 billion *annual limit* set for this year, Roque Fernández will now have to ask Congress for authorization to borrow another \$4 billion, to cover the deficit.

## The loss of the nation

In an article written for the magazine of the FIDE think-tank, published in its July edition, respected economist Daniel Muchnik accurately described convertibility as "a model which strips us of our identity. It has taken away a vital sense from people; it has killed projects, destroyed the foundation of a certain style of national life, and infected certain sectors with a dreadful foolishness, superficiality, and cruel egotism." Addressing the globalist nature of the model, Muchnik added, "Now it is said that we are citizens of 'a market' and not a 'nation.' Some say that if Argentina were

a 'nation,' the state would take care of the sick, the elderly, and the outcast."

The globalists demand that the model be defended, however. In an interview published on Aug. 12 in the La Plata daily *La Capital*, IMF adviser Frank Williams warned that if imposition of austerity is not accelerated, Menem "will not only be defeated in 1997, and 1999, but even the [Peronist] Justicialista Party will disintegrate." If people protest against greater austerity, too bad, Williams sneered. "People have to understand clearly that the solution will be traumatic."

With fascist overtones, Guillermo Calvo, an adviser to Roque Fernández, told *Clarín*, "When there is a fiscal deficit, we have to squeeze whatever is necessary out of people to finance it." Arguing on behalf of bankers, Calvo threatened that Argentina's "ability to borrow abroad depends on their view of us. . . . [Bankers say] if [Argentina] doesn't save, we don't pay." If bankers perceive that Argentina's leaders lack resolve in applying austerity, Calvo warned, "then the game is all over."

The government has baldly announced that it intends to smash the labor movement, through legislation deregulating health and job benefits now centrally controlled by trade unions, and by eliminating job security. On Aug. 20, unidentified individuals provoked a violent confrontation between leaders of the CGT and independent trade unions, meeting to decide on the date of the next strike. "Clearly this was orchestrated ahead of time in an attempt to cancel the strike," one union leader commented.

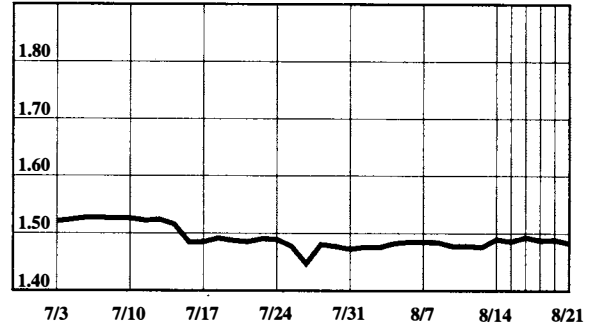
For all the bludgeoning, there is no guarantee at all that the Menem government can enforce the announced measures—and Wall Street knows it. During the week of Aug. 4-10, more than \$1 billion fled the country, while the stock market plummeted the following week, after the new austerity measures were announced. Argentine economist Luis Secco told the *New York Times* that "the name of the game in Argentina will be volatility for the next few weeks." Other foreign economists complain that the new measures aren't sufficient to "close the budget gap."

The Peronist bloc in Congress publicly vowed to "support the President." But there are intense negotiations going on between congressmen and the government to modify some of the harsher measures, a fact which caused a panicked London *Financial Times* to report on Aug. 20, "Argentine Austerity Plan Falter." Peronist governors met in emergency session with Carlos Menem on Aug. 15 to express concern over what the measures will do to already failing regional economies. The mood at that meeting was revealed when one governor reported, "I don't know how I can go home and face the farmers," who will be badly hurt by hikes in the gasoline and diesel oil prices. When Industry and Commerce Secretary Alieto Guadagni told the governor "what matters is what foreign investors think," not Argentine farmers, the governor's retort was, "Well, with that criterion, why don't we just kill off one retiree every day?"

## Currency Rates

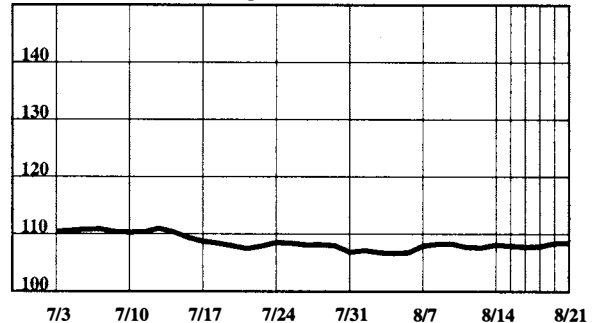
### The dollar in deutschemarks

New York late afternoon fixing



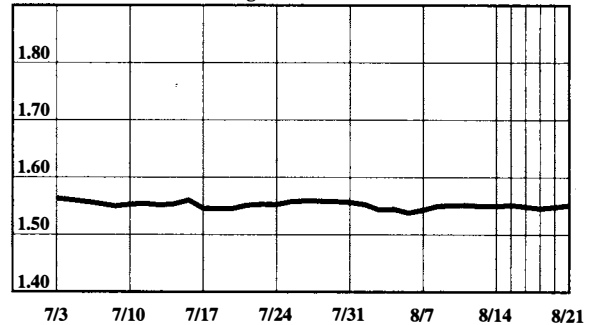
### The dollar in yen

New York late afternoon fixing



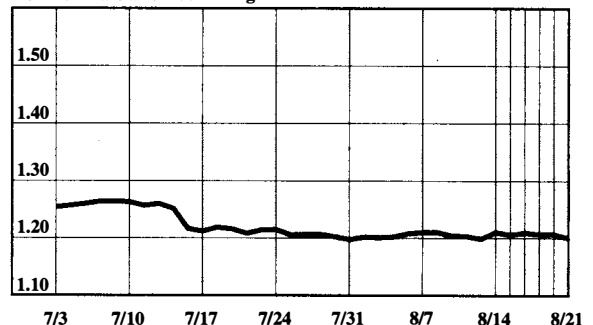
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Italian industrialists make a bid to help in the development of China

*Alberto Guglielmo, regional minister for Productive Activities of Italy's Lombardy Region, together with the president of the Lombardy Region, Roberto Formigoni, led a delegation of 140 Italian industrialists who visited China at the end of June, and inaugurated the "Palazzo Lombardia" (Lombardy Palace) in Shanghai. This is a six-story Italian trade center, which will coordinate economic cooperation between 2,500 Italian firms and China. The Lombardy Palace was built on the initiative of the Lombardy Region and the Agency for China in Milan, whose president, Mario Tschang, participated in the delegation. From 1991 to 1995, trade turnover between Italy and China doubled, and Italy now plays an important role in Chinese foreign trade, being China's second largest partner, after Germany, in the European Union. Among the firms which participated in the delegation, there were many small and medium-sized chemical, machinery, textile, and machine-building companies. Liliana Celani and Claudio Ciccanti interviewed Mr. Guglielmo in Milan on Aug. 1.*

**EIR:** On returning from China, you said that "China is a country with enormous development perspectives, and Italian industries can compete, in terms of know-how and technologies, with any other industrialized country." What are the most important contracts between Italy and China?

**Guglielmo:** Many Lombardy and Italian high-technology industries are presently moving to China, and there is a very strong import-export relation between China and Italy, although Italy presently imports from China more than Lombardy's firms export to China. We are working at improving these relations and establishing Italian firms in China that export high technology—and I underline, not only Lombard technology, but Italian technology—as well as establishing professional courses in China in order to produce high-quality products, which can be sold both on the Chinese market and on the whole Asian market. This is our plan.

**EIR:** On May 7-9, a very important symposium took place in Beijing, on the "Eurasian land-bridge," which foresees infrastructural and industrial projects connecting 100 cities [see *EIR*, June 14, "Beijing's Grand Design for Eurasian Development"]. Is Italy participating in the projects discussed at that

symposium? For example, Germany and China are cooperating in developing a fiber optic cable network, scheduled to be functioning in April 1997. Do similar projects exist between Italy and China?

**Guglielmo:** We have asked the Chinese government to open a direct telecommunication line between the Italian industries present in China and Italy. This means that we will be able to transmit data on a 24-hour basis. This also means that we will be able to use this line to open up the whole Chinese market, and not only Shanghai, in order to have, in technology and telecommunications, a vital point of development for our firms. Most firms, as you know, rely on the constant exchange of new production and information systems. This means that if the design center in Italy plans to modify production in China, it can do it in a direct and immediate way, keeping technological innovation under control; it can also test the product, in order to make sure that it conforms to the original specifications. If things work out this way, we will be able to connect peripheral centers to Italy.

**EIR:** Besides telecommunications, what about transport systems, railway systems?

**Guglielmo:** These are being taken care of by the national government, and the Lombard firms trust that they will be able to use the transport systems being developed. Some airlines are interested in having direct connections to the transport system of our firms, but transport systems are the responsibility of the national government.

**EIR:** You said, on returning from your mission in China, that this visit demonstrated that "the Lombardy Region, industrialists and national government, can cooperate in order to promote and improve the Italian system. State and private firms can do much together in developing great projects." Isn't this the key to the fact that China managed to avoid the economic disaster caused, for example, in Russia, by the International Monetary Fund's shock therapy and privatization policies? Is Italy finally realizing that it was wrong to trust the "markets," and starting to understand that the state must continue to play a role in economic development?

**Guglielmo:** We are speaking of a system, the Chinese one, which is predominantly state-run, with the introduction also

of free market economics, which is, however, only half-present; it is not an uncontrolled free market, such as other countries have. There is a dirigistic attitude to economics and social transformation. It is clear that if there are a lot of poor areas to be developed, predominantly agricultural development, in respect to industrial development, and there many cities which are in a process of transformation—social tension is particularly strong there, and one has to find remedies, in order not to leave those populations to themselves; the state has to be the supporter and guarantor of these social shock absorbers. In Italy, this has always been done; in domestic and foreign policies, we always had friendly relations with other states; we never went to a nation in order to exploit it or bring home economic advantages. What China is doing now, with its dirigistic process of total modernization, is different from what Russia did, where the free market replaced a totally controlled economy.

**EIR:** Do you think this attitude is better than the one adopted in Russia?

**Guglielmo:** As things stand now, considering what they have, it is certainly the only one which works.

**EIR:** At the Beijing symposium I mentioned before, two opposite attitudes emerged: the one of the president of the Chinese commission on the Eurasian land-bridge, Rui Xingwen, and of Mr. and Mrs. LaRouche (she was a speaker at the symposium), which sees in the Eurasian land-bridge a “new era in transport technologies,” as well as an alternative to deindustrialization, privatization, and financial speculation; and on the other side, the attitude of Sir Leon Brittan, who claims that the free market will take care of everything and China should just join the World Trade Organization. Which attitude inspired the Lombardy Region delegation in its visit to China?

**Guglielmo:** We don’t speak of a third way, because then people say we always want to do something different—

**EIR:** Italians always distinguish themselves—

**Guglielmo:** Exactly. It is true that China should respect trade rules and market rules, because otherwise, we would find ourselves faced with unfair competition, because they have lower costs, they have different provisions concerning industrial safety. If this were not seen in a world context—also respecting trademarks, which they also do not have. They have no trademarks, they have the ability to make a product and they do it. But it is also true that demanding that they stick to extreme international market rules cannot be accepted by them, because they need time, to bring former state industries into the economic process. One has to be cautious in demanding that they enter the European economic system, as Leon Brittan says; one has to give them the time they need to do it. Imposing it on them would be a mistake, and they would not accept it. Our attitude was to be to understand their problems, and have them understand ours.

**EIR:** The president of the Lombardy Region, Roberto Formigoni, during your visit in China, addressed indirectly the need for a financial and credit reorganization, when he said, “We are coming back from China with clear ideas and clear projects. We also have a lot to say to the Italian government and to the institutions which regulate foreign trade, as well as to the whole credit and financial system. There are problems and needs to face, answers to be given in the shortest time possible.” What are these problems to be faced, in order to make cooperation possible?

**Guglielmo:** We need the banking system to understand that when our industrialists go abroad, they are still going there a bit like pioneers: They are opening the road for the whole nation. We are asking the banking system for credit lines with interest rates that favor industrialists who are still willing to take a risk. It would be too comfortable to shut oneself up within a limited territory, where there are only certainties, without going to a place where you do not have such certainties, in terms of credit, investments, and factories. Italy as a sovereign nation, with its credit system, Institute for Foreign Trade, and banking system, must support all Italian industrialists. We are asking that Lombardy, in some sectors where development is particularly strong, and where we are the only ones in some fields who have the cultural and technological background to do so, be given the chance to do this, with a national credit policy, starting a mechanism of guarantees for export. Our industrialists can do more with such a guarantee, because they would have the certainty that in difficult markets, there would at least be a safeguard, that they will be paid for the goods they export, and that there is a reference point for all developments—economic, legal, and concerning investments. Banks abroad can do more. But the problem is that banks behave as if they were each on their own, without a general planned policy.

**EIR:** I spoke with one of the industrialists who were in China with your delegation, one who also trades with Russia, and he complained about the fact the IMF had just cut credit to Russia, jeopardizing his contracts. He told me that a credit line with Russia, agreed upon by former Foreign Minister Susanna Agnelli, was actually never realized. Don’t the agreements between the Lombardy Region and China also depend on this broader state of affairs?

**Guglielmo:** We would like to develop our own credit lines. For example, we established a consortium of firms which will create its own fund, on a rotation basis, for foreign investments and exports. We want to lower the risk that industrialists have abroad—for example, lowering the taxes 2-3 points for firms that export. We are looking for a solution inside Lombardy, but it is clear that the national government has to deal with the more general credit problem, and we can only do very little on our own. It is obvious that whatever we do has to be done in total agreement with the Italian government.

# Leibniz and the List Hypothesis

Lyndon H. LaRouche, Jr. wrote this “postlude” to a forthcoming book on the German-American economist Friedrich List (1789-1846).

There is a single, principal reason, that most U.S. and German academics today have been incapable of competent appreciation of Friedrich List, as most among today’s Russian intelligentsia lack competent views on Count Sergei Witte. Modern history, as taught in today’s U.S.A. and Germany, as in the former Soviet Union, is a collection of wicked grandmother’s fairy-tales, which prevents the victim’s mind from recognizing the real people of real history.

To understand more fully the Friedrich List who returned to Germany from the United States, we must go back to the first two decades of the 18th Century, when the character of the future U.S.A. was defined. The death of England’s Queen Anne marked the victory of a Venice-directed, financier-oligarchical faction of the Duke of Marlborough and Hannover’s George Ludwig, over England’s patriots. In this circumstance, the defeated patriots turned their attention to the semi-autonomous colonies in North America, viewing those colonies as the only hope for a future return of England, Scotland, and Ireland, each to its own patriotic cause.<sup>1</sup>

As the records show the historian, those English, Irish, and Scottish patriots, typified by Jonathan Swift, were joined to that international network which was headed by Germany’s Gottfried Leibniz. For these patriots, as for Leibniz, the enemy was typified by the dogmas of such English “Venetian Party” doctrinaires as Thomas Hobbes and John Locke. From the reign of England’s Queen Anne, to this present day, the internal history of 18th-Century North American colonies, and the United States, has been a war by “American Tory” devotees of John Locke’s “Life, Liberty, and Property,” against the American patriots committed to Leibniz’s “Life, Liberty, and the Pursuit of Happiness.” As the U.S. Declaration of Independence, and the Preamble of the 1789 U.S. Federal Constitution attest, the patriots of the United States have always followed in the footsteps of Leibniz.<sup>2</sup>

Inside the 18th-Century colonies, and inside the United States since, the treasonous opponents of the Federal Constitution and its Preamble, have always preferred the “Venetian

Party” London of the evil Duke of Marlborough, of John Locke, and the British Empire, to the English, Irish, and Scottish patriots. The Yankee “American Tories” of 1763-1783, became the outright traitors of 1812-1815. They were the 19th-Century opium-traders, both of Massachusetts’ Newburyport, Salem, and Boston, and of New York City. These American “Tories” also supplied the British agents who organized and led the slave-holders’ rebellion called the “Civil War.”

Anglophile U.S. Presidents of this same “American Tory” tradition, such as Franklin Pierce, James Buchanan, Grover Cleveland, Theodore Roosevelt, and Woodrow Wilson, were fully witting promoters of the Confederates’ cause. Presidents Calvin Coolidge and George Bush, were plainly Yankee varieties of scoundrel, but among the worst scoundrels of the U.S.’s Anglophile chief executives, Yankee or pro-Confederacy alike.<sup>3</sup> As the Confederacy openly avowed its devotion to the pro-slavery doctrine of Locke, and hatred against the contrary, Leibnizian principle of the U.S. Declaration of Independence and Federal Constitution, the fight (between the U.S.’s patriots, on the one side, and all the treasonous Anglophiles, on the other), has been centered in the patriots’ choice of the Leibnizian *American System of political-economy* of U.S. Treasury Secretary Alexander Hamilton, against the contrary, “free trade” dogma of Adam Smith’s anti-American tract of 1776, the so-called *Wealth of Nations*.

Today, that same, treasonous, “American Tory” tradition, with strong existentialist affinities to the “Lost Cause” of the Confederacy, together with the Anglophile ideologues of the Hollinger, Murdoch, Berthelsmann, *Wall Street Journal*, *Washington Times*, *Commentary*, and *American Spectator* publishing enterprises, are the core of the leading profascist political currents in today’s “Contract with America” and “communitarian” radicals working to build up world government through the weakening of the U.S. Constitution, and its sovreign “big government.”

That continuing conflict between the republican and oligarchical traditions within North America, is key for understanding the mind of the Friedrich List who introduced the American principles of national economy to Germany. The

1. See H. Graham Lowry, *How The Nation Was Won*, Vol. I (Washington, D.C.: Executive Intelligence Review, 1987).

2. The Preamble to the U.S. Constitution, taken as subsuming the 1776 Declaration of Independence, sets forth the fundamental principle of law under which the remainder of the Constitution is subsumed.

3. See Anton Chaitkin, *Treason in America*, 2nd edition (New York: New Benjamin Franklin House, 1986).



*The most important benefit which the work of Friedrich List (left) acquired, through his relationship to the anti-British United States, was through the genius of Gottfried Leibniz (right), as embedded in the Franklin-Hamilton "American System of political-economy."*

influence of Gottfried Leibniz in shaping the thinking of American patriots, is key to understanding the influence of the American System of political-economy upon the mind of List.

Leibniz's influence on the shaping of U.S. patriotic institutions was also presented to Friedrich List in another way. Compare the U.S. Federal Constitution of 1789 to virtually every other so-called "constitution" of the world adopted after 1789. Britain, for example, has no constitution in the proper meaning of that term; whereas, most so-called "constitutions," if they express any principle at all, are predominantly lists of "do's and don't's," constituting a complex, and often self-contradictory aggregation of "basic law." Examples of such uses of the notion of "basic law," include the constitution of virtually any Spanish-American state, the old Soviet constitutions, or Germany's *Grundgesetz*. Until the notion of "basic law" began to be inserted into U.S. law through a combination of dubious amendments and curious judicial perversions of the original intent, the U.S. Constitution's "basic law" is the statement of principled commitment identified by the Preamble, whereas the remainder of the Constitution establishes the necessary institutions of self-government on behalf of the citizenry and its posterity. The U.S. Federal republic was conceived as governed by principle, rather than *shibboleth*.

For our purposes here, we focus upon the Leibnizian im-

plications of the U.S. Declaration of Independence and Federal Constitution as premised upon a Leibnizian notion of principle of law: "principle" signifying, not apophthegm, but hypothesis, as Plato's concept of a method of "hypothesis" is employed by Leibniz and Bernhard Riemann, for example. In first approximation, this signifies "hypothesis" as representing the functional unity of a set of axioms, postulates, and definitions, in determining which propositions might be accepted as theorems of a lattice-work of such theorems. "Hypothesis" signifies the governing principles which underlie the determination, whether a proposition does or does not qualify for admission to the rank of theorem within such a lattice-work of theorems.

In a practice of constitutional law consistent with such a principle of hypothesis, one does not prescribe each "basic law"; rather, one requires that no law be enacted which does not conform to the underlying hypothesis, that hypothesis being the principle which is the law taken in its expandable entirety.

The same principle of hypothesis underlies what U.S. Treasury Secretary Alexander Hamilton identified (e.g., in his December 1791 *Report on the Subject of Manufactures*) as *The American System of political-economy*. There is the reciprocal relationship, a relationship of interdependency, between the constitutional form of the U.S. Federal republic and

the *American System of political-economy*. The one could not long survive without the other. The principles underlying these two, mutually dependent systems, of law and economy, represent a common, underlying set of principles, principles fairly described as axioms, postulates, and definitions. Ergo, an hypothesis.

Thus, to understand the work of Friedrich List during the period since his return to Germany, from the United States, one must first identify the relevant "List Hypothesis."

### The essence of history

The essential incompetence of all customarily taught versions of history, is that they are incurably anti-scientific, and, thus, essentially false. What is taught purports to be based upon a chronology of fact, but zealously prohibits any regard for the single fact which distinguishes a society of human beings from a troop of macaques, chimpanzees, or baboons. That is the folly of history as taught in universities in the U.S.A. and throughout Europe, including the mythology taught as history in the former Soviet Union and German Democratic Republic. Recognition of this pervasive incompetence of the 20th Century's historians, is key to understanding many of the crippling problems of society today; it is key to overcoming the failure of many, either to recognize the major importance of List's role in the history of both the 19th and 20th Centuries, or, to recognize the pathetic errors of judgment exhibited among most of those ranked as authorities on the subject of List's work itself.

Competence in historiography, as in economics, sociology, psychology, and philosophy depends upon consideration of two levels of fact respecting all of known human history and inferrable pre-history.

First, and absolutely decisive for any competence in history, political science, psychology, or sociology, is the fact, that, whereas no variety of higher ape known or conceivably comparable to mankind, could have attained a population of more than several millions individuals, at any time under the conditions of the recent two millions years, the human population had reached several millions prior to the onset of the 15th-Century European Golden Renaissance, and has attained more than five billions during the present century. Recognition of that distinction in cognitive powers of the human individual, which places mankind absolutely apart from, and above all inferior species, is the first prerequisite of historical science in general, and of all endeavors in economics, psychology, history, etc., more narrowly.

Second, under the conditions of potential for increase of mankind's potential relative population-density,<sup>4</sup> the crucial

4. See Lyndon H. LaRouche, Jr., *So, You Wish To Learn All About Economics?* (Washington, D.C.: EIR News Service, Inc., 1995). Although the present author's 1948-1952 discovery of the notion of *potential relative population-density* was original, it represents the refined expression of a conception already implicit in Gottfried Leibniz's 1671-1716 development of the science of physical economy.

fact of all known history is, that prior to the launching of the first sovereign nation-state, France under the Golden Renaissance's Louis XI (1461-1483), society was so constituted, on principle, that 95% or more of every part of the planet lived in political circumstances fairly describable as those of "human cattle": slaves, serfs, or worse. Throughout the Mediterranean region, despite the impulses of such ancient Greek city-states as those of Ionia and the Athens of Solon and Plato, the prevailing form of political institutions, through the Roman and Byzantine Empires, and throughout the history of European feudalism, was the oligarchical model derived from the evil tradition of ancient Babylon. That Babylonian model is represented by the tradition of the British Empire as it continues to exist (in Commonwealth guise) today.

A science of history must be, essentially, a history of a process of human development. The primary consideration, is the increase of mankind's potential relative population-density, as accomplished by means of combined artistic and scientific and technological progress in mankind's mastery over nature. The subsumed consideration, is the functional role of improvement of the social condition of life of the individual and family, as effected in conjunction with the fostering of artistic, scientific, and technological progress.

From the time of Solon of Athens, to the present date, the history of European civilization, in Europe and extended abroad, may be fairly reduced to a conflict between good and evil, a struggle against that form of society, the which has been known for about 2,400 years by such virtually interchangeable terms as the "Babylonian," "Persian," or "oligarchical" model. This is otherwise described as the "imperial model." The generic term, "oligarchical model," serves us here; it should be understood as synonymous with "imperial model."

In the oligarchical model of society, the ruling class, or, oligarchy, is composed of a collection of powerful families, a collection implicitly modelled upon the image of the Greek pantheon of Zeus's Olympus. The individual god-likeness of the oligarchy resides not in the individual member of the oligarchical family, but in the family itself; the individual member of the family, as in Roman law, is a property of the family, not an independent individuality. At the bottom of the society, is the mass of "human cattle," the generality of the people. In between, are the "cattle herders," the relatively privileged lackeys of the oligarchy.

The oligarchy itself is represented by three alternate social types. There is the landed aristocracy (such as the feudal aristocracy of medieval Europe); there is the financier aristocracy, such as the ruling families of Canaanite Tyre, Venice, or the Anglo-Dutch oligarchical families of today; there is the clerical aristocracy, an administrative class, whose authority is located primarily neither in usury in land, nor usury in finance and trade, but as an aristocracy based within functions of the apparatus of government itself. The latter may exist, as in ancient Mesopotamia, in the guise of a ruling theocracy, or as an aristocracy of administration. Oligarchical societies tend

to include some of all three social forms; such societies are distinguished by the kind of oligarchy which is the dominant type.

The form of oligarchical society is imperial: in fact, if not in name. The ultimate authority in law in an imperial society always resides in an imperial monarch, as is provided by what passes for the so-called British constitution still today.

For example, taking into account some more or less rebellious member-states, the British Commonwealth today is ruled by Queen Elizabeth II of Britain, as de facto empress. She rules through the agency of the Privy Council, both in those states (such as Canada, Australia, and New Zealand) where she is formally the hereditary head of state, and throughout the Commonwealth generally. The Privy Council is the mechanism of control through which the Queen controls the Parliament of Britain and other Commonwealth member-states (as long as they tolerate the interference). The form of oligarchical rule which characterizes the British Empire of the present day, is financier oligarchy, as distinct from the old Habsburg or Imperial Russia type of landed aristocracy.

Under the imperial monarch, there are overlords of various sorts, each of whom enjoys his legal authority under an actual or implicit (revokable) patent from the imperial monarch. So, the overlord rules the lord, and the lord has lease-ownership of the land assigned to him (and also lease-ownership over the people who have the misfortune of occupying that land<sup>5</sup>).

Such are the forms of ancient Babylon, the Persian Empire, the Roman Empire, its Byzantine spin-off, European feudal society generally, and the British Empire today. The simplest, and clearest demonstration of the evil inhering in the oligarchical form of society, is to see what humanity would lose, were it to abandon the institutions which have, to a large degree, replaced feudalism, during the recent five centuries of European history.

The modern form of European nation-state republic, as typified by the U.S. 1776 Declaration of Independence and the Federal Constitution of 1789, is the outcome of a long effort to free European civilization from the grip of the oligarchical form. It is a struggle which dates from the Ionian city-state republics, and the anti-oligarchical, constitutional reforms by Solon of Athens, as continued by the influence of Christianity's struggles against the oligarchical evil intrinsic to the Roman Empire, both West and East.

From the vantage-point of any science of history, the improvement in the human condition which was accomplished since the A.D. 1461 accession of France's Louis XI has exceeded the highest rates of progress in all human existence, world-wide, in all earlier time. Discounting for intervals of catastrophes, until the abandonment of economic progress, about thirty years ago, the rates of combined demographic

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5. The institution of the *Freiherr* under the German form of the Holy Roman Empire, is the exception which proves the rule.

and physical-productive advancement, per capita, per family household, and per relevant square kilometer of area, exceed, hyperbolically, anything earlier achieved.

This returns our attention to the two principles of a science of history, as we identified these above. By any scientific standard of evidence, that which sets mankind apart from and above the beasts, the manifest advancement of man's power over nature, per capita, per family household, and per square kilometer, is to be measured in the combined demographic and physical-economic terms indicated. The means through which those demographic and physical-economic gains are achieved, is the revolutionary advances in practice which have the net effect of both increasing mankind's physical productive potential, and also fostering society's realization of advances in that potential. The combined achievement and realization of that potential is expressed in terms of those standards of artistic and scientific progress, which modern literate conventions formerly termed "Classical," as recognized by Plato and his followers, as through Eratosthenes and Archimedes, of his Academy of Athens.

All notable advances in Classical forms of art and science, throughout the history of western European civilization, beginning the time of Augustine of Hippo and his teachers, have been the result of the influence of Plato and his Academy upon medieval and modern European civilization. Although Europe was indebted to crucial contributions from foreign sources, notably including the Arab Renaissance of the Baghdad Caliphate, from northern India, and China, it is the radiation of European progress in the organization of scientific and social institutions, which has radiated, however unevenly, throughout the world, to make possible the increase of demographic and physical-economic standards of life from medieval to modern levels.

The modern European nation-state was the outgrowth of a long struggle of the Christian Platonists within European civilization, to break free of the oligarchical evil inhering in the continued grip of the Emperor Diocletian's Code and of Aristotle, to establish a form of society consistent with Platonic principles, as those principles were informed by the conception of man inhering in Christianity.

### **The role of the U.S.A.**

Since Europe's 16th Century, the leading, and thus determining issue of the history and global influence of modern European civilization, has been the effort of the oligarchical powers within European civilization, to turn back the clock, from modern nation-state republic, to forms of "global economy" and "world government" consistent with the imperial, oligarchical Code of Diocletian. At the outset, from the latter half of the 15th Century until the latter half of the 18th Century, the reactionary forces continued to be led, directly and openly, by the world's leading financier-oligarchical potency, Venice. From the A.D. 1714 accession of the British "Venetian Party's" George I, to the close of that century, the political



leadership of the financier-oligarchical faction was shifted from Venice to the combination of London and London's junior partner, the Netherlands. With the ruin of France's position as the leading nation-state of the world, during the events of 1789-1814, the center of the global struggle within European civilization was shifted to the conflict between the imperial power of London and London's temporary ally, the doomed, but still potent, landed aristocratic power of the Holy Alliance.

Later, after the death of Friedrich List, the victory of the United States over London's and Napoleon III's puppet, the Confederacy, established the U.S.A. as a leading world power. From that point, until the events of 1898 (Fashoda) and the assassination of U.S. President William McKinley (1901), the key to world politics was the U.S.A.'s de facto alliance with Germany, Japan, and the Russia of Czar Alexander II and Count Sergei Witte, in support of continental-Eurasian development of railway-centered economic cooperation, from Atlantic to Pacific, and to the Indian Ocean. The accession to power of such British assets as Presidents Theodore Roosevelt and Ku Klux Klan enthusiast Woodrow Wilson,<sup>6</sup> broke the alliance among Germany, Russia, and the U.S.A., and made possible a U.S. switch to alliance with Britain, a switch which made possible London's launching of the two ruinous, "geopolitical," World Wars of this century.

In light of the U.S.A.'s key role as the world's typical sovereign nation-state republic, from 1789 on, and its emergence, under President Abraham Lincoln, as the leading world power among nation-states, the center of world history, to date, has been the strategic conflict between the U.S.A. and Britain, both among the world's nations, and in the bitter internal struggle, between the patriots and "American Tories," within the U.S.A. itself. List's arrival, as a protégé of Gilbert Marquis de Lafayette, into the mid-1820s U.S.A., is to be located in that circumstance.

From that period of List's life, onward, until the end of the 19th Century, a very special relationship existed between the U.S.A. and Germany. The continued strong influence of Friedrich Schiller's work within the U.S., is one aspect of this. Schiller's influence is otherwise expressed in the role of Alexander von Humboldt, the coordinator of Germany's 19th-Century rise to world leadership in physical science. Humboldt, Humboldt's key protégé, Carl F. Gauss, and U.S. circles under the emerging leadership of Benjamin Franklin's great-grandson, Alexander Dallas Bache, typify this. It was the collaboration between Bache's protégé, Thomas Alva Edison, and Emil Rathenau, which delivered Edison's develop-

6. Theodore Roosevelt was the trained protégé of his maternal uncle, the Captain James Bulloch who had headed up the Confederacy's foreign intelligence headquarters in London. Woodrow Wilson was a fanatical admirer of both the Confederacy's "Lost Cause" and of the Ku Klux Klan. It was as U.S. President, that Wilson launched, in 1915, the revival of the Ku Klux Klan, from the Executive Mansion, through endorsement of a Hollywood propaganda film, *The Klansman*, later renamed *The Birth of a Nation*.

ment of electrical power to Germany. It was the same circles in Germany, around Rathenau and Siemens, which were key to the great Eurasian-development projects for which Count Sergei Witte was the key figure in Russia.

The most important single benefit which List's work acquired through his relationship to the anti-British United States, was the genius of Gottfried Leibniz, as embedded in the Franklin-Hamilton "American System of political-economy."<sup>7</sup> The key conception is packed into Hamilton's use of the term "artificial labor."<sup>8</sup> In this are combined, in a single term, the principles of Leibniz's 1671 *Society & Economy, Monadology*, the function of (heat) power, and the function of infrastructural development. Within this feature of Hamilton's, the Careys', and List's "American System," is packed all of those indispensable notions of function which are intrinsically essential, not only to economic science, but also any competent science to replace the old wives' fairy-tales which pass for the teaching of history in most parts of the world today.

### The creative principle

The central principle of both economic science and a science of history, is the creative principle of cognition, by means of which the individual person may be developed in the power to generate, to impart, and to receive those mental acts by means of which valid, axiomatic-revolutionary discoveries in principles of art and science are made available for human knowledge and practice. This notion, first made comprehensible in the later dialogues of Plato, is key to such modern European works as Nicolaus of Cusa's Platonic *De docta ignorantia*, the use of the term "Reason" by Johannes Kepler, and Leibniz's use of "necessary and sufficient reason," and is the central principle of Leibniz's *Monadology*. Herein lies the essential difference which sets the individual newborn person absolutely apart from, and superior to all actual, and professed "higher apes."<sup>9</sup> This is the central feature addressed by the present writer's discoveries in the science of physical economy; this is the principle of Leibniz which was made clear for mathematical physics, by the 1854 habilitation dissertation of Bernhard Riemann.<sup>10</sup> Herein lies the essence of economic science and of any competent science of history.

The demographic and economic progress of mankind, as

7. The special feature of Hamilton's "American System" which the North American colonies added to Leibniz's principles of physical economy, was the effective use of a paper currency. This innovation was first employed, with relatively great success, in the 17th-Century Massachusetts Bay Colony, until the British suppressed it by decree (1689). The intent to resume that practice was kept alive by the influential patriot Cotton Mather, and his protégé, Benjamin Franklin.

8. *Report on The Subject of Manufactures*, passim.

9. As Britain's Prince Philip, Duke of Edinburgh, and co-founder of the Malthusian World Wildlife Fund, has professed himself to be.

10. See Lyndon H. LaRouche, Jr., "SDI: the Technical Side of 'Grand Strategy,'" *EIR*, July 19, 1996; —, "Leibniz from Riemann's Standpoint," *Fidelio*, Autumn 1996.

we have identified that here, is derived from the individual person's receipt and enrichment of a stock of relatively valid, axiomatic-revolutionary discoveries in Classical forms of artistic and scientific knowledge. The faculty for transmitting and enriching that stock of discoveries of principle lies beyond words or other symbolic communication, within the educable, creative processes of cognition uniquely embedded, as developable potential, within the sovereign precincts of the individual human mind.

This process of development and transmission of such discoveries of principle, does not, and could not be effected as a mere transfer of "information." It can occur only by inducing the student to replicate, entirely within the sovereign precincts of his, or her cognitive potential, that original mental act of insight which represents the "leap" from one hypothesis, to a superior one. That is the result aimed at by a Classical humanist education, such as that developed by the Brothers of the Common Life, and known in Germany as the Humboldt policy in education. It is not achieved by any contrary approach, such as today's prevalent modes of "textbook education," and multiple-choice examinations.

As Riemann made this the central point of his 1854 habilitation dissertation, in order to overcome the limitations of a mathematical physics which has been relatively discredited by some crucial piece or pieces of experimental evidence, it is indispensable to depart the domain of mathematical physics for physics as such, and then to impose upon mathematical physics, from the outside, a radical change in underlying axioms, thus creating a new mathematical physics to replace, entirely, the old. This leap of physics, from a superseded old mathematics to a new, superior, but inconsistent one, occurs solely within the sovereign internal precincts of the individual person's developed cognitive processes. That mental leap, which Plato locates within the domain of "higher hypothesis," is the essence of economic science, and of any competent science of history.

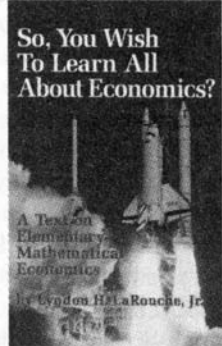
Thus, as France's Louis XI already made crucial steps in this direction, it is as the modern nation-state republic fosters a universalized form of Classical humanist education, and also fosters opportunities for realization of that educated potential through artistic, scientific, and technological progress, that the per-capita power of society over nature is increased, and the potential demographic condition and political freedom of the individual and family advanced and defended.

Herein, in this view of the interrelated fostering of universal Classical-humanist education and economic progress, lies the most essential point of difference between oligarchism and republicanism. It is the indispensable function of the modern sovereign nation-state, in defending these policies against the perils of "Malthusianism," "global economy," and "world government (imperialism)," which locates the central issue of the irreconcilable, continuing struggle for survival between the United States as a constitutional republic and the British Empire.

List can not be understood competently as one who borrowed certain economic recipes from the United States. He was a German, also inspired by the great minds around the Ecole Polytechnique under Gaspard Monge, who was inspired by the revolutionary ideas and cultural optimism he met in the embattled United States of the 1820s. It was an experience which gave new life to the tradition of Leibniz and Schiller in Germany, and supplied the tested principles needed to attempt in Germany what had been successfully demonstrated in the U.S.A. The rest, is the principle of the modern nation-state, as that principle was rendered comprehensible by Plato, and by such as Dante Alighieri, Nicolaus of Cusa, and Leibniz.

This notion we have summarily described here, of the role of the creative principle of cognition, may be viewed as a statement of the axiomatic superiority of the individual republican citizen over both the apes and the oligarchical Duke of Edinburgh. That axiom, incorporated as an essential part of the set of axioms, postulates, and definitions of science, defines a new hypothesis governing admissible theorems in economic science and a science of history. That difference in hypothesis is the essential difference between republicans, such as Friedrich List, and those who degrade themselves to become like something less than human, the oligarchical enemies of Leibniz, the U.S.A., and List, in the past, and, also, notably, of the present writer today.

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## Globalizers coming under attack

*Some politicians are demanding an end to the destruction of the labor force by "downsizing" and "outsourcing."*

**S**o far, there have only been hints that Germany may face a hot autumn of labor protests and political strikes, which will be begun shortly after the end of the summer holiday period on Sept. 7, with a national day of action by the national labor federation, DGB, in several big cities. In the beginning phase, this new wave of protest certainly will need some time to pick up the momentum that it showed in the May-June period, which culminated in the biggest-ever labor rally of 350,000 or more in Bonn, on June 15. But there is something that promises to make this new protest wave even more forceful, by late October or early November, which is the fact that the economic debate in Germany meanwhile has made the monetarist banks, the globalizers, and the corporate "downsizers" much more the target of criticism. The labor unions can be expected to be influenced by this progress in the debate, and it will become visible in their slogans and campaign arguments.

While in the spring, many experts were still trying to propagate the "U.S. model" or the "British model," as "proving that deregulation and downsizing creates millions of new jobs," the weeks since then have seen those "models" discredited in the eyes of many experts, and there is now more awareness of the U.S. or British critics of those "models."

A prominent example of this development is Rainer Eppelmann, the national chairman of the CDA, the Christian Democratic Union's labor committees, who toured the United

States in mid-June and returned with the idea that initiatives like those taken in the U.S.A., to use the state taxation policy as an instrument of favoring firms that employ new workers, should also be launched in Germany.

Eppelmann was briefed at the U.S. Department of Labor about this kind of legislation, and early in August, he called for a special tax to be raised from those firms that have a radical downsizing approach. The revenue from this tax should be used to support firms that show a commitment to employ new workers, but which lack the funds to do so (and get no money from the banks, either)—which is the situation that many of the medium-sized industrial producers find themselves in, at the moment.

Other politicians have proposed somewhat similar legislation, for example, giving considerable tax breaks to firms that employ new workers, while keeping the full tax on those that fire workers and invest abroad. A variation of this theme is the proposal, made by many these days, to have a dual taxation policy, differentiating between firms that employ new apprentices, and firms that don't.

There are also initiatives under way to retaliate against firms, especially in the construction sector, that cheat both the tax collector and the labor unions, by refusing to pay the minimum wage and by employing cheap labor from low-wage countries in the European East, as well as from Britain, Ireland, and Portugal, instead. The state governments of Bavaria, Saxony, Saarland, Hesse, and Rhine-

land-Palatinate have already announced such legislation, to get more Germans employed in construction projects.

This legislation amounts to a ban from public sector infrastructure and construction projects against all those firms that outflank the minimum wage regulations. At a time of deepening economic depression and shrinking private-sector projects, such state intervention to discipline the firms in the construction sector has more chances to be successful than it has in the past.

This new legislation also provides useful protection for those German firms that pay the minimum wage or more, against firms that don't, through the state-guaranteed funds which the favored firms receive, for carrying out the projects. This gives the firms a guarantee also to be able to pay those minimum wages—which is something that they have problems in doing, under the brutalized, deregulated free market conditions that have dominated the employment market in Germany in the last decade.

What is becoming visible in these initiatives, is a return to the principle of state intervention, and it is a first counterattack against the globalizers and downsizers. This comes in the context of the broader political backlash against the austerity dictates of the Maastricht Treaty, which *EIR* reported on last week.

The next step has to be a policy that forces the banks to pull back from financial speculation and to return to real industrial investments. The fact that the "Tobin Tax" proposal, for a tax on speculative investment in the United States, has surfaced in a number of political statements across the political spectrum, in recent weeks, indicates that this may well be the direction which the debate will take, this autumn.

# Business Briefs

## Nigeria

### Economic program to break with IMF plans

The Nigerian government, unable to reach agreement with world financial institutions on a medium-term economic program, is drawing up a policy to be introduced in September, IPS news service reported from Lagos under the headline, "Nigeria: Parting Ways with Orthodox Structural Adjustment." The policy is being drafted by the National Economic Intelligence Committee (NEIC), a think-tank of economic advisers set up by Nigeria's head of state Gen. Sani Abacha, with input from local financial experts, industrialists, and academics. Under the program, the government, rather than the International Monetary Fund (IMF) and World Bank, will "hold the ace," said NEIC Chairman Prof. Sam Aluko (see *EIR*, July 29, 1994 for an interview with Professor Aluko).

In May, Finance Minister Anthony Ani declared that the government would not raise fuel prices, because they were not being subsidized, contrary to the claims of the IMF. In June, Planning Minister Chief Ayo Ogunlade confirmed that the IMF had "refused to approve our draft medium-term economic program." Nigeria's foreign debt, originally \$17 billion, has risen to \$32 billion, despite the repayment of \$10 billion of principal. "That kind of arithmetic is a little bit difficult to swallow," he said.

The government had proposed a freeze on interest charges for 15 to 20 years, in order to use money normally spent to service the debt (\$2 billion a year in 1994 and 1995) to revive industries and rebuild social infrastructure. Nigeria has also rejected the IMF argument that the domestic price of gasoline (11 naira, or 13¢ a liter) does not pass the international comparability test, i.e., that it is much lower than in most other nations. "As a minister of Nigeria, the most populous black African country," Ogunlade said, "I earn 58,000 naira (\$716) per year. How does the international comparability test compare with my colleagues in Europe or America?"

The government's resistance to the IMF has begun to earn it support from Nigerians, who deeply resent the 10-year-old Structural Adjustment Program. For example, Prof.

Claude Ake, who runs the Center for Advanced Social Science in Port Harcourt, had criticized the Abacha regime following the hanging last November of nine opposition activists, including writer Ken Saro-Wiwa. But Ake recently commended the government for its stance in its discussions with the IMF.

## Italy

### Economy is becoming a post-industrial wreck

Everything is down in the Italian economy in 1995 except television and movies, according to figures released by the National Statistics Institute on Aug. 7. The figures showed a country fully "on the road of post-industrialization," as characterized by the Milan daily *Il Giornale*. The data included:

**Employment:** There were 110,000 fewer employed, and 165,000 more unemployed, than in 1994. There were 93,000 industrial jobs and 84,000 agricultural jobs lost; 66,000 jobs were created in the service sector, for a total of 2.725 million unemployed and 20 million employed.

**Demographics:** There were 20,000 more deaths than births (as recently as 1992, there were 21,000 more births than deaths). The population increased by 64,000 only because of immigration. The number of marriages was at a historic low of 285,000.

Meanwhile, movie ticket sales went up, from 92.2 million to 98.2 million, and television subscriptions (paid to the state) were paid by 79 out of 100 families.

## Education

### Russia, Ukraine alarmed at funding decline

Russian Duma (parliament) Science and Education Committee Deputy Chairman Oleg Smolin lamented the low funding of education, and warned that it could seriously undermine Russia's long-term well-being, in *Megapolis-kontinent* (No. 32). Smolin, a

member of former Soviet Prime Minister Nikolai Ryzhkov's Popular Power Duma faction, cited World Bank estimates that spending on education fell from 7% of GDP in the U.S.S.R. in 1970, to 3.4% in Russia in 1994.

Smolin supported an amendment to the 1996 budget, raising this year's allocation for education from 15.2 trillion rubles (\$2.9 billion) to 29 trillion rubles. He said that the budget as it stands does not take into account pay increases for teachers envisaged in an August 1995 government resolution and that it is based on an average monthly salary for teachers of 316,000 rubles (\$60), one-third of the average in industry.

In Ukraine, the Ministry of Education has announced that it is cutting enrollment to the country's higher education institutions by 4,600 full-time students and laying off one-third of the teaching staff at medical schools, UNIAN news service reported Aug. 10. The measures are aimed at reducing the ministry's wage debt, which amount to 17.1 trillion karbovantsi (\$92 million) after the cuts. The ministry has also closed down 12 facilities that offered evening and correspondence courses, and plans to cut jobs at the country's scientific and research institutes.

## Southeast Asia

### Vietnam moves toward decision to 'go nuclear'

Vietnam is nearing a decision to build nuclear energy plants, according to documents prepared by the Vietnam Atomic Energy Commission and leaked by the European Nuclear Society's Nucnet information service. Dr. Nguyen Tien Nguyen, head of the VAEC, says the decision to "go nuclear" is now up to government policymakers, and that two studies now in progress will determine the outcome. The VAEC has expanded its Nuclear Power Center and is working with the national electricity corporation and Industry Ministry in conducting a survey on nuclear power development, to be completed by 1998. A second VAEC project, in collaboration with government agencies and research organizations, is looking at the scientific, technological, economic, and social implications of nuclear power development.

Dr. Nguyen says energy demand is rising 18% faster than predicted, with forecasted demand reaching 100 billion kilowatt-hours by 2010; current demand is 14 billion kwh. VAEC calculates that even with full exploitation of hydropower (which now provides 70% of need), coal, and gas, Vietnam will still fall far short of its projected requirements.

The head of British Nuclear Industry Forum, who recently returned from a trip to Vietnam and Thailand, expects both countries to "go nuclear." The most likely site in Vietnam would be a 600 MW plant along the central east coast. South Korea has proposed to build two plants, and close contacts also exist with Russia, China, and Japan.

Britain and the United States are also interested in the decision. The United States is in the process of removing Vietnam from the list of countries subject to nuclear embargo, and is moving toward laying down the terms for a nuclear cooperation agreement.

## Technology

### Maglev revolution cannot be overlooked

It would be a big mistake not to see the technological revolution in magnetically levitated rail systems, and to focus only on the crude efficiency of the Transrapid high-speed rail system in terms of ratios between passenger capacity, investments, and pay-offs, the director of the Magnetic Train Planning Group, Hans-Christoph Atzpodien, warned in an interview with the *Berliner Zeitung* on Aug. 12.

"This would deprive us of everything that has to do with perspectives and visions. Even critics of the project between Hamburg and Berlin acknowledge in their longer-term assessments, that in the end, we in Central Europe need maglev trains as an environmentally compatible substitute for short-distance air flights. Sometimes, I am concerned that once again, we are about to act only on the basis of present-day knowledge and neglect the perspective of this special technology," he said.

Atzpodien said that the most recent talks, between the transportation ministers of the

Netherlands and Germany, on extending the planned maglev rail line Hamburg-Berlin to Amsterdam, via Bremen and Groningen, "proves the chances of the maglev technology for becoming the transportation system of the future." The interest in a Hamburg-Amsterdam project (that would cost \$5 billion for the Dutch end of the line) shows the "potential of connecting the European metropolitan centers," Atzpodien said. He added that there is a good chance that the maglev rail line will also be extended into Europe's southeast.

## Finance

### Derivatives danger puts BIS in 'panic'

"There is a near-panic fight inside the BIS over derivatives," a member of the Bank for International Settlements Advisory Committee on Derivatives told *EIR* in mid-August. "For large banks, the big attraction of derivatives is that they can be done 'off balance sheet,' and, because of a loophole in the 1988 BIS Bank Capital Adequacy rules, banks do not need to set aside core capital against their off-balance-sheet derivatives exposures. This is the real reason for the explosive growth to \$40 trillion nominal value. BIS central banks, with one exception, are privately in a state of near panic," he said.

"We have looked at various means to control the risk, but a transactions tax on derivatives . . . would be unenforceable. . . . So, the idea BIS has developed, is to introduce a regulation mandating banks bring 'on balance sheet' all their derivatives exposure within three years from a given date. The BIS experts calculate that this would allow an orderly winding-down of the huge exposures to some 10% or at most 20% of today's levels," he said.

"But there is one central bank which is adamantly resisting, that is the Bank of England and the Major government. Very simply, derivatives are the heart of today's role of the City of London as a global financial center, and the change would devastate their influence internationally."

**IRAN** signed a gas agreement with Turkmenistan while it was signing deals with Turkey in August. Russia and Turkmenistan also reached a new major agreement for joint exploitation and transport of gas. "It is a kind of triangle deal, and it is extremely important," a Russian source told *EIR*.

**VIETNAM** has signed up Japan's International Cooperation Agency to prepare a plan for a high-tech industrial park west of Hanoi, the *Vietnam Economic Times* reported Aug. 12. The park will be built in three stages over 1998-2020, and will include research institutes, laboratories, universities, and factories, creating 67,000 jobs.

**BULGARIA'S** inflation rate is 300% annually, according to trade unions' data, ABC wire service reported Aug. 15. The official National Institute for Statistics forecasts a 150% annual rate of inflation. Over the last five years, average income has dropped 50%.

**SARAJEVO** received a commercial flight, from Istanbul, on Aug. 15, the first since the start of the Serbian war of aggression, as the Bosnian capital's battle-scarred international airport reopened.

**THE PHILIPPINES** trade deficit increased 39% in the first six months of 1996, the Aug. 16 London *Financial Times* reported. Exports grew faster than any other Southeast Asian country during that time, up almost 20%, but imports, mostly raw materials for process industries and capital goods which are re-exported, rose 26%.

**THE FRENCH** government said in mid-August that it plans another capital injection to rescue Cr dit Lyonnais, the huge state bank. Another FF 2-3 billion (\$400-600 million), on top of a similar sum last year, is to help cover a FF 8 billion deficit for 1995. Further losses would threaten to break apart the FF 50 billion bailout restructuring from the government, officials warned.

## Water usage decline shows U.S. economy is 'drying up'

by Marcia M. Baker, A.K. Wikrent, J. Hoefle

Water safety problems in Washington, D.C. made the headlines this summer, when warm temperatures brought a florescence of bacteria contamination in the city pipe distribution system, because of decades of undermaintenance. In July, Mayor Marion Barry held a press conference to be photographed drinking a glass of District water to show that it was safe, and he rightly blamed Congress for stinting for decades on maintenance funds; later in July, Sen. Robert Kerrey (D-Neb.) was televised in Senate chambers, refusing to touch a glass of local water.

In fact, the situation of risky drinking water in the nation's capital epitomizes the water problems existing all around the country. But bugs aren't the only danger. You could say that the U.S. economy is "drying up." There is less water available, and in use, per capita, in the U.S. economy now, than 15 years ago. The water crisis is a marker for the overall breakdown of the physical economy (see *EIR*, Jan. 1, 1996, "The 30-Year Collapse of the U.S. Economy.")

We will report on the specifics of Washington, D.C., but, first, we will look at the economic overview, and how we are overdrawn on what hydrologists call the national "water budget."

In terms of the provision of necessary "market-basket" ratios (per capita, per household, per unit area, and per sector of production) of levels of needed physical consumption of infrastructure (water, power, transport, etc.) and goods and services, the U.S. economy has been allowed to decay over the past 30 or more years, to the point that gross volume of per-capita supplies and usage of water are in decline, even in fundamental economic sectors such as industry and irrigated farming.

**Figure 1** shows the total level of water withdrawn for all uses in the U.S. economy, for nine points in time from 1950

to 1990, at five-year intervals (the depiction differentiates the shares of how water was withdrawn for five uses). Reading from the top to bottom of each bar, industrial, thermoelectric power, irrigation, rural domestic and livestock, and public supply uses are depicted.

First, you see that the total volume of water estimated in use daily (in billions of gallons) in the United States over 1950-90, went up from 1950 to 1980, then dropped dramatically down in 1985, and increased only slightly from then to 1990. The year 1990 is the last year for which complete statistical estimates are available for the United States, but the trend of diminished water use still holds up to the present.

(You can visualize a volume of 1 billion gallons of water as a column whose base is the size of a football field, and whose height is over four times that of the Washington monument.)

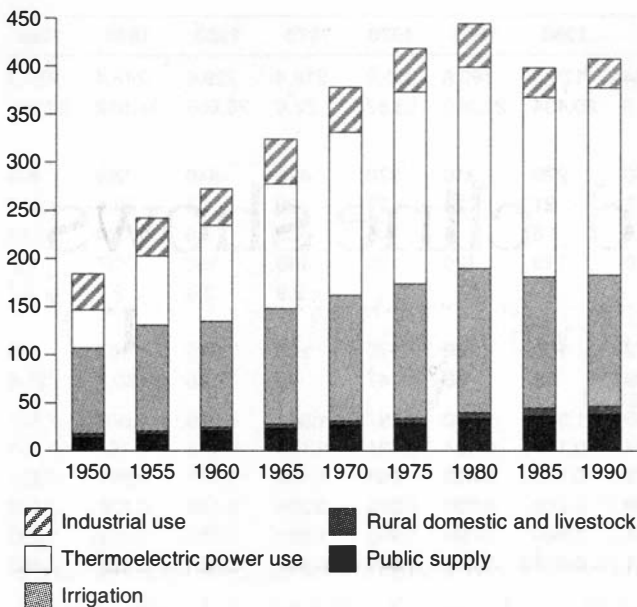
The term "withdrawals" is the hydrologist's term referring, in general, to water *used* up (that is, vaporized, or incorporated into something, and removed from stream run-off, or other flows and sources). Consistent with this, the data in Figure 1 all refer to what hydrologists call "offstream" withdrawals—that is, water removed, and not returned to its source (rivers, lakes, groundwater), in distinction to "in-stream" water uses, such as hydroelectric power generation (for which data are given in **Table 1**).

Second, notice in which subsectors of the economy the lowered water use over the 1980s and 1990s occurred. There was less water in use in industry in the United States in 1985, and in 1990, than in any previous point in time shown. Water in use for thermoelectric production grew steadily until 1980, then fell. Likewise, water for irrigation grew up through 1980, then fell. Lastly, down at the bottom of the bars, you see that water for rural uses (the narrow strip), including suburban

FIGURE 1

**U.S. water withdrawals, total and by sector**

(billions of gallons per day)



Note: These figures show water withdrawn for use "offstream" (that is, removed from lakes, streams, and groundwater). Not included here are figures for "instream" water used for hydroelectric power.

Source: U.S. Geologic Survey Circular 1081 (1993).

residential, domestic, livestock, and all other non-urban uses, grew steadily over 1950-90. Likewise, the bottom, darkest segment shows that water for "public supply" (the hydrologist's term for water withdrawn and provided centrally for a variety of uses including residential, commercial, civic amenities) grew steadily, though at slackened rates beginning in 1980, over the past 40 years.

The data from which these diagrams are prepared were collated by the U.S. Geological Survey, in the Interior Department. For reference purposes, we present data from this source in Table 1, along with other relevant economic data from the *EIR* database, to cover the period of water use trends 1950-90.

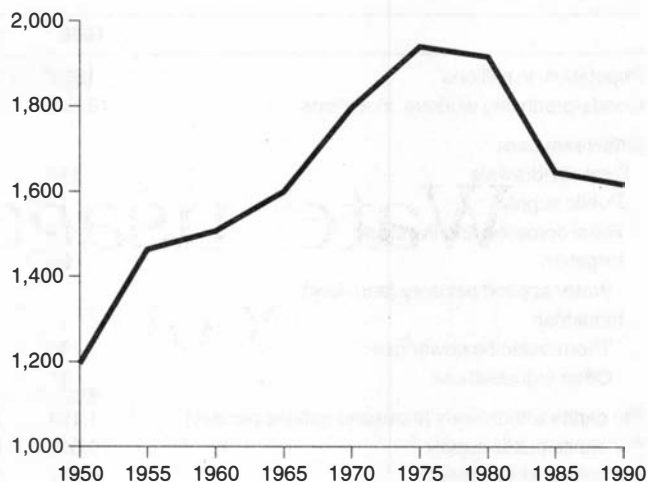
For a quick benchmark, look across the row in Table 1 called "total withdrawals," under "offstream use." It shows the data represented in Figure 1, for volume of water in use, in billions of gallons per day, rising from 180 billions of gallons per day in 1950, up to 440 billions of gallons per day (bgd) in 1980. Then the water in use fell down to 399 bgd in 1985; in 1990, the withdrawals were 408 bgd, only somewhat higher. Now look at what this means in more specificity.

Figure 2 shows total water withdrawals, divided by the

FIGURE 2

**U.S. per-capita water withdrawals, 1950-90**

(gallons per day)



Note: Refers to water for all uses withdrawn from "offstream" sources.

Source: U.S. Geologic Survey Circular 1081 (1993).

population for the various 1950-90 time points, to give per-capita water withdrawals. Even with the relatively slow growth of U.S. population beginning in the 1970s, the use of water declined so much that, in per-capita terms, it dropped, beginning in 1975. This means that less water is being made use of (for all kinds of purposes) in the U.S. economy now, than in the past. Look at this now, by subsector.

First, Figure 3 shows the one hydrological subsector where withdrawal levels have continued to go up per capita—"public supply." All this means, is that the water withdrawn and provided by central distributors (supplying 25 users or more) for a variety of public uses, including residential domestic, office buildings, colleges, schools, prisons, commercial, and such, rose, but only slightly. Apart from the slight rise in this category of use, and also in "rural use" (see Table 1), other uses are falling drastically per capita.

**Industrial water use declines since 1960s**

Figures 4 and 5 show water used for industrial purposes (but not for cooling of power plants, noted in Table 1 as thermolectric power use), on a per-capita basis throughout the economy; then, on a per-capita basis of goods producing workers. There are dramatic drops in these ratios beginning in the early 1970s.

In 1965, there were 237 gallons a day in use per capita in the economy in the industrial sector, which, at that time, meant that there were 2,097 gallons of water per industrial worker.

In 1990, there were only 118 gallons per capita in average daily use in the U.S. industrial sector; and per industrial worker, only 1,200 gallons of water used daily.

TABLE 1

**Trends of estimated water use in the United States, 1950–1990**

Billion gallons per day (except per capita calculations)

	1950	1955	1960	1965	1970	1975	1980	1985	1990
Population, in millions	150.7	164	179.3	193.8	205.9	216.4	229.6	242.4	252.3
Goods-producing workers, in millions	18.506	20.513	20.434	21.926	23.578	22.6	25.658	24.842	24.905
<b>Offstream use:</b>									
Total withdrawals	180	240	270	310	370	420	440	399	408
Public supply	14	17	21	24	27	29	34	36.5	38.5
Rural domestic and livestock	3.6	3.6	3.6	4	4.5	4.9	5.6	7.79	7.89
Irrigation	89	110	110	120	130	140	150	137	137
Water applied per acre (acre feet)						2.9	2.9	2.7	2.7
Industrial:									
Thermoelectric power use	40	72	100	130	170	200	210	187	195
Other industrial use	37	39	38	46	47	45	45	30.5	29.9
Per capita withdrawals (thousand gallons per day)	1.194	1.463	1.506	1.600	1.797	1.941	1.916	1.646	1.617
Per capita public supply	0.093	0.104	0.117	0.124	0.131	0.134	0.148	0.151	0.153
Per capita, all industrial	0.511	0.677	0.770	0.908	1.054	1.132	1.111	0.897	0.891
Per capita industrial, excluding thermoelectric	0.246	0.238	0.212	0.237	0.228	0.208	0.196	0.126	0.119
Industrial per goods producing worker	1.999	1.901	1.860	2.098	1.993	1.991	1.753	1.228	1.201
U.S. per capita irrigation water use	0.591	0.671	0.613	0.619	0.631	0.647	0.653	0.565	0.543
<b>Sources of Water:</b>									
Ground:									
Fresh	34	47	50	60	68	82	83	73.2	79.4
Saline	no data	0.6	0.4	0.5	1	1	0.9	0.652	1.22
Surface:									
Fresh	140	180	190	210	250	260	290	265	259
Saline	10	18	31	43	53	69	71	59.6	68.2
Reclaimed wastewater	no data	0.2	0.6	0.7	0.5	0.5	0.5	0.579	0.75
Consumptive use	no data	no data	61	77	87	96	100	92.3	94
<b>Instream use:</b>									
Hydroelectric power	1100	1500	2000	2300	2800	3300	3300	3050	3290

**Notes:** 1950 and 1955 are for 48 states and District of Columbia.  
1960 and 1965 are for 50 states and District of Columbia.  
1970 is for 50 states, District of Columbia, and Puerto Rico.  
1975, 1980, 1985, and 1990 are for 50 states, District of Columbia, Puerto Rico and Virgin Islands.

Source: *Estimated Use of Water in the United States in 1990*, U.S. Geological Survey Circular 1081, by Wayne B. Solley, Robert R. Pierce, and Howard A. Perlman, USGPO, 1993, page 65. <http://www.h2o.usgs.gov/wateruse/program>

This dramatic fall over the 1970s to 1990s, reflects the decay of the “post-industrial” decades, when U.S. manufacturing activity declined, and “free trade” and “outsourcing” policies shifted the supply sources to foreign countries for many U.S. “market-basket” items of household and producer consumption.

It should be noted that, while there have been some striking gains in efficiencies from certain technological advances that require less water to be used per certain finished products made, or per worker involved in that line of product, that desirable trend is not what you are looking at here.

Take a simple example such as shoes. It takes, on average, 116 gallons of water to tan a square meter of hide for leather shoes. In the mid-1960s, most footwear consumed in the

United States was produced in the United States, and water use statistics reflected this accordingly. Today, over 50% of U.S. footwear comes from abroad, mostly China. So, Chinese water is being used to supply the United States with footwear. There are dozens of similar examples.

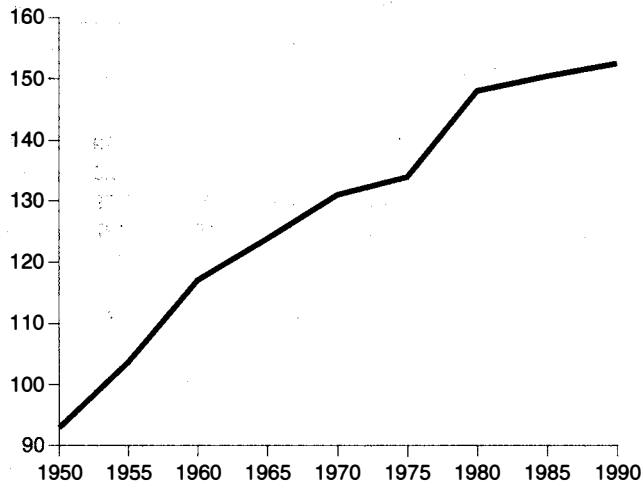
The problem shows up the other way around. For example, take computer chips. The processing of a single silicon wafer requires about 2,000 gallons of water. (A typical wafer is 8 inches in diameter, and holds up to 250 chips.)

At present, three semiconductor manufacturing plants which are under construction in the state of Virginia, are facing water supply problems. In the northern Virginia area (the Potomac River watershed), IBM and Toshiba have a joint venture project in Manassas. In the James River watershed in



**FIGURE 3**  
**U.S. per-capita water withdrawals for 'public supply,' 1950-90**

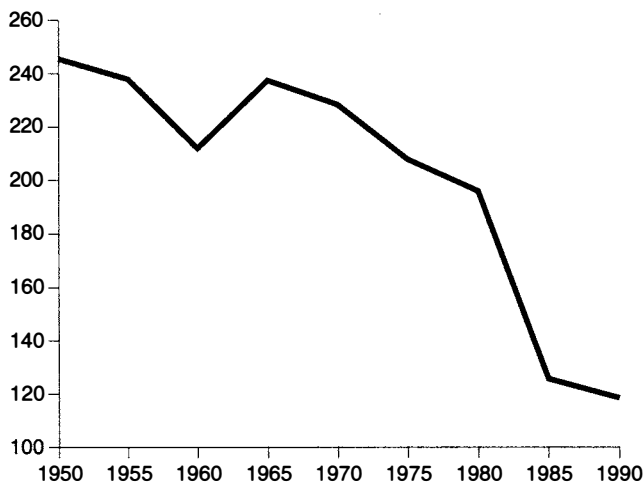
(gallons per day)



Note: Refers to water for all uses withdrawn from "offstream" sources.  
 Source: U.S. Geologic Survey Circular 1081 (1993).

**FIGURE 4**  
**U.S. per-capita water withdrawals for industrial use, 1950-90**

(gallons per day)

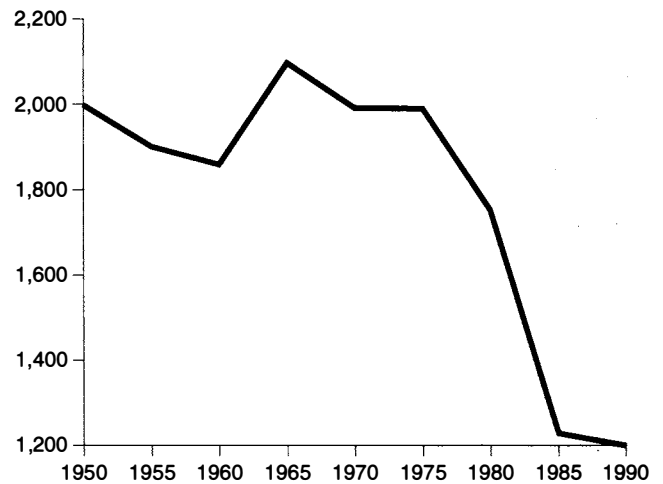


Note: Refers to water for all uses withdrawn from "offstream" sources.  
 Source: U.S. Geologic Survey Circular 1081 (1993).

the Richmond area, Motorola and Siemens have a joint venture in Goochland County. And Motorola has a facility planned for Henrico County. However, the U.S. water resource base has declined so much, that despite declining per-

**FIGURE 5**  
**U.S. industrial water use per goods-producing worker, 1950-90**

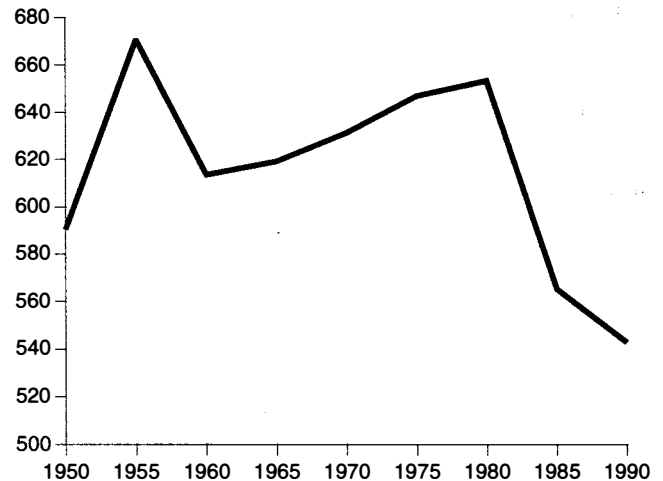
(gallons per day)



Source: U.S. Geologic Survey Circular 1081 (1993).

**FIGURE 6**  
**U.S. per-capita irrigation water use, 1950-90**

(gallons per day)



Source: U.S. Geologic Survey Circular 1081 (1993).

capita use, there is not enough water for new manufacturing start-up.

### Irrigation water use declines since 1980

Figure 6 shows that water in use for irrigation in the United States has dropped dramatically per capita since 1980, going from over 650 gallons daily in 1980, down to

568 gallons in 1985, and down to 545 gallons in 1990.

Table 1 gives the absolute volume of water withdrawn for irrigation water use, showing that in 1980, some 150 billion gallons a day went for irrigation; in 1985, this fell to an estimated 137 bgd, which remains the best estimate for 1990.

“Irrigation water use” figures include all water artificially applied to farm and horticultural crops, as well as water used to irrigate private and public golf courses. The use of irrigation, especially in technologically advanced forms of “protected agriculture,” meaning greenhouses, hydroponics, and similar modifications, results in far higher productivities of biomass per acre of production. In these advanced modes, there is much more biomass output per gallon of water, e.g., with drip irrigation, instead of furrow irrigation.

For example, you can expect to triple crop output by using advanced drip irrigation, instead of furrow irrigation, for such crops as cotton. One acre-inch of water will produce 20 pounds of cotton with furrow irrigation; and with drip irrigation, 59 pounds. The difference for sorghum is 4,600 pounds per acre with furrow irrigation, and 8,500 pounds per acre with drip irrigation. For watermelons, the ratio of yield goes up from 20-25 tons per acre, to 25-35 tons per acre.

However, the decline in total volume of irrigation water in the United States does not represent a sweeping shift over into advanced irrigation modes, with higher output ratios per water volume applied. In fact, less water is being used for irrigation overall. Table 1 shows that the average volume of water applied per acre in the United States dropped from 2.9 acre-feet in 1985, down to 2.7 acre-feet in 1990. Only in a few locations are advanced hydroponics in use, and many of the largest are operations run by Cargill, Chiquita, and other international commodities cartel giants that dominate key links in the food chain for private profiteering, not public benefit.

Therefore, the decline in use of irrigation is a marker of a declining U.S. agriculture sector. This shift is acknowledged in a backhanded way in a new study by the National Research Council of the National Academy of Sciences, entitled “A New Era for Irrigation,” due out in October. The NRC notes a decline in the total U.S. land area irrigated, from a peak of 52 million acres in 1994.

The impact to the consumer of the downgrading of the U.S. agriculture sector, specifically irrigated production, is masked temporarily by the huge increase, over the 1980s-1990s, of imported fruits, vegetables, and juices. Since 1985, the United States has been a net importer even of onions (that is, tonnage of imports exceeds exports). As of the late 1980s, Mexico supplied 35% of the U.S. consumption of the six fresh winter vegetables (October through June)—tomatoes, bell peppers, cucumbers, eggplant, snap beans, and squash. This flow has increased over the 1990s, representing a de facto use of Mexican water for provision of the U.S. consumer market basket. Huge quantities of fruit juice base are now coming into the United States from Europe, Turkey, and even South Africa.

## Declining water usage is not conservation

Does declining per-capita water usage in the U.S. economy mean that future water supplies will be adequate? Is this a form of “saving water for the future,” as the radical environmentalists (at *National Geographic*, Turner Broadcasting, the World Wide Fund for Nature, et al.) claim?

Just the opposite is true. The U.S. Geological Survey statistics showing the “drying out” of the economy, correspond to a decline in maintenance, replacement, and expansion of U.S. water supply infrastructure, that is now showing up in the form of regional water crises in many locations around the country. It is the lack of infrastructure and technology that is causing ecological decay and degradation of the U.S. water resource base.

In the following sections, we give a brief survey of the nation’s regional water problems, then look at what should be done to remedy these situations, and, finally, we identify the forces preventing sensible water infrastructure and ecology development.

## Major problem areas in U.S. water supply

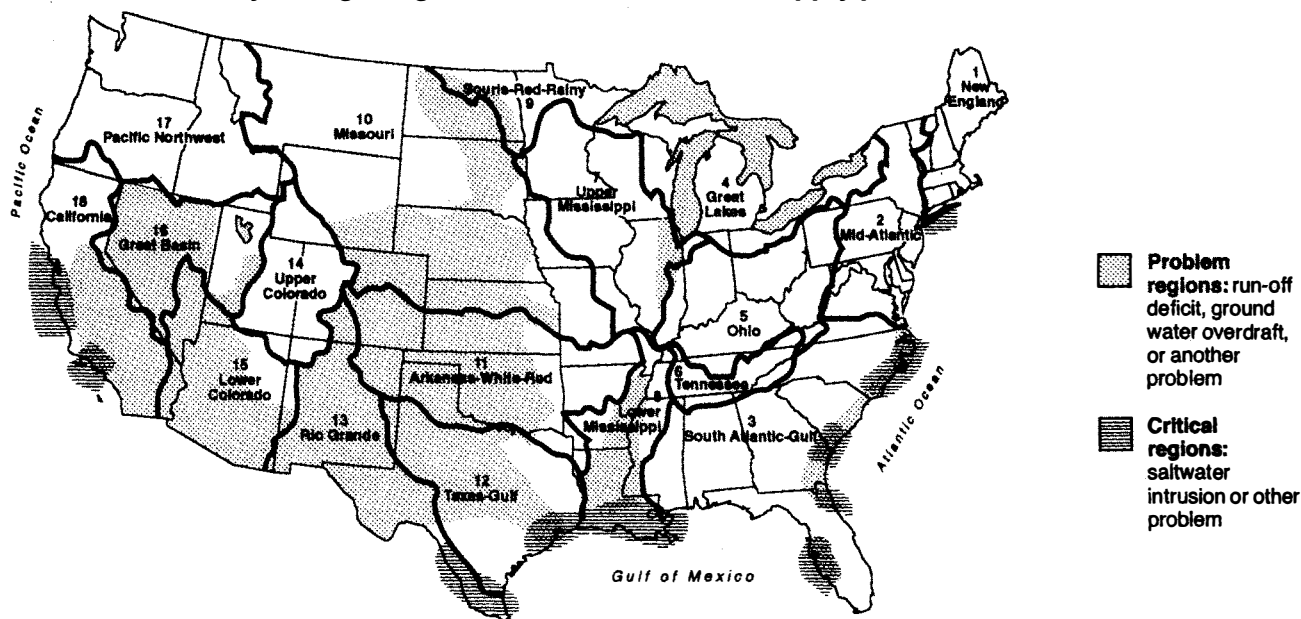
by Marcia Merry Baker

The water problems present in various regions in the United States range from trouble at the source, through to the end-user stage. At the source, there are regions with severe water supply shortages, or others, with flooding and uncontrolled “oversupply”; at the treatment phase, there are thousands of locations where filtration, purification, sewage and discharge treatment, and other essential processes are inadequate; and finally, thousands of miles of distribution pipes, and thousands of storage reservoirs, pumps, and other parts of urban water systems need to be refurbished. We begin here, with a national overview of the geography of freshwater supply problems.

**Figure 7** shows the boundaries of the 18 hydrologic regions in the coterminous 48 states of the United States, and indicates two general zones of water problem areas. The hydrologic regions are delineated with heavy boundary lines, and named and numbered according to the standard system used since the 1960s by the U.S. Geologic Survey. An hydrologic region refers to a natural drainage basin that contains either the drainage area of a major river (e.g., the Lower Mississippi, region No. 8), or the combined drainage area of two or more rivers (e.g., South Atlantic-Gulf, region No. 3, which has numerous rivers draining out to sea, including the James, the Potomac, and the Tombigbee).

FIGURE 7

**United States: 18 hydrologic regions, and areas of water supply problems**



**Table 2** presents the list of the 18 hydrologic regions, and gives statistics on supply and use of water in each region.

The lightly shaded zones of Figure 7 indicate the areas where there are generally problems of water shortage, such as runoff deficit, groundwater overdraft, or similar problems. The darker, cross-hatched zones show regions with saltwater intrusion, and similar problems of both water supply and quality.

There are two patterns immediately apparent: the western states have large areas subject to water shortages; and the Pacific, Atlantic, and Gulf coastal regions are subject to saltwater intrusion into freshwater coastal wells and aquifers. These reflect “natural causes” at work, but the problems are man-made.

**Mismanagement of the national water budget**

Most people think of rivers, lakes, aquifers, and water wells as resources fixed by nature, to be either conserved or consumed. On the contrary. The only relatively fixed feature of the water cycle in North America is the overall annual precipitation (see **Figure 8**).

In all of North America, the annual precipitation amounts to an estimated average of 4,200 billion gallons a day (bgd). Of that, about 1,200 bgd reaches the 48 states, where man’s intervention over the past 200 years has directly affected what water engineers call the *average dependable supply of runoff*.

In recent decades, this dependable supply has totalled about 515 bgd for the United States. It is not a fixed figure, but the result of man’s activities to clear channels, drain swamps,

prevent evaporation, and create storage capacity.

As of the mid-1960s, the United States, with over 190 million people, was using overall about 308 bgd, which was 60% of the average dependable supply of 515 bgd. This supply reflected the dam-building of the interwar period—the Grand Coulee and the Hoover dams, the Colorado River development, the Tennessee Valley Authority, and the post-war California Water Plan (adopted in 1957).

In the 1950s and 1960s, there were engineering plans to continue large-scale water projects to provide for the future. It was projected then that the 1990 U.S. population would be about 250 million, and the economic base would require 588 bgd of average dependable water supply. Projects for the provision of new water included some continued river basin improvements—finishing what remained of the undone dams, levees, etc.; but otherwise, featured such advanced plans as the continental-scale water diversion program called the North American Water and Power Alliance (Nawapa, see following article), and nuclear-powered desalination facilities for the coastal areas. Had these latter programs been pursued, we would not have the water problems that are common today. But these projects were blocked.

Therefore, when the U.S. population in 1990 did reach some 252 million, there were many regions where water supplies were inadequate, even though the economy was only using about 408 bgd, and not the previously projected 588 bgd. We will look at certain of these regions more closely. But first, look at the national rainfall patterns.

A Figure 8 shows, most of the 48 states receive 20-40

TABLE 2

### Water resources, by standard hydrologic regions, for the 48 coterminous states

Region	Total average runoff (bgd)	Estimated dependable runoff (bgd)	Per capita	
			Dependable runoff (gal daily)	Use, 1990 (gal daily)
1. New England	67	22	1,719	370
2. Mid-Atlantic	84	36	867	508
3. South Atlantic-Gulf	197	75	2,159	962
4. Great Lakes	75	69	3,223	1,510
5. Ohio	125	48	2,193	1,390
6. Tennessee	41	14	3,579	2,350
7. Upper Mississippi	65	31	1,457	977
8. Lower Mississippi	79	25	3,488	2,510
9. Souris-Red-Rainy	6.2	3	4,464	439
10. Missouri	54	30	2,986	3,730
11. Arkansas-Red-White	73	20	2,424	1,870
12. Texas-Gulf	32	17	1,115	886
13. Rio Grande	5	3	1,346	2,670
14. Upper Colorado	13	13	20,800	11,300
15. Lower Colorado	3.2	3	632	1,630
16. Great Basin	7.5	9	4,125	3,300
17. Pacific Northwest	210	70	7,855	4,070
18. California	62	28	951	1,200
<b>Total</b>	<b>1,200</b>	<b>515</b>	<b>2,041</b>	<b>1,340</b>

Source: U.S. Geological Survey Circular 1081. (1993)

inches (60-150 cm) of rainfall a year, but one-third of the country has less than 20 inches (under 50 cm) of annual precipitation, mostly in the dry western states. The discontinuing of development of water supply infrastructure has resulted in water crises in the arid regions.

### Supply problem regions

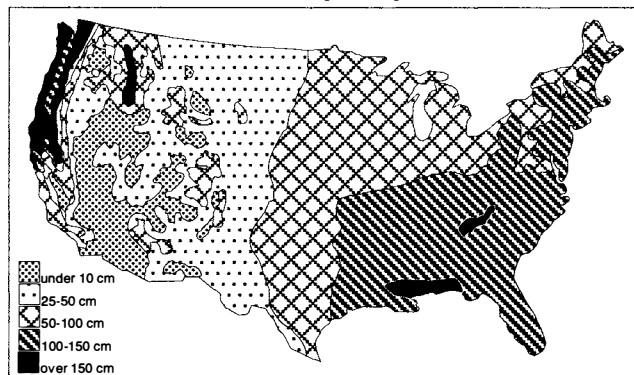
In the right-hand columns of Table 2, the dependable runoff and average use for 1990 are stated in per-capita terms, both in gallons per day (gpd). In most of the eastern regions, the per-capita daily use is less than the dependable runoff, e.g., 1) New England, 2) Mid-Atlantic, 3) South Atlantic-Gulf, and so forth. In some of the mountainous regions, of both east and west, the daily use per capita is far less than the dependable runoff, e.g., 6) Tennessee, 11) Arkansas-White Red, 14) Upper Colorado.

Now look at the arid regions. In region No. 18, California, the per-capita use of 1,200 gpd is more than the 951 gpd per capita of dependable runoff. This indicates both that water needs are being supplied from outside the region, and also that there are serious overdrafts in underground water—that is, water is being taken from wells and aquifers at a faster rate than it is being replaced.

Region No. 15, the Lower Colorado, is similar. It principally includes the state of Arizona. In 1990, the per-capita use rate was about 1,630 gpd, in contrast to the per-capita

FIGURE 8

### United States: annual precipitation



dependable runoff, which was 632 gpd.

Region No. 13, the Rio Grande, likewise shows 2,670 gpd per-capita daily use, in contrast to the 1,346 gpd per-capita dependable runoff. This region is shown in more detail below. First, look at water problems in a few states.

- California: Eleven of the state's 50 major aquifers are in overdraft; the state has been obtaining 40% of its annual water needs from pumping groundwater. To avert this, a joint study was begun in 1988, by the Metropolitan Water District of Southern California and the federal Department of Energy, for nuclear-powered desalination. But the workable engineering plans were subsequently cancelled, which, along with non-construction of the Nawapa water diversion project, contributed to the current ecological decline of the water resource base in California.

- Missouri: This state, Iowa, and others in the region, were hard hit by "Great Flood of '93," and many lesser floods, because of the lack of completion of the upper Mississippi/Missouri river basins projects, including dams, levees, farm field ponds and tilling.

- Florida: The water supplies for Miami, Tampa, Jacksonville, and many other population centers are threatened by saltwater intrusion into the groundwater sources, because of heavy pumping. Nuclear-powered desalination would contribute flows to correct this imbalance. In addition, former NASA engineers have a successful Miami test facility (built 1982) in operation for treating waste-water with electron beams.

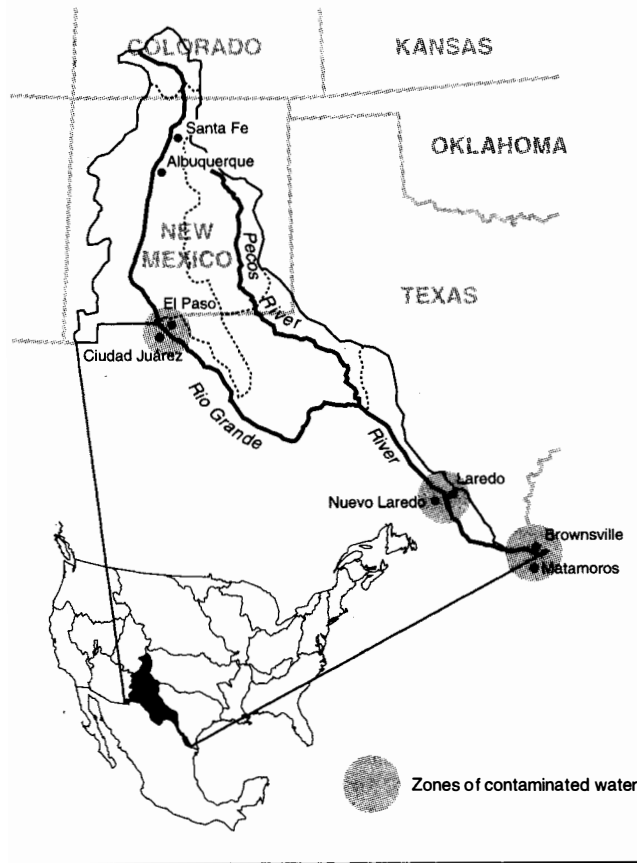
- New York: Long Island supplies are threatened because the underlying aquifer has been mined to the point of saltwater intrusion. Other coastal areas to the south, notably, Virginia Beach, Virginia, are facing the same type of crisis.

### Rio Grande hydrologic region water crisis

Figure 9 shows the Rio Grande hydrologic region in more detail. This region, plus southern California and Arizona, includes the U.S.-Mexico border zone of *maquiladoras*—

FIGURE 9

## Zones of contaminated water in the Rio Grande Hydrologic Region



slave-labor factories; it has become a biological breakdown zone because of lack of safe and sufficient water. Waterborne diseases, such as dysentery and hepatitis, are spreading, and cholera has appeared. Some of the major locations of contaminated water along the 700-mile Rio Grande U.S.-Mexico border are shown on the map—El Paso-Ciudad Juárez, Laredo-Nuevo Laredo, and Brownsville-Matamoros.

Hundreds of thousands of people are living in conditions where there is no sewage treatment, and no safe water. El Paso County, Texas, for example, had, in 1992, five times the national average rate of hepatitis A—a disease related to fecal contamination and filthy water.

A recent report from the U.S. Federal Reserve Bank in Dallas, Texas, praised this Tex-Mex maquiladora zone for its economic “grandeur,” as proof of the success of the North American Free Trade Agreement. They refer to the continuing population influx, which serves as a pool of low-wage labor. From 1989 to 1996, for example, the border town of Reynosa, saw its population double to 550,000. There are 126 maquiladora plants there now, employing 50,000 people. The typical wage for a textile worker is \$5 a day.

An Associated Press story in July described the town:

“Reynosa’s outskirts are dotted with colonias overflowing with families who live without drinkable water, electricity, and sewage. Hospitals and schools are crammed, and numerous streets remain unpaved.”

In 1975, based on its prior surveys, the U.S. Geologic Survey explicitly forewarned against any more population influx, or expansion of economic activity in the Rio Grande region, until and unless new volumes of water were secured, and new treatment systems were built. The 1975 USGS warning said, “Water quality is a serious problem in the lower Rio Grande Valley and precludes or inhibits expanded use of the valley under present conditions. . . . 20% of the lower valley population is not served by a public water supply system. This situation is likely to be aggravated by the increasing population in that area. . . . No additional water supply is currently available for the majority of [anticipated, modest] population increase.”

The engineers’ warnings were ignored.

### Decrepit distribution systems

The Rio Grande region is a biological holocaust zone because of water shortages, lack of water treatment, and absence of proper distribution systems. In many other regions, where volumes of supplies are relatively ample, nevertheless, the treatment phase is decrepit, and/or the delivery system is faulty. Look just at the disrepair of urban distributions systems. Washington, D.C. is typical.

An estimated 1.2 million feet out of the 6.8 million total feet of the District of Columbia’s water pipes need to be replaced. They are over 100 years old. The corrosion, and niches in the outdated distribution system, create conditions for bacteria to flare up, which is what happened this June, at the onset of warm summer temperatures. Also, the District has not routinely flushed the system out, so “biofilms” of bacteria have formed in many pipes. Chlorine infusions temporarily reduce the bacteria, but will not solve the problem.

Nationwide, the water delivery systems involve some 436,000 miles of pipe. Depending on the location, significant percentages of these pipes are old and worn out—they are prone to breakage, harbor bacteria, leak, and generally cause uncertainty of water supply and a threat to public health.

An estimated 48% of the nation’s water main systems is cast-iron; the percentage in older cities is 70-90%. In many of the major cities on the East Coast, and a few in the Midwest, pipes over 140 years old are in use.

As of the 1990s, the breakage rate was about one break for every 3.7 miles of water main. Thus, over 117,000 miles of water piping sustain breaks each year. But U.S. public works projects replace only 2,300 miles of pipe per year in total—less than 2% of the lines that experience breaks.

Most water district utilities replace only about a dozen miles of pipe a year. At the current rate of replacement and repair, this translates into the prospect of taking more than 200 years to rebuild each area’s water distribution system. In reality, these systems won’t hold out that long.

# Build waterworks: Nawapa, nuclear-powered desalination

The general scope of required U.S. waterworks construction is clear from the foregoing review, an infrastructure construction need that holds for anywhere in the world: There needs to be infrastructure for storage and supplies; for purification, and for treatment of waste-water; and, finally, for the distribution system to end-users.

What we illustrate here, are the two leading projects essential for restoring the U.S. water resources base, and that of the North American continent: the North American Water and Power Alliance (Nawapa), and nuclear-powered desalination. In principle, such projects, that is, continental-scale “hydro-geographic” engineering and advanced nuclear desalination, are called for on many continents, to rectify the ecological disasters, such as the Aral Sea Basin (between Kazakhstan and Kyrgyzstan), which have resulted from lack of infrastructure development.

## Nawapa

If Nawapa, which was designed as a 20-year construction project, were to have been initiated when first favored by Congress in the 1960s, then, as of now, in the 1990s, the United States would not be experiencing increasingly severe water shortages in its western states. We would be enjoying an augmentation of at least 135 billion gallons per day to the U.S. water supplies, and additional water supplies would be available to Canada and Mexico as well. For the United States, this would be a 20% increase in supplies, concentrated in the western, arid states.

Nawapa was thwarted (see box, on opposition to water projects), and sister projects in Mexico and Canada were likewise stopped. But it is important for citizens and policymakers to now take up Nawapa again. Besides the project’s intrinsic merits, the current ongoing collapse of the International Monetary Fund-era financial system, which blocked such needed waterworks, means that there is an urgent, renewed opportunity to re-start such stalled infrastructure programs, as the core of reviving national economies.

In 1966, U.S. Senate hearings, chaired by Sen. Frank Moss (D-Utah), chairman of the Special Subcommittee on Western Water Development of the Senate Interior Committee, were held on the feasibility of Nawapa. Senator Moss said that with the expected success of putting a man on the

Moon, the U.S. public and policymakers had reason to look forward to the completion of Nawapa.

The basic concept of Nawapa is shown in **Figure 10**, which is based on the 1968 engineering outline of the Ralph M. Parsons Co., based in Anaheim, California. The scheme was originally devised by California hydrologists in the 1950s, who anticipated that sometime in the 1970s-’80s, water shortages would hit the Southwest, because interbasin transfers from the Colorado River system would have reached the maximum.

The idea is to divert southward a portion of water flowing into the Arctic Circle in the Yukon.

Also in the 1960s, Mexican hydraulic projects were worked up by the College of Civil Engineers in Mexico City. Called the Hydraulic Project for the Northwest (Plhino) and the Hydraulic Project for the Gulf of the Northeast (Plhigon), these designs would move water through canals and existing river beds draining the slopes of the Sierra Madres, to the dry northern states of Sonora, Sinaloa, and Tamaulipas. This is shown schematically in Figure 10.

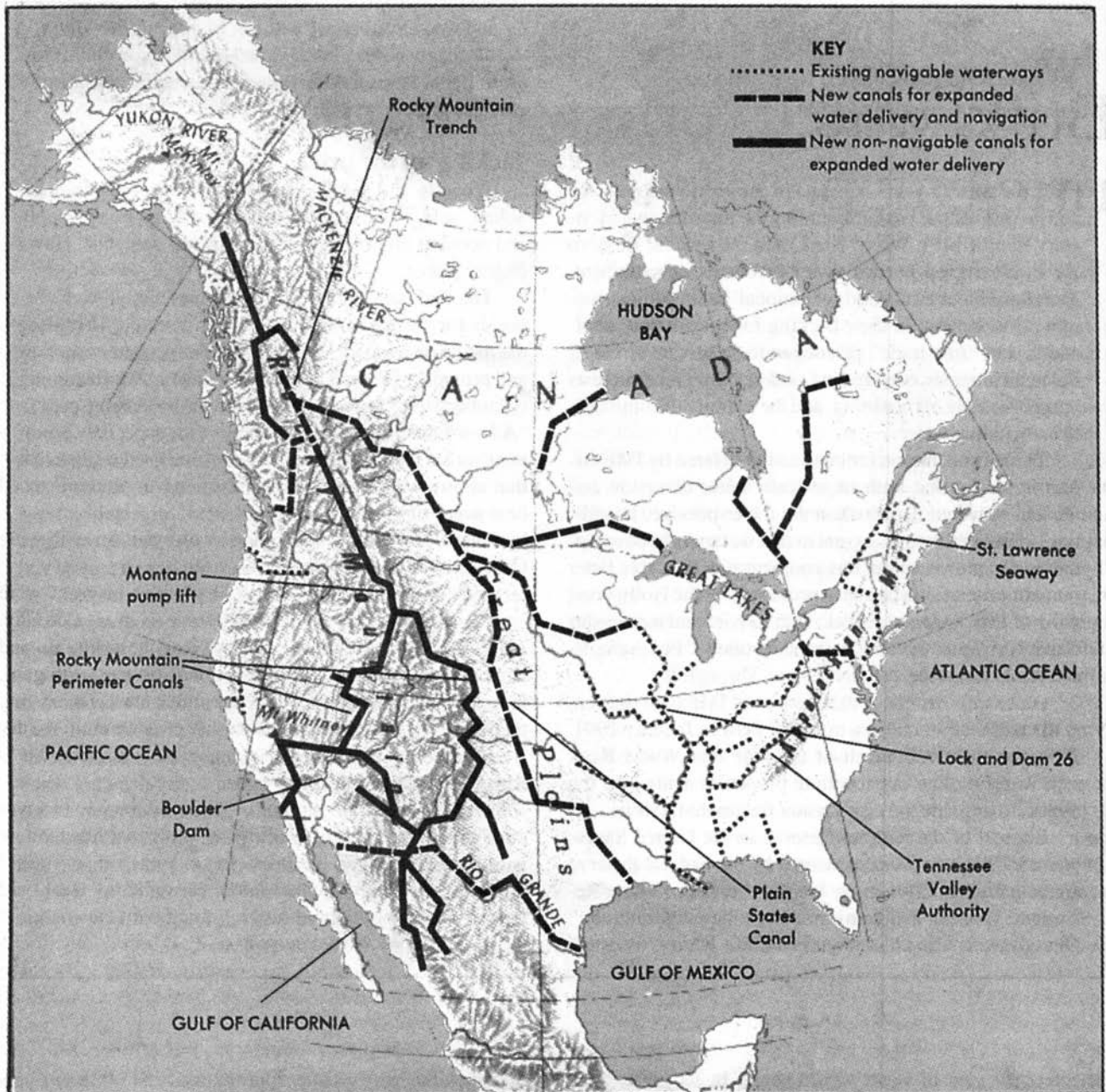
The northwestern region of North America receives about one-quarter of all the rain and snow that hits land on the planet every year, and most of this runs off northward into the Arctic Ocean, unused. The Nawapa scheme would divert up to 15% of this flow, beginning with channeling it into a “natural wonder” reservoir—the 500-mile-long Rocky Mountain Trench in British Columbia. This is a 10-mile-wide geological formation that could hold almost 500 million acre feet of water.

From here, the water would flow in three directions:

1. Eastward, across the Canadian Plains provinces, providing water for irrigation there, as well as a navigable canal that would connect the Pacific Ocean to the Great Lakes, enhancing the hydraulics of the Great Lakes Basin and the St. Lawrence Seaway.
2. Southward, across the Sawtooth Mountains in Idaho, through Utah and Nevada into southern California (where it would provide 10 million acre-feet a year), Arizona, New Mexico, and northern Mexico (where it would provide 22 million acre feet a year), thus alleviating the overtaxed Colorado River.
3. Southeast, across Montana and the Dakotas, where it

FIGURE 10

**The Nawapa plan for bringing additional fresh water to the United States, Canada, and Mexico**



would contribute to recharging the declining Ogallala Aquifer on the High Plains, augment the flow of the Missouri and Mississippi rivers, and link the Canadian Plains with the Mississippi River by a navigable canal.

Nawapa is vast in scale, but not complicated in engineering. Reducing the 20-year construction timetable is conceivable, by the prospect of introducing the use of peaceful nuclear explosives (PNEs) in the construction. Any timetable

drawn up is subject to the constraints of the decay in the U.S. economy. But, under whatever circumstances, the idea of the scheme is to build it in phases, reaping benefits as parts of the system are completed.

Under the original projection, after year eight of construction, it would be possible to produce and sell 5 million kilowatts (kW) of electricity. After year nine, some 23 million kW would become available, and the first flow of 15 million

## Who opposes water projects?

Over the past 25 years, a nexus of international agencies and private central banks, including the International Monetary Fund (IMF), World Bank, and the Federal Reserve Bank, obstructed needed water resources development. They have blocked all kinds of national-interest infrastructure development, in their backing for speculation, debt-usury, and "free trade" privileges for a private circle of financial interests, centered in London. Now these interests are profiteering off hoarding, and the scarcity of commodities, including water.

The most common rationalization offered by IMF circles is the lie that both large-scale water diversion and nuclear-powered desalination are too expensive. In addition, there is the bogus argument that waterworks developments are threats to the environment. On cue, this latter point of propaganda has been promoted by the Hollywood wing of IMF financial circles, with movies and movie-star charity drives to "save the rivers and oceans." For example, see the 1992 movie, "A River Runs Through It."

An example of the consequences of IMF intervention, is the outbreak of cholera in Lima, Peru in January 1991. This was the direct result of the IMF and World Bank repeatedly stalling or cancelling proposals made over the 1980s, to upgrade the city's water treatment facilities.

Typical of the Federal Reserve in the United States, was a 1979 symposium sponsored by the Federal Reserve Bank in Kansas City, on the topic of "Western Water Resources: Coming Problems and the Policy Alternatives." One speaker, Canadian engineer Keith Henry, asserted,

"Colossal concepts such as Nawapa [North American Water and Power Alliance] will not be practicable with the technical, economic, energy, and political constraints under which we presently live, and even smaller schemes are going to present great difficulties."

### Jacking up the price

What to do then? Another speaker, Theodore M. Schad, said, "The most economic way to bring supply and demand into balance is by reducing demand." How? Higher prices.

The Fed, and also the IMF internationally, back proposals for "water banks" and "water markets" to replace the nation-serving idea of fostering public water supplies, and providing for agriculture and industry. A forthcoming (October 1996) report by the National Research Council, "A New Era for Irrigation," gushes, "One especially promising tool is the water 'bank'—an institutional mechanism that allows water users [mostly farmers] to 'deposit' excess water rights [from western federal projects] for lease by others." In 1992, a new federal water law deregulated California's Central Valley Project, the largest federal water program in the country, to create a "water market."

Praising this idea, a Federal Reserve economist, Ronald Schmidt (San Francisco, 1991), wrote, "Over the long-term, deregulated water markets could offer an automatic mechanism to solve the [water] allocation problem in the least-cost way. As supplies shrink, prices would rise."

Profiteering off bottled drinking water is the latest bonanza in Washington, D.C., because city drinking water showed bacteria this summer. The corporate interests dominating bottled water worldwide, just like those dominating other vital commodities (foods, fuels, metals, and minerals) are Anglo-Swiss-Dutch. Nestlé is the world's largest supplier of bottled water, with about 13% market share of all sales. Nestlé owns Perrier.

acre feet per year of water would begin. In 12 years, there could be 31 million kW of electricity, and 39 million acre feet per year of water.

The further benefits of Nawapa include enormous transport improvements. Water is the cheapest form of moving goods. In 1990, the United States had about 11,000 miles of mainline inland waterways; Nawapa would increase this significantly, and provide new north-south water routes through the High Plains of the prairie provinces and states, opening up whole new areas for high-density settlement.

In the 1960s, the cost of Nawapa was estimated to be \$100 billion, which in today's dollars would be over \$300 billion,

or, depending on the pace, approximately \$15 billion a year. The phases of construction would have significant positive effects throughout the economy. Nathan Snyder, a Parsons engineer who worked on the Nawapa studies, in 1988 told a gathering of the Institute for the Advancement of Engineering: "Much experience has been gained in accomplishing large projects in Alaska and Canada. For instance, Parsons managed the design and construction of \$4 billion oil and gas recovery and processing plants and infrastructure on the Alaskan North Slope. This was done under the most severe weather conditions in a remote areas. Even now, the massive hydroelectric complex constructed along La Grande Rivière



FIGURE 11

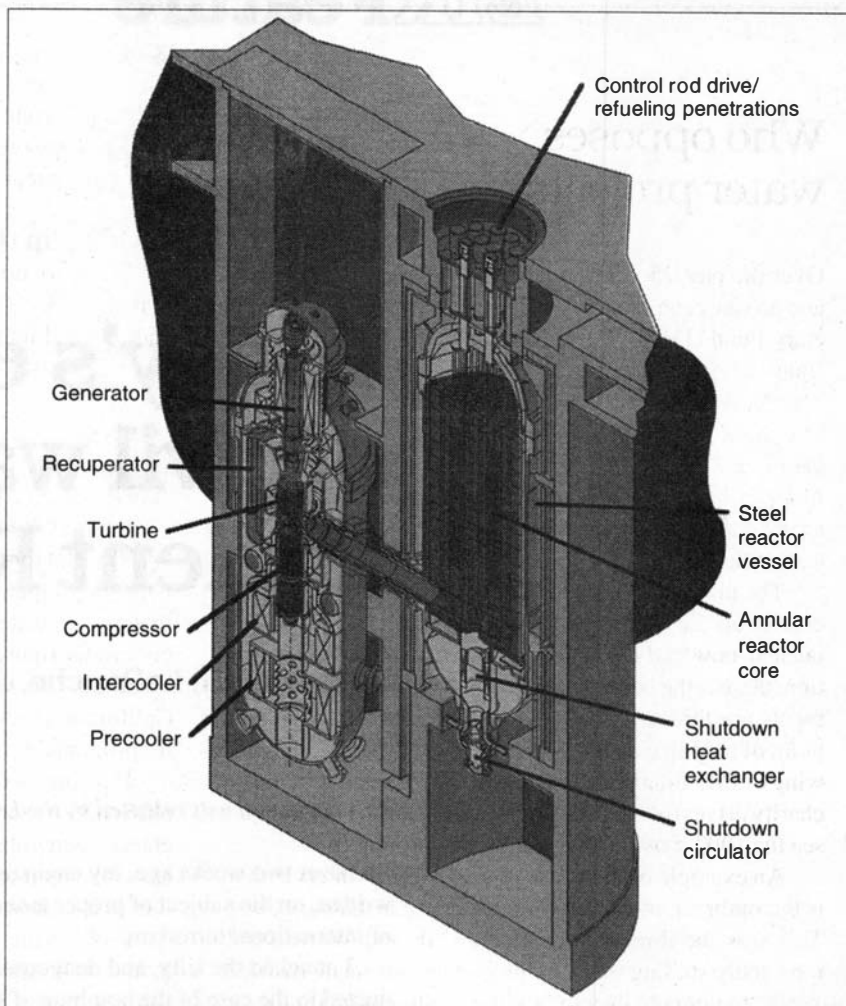
## The Gas-turbine Modular Helium Reactor

The GT-MHR is modular, simple in design, and inherently safe (no meltdown is possible). It is the first nuclear reactor to eliminate the steam turbine, converting its heat, via the helium coolant and an advanced gas turbine, directly into electricity.

The increased efficiency of the GT-MHR comes from several recent technological breakthroughs: new gas turbines developed for jet engines like the Boeing 747's; compact plate-fin heat exchangers that recover the turbine exhaust heat at 95 percent efficiency; magnetic bearings that are friction free, eliminating the need for lubricants in the turbine system; and high strength, high-temperature steel vessels.

The fuel particles are unique to this type of helium-cooled high-temperature reactor. Uranium or plutonium fuel is fabricated into tiny particles that are coated with layers of ceramic materials that constitute tiny individual "containment vessels."

The helium enters the reactor core at 915°F and is heated by the nuclear reaction to 1,562°F. It then converts the heat to electricity and the helium is cycled back to the reactor vessel.



Source: 21st Century Science & Technology

in Quebec, shows definite proof by the Canadians that a program such as Nawapa can be accomplished."

### Desalting seawater

Desalting seawater requires reducing the parts per million (ppm) of dissolved solids (80% of which is sodium chloride, or salt) from 35,000 ppm to less than 500 ppm, a reduction of 70 to 1. There are several methods now commonly used: distillation (some form of which is used in over 90% of installed desalination capacity), reverse osmosis membrane (newly improved), electrolysis, and vapor compression. In addition, research into the electromagnetic structure of water promises revolutionary methods of desalting for the future.

With the many recent advances in materials involved in seawater desalting, the chief cost of making fresh water is the energy involved. By providing power inexpensively with advanced nuclear generation, desalination can be rendered far less costly at the same time.

Figure 11 shows a diagram of the proposed gas-turbine

modular helium reactor (GT-MHR, the process of energy generation is described in the text). This proposal comes from General Atomics, a company based in San Diego, California, whose engineers have worked up specific proposals for how to exploit the advantages of nuclear power for both energy generation and water desalination.

Because application of these new technologies would provide such relatively low cost water, along with electricity, we thus have the power to create new "run-off" at strategic coastal sites—in other words, new supplies of water that are equivalent to new man-made rivers and reservoirs.

One proposed installation of the GT-MHR, and a desalination facility (multi-effect distillation) in Southern California, is projected to provide 106 million gallons per day, which is comparable in size to Atlanta, Georgia's municipal water system (104 million gallons per day, serving 700,000 people), and that of many other cities, including San Diego, California (104 mgd, 723,000 people) and Honolulu (110 mgd, 535,000 people).

## Today's echoes of civil wars in ancient Rome

by Lyndon H. LaRouche, Jr.

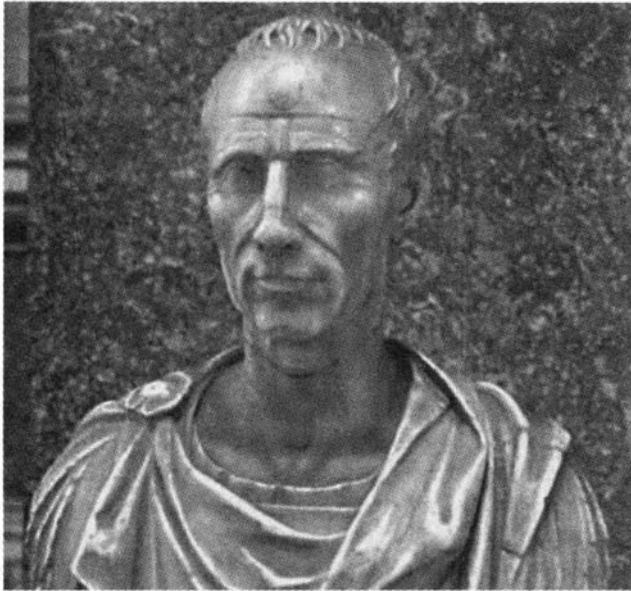
*This document was released by the LaRouche Exploratory Committee on Aug. 16.*

Just over two weeks ago, my campaign circulated a policy-document which I had written, on the subject of proper assessment of the forces behind the current wave of international terrorism.

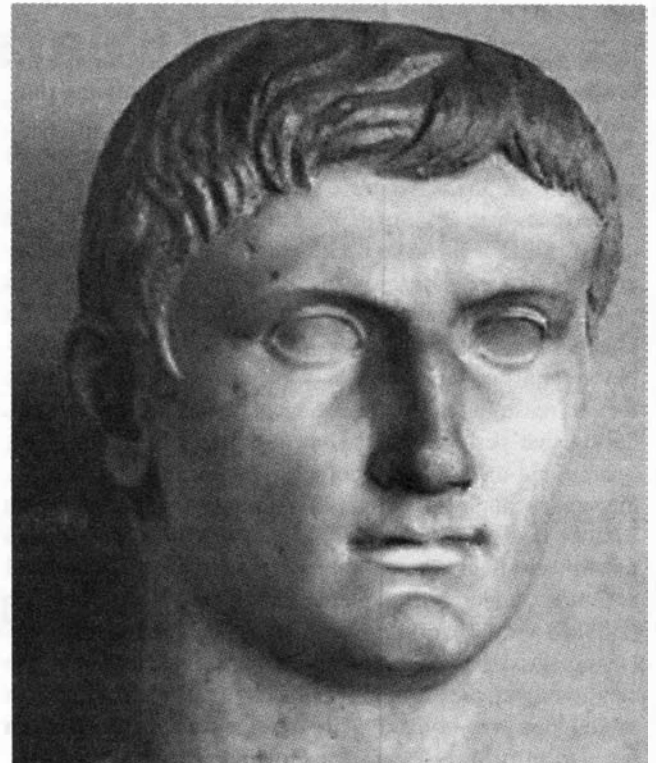
I attacked the silly, and dangerous efforts to repeat the massive cover-up conducted in the case of the bombing of Pan Am 103. In that case, those concerned to cover up for certain parties to which they themselves were connected, blamed a bemused Libya for acts which have been traced to, among others, Paris-based agents representing a branch of Syria's intelligence services. Similarly, the Lebanon-based *Hizbollah's* rocket attacks upon Israel were blamed on the government of Iran, when, in fact, no one shoots a rocket into Israel, from Lebanon's territory, on two successive occasions, and lives, unless the attack is done on orders from President Nasser's old adversary in Syria, that representative of the 1916 Sykes-Picot tradition, known as dictator Hafez el-Assad.

The source of (at least, most) international terrorism today, is not Libya, not Iran, nor some privately funded potency, such as a mythical "Goldfinger" conceived for a James Bond movie-script. Most of today's terrorism occurs as covert warfare among leading powers of the world, like the U.S.-backed, British covert war against the Soviet Union, in Afghanistan, conducted by privately funded channels of an Afghansi *mujahideen*, and based out of the drug-trafficking paradise in northern Pakistan.

Since my report of two weeks ago was issued by my Democratic Presidential-nomination campaign, I have had discussions with relevant professionals, on the subjects of both the explosive post-election situation inside Russia, and other strategic, anti-terrorist counterintelligence requirements. In those discussions, I have summarized my proposed parameters for addressing the growing problem of international terrorism fostered covertly by major powers, including some



*Julius Caesar (above) and Augustus Caesar (right). Since the events of 1989-1990, the world has undergone a complete change in alignments, comparable to the Roman civil wars of B.C. 80-30. Then, as now, the conflict centered around a struggle for hegemony, as national entities were dissolved into a single world government.*



nominal allies of the U.S., which are, in fact, our relevant adversaries.

Since then, numbers of British agents and dupes, including some members of the U.S. Congress, have been raving hysterically, demanding either that President Clinton take revenge for TWA 800, by exemplary military attacks upon Iran, or some similar, reckless, and incompetent action. Meantime, I am advised that the August 23 edition of *EIR* will document the pattern of London-based direction of much of the leading international terrorist activities around the world at the present time. I must add something of importance on this subject. Since we are entering the last weeks of my candidacy for the Democratic Party's Presidential nomination, the following outline of the "global civil war" thesis, which I have presented to professionals, is presented as this policy statement from the closing period of my 1996 campaign.

Thus, the following report is supplied as an intelligence summary, indicating the underlying controlling features of the current escalation in, what is chiefly, the currently ongoing, London-directed international terrorism.

### **1. Julius Caesar and the Corsican bandit: the general historical background**

The quickest way in which a classically-educated, senior military strategist might define the nature of the present strategic situation, world-wide, is to reference those famous Civil Wars of Ancient Rome, which emerged out of the defeat of the Gracchi and the B.C. 87-53 tyrannies of Lucius Cornelius

Cinna and Lucius Cornelius Sulla. That opened a period of civil war, centered within the famous Triumvirate of Marcus Licinius Crassus, Pompey the Great, and Julius Caesar, a civil war which ended with the B.C. 30 suicide of Mark Antony, following his and Cleopatra's defeat by Octavian (Augustus Caesar). Octavian's defeat of Mark Antony, accomplished by a power-sharing accord struck with the Magi priests of Mithra, at Capri, ended those civil wars, but, it also began the long degeneration of European civilization and culture, to a level way below the Hellenistic Greek culture of the Christian Disciples' time, under the process of cannibalistic economic looting, which is known to us, euphemistically, today, as the Roman Empire, both West and East.

Today, since the events of 1989-1990, an international civil war, echoing those of ancient Rome, has erupted, involving, now as then, new, shifting combinations of temporary alignments from among the ranks of both former allies and former adversaries. The conflict, now, as in Roman times, is centered about a struggle for hegemony over the prospective dissolving of existing national entities into a single global economy, under a single world government. Thus, the period of ancient Roman history B.C. 87-30, provokes beneficial, even crucial insights into the state of affairs which erupted with the 1989 British announcement of its geopolitical "Fourth Reich" doctrine.

Without such insights, policy-shapers, including anti-terrorism analysts, suffer a crucial, potentially fatal incompetency to address both the global strategic significance, and

ultimate authorship of recent years' intensified terrorist activities against the U.S.A. and its interests. The following summary outlines the connection between that strategic situation, overall, and the role of the current escalation of international terrorism within that strategic setting.

Go back to the time of the elegantly literate Roman senator and patriot, Cicero. As far back as ancient Babylon, the history of the Mediterranean region, including Europe as a whole, had been dominated by a persisting, recurring effort to establish a kind of "one-world government" for that region. This Babylon system was otherwise known, in the records from the time of Aristotle, as the "oligarchical model" of society, that, during that period, of Babylon (e.g., the Persian Empire), Sparta, and the Cult of Apollo at Delphi, for example. So, the sundry empires of Mesopotamia, the one more evil than another, had flourished and fallen. Alexander the Great's magnificent flanking operation, later emulated by Hannibal at Cannae, ended Mesopotamia's millennia-long struggle to establish virtual world government under its imperial rule. Nonetheless, the evil that Babylon represented lived on; two centuries later, the effort to establish an empire in the tradition of Babylon was revived. This time, it centered around the intent to unify Syria, Rome, and Ptolemaic Egypt into a single, Mediterranean-centered "one-world" empire.

In that setting, the Republic of Cicero's Rome was undermined, and finally destroyed, as the effort to establish a world-empire under the Legions, prompted struggles for supremacy within the leadership of the Legions themselves. Unlike the happier result of President Lincoln's victory over the treasonous British puppet-entity known as "The Confederacy," the defeat of the efforts of the patriotic Gracchi, to rescue Italy from the control of its imperialistic slave-holder's faction, destroyed the remaining moral fiber and authority of the Republic, and put the power in the hands of the slaveholder faction. The resulting civil wars among sundry factions of the Roman Legions, and the shifting patterns among respective foreign allies of each, became the sorting-out process leading up to the defeat of the allies, Mark Antony and Cleopatra, and the establishment of a Roman Empire of the Legions, whose political capital was, for a time, the Rome of the Caesars.

There, as in Mesopotamia earlier, like the fabled Dracula of bad British fiction, the evil "Whore of Babylon" destroyed the host it had freshly infected, imperial Rome. That empire collapsed, first, more quickly, through the slavery-driven collapse of the economy and population of Italy, and later, as the outcome of the Diocletian Code, of the more populous, more highly cultured, Greek-speaking Byzantium.

Yet, once again, the evil of Babylon and Canaanite Tyre outlived its former host. The Venice which Byzantium had spawned, as its finance-oligarchical marcher-lord to the West, fed upon the corpse of its mother, in the Fourth Crusade, and became the new Babylon. Then, once again, the Whore of Babylon found a new incarnation. As the A.D. 1510 near-

victory of the League of Cambrai demonstrated, the change in European institutions set into motion by the A.D. 1461-1483 establishment of the first modern sovereign nation-state, the France of Louis XI, showed that Venice's ability to exert imperial power from the head of the Adriatic was ultimately, fatally imperilled by the emergence of this new, anti-imperialist institution. Under the leadership of Venice's Paolo Sarpi, the Netherlands and England were assimilated, step-by-step, as a new base of operations for imperial Venetian, financier-oligarchical maritime power.

In the same manner, over the course of time, the precedent of degenerating imperial Rome, came to typify the corruption later emulated by the picaresque "Meyer Lansky" of early Nineteenth-Century France, the Genoese financier-nobility's Corsican bandit-Emperor Napoleon Buonaparte, and his extended family. The wars conducted by this so-called "military genius," this Corsican *gazza ladra*, were, in the spirit of Napoleon's later emulator, Lansky, raiding expeditions to replenish the French national treasury, which Napoleon and his family, repeatedly and routinely, looted down to the bone. Typical "Mafia boss" Napoleon, was a bandit with the mind of a greedy pawn-shop operator, who relied increasingly on foreign mercenary auxiliaries, and counted his victories in amounts of stolen jewels, bullion, mistresses, and ordinary hard cash.

Napoleon's personal triumph was, that he succeeded all too well in his campaign to parody the empyreal moral qualities of a Tiberius, Nero, and Caligula, a fact which should shock even the most reluctant consciences among literate and sensible onlookers, into admission of what degraded wretches those ancient Caesars had been. For Napoleon's redesign of the law and other institutions of France and continental Europe, nothing could be too shamelessly a parody of pagan Rome. So, Napoleon saw himself; so, he established his bandit-emperor farce, to acquire what a Hollywood "mafia boss" calls "class," a tradition of picaresque "grandeur" within the France of his nephew, Napoleon III, and, after Fashoda 1898, of the Grande Orient lodges' Third and Fourth Paris perfume-shop republics. Now, after the ruinous regime of Mitterrand, that tawdry tradition has fallen upon extremely shabby times, with nothing remaining of even that mock grandeur, but the petty pretenses of a self-avowed, would-be humiliator of both Germany and the United States, the pathetic poseur, Jacques Chirac.

But, one must never forget, that Napoleon was not the first cat who dragged the stinking dead meat of ancient Rome into the parlor of modern times. One must not forget, that the code of an evil Diocletian permeated European feudalism, in both west and east. Canaan's new Tyre, the city of Venice, modelled itself upon pagan Rome, with orphic masked rituals, and other strange religious practices to boot. In the course of Venice's cloning of the financier-aristocracy of the Netherlands and London in its own image, the emergent British

financier-oligarchical rule consolidated in the 1714 accession of George I, adopted the pagan Roman Empire as its model of reference.

So, with the accession of Venice's asset Georg Ludwig Welf of Hannover, a.k.a. George I, in 1714, the Whore of Babylon became incarnate once more, this time, in that British monarchy, against which the North American patriots struggled, to establish the Federal Constitutional Republic of the United States according to the anti-John Locke model of natural law and economy of Gottfried Leibniz.

In a related way, over the interval 1789-1814, the France which had been the U.S.'s ally, and the leading, most economically and scientifically advanced nation-state of the world, was morally destroyed by the succession of London-directed Jacobin Terror, and Paul Barras' conversion of (Maximilian's brother) Pierre Robespierre's Jacobin captain of artillery into the Emperor Napoleon Bonaparte. After 1814, only for relatively short periods, notably during 1870-1898, and under Fifth Republic's President Charles de Gaulle, did France return to the nobler, if admittedly embattled tradition of 1461-1789. For most of the period, from 1814, until the present, the extended family of Napoleon's brothers, sisters, nephews, and nieces, became the faithful servant of the British monarchy, and a leading, integral part of Britain's treasonous puppet, the Confederate States of America. Indeed, among its more tedious petty crimes, it was Napoleon's family which sired the Battenberg who became the presently reigning British monarch's curious consort. Out of this tradition of Bonaparte's extended family, came Britain's creation, the regime of Napoleon III, and the *Entente Cordiale* in its various manifestations to date.

To get to the truth of a matter, it is often necessary to debunk the fraudulent myth, as Robert Burns sang of the lady's bonnet sitting so primly self-righteous in church that day. That is not to speak more than necessary of Napoleon and his obscenely extended family, but, rather, of ancient Rome.

## **2. The U.S.A. vs. Britain's Welf monarchy: the continuing enemy**

The 1789-1814 degeneration of the United States' former best ally, France, placed virtually the entire world under the domination of the temporary alliance of Castlereagh's British Empire and unholy Clement Prince Metternich's "Holy Alliance." The victory of Lord Palmerston's Britain, over London's former ally, Metternich, in the London-directed continental revolutions of 1848-1849, established financier-oligarchical Britain as the clearly preeminent world power, whose only significant challenge came from the young United States and the influence of its new model of sovereign constitutional nation-state republic. The emergence of the United States to a leading world power, through the defeat of the Confederacy, has defined world history since 1865, as primarily a struggle between the model of society and economy

represented by the U.S. Federal Constitution of 1789, on the one side, and the British financier-oligarchical monarchy, its "Adam Smith" system, and its accomplices, on the opposing side.

It can not be overlooked, that President Abraham Lincoln recognized from the history of 1714-1865, and the threat of Anglo-French-Spanish intervention against not only Mexico, but the U.S. itself, the need for a war-plan aimed at the occupation of British Canada and the bringing of Britain itself to her knees through naval blockade by a U.S. naval fleet, of Ericsson's design for immediate construction of a flotilla of ocean-going Monitors. Unfortunately, the British assassination of Lincoln eliminated that threat from the United States.

It must not be forgotten, that the plan to develop railway corridors of development across continental Eurasia, from the Atlantic to the Pacific and Indian oceans, through cooperation between U.S. ally Russia and Germany, was a U.S. policy for defeat of the British Empire set forth during the late 1860s. This was the threat to the British Empire which prompted the British geopolitical doctrine, under which London and what the great François Rabelais would describe as its lemon-sucking, *Entente Cordiale* lackey, ever-decadent modern Paris, organized the "Triple Entente" and World War I, and under which British interests put Adolf Hitler into power in Germany, in 1933, to ensure an ensuing war of devastation between Hitler's Haushoferan Germany and Russia.

For four decades, from 1861 until the 1901 assassination of U.S. President William McKinley, by an imported Mazzinian assassin deployed by way of the Anglophile New York Henry Street Settlement House, the United States' principal ally was Russia, and its principal other friends abroad were Germany, Japan, and the patriotic movement of Britain's enemy, Sun Yat-sen of China. (With the defeat of the evil Napoleon III at Sedan, until 1898, France was no longer the enemy of the United States it had been during the 1849-1870 interval. Thus, France's crucial role, during this nearly thirty-year interval of its temporary national sanity, in fostering the cooperation among France, Germany, and Russia, in railway-centered development-corridor projects from the Atlantic to the Pacific.) During the entire period, from 1776 until 1901, the British monarchy was continuously, and justly recognized by all leading U.S. patriots, as the principal, and deadly adversary of the U.S.A. and its vital strategic interests.

The Anglo-French *Entente Cordiale*'s motive for backing Adolf Hitler, until late 1938, is to be recognized as also the geopolitical basis for Britain's 1989-1996 "Fourth Reich" strategic doctrine, under which Britain, and British asset François Mitterrand's France, launched their Serbia assets, in 1992, into a new Balkan war, as part of its plan for both destroying the economy of Germany, and luring a ruined Russia into a renewed, pan-Slavist, "Triple Entente" hostility to the United States and Germany—all aided by the dubious International Republican Institute's large-scale, pro-British



President Clinton with Prime Minister John Major in London, Nov. 29, 1995. The nominally closest allies of the United States today, are in fact its avowedly deadliest enemies: the *Entente Cordiale* of Britain and France.

operations inside Moscow and St. Petersburg, from 1989 to the present date.

Between 1901 and 1928, the accession to the U.S. Presidency by three rabid sympathizers of the defeated British puppet-entity, the Confederacy, Theodore Roosevelt, Woodrow Wilson, and Calvin Coolidge, was accompanied by a dramatic reversal in U.S. foreign policy, away from the traditional friends and allies of 1861-1901: Germany, Russia, and Japan, and a swing over to our traditional enemies Britain and a morally rotted Third Republic France in the tradition of Napoleon III. President Franklin Roosevelt recognized that the British and French empires, and their Adam Smith economic policies, were the natural enemies of the United States, but Harry S Truman was an Anglophile admirer of Roosevelt's political adversary, Winston Churchill. Dwight Eisenhower had patriotic impulses, and his administration did a few good things, but his command in war-time Europe, and his selection for the Republican election to the Presidency he owed to Churchill sponsor Bernard Baruch. The first effectively patriotic President after Franklin Roosevelt, was John F. Kennedy. As President, Johnson was justly convinced he walked under the telescopic rifle-sights of Kennedy's assassins. Nixon's administration was controlled from the start by an outright British agent in the key National Security slot, Henry A. Kissinger. In all his better moments, President Bill Clinton has sought to follow along the same patriotic pathway as Presidents Franklin Roosevelt and John Kennedy before him.

Yet, Clinton's insights notwithstanding, the nominally closest allies of the United States today, are in fact its avowedly deadliest enemies, the *Entente Cordiale* of Britain and

France operating under the cover of NATO, the anti-Germany Maastricht agreement, and the European Union. Why, putting to one side such mentally deranged types as today's "Confederacy buffs," should most Americans not find themselves propagandized into believing the lie, that Britain is "our oldest and closest ally"? Who owns Hollywood? Who owns such newspaper chains as Hollinger, Murdoch, Newhouse, or the *New York Times*, *Washington Post*, *Wall Street Journal*, *Chicago Tribune*, *Newsweek*, *Time*, NBC-TV, and so on? Let credulous, "other-directed" Americans believe what they will, believing does not make it true. Too often, before this, patriots have had to put their own personal freedom, their families' interests, and their lives, on the line, as this Democratic Presidential pre-candidate (and also a number of his collaborators), has done repeatedly, to defend his, or her typical fellow-American from the disastrous consequences of that fellow-American's own misguided beliefs.<sup>1</sup>

### 3. The drive for one-world government: 1945-1996

Before the end of the Nineteenth Century, the British "Venetian Party" of Oxford's John Ruskin, et al., was already dedicated to eradicating national economy and the modern

1. The political figure who lacks the strength of character to make such painful choices, does not have the moral and intellectual qualities required of a leader. Often, this writer has observed from personal experience, as well as historical examples, the talented figure who capitulates to pressures of perceived personal or family interests, degenerates morally thereafter, sometimes very rapidly, sometimes with no bottom in sight. If one betrays that commitment within oneself, which is the commitment to the good, the result is what is called by some a schlemiel, a man of whom it might be said, "He has no soul."

sovereign nation-state during the course of the Twentieth Century. In the immediate aftermath of World War I, the sordid sentimentalities of Woodrow Wilson's sick mind, and the Fabian circles of Bertrand Russell, H.G. Wells, and satanist Aleister Crowley, converged upon the relatively early establishment of "one-world government" and a Malthusian regimen in global economy. World War II and U.S. President Franklin Roosevelt obstructed the World Federalists' pathway for a time; but, with the April 1945 death of Roosevelt, his post-war strategic design was betrayed by President Truman, and the stage was set for the global lunacy which has dominated world politics since. The world has stumbled, in large degree blindly, and also unevenly, down the pathway to "One-World" Hell, ever since.

Two characteristics of the interval from April 12, 1945 until November 1989, are key to understanding strategically significant waves of international terrorism and related problems today: 1) The British exploitation of the potency of nuclear arsenals, as the keystone of their effort to bring the world under a United Nations world-government which the British Commonwealth and its accomplices could control; 2) The shift of military policy, to increasing emphasis on what is often termed "special warfare," otherwise intended to function as a method of conducting warfare by means below the threshold of nuclear warfare.

With the agreements established during and immediately following the 1962 "Cuba Missiles Crisis," these two trends entered a new phase, as defined by Bertrand Russell agent Dr. Leo Szilard's keynote address at the Second Pugwash Conference, held in 1958, in Quebec, later known as the "Dr. Strangelove" address. The agreement to limit, and then ban strategic ballistic missile defense, as consolidated by Pugwash agent Henry A. Kissinger's negotiation of the 1972 ABM treaty, created a condition in which virtually every western allied military exercise broke down, because the war-game had come, yet once again, to the point that the threshold for launching of nuclear missiles had been crossed. This circumstance prompted increased emphasis on covert forms of irregular warfare, in which actually existing, but irrelevant entities, or purely mythical third parties, were presented, either with witting falsehood, or amazingly stupid credulity, as indicated authors of the action.

For example, in November 1989, the head of Germany's Deutsche Bank, Alfred Herrhausen, was assassinated by a rather sophisticated bomb trap. The world's leading intelligence agencies knew that the assassination had been done in British interest, but, publicly, the blame was fixed upon a no-longer-existent "Baader-Meinhof Gang." So, it was generally known, that the February 28, 1986 assassination of Sweden's Prime Minister Olof Palme, after Palme had threatened the interests of Sweden's military-export industries, was done with foreknowledge of the Soviet bloc intelligence services, but the official story was, that a veritable "Goldfinger," plagiarized shamelessly out of the James Bond fables, had done the

deed. Even after the fraud of the cover story was officially exposed, by opening of the files of Division X of the German Democratic Republic, the fraudulent pretense was kept up. Similarly, the honest investigation of the sabotage of Pan Am 103 led to a Syrian intelligence network, that of Paris-based Rifaad Assad and ex-car thief and drug-trafficker Monzar al-Kassar, associated with George Bush's weapons-trafficking operations. To cover for the fact that this was a connection of the British and U.S. surrogate-President-in-charge-of-vice George Bush, the blame was fixed, fraudulently, upon Qaddafi's Libya.

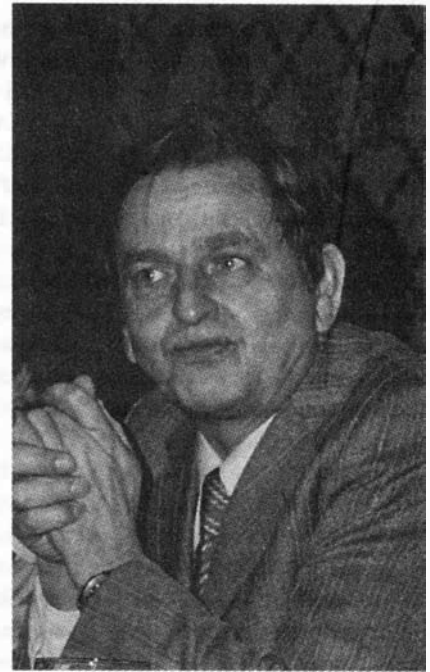
Many of the so-called "terrorism experts" cited by the press (and certain circles in official London, or the U.S. Congress) are actually black-propaganda conduits for the governments responsible for terrorist or kindred acts. (Would you actually believe a crony of the lying spy, Jonathan Pollard, working inside today's U.S. intelligence community?) Jonathan Swift's world traveller, Lemuel Gulliver, whose documented itinerary reveals the innermost secrets of every nook and cranny of early Eighteenth-Century England, never travelled to lands as exotically fictional as those invented by the prevalent, disinformational species of alleged "terrorism experts."

Consider a few typical cases, which help, aggregately, to make the relevant point clear. Since these cases spill over into the post-1989 period, we get ahead of our story a bit, but all in a good cause.

**Case Study #1:** Even under President George Bush, James Baker III had a sophisticated view of Middle East realities. He therefore shunned contact with the now recently elected, Likud Prime Minister of Israel, U.S.-based Mossad operative Netanyahu. Baker's policy toward the Likud was, apparently, "Use them for dirty weapons deals, if we must, but, for God's sake, don't sleep with them." The actual pedigree of the Likud helps to make the reason clear.

The origin of the Likud is the fascist, Benito Mussolini-linked organization of Vladimir Jabotinsky. Jabotinsky first rose from obscurity as a propaganda agent of the Young Turk government, under whose auspices the infamous Kurdish, land-grabbing genocide against B'nai B'rith's key political competitors, the Armenians, was orchestrated. That Young Turk government was the creation of a London-directed, International B'nai B'rith, freemasonic lodge in Salonika, whom Jabotinsky served as editor of its magazine, *Jeune Turquie*. In this setting, Jabotinsky fell into the circles of the most notorious British agent of the period, Alexander Help-hand (a.k.a. "Parvus"), and also the Venetian banker later known as Volpi di Misurata, the so-called "Hjalmar Schacht of Italy," the British asset who was the de facto originator of Benito Mussolini's fascist dictatorship in Italy, and 1930s and early 1940s sponsor of fascist Jabotinsky.

Many Likud supporters fall into the relatively innocent category which Vladimir Lenin dubbed "useful fools" (whatever would the world do without "useful fools"?). Essentially,



*Victims of assassination by British-sponsored irregular warfare, left to right: Israeli Prime Minister Yitzhak Rabin, Deutsche Bank Chairman Alfred Herrhausen, Swedish Prime Minister Olof Palme.*

during a period that other factions of Israel, such as the martyred Yitzhak Rabin and Shimon Peres, had become clearly Israeli patriots, concerned with long-term peace in their Arab neighborhood, Henry Kissinger crony and Likudnik butcher Ariel Sharon, were essentially, like the “Young Turks,” British agents and terrorists. London was not pleased with the Rabin-Peres government, and fabulously enraged by the Oslo accords struck between Peres and the Palestine Liberation Organization’s (PLO’s) Yasser Arafat.

Already, prior to the Rabin-Peres, Israeli Labour Party government, London, through Likudnik Sharon et al., had created the Hamas organization, functionally virtually the Arab-speaking arm of the Likud, created in the effort to undermine and destroy the PLO. The terrorist capability nominally associated with Hamas, meanwhile, was kept under strict control of London, not the Middle East Hamas organization.

Meanwhile, peeking ahead, into the post-1989 period, enter the “civil war.” The cause of the Oslo peace agreements had been taken up by the U.S. Clinton administration. London was committed to the destruction of the Oslo accords, the PLO, the Rabin-Peres government, and the Clinton administration. The first step toward breaking the Oslo accords, was the successful effort to put donor economic-development funds under the control of the rabidly anti-development World Bank bureaucracy. The Hamas and Hafez Assad’s control over the Lebanon-based Hizbollah organization were used, together with the London-linked “mole” Dick “Rasputin” Morris, inside the President Clinton campaign organization, to bring about the downfall of the Rabin-Peres govern-

ment in Israel, by aid of focussed deployment of London-directed international terrorism.

Thus, with the help of London-directed terrorism, which the press releases credited chiefly to Hamas, London moved to destabilize the Oslo accords, defeat U.S.A. commitments to Middle East peace, and pave the way for bringing British intelligence’s leading Israeli Likud asset, peace-breaker Ariel Sharon, back into power in Israel. Through another British intelligence asset, based among New York City’s neo-conservative lunatics, Prime Minister Rabin was assassinated. Then, long-standing Sharon accomplice, Syria’s Hafez el-Assad, unleashed rocket attacks upon Israel from Assad’s Lebanese colony, putting the blame, conveniently, on “Goldfinger,” in this case Iran. Shimon Peres committed the electoral blunder of listening to some bad advice from misguided friends in the U.S.A., instead of the insightful widow Mrs. Leah Rabin, and a tragic election of Sharon’s front-man, Netanyahu, was the officially declared result.

So goes the global, Rome-style “civil war” of the post-1989 period.

**Case Study #2: Turkey-Iran-China.** Recently, Prime Minister Erbakan of Turkey has entered into crucial strategic agreements with the Rafsanjani government of Iran. To assess this, the subject must be approached on four levels.

First, Prime Minister Erbakan’s actions echo the 1919-1920 alliance of Turkey’s patriot Mustafa Kemal Ataturk, with Iran’s patriot Reza Pahlevi, who joined forces to effect the successful defeat of the Anglo-French *Entente Cordiale*’s Sykes-Picot plot against the people of the Middle East.



Second, this reflects the common interest among Turkey, Iran, and Iraq, in destroying a London-based, Kurdish (PKK) terrorist operation deployed entirely by London and Paris, chiefly through Paris stooge Hafez el-Assad of Syria. The British-intelligence side of the *Entente Cordiale* Kurdish operation dates, in origin, from the role of Karl Marx's British-intelligence controller, Caucasus-Balkan specialist David Urquhart, in that region.

Third, this represents two vital interests. It represents Turkey's vital national interest in finding the kind of economic cooperation it requires for national economic reconstruction. It also reflects Iran's present, crucial close cooperation, in Eurasia land-bridge development, with China and Central Asia republics. In that specific setting, Turkey's vital interests demand that it become an integral partner in the extension of this land-bridge collaboration. Thus Turkey's and Iran's shared interests in ending the power of the *Entente Cordiale*'s Kurdish operations, coincide with the two nations' vital interests in economic-development cooperation.

Fourth, this effort is of vital strategic-political importance, not only for the nations, directly and indirectly, involved. It is of global strategic importance.

Like most important nations today, Turkey, Iran, and China, are embattled. In China, for the moment, the Legalist insanity of Lin Piao and the "Gang of Four" has been politically defeated, and a Confucian current is now in the leadership of China and its Communist Party. As a result, today, China is the only leading nation of the world which is not in accelerating economic decline (excepting such pseudo-nations as the Singapore of London's Henry Lee). In Iran, the Rafsanjani government, similarly, represents a rallying-point for all of the best traditions of Ataturk's partner Reza Shah, and the nationalist patriot Mossadegh. Thus, successful cooperation among the three nations strengthens these political currents in each and all, and spreads that same optimistic spirit into the Central Asia and other partners in the land-bridge program. The only chance for a post-civil-war Russia and for Ukraine, includes prominently economic partnership in this land-bridge program. The success of that program is in the most vital strategic interest of the United States, as well as Germany.

In this circumstance, blaming Iran for *Entente Cordiale*-sponsored terrorism, and protecting the evil Hafez el-Assad who is key to the attempted destabilization of Turkey, Iraq, and Iran, are actions which no sane patriot of the United States could tolerate.

**Case Study #3: Ibero-America.** To begin with, the term "Latin America" was a neologism concocted, with British consent, by the family of Napoleon Bonaparte and his nephew, Palmerston creation Napoleon III. It replaced the earlier conventional, appropriately descriptive term, Hispanic America, to the purpose of making a Paris takeover from Madrid, under Napoleon III, less obviously offensive to the victims of that enterprise. With respect to the sensibilities

of the history-literate among both Hispanic-Americans and Brazilians, the descriptive term "Ibero-America" is to be preferred in U.S. diplomatic usages, except where the formerly traditional term, "Hispanic America," is explicitly descriptive.

The majority of the population of the Americas, is concentrated in Ibero-America. As a comparison of 1946-1950 U.S.A. and Argentina standards of living and productivity demonstrates, the productive potential of a large component of the Ibero-America population approaches that of the United States itself. The great economic problems presently existing in Central and South America are chiefly the result of the 1967-1972 abrogation of the Bretton Woods monetary agreements, on the initiatives of Britain and the U.S.A. Nixon administration.

The vital, regional strategic interest of the United States, under any global circumstance, next to the interest of the U.S. population itself, is the increase of the per-capita physical-productive powers of labor and physical family income of the populations of Ibero-America. The aggregate potential physical output of this hemisphere, during the medium-term, presently exceeds that of today's Asia as a whole!

What prevents the United States from sponsoring that, its own vital strategic interest? The answer is, partly, simply stupidity by Americans, high and low. A more specific problem is the obsessive, "free trade" delusions among the influential faction of followers of the late Friedrich von Hayek's and drug-legalizer Professor Milton Friedman's fascistic, pro-genocidal Mont Pelerin Society, whose Dr. Kevorkian-like use of the word "free," is translated into German vernacular as *Vogelfrei* (e.g., "the bird (soul) has flown").

What inside Ibero-America works to similar effect? For one thing, within Ibero-America there are also influential, Thatcherite followers of the fascistic Mont Pelerin Society, such as the influential Michael Novak. Then, there is the leading terrorist organization of Ibero-America, the São Paulo Forum, headed by Cuba's leading, France-connected Synarchist, Commandante Fidel Castro.

To understand the Castro connection, dig out the old U.S. military intelligence files from the 1920s through the 1940s. Look under the heading "Synarchist," "Caribbean Legion," and so forth. Look under the headings "Communist," "Fascist," "Ethnology," "France," "Houston, Texas," "Schlumberger," "Jean de Menil," "Paul Rivet," "M.N. Roy," "Sendero Luminoso," "Mexico," and "Jacques Soustelle." Go forward, then, to the early 1960s. Cross-grid with the 1920s-1930s files, for the references "Soustelle," "OAS," "Assassination Plots Against President Charles de Gaulle," "London," "Permindex," "Louis Mortimer Bloomfield," "Jean de Menil," "Rothko Chapel," "Clay Shaw," "Kennedy Assassination," "Permindex connections into the Warren Commission," and so on. All the facts needed to solve the mystery of Fidel Castro, are there either in that cross-gridding of material from established U.S. intelligence files, which this writer has



*What is the secret behind Cuba's Commandante Fidel Castro? All the information needed to answer that question, is in the files of U.S. military intelligence, but has never been properly understood.*

excerpted in the past, or from relevant facts which this writer obtained through his heading special investigations internationally.

Cross-grid the fruits of that investigation with the action, against the U.S. Government, in support of Colombia's Samper Pizano, from official institutions in London and Paris. Cross-grid with the pro-drug lobby operating within the Inter-American Dialogue, and with the role of those circles around U.S. State Department veteran spook Luigi Einaudi in crafting the 1995 corrupt "Security in the Americas" doctrine issued by the U.S. Department of Defense. Note the lying statements which the Bolivia press recently attributed to visiting U.S. Southern Command General Lawson Magruder.

A clear picture of the leading elements of the problem appears.

Fidel Castro, formerly a professed anti-Communist figure in the Synarchist tradition, was funded by the husband, Jean de Menil, of Houston-based Dominique Schlumberger de Menil, notable for her connections, together with her sister, to Paris' *Libération* daily, to the careers of François and Danielle Mitterrand, and for her associations with Texas' Fort Marfa and Houston's weirdo center, the Rothko Chapel. George Bush (or, perhaps, his English-language translator) might tell more. De Menil funded the purchase of the *Granma* for Fidel's landing in eastern Cuba, and Fidel later, when the opportunity struck, became a professed Communist. Then, in 1991, the Soviet Union was dissolved; Castro, ever the man of opportunity, reacted like a true Synarchist, according to type; his Colombia drug and dirty-French connections came surging to the fore.

Suddenly, Fidel Castro was the head of the major international terrorist ring operating in Central and South America,

from Chiapas to Patagonia, the São Paulo Forum, the Europe-backed "New Age" insurgency force behind the terrorist operations which have virtually taken over Mexico's Chiapas province, a development which represents a major security threat to the United States, and a development which is the center of the current surge of international drug- and weapons-trafficking through Mexico. Fidel's insurgency agent in Venezuela, for example, is the Col. Hugo Chávez whose opinions underwent a miraculous metamorphosis, during his brief vacation spent in a prison cell.

**Case Study #4: The United States.** The greatest single internal security threat inside the United States itself, is the implications of the long-standing links between the U.S. military and military-intelligence institutions, and pro-Confederacy sentiments among significantly large strata of the veteran officers and enlisted personnel.

This political contamination of our military institutions, has the added feature of its links to the so-called "Asteroid" entities spawned during Vice-President George Bush's czarism over large elements of the intelligence "focal point" situated on the Table of Organization under the Joint Chiefs of Staff. George controlled simultaneously, the off-shore "war on drugs," by means of which George's National Security Council stooge, Lt.-Col. Oliver North, carried a "courtesy CIA" badge in the name of "John Cathey," around Mena, Arkansas: A lot of drugs were flown into into the U.S., and weapons flown out, by busy Bush pilots, before George himself flew out of that posting.

George was also czar for the U.S. side of the Anglo-American control over the Iran-Iraq war, and the "secret," drug-funded war in Afghanistan. In addition to the case of George's controlled agent, drug-pusher Barry Seale, there were numer-

ous mysterious, sudden deaths of vigorous, and highly placed political figures, such as Sweden's Prime Minister Olof Palme, and Schleswig-Holstein's Uwe Barschel, men who became a potential threat to Bush's cover in international weapons- and drug-trafficking of the mid-1980s.

All of this intersected a 1980s proliferation of privately funded secret-intelligence covers, which was used for the "Bush wars" of that period, as an alternative to the conventional U.S. intelligence proprietaries. Today, these relics of the world-wide Bush-league operations of the 1980s are often referred to as "The Asteroids." They are dangerous mercenaries, closely tied to old cronies from the knuckle-draggers command-structures of the 1980s. Like the typical footloose mercenary band, these "wild geese" have no morals, are powerfully connected, and perfectly prepared to employ those skills formerly used against foreign targets, within the United States themselves. They will do almost anyone for a buck.

The natural habitat for those "Asteroid" knuckle-draggers, is the mean-spirited, grudge-ridden "lost soul" whose mind flies the Confederate flag. In the present circumstances, of a global civil war like that from the days of the Crassus-Pompey-Caesar Triumvirate, this amalgam represents the greatest single source of an internal terrorist security threat for the U.S.A. itself.

Generally, with the demobilization of most of the Afghani mujahideen, the dissolution of the former Warsaw Pact and Soviet Union, the planet is rich in available, skilled former knuckle-dragger types ready for hire. The undermining of the identity of nation-states, and spread of global economy, have broken the degree of control formerly associated with a spook's sense of some ultimate national loyalty. We are, truly, in a time redolent with echoes of the old Roman Triumvirate.

#### 4. The issue of this terrorist warfare

The Whore of Babylon today, is incarnate in a body commonly referenced by insiders as "The Club of the Isles." The symbol of this body, whose origin dates from the time Britain's King Edward VII was a Prince of Wales filling in for his dotty mother in the attic, is the Prince in Scottish costuming, posturing for a famous portrait entitled "The Lord of the Isles." This assortment of several thousand persons, from British and other families and persons of financial-oligarchical sexual preferences and appetites, is sampled by the roster of persons associated with the so-called "Bilderbergers," the "1001 Club," and the initial, 1961, backing of the World Wildlife Fund. The "Club of the Isles" is otherwise recognized as the chiefly very wealthy power-magnates representing all parts of the British Commonwealth, and the very powerful supranational corporations associated with that Commonwealth. However, this also extends to the remnants of the Dutch and French empires, and to certain families of kindred inclinations from Germany, Italy, Sweden, and so on.

That "Club of the Isles" performs a function echoing that of the financier-nobility of that old Venice, the which a certain

type of Englishman, from Cardinal Pole and Thomas Cromwell, through John Ruskin, and virtual British subject François Mitterrand admired so much.

The issue which has set off the present, planetary civil war, is the determination of the ideologues and devotees of that pack, the Club of the Isles, to seize the present global strategic opportunity, to eradicate the institution of the modern sovereign nation-state, and also national economy, from this planet, forever. The principal weapon they deploy for this purpose, is no longer nuclear weapons, but mass-murderous chaos and matching outbreaks of mass insanity among populations driven mad by the general physical and moral breakdown of every family and other institution upon which modern civilization has been premised. The currency of this war by means of induced chaos, is not money, but the credulity of the intended victims.

I do not know whether a majority among the people of the United States, for example, are capable of coming to their senses, before the doom becomes irreversible. I have no choice but to act optimistically, to do all that I might, for one, to ensure that this nation, this people, this civilization, averts the looming catastrophe, and thus survives. I think, with the confidence which comes in part from having passed the relevant testing of my will and commitment, that I, for one, shall never betray you in that cause.



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## Russia edges toward civil war as power struggle deepens

by Konstantin George

As of mid-August, in the setting of an ongoing war in Chechnya, the power struggle in Russia to succeed President Boris Yeltsin has taken on the overtones of a civil war. The main contenders are: Gen. Aleksandr Lebed, head of the Security Council, who is opposed to the two other, temporarily allied members of what has become a chaotic post-Yeltsin triumvirate, Prime Minister Viktor Chernomyrdin, and the new head of the Presidential staff, Anatoli Chubais.

It is no exaggeration to speak of the post-Yeltsin era. His sudden return to Moscow to resume work in the Kremlin on Aug. 22, at the height of the Chechen crisis and in-fighting in the Kremlin, and the announcement that he would deliver a speech later that day, do not change that reality. The Aug. 21 *Komsomolskaya Pravda* carried a piece by a former Yeltsin spokesman, Pavel Voshchanov, who said that he has learned from Kremlin sources that Yeltsin will have to undergo heart surgery, and suffers from cirrhosis of the liver, weak kidneys, a chronic middle ear infection, heart muscle problems, and sleep disruption. Whatever the medical details, the Russian President has apparently been incapable of carrying out his duties of office. Yeltsin has not been seen in public since his wooden appearance at his Aug. 9 inauguration, a ceremony which lasted a grand total of 15 minutes, and in which he was barely able to read aloud the oath of office, a reading which lasted exactly 45 seconds.

While an existential crisis confronts Russia as a whole, the war in Chechnya has become a decisive predicate of the struggle for power. There are at least three, somewhat overlapping institutional power bases involved in the struggles in and around the Kremlin: the Presidential "palace guard," run by Chubais, who is the International Monetary Fund's (IMF) darling, but whose strength in Russia primarily relies on a shaky alliance with the Chernomyrdin group; the Chernomyrdin group, controlling most of the new cabinet unveiled Aug. 15, with a minority input from the Presidential staff; and the

Security Council, headed by General Lebed, now allied with Defense Ministry forces under Defense Minister Gen. Igor Rodionov, the one cabinet appointment selected by Lebed.

### The new cabinet

The new cabinet could be classed as a horror show, and it promptly received the effusive blessing of an IMF delegation, in Moscow at the time. To the delight of Western financiers, the 35-year-old banker Vladimir Potanin, head of ONEK-SIMbank, the fourth largest bank in Russia, was made first deputy prime minister in charge of "economic reform." Through the privatization policies of Chernomyrdin, ONEK-SIMbank has pioneered debt-for-equity schemes for the dirt-cheap acquisition of choice Russian enterprises, including Norilsk Nickel, the world's leading producer of platinum. Yeltsin's liberal economics adviser, Aleksandr Livshits, became deputy prime minister for finances, as well as finance minister.

This comprador cabinet delighted the IMF. Its delegation noted with "satisfaction" an "improvement" in Russian finances during July. To buttress Chernomyrdin at the peak of the Chechen crisis, on Aug. 21 the IMF turned over the July tranche of \$330 million on the three-year standby credit, which it had withheld; the same amount for the August tranche is all but certain to be delivered on schedule on Aug. 31.

Under Lebed's guidance, the Security Council countered on Aug. 14, with the appointment of pro-development dirigist economist Sergei Glazyev as head of the Security Council's Economic Security Department (see *Documentation*). It appears that Lebed, in recognition of how grave Russia's crisis has become, has concluded that a coherent national reconstruction program, as advanced by Glazyev, is the only alternative to chaos and breakdown for Russia.

The civil war dynamic has been intensified by the war in Chechnya, which resumed with the Aug. 6 rebel offensive that

seized most of the Chechen capital, Grozny. Chechnya has since become a, if not *the* crucial lever in the power struggle.

When Lebed suddenly received the Chechnya portfolio, becoming Yeltsin's personal representative on Chechnya by Presidential decree on Aug. 10, he said, "I did not have the time to find out who prepared that decision and brought it to the President, but all this shows that someone wants me very much to break my neck over this assignment," alluding to Chubais, whose control of the decree-drafting process during Yeltsin's illness has been widely reported. But, "we shall see," Lebed mused at his Aug. 12 press conference. Starting with an unannounced nighttime foray into rebel-held Chechen territory on Aug. 11-12, Lebed launched personal diplomacy to try to secure an immediate cease-fire, and then secure political accommodation to permit the extraction of Russian Armed Forces from the quagmire. Should he succeed, out-foxing the attempted set-up of himself, engineered by the Chubais-Chernomyrdin duo (though Chernomyrdin always keeps his options open), he would greatly enhance his power in Moscow.

### Escalation in Chechnya

The gravest escalation of the war to date, was the Aug. 20 announcement by the Russian commander in Chechnya, Lt. Gen. Konstantin Pulikovsky, that a "general offensive" to retake Grozny, employing "all means," including massive air and artillery bombardment, would begin Aug. 22. He ordered all civilians to leave Grozny before that date. The announcement by Pulikovsky, a general of the Interior Troops (not the Army), seemed to have torn to pieces the cease-fire agreement reached between Lebed and the Chechen chief of staff, Aslan Maskhadov.

Over Aug. 20-22, the correlation of forces in Moscow appeared to change dramatically in Lebed's favor. On Aug. 20, Pulikovsky was suddenly replaced by Gen. Vyacheslav Tikhomirov. On Aug. 21, Defense Minister Rodionov declared he had "nothing to do with the ultimatum" of Pulikovsky, who had acted alone, for which Rodionov had "reprimanded" him. Later that day, Lebed flew to Chechnya, met with General Tikhomirov and the Russian command, and announced that the order for a general offensive was a "bad joke" that will "never be repeated." Then, Lebed met with Maskhadov and other Chechen rebel leaders. In a matter of hours, the "general offensive" was canceled, a cease-fire agreement reached, a plan readied for the joint withdrawal of Russian and Chechen forces from Grozny in order to demilitarize the city, and fighting actually stopped by the night of Aug. 21-22. On Aug. 22, Lebed began talks with Chechen leaders in the south Chechnya town of Noviye Atagi. Maskhadov declared that the chance existed for "lasting peace."

To reconstruct some of the main elements that preceded the dramatic turn of events in Chechnya: General Pulikovsky's ultimatum came a day after the issuance of what were presented as a set of Presidential orders to Lebed which, in effect, required him to square the circle. Lebed was ordered to "restore the conditions that existed in Grozny before Aug.

6," i.e., drive all Chechen forces out of Grozny; "continue negotiations" to "fulfill" the two agreements reached (before the Presidential elections) with the rebels in May and in Nazran, capital of Chechnya's neighboring republic of Ingushetia, in June, for a cease-fire, exchanges of prisoners, disarming of rebels, and withdrawal of the bulk of Russian forces by Sept. 1. Lebed was also ordered to present a "plan for settling the conflict" by Aug. 26. It is almost impossible to imagine a more absurd and contradictory set of orders.

Pulikovsky's ultimatum also followed the refusal of Yeltsin to fire Interior Minister Anatoli Kulikov, which Lebed had demanded on Aug. 16, in order to end the Interior Ministry capability to keep the war going and undermine Lebed's efforts. Lebed had also demanded a meeting with Yeltsin on the matter of firing Kulikov, but the meeting was blocked by the machinations of Chubais. (Now, with Yeltsin back in the Kremlin, a meeting with Lebed on this and other crucial matters is expected.)

So, on Aug. 20, armed with the phony directive to "restore order in Grozny," and with Kulikov still in the saddle, Pulikovsky ordered the Aug. 22 "general offensive" to retake Grozny. Far more important, on that day, the Security Council met, chaired by Lebed, and, in a precedent-setting action, challenged the authenticity of the Presidential order. The Security Council declared: "The content of the document gives solid grounds to doubt that the President of Russia took a direct part in finalizing the text of the order." The Security Council said that any attempt to carry out the order would ruin peace efforts undertaken by Lebed, including destroying the cease-fire accord he had reached with rebel leaders.

The reality was that a cabal, backed behind the scenes by Chernomyrdin, and up-front by Chubais, had concocted the document. In parallel, Chubais used his position as head of the palace guard, to prevent any personal contact between Yeltsin and Lebed. Already, according to a Presidential directive published in *Rossiiskie Vesti* on Aug. 15, Chubais was given sole authority to decide which Presidential decrees were ready for signing. By Aug. 19, with Yeltsin away, Chubais had increased his powers to include forgery. The proof was seen on Russian television on Aug. 20, when the document was shown, with the Presidential seal and the name "B. Yeltsin" in block print. It contained no signature.

Following this, Interior Ministry General Pulikovsky was abruptly replaced as commander in Chechnya by General Tikhomirov hours after he had ordered the "general offensive." In his earlier tour as commander, Tikhomirov had been a proponent of continuing the war. But before the war in Chechnya, Tikhomirov had served as Lebed's chief of staff with the Russian 14th Army in Moldova. After the Pulikovsky ultimatum, Chechen chief of staff Maskhadov appealed to Lebed to use "all your influence to prevent the threatening insanity." Shortly thereafter, Lebed announced he would return to Chechnya on Aug. 21 for talks with rebel leaders. These talks have succeeded in averting an immediate bloodbath.

The breathing space created in Chechnya will only inten-

sify the struggle for power in Moscow. One of the first questions, is whether Lebed can follow up his initial peace-making victory in Chechnya with a political offensive in Moscow, starting with fulfilling his mid-August pledge to “name the names” of those responsible for what he correctly called the “commercial war” in Chechnya. His Chechen negotiation counterparts, as stated by Chechen spokesman Movladi Udugov, have named “above all Prime Minister Chernomyrdin” as being responsible for the war.

### **A potent weapon**

The venal commercial gain in the war is the single most explosive scandal, if exploited. Everyone in Russia knows that huge sums were officially allocated in both the 1995 and 1996 budgets for “reconstruction” in Chechnya. Everyone also knows that almost nothing has been “reconstructed.” The sums involved are equivalent to \$2.5 billion for 1995 and \$5 billion for 1996. If the names are named concerning who grabbed that money, for whom, and where it “disappeared,” then much of the present comprador political superstructure that dominates Russia could collapse.

These and other weapons are in the hands of Lebed, Glazyev, and the Security Council apparatus. This at least partly explains why Chernomyrdin, while bitterly opposed to the Lebed group, has cautiously avoided an open confrontation. Indeed, on Chechnya, he has cynically backed the Lebed peace process, out of pure power considerations. How the dynamics of the Russian civil war will unfold is unknown. But if they follow traditional Russian methods, akin in principle to those of Rome and Byzantium, the process will be rather long and bloody.

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## **Documentation**

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### **Glazyev named to post in Russia's Security Council**

At a press conference on Aug. 20, Sergei Glazyev announced his appointment as head of the Economic Security Department of Russia's Security Council. The decree had been issued on Aug. 14, but this was the first public announcement of the appointment.

Economist Glazyev is a former Minister of Economic Relations of the Russian Federation, and former chairman of the Democratic Party of Russia, See *EIR*, May 31, 1996, pp. 48-65, for his analysis of “Growth in a Transitional Economy.”

In explaining why he had accepted the new appointment, Glazyev told the press, “The survivability of the country is the question of what economic measures will be taken in the

immediate future. I hope that my knowledge and experience will be useful for the country in my new capacity. That's why I have accepted Alexander Ivanovich Lebed's offer to head the Economic Security Department of the Security Council.”

Glazyev, a former Duma deputy, was highly critical of the Duma, the lower house of parliament. He stressed that “in the sphere of public policy, very little space unfortunately remains for constructive work,” which, he said, is due to “the very strange position taken by the leadership of the communist majority in the State Duma who have . . . renounced any vigorous political activity, having voted as they did when they approved the chairman of the government [i.e., Prime Minister Viktor Chernomyrdin]. . . . Since we have a manipulated Duma opposition it is clear that all the key questions will be solved now within the system of the Executive branch of government.”

Glazyev added that he and Lebed were “linked also by joint political activity, by work on a joint program, as well as experience of struggle for the recognition of the aims and values that we have set out in our program in the Presidential and parliamentary elections.”

### **The Security Council must ‘stand guard’**

Glazyev was asked, “Don't you think that with your appearance in the Security Council, it will become a body in opposition to the President?” He replied, “If we assume that refusal to blindly accept any initiative coming from the Chernomyrdin cabinet is to be in opposition, then you are probably right.” The role of the Security Council, he said, “is to stand guard over the economic and national security of the country.” If government decisions “run counter to the interests of national security, the Security Council must bring this to the attention of the prime minister and the President and use all legal methods to try to make the government adopt correct decisions that would meet the interests or at least certain national security criteria.”

Glazyev said that this was a time for “hard office work . . . because the policy that has been conducted by the government up to date, as we can see from the objective results of the continuing economic recession and the destruction of key industries and the sweeping budget crisis and the danger of a financial crisis and the deepening non-payment crisis—all this indicates that many of the economic decisions were wrong and often ran counter to the interests of national security.”

He added, “Adventurist decisions . . . should be stopped, where possible, by the Security Council,” which, Glazyev pointed out, is a power structure that includes the prime minister, representatives of power structures, and is headed by the President.

Glazyev was also critical of policies in relation to the gas industry, to which Chernomyrdin is known to be personally tied. Asked whether he thought Russia should return to a system of state monopolies, Glazyev said that state monopolies were not a panacea, but were appropriate in some areas:

“production and export of gas . . . export of oil, the import of alcohol and many other sensitive things [which], in terms of tax collection and in terms of their impact on the state of society, must be under government control.” Glazyev pointedly added that the government “should perhaps retain only the monopoly on the export of gas. . . . The export of natural gas is an area of activity in which there are super profits and where huge sums evade taxation,” a barb at Gazprom, in which Chernomyrdin is said to have a major financial interest.

Glazyev said, “The government has been given a new, perhaps the last chance to correct its mistakes and start conducting the kind of social and economic policy that people expect it to conduct.”

Glazyev was asked what he thought about newly appointed Finance Minister Aleksandr Livshits’s assertion that there would be no financial crisis in the autumn. Glazyev replied, “The number of bankrupt banks, insolvent banks is increasing exponentially. To deny this is to behave like an ostrich. . . . One cannot last long with such a financial system. So, if the people in charge of the country’s finances proceed on the assumption that it is ‘business as usual,’ this is the surest way of immersing the country in the abyss of financial destabilization which is already what we see happening.”

Rather than cutting spending to industry and making the ordinary citizen bear the brunt of the financial crisis, Glazyev said, why not impose a more stringent payment discipline “on large commercial structures which enjoy preferential treatment.” He suggested streamlining “spending, to change the monetary policy and emission policy without causing a surge in inflation.”

Glazyev also criticized current banking policy, which has gotten to the point that “anyone who wants can issue ersatz money, and pocket profits made on such issues.” He added that the current problem with Russia’s financial policy is that “nobody bears responsibility for [overall financial policy] because the Central Bank pursues its own policy, the Finance Ministry pursues its own policy, and nobody is responsible for the question of balancing a credit and monetary policy that would ensure a normal process of money turnover and investments.”

### **The immediate problems**

In terms of Russia’s current financial situation, Glazyev listed the following problems to be solved: the colossal growth of short-term budgetary debt, with less than half the payments made in money and a larger share made through mutual offsets, barter transactions, foreign currency, and the ersatz money he had referred to; preservation of the scientific and technical potential; insolvency; and use of mineral resources.

In terms of overall economic security strategy, Glazyev pointed to the following: increasing the living standards of the population, unemployment, structural imbalances, and dependence on imports. Said Glazyev, “If our country wants



*Economist Sergei Glazyev: “Since we have a manipulated Duma opposition, it is clear that all the key questions will be solved now within the system of the Executive branch of government.”*

to be economically invulnerable, it must observe certain proportions between processing and extractive industries, it should have a self-sufficient defense complex. It should not be politically dependent on foreign capital in vital areas, such as transportation, power engineering, wholesale trade, finance, and . . . scientific and industrial potential.”

Another item on Glazyev’s agenda is the amount of spending in “science and scientific-and-technological progress,” which is “currently at the level of Africa’s, is beyond the critical level.” He called for at least 3% of the GDP to be spent in this area.

Glazyev called for 10% of Russia’s GDP to be spent on education, the collapse of which has angered many in Russia.

Glazyev was also critical of the IMF: “If the government takes its duties seriously and performs its job in accordance with the laws and *not* in accordance with the experts of international institutions who are not responsible for anything, then we will cooperate constructively and help the Executive branch” (emphasis added). But, he said, “if things continue the way they are today, when the government is obliged to do one thing under the President’s decree, but does the opposite thing in accordance with the statement it made to the International Monetary Fund, as for example, on matters of foreign trade policy, we will, of course, criticize such a position severely.”

# Danielle Mitterrand promotes a new 'Chiapas' in Brazil

by Silvia Palacios and Jeffrey Steinberg

*In the past month, the Anglo-French "Entente Bestiale," which comprises the hard core of the European Club of the Isles financier-oligarchy, has dramatically escalated its warfare against the United States all across the Western Hemisphere. In the span of 30 days, beginning in mid-July, the London- and Havana-sponsored São Paulo Forum of radical narco-terrorist "political parties" from every country in Ibero-America, met in El Salvador to plan the next phase of their political destabilization of the hemisphere. The Zapatista National Liberation Army (EZLN) of Mexico held its international gathering in Chiapas, which featured a European delegation, led by Danielle Mitterrand, the widow of former French President (and slavish Club of the Isles asset) François Mitterrand. Next, a previously unknown guerrilla army surfaced in the nearby Mexican state of Guerrero, with armed assaults on Mexican military patrols.*

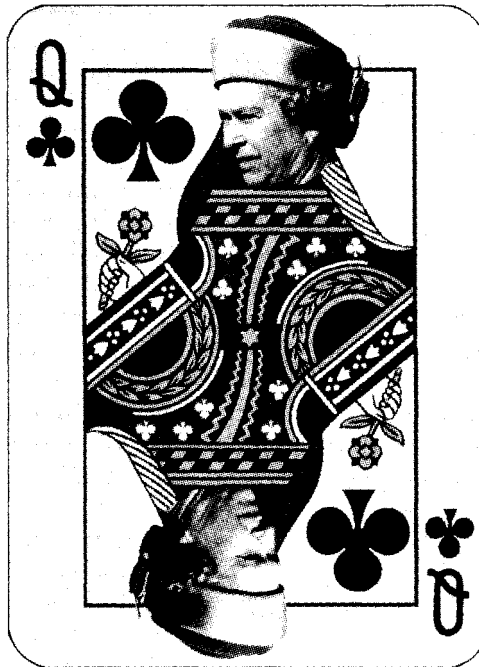
*From the Rio Grande to the tip of the Southern Cone, the Club's assets are on the offensive, out to spread chaos, through the activation of narco-terrorist assets.*

*Recently, officials of Peru's Army Intelligence linked the recent re-emergence of Shining Path to a narco-terrorist offensive in the south of Colombia, led by the FARC and the ELN, two guerrilla movements that comprise Colombia's "Third Cartel" drug gang.*

*The ultimate target of this upsurge in irregular warfare is President Bill Clinton's United States. Should the United States ever break from the insane grip of International Monetary Fund policies, and adopt Lyndon LaRouche's proposals for Western Hemispheric economic integration, based on the revival of the sovereign nation-state system and "great projects" of high-technology infrastructure development, the Club of the Isles would suffer a potentially irreversible blow.*

*Hence, the destabilization of the Western Hemisphere—and the buildup of an anti-U.S. continental insurgent apparatus—has become a top priority for the Club. Every time that investigators have attempted to cut through the veil of secrecy and identify the sources of funding and political backing for this narco-insurgency, the leads have all pointed to London, Paris, and other Club centers.*

*In this column, we focus on the case of Brazil, which has been a particular target of the Club's "roving ambassador," Danielle Mitterrand.*



One of the major accords which came out of the Narco-Terrorist Tricontinental held in Chiapas, Mexico, at the end of July 1996, was the opening of the Brazilian front—to create a second "Chiapas," an operation which the Landless Movement has already set into motion with a helping hand from the Brazilian Workers Party (PT). The political godmother of this operation is Danielle Mitterrand, who helped to establish the ties between the Zapatista National Liberation Army and the MST. As readers will recall, Danielle Mitterrand was in Chiapas last April and went to Havana from there, and thence to Brazil, where she gave broad support to the MST "landless," which in those

very days had carried out land invasions in Eldorado de Carajás, in the state of Pará, and provoked a clash with the Military Police which resulted in 19 deaths.

In July, Mitterrand received in Paris the governor of the Brazilian Federal District, Cristovam Buarque, a member of the Workers Party and partisan of the MST, and invited him to take part in the meeting in Chiapas, according to the July 14 edition of the Brazilian daily *O Globo*.

Upon returning from Chiapas, Gilmar Mauro, one of the



main leaders of the MST, said that “we believe that the cause of [the Zapatistas] is just,” and that the plan of the MST is to carve out a “free zone” in Brazil, similar to that of the EZLN in Chiapas. Intelligence experts in the Brazilian government, cited in the magazine *Istoe* of Aug. 7, affirmed that the MST is trying to set up this “free zone” in the south of the Amazon state of Pará. Gilmar Mauro said that his idea is to create “an MST republic” in the zone of Pontal do Paranapanema, in the state of São Paulo. This region is a tinderbox on the verge of exploding, because the state government has just rehabilitated Francisco Graziano, a former president of the Institute of Agrarian Reform and Colonization, and one of the creators of the Landless Movement, and named him state secretary of Agrarian Reform.

The leader of the MST, economist João Pedro Stedile, declared that “whoever steals from a thief, gets a hundred years in pardon,” and announced that the MST would launch its most ambitious campaign of land invasions, and that it would occupy tens of ranches of landowners in debt to the Bank of Brazil. The daily *Estado de São Paulo* printed on Aug. 13 that the Bank of Brazil has already made 107 ranches of debtors available to the Institute of Agrarian Reform, to be used as settlements. Even though the parceling out of these confiscated lands is the official policy of the government of President Fernando Henrique Cardoso—an overt concession to the MST—such aggressiveness even frightened the government, and Minister of Justice Nelson Jobim called the threat “unacceptable.”

But the offensive has begun. On Aug. 8, some 350 members of the MST, coming from 157 encampments, occupied the Esplanade of the Ministries in Brasília, the nation’s capital, to pressure for agrarian reform. According to Landless spokesman Valmir de Oliveira, the government of the Federal District, headed by Cristovam Buarque of the Workers Party, authorized the occupation of the public area by the Landless.

In the wee hours of Aug. 13, the MST invaded the “Recreio” ranch, to the east of São Gabriel D’Oeste (Mato Grosso), which is owned by the Bank of Brazil. The Itapora Ranch, in Aquidauana, eastward of Campo Grande, capital of the state of Mato Grosso do Sul, was also invaded by the MST. On Aug. 15, about 1,200 members of the MST occupied properties of the Institute of Agrarian Reform in Cuiaba, Mato Grosso, and announced invasions in Rio Grande do Sul and Paraná. “We are going to increase the pressure,” said Delwek Matheus, one of the coordinators of the invasion of the Institute of Agrarian Reform. There were also various ranches invaded in Sandovalina, and others which are on the target list. The Workers Party, the flagship group of the narco-terrorist São Paulo Forum and a backer of the MST, is also mixed up in this.

Like the MST, the PT also invited political or “military” representatives of the EZLN to visit Brazil next November. Gilberto Carvalho, PT secretary of communications and a delegate to the meeting in Chiapas, declared that “the Zapatista experience puts our political practice into question,” and

FIGURE 1

**Brazil: slated for separatist insurgency**



added that “some aspects which Zapatismo is developing can be interested for the left and for the PT. . . . The PT does not anticipate not participating in elections, but we want to balance our electoral presence with base organization.” Carvalho is the principal link between the Workers Party and the São Paulo Forum, and he is a member of the editorial board of the Forum’s review, *América Libre*.

The ties between the PT and the EZLN go back quite a way. Last April, when Danielle Mitterrand was on her way to Chiapas, Carvalho was also there, in his capacity as a personal envoy of Luís Inacio “Lula” da Silva, the Workers Party leader and member of the Wall Street bankers’ Inter-American Dialogue. Mexican press reported that Subcommander “Marcos,” the putative leader of the Zapatista guerrillas, said that one of the tasks ahead is to establish closer contacts with comrades in Brazil. In her speech in Chiapas, Mitterrand stated: “The destruction of the nation-states is the destruction at the same time of degraded forms, it is the breakdown of corporatist and authoritarian forms.” On July 30, Workers Party deputies Luiz Gushiken and Eduardo Jorge published an article in *Folha de São Paulo* proposing a “democratic world federation,” with “a world parliament, a court to take on global problems, an executive with peace forces, and a world civilian society which would include its own NGOs.”

# France and Britain demand new imperial rule in Africa

by Christine Bierre

“Only a programme of ‘enlightened re-imperialism’ for Europe can put right the bloody mess made of its former colonies in Africa,” was the subtitle of a double-banner headlined commentary in the London *Observer* on Aug. 18, a demand that has now become a drumbeat in the British and French press.

The author is Norman Stone, evidently an historian, who opines, under the slogan “Why the Empire Must Strike Back,” that European colonialism in Africa ended prematurely and must be returned by an international mandate. He writes: “Liberian massacres have become so commonplace as not even to rate a casual news item. Somalia is a continuing mess, worsened by the absurd recent international antics to rescue it. No one seems to have any idea what might be done about Rwanda and Burundi, where the massacres go on.” He praises France: “The French did not abandon their empire as thoroughly as we did. Their troops are present to maintain order. . . .” Hence, it is argued by Stone, “re-imperialism now begins to make sense again, and the Europeans would be in a good position to push through some sort of international mandate. . . . Now, with much of Africa a bloody mess, we are back to where we were before ‘the Scramble of Africa’ got under way in the 1880s, but with the difference that the rivalries between the various powers would not take the same proportions as before. . . .”

“A hundred years ago, it would have seemed obvious to well-intentioned observers of the African scene that an international mandate should be given to civilised states to intervene in the maintenance of order. What the French have done, with conspicuous success, in their own former African colonies could be done by other European states. Empires do not have to be formal or tyrannical. . . . There are times when they do good, and the post-independence history of Africa shows that this is one of them.”

The precise formulations have been echoed across the Channel in the French press. France’s May military intervention in support of the Central African Republic regime of Ange Patassé became the occasion for French officials to openly, shamelessly, raise the question as to whether whole parts of Africa should not be “placed in trusteeship,” or even if a return to colonial empires in Africa were not necessary.

Characteristic of this line of thinking, voiced among strategic circles in the wealthy countries for some time now, especially since the 1990 Gulf war, was the commentary of

Col. Jean Louis Dufour, entitled, “Africa: Return to Protectorate Status?” in *Le Figaro* on May 26, 1996. Dufour not only does not denounce the armed intervention on behalf of Patassé, with 1,300 French troops stationed in the C.A.R., quite the opposite: He waxes indignant over how slow Paris was to launch it! This delay, he complains, meant the looting of the capital’s downtown by rioters and the destruction of public buildings in a country already quite poor.

What action would be more effective in the future? The very terms Dufour uses to pose the debate, show how advanced the interventionist theses have become. Dufour acknowledges that it is “delicate” for France to “seriously administer an independent state” any better, even when its President “was elected under the auspices and with the active help of the French Army, which lent its aircraft, trucks, and manpower in 1993, so that a sovereign people might express its choice without hindrance”! France is “hesitating” again, he complains, “to rigorously exercise” what is, for it, “an indispensable guardianship.”

Dufour then proceeds to propose the erection of a new empire with a human face, exercising its guardianship under the auspices of the United Nations. “In Africa, Europe, spurred on by the United Nations, should feel concerned. The colonial experience of these states, as well as history and reason, ought to spur the European Union to take charge of such and such a territory, whose only masters are decidedly buffoons, or whose only law is that of the potentate of the moment. The guardianship should last as long as necessary, duly figured by the General Assembly of the United Nations, until the inhabitants of the country under consideration were judged capable of ‘managing their own affairs’ ”

On the same subject, the London *Daily Telegraph* specifies, in an article on “The Second Empire,” what form this might take in Africa today. France, says the author, no longer has the means to pay for an intervention every three months, as it has had to up to now, “a total of 17 military interventions over five years, in countries ranging from Chad to Cameroon, from Togo to the Comoros and Zaire,” and to support 8,000 men stationed in a dozen former colonies, as well as military assistance accords with 30-odd countries around the world. The solution, according to the *Daily Telegraph*, lies partially in the military reorganization under way, which will permit France to have a professional army for “projecting itself” into

faraway theaters, capable of making rapid and less costly interventions than maintaining legionnaires in the four corners of the world.

Ultimately, Paris and London are working to get an African intervention force up on its feet, centered on the Organization for Africa Unity, capable of deploying under the direction of international institutions, instead of Western ones (see accompanying article).

### Not shocking, really

This tendency toward the reconstitution of empires did not begin yesterday. For several years, quietly, almost imperceptibly, strategists, political ideologues, and other geopoliticians in the pay of powerful financier oligarchies, have been laying both the ideological and administrative bases for the advent of this new empire. That is the great merit of a recent work by Ghassam Salamé, *Les Appels d'Empires (Calls for Empire)*, which traces this evolution, giving an extensive bibliography on the subject.

The Gulf war, which lifted the taboo against neo-colonial interventions in the South, and the end of the bipolar world which no longer permits Third World countries to seek the protection of one bloc from the other, are among the causes that Salamé cites to explain this new infatuation with empires. Not a day passes without hearing, whether from the far reaches of "the South" or from the heart of "the wealthy countries," calls for empire. And Salamé gives several examples: "An Asian head of state who demands of a French ambassador: 'We want to be recolonized.'" "The President of Gambia, who, overthrown by a coup d'état, demands, à la Aristide, his right to be restored to his functions by the international community, or even, the prime minister of the Comoros, who calls on France to put down the rebellion of mercenaries and restore him to power.

When the Third World leaders aren't calling on the northern powers for help, then the rich countries themselves put out the calls for empire. Salamé recaps then-British Foreign Secretary Douglas Hurd's positions, favoring an "imperial role" for the UN, in the *Independent* on Sept. 19, 1992. The world institution would replace the old colonial powers such as the United States, which no longer has the means and does not want to be the "world's policeman" except in selective cases. Hurd envisaged this remedy, "the most radical of all," especially for various African countries stricken with the most serious ills: "uncontrolled demographic explosion, collapse of the state apparatus, systematic kleptomania by the leaders, tribal massacres, epidemics."

Salamé also mentions the case of William Pfaff, editorial writer for the *International Herald Tribune*, who, invoking "humanitarian" reasons, has argued since 1975 for the reestablishment of empires. Pfaff calls on Europe to "go back into Africa" to exert a kind of "disinterested colonialism," and declares himself in favor of putting them under temporary trusteeship, lasting 50 or 100 years, which would give these

countries time to give themselves a true civilian society and solid institutions.

Salamé also cites Richard K. Betts, who, in 1994, was saying that to end civil wars, we must break with "interventions limited by time and objective," and rather engage in an "imperial impartiality": a form of massive involvement in conflicts, with the objective of lending a hand to the victor and thereby abbreviating the agony of the weak!

And this evolution, Salamé accurately underscores, brought forth considerable protest. If the leaders in the South do not have the sense to call for help from the powers in the

## Jacques Chirac in Africa

During an official visit to Gabon, on July 16-17, French President Jacques Chirac threw his support to his "friend" Omar Bongo, who has been in power there since 1967 and was preparing to face legislative and senatorial elections at the end of the year. For the occasion, Chirac decided to give a lesson on "Afro-optimism," as he put it.

The French President declared that over the last two years, according to the International Monetary Fund, Africa has had growth of about 5%. Chirac saw this figure as proof of the "success of the structural adjustment plans."

Growth of what? Ghana, the model of the "African miracle," with an annual GDP heading for 4.8%? Between 1986 and 1991, it watched its employment drop by 13%. Today, one out of every three Africans lives on less than one franc per day (about 20¢). Even the UN, in its World Development Report for 1996, considered that what was being called "growth" in economists' jargon, was not the same as creation of jobs and economic development, and remained a "failure" for one-third of the world's population.

Yes, there is growth, especially in financial flows. The stock market in Zimbabwe grew 123%, and in Ghana 50%, in one year. But industry, agriculture, physical and social infrastructure—these have been destroyed by the logic of austerity, closing the budget deficit, and immediate profit, which characterizes the structural adjustments Chirac so praises.

It's not a question of being an "Afro-pessimist" or an "Afro-optimist," but of destroying the world financial dictatorship; Jacques Chirac has amply demonstrated that he is not prepared to do that.

—Frédérique Vereycken

North, any pretext will do, to preach a good and vigorous intervention: wiping out the "misfortune of others," neutral and apolitical humanitarian interventions, or even "straightening out a world" threatened by "shameful Munichs," bloody dictatorships, or tribal massacres.

All the while, the ideologues are looking for a theoretical fig leaf to cover their machinations. Salamé cites Jean Marie Guehenno (*The End of Democracy*), who says that, if the age to come is "imperial," it is above all "because it succeeds the nation-state, as the Roman Empire succeeded the Roman Republic: human society has become too vast to form a body politic"; according to him, the idea of empire describes "a world both unified and deprived of a center."

Bertrand Badie, another one of these theoreticians, believes that "the empire unfurls like an original political construction, provided with territory for its own usage, which distinguishes it from the nation-state by opposing to the virtues of unity, fixity, and borders, those of multiplicity, flexibility, and *limes*."

While no particular imperial configuration has made its appearance, and many people are still questioning what form this new empire should take, throughout the countries of the North, armies are being prepared for their new missions. The reorganization of the French Army into a professional rapid deployment force, capable of projecting 50,000 men into distant theaters, a development that President Jacques Chirac fully confirmed, but whose general tendency was already apparent in the 1994 Defense White Paper, is not an isolated case. In London, Rome, Brussels, or the United States, the most recent "defense white papers" all insist on the necessity of developing armies for projection.

Finally, Salamé notes the hypocrisy with which today's imperial verbiage decks itself. No longer a question of overtly invoking economic advantages accrued from conquest, "the new empires" have different suits, masks, and objectives than those of yesteryear. While protection of one's nationals overseas is again on the agenda, defense of human rights replaces the "mission to bring civilization," stopping civil wars has substituted "protection of international trade routes," and the protection of the non-governmental organizations is a continuation of that "formerly offered to missionary orders."

Although he gives a good description of the strategic evolution of the world in the recent years, Salamé still does not come close to what makes up the motor force of this evolution: the rising power, since the 1970s, of a strong financier oligarchy in the industrialized countries. If the United Nations is becoming weak, if entire countries are either disappearing or are threatened with disappearing, if there is no longer anyone in the Third World willing to establish sovereign, modern industrial nations, it is certainly because a virtual war of attrition has been carried out by the circles who stand against the nation-state, in order to give free rein to finance. The reduction of states by successive deregulations has globalized a financial system seeking to maximize short-term profits. The loot-

ing of industrial capacities and populations by the cancerous growth of a financial system which sucks up all capital for speculation, has engendered a profound economic crisis which weakens states and lays the groundwork for ethnic, tribal, or other sorts of conflicts.

### **Africa put under trusteeship**

As Hurd and others publicly hope, Africa is, once again, overripe to fall into their imperialist hands. The conditions were first created by the structural adjustment policy of the International Monetary Fund during the 1980s, which brutally brought to an end any tentative efforts for industrial progress in Africa. The end of the Cold War in the 1990s, in turn, was the *coup de grâce* for many of these countries, whose sole reason for being lay in their geostrategic value to the blocs, and which have since witnessed the progressive disengagement of their former protecting powers. This is why there is an economic collapse of the black continent, the return of putschism, the appearance of tribal wars and drug mafias.

Hence, the rule of the game defined by the former colonial powers is called military economic triage: There are the viable countries, especially South Africa, sub-Saharan Africa, with respect to which South Africa will play a pivotal role, the most developed countries of the French preserve and English-speaking Africa: Uganda, Sudan, and Nigeria. Then, there are the others. The former still represent some potential for the countries of the North: Aside from the overseas residents who still live there, to whom one must ensure a minimum of security and protection, there are also commercial interests. Sub-Saharan Africa represents, for example, one-third of Europe's diamond imports, and 4-5% of Europe's foreign trade in oil.

The economic triage which already translates into a constant reduction in foreign aid and outside investment (5% of foreign investments in the South between 1990 and 1995), will be accompanied by military triage. "France no longer has the means to intervene everywhere," is the refrain on everyone's lips. That is the context in which to see a certain tendency begun by France toward "Europeanizing" the preserve, a development which becomes apparent in France's call for aid from the Western European Union and the United Nations during the Rwanda massacres.

Since then, as shown by the recent Chaillot Notebook #22, put out by the Western European Union (WEU), the role of the Union in Africa is the subject of studies not only by the WEU, but also by NATO and the UN. Since the Western European Union has recently become the armed branch for European defense within NATO, it is clear that from now on, Africa is an open field for interventions by the Atlantic organization. Some of these interventions, however, will be undertaken by the Organization of African Unity, acting as intermediary. As the Chaillot Notebook #22 confirms, the Franco-British proposal to the Chartres Summit in 1994 to

## Colonialism—‘the best thing since the Flood’

**Lord Lugard**, first British governor-general of Nigeria:

“Pax Britannica, which shall stop this lawless raiding and this constant inter-tribal war, will be the greatest blessing that Africa has known since the Flood.”

**Lord Curzon**, Viceroy of India:

“We are here in obedience to what I call a decree of Providence for the lasting benefit of millions of the human race.”

**William Pfaff**, *Los Angeles Times*, Sept. 10, 1990:

“If Africans themselves cannot maintain a civil order on the continent with a minimal assurance of human dignity, as the multinational force is attempting to establish in Liberia, then some kind of international custodianship—a neo-colonialism of some kind—is likely to be seen as the alternative to mounting anarchy and a contagious violence.”

**John Keegan**, “The Case for a New Colonialism,” *Daily Telegraph*, July 25, 1994:

“While airlifts and small-scale military intervention may alleviate a little of the harm done, it cannot bring the old Rwanda back. Empire was better for the Rwandans than independence. Should we be looking towards some reversal of decolonization?”

“In Africa, Asia, the Caribbean and parts of Latin America, the philosophies of the American and French revolutions—*independence, liberty, equality, even fraternity*—ran riot. The United States had a great deal to do with that. American presidents and electorates alike disapproved of empire. Their national beliefs derived from the events of 1776—what had been good for them must be good for other peoples as well.”

The United States “actively opposed British and French efforts to sustain their indirect empire in Egypt in 1956, making common cause with the Soviet Union to end the Suez operation. It generally took the side of black against white in British, French, Belgian, Spanish and Portuguese Africa. . . .

“If the peace-making agencies of the civilized world—and that includes the United States—wish to make their sense of outrage at disorder in the old empires effective, they must overcome their distaste for imperial forms and set about re-creating equivalent services. Civilization is not about literature and the plastic arts. It is about duty, courage and respect for the eternal verities. The pursuit of happiness is all very well. The rule of law is what makes it possible. . . .

“India is now riven by worse communal disorder than it was under the Raj, and caste is more, not less, dominant. . . . Peace-making requires ruthlessness. It requires peace-makers to exert superior force over peace-breakers. Sleeman, the British officer who broke the cult of ritual murder practiced by the Thug cult of India, simply killed its devotees out of hand wherever he found them. What would CNN have made of that?”

On Somalia: “The former Italian rulers showed less enthusiasm for separating the endemically contentious factions than the idealistic Americans.”

On Rwanda: “Decolonization subjected the aristocratic Tutsis to the rule of the majority Hutus. What is going on now is a settlement of old scores, but with a ruthlessness never before imagined or indeed possible. . . .

“Peace-making requires the enlistment of the traditional warrior peoples to police the rest. Since they regard themselves as aristocrats—as the Tutsis do, and the high-caste Sikhs of the Punjab—they do not recommend themselves to the egalitarians of the television world. Much current disorder has to do with the local underdogs taking their revenge on the uppercrust whom the imperialists favored.”

provide the OAU with a mediating force capable of intervening in support operations and “reestablishing” peace, was communicated to the WEU, which has worked for that ever since. The Council of Europe examined this question several times since the Rwanda events, and the consensus was well under way to downplay the need to “Europeanize” crisis management operations in Africa, so as to avoid fears about the “secret operations” by the former colonial powers.

This “Europeanization” of military intervention in Africa constitutes virtually laying French national policy on that continent to rest. By opening the doors of French-speaking Africa

to the supranational institutions that Gen. Charles de Gaulle so vigorously fought—the IMF, WEU, NATO—France puts an end to any hope that these countries might have, to see France engaged on their side, with a politics of progress. To be sure, a French politics of progress toward Africa was usually not more than a hope, even in de Gaulle’s time—a hope which has fast given way to frenetic clientelism. Still, under the worst of conditions, France had a history of friendship with Africa. Today, France is preparing to give way to an imperial supranational bureaucracy, without heart or soul, with nothing to tie it to the history of Africa.

# Entente Bestiale makes OAU its enforcer

by Frédérique Vereycken

The Organization for African Unity held its 32nd annual summit this year over July 5-10 in Yaounde, Cameroon. The conference took place in the context of what OAU Secretary General Selim Ahmed Salim called “the second-generation program” for this institution. Two principal undertakings are in process.

The first is the establishing of a “mechanism for prevention, management, and regulation of conflicts.” The idea for creating such a structure comes from the June 1993 OAU summit in Cairo. In the Cairo Declaration, it was expected that “the OAU might deploy civilian and military observer missions; should the conflicts degenerate, the assistance of the United Nations is requested.”

The major powers have gladly accepted this OAU decision; after the November 1994 Chartres summit, a Franco-British initiative was launched with the aim of supporting peacekeeping mechanisms in Africa by the OAU. In addition, whereas in 1993 the expectation was that this “mechanism” would be limited to observer operations, afterwards, the project for creating a true OAU intervention force, under the mandate of the UN, was filled out. A conference of the heads of state of OAU member nations took place with this in mind over June 3-6, 1996. Since their direct interventions in Rwanda and Somalia, the major powers undoubtedly came to look favorably on a military OAU acting in the service of the UN Security Council—as Henry Kissinger had demanded in the case of Somalia, for instance.

Will Burundi be the testing ground for setting up a new OAU as a secular arm of the UN? Already there is an OAU observer mission on the scene. Since June 1996, all Frenchmen have left that country, and military cooperation with the Burundi Army has been suspended. France has left the nation in the same situation as Rwanda, leaving the OAU mission to manage the crisis, and reserving its own direct interventions to its “preserve,” (e.g., the Central African Republic).

OAU Secretary General Salim is wasting no time. He has already declared that the Burundi coup is illegal, as the OAU will not tolerate coups in Africa. For some time, he has been working with Ugandan President Yoweri Museveni and with former Tanzanian President Julius Nyerere, the godfathers of the Tutsi military machine in Rwanda and Burundi, for a “regional intervention force” for Burundi, composed of Ugandan, Tanzanian, and Ethiopian troops. Such direct intervention was only preempted by zealous Burundi military of-

ficers. Tanzanian and Ugandan troops, it should be noted, have already been part of the “peacekeeping forces” in Liberia.

Under the auspices of the OAU in part, regional leaders met in Arusha, Tanzania at the end of July, to map out their response to the Burundi crisis—stopping short of direct military intervention and instead opting for sanctions to be imposed on the country. Paul Kagame, the head of the Rwandan Patriotic Army, the Rwandan-Tutsi splitoff from the Ugandan Army, declared reluctantly in Washington on Aug. 9 that Rwanda would go along with the sanctions, rather than supporting the Burundi coup leaders directly, since Burundi had bucked “the regional framework.” That regional framework is not run by Salim, or his OAU, or by the warlords on the ground, but from Washington, London, and Paris.

The creation of this “mechanism for controlling conflicts,” takes place in a strictly UN context. UN Secretary General Boutros Boutros-Ghali, for example, is demanding the creation of a 50,000-troop force to intervene in Burundi—but not under UN auspices. If it comes down to an intervention force in Burundi or elsewhere, it would permit a country such as France or Great Britain to protect their geopolitical interests, without overtly appearing to be neo-colonialists, since African troops would be doing all the work.

## Free-trade zones

The second undertaking for restructuring the OAU is also compatible with the UN order. Officially, this has to do with creating an African economic community to ameliorate the lack of intra-African trade and to enhance the integrated, self-sufficient development of the continent. In fact, the effort is being concentrated mostly on creating a profusion of administrative institutions to form a free-trade zone in goods and capital. This looks a lot more like the European Union’s Maastricht Treaty, than the postwar Coal and Steel Community, which boosted the industrial development of Europe.

Moreover, contrary to what was done in 1987, the OAU is no longer pushing for a global, equitable solution to the problem of the debt. In 1987, the debt made up 45% of the Gross Domestic Product of the continent; *today it makes up 72%*. Since then, the attitude of the OAU has become more “realistic”—that is, within a logic of non-confrontation with the International Monetary Fund and the World Bank; there are no discussions on development projects, such as infrastructure that would actually allow for the continent to become integrated. The approach is administrative, without breaking the rules of the game called “structural adjustment.”

The manner in which Selim Ahmed Salim characterized the OAU reveals quite well the attempt to put a good face on the IMF, the World Bank, the UN, and the “markets”: “Our institution today is viable. No one can any longer turn a deaf ear to the voice of Africa, which must not be confused with Rwanda and Somalia, just as we would not confuse Chechnya and Bosnia with Europe.”

# UN tries to impose narc-FARC in Colombia power-sharing deal

by José Restrepo

The United Nations, elements of the U.S. State Department, the São Paulo Forum (a federation of Ibero-American terrorist organizations, headed by Fidel Castro), and Colombian narco-President Ernesto Samper Pizano have undertaken a new offensive to eliminate the Colombian Armed Forces, and to turn that nation into a drug plantation that would function as a UN protectorate. This is the scenario represented by a new “peace proposal” offered by Manuel Marulanda Vélez, a.k.a. “Tirofijo” (Sureshot), head of the narco-terrorist Revolutionary Armed Forces of Colombia (FARC).

The FARC’s “peace negotiations” would begin with the “demilitarization” of a vast sector of the department of Meta, convoking of another Constituent Assembly to write a new constitution, and a government pledge that the guerrillas would not be treated as “narco-guerrillas,” “kidnappers,” or “terrorists.” The negotiations would successfully conclude, according to Tirofijo, when Colombian society accepts the terrorists as their rulers, and the Armed Forces are eliminated.

Tirofijo’s letter follows on the initiatives of former Foreign Minister Augusto Ramírez Ocampo, the ex-director of the Organization of the United Nations for El Salvador (Onusal), who has secured an office for the FARC and National Liberation Army (ELN) terrorists in Costa Rica, fully equipped with computers, radio communications, access to the Internet, and telephones so that their representatives abroad can maintain communication with the terrorists inside Colombia, whether they are in jail or in the mountains.

The idea is to try to repeat, on a grander scale, the UN experiment in “consensus-building” in El Salvador, where “peace negotiations” had served as an excuse to turn the country into a UN protectorate. Since returning to Colombia in 1994, Ramírez Ocampo has ceaselessly worked to have Colombia follow the Salvador model, where the guerrillas become the police, and have final say in dictating military policy. In El Salvador under that policy, the Armed Forces have been slashed to one-third their original size.

Following the UN script, Colombian narco-President Ernesto Samper Pizano, on the same day that the FARC letter was released to the public, Aug. 15, authorized the initiation of “regional dialogues” between civilian authorities and narco-terrorists in the departments of Antioquia and Nariño. It is no accident that the governor of Antioquia is Alvaro Uribe Vélez, who has repeatedly demanded that the UN intervene with its

“blue helmets” to pacify the department. In Nariño, the chief “dialoguer” is Antonio Navarro Wolf, mayor of the city of Pasto and the top leader of the legalized narco-terrorist group, the M-19.

Regional peace dialogues have been a constant demand of the narco-terrorists who, as members of the São Paulo Forum, have adopted its strategy of achieving national power through the slow accumulation of power on the local and departmental level: the strategy of the national coup d’état through regional coups d’état.

## The threat behind the ‘dialogue’

At the same time, of course, the Samper government has been daily conceding more terrain to the FARC and ELN, which have organized a violent armed “strike” by the coca-growers in the departments of Caquetá, Putumayo, and Guaviare, with their principal demand being an end to eradication programs against coca and poppy crops. The heads of the strike are veteran leaders of the FARC, who have ordered the assassinations of those peasants who have refused to back their mobilization. The coca-growers have thus been deployed—under threat of terrorism—to occupy towns and airports, and destroy and paralyze several oil facilities in the area, while blocking the passage of vehicles on the few roads and highways that traverse the convulsed zone.

The Samper government has already promised a suspension of the coca eradication program, and has committed itself to paying \$4,000 to the coca-growers for every hectare of coca or poppy they themselves voluntarily destroy. At the same time, the government is negotiating with the FARC leaders over a program and budget for the region, presumably to be administered by the FARC and/or its “indigenous” front men.

And, as if this weren’t enough, the government’s new finance minister, José Antonio Ocampo, called for a national debate in an Aug. 20 interview with the daily *El Espectador*, through which “the people” would decide what aspects of the “excessive” military budget would be cut. According to Ocampo, “70% of operating costs go to defense and justice,” and therefore “it is urgent that civil society concern itself with military spending. . . . The private sector should concern itself with determining the efficiency of this kind of spending.”

Given the Colombian government’s ongoing surrender to

narco-terrorism, it should come as no surprise that the São Paulo Forum openly backed narco-President Samper Pizano at its official meeting in San Salvador on Aug. 15. That narco-terrorist umbrella group denounced the Clinton administration in Washington for its critical stance against the Samper government—including its March 1 decertification of Colombia as a “collaborating partner in the war on drugs” and the withdrawal of Samper’s U.S. entry visa—actions which were dubbed “arbitrary” and “unilateral.”

Strangely, U.S. Ambassador to Colombia Myles Frechette has been acting in direct contradiction of Clinton’s policy. For example, in a controversial Aug. 12 interview on a Colombian television news program, Frechette announced that he had intervened to prevent a group of Colombian citizens—civilian and military—from forcibly removing the corrupt Samper from power. Frechette confirmed that he had met with these would-be “coup makers,” and that he had warned them to “forget it!” He insisted that the United States would oppose “anything of that sort.”

A great deal of speculation has been set off by Frechette’s preemptive warning, concerning his reasons for revealing the coup plans against narco-President Samper. But Frechette has also come out in defense of the good name of the narc-FARC, and on several occasions has said that there exists no evidence that this terrorist group finances itself with money from the drug trade, and that the term “narco-guerrilla” should there-

fore not be used! This, despite extensive documentation that the FARC’s drug-trafficking activities have turned it into the “Third Cartel” in the country. Not unexpectedly, Frechette’s statements have been publicly used abroad by narc-FARC spokesmen as a form of “certification” by the U.S. government! A similar argument was used by the George Bush administration to justify having the drug cartels finance the Nicaraguan Contras and the Afghan mujahideen.

The Colombian military continues to offer resistance to the Samper government’s appeasement strategy toward the narco-terrorists. Army Commander Gen. Harold Bedoya sharply criticized the deal struck between the government and the coca-farmers, for example. In an Aug. 18 interview with the daily *El Tiempo*, General Bedoya stated: “They say that the voluntary eradication of illicit crops is legal, when the only thing that is legal is that those who sow, process, and cultivate coca must answer to the legitimate authorities. They say that the agreements must be fulfilled, when the only thing that it is obligatory to fulfill is the law. They neither asked us nor consulted us about these agreements.”

The day after Tirofijo’s letter was revealed, all brigade and division commanders, and the heads of the three Armed Forces, issued a communiqué in which they reiterated that the FARC, Villavicencio, and Cali cartels are “the principal threat to the national institutions, security, and stability,” and that the Armed Forces have the duty to defeat them.

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# Brawl over 'Bush Plan' breaks out in Bolivia

by Gretchen Small

A brief visit to Bolivia on July 22-31 by *EIR*'s Brazil-based correspondent Lorenzo Carrasco, left an uproar in its wake. Carrasco gave a series of presentations on the global strategic and financial crisis to hundreds of military, political, and student leaders, in the capital, La Paz, and Santa Cruz. What caused the greatest storm, were Carrasco's denunciations of the operation to dismantle the armed forces in Ibero-America, begun by George Bush back in the 1980s, in order to secure the area's submission to the globalist "new world order."

Two weeks after Carrasco's trip, newspapers throughout Ibero-America reported on Aug. 14, that Gen. Lawson Magruder, Commander of the U.S. Army South, which operates out of the U.S. Southern Command in Panama, had flown into Bolivia for a three-day visit, during which he publicly denied that there is any such thing as a "Bush Plan" against the armed forces, blaming discussion of such a plot upon *EIR* founder Lyndon H. LaRouche, Jr. According to the Spanish news agency EFE, "General Magruder said that there is no 'Bush Plan' for the gradual elimination of the armed forces of Latin America, it has never existed as official policy; this has been claimed only by an American political figure, Lyndon LaRouche, but it hasn't been supported by the President of the United States, Bill Clinton."

"Diplomatic sources" in La Paz, EFE reported, have been telling people that LaRouche "is currently in jail in his country, charged with fraud," an assertion which, like Magruder's denial of the "Bush Plan," is a flat-out lie.

## LaRouche: a power to be reckoned with

Bolivia is located in the heart of the South American continent, a strategic crossroads for Andean development, and potentially one of the richest countries in Ibero-America, were the necessary investments ever made. Used historically instead as a source of cheap raw materials, since the 1970s, Bolivia has been relegated to being a coca producer for the world drug trade, with the consequent collapse in living standards and national institutions. Its current President, Gonzalo Sánchez de Losada, is a representative of British mining interests; a member of the Inter-American Dialogue, a bankers' think-tank; and an outspoken drug legalizer. His vice president, Víctor Cárdenas, an indigenist activist, was recently in Paris coordinating separatist movements against the Americas.

It is not surprising, therefore, that Carrasco found during his visit, that *EIR*'s book *The Plot to Annihilate the Armed Forces and Nations of Ibero-America*, has circulated widely in Bolivia. *The Plot* documents how the "Bush Plan" against the military was concocted as part of a global strategy to eliminate the nation-state, deploying indigenism and the drug trade as well.

Carrasco met with leaders from every political faction, but they all had one thing in common: Each had their copy of *The Plot* close at hand, underlined, and well-read.

Before mouthing off, Magruder might have studied how the heavy-handed harassment by U.S. embassy officials in La Paz during Carrasco's visit, had already failed. Embassy officials ran around threatening Bolivians that they "should not commit the mistake" of hosting anyone associated with LaRouche, whom they referred to as "a criminal and crypto-leftist," yet *EIR*'s correspondent met with active-duty and retired military officers from all branches of the Bolivian Armed Forces. All that the embassy's hysteria accomplished, was to convince people that the State Department certainly views LaRouche and his representatives as a power to be reckoned with.

## A history to this fight

*EIR*'s issue of Aug. 16 ("LaRouche Stalls Globalism in Ibero-America; Plotters Protest") reported on the continent-wide fight provoked by circulation of *The Plot*, including the warning in the Spring 1996 issue of U.S. National Defense University's *Joint Force Quarterly*, that "students of Latin American affairs will ignore this book to their own detriment."

This is not the first time *EIR*'s charges against the "Bush Plan" have become the center of national politics in Bolivia. In December 1991, a month-long debate raged in Bolivia's newspapers over the existence, or not, of a strategy by international financier interests to destroy the institutions of the nation-state, after a La Paz daily, *Ultima Hora*, published an *EIR* article by this author and her husband on "The Bush Manual to Eliminate the Armed Forces of Ibero-America." The debate became the subject of front-page banner headlines in the country's prestigious *Presencia* daily, until Bush administration officials applied the usual threats to silence any discussion. Public debate receded, but a banner headline by *Presencia* at the time captured just how credible the Bush denials were: " 'There Is No Bush Plan,' But Armed Forces Will Be Drastically Reduced."

The reaction in 1996 was no different. On Aug. 14, along with Magruder's denials, Bolivia's *El Mundo* quoted retired Gen. Lucio Añez, an internationally recognized anti-drug fighter who is now a member of the Bolivian Congress, insisting that there "has been for many years a 'Bush Plan' to dismantle the armed forces, not only of Bolivia but of many other countries in the world, mainly in the Americas."

# International Intelligence

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## ***Fidel Ramos meets with Philippines Muslim rebels***

Philippines President Fidel Ramos and Nur Misuari, chairman of the Muslim Moro National Liberation Front, met for the first time in ten years on Aug. 19, and called for support for a peace agreement to settle the state of war on the southern island of Mindanao, which has claimed 50-120,000 victims over the last two decades.

Government officials have leaked reports that a peace deal, being put together under the auspices of the Organization of Islamic Countries (OIC) will be initialed on Aug. 30 or 31, creating an autonomous Muslim region in Mindanao, under the authority of the Southern Philippines Council for Peace and Development, headed by Misuari.

However, the MNLF is one of three Muslim rebel groups in Mindanao; the other two are tied into the global afghansi network and they seek to make Mindanao a separate Islamic state.

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## ***Danes to challenge Maastricht in court***

In a remarkable turnaround, the Danish Supreme Court ruled unanimously on Aug. 12 that the Danish courts should evaluate whether the Maastricht Treaty, which established the European Union, is compatible with the Danish Constitution. The court has persistently rejected such challenges, since the country joined the EU's predecessor, the European Common Market, in 1972. In 1994, a lower court rejected the suit of 11 private citizens against the treaty, who argued that it involved a transfer of power (sovereignty) away from the Danish parliament.

A Danish source told *EIR* on Aug. 19 that "the decision . . . is a far more fundamental threat to Maastricht than the earlier German court challenge. I have it on good authority that the Danish government is already preparing to amend the Danish Constitution in event of a negative court ruling. The case is

likely to be decided, on a rush basis, about the time of the Summer 1997 EU Intergovernmental Commission final conclusion. The situation is very volatile, as the population could explode if the government were suddenly to change the Constitution to ram Maastricht through."

The ruling has sparked renewed interest in fighting Maastricht, which imposes deep austerity and industrial takedown on EU member countries. A spokeswoman for the Saxony Economics Ministry in Germany told *EIR*, that the state's lawyers are "looking into every such case there is in Europe."

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## ***More Sudanese desert Garang, seek peace***

Mohammed Kharun Kafi, the leader of the Nuba Mountains sector of the Sudanese People's Liberation Movement (SPLM), signed a statement of principles with the Sudanese government on Aug. 6 in Nairobi, Kenya. He and others of his group, a split-off of John Garang's Sudanese People's Liberation Army, arrived in the Sudanese capital, Khartoum, on Aug. 11, where they told the press that they had opted for peace. Kafi, who had indicated he might quit the insurrection in June, has consulted with his followers, who have agreed with him. Speaking to the newspaper *Al Muhtar*, he said the statement of principles was a good addition to the charter that the government had signed with rebel leaders in April. Kafi also reported that Yusuf Kuya, who used to head up Nuba Mountains forces within the SPLM-SPLA, no longer had any forces under his command. If this is true, it means that what is left of the insurrection against the central government is only a Dinka tribal group behind John Garang.

Apparently in response to these developments, the so-called Christian Solidarity International of Baroness Caroline Cox has beefed up its campaign against Sudan, with claims that the Bija ethnic group is being deliberately starved by the central government. The Bija, whom CSI says are in southern Sudan, actually live in the east, near the Red Sea.

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## ***'Mujahideen in Bosnia' is media scare story***

"The issue of the mujahideen [fighters] in Bosnia was invented," Bosnia's Vice President Ejup Ganic told the Croatian journal *Nacional* in August. "We had 250,000 soldiers; 50, 500, or 1,000 mujahideen made no difference. That problem was invented. The story is obviously very attractive, so when a CNN journalist meets five or six such 'individuals' with scarves around their heads, they take pictures of them immediately. On the other hand, 200,000 of our beardless soldiers are not interesting, because they look like Europeans.

"The mujahideen story is a planted cuckoo egg. We could not control our borders. How did they enter Bosnia? On one occasion, I was informed that some mujahideen appeared in Zenica, and I asked, 'How many?' 'Thirty,' they said. I said I would lead them when there are 300,000 of them, and I could drive Serbs back from the Drina River. I said that those 30 can pack their bags and go back to where they come from, because they only create problems. The religious war the foreign press is writing about is pure deceit."

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## ***Russian minister: 'No reason to expand NATO'***

In an interview with the Aug. 11-18 issue of *Moskovskye Novosti* (*Moscow News*), Russian Defense Minister Gen. Igor Rodionov argued strongly against the eastward expansion of NATO: "I don't want to drum up patriotic emotions, but as a military man I find it hard to understand the rationale of the NATO decision. Objectively, Russia is not today threatening anyone in Western or Eastern Europe. The Warsaw Treaty no longer exists. All our troops have gone home. Why should NATO troops be deployed along our borders?"

Although mistakenly attributing Anglo-French designs to Washington, Rodionov nonetheless addressed some of the geopolitical underpinnings of NATO's reorganiza-

tion: "If Brussels wants to turn NATO into an international pro-American policeman, that policy has no future as far as Russia is concerned. If Washington wants to strengthen its positions in Europe to offset the future growth of the influence of United Germany, why should this be done at the expense of the security interests of our country? One gets the impression that the desire to perpetuate its own existence pushes NATO into unconstructive actions. . . .

"We should give up the policy of confrontation and arrogance with regard to each other," he continued. "I am in favor of contacts aimed at all-round development of partnership with NATO. We have to cooperate in order to promote mutual trust, reduce tensions and increase international security. Russia, too, must abandon its megalomania, and stop declaring that no problem in the world can be resolved without its participation. The approach should be balanced, and should be based on the art of the possible."

## **Ethiopia bombs Somalia and Kenya**

Beginning the night of Aug. 8, Ethiopian military forces bombed, fired artillery, and sent in tanks, against areas in Somalia right on the Kenya border held by the Somali al-Ittihad al-Islam. The Ethiopians were reportedly invited in by the Somali National Front, led by Omar Haji Masalle.

Since January, when Ethiopia pressed for sanctions against Sudan, Ethiopia under President Zenawi, has become a stronghold of British and State Department operations. Former U.S. Assistant Secretary of State for East Africa David Shinn is now U.S. Ambassador to Ethiopia. Ethiopia is the second largest recipient of U.S. financial assistance in Africa, after South Africa.

Ethiopian troops with 30 tanks and helicopter gunships entered Somalia, taking the towns of Dolow and Luq, then retreating after a two-day battle. The Nairobi, Kenya *Daily Nation* said three Ethiopian bombs hit the northeastern Kenya border town of Mandera.

An unnamed "Western diplomat"

quoted by one British outlet, said that the Ethiopian attacks on the al-Ittihad al-Islam were made in retaliation for a bomb blast at a hotel in Adis Abeba on Aug. 4 and the attempted assassination of an Ethiopian minister on July 8.

The Ethiopian incursion was condemned by faction leader Ali Mahdi Mohammad.

## **Italian journal hails Schiller 'Music Manual'**

*Adesso*, an Italian monthly produced in Germany, carried a very positive article on the publication of *Canto e diapason*, the Italian translation of the Schiller Institute's *A Manual on the Rudiments of Tuning and Registration*, in its August issue. (*EIR* featured *Canto e diapason* in its Aug. 16 issue.) *Adesso* is distributed to foreign-language schools throughout Germany, and is widely used by Italian teachers in the public high schools.

*Adesso* writes: "Attention golden voices! Singing with the wrong tuning is damaging. That evaluation, a little bit alarming, comes from conductor Carlo Maria Giulini, on the occasion of the release of the book *Canto e diapason*. The problem of musical tuning and of the vocal registers is the subject of the work: The thesis, supported by many authors, with more than 1,000 examples from the classical repertoire, is that the right tuning for the human voice corresponds to the middle C at 256 vibrations. The Schiller Institute, which has produced the Italian edition of the book, originally published in the United States, promotes a return to the original tuning; otherwise, we could have imbalance of the vocal registers, and the disappearance of entire species of voices. According to the experts, the same negative result might also afflict old instruments like the Stradivari violins, that have been built for that tuning. The initiative of the Schiller Institute has already received the support of more than 2,000 singers throughout the world, among them Placido Domingo, Mirella Freni, Carlo Bergonzi, and Alfredo Kraus."

**MEGAWATI** Sukarnoputri, the daughter of Indonesia's independence leader and first President, Sukarno, was invited to the Presidential Palace in Jakarta for the Aug. 17 Independence Day celebrations. President Suharto was expected to outline measures to address opposition calls for greater "democratization," following riots in Jakarta on July 27. Megawati has been being questioned by police investigating the riots.

**A RUSSIAN TRAIN**, traveling from Astrakhan to Volgograd, was bombed, killing one and injuring eight on Aug. 12. This is the third incident on this railway line in the last month. Two days earlier, bomb disposal experts defused a device found at an intersection near Moscow's Vnukovo Airport.

**MANGOSUTHU** Buthelezi, head of South Africa's Inkatha Freedom Party and the country's Home Affairs Minister, vouched for the "character" of Mark Thatcher, during a parliamentary discussion on Aug. 13. The question had been raised as to why the "controversy-prone son" of Britain's former prime minister had been allowed to live in South Africa.

**THE DALAILAMA** visited South Africa on Aug. 18, at the invitation of the World Conference on Religion and Peace. He was to "immediately fly to a private game reserve, before holding meetings in Johannesburg, Cape Town and Durban."

**INDIA'S AIR CHIEF** Marshal Satish Kumar Sareen was in Israel at the end of July, where he visited several defense establishments. This is the first visit of an Indian service chief to Israel. The interlocutor for Israeli relations with the Indian military is believed to be Foreign Minister David Levy.

**PAKISTAN** Prime Minister Benazir Bhutto announced in August, that her government is prepared for a dialogue with India "to resolve our outstanding disputes."

## Starr uses open thuggery in 'Get Clinton' drive

by Edward Spannaus

Whitewater special prosecutor Kenneth Starr and his staff are resorting to unabashed thuggery in their efforts to frame up Bill and Hillary Clinton around spurious Whitewater charges. Starr's tactics became shameless in the days leading up to the scheduled sentencing of James McDougal, Susan McDougal, and former Arkansas Gov. Jim Guy Tucker—to the point that Starr's office was leaking reports that James McDougal was "cooperating" with Starr's office, while strong-arming Susan McDougal to attempt to gain her "cooperation."

The wild-card in the situation is, as it has always been, the only serious Arkansas scandal that exists: the drug-smuggling and gun-running operation run out of Mena, Arkansas in the mid-1980s by George Bush and Ollie North. This is the backdrop to many of the so-called "Whitewater" allegations, and it is a story that Starr is determined to keep buried, while trying to create the aura of criminal wrongdoing around the Clintons.

In so doing, Starr—the not-so-independent counsel—is following a script drafted in London, and laundered into the United States through the Hollinger Corp. *Sunday Telegraph* and the *Times* of London, and retailed through their American outlets such as the *American Spectator*, the *Washington Times*, and the *Wall Street Journal*.

### The Starr squeeze

It is the estimate of most honest observers, that Starr has no case whatsoever against Bill Clinton, and that his only case against Mrs. Clinton is one that would revolve around the kind of trivial violations that almost anyone involved in real estate and banking operations in the deregulated 1980s was involved in. Indeed, what went on in Little Rock was penny-ante stuff compared to what was going on in George Bush's Texas during the free-wheeling 1980s.

So, Starr has no case. Thus, he has attempted to use the

classic prosecutor's "stepping stone" strategy of trying to squeeze lower-lever participants, so that they will turn on their former associates and friends, in order to save their own necks. Only, such prosecutorial goon-squad tactics are usually not carried out so openly, as is being done now by Bush-Leaguer Starr.

With the May convictions of the McDougals and Tucker—accomplished with the aid of a contaminated jury—Starr's office let loose a torrent of leaks that one or the other of the McDougal-Tucker trio was "cooperating." But, Starr in fact had originally anticipated that he could force them to cooperate *without* even having to go to trial, said *New York Post* columnist John Crudele on May 29. "Early in the Tucker-McDougal investigation, a source inside Starr's office told me the strategy was to convict the three first and hope to leverage those convictions into testimony against the Clintons," Crudele wrote. But, he added, Starr didn't really expect the Tucker-McDougal case to go this far, hoping instead that they "would take one of the plea offers that were dangled in front of them in exchange for information on the Clintons."

A year earlier, Tucker had refused to testify before Starr's grand jury in Little Rock, and he publicly accused Starr of improperly pressuring the governor's wife and lots of "ordinary folks" in Arkansas for information. "Many of those people have had their wives threatened and their futures threatened. Just sheer intimidation," Tucker said. "If I don't resist this kind of stuff, who will?"

Less than a week later, on June 8, 1995, Starr responded by indicting Tucker. Said Tucker: "This has been part of the political campaign waged by the Whitewater prosecutor to vilify and assassinate the character of his selected targets, before trial, and to use their massive powers of threat, intimi-

ation, and promise to obtain the testimony they want,” he said. “Starr has overseen a prosecution filled with deliberate partisan zeal and characterized by the sharing of information with members of Congress, national Republican officials, members of the press, and his private law firm.”

After the convictions of Tucker and the McDougals, in the days leading up to their scheduled Aug. 19-20 sentencing, a renewed flood of leaks poured out of Starr’s office, claiming that James McDougal had been “turned” by Starr. The purpose of the leaks, which were totally unsubstantiated, appears to have been 1) to put pressure on the other defendants, Governor Tucker and Susan McDougal, to make a deal, 2) to polish up Starr’s image after the recent acquittals in the Branscum-Hill trial, and 3) to increase the media drumbeat against the Clintons.

It is obvious that McDougal would make a terrible witness, having already given testimony—much of it contradictory—and suffering from serious memory lapses. Starr therefore got the most mileage out of McDougal’s situation by asking the court to postpone his sentencing for 90 days, which has the maximum psychological-warfare effect.

During his own trial last March, McDougal said that he had already been offered immunity “to back up the lies of David Hale,” who was the prosecution’s star witness; McDougal said then that he had “declined immediately.”

When former Governor Tucker came up for sentencing, he was given a sentence of four years probation, with 18 months of house arrest, because of his medical condition. According to news accounts, Whitewater prosecutors had been pressing for the maximum sentence, and were “dumbfounded” by the lenient sentence. The *New York Times* reported that prosecutors pressed for the heaviest sentence, “in hopes that a harsh sentence would encourage him and his co-defendants to cooperate.” Tucker again said that the prosecutors were threatening to indict his wife.

Although rumors had also been prevalent in the news media that Tucker himself was seeking a deal with prosecutors, this was clearly not the case. Tucker displayed “neither regret or contrition” at sentencing, and afterwards, he continued to proclaim his innocence, saying that he hopes for and expects “complete vindication.”

After Susan McDougal was sentenced the next day to two years in prison, her attorney accused Starr’s team of coming down on her “with all their crushing power” because she would not give evidence against the President and the First Lady. Attorney Bobby McDaniel said that the Whitewater prosecutors told his client that, if she would cooperate, they would recommend probation with no prison time, and that they would take care of charges pending against her in California. “And because she didn’t succumb to their pressure, the full weight of the independent counsel, with all of their power and leverage, was brought down to bear upon her,” McDaniel said.

McDaniel told reporters that his client had become “a

political prisoner,” and he said that “the entire objective of prosecuting Susan McDougal was not to go after Susan McDougal, but to try to get someone who would fulfill a political agenda, to try to get someone to say something against Bill or Hillary Clinton.” After her conviction last May, according to McDaniel, prosecutor Ray Jahn, a top deputy to Starr, told him that they wanted her cooperation. McDaniel said that Ray Jahn told him: “Well, you know the focus of our investigation is Bill and Hillary Clinton. That’s what we’re looking for.”

But, McDaniel said, to his knowledge, “Susan does not know any incriminating information on Bill and Hillary Clinton.” So, McDaniel reported, “Susan did not accede to their demand, and as a result, they came into this courtroom one day willing to recommend probation, and it deemed appropriate, the next day, when she wouldn’t meet their demand, insisting upon a harsh prison sentence.”

### **Mena uncovered**

While Starr wields such tactics of pressure and intimidation to concoct a case against the President and the First Lady, he is using kid gloves when it comes to the real crimes in Arkansas—the drug-running and money-laundering operations run by George Bush and Ollie North in the 1980s. There are not one but two special prosecutors in Arkansas—the second being Donald Smaltz, assigned to investigate former Agriculture Secretary Mike Espy, chicken magnate Don Tyson, etc.—and, as *EIR* has repeatedly stressed, their real job is to keep the Mena story covered up and buried, while doing maximum damage to President Clinton in other areas.

However, a recently published report suggests that a forthcoming report by CIA Inspector General Fred Hitz may finally acknowledge CIA involvement in the Mena operations. A CIA spokesman told *EIR* in early August that Rep. Jim Leach (R-Iowa) had asked the agency last May to conduct an internal inquiry about the Mena allegations.

An anonymous “British journalist and political observer” (reliably reported to be the *Sunday Telegraph*’s Ambrose Evans-Pritchard), writing in the Greensburg, Pennsylvania, *Tribune-Review* on Aug. 18, claims that this is part of a “share-the-blame” tactic to be used by the administration and CIA director John Deutch to protect Clinton; he writes: “Our belief is that the Hitz report . . . will establish that the Contra supply program began while Ronald Reagan was in charge and George Bush was his vice-president. There will be CIA contract employees ready to say that conservative former Marine Lt. Col. Oliver North knew all about the drug-smuggling operations and to smear the reputations of several now-dead American patriots such as former Director of Central Intelligence Bill Casey. Clinton’s spin doctors will argue that good old Governor Clinton was just doing his patriotic duty by going along with the secret activity . . . and that any problems should be laid at the feet of the Republicans.”

Which is, Bush-leaguer Starr notwithstanding, exactly where it belongs.

# The pathology of ‘cultural determinism’

by Lyndon H. LaRouche, Jr.

The reigning tendency in official opinion-making today, is a state of mind fairly identified as “a shared delusional belief.” This potentially fatal mental illness is generalized within the U.S. Department of Defense’s highest-ranking levels of bureaucracy, where a dominant element among the highest ranks and civil service classifications, appears to be nearing the terminal phase of this crippling mental illness. A similar devastation is rampant among many offices of the U.S. State Department. Among staff and management of the *Wall Street Journal*, this epidemic has left no signs of intellectual life in its wake. Present reports indicate that the plague is currently peaking in the financial community, the U.S. Treasury Department, and the economics departments of our universities. Yet, already, it runs rampant on the Federal bench; a majority of the Justices of the U.S. Supreme Court are already crippled, some perhaps hopelessly. The minds of millions of young and middle-aged Americans have been virtually destroyed by the spread of this infection in our university classrooms. Unless its spread of this plague is stopped soon, the United States could be on the verge of extinction.

Among relevant professionals, the preferred name for this psychosis, is “Cultural Determinism.” To explain this epidemic in layman’s terms, imagine that the common cold virus, through a slight mutation, became a killer pandemic. In its earlier incarnations, the pathogen was known, variously, as “other-directedness,” or the “Coolidge Syndrome,” during the 1920s and 1930s. In a slightly mutated form, it became the “Organization Man Syndrome” of the 1950s.

Among military ranks, it was first recognized, during the 1950s, as the “Post-MacArthur Effect,” and, later, during the 1960s, a more deadly variant of the same utopian pathogen, set off the panic known as the “Post-Vietnam Syndrome.” Internationally, one of the earliest outbreaks of a killer epidemic of this type was in Nazi Germany, where it was known among professionals as *Gleichschaltung*, or the “Lemming Syndrome.” From Europe, the infection spread to the United States; members of the newly established Air Force were gravely infected through contacts with carriers at Massachusetts Institute of Technology (MIT) and Ann Arbor, during the late 1940s. During the late 1960s, a massive infection surfaced at West Point Military Academy, in the form of an outbreak of sociology there.

The most dangerous form of this infectious mental disorder is expressed by the following symptomology. Terminal

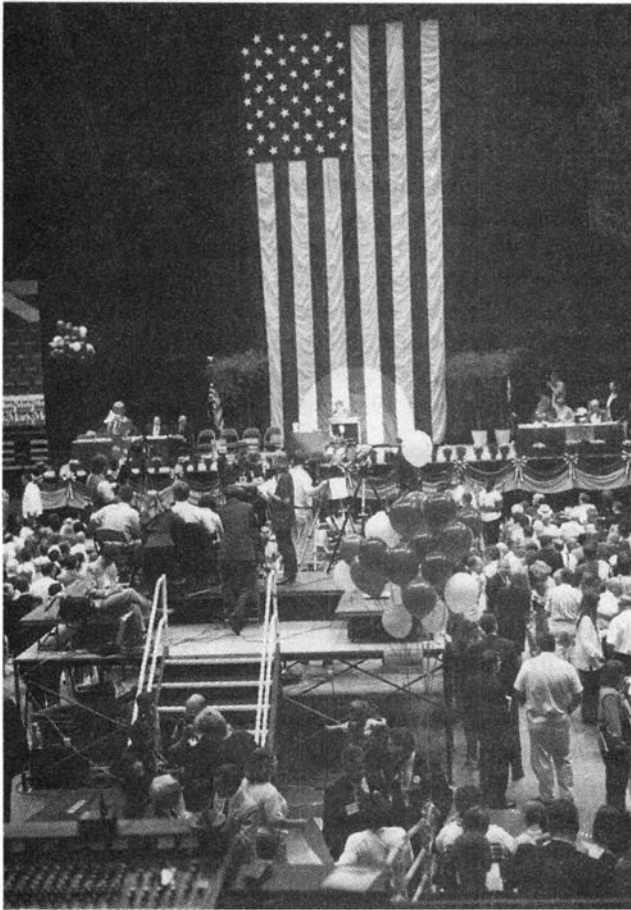
phases of this form of the sickness are apt to express themselves as transforming the victims into bureaucrats, either at financial houses, government agencies, or as political pollsters. Members of military and other intelligence services, appear to be especially prone to display of acute delusional states.

The victim believes that the universe is controlled by a vast conspiracy made up of a class of galactic aliens known as “The Administrators.” Interviewed subjects claim, that since these aliens control everything which happens in the universe, that anything which the Administrators believe in common must inevitably occur, and that anything the Administrators believe should not occur, will not happen.

For example, the subject of depressions. The victims of the delusion, known as “*Los Enfermos*,” insist, for example, that the only possible cause for economic depressions is that some of the Administrators’ purity of thought was contaminated by externally introduced doubts about the ability of the Administrators to prevent any depression from occurring at any time in past, present, or future history. The prevailing opinion among the *Enfermos* is, that history never really existed; “Nothing ever existed except administration,” is a typical view expressed among those in a terminal condition. “Nothing matters, you see,” these victims insist, “Everything is simply what the Administrators believe must happen.” The variety of *Los Enfermos* most likely to become dangerous, are those who believe, that within the Administrators as a whole, there is an inner group whose opinion controls that of all the others; this inner group is referenced to as “The Intelligence Community,” which some of these poor loonies believe is called “The Agency.” These latter loonies believe that no man can cause anything to happen, excepting by working closely with “The Agency.” They insist: “They control everything!”

Professional opinion tends to agree, that the classic clinical example of the *Los Enfermos* type, is the Oxford-trained empiricist philosopher, Professor I. Kant, otherwise famous as exerting the greatest influence on professional political pollsters. His celebrated textbook, *Your Future Is Behind You*, established his reputation as the father of the *a posteriori* view of history: “Nothing will happen which opinion has not already decided should occur.”

One should be wary. *Los Enfermos* are not the harmless loonies careless opinion might think them to be. They can



*The Democratic State Convention in Hampton, Virginia, June 1996, where elected delegates pledged to LaRouche were denied voting rights. "If he is suspected of thinking," say the Legalists, "silence him instantly, and permanently."*

become instantly homicidal, the instant they suspect someone is attempting to contaminate the ranks of the Administrators with a dissenting opinion on likely events. The observed *Los Enfermos* responses to such a perceived threat, fall into two types. The relatively milder form is called the "Ivan Grozny" syndrome: "If his opinion is something we do not fully understand, put him in the man-sized frying-pan, and roast him over a fire." The more extreme reaction, is termed, alternately, "The Legalist," or "Hollywood Director" syndrome which *Los Enfermos* types have lately adopted as policy for running U.S. national conventions of major political parties: "If he is suspected of thinking, silence him instantly, and permanently."

For those among the many unfortunates who can claim a representative of *Los Enfermos* as a member of their own immediate family, a word of advice is supplied. Never ask them the question, "What will happen if the Depression comes, and the Administrators are all laid off from their positions?" Faced with that proposition, the typical *Los Enfermos* is seized by a paroxysm of ugly convulsions, after which he, or she falls silent, and still, into a permanent catatonic state.

## Perot threw a party, and hardly anyone came

by Jeffrey Steinberg

Texas billionaire and wanna-be President H. Ross Perot may go down in history as the biggest rip-off artist to ever dip into the federal taxpayers' pockets. During two consecutive weekends in early August, Perot hosted nominating conventions for his new Reform Party; first, in Long Beach, California, and then, in Valley Forge, Pennsylvania. The Federal Election Commission (FEC) kicked in a cool \$6 million to cover the costs of those two events, which drew no more than 1,000 attendees, each. The Reform Party's ostensible selling card was that all of the 1.1 million Americans who had signed petitions supporting the party's right to a place on the November ballot, would be voting to choose the nominee. The race boiled down to a two-way contest between Perot and former Colorado Gov. Dick Lamm, a fanatical advocate of euthanasia for America's elderly. When the smoke cleared, Perot had carried the day, outpolling Lamm by a two-to-one margin.

But, despite cheap and simple voting procedures that required only a telephone, a computer, or a fax machine, only 50,000 people voted in the Reform Party primary. Perot received 34,000 votes.

Yet, the FEC, based on Perot's 1992 showing, will now fork over an additional \$30 million in taxpayers' money to Perot, for his general election campaign. The 34,000 voters who cast their ballots for Perot generated \$36 million in government cash, for a man whose official net worth was recently cited by *Forbes* magazine at over \$2.4 billion. That comes to \$1,058.82 in federal funds for each of the 34,000 Perot votes.

### A meteoric fall

In the 1992 Presidential elections, Ross Perot received 19% of the vote. In the early phases of the election season, he was outpolling both the Democratic and Republican party nominees, George Bush and Bill Clinton. It's been a meteoric fall for the Texas billionaire. His United We Stand America political action committee has seen many of its top officials quit, in disgust over Perot's megalomania, and over the failure of the group to develop any serious organizational or policy perspective in the intervening four years. And his latest political invention, the Reform Party, turns out to be a Potemkin Village amalgam of political outcasts, including the "Dr. Death" of American politics, Dick Lamm, and the New Alliance Party of Dr. Fred Newman and Dr. Lenora Fulani.

The Newman/Fulani group is a "political" apparatus in

## Polymorphous politics

The *New York Times* only hinted at the real story of wacko witch-doctors Fred Newman and Lenora Fulani. Their “political” enterprise is actually built around a string of off-beat psychotherapy fronts, including: the East Side Center for Social Therapy, the Castillo Cultural Center of Greenwich Village, the All-Stars Talent Show Network, the East Side Institute For Short-Term Psychotherapy, the Center for Developmental Learning, and the Gaygges (a “multisexual musical comedy improvisational group”). Fulani, who is on Ross Perot’s short list of possible running mates, is still a “clinical staff member” of the East Side Center in New York.

Fulani (née Lenora Branch) was recruited “to politics” via one of Dr. Fred’s sex therapy fronts. As she tells us in her autobiography, *The Making of a Fringe Candidate 1992*:

“Fred Newman and I first met when Lois Holzman introduced us in 1978. Lois—now an internationally prominent developmental psychologist—and I were colleagues at Rockefeller University. . . . At that time I had been in individual therapy with a Black lesbian gestalt therapist for about a year. I wanted to be in group therapy, but my therapist only saw people individually.

“I was intrigued when I first came to [Newman’s] New York Institute for Social Therapy and Research. They were talking about therapy and psychology in very progressive ways and they did group therapy, which I found very stimulating intellectually. . . .

“I pulled together a meeting of about 25 Black women psychologists and invited them to meet with Fred so we could decide whether we wanted to join the staff of the Institute,” Fulani wrote. “We asked Fred to lead a study group on politics so we could learn more about who he was and who we were. We wanted to read the *Communist Manifesto* with him.”

Marx’s ideas are at the very core of social therapy, in the Newman cosmology. Lois Holzman recounts that Lev Vygotsky, a Russian psychologist, “called the difference between what one can do ‘with others’ and what one can do ‘by oneself’ the Zone of Proximal Development. . . . The ZPD is where and how human beings—determined, to be sure, by the circumstances in which we find ourselves—totally transform those very circumstances. . . . Following Karl Marx, we call this process *revolutionary activity*” (Newman and Holzman, 1993).

Beneath Perot’s conservative veneer beat the fevered imaginations of these libertines, seeking to draw converts into their “group grope.”—*Dennis Speed*

name only. Drs. Newman and Fulani practice a bizarre brand of psychotherapy (see box), and do most of their “political” recruiting through group-grope sessions with their patients. Even the *New York Times*, in an Aug. 21, 1996 profile, wrote: “Some critics call the New Alliance Party a cult that used Dr. Newman’s national network of unusual psychotherapy centers, where clients receive short-term therapy in groups as large as 25, to attract and isolate vulnerable young people, then sold them on the idea of participating in, and contributing to, the New Alliance Party as a kind of ‘social therapy.’ ”

In the early 1970s, Newman and his gang made a brief, unsuccessful effort to infiltrate the political association of Lyndon LaRouche. They were given the boot, when their polymorphous “therapy” methods were discovered.

Perot has apparently done no such diligent investigation. Perot’s links with Newman and Fulani go back as far as the 1992 elections, when attorneys from the New Alliance Party were instrumental in winning Perot ballot access in several states. By 1995, the New Alliance Party had insinuated itself into a nascent Patriot Party, headed by a Pennsylvania Perot backer, Nicholas Sabatine. When Perot’s chief political operative, Russell Verney, was first launching the Reform Party, and was desperate to win ballot status in California, he turned to New Alliance member-turned Patriot Party California

chairman, Jim Mangia, to mobilize for Perot’s petition signatures.

Now, Perot has even allowed Fulani’s name to be floated among the possible choices for his vice presidential running-mate, according to a recent story in the *Washington Post*.

Rupert Murdoch’s *New York Post* jumped on “Perot’s Fulani Connection” in an Aug. 18 lead editorial, which warned: “Perot himself has a mainstream political sensibility—but his compact with Fulani & Co. suggests that hidden dangers lurk behind his crusade.”

Fulani, a self-professed black nationalist, has used the Perot platform to conduct her own war of words against leading figures in the civil rights movement, including Nation of Islam Minister Louis Farrakhan, Rev. Benjamin Chavis, and Rev. Al Sharpton. She has singled out Farrakhan and Chavis for their collaboration with Lyndon LaRouche, and for their continuing, albeit guarded, support for President Bill Clinton. Fulani is unabashed in her zeal to defeat the President at all costs; and she is trying to steer as many African-American voters as possible into the Perot circus tent. So far, not surprisingly, she has failed miserably in that effort, by her own admission. But, with \$30 million in FEC cash now being provided to Perot’s otherwise non-starter of a campaign, the dirty tricks that could come out of this menagerie cannot be dismissed.



# GOP platform revives 'Contract on America'

by Edward Spannaus

Despite all of the effort of the Republican convention planners to provide a warm and fuzzy image in their made-for-TV San Diego extravaganza, the reality of what voters could expect from a Republican regime is found in the party platform, which was adopted on the first day of the convention. The prime-time version of the convention dripped with motherhood and babies, minorities and inclusion; the backroom platform reeked of the same anti-government, budget-slashing, take-from-the-poor and give-to-the-rich policies which made Newt Gingrich an object of derision to be hidden away, off prime-time.

The news media claimed that Pat Buchanan and the Christian Coalition were banished from the podium but got their way with the platform, but that was only a half-truth: The real story is that the 1994 Gingrich-Phil Gramm "Contract on America" was pulled out of the trashbin and dressed up as the 1996 Republican Party Platform. And, as *EIR* has shown, the "Contract," on which the platform is modeled, incorporated numerous features of the 1861 Confederate Constitution, such as its prohibition of internal improvements, the dismantling of federal power, and the supremacy of states' rights.

Even worse, the foreign policy side of the platform—when it's not blaming the "new world order" outlook of George Bush on Bill Clinton—reads as if it were written at 10 Downing Street.

To some degree, one is justified in asking: What does it all matter anyway? To a large degree, the platform is an exercise in self-delusion and hypocrisy. Even though Bob Dole asserted that he had not even read the platform, and that he was not bound by it, the platform provides an indication of what this country could expect if the Democratic Party fails to retake the Congress this fall.

## Reinventing the 'Contract'

Every element of the 1994 Contract with America is incorporated in the platform. Those elements of the Contract which were passed, such as welfare "reform," restrictions on *habeas corpus*, and ending farm price supports, are praised, and those which were blocked in Congress in 1995-96 are run up the flagpole again. For example, the platform promises:

- a Balanced Budget Amendment;
- capital gains tax cuts and other tax reductions for the wealthy;
- a requirement for a super-majority to raise taxes;

- cuts in entitlement programs;
- immigration "reform";
- litigation "reform," i.e., making it harder for the average citizen to sue, including restrictions on product-liability lawsuits;
- changes in the "exclusionary rule," which restricts the use of evidence in criminal cases obtained in violation of constitutional rights and protections;
- to eliminate federal agencies such as the departments of Commerce, Energy, Housing and Urban Development, and Education, and privatizing others.

In some respects, the platform goes well beyond the Contract with America. For example: With respect to immigration, the platform would repeal part of the post-Civil-War Fourteenth Amendment, and would declare that children born in the United States are not automatically citizens, unless their parents are legally present or long-term residents.

With respect to labor, the platform promises support for state right-to-work (anti-union) laws, and to destroy the Davis-Bacon Act and other laws which ensure union-level wages in government-funded projects.

In certain respects, the most radical plank of the platform is its attack on judicial review. This revives the battle that raged in the early 19th century, when the proponents of sectionalism and slavery refused to accept the right of the Supreme Court to invalidate laws and actions which violate the U.S. Constitution. Nothing is more fundamental to the existence of the United States as a constitutional republic than the principle of judicial review; without this, the Supreme Court is powerless to enforce the Constitution as the supreme law of the land.

The foreign policy sections correspond precisely to British policy and to British attacks on the Clinton administration. Major emphasis is put on the "Atlantic Alliance" and NATO, shorthand for reestablishing the special relationship with Britain. In that light, the platform's section on Bosnia is particularly hypocritical: It denounces Clinton for subordinating U.S. policy to the UN by not lifting the arms embargo, while never mentioning that the most adamant opponents of lifting the embargo were our British and French NATO allies!

In every area of the world where Clinton has broken with British geopolitics and attempted to pursue an independent policy (the Middle East, Bosnia, Northern Ireland), his administration's policy comes in for attack. He is criticized for not pushing human rights hard enough, but also for using human rights to interfere with trade policy. He is attacked for "interference" in Israel. Of all the British trademarks, the most blatant—straight from the House of Lords—is the accusation that the "Clinton administration has even failed to rally the world against the [nonexistent] slave trade sponsored by the government of Sudan."

If the domestic side of the platform should bear the Confederate flag, the foreign policy side should be flying the Union Jack.

## DNC defends its Jim Crow rule changes

On Aug. 21, the plaintiffs in *LaRouche, et al. v. Fowler, et al.*, filed a notice with the U.S. District Court in Washington, D.C., that they will appeal the Aug. 15 decision by Judge Thomas Penfield Jackson. His ruling denies the 600,000 people who voted in the Democratic primaries for Lyndon LaRouche, the right to have LaRouche delegates seated at the Democratic Convention, which began Aug. 26. LaRouche and his co-plaintiffs, including delegates from the Southern states of Texas, Louisiana, and Virginia, sought relief under the landmark 1965 Voting Rights Act, after Democratic National Committee Chairman Donald Fowler had circulated letters to the state parties in January and April, unilaterally ordering that “Mr. Larouche [sic] is not to be considered a qualified candidate for nomination of the Democratic Party for President.” The determination not to seat duly elected LaRouche delegates was made under a change in party rules, known as Rule 11(K). According to the Voting Rights Act, such rule changes had to be submitted to the U.S. Attorney General and “precleared,” precisely because states and state parties with Confederate pretensions would make such “Jim Crow” rule changes to discriminate against African-American voters, and then cover their deeds by claiming “First Amendment rights” as private clubs.

“Fowler’s attorneys made a racist appeal to the judge, claiming that the DNC did not have to have their decisions precleared for possible racial bias, and the judge went with it,” a LaRouche spokesman said. “President Clinton should fire Fowler, or the word will go out that the Democratic Party leadership is in bed with a bunch of racists.”

Below we excerpt from the Aug. 15 hearing transcript. Arguing for the defendant DNC, was Jack Keeney, Jr.; and, for the plaintiffs, LaRouche’s personal attorney Odin Anderson, and civil rights veterans James Wilson of Alabama and Theo Mitchell of South Carolina.

### DNC lawyer: Nobody here, but us white folk

**Keeney:** We believe there are two legal points. . . .

Number one, the DNC and its chair are not, quote “covered jurisdictions,” end quote, within the meaning of Section 5 of the Voting Rights Act and, therefore, they are not required to preclear any of their actions under Section 5 of the Voting Rights Act.

Our second point, which is equally established by Supreme Court authority, is this internal party dispute about who gets to be a delegate in ten days to the Democratic National Convention in Chicago, and which of the delegate party selection rules of the Democratic Party are to be applied, are both nonjusticiable as political questions.

We think the law is clear [that] such political questions are protected by the First Amendment right, freedom of association of the Democratic Party to, quote, “define and limit its members as stated by the Supreme Court in *LaFollete*. . . .”

**Judge:** [addressing plaintiffs’ attorney]: Suppose Rule 11(K) said, “we are only going to recognize white males as Democrats.”

**Anderson:** That is clearly impermissible.

**Judge:** Would it have to be precleared, whether it’s permissible under some other rubric or not? . . .

**Anderson:** . . . Nowhere is the National Democratic Party excluded from that categorization of party. Party is general. It could be state parties. It could be national party. That is the language.

In fact, if the Democratic National Committee is not required to preclear, any state—particularly any state within a covered jurisdiction—we have here two, Virginia and Louisiana—that adopts, without preclearance, those rule changes that affect voting, are unlawful, are void and *ab initio* must be struck down and cannot be implemented. . . .

**Wilson:** I would like to say that when we look at it from the party plaintiffs’ standpoint, we can raise a lot of issues about preclearance. And I think the court would have jurisdiction to hear those claims, but they are so intertwined here, if the court is going to declare that Mr. LaRouche is not a candidate, then that leaves the party plaintiffs sort of left out there in the cold. They have voted in good faith, based on representation made by the state parties. They voted for candidates, and now they are going to be stripped of those.

**Judge:** I suppose the answer that you get from the other side of the courtroom is that you ought to start your own party.

**Wilson:** . . . The party plaintiffs find themselves out in the cold now. They have in good faith exercised their rights under the Constitution to vote for a candidate that they thought was a lawful candidate. We’re now before the court, and there is a question about whether he is a lawful candidate or not. . . .

**Judge:** Actually, they cast those votes after he was convicted and had lost his civil right to vote.

**Wilson:** I understand that, Judge. I understand that, but in the state of Louisiana and in the state of Virginia, they listed his name as a legitimate candidate for President. They offered him, through the party structure, as a legitimate candidate for President. And they are left out in the cold with no recourse. They have exercised a vote that is going



*Grace Littlejohn, a Washington, D.C. Democrat, who was denied the right to run as a LaRouche delegate in the District. She is now a co-plaintiff in LaRouche's suit against the DNC and its chairman Donald Fowler.*

to be nullified. And in some of those jurisdictions, they met the initial threshold of fifteen percent to have delegates to elect him. And the state parties came in after the fact, and, in effect, what they did is nullified their right to vote. . . . What in effect does the voter do at this point? He has cast his vote legitimately for the candidate that he thought was a lawfully a candidate by the state and national party. Now he is out in the cold. . . .

**Judge:** . . . That's right, but the issue here is whether the DNC and Mr. Fowler are covered jurisdictions, because all of the state parties can beseech as much as they wish to have Mr. LaRouche's delegate seated. Unless that is acceded to by the DNC and Mr. Fowler, they are wasting their breath.

**Wilson:** Well, that is precisely my point. The whole incident started with Mr. Fowler's letter. And, as result of Mr. Fowler's letter, there have been a lot of people out there who have cast votes, who won't be counted, who will not have representation at the Democratic Party convention, whose vote at this point is not going to be counted under any circumstances. . . .

**Mitchell:** Your Honor, I certainly couldn't go back to South Carolina without having at least a say on one particular point which His Honor raised. You raised the question—you asked, sir, if this had been changed to have membership as an all-white membership, whether or not it would run into some problem with the Voting Rights Act.

I certainly feel that notwithstanding that, it would, but it basically is similar conduct by Mr. Fowler and a deliberate design to harm Mr. LaRouche.

The Virginia Party precleared its rules, but it did not preclear the rules with 11(K) appended to it. If the states accept the letter, as they did, from Mr. Fowler, and utilize it as state party rules by incorporating Rule 11(k), then it exercised conduct from an idiot in Washington, D.C., one man who had dictatorial authority to be able to change the rules of the game against the Democratic Party rules, which state, in essence, "participation shall be open to all voters who wished to participate as Democrats." And as my colleagues have argued to his honor, 600,000 or so people exercised their rights to be Democrats in the past elections, notwithstanding the fact that this letter has designed—mean-spiritedness on behalf of Mr. Fowler to hurt Mr. LaRouche. It was personally designed and pulled out for that particular purpose. . . .

**Judge:** It was certainly directed at Mr. LaRouche. There is no question about that.

**Mitchell:** Yes, sir. The delegates who actually cast their ballots on behalf of the Democratic Party primary for him certainly are suffering irreparable harm, because going by the rules of the party, they have a right to participate in the Democratic process and in the Democratic Party. But to have the burden of sending back to Washington, D.C. and asking Mr. Fowler's consent to have Mr. LaRouche considered as a delegate is like a fox watching the hen house. The man who had already done damage to him certainly had no intentions—or his party or his committee—on remedying this conduct.

So, Your Honor, I would say that any time something comes out of Washington that has the impact or the effect of discriminating and denying, without hearing, without a forum to have the matter brought up for review, and has literally the force of law, I believe, certainly should be covered.

I believe Congress intended and contemplated this kind of mischief whenever it passed the Voting Rights Act and its amendments, because we have to be contemporary with the conduct of people.

From 1982 up to now, obviously, there have been changes in attitudes and administrations and leadership in both parties, but certainly in the Democratic Party, it has seemingly been a personal vendetta of one man against another man to the prejudice of tens of thousands or hundreds of thousands of people.

# Pennsylvania schools fleeced in latest derivatives scam

by John Hoefle

You'd think by now, with more than \$3.2 billion in derivatives losses wracked up by state and local governments since 1992, the high-profile bankruptcy of Orange County, California, and hundreds of well-publicized horror stories, that no local government would be foolish enough to gamble on these dangerous instruments. But some people never seem to learn, including a number of officials of school districts in Pennsylvania.

The Pennsylvania school district fiasco came to light on Aug. 13, when Pennsylvania Auditor General Barbara Hafer held a press conference in Harrisburg, to announce that her office had discovered that a number of school districts in the state had bought mortgage-backed derivatives from First Empire Securities, Inc. of Hauppauge, New York. "Our investigation has identified at least 18 school districts in 13 counties, plus a vo-tech [vocational-technical] school, that have invested more than \$59 million in complex mortgage-related securities—often without understanding the risk," Hafer said. The next day, another district was added to her list.

The worst loss was at Bethel Park School District, in a Pittsburgh suburb. The Bethel Park district lost \$2 million of the \$18 million it had invested with First Empire. Other school districts which lost money on mortgage-backed derivatives included the Greater Johnstown Area School District, which lost \$144,643 of the \$3.9 million it invested; the Moon Area School District, which lost \$20,000 of an \$8 million investment; and the New Brighton School District, which lost \$90,000. The Admiral Peary Vo-Tech managed to turn a profit of \$5,648 on the \$4.9 million it invested, compared to the \$400,000 it would have earned had it deposited the money in a savings account earning 4% interest, according to Hafer.

The same day, Bethel Park School District filed a federal lawsuit against First Empire, asserting that the securities firm had violated its agreement with the district by selling it unsuitable and unsafe CMO (collateralized mortgage obligations) and REMIC (real estate mortgage investment conduits) derivatives. In addition, Bethel Park charged that First Empire had violated U.S. securities laws, had engaged in churning its account to run up unwarranted transaction fees, and had vio-

lated the Racketeer Influenced and Corrupt Organizations Act (RICO).

## Stay out of the casino

Whether First Empire is guilty of these charges remains to be seen, but what is clear is that the school districts should never have bought these instruments, no matter what First Empire promised.

Bethel Park's complaint is reminiscent of the old story about the man who goes into the casino, loses his shirt, then complains that the games are rigged. Maybe he was cheated, and maybe not, but it wouldn't have been an issue had he had the sense to stay out of the casino. Even if some of the school districts made money on their derivatives bets, they're in the wrong: Public money has no place in the derivatives casino. Morally, it's the being there that counts, not whether you win or lose.

Derivatives are a suckers' game, designed to separate the mickeys from their money. Over the past several years, the so-called "smart money," the *fondi* of the Club of the Isles international financial oligarchy, has been quietly slipping out of the paper markets and into commodities, such as precious metals, strategic minerals, food and energy supplies. At the same time, to cover their exodus, the Club has engaged in a concerted effort to lure public money into the paper markets. When the global financial system collapses, the Club will control the commodities, and the public will be left holding worthless paper.

## Remember Kidder Peabody

The dangers of mortgage-backed derivatives should have been made clear to all with the 1994 collapse of Kidder Peabody, one of Wall Street's blue-blood investment banks and the market leader in the CMO market. CMOs (and the similar REMICS) are a type of mortgage derivative, created by bundling together pools of mortgages, then stripping off and selling various interest-rate and principal components, backed by the revenue stream from the original mortgages. CMOs are especially vulnerable to large-scale home refinancings, in which the loans in the CMO bundle are paid off early, significantly reducing the value of the CMO.

In February 1994, the Federal Reserve, after five years of steadily lowering interest rates to bail out the bankrupt U.S. banking system, began raising rates in an attempt to dry out the derivatives bubble. The interest-rate hike prompted mortgage-holders across the country, to refinance their mortgages, triggering a collapse in the values of CMOs. In domino fashion, the CMO crash bankrupted the \$600 million Granite hedge funds run by Michael Askin, then Kidder Peabody itself; other banks and funds also suffered huge losses.

If the derivatives market is not safe for Kidder Peabody, it's certainly not safe for school districts and vocational schools. Government funds do not belong in the casino, and such investments should be outlawed.

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## Book Reviews

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# Justice served, at last

by Katherine Notley

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### Defending “Ivan the Terrible”: The Conspiracy to Convict John Demjanjuk

by Yoram Sheftel

Regnery Publishing, Washington, D.C., 1996  
445 pages, hardbound, \$27.50

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There are two major facets of this book, written by John Demjanjuk's Israeli defense attorney: First, and most prominent in Sheftel's book itself, is the corruption within the Israeli justice system that led it to conduct a show-trial with the sole purpose of convicting Demjanjuk as the Nazi war criminal “Ivan the Terrible.” Second, but more important, is that the book reveals the depravity deep within the U.S. Justice Department permanent bureaucracy, in which a U.S. citizen, known to be innocent, was accused of being Ivan the Terrible, stripped of his citizenship and extradited to Israel to stand trial, on the only charges for which Israel invokes the death penalty: Nazi crimes of genocide.

*EIR* has consistently exposed this Justice Department permanent bureaucracy, since it was given a sort of formal existence with the creation of the “Nazi-hunting” agency, the Office of Special Investigations (OSI), going back to its beginnings in 1978. As later described by Lyndon LaRouche, during Independent Hearings to Investigate the Misconduct of the U.S. Department of Justice over Aug. 31-Sept. 1, 1995 (at which Sheftel presented rivetting testimony on the Demjanjuk case), this permanent bureaucracy acted as a mobile political hit-squad, beyond any law-enforcement mission of the department or particular political appointees, to take out of action or neutralize opponents of the hit-squad's employers. It was, of course, this permanent bureaucracy, in lockstep with the OSI's collaborators in the Anti-Defamation League of B'nai B'rith, that was tasked to take LaRouche “out of action” by jailing him.

### The OSI's geopolitical mission

In the case of the OSI, it was established under the patronage of Henry Kissinger in the late 1970s, as part of his geopolitical “condominium” with the Soviet regime. Under the arrangements between the OSI and the Soviet Procurator

General's office, evidence targetting U.S. citizens from eastern Europe as Nazi war criminals, could be accepted into U.S. courts, undisputed. The brazenness with which the OSI collaborated with the KGB—as in the cases of Tschermir Soobzokov and Karl Linnas—were beginning to tarnish its “Nazi-hunting” image: In the former, the OSI shopped out KGB-manufactured evidence to the *New York Times*, which pilloried Soobzokov, who was able to prove his innocence in a suit against the *Times*. Notwithstanding, Soobzokov was subjected to Jewish Defense League demonstrations outside his Paterson, New Jersey home, and shortly thereafter was killed when a pipe-bomb exploded on his front porch. Linnas was accused by the Soviets of committing war crimes in his homeland, Estonia. Nonetheless, the OSI had him deported to the Soviet Union, in spite of the fact that the United States had never recognized Soviet rule over the Baltic states (a.k.a. “the captive nations”). Linnas, who had consistently claimed his innocence, conveniently died in a Soviet prison, before trial.<sup>1</sup>

Hence, the OSI turned to Israel, a U.S. ally, offering it a “really big Nazi” to try, in the effort to bolster the OSI's flagging credibility: With the usual contribution of forged documents from the Soviet KGB, the OSI sought to have retired Cleveland auto worker John Demjanjuk denaturalized and deported to Israel to stand trial as “Ivan the Terrible.” This “Ivan the Terrible” was a Ukrainian who relished his job running the diesel motor that pumped gas into the gas chambers at Treblinka, where some 870,000 Jews died.

### Yoram Sheftel's odyssey

This is the terrain onto which Yoram Sheftel, an Israeli criminal defense attorney, stepped, when he offered to Demjanjuk's American defense team to be his Israeli attorney. He did not know at the time, how profoundly the trial of John Demjanjuk for the crimes of “Ivan the Terrible” was, as he writes in the preface to the American edition, “first and foremost, an American story, a story of a travesty of justice on an almost unprecedented scale.”

Sheftel became interested in the Demjanjuk case in 1986: From press reports alone, he became convinced that the Israeli court intended to conduct a show-trial (of course, ending in conviction and hanging), of this, the only other Nazi war crimes trial since that of Adolf Eichmann. His suspicions of the evidence against Demjanjuk centered on two features: the photo ID spread in which Treblinka survivor Elihu Rosenberg had identified Demjanjuk as Ivan the Terrible; and the famous “Travnik document,” an SS identity card bearing the photo

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1. Two other cases also had far-ranging strategic and international significance: those of German-American rocket scientist Arthur Rudolph and Austrian President Kurt Waldheim. *EIR* has extensively covered the Rudolph travesty. On the Waldheim case, Dr. Hans Koechler of the International Progress Organization testified before the Independent Hearings on the lying duplicity of the OSI.



*John Demjanjuk shakes hands with his Israeli guards at the Supreme Court on July 29, 1993, the day he was acquitted, after a 16-year ordeal, including seven years in prison.*

and signature of Ivan Demjanjuk, which had been discovered by the Soviets and kept by them, from both the U.S. and Israeli authorities.

The questionable court evidence aside, Sheftel was convinced that the Demjanjuk case would be a show-trial by the fact that the court had rented a theater in which to conduct the trial and that it was televised live. It hardly bespeaks the impartiality of the three-judge panel (there are no jury trials in Israel), whose interest would lie in having sent Ivan the Terrible to a deserving death. Only well into the trial itself, did Sheftel discover that the judges had also retained a news-clipping service, and perused the news coverage in chambers daily—the U.S. equivalent of having the jury reach a verdict based on TV news reports.

But Sheftel's central focus was to discredit the contradictory testimony surrounding the photo spread identification of Demjanjuk as Ivan the Terrible, and the Travniki document. It was these two key pieces of evidence that led Sheftel, via Poland and the Soviet Union, back to the doorstep of the Office of Special Investigations. In 1976, the OSI had sent the photo spread of eight men, six poor-quality photos of the same size, and two, very clear and much larger photos of John Demjanjuk and Fyodor Federenko (the latter deported to the Soviet Union and hanged in 1986), to Israeli authorities, with the request that they show the spread to survivors of the Sobibor concentration camp. None of the ten Israeli survivors could identify any of the men. Yet, Treblinka survivor Elihu Rosenberg tentatively identified the 1951 photo of Demjanjuk as Ivan the Terrible. In 1981, at Demjanjuk's denaturalization trial in Cleveland, Rosenberg made his identification positive.

But, in 1978, Rosenberg had failed to identify any of the same photos as Ukrainian guards from Treblinka.

The tale of the so-called Travniki document is even more fascinating. Travniki was an SS training camp for Ukrainians, many of whom openly joined the Nazis. Demjanjuk had not been at Travniki: He had been a prisoner of war who was recruited into a Ukrainian division under SS command to fight the Soviets—the well-known Vlasov's army.

Demjanjuk's photo and signature on the Travniki document were damning enough: The problem was, that, at the time that Ivan the Terrible was at Treblinka, the bearer of the Travniki document (presumably Ivan Demjanjuk) was some 60 miles away. Ultimately, as part of his defense, Sheftel brought in expert testimony proving the document to be a KGB forgery, that Demjanjuk's signature had been forged, and his photo affixed after the war.

As expected, Demjanjuk was convicted and sentenced to death in April 1988.

### **The Supreme Court appeal**

The appellate process in Israel, in contrast to the United States, hears the facts of the case and can accept new evidence. All things being equal, Sheftel would have had to prove no more than that the lower court had blatantly ignored all the evidence toward "reasonable doubt," that John Demjanjuk was Ivan the Terrible. Sheftel knew that proving "reasonable doubt," would not be enough: He would have to find the real Ivan the Terrible. Ultimately he found that the trail led back to the United States, where the Office of Special Investigations not only had the proof that one Ivan Marchenko was the

sadistic gas chamber diesel motor operator, but that the OSI, in order to evade detection, had been throwing the incriminating files into a dumpster belonging to a McDonald's restaurant across the street from their offices!

In the meantime, the appeal went through a series of lengthy delays, not least after Sheftel's co-counsel for the appeal, Dov Eitan, committed suicide, and Sheftel was nearly blinded when an assailant threw acid in his face as he was leaving Eitan's funeral. But as the delays piled up, more and more evidence came into the defense's hands, from authorities in Poland and the Soviet Union—then undergoing the upheavals that ended in the collapse of communism—proving that Ivan Marchenko was Ivan the Terrible. Back in the United States, Demjanjuk's family, sifting through the files the OSI had thrown into a McDonald's dumpster, found a reference to a telegram from the U.S. embassy in Moscow to the State Department, regarding testimony about Fyodor Federenko's activities at Treblinka. When the full cable came to light as a result of Freedom of Information Action (FOIA) requests by Rep. James Traficant (D-Ohio) to the State Department, it revealed that, in August 1978, the Office of Special Investigations had over 100 pages worth of testimony from Treblinka guards identifying Nikolai Shelaiev and Ivan Marchenko as the gas chamber operators.

One guard, Sergej Vasilenko, had identified "Marchenko Ivan, the operator of the motor of the gas chambers in Treblinka camp. The Jews in the work crews called him Ivan the Terrible. He was noted for his cruelty to the people, during the process of their extermination. He beat them with obvious enjoyment, with whatever came to his hand, however he wanted."

### OSI's 'fraud on the court'

This is just a glimpse of the mountain of evidence that Sheftel presented to the Supreme Court, not only that his client was not Ivan the Terrible and that Ivan Marchenko was, but that the U.S. Justice Department had that proof in its possession *before* it had begun denaturalization proceedings against Demjanjuk, and in full knowledge that should Demjanjuk be extradited to Israel to stand trial, that he would receive the death sentence. The U.S. Sixth Circuit Court of Appeals, increasingly concerned that it had upheld the extradition and denaturalization of a man whom the prosecution knew to be innocent, appointed a Special Master, Judge Thomas Wiseman, whose judgment on June 28, 1993 read: "The statements of former Treblinka guards and laborers recently obtained from the Soviet Union constitute an harmonious chorus which inculpate a man named Ivan Marchenko as the Ivan who worked at the gas chambers, and thus exculpate Mr. Demjanjuk from those specific crimes," and that, from 1978 on, the Department of Justice possessed this evidence.

On July 29, 1993, the Israeli Supreme Court handed down its 400-page decision: "We acquit the appellant by reason of doubt of all the charges in the charge sheet, which involve his identification and his activity in the Treblinka extermination

camp, as the man known in the camp as a guard called Ivan the Terrible. . . . For the reasons set out in the judgment, we did not find it appropriate to convict the appellant of any other charge at this point in the matter."

Although the court had no other choice but to acquit, it had done so while rubberstamping not only the highly questionable identification procedures carried out in Israel, but also, more importantly, the open collusion between the OSI and the Israeli prosecution to knowingly convict and execute an innocent man. Demjanjuk, who had been in an Israeli prison for seven years, continued to sit on death row, while the prosecution fished desperately for an excuse to try him as another guard from another camp, bolting through the door left open by the Supreme Court acquittal. The impasse was only broken on Aug. 3, 1993, when the Sixth Circuit Court of Appeals in Ohio "decided to allow Demjanjuk to return to the United States, to take part personally in the inquiry into the legality of his extradition," wrote Sheftel. Still it was not until Sept. 22, 1993 that Demjanjuk would return home.

And despite the fact that the Sixth Circuit's Special Master, Judge Wiseman, had excoriated the OSI for withholding exculpatory documents from both the defense and the court itself, saying that "OSI attorneys acted with reckless disregard for the truth," and committed "fraud on the court," the permanent bureaucracy within the U.S. Department of Justice to this day, remains unrepentant, and unpunished.

## DO YOU KNOW

- that the American Revolution was fought *against* British "free trade" economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

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Edited by Nancy Spannaus and Christopher White

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# National News

## America's bridges are falling down, says AAA

One-third of the bridges in the United States are nearly in ruins, the American Automobile Association (AAA) reported Aug. 12. Many of America's 574,671 bridges are badly in need of extensive repair; thousands need emergency replacement. According to AAA data, based on statistics provided by the Federal Highway Administration, 107,435 (18.7%) of the nation's bridges are "structurally deficient"; an additional 79,124 (13.8%) are classified as "functionally obsolete." Combined, the bridges listed under these categories comprise 32.5% of the nation's total.

The Federal Highway Administration alone estimates it needs \$53 billion a year just to *maintain* current road and bridge conditions, and \$72 billion a year to make any improvements—a total of \$125 billion. Current Federal spending amounts to \$35 billion a year.

According to AAA, New York has the highest percentage of deficient bridges among the nation's states. Nearly two-thirds of its 17,308 bridges are in dangerous condition. Massachusetts follows with 58%; nearly half the bridges in West Virginia, New Jersey, Missouri, and Pennsylvania fall in the same category. In the District of Columbia, the nation's capital, the figure is 60%.

## James Baker III hails Brits' King George III

In his address to the Republican National Convention Aug. 15, former Secretary of State James Baker III let the cat out of the bag imported from London. Baker's Bush-league attack on President Clinton's foreign policy included the following ravings: "So, when they write the history of Bill Clinton's foreign policy, they are going to call it 'Gullible's Travels.' . . . We have seen a representative of the IRA hosted in the White House just prior to the resumption of terror-

ist bombings in London. The result has been the worst relationship with our closest ally, Britain, since the Boston Tea Party."

Baker recited London's litany of violent disagreements with the President, over Northern Ireland, the Middle East, NATO expansion, "deferring to Moscow," etc. But Clinton's worst foreign policy failures, Baker declared, are in Asia: "Not long after Bill Clinton raised the flag of his hard-line China policy, he hauled it down in surrender. The Chinese learned that his word was meaningless. Then he elected to appease the outlaw regime in North Korea. And *all Asians* learned that he was weak."

The London *Times* of Aug. 16 featured Baker's speech in a front-page story, under the banner headline "U.S. Links with Britain 'Worst since 1773,'" focussing mainly on Baker's attacks on President Clinton's peace initiatives in Ireland. The *Times* reports that Baker's speech "delighted" Northern Ireland's pro-British Unionists, "who welcomed it as a breath of fresh air."

The Irish nationalist organization, Sinn Fein, however, denounced it as cheap propaganda. A statement released in the name of national executive member Pat McGeown declared, "In the search for lasting peace in Ireland, no U.S. President has made a more positive or constructive contribution than President Clinton." James Baker, the statement noted, while serving as secretary of state, had pursued "the failed policy of allowing the British government to dictate U.S. policy in Ireland."

## CFR says United Nations is 'true' friend of U.S.

A task force of the Council on Foreign Relations (CFR), led by speculator George Soros, released a report Aug. 19 claiming that the United Nations "is a true instrument for furthering American Policy"—in the words of Soros himself. "At the same time," Soros continued, "the UN is in crisis, and the effectiveness of the UN as an institution, and as an instrument for furthering American policy, is greatly endangered by that crisis."

Soros, whose "free-market" schemes

looted the former Soviet Union and the East bloc following the fall of Communism, now wants the United States to give the UN a free hand in imposing genocidal policies worldwide. His CFR task force "agreed" that there must be "a change in the attitude of the United States and of the other leading members of the United Nations to the organization, not to impose on it unrealistic assignments, not to engage in a game of passing the blame for deficiencies in national policies." And, of course, there is "the urgent need to pay up the dues, because withholding dues is counterproductive as far as changing, reforming, making the United Nations more effective."

The report concludes that when the United States "knew what it wanted from the United Nations, and took the lead in getting it, the United Nations provided important assistance in advancing American interests in these situations." The British-rigged, genocidal war against Iraq, and UN orchestration of U.S. military intervention in Haiti, are cited as two examples of UN support for "American interests."

The task force included Kissinger flunkey Morton Halperin, a former National Security Council official who advocates expanding the UN's "peacekeeping" operations; and former Secretary of State Cyrus Vance, the "mediator" who was Britain's most faithful ally in perpetuating Serbian butchery in the Balkans.

## Top NASA scientists are rethinking Mars missions

Following its report Aug. 7 of the possibility of ancient life-forms on Mars, the National Aeronautics and Space Administration (NASA) convened a meeting to discuss reorienting future, unmanned missions to that planet. About two dozen scientists and engineers gathered at NASA headquarters Aug. 15-16, to consider how to pursue what President Clinton has said could be "one of the most stunning insights into our universe that science has ever uncovered."

According to the Aug. 19 *Washington Post*, NASA Administrator Dan Goldin's



advice to the scientists was to forget the politics, ignore the aerospace contractors, and concentrate on "what is the right thing to do" for science. He asked them to develop a set of options, ranging from "relaxed" to fast, which would include moving up the timetable for an unmanned mission to return Mars rocks to Earth, from 2005 to 2003. Landing vehicles could also be added to missions planned for 1998 and 2001, to help select a site for robotic recovery of samples from the surface of Mars.

Two NASA spacecraft, previously scheduled for flights to Mars, have already been delivered to Cape Canaveral. The Mars Global Surveyor, to be launched Nov. 6, will orbit the planet to measure its surface and atmosphere, as well as its gravitational and magnetic fields. The Pathfinder spacecraft, carrying a small rover, will lift off Dec. 2, to investigate the geology and elemental composition of Martian rocks and soil.

## Health and welfare cuts mean uninsured children

The number of American children without medical coverage will escalate rapidly, from the impoverishing effects of the recently adopted federal health and welfare bills. A recent report by the U.S. General Accounting Office underscores the growing danger confronting families with children.

About 10 million American children, or 14.2%, are currently uninsured. In 1980, some 74% of American workers had their insurance plans fully paid by their employers; by 1993, that number had dropped to 21%. Employment-based coverage for children has decreased every year since 1987, dropping to its lowest level of 46.3 million in 1994. In that year alone, 1 million children joined the ranks of the uninsured, as their parents lost coverage.

Among poor people generally, health risks will also worsen with further cuts in nutritional standards—as evaluations of the new legislation at the state and local level are documenting nearly every day. According to the Aug. 17 *Houston Chronicle*, Texas's Rio Grande Valley, for example, will be devastated by the welfare "reform" bill. Nearly

one in 12 residents of Hidalgo County, in southern Texas, will lose food stamps next summer. These are *legal* immigrants, 32,793 of them, who will no longer be eligible for federal aid, and for whom there are no jobs paying the wages required to feed a family.

## New Federalist exposes fascist plot in Mississippi

The Aug. 26 *New Federalist*, the weekly newspaper associated with Lyndon LaRouche, unmasked a fascist scheme to establish a private government in Jackson, Mississippi. A private corporation, Capital Center, Inc. (CCI), has been granted extraordinary powers over the city. As of Jan. 1, 1997, CCI will control all public services, and become the sole taxing authority, for an 84-square-block area in downtown Jackson, the capital of Mississippi.

From all indications, the scheme is also a privatized version of the old "urban renewal," "Negro removal" plan of the 1960s, using public funds to clear the way for depopulating the inner cities, and turning them into vast looting grounds for corporate real estate interests.

CCI's board of directors includes representatives of the city's major banks and utility companies, the white-owned *Clarion Ledger* newspaper, and persons with ties to the Sovereignty Commission and the White Citizens Council. CCI's extraordinary powers were approved by a compliant city council, including members who have personally benefitted from CCI's land grab.

CCI first had to win the approval of 70% of the property owners in the targeted district. None of the largely black renters in the district was allowed to vote. Nonetheless, CCI fell short in the first referendum, in November 1995. CCI president Franklin D. Kimbrough then announced that CCI would eliminate all those who voted against the proposal, simply by re-drawing the boundaries of the district. A second, "cleaner" election was held this year on June 28, and CCI won. CCI was then awarded \$125,000 in city funds, without further public discussion, to carry out its plans.

## Briefly

**LAROCHE ENEMY** Richard Mellon Scaife, owner of the Pittsburgh *Tribune-Review*, is disturbed by the campaign to impeach Gov. Tom Ridge. His paper claimed Aug. 18 that LaRouche's mass-distributed pamphlet, "Impeach Governor Ridge for Nazi War Crimes Against Humanity," was a "bizarre" attack on Ridge's eliminating medical assistance for 220,000 Pennsylvanians. Though "most of the text of the pamphlet . . . provides reasonable arguments against Ridge's cuts," the paper concedes, "the rest is nutso."

**DICK MORRIS** has caught the eye of the gnomes of Zurich. The Aug. 17 *Neue Zürcher Zeitung*, in a front-page piece on "the end of the New Deal," says that the "new Clinton was born a year ago, when Dick Morris, the super-pragmatic specialist for ideas for politicians of all camps, designed a war plan . . . to open a new chance for him." In one word, says the daily, the strategy was, "Copy."

**AFL-CIO** President John Sweeney told Virginia union leaders Aug. 16 to "get tougher" with the state's Democratic legislators, for tolerating "the worst labor laws in the nation." Sweeney added, "Labor is passionate about re-electing Bill Clinton and Al Gore, but it is getting tired of carrying the bucket for Virginia Democrats, because every time we pick it up, the bucket is full of mud."

**THE U.S. PRISON** population rose to almost 1.6 million inmates in 1995, a 6.8% increase over 1994—and double the number for 1985. One million were in state prisons, 500,000 in local jails, and 100,000 under federal lock-up in 1995. State prison systems were overloaded by 14% to 25%, and the Federal Bureau of Prisons says its facilities ran at 26% beyond capacity.

**CARGILL'S** grain cartel has posted record profits, despite the lowest level of U.S. corn supplies in 48 years. Cargill's domination of the U.S. corn market also kept its processing plants running this summer, while shortages idled its competitors.

## Editorial

### *The Sword of Damocles*

In the fourth century, B.C., a Greek soldier named Dionysius became the ruler in Syracuse. He was a tyrant, surrounded by flatterers, one of whom was Damocles. Like the kind of Presidential adviser around today—typified by Richard Morris or Donald Fowler—Damocles falsely tried to assure the ruler that happiness awaited him; but he was taught a cruel lesson which has come down to us.

As Damocles was seated at a banquet, preparing to feast, a sword, held by a single hair, was suspended over his head. Ever since, the Sword of Damocles has symbolized the perils attached to such flagrant, self-seeking disregard of truth.

The decision on Aug. 15 by Judge Thomas Penfield Jackson to reject Lyndon LaRouche's suit against Democratic National Committee Chairman Donald Fowler, who has attempted to read LaRouche out of the Democratic Party, is creating circumstances which threaten the President's reelection. On Jan. 5, 1996, Fowler circulated a letter to state party chairmen, slandering LaRouche and telling party officials to "disregard" votes he might receive in the coming Presidential primaries to elect LaRouche delegates to the Democratic Convention. (LaRouche received over 600,000 votes nationwide and won delegates in several states.)

President Clinton is not himself responsible for the decision by a federal court judge, but by failing to speak out against the Fowler letter, and by allowing Richard Morris to take on the role of "kingmaker" in his campaign, he will be held culpable by voters—particularly by black voters.

The U.S. District Court decision against LaRouche essentially nullifies the Voting Rights Act of 1965. That act's passage was arguably the high point of the civil rights movement. Abrogation of this act, coupled with passage of Newt Gingrich's misbegotten welfare bill, are not only the death knell of the New Deal, but will threaten the very existence of the Democratic Party.

African-American voters may not flock to become Republicans because they have been so betrayed, but they will certainly not be motivated to turn out the vote for the Clinton-Gore ticket. Their vote is an important,

if not crucial, factor in the upcoming election. The Sword of Damocles is now hanging over the party.

Comparison of Morris and Fowler to Damocles is a precise and accurate characterization. The problem is that unlike the tyrant Dionysius, President Clinton has not turned against his treacherous advisers, but is instead distancing himself from the honest Democrats to whom he should look for support.

What is at stake here is not just the future of the Democratic Party, but the very soul of the United States and of the world. A fundamental question of natural law is involved.

There has been the grossest miscarriage of justice against Lyndon LaRouche and his associates, five of whom are still imprisoned in Virginia. But the injustice against them, and the latest attack on the achievements of the civil rights movement, could have been foreseen by those familiar with the history of the United States in this century. It was the actions of Justice Hugo Black in the post-World War II period, which sowed the seeds of the present situation. It was Hugo Black, who was praised by every soft-brained liberal, who actually set the legal system in the United States directly on the road to fascism. This began with his promotion of the so-called church-state separation, as a way of denying God and thereby, the moral imperative which must guide any lawful government.

For the United States to deal competently with the world situation, and successfully oppose the oligarchic forces led by the British House of Windsor, it is imperative that the standpoint of natural law be reasserted, against the doctrines of Hugo Black. We must again become a Godly nation, committed to defending the right of all people, those alive today and those unborn.

Only as we defend the hard-won gains of the civil rights movement; only as we reassert the rights of all Americans—even the jobless, even immigrants—to provide a home and sustenance for their families; only as we exonerate LaRouche and his associates; only then, will the Sword of Damocles be lifted. Yes, it hangs over the Democratic Party, but it hangs over you as well!

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Fridays - evening
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3 p.m., 11 p.m., 7 a.m.
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Mondays - 8 p.m.
- ST. PAUL (NE Suburbs)  
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## MISSOURI

- ST. LOUIS - Ch. 22  
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- STATEWIDE - CTN  
(starting Sept. 8)  
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## NEW YORK

- ALBANY - Ch. 18  
Tuesdays - 5 p.m.
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- BROOKHAVEN (E. Suffolk)  
TCI - Ch. 1 or Ch. 99  
Wednesdays - 5 p.m.
- BROOKLYN  
Cablevision (BCAT) - Ch. 67  
Time-Warner B/Q - Ch. 34  
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- BUFFALO - BCAM Ch. 18  
Tuesdays - 11 p.m.
- HUDSON VALLEY - Ch. 6  
2nd Sun. monthly - 1:30 p.m.
- ILION - T/W Ch. 10  
Fridays - 3 p.m. & 10 p.m.
- ITHACA - Pegasys - Ch. 57  
Mon. & Weds. - 8:05 p.m.  
Saturdays - 4:35 p.m.
- JOHNSTOWN - Empire Ch. 7  
Tuesdays - 4 p.m.
- MANHATTAN - MNN Ch. 34  
Sun., Sept. 1 & 15 - 9 a.m.
- MONTVALE/MAHWAH - Ch. 14  
Wednesdays - 5:30 p.m.
- NASSAU - Ch. 25  
Last Fri., monthly - 4:00 p.m.
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Rockland County Ch. 26  
1st & 3rd Sundays - 4 p.m.
- POUGHKEEPSIE - Ch. 28  
1st & 2nd Fridays - 4 p.m.
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Peconic Bay TV - Ch. 27  
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Fridays - 4 p.m.
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Saturdays - 9 p.m.

- UTICA - Harron Ch. 3  
Thursdays - 6:30 p.m.
- WEBSTER - GRC Ch. 12  
Wednesdays - 9:30 p.m.
- YONKERS - Ch. 37  
Fridays - 4 p.m.
- YORKTOWN - Ch. 34  
Thursdays - 3 p.m.

## OREGON

- PORTLAND - Access  
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Thursdays - 3 p.m. (Ch. 33)

## TEXAS

- AUSTIN - ACTV Ch. 10 & 16  
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Sun. - 8 p.m.; Thurs. - 9 p.m.
- EL PASO - Paragon Ch. 15  
Thursdays - 10:30 p.m.
- HOUSTON - Access Houston  
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## VIRGINIA

- ARLINGTON - ACT Ch. 33  
Sun. - 1 pm; Mon. - 6:30 pm  
Tuesdays - 12 Midnight  
Wednesdays - 12 Noon
- CHESTERFIELD COUNTY -  
Comcast - Ch. 6  
Tuesdays - 5 p.m.
- FAIRFAX - FCAC Ch. 10  
Tuesdays - 12 Noon  
Thurs. - 7 pm; Sat. - 10 am
- LOUDOUN COUNTY - Ch. 59  
Thurs. - 10:30 a.m.; 12:30 p.m.;  
2:30 p.m.; 4:30 p.m.; 7:30 p.m.;  
10:30 p.m.
- MANASSAS - Jones Ch. 64  
Saturdays - 12 Noon
- RICHMOND - Conti Ch. 38  
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- ROANOKE - Cox Ch. 9  
Wednesdays - 2 p.m.
- YORKTOWN - Conti Ch. 38  
Mondays - 4 p.m.

## WASHINGTON

- KING COUNTY - TCI Ch. 29  
Thursdays - 10:30 a.m.
- SNOHOMISH COUNTY  
Viacom Cable - Ch. 29  
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- SPOKANE - Cox Ch. 25  
Tuesdays - 6 p.m.
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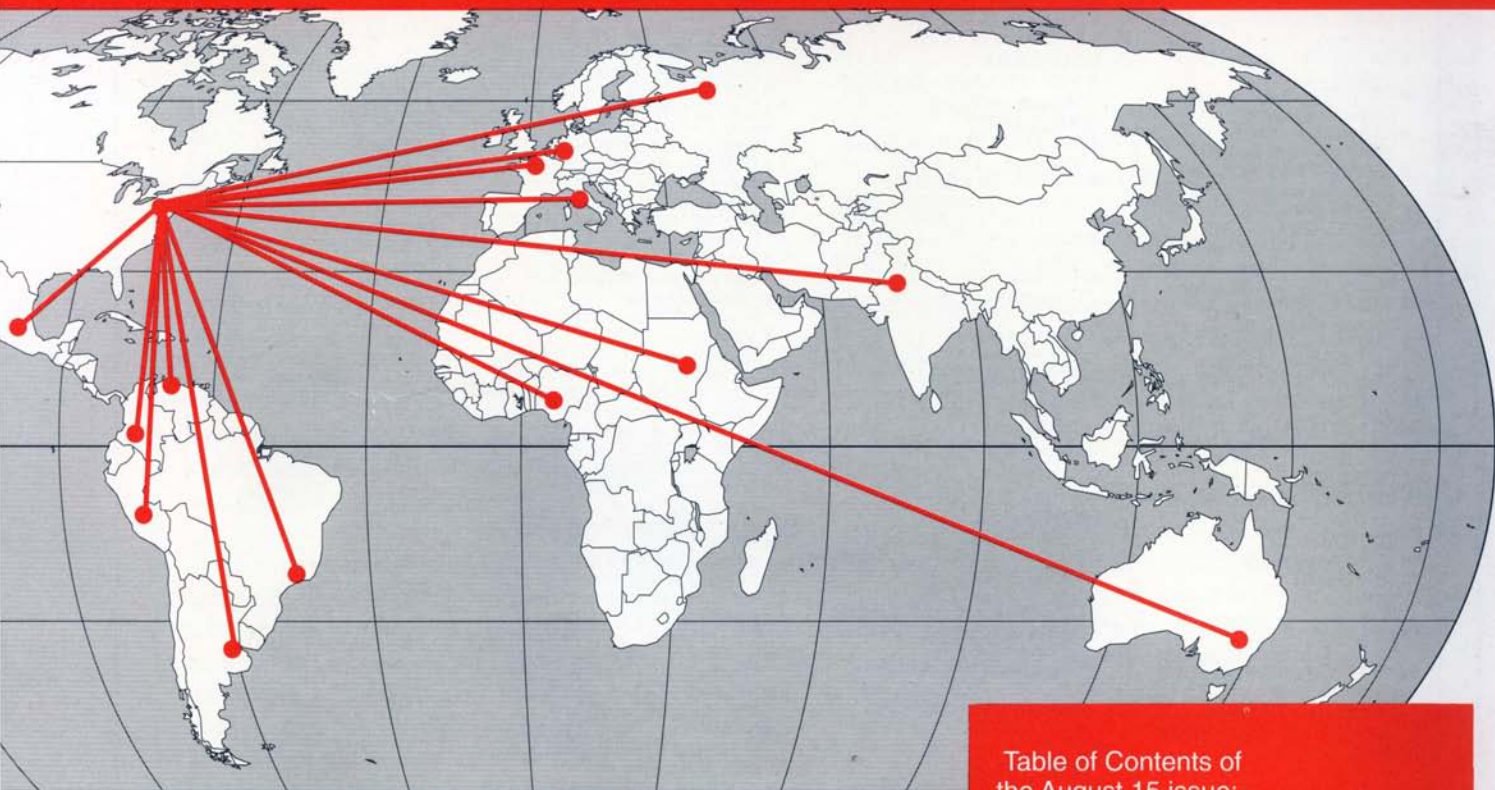
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