

EIR

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March 23, 1994 Mexican presidential candidate Luis Donaldo Colosio is assassinated, plunging the nation into crisis.

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EIR

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In the next 15 months, the task of the political movement associated with Lyndon LaRouche is to mobilize the 80% of the population of the United States that is in mortal danger from the program called "Contract with America," into a mass movement to reverse the nation's economic and social collapse.

This was the theme of the semi-annual conference of the Schiller Institute and International Caucus of Labor Committees, which took place in Reston, Virginia on Feb. 18-19, under the banner "Reason versus the Conservative Revolution."

In this week's issue, you will find some victories for the forces of Reason, including a New York judge's decision to vacate the convictions of three "LaRouche" defendants on phony fraud charges, and the move in Pennsylvania toward constructing a maglev rail system, the transportation technology of the 21st century. While the U.N. one-worlders are gearing up for their latest summit extravaganza in Copenhagen on March 11, with plans to usher in a global malthusian empire, the good news is that significant resistance to these plans has emerged in the past year, and the victory of the "global governance" crowd is by no means assured (see *Feature*).

In Russia, while the effects of the International Monetary Fund's shock therapy program are assuming truly disastrous proportions (see *Economics*), Lyndon LaRouche's policy alternatives are achieving wide circulation. The presentation published here was part of a panel at the Schiller-ICLC conference on economic policy, along with the speech by Carlos González, private secretary to former Argentine President Arturo Frondizi (p. 44). These two speeches were a complement to presentations on Ibero-America and the financial derivatives bubble, which we will publish in next week's issue.

The fight against the Conservative Revolution is documented in the *National* section, plus see *International* for a contribution from political prisoner Michael Billington, the amazing story of how Alvin Toffler, Milton Friedman, and other figures of the Conservative Revolution penetrated China during the 1980s, using communist leader Zhao Ziyang as their conduit.

Susan Welsh

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Mexico financial package headed toward a blowout

by Richard Freeman

No sooner had the pens been exchanged on Feb. 21 at the signing ceremony, held at the U.S. Treasury building in Washington, for the U.S.-Mexico pact, in which the United States contributed \$20 billion of a \$50 billion worldwide financial stabilization package for Mexico, than the interest rate charged on Mexico's 28-day Treasury bills (called *Cetes*) zoomed from 40% to 59%. Such a rate had not been seen in Mexico since 1988.

The Clinton administration had originally intended the package as an emergency action, following the peso's devaluation on Dec. 20, to halt the bloodletting by stopping the run on the Mexican peso, and buy some time. The idea was for the United States to stand behind a plan to permit Mexico to convert its short-term debt into long-term debt, and gain some breathing room, rather than force it into the grasp of its banker creditors. Capitalizing on Mexico's distress, these creditors were trying to impose their own terms, which would have allowed them, like vultures, to pick Mexico's carcass clean.

House Speaker Newt Gingrich (R-Ga.) and Sen. Phil Gramm's (R-Tex.) Conservative Revolution wrecking crew sabotaged the Clinton plan as presented to Congress. Eventually, after five critical weeks were lost, President Clinton went around Congress and drafted an alternative plan that draws on emergency funds available at the U.S. Treasury. This is the version of the plan signed on Feb. 21. In the meantime, not only did speculators worsen the situation in Mexico, forcing the interest rate on bank paper up to 47% on Feb. 17, but various City of London and Wall Street financiers and/or incompetents around the Clinton administration began to alter a plan that was already problematic and stop-gap. They inserted harsher austerity measures, and prepared to attempt to "financially administer" the crisis, while stubbornly insisting that Mexico is not part of a *systemic world-*

wide financial crisis which can bring down the whole system. This stubborn refusal to admit reality, combined with the harsh conditions in the package, especially the high interest rates, will worsen, rather than improve, Mexico's dire economic situation, and may cause the package to blow out before June.

Ironically, at the very moment that some are attempting to portray Mexico's as an isolated crisis, caused by mismanagement of the country, the truth asserted itself, showing Mexico to be but the leading, aggravated branching point in the worldwide disintegration. As the U.S.-Mexico signing ceremony was under way, major financial crises erupted in every part of the world:

- In France, the government is desperately attempting to hold up its banking system by bailing out *Crédit Lyonnais*, one of the 25 largest banks in the world. Last year, France poured 24 billion francs into bailing out that bank, which suffers problems from real estate speculation and derivatives. This year, latest reports are that France will have to spend an additional FF 38 billion. The total two-year cost is almost \$10 billion.

- The Italian lira had plunged by Feb. 17 to 1,070 to the German *deutschemerk*, a new low. The Banca d'Italia (central bank) intervened frantically.

- In England, in February, Lord Cairns, the CEO of bankrupt S.G. Warburg, resigned. Warburg is banker to the British queen; only three years ago, the leading Euro-bond syndicator in Europe; and English representative of a 500-year-old Venetian-linked family. It is in such bad shape that even Morgan Stanley, a U.S. investment bank, backed away from a planned merger.

- In the United States, on Feb. 17, Speaker of the California Assembly Willie Brown called for bankrupt Orange County to be put into state receivership, in part to provide it

with services that otherwise would be cut. The county filed for bankruptcy on Dec. 6 after its portfolio suffered losses in derivatives now estimated at \$1.69 billion. This is far from the last state or local government loss in derivatives.

The terms of the package

There are three headings to be considered about the Mexico-U.S. package: 1) the credit to be extended to Mexico; 2) the collateral that must be pledged for the loan; and 3) the internal Mexican interest rate and credit expansion terms imposed.

First, under a U.S.-Mexico Framework Agreement, the United States will make \$20 billion in funds available from the U.S. Treasury's Exchange Stabilization Fund. Mexico can draw these funds either in the form of swap agreements or loan guarantees. The United States will extend such loan (swap agreements) or loan guarantees on the following schedule: \$3 billion immediately, another \$7 billion between now and July (if needed), and beginning in July, another \$10 billion, which would be provided in stages.

The International Monetary Fund has approved up to \$17.8 billion in stand-by, medium-term assistance, and the Group of 10 countries another \$10 billion, which would be managed through the Bank for International Settlements.

The interest rate on borrowing on any part of the U.S. package is 2.25 to 3.75 percentage points above the interest charged on the 91-day U.S. Treasury rate.

Second, the Zedillo government of Mexico has agreed that from now on, all Mexican oil revenues—not just the percentage equivalent to credit lines drawn down by the Mexican central bank—will go directly into the U.S. Federal Reserve Bank, whether or not there has been a default on Mexico's obligations to the U.S. Treasury. The Feb. 21 *New York Times* acknowledged that "the United States would effectively control the flow of billions of dollars that Mexico earns every year from the export of its oil, starting in the next few months." The paper suggested that these new conditions "pose enormous political problems for President Ernesto Zedillo," who now must sell these conditionalities to the Mexican people.

Prescription for failure

It is the third point, the terms imposed on Mexico's productive economy, especially on its internal credit system—in an attempt to "micro-manage" the economy—that has the greatest blowup potential.

There are two parts to this third point. According to the U.S. Treasury Department's "Summary of Economic Policy Actions," the "Bank of Mexico . . . reiterates that it will maintain an upper limit for net domestic credit expansion of 10 billion Mexican pesos for all of 1995." At the current exchange rate of 5.5 pesos to the dollar, this is \$1.8 billion. Under normal conditions, Mexico would extend that much credit to its economy every two months; now it must limit credit expansion to that amount for the year. That will bring

industry to a screeching halt.

Worse, according to the U.S. Treasury, the agreement stipulates that Mexico "guarantee . . . substantially positive real interest rates." A positive real interest rate means above the rate of inflation—i.e., if inflation runs at 40%, then interest rates would have to be substantially higher. In the Mexican credit system, consumer and industrial loans are usually pegged in the range of 5-15% above the rate on Mexican Treasury bills (*Cetes*). So, with the rate on *Cetes* already at 59%, the Mexican economy will function at an interest rate, effectively, of 65-75%. In fact, effective rates on credit cards have in some cases hit the 100% mark. Already, according to the Feb. 22 *New York Times*, "automobile sales dropped by 50% in January, while sales of buses and trucks fell 84%." This was before interest rates shot up.

High interest rates, combined with the parallel limit of \$1.8 billion per year in credit expansion, means that the rate of failures in every sector, from steel to cars, from farms to construction, will intensify. Will that help Mexico fulfill the terms of its agreement? Further, there are austerity side agreements to cut workers' wages.

As the economy shuts down, the banking system, which is on the edge, because of non-payment of loans by the economy (called non-performing loans), will be faced with a record leap in new non-payments by companies that have ceased to function normally. Already, the \$132 billion in Mexican banking system assets, as of September 1994, had non-performing loans which represented 67% of the banking system's combined equity and reserves, which are the funds that a bank puts aside to protect it against collapse. Several banks, including the nation's third and fourth largest, Serfin and Comermex, were already borrowing heavily and are on the brink of failure. Moreover, Mexican banks owe over \$30 billion to foreigners, mostly to American banks. If they default in record numbers, a \$20 billion hole will be punched in the American banking system, blowing it out.

Another slice of the picture, is that if one adds it up, over the course of 1995 Mexico will have to have funds—for which there is no currently identifiable source—to finance or refinance the following: \$22 billion owed by Mexican banks to foreigners; \$15.5 billion owed abroad by other private sector companies; \$22 billion in foreign-held Mexican government *Tesobonos* and other bonds; \$3.4 billion in foreign-held public sector debt; an estimated \$34 billion in foreign holdings of Mexican stocks, which could be liquidated; and another \$11 billion in *Tesobonos* held by Mexican banks, which they could convert into dollars for emergency cash, and which could flee the country. Cumulatively, this could define a borrowing or replacement need of \$108 billion, as against only \$50 billion pledged in total, worldwide, for the Mexico financial support package.

Clearly, the proposal of American economist Lyndon LaRouche to put the U.S. financial system through bankruptcy reorganization as the indispensable first step in global reconstruction, is the way to deal with the systemic crisis.

The time has come to improve the standard of living in the Mideast

Dr. Haddadin is one of two co-chairmen of the Jordan Rift Valley Development Project, an Israeli-Jordanian project for the industrial development of the Jordan River valley. He has long been responsible for water development projects in Jordan, and was the Jordanian water expert in the Madrid talks in the early 1990s between Jordan, Israel, Syria, Egypt, and the Palestinians. He is also a member of the Region Economic Working Group (Redwig), consisting of Israel, Egypt, Jordan, and the PLO, working on plans for developing the region. He was interviewed in Washington by Bill Jones on Jan. 23.

EIR: Could you discuss the meetings you've had in the past few days, in particular the meeting at the State Department which discussed the proposed Middle East development bank.

Haddadin: We started out our visit with those meetings, which were attended by many participants, countries, and world institutions, and we discussed, over two days, the establishment of a regional development bank. The impressive thing about the meetings was the unanimous, single front by the bilateral parties and the regional parties, including Egypt, which was displayed in respect to the establishment of the bank. They were unanimous in supporting the idea, and they all called for its implementation as soon as practical.

There was a dialogue on whether to start a new institution or rely on existing ones, regional organizations, and the World Bank. The European Union requested that a task force be set up to look into other alternatives. But finally, on the second day, the discussions were so focused that they culminated in the establishment of the task force to look into the details of the establishment of the regional development bank. That task force could look into other alternatives as well, but the establishment of the bank was eventually agreed upon.

EIR: The idea of the regional development bank came up at the Casablanca conference, but it seemed to have had a less concrete existence than after the meeting in Washington.

Haddadin: Obviously, there have been a few months of back and forth, and there was more work.

EIR: What is the purpose of the bank?

Haddadin: The bank is to focus on and pay special attention to the region as it now enters the peace after decades of confrontation and years of war. We thought that the regional bank can better do that than can an international institution. Not that international institutions did not do their job, but the region today is unlike other regions of the world. It is to enter, for the first time, an era of regional cooperation. There is much infrastructure needed to be built. There are also jobs to be created, for instance in mineral resources development, and all that takes infrastructure. There is also the role of the private sector that has to be emphasized today and in the future, and this bank can also open itself to private sector financing and commercial lending. Its role is particular to the region, and it would be proper for that purpose.

EIR: Water supply is probably the most fundamental question in the area. There have been a number of proposals regarding a Mediterranean-Dead Sea canal, a Red Sea-Dead Sea canal, and many variations on a theme. What has been decided, and how soon do you think these projects will get into motion?

Haddadin: Officially, on the canal side, the two governments—the government of Jordan and the government of Israel—have agreed to study the canal between the Red Sea, the Gulf of Aqaba, and the Dead Sea, to look at the feasibility of that route. With it also there would be projects studied at the pre-feasibility level and all sectors of development. This is what we came to agree to call the integrated development of the Jordan Rift Valley. In that, we have proposed draft terms of reference for consulting services to study these projects, and we have talked those over with the Israelis. After three days of joint review of the document that we prepared, we came up with a final draft. Then we invited the World Bank to come in and play a role in the project.

Today, and as a result of this visit to Washington, we succeeded to jointly select a firm to write tender documents for consulting services, to do data collection, and to gather all the information that is around for review by consultants who will come in to study the feasibility of the Med-Dead canal and the other projects associated with the integrated development of the Jordan Rift Valley. This company will be engaged this week. The job will be finished by July. After July, we'll have competition among consulting firms to come

As a result of this visit to Washington, we succeeded to jointly select a firm to study the feasibility of the Med-Dead canal and the other projects associated with the integrated development of the Jordan Rift Valley.

in and provide the services that we are after, and hopefully, before this year is over, we will have consultants on board to study the feasibility of this canal, and to study the pre-feasibility of many other projects in the Rift Valley. If the project is attractive and feasible from technical, environmental, economic, and social aspects of project evaluation, then, obviously, we have to look for funds to have it built. If it is a "no go," then nobody would want to write anything.

EIR: Is the Med-Dead canal something that is being done solely by the Israelis and the Palestinians? Is it a separate project?

Haddadin: Officially, as I said, the government of Israel and the government of Jordan are heading toward studying the feasibility of the Red-Dead canal. This is not a commitment to have it built. We have to find out whether this project makes sense or not.

As far as the Med-Dead canal, I recognize that this was mentioned in the Oslo Declaration; like other aspects of the Oslo Declaration, Jordan was brought in without being consulted. They said they wanted to make a project between the Mediterranean in Gaza and the Dead Sea. But the Dead Sea, half of it, belongs to Jordan. One-quarter belongs to Israel, and the other quarter belongs to the Palestinians. We are not against a project that makes sense, a project that brings about the best benefits regardless of whom it benefits. If it brings benefits to the Israelis or the Palestinians or us, it will be judged on its own merits, as though there were no boundaries. We look primarily also at the environmental impact of such a project, and see how that would rank.

In Israel, I know, there are parties, I'm not saying in the government, but there are private parties, private companies, studying such grand schemes between the Mediterranean and the Dead Sea. One canal was mentioned in Oslo, and the other proposal is a canal from Haifa through Israel, through the Jordan Valley, and then on to the Dead Sea—we have different routes. But at this time, no funds have been allocated to study the proposal we came up with.

Why is there no commitment to have it built? This step is needed to define a position on the project. Does it fly, or doesn't it? And that is how we will decide whether a project is there for implementation or we forget about it: its feasibility for all aspects—social, economic, technical, financial, environmental.

EIR: At a speech that you gave at the Washington Institute

a week ago, you talked about the power generation that would result from these water projects. During the 1950s, there was discussion of nuclear desalination to create fresh water. Do you see this as an alternative or has that been excluded from the discussion?

Haddadin: The concern over nuclear power being used for desalination, or for any other matter in the region, is the proper control of the technology. Because people who invented the technology proved, at times, to be unable to have it properly controlled. We know that there is technology research on developing units that are much smaller than those in the 1980s, and we reckon that by the beginning of the century there will be units that will generate something like 500 megawatts of nuclear power that can be properly controlled, a higher degree of assurance that accidents like the ones we heard of are very, very unlikely to happen. That's when we will be able to begin to look into it.

The other factor that we have to look at in terms of control of the nuclear fission technology, is the fact that the Jordan Rift Valley, where the projects are meant to be built, is a seismically active region. The tectonic activities of that great rift are known, and there is a likelihood of earthquakes. If it's likely for earthquakes to happen, then the code or the book of nuclear technologies says, do not build a nuclear power plant in this seismically active zone. This does not mean that you can't build them elsewhere off the rift.

The canal, as we think of it today, would be used to desalinate water and to generate power. The power that's generated would be needed to pump the water up to the urban areas to supply them with drinking water and to feed the network that also has to drive the pumps that would take the water up from the Red Sea and on toward the Dead Sea. A lift is envisaged of something like 200 meters from the Red Sea at Aqaba to the divide, toward the highest point in Arava, from where the flow would be by gravity all the way down to the Dead Sea. The difference in elevation would be over 400 meters, over 1,200 feet, and that static-head difference would be used both to desalinate water by reverse osmosis and to generate power. On the way, there would be reservoirs to store water, to store energy, and they can be used to develop agriculture and tourism in that arid region. This, as I said, all depends on the feasibility of the project.

EIR: There has been much concern about the situation of the Palestinians. There was a discussion the other day about the Rift Valley Development Authority which you co-chair.

Jordan proposed that the Palestinians be brought into that, but at this point the Israelis have not agreed to that. How do you see bringing the Palestinians into such a collaboration?

Haddadin: It is a matter that has to be unanimously agreed to. We recognize, and so do the Israelis, that the Palestinians are riparians in the Jordan Rift Valley. They are riparians to the Red Sea; they are riparians to the Jordan River system and, as such, they should be members of the steering committee that is handling this project. The answer is that, when the final status is determined, then. . . .

The answer we heard from the Israelis is that there is no doubt that they will join. The question is, how and when? Which to us translates into, what would happen in the final status? What kind of territory would be under Israeli, or Palestinian, physical control? What kind of sovereignty is going to be exercised over resources and the like, because decisions that are made in the development of the Jordan Rift Valley are decisions that touch on sovereignty over resources, be it land, water, and other natural resources.

EIR: In the context of the discussions going on, there has been reconsideration of the boycott against Iraq. It is my understanding that most of the parties in the area were prepared to lift the boycott to broaden the peace process to the larger region, and it's just a question now at what point the United States will agree to that. The European nations are moving in that direction. Your country has a lot of relations with Iraq. There are water projects in the works. Do you see the Middle East peace process opening the door for re-creating relationships with Iraq?

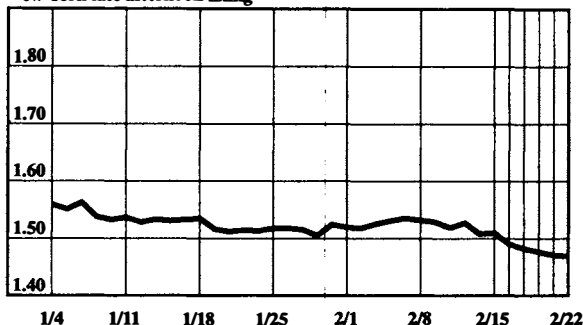
Haddadin: This, I'm afraid, is out of the hands of countries like Jordan. We, our king, tried at the beginning to have these matters and the differences resolved in a pan-Arab round. They tried for that and there was no success. Then it got out of the hands of the regional parties and the Arab countries as such. It became a matter for the United States and members of the U.N. Security Council. We warned against such solutions, and we can see that they are sad. But we look forward to the time when our region can competently pick up the pieces and move toward peace, and this applies not only to Iraq, but to all the countries with turbulence with their neighbors, and domestic turbulence.

My whole lifetime has been spent, and as I was watching what was happening since the early 1940s, there's hardly anything that I can look back on and be happy about. I think there has been lost time, lost resources, lost energy, and we feel that the time has now come for the improvement of the standard of living of people, including the Iraqis and all the other regional parties. If we are to decide, we would definitely look forward to normalization of relations between the countries of the region and between these countries and the world at large. There is no sense in pursuing policies that are so visibly contrary to what human beings would admire, or what history would talk about with pride.

Currency Rates

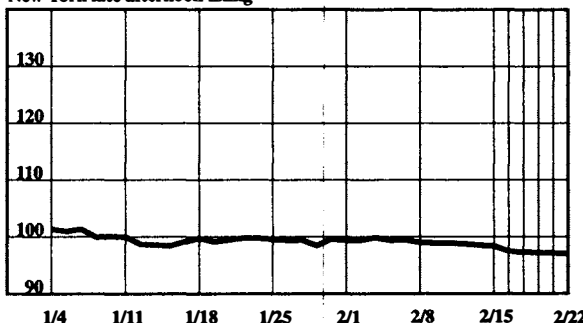
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New York late afternoon fixing



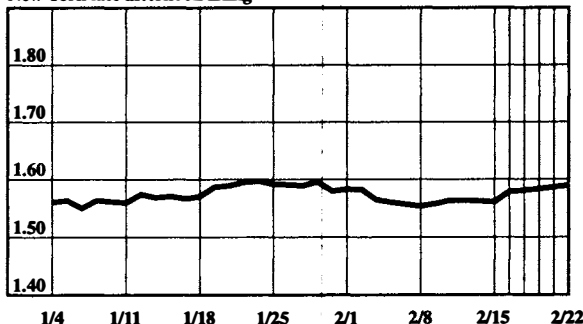
The dollar in yen

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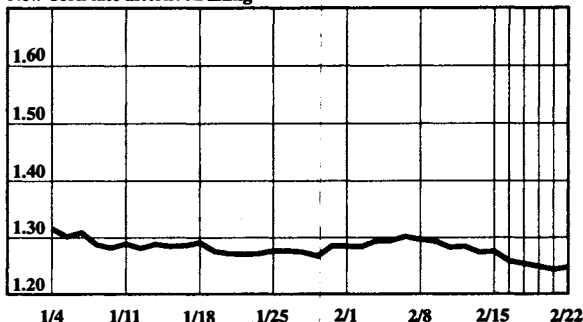
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Maglev rail line from Philadelphia to Pittsburgh pushed in legislature

by Philip Valenti

A bipartisan movement in the Pennsylvania state legislature is moving to reestablish a high-speed rail commission and revive the 1980s plan to construct a magnetically levitated (maglev) train system between Philadelphia and Pittsburgh.

As in the early-19th-century canal, turnpike, and railroad projects, a maglev system across Pennsylvania's Allegheny mountains is designed to connect the U.S. East Coast corridor to the Midwest heartland in a great continental network of high-speed transport, triggering an agro-industrial economic recovery in the process. Proponents also project a revival of the Pennsylvania steel industry, ravaged by the 1980s "post-industrial" and high-interest-rate policies of the Federal Reserve; a double-track maglev system requires 5,000 tons of steel per mile for the guideways plus 275 tons of magnetic steel per mile for the linear motors.

The Pennsylvania project, like similar infrastructure plans developed in other states, will instantly confront the stumbling block of financing—i.e., "Where's the money going to come from?"—particularly given the budget-cutting austerity mania now dominant in Congress. This debate has already forced the issue of the grave threat to the \$40 billion in state pension funds caused by the ongoing disintegration of global financial markets.

As one legislator commented off the record: "Why lose billions of dollars of pension money gambling in financial derivatives, when that money could be invested securely in building needed infrastructure and creating jobs?"

As the debate over infrastructure development intensifies, attention is being focused on Lyndon LaRouche's program to convert the private Federal Reserve System into a national bank of the United States, allowing the President and Congress to use the powers specified in Article I of the U.S. Constitution to issue low-cost government credit for projects like the Pennsylvania maglev system. It is clear that the maglev project is ready for construction right now.

In the 1960s, under the influence of Kennedy-era technological optimism and the Apollo program, the United States took the lead in research and development of high-speed ground transportation. Scientists Gordon Danby and James Powell at the Brookhaven National Labs advanced ground transport beyond the wheel, securing the first patents for maglev technology. Research was also motivated by the

growing crisis of transport bottlenecks and lost productivity due to congestion of highways and airports.

Soon afterward, the nation became infected with the virus of "post-industrial" ideology and "free market" financial greed, as popularized today by Rep. Newt Gingrich (R-Ga.) and Sen. Phil Gramm (R-Tex.), among others. So, in 1975, when the High-Speed Ground Transportation Act of 1965 expired, all maglev R&D was terminated in the United States, while work proceeded in Germany and Japan.

Today, the German Transrapid maglev design is ready for commercial application, while the United States confronts a transportation disaster, dramatically visible in mounting highway and airplane fatalities, along with the economic cost of delays. Federal government studies from the mid-1980s projected an annual 12 billion vehicle-hours of delays on the nation's highways by the year 2005, with the number of overcrowded airports increasing from 11 to 47. The resulting chronic delays will cost the economy about \$60 billion per year by 2005.

Maglev trains, operating at 250-300 miles per hour over distances of 100 to 600 miles and more, provide the best means of solving this crisis, as an intermediary between the car and airplane. And, like any well-designed government infrastructure program, maglev pays for itself many times over through increasing productivity in the economy. The \$60 billion potentially saved in one year alone is enough to build about 2,000 miles of a double-guideway maglev system.

Pennsylvania is the keystone

The Commonwealth's two major cities, Philadelphia and Pittsburgh, are about 350 miles apart, which can be covered in less than two hours by maglev, as opposed to a grueling 6-7 hours by car or conventional passenger train. The cities are separated by mountains, which the maglev train can traverse, with no need for expensive tunnelling or elaborate excavations. Connecting Philadelphia and Pittsburgh also connects Atlantic ports and East Coast population centers to the Midwest and beyond, for both passengers and freight.

A four-year, \$4 million study by the bipartisan High-Speed Intercity Rail Passenger Commission created by Act 144 of the Pennsylvania legislature in 1981, developed preliminary plans for such a cross-state system.

The commission's final report emphasized the economic impact of maglev, at a time in the 1980s when the Pennsylvania steel industry was being ravaged by the "post-industrial" looting policies of the Federal Reserve and the U.S. Steel Corp. (now USX). Under "Economic Development," the commission reported:

"High-speed rail would be a great catalyst for economic growth—growth that would help the state overcome years of declining investments, jobs, and population; and growth that would help reduce unemployment to a more desirable level, and provide substantial tax income for the Commonwealth.

"Construction benefits

"At least two-thirds of the expenditures for construction can be gained by Pennsylvania firms. Direct expenditures would stimulate further economic activity through the multiplier effect. . . . The maglev system, Option 1, produces \$22 billion in construction-period benefits in return for the \$10 billion capital cost estimate.

"New expenditures mean new construction jobs—as many as 25,000 annually for maglev, or Option 1. . . . This will raise personal income by at least \$1.39 billion during construction or \$5.34 billion total over the operating life, for the most modest system. Advanced technologies produce . . . \$9.4 billion [in personal income] for Option 1. State government revenues would increase by . . . \$882 million (Option 1) over the construction and operating life of the system. These revenues would be derived through increased income, sales and other tax receipts. . . .

"Operations benefits

"[The annual cost to operate and maintain a system would be] \$104 million for Option 1, maglev. Some 85% of these expenditures would benefit Pennsylvania firms and labor. The result, accounting for the multiplier effect, would be some \$460 million annually, under the best case, in new expenditures after operations begin.

"These expenditures translate into:

● A total, in direct and indirect employment, of 7,600 to 12,500 jobs.

● Annual personal income of \$160 million to \$205 million.

● State tax revenues of \$15 million to \$19 million annually. . . .

"Accessibility

"Historically, transportation is at the core of economic development, as can be seen in our highway system, ports and airports, along rapid transit lines and along rail freight corridors. High-speed rail also has the potential to be this kind of economic development catalyst."

A failure to act

Needless to say, not one aspect of the Pennsylvania commission report or its recommendations has been acted upon to this day. In fact, the publication of the commission's final report was delayed for three years until 1990, and was only

made possible as the result of a grant from Transrapid International in Munich, Germany.

Meanwhile, another maglev initiative began in Pittsburgh, where Carnegie Mellon University established a High-Speed Ground Transportation Center in January 1987.

When word got out that building a double-guideway maglev system would demand a rebirth of steel production in western Pennsylvania, support for maglev technology took on the character of a mass political movement, with enthusiastic support from labor, churches, and community groups. By 1990, the Carnegie Mellon Center had evolved into Maglev, Inc., a private corporation involving the university, local and state governments, manufacturers, engineering firms, and organized labor.

The company has already negotiated a "letter of agreement" with Transrapid, whereby: 1) Maglev, Inc. is allowed to use the Transrapid technology for its proposed regional system; 2) Transrapid will support Maglev, Inc. in the planning study effort, and provide manufacturing information; and 3) *the goal of the agreement is to provide for Maglev, Inc. to manufacture the system in the Pittsburgh area.*

Today, Maglev, Inc. has assembled the know-how, production capability, and local political support to immediately start construction of a demonstration project from downtown Pittsburgh to the Pittsburgh International Airport as soon as the funding is arranged.

Maglev, Inc.'s Mid-Atlantic Regional System Feasibility Study discusses the proposed regional system in detail: "The Mid-Atlantic Regional System consists of three groups of lines covering over 1,300 miles in four states and the District of Columbia. ● North Lines: Pittsburgh International Airport to Cleveland and Erie. ● East Lines: Pittsburgh to Philadelphia, Baltimore, and Washington, D.C. ● Southwest Lines: Pittsburgh International Airport to Columbus, Charleston, Morgantown, Huntington and Steubenville/Weirton."

The study makes clear that Pennsylvania is intended to become the manufacturing center for maglev technology in North America, based on adaptation and improvement of existing German technology.

Maglev, Inc.'s Feasibility Study for the Pittsburgh Demonstration Project examined four alternative routes for the 18-mile run to the airport. Estimated costs of construction range from \$494 to \$596 million, representing only 1.2-1.5% of the total reported value of Pennsylvania state and public school employee pension funds.

At the same time, close examination of the 1993 annual reports of the Pennsylvania School Employees and State Employees Retirement Systems reveals a potential derivatives exposure in the range of \$13 billion out of the total \$40 billion reported combined value. PNC Bank, the agent bank for one of the funds and "master trust custodian" for the other, has already reported a huge \$2 billion loss in 1994 from collapse of its derivatives holdings so far.

The coming end of the so-called reform policies in Europe's East

by Michael Liebig and Konstantin George

The following analysis was written by Michael Liebig and Konstantin George of EIR Nachrichtungagentur in Wiesbaden, Germany, and presented by Uwe Friesecke at the International Caucus of Labor Committees (ICLC)-Schiller Institute conference in Northern Virginia on Feb. 19, as the concluding part of an overview of Lyndon LaRouche's Ninth Economic Forecast.

Nineteen hundred ninety-five will almost certainly be the year marking the end of the post-communist, so-called "reform" era in eastern Europe and the former Soviet Union. This discontinuity or phase change will occur more or less in tandem with the ongoing breakdown process of the present bloated world financial system. The protracted, massive physical-economic attrition and the breakdown of living standards in the ex-communist states has reached its physical limits. In the late 1980s, Margaret Thatcher and George Bush succeeded in imposing on all eastern Europe and the former Soviet Union, International Monetary Fund (IMF) shock therapy policies.

The economic and social devastation brought about by these so-called reform policies came on top of the communist system's decades-long primitive accumulation policies against living standards, infrastructure, and the civilian industry. Over the past five years, the so-called reform policies have cut the productive capacity in the ex-Soviet Union by 60%! The ruin brought to this part of the Eurasian continent has long since passed the level of what British and allied oligarchs love to term "controlled disintegration." What is occurring, and at an ever accelerating rate, is outright disintegration: economic disintegration and the political disintegration of the regimes in Russia, the former Soviet republics, and eastern Europe, which have been to date the executors on the scene of IMF policy. So now, in 1995, the economic-social disintegration is irreversibly transforming into the political disintegration of the "reform nomenklatura" that ran the ex-Soviet Union since 1985 and especially since 1992.

The disintegration process accelerates

The accelerating rate of physical-economic disintegration is also indicated symptomatically by inflation, capital flight, and fraudulent "privatization" schemes, and the astro-

nomical intra-enterprise debt. The rate of capital flight out of the former U.S.S.R. is increasing continually since 1992. The rate of "privatization" sell-off of choice state-owned assets at a tiny fraction of their real worth, often to hidden foreign interests, has also escalated since 1992, via Russian mafia-linked banking and other financial interests. The depreciation of the ruble, and of other currencies in the Community of Independent States (CIS), has skyrocketed recently. Note that it took the ruble 32 months, from the start of shock therapy in January 1992 till August 1994 to fall from 70 to the dollar down to a rate of 2,000 to the dollar. It has taken the ruble less than six months, August 1994 to the present, to fall another 2,000 points, to about 4,200 to the dollar. It is this acceleration quality which will produce not only the certain end of the policies, but cause them to end quite abruptly. This abrupt phase change will be signified by the sudden appearance of discontinuities, breaking with the preceding state of affairs and flow of events in the former U.S.S.R. and eastern Europe.

It is by no means to be excluded that sometime this year it could be an East European debt crisis that could be one of the triggers of a chain-reaction collapse of global financial markets. Eastern-central European countries like Hungary, Poland, or the Czech Republic have been made "emerging market" countries with bloated financial markets since 1989. The recent resignation of Hungarian Finance Minister Bekesi, who quit with the words that "Hungary could be the next Mexico," has highlighted this. Hungary, with one of the highest per capita foreign debts in the entire world, is certainly poised to become the next Mexico. It is by no means the only candidate in the East for such a role.

The greatest crisis of all is what is happening to Russia, for obvious global strategic reasons, given Russia's status as a military nuclear superpower. The dimensions of the Russian crisis, caused by the imposition of the IMF's so-called reform policies, are absolutely staggering. Let us examine somewhat what Russia looks like today by citing the dry, understated annual figures just released in February by the Russian State Committee for Statistics: According to these official figures, in 1994 Russian Gross Domestic Product fell by a record 15%. The fall in industrial production was also a record, where for the first time it exceeded 20% in only one



Lyndon LaRouche lectures at the Russian Academy of Sciences in Moscow, April 28, 1994. His views are now the subject of intensive debate among the Russian intelligentsia.

year. Current industrial production is about one-half what it was in 1991, and well under half of the level in 1989. The devastation in Russia is even greater when one examines critical industrial sectors. The level of production in the vital machine-building sector has been reduced to only one-third of what it had been in 1990! The ability of Russian industry to provide basic consumer necessities for the population has in effect been destroyed. Light industry as a whole is currently producing at only 20% of its 1990 level. A tour of shops reflects this: Approximately 90% of food and basic consumer items are imported. The Russian domestic market, and this is the case in Ukraine and other republics as well, is supersaturated with imported consumer items. In contrast to this flood, imports of capital equipment to modernize industry have all but ceased in the past three years. Equally nonexistent have become imports for the maintenance of infrastructure, for example, rail rolling stock, items for power plants, and medical equipment.

Deindustrialization and 'capital export'

One of the great lies perpetrated by the ideologues and practitioners of post-communist so-called reform is that the policy is directed at closing down allegedly "unproductive," "technologically backward," and "unprofitable" enterprises. Concerning those enterprises in Russia and elsewhere which

are indeed technologically backward and in need of modernization: Over the past years, modernization investments in industrial plant and equipment has been virtually at zero. So what is happening is crude deindustrialization on a grand scale!

In Russia, and in Ukraine, the most important sector of the economy is the high-tech military-industrial complex (MIC), as it forms the key to the successful regeneration of the economy as a whole. In Russia, already by the end of 1993, about 1.5 million of the 6 million employed in the military-industrial complex had been thrown out of work. By the end of 1994, this figure stood at between 2 million and 2.5 million. One must add to this that at many of the enterprises still open, the workforce is technically "employed," but in plants producing at 10-15% of capacity. Thousands of state enterprises are at the brink of closure as the inter-enterprise debt crisis has reached truly astronomical dimensions. Russia is on the verge of a surge in mass unemployment threatening to dwarf that of the previous years. The budgetary triage of the military, the military-industrial complex, and industry and agriculture in general have reached the point where mass bankruptcies are simply inevitable.

In Ukraine, the crisis is perhaps even more dramatic, as even the minimal levels of military procurement orders still existing in Russia are nonexistent for Ukraine. Large plants in Ukraine, which had been crucial high-technology compo-

ment suppliers for the Soviet space program, have lost up to 85% of their original workforce. On an even more concentrated scale than in Russia, the best educated and technically most skilled segment of the workforce has been thrown to the winds. Highly qualified engineers and scientists, in order to physically survive, either work for \$25 for George Soros's "foundations," emigrate to the West (if they can), or become petty peddlers. Typically, ex-engineers or technicians travel to Istanbul, Turkey to buy textiles or other consumer goods to sell on the vast "private peddler markets" of Kiev or other larger towns.

The collapse picture extends as well to the sectors of the economy that are often misreported in the West as "doing well" in the midst of the wreckage all around them. These are the energy sector and the production of base metals. The only sub-sector, relatively speaking, "doing well," in that it has "only" suffered a modest collapse since 1990, is natural gas, whose production last year equaled 90% of the 1990 level. Otherwise, as a whole, the energy and metals sectors have seen their output fall at rates comparable to what has occurred in industry. Oil output in 1994, for example, was at only 60% of the 1990 rate. The real dimensions of this part of the tragedy only begin to become obvious when compared with the plummeting of production. Putting the two sets of figures—export volume and internal raw material consumption—together shows that the collapse of energy and raw materials consumption in Russia and the CIS far exceeds the already very steep falls in production.

We can briefly cite here some figures for key base metals. Copper production in 1990 was ca. 800,000 tons; in 1994, it was ca. 300,000 tons. In the same period, copper exports rose from 300,000 tons to 400,000 tons. That exports can exceed production is accounted for by the vast scrap metal export business that has ballooned in the past three years. Nickel production in 1990 was 300,000 tons, falling in 1994 to 190,000 tons. In the same period, exports rose from 100,000 tons to 150,000 tons. For aluminum, the fall in production as such, was moderate. The 1990 production was 2.9 million tons, and in 1994 some 2.6 million tons. However, here again, the export picture tells the story. In 1990, three-quarters of Soviet aluminum went for the domestic economy, with only 700,000 tons exported. In 1994, some 2.1 million tons were exported.

Parallel to the commodities "export boom" of the last three years, another "boom" has occurred, namely, that of capital flight. The total of capital flight out of the U.S.S.R., and then out of Russia and the other former U.S.S.R. republics is very difficult to estimate. Estimates range between a minimum of \$100 billion and—probably more realistic—\$200 billion. Even the conservative amount is well in excess of the entire Russian foreign debt. To cite even a ridiculously low, understated official figure, the Russian Central Bank has estimated capital flight out of Russia for 1994, at a minimum of \$1 billion per month.

Mass poverty, the health crisis, and the demographic disaster

The 1994 annual inflation rate was 220%, which itself came on top of two previous years of hyperinflation. As in the aforementioned case of industrial production collapse, the rate of inflation is continually accelerating. In Russia, the highest monthly inflation rates occurred in the last three months of the year, with the 1994 monthly record, 16.8%, reached in December, the last month of the year. The January 1995 official inflation rate, reported on Feb. 7, was even higher, reaching 17.8%.

Our details have focused mostly on Russia, but the picture we have given is symptomatic for the East as a whole. Regarding living standards, the situation is better in most, though not all, of eastern Europe. In Romania and Bulgaria, where even official unemployment is at 20%, for example, the scope of abject poverty rivals that of Russia. Elsewhere in the former Soviet Union, in Central Asia and the Caucasus, the rates of both the fall in production and collapse of living standards have exceeded those of Russia and Ukraine.

As Lyndon LaRouche has always stressed, the IMF "reform" policies associated with Thatcher-Bush are not only incompetent and insane, but consciously criminal. Using even the conservative figures of the Russian government, by the end of 1994, one-quarter of all Russians are officially "living" on incomes below the minimum existence level. About half the population is at or below the official poverty level. For Ukraine, the second most populous of the former Soviet republics, that latter figure is between 70 and 80%. Some 78% of all Ukrainians do not earn enough to even cover the normal food needs for their family. Without proper nutrition, resistance to disease and infection has been drastically lowered. The health sector has been turned into a nightmare, with even basic equipment and medicines either in very short supply or simply nonexistent.

It must be emphasized that the Russian official statistics, chilling as they are, greatly and deliberately understate the actual scope of impoverishment. They may give the "correct" monthly wage for every person, but they omit a basic detail, that a year contains 12 months. The overwhelming majority of Russian and Ukrainian workers are owed at any given time three to four months of unpaid back wages. Thus, the true income picture for workers is a 1994 income about two-thirds that of their "statistical" income. With this reality-based correction, a good deal more than one-quarter of the population is at or below the subsistence level, and far more than one-half is at or below the official poverty line.

The phenomenon of widespread, abject poverty has hit the older part of the population the hardest. As a rule, the retired part of the population is either below the poverty line or below the minimal subsistence level. The popular saying is that pensioners receive "too little to live, but too much to die." The truth is that they are dying, and at staggering rates. Three years of so-called reform have brought to Russia,

Ukraine, and elsewhere, a demographic catastrophe worse than the combined losses of communist terror and World War II. When one considers that now there are no invading armies pouring across borders, the current debacle is without any parallel. In 1994, more than 1 million more people died in the Russian Federation than were born. This was the fourth consecutive year of population shrinkage, with the rate of shrinkage rising in each of these years. If the present trends were to continue, then the Russian population, which stood at 147.9 million in the 1990 census, would sink to a mere 126.7 million by the year 2025. Life expectancies for men now compare unfavorably with much of the developing sector. In 1994, male life expectancy in Russia fell to only 58.9 years. In 1990, it had been 63.8 years. The infant mortality rate has more than doubled since 1990. Then, the average for the Soviet Union was 14 infant deaths per thousand born; in 1994, the average for the territory of the former Soviet Union stood at 30 per thousand.

The LaRouche factor

In his Oct. 12, 1988 Berlin address, Lyndon LaRouche anticipated the monumental changes that were about to occur in eastern-central Europe and the former Soviet Union. And LaRouche stated clearly that, as this process of change had been driven primarily by economic factors, namely, the communist system's "primitive accumulation" policy, a physical-economic reconstruction strategy would determine if the transformation process would be one of stability and peace. In November-December 1989, LaRouche presented, from prison, the outline of his "Productive Triangle" policy for an infrastructure-vectored reconstruction and modernization strategy for the whole European continent. At that time, Poland was the laboratory and test-bed for post-communist economic policies in Europe's East. It then was in Poland that the IMF's "shock therapy" policy was introduced first. In the summer of 1989, George Bush had stated in Warsaw that "the West" would categorically insist that post-communist economic reform had to be based on "free market" policies and IMF conditionalities. Some in Europe, such as Alfred Herrhausen, opposed the Bush-Thatcher policies and thought in a direction similar to that of LaRouche. Herrhausen explicitly stated that Latin America-style IMF policies should not be applied in eastern Europe, and that instead the German and French model of post-World War II reconstruction should be applied in ex-communist economies. On Nov. 28, 1989, Herrhausen was assassinated.

The first main focus of the ICLC's strategic intervention into central-eastern Europe on economic policy was ex-communist East Germany in the period between November 1989 and spring 1990. During spring and summer 1990, representatives of LaRouche went to Hungary, Poland, and then-Czechoslovakia for high-level meetings and seminars. In autumn 1990, LaRouche representatives went to the Baltic states, then still part of the Soviet Union. In spring and

autumn 1991, two major international conferences featuring the "Productive Triangle" were held by the Schiller Institute in Berlin. At these conferences the participants came from nearly all former Warsaw Pact countries and many republics of the Soviet Union, including Russia, Ukraine, the Baltic states, Armenia, and Georgia.

LaRouche's December 1991 analysis

Toward the end of 1991, after the disintegration of the Soviet Union, the regime of Boris Yeltsin endorsed the "shock therapy" package for Russia that had been worked out by senior IMF representatives, Harvard's Jeffrey Sachs, the Swedish "free market" freak Anders Åslund, and Yegor Gaidar's "group of 13 experts." In January 1992, "shock therapy" was officially inaugurated as the Russian government's economic policy. In the last days of 1991, LaRouche formulated a policy paper contrasting his economic reconstruction strategy with the IMF's "free market" reform descending on Russia. This paper, in the Russian language, is still circulating today in Russia because of its good analytical and prognostic quality. LaRouche then said, "The only likely source for a nuclear crisis . . . aside from a special situation in the Transcaucasus, is the danger that Boris Yeltsin, the President of the Russian Federation, might follow the pathway toward bankruptcy which the Polish government pursued . . . at the instruction of Harvard's lunatic professor Jeffrey Sachs. The result would be chaos. In such a case, the overthrow of Yeltsin by a dictatorship would probably occur."

LaRouche emphasized that a viable domestic market had yet to be created in Russia. That could only be accomplished through an economic and financial-monetary policy of the state focusing on expanding the production output of the state industry and new private *Mittelstand* (small and medium-sized) firms. The supreme task was the expansion of Russia's productive potential in terms of capital goods, infrastructure, and consumer goods. LaRouche pointed to the need to make maximum use of the vast physical economic potential of Russia's military-industrial complex. The MIC contained the best qualified workforce and the technologically most advanced equipment, which was (and is) indispensable for Russia's national economic reconstruction and Eurasian development as outlined in the "Productive Triangle" plan.

"The essential problem is," said LaRouche, "that after 70 years of saying capitalism is theft and crime, Mikhail Gorbachov said, 'You're all capitalists!' and a great number of communist officials became thieves and speculators. . . . The people are the purpose of the government, when [the government gets controlled by] hoarders, black marketeers, and criminal elements, then the people will get rid of the government. . . . The essential thing is you have to go to a controlled price; a calculated, fair price based on cost of production [parity price]. . . . You are going to have

administered prices, administered uses of currency [currency reform], administered credit, administered exchange controls, export-import licensing.”

Indicative of LaRouche’s influence in key quarters of the Russian elite and intelligentsia is the publication and discussion of his ideas and policies in leading Russian newspapers and journals, ranging from leading dailies such as *Nezavisimaya Gazeta* or *Pravda*, to the opposition daily *Oppositsiya*, or the influential policy journal *Russia 2010*. His ideas on physical economy have reached many thousands of leading Russian and Ukrainian intellectuals and officials through the publication of his economic textbook, *So, You Wish To Learn All about Economics?* in both the Russian and Ukrainian languages. Important political and scientific persons from Russia visited LaRouche while he was still imprisoned. LaRouche had extensive political and scientific discussions in Moscow, which he visited in April 1994. Since then, many more such scientific and policy discussions have taken place in the United States and in the context of LaRouche’s visits to western and eastern Europe.

The 1995 phase-change

Today, in 1995, as a consequence of destroying Russia’s physical economy, vast social and political upheavals and military conflicts are accompanying the inevitable death of the failed so-called “reform” policies. We have seen, especially since November 1994, the “power struggles”—the unspeakable intrigues and machinations—in and around Yeltsin’s camarilla, which increasingly has lost contact with reality. Yeltsin’s war in Chechnya was a desperate attempt to conjure up a “patriotic” war for Russia’s “integrity,” to deflect mounting opposition against him and his camarilla. Both the war and the diversion attempt have been failures. The course of events associated with the war in Chechnya has brought to the public domain the fact that the military is united in its opposition to the present regime. This opposition was not because of the war; it was there before the war, and formed a critical reason behind Yeltsin’s desperate gamble. Together with the policy phase-change among the elites, a social explosion from the Russian population is beginning. The 24-hour national coal miners’ strike, on Feb. 8, occurring together with an indefinite strike by all 76,000 miners of the Rostov region that began on Feb. 1, is only the beginning. Though the labor grievances are very real, as the miners have not been paid since November, these are not mere labor protests, as the demands raised are economic and political.

The West will be confronted with a profound, indeed seismic, and potentially, though not necessarily, very dangerous Russian situation. LaRouche has emphasized that the justified rage of the Russian population and leading patriotic institutions against the destruction in the name of “reform” imposed on Russia could take the form of undifferentiated rage against the West in general. This would be the social

base for a regime reactivating an adversarial relationship vis-à-vis the West. LaRouche has been working to shift decisive groupings in the Russian elite away from combining the inevitable cessation of so-called reform policies, with the strategic blunder of embarking on an undifferentiated anti-western adversarial course. The question of defining for the coming regime in Russia a physical-economic reconstruction strategy for Russia and Eurasia, is probably the single most important factor of preserving the basis of cultural and political rationality and genuine self-confidence in Russia’s elites and population.

In the months ahead, as LaRouche has said, the lid will come off in Russia, and the lid will be coming off quite soon. From every side, the array of crises lawfully generated by three-plus years of continual, accelerated economic breakdown, are converging in crescendo fashion over Russia, not at some distant point, but now and in the very immediate future. They are already unleashing the most profound year of political-social change in Russia since 1917. As in 1917, this is the coming end of the present, *ancien regime*.

Let me end by comparing what the experts said as recently as three months ago, to what Mr. LaRouche’s analyses have been and what his proposals have been. Carnegie Endowment associate Anders Åslund, the official adviser of the Gaidar government, published in the September-October 1994 New York Council on Foreign Relations magazine *Foreign Affairs*, under the headline “Russia’s Success Story,” the following:

“The Russia emerging today is very different from what pessimists have prophesied. It is not falling apart but coming together. The new political institutions function. Strikes are rare, and no serious social unrest is on the horizon. Incredibly, most of the Russian economy, measured by either employment or output, has been privatized in just two years. Russia has already become a market economy, but one in the midst of a long-overdue and massive restructuring. In short, Russia has undergone fundamental changes and appears to be on the right track. . . .

“The time of fast and radical change is over in Russia. Fortunately, much of the transformation has been accomplished. Basic political institutions, such as an elected President, an elected parliament structure by political parties, and a more western constitution already exist.

“Russia has now entered the stage of ordinary politics, when interests are more important than ideas. Compared with what has been achieved already, the remaining tasks are relatively limited. . . .

“Russia has at last become a relatively predictable country. The fundamental political and economic institutions have been created. The time has arrived to end discussions about the pending collapse of Russia. . . .”

I invite you to use your own judgment about who was right and who was wrong.

Natura 2000: Prince Philip's eco-dictatorship for Europe

by Alexander Hartmann

Imagine for a moment that we are in the year 2020. Will magnetically levitated trains connect all major population centers of Europe with one another, and with southern and eastern Asia, Africa, and perhaps even—through Siberia and Alaska—with the American continent? Will we double the productivity of our agriculture using modern technology and thus end hunger all over the world?

Not if the decisions of the environmental ministers of the European Union are to be interpreted as the World Wide Fund for Nature (WWF) and the International Union for the Conservation of Nature (IUCN) demand. If these organizations get their way, economic activities will be confined to islands in a huge ocean of environmentally protected areas, and the Third World's misery will be cast in stone.

All activities not compatible with the "aim of environmental protection" would be forbidden in these areas. Permitted would be—with many restrictions—hunting and fishing, "low-intensity" agriculture, gathering of wild fruits and firewood, "traditional" handicrafts, and tourism.

Spread over the 150 pages of the IUCN's study "Parks for Life," there are only six photographs depicting human beings: an old woman weaving textiles with a hand loom ("traditional handicrafts"), a Polish farmer in a horse-drawn carriage ("traditional farming"), Greek fishermen in their small boats, an old woman carrying a load of firewood on her back, children in a "nature park" undergoing conservationist indoctrination ("environmental education"), and a group of environmentalists demonstrating against the Gabčíkovo hydroelectric plant in Slovakia (which has been proven to be a boon to the environment; see *EIR*, Jan. 6, 1995). All the other pictures show "nature untouched by man."

Nobody can claim that these activities are economically viable. They represent a step back into something worse than feudalism. The number of human beings who can afford to go on holidays—and thus to finance the standard of living of those in the areas affected by "conservation"—will be just as small as the number of persons with aristocratic titles who are represented on the boards of the environmental "multinationals" in a remarkably high percentage, starting with the WWF's chairmen, Prince Philip of Great Britain and Prince Bernhard of the Netherlands.

Such a vision is to be realized by the European Union's Natura 2000 program, which was enacted in 1992. Most Europeans have never heard of this program, and for good reason: When it was voted up by the EU's Council of Ministers, it was classified as a "legal act with no need to be published." Obviously, somebody wanted to keep the number of the initiated relatively small, not the least because this program will greatly affect the economic and infrastructural development of Europe, and thus cause resistance to it.

A precedent: the Rathenow bird protection area

The problems caused by the Rathenow bird protection area for the construction of the magnetically levitated train line which is to connect Hamburg and Berlin, are just a taste of what is in store once the Natura 2000 program has been completed. As early as April 1979, the EU issued what is called the "bird directive," mandating conservation measures for the habitats of rare or endangered bird species. Based on this bird directive, about 210 protected bird habitats have been created in Germany alone. In these areas, the bird habitat management is administered according to the rules mandated by the European Commission's bureaucracy.

That's why the IUCN, which is funded by the WWF, rejoices in its study "Parks for Life": "The European Union . . . is the only supranational law-making body in the world and the only regional body to which nation states have surrendered significant elements of their sovereignty. . . . If a member state does not implement a Directive, the European Commission can take that state to the European Court of Justice."

That might well happen soon. Some argue that the construction of a high-speed maglev train line is not compatible with the aim of protecting the environment in this area. Avoiding the area near Rathenow, in the state of Brandenburg, protecting the grand bustard, or measures to safeguard the protected area might well cost up to DM 100 million (\$67 million), and the special permission required from the European Commission is not at all secured. A legal case before the European Court would be costly in terms of both money and time.

Bremen government falls over Natura 2000

The Natura 2000 program of the European Union made headlines in Germany in February, when the governing coalition in the state of Bremen, the smallest among the 16 member states of the Federal Republic of Germany, fell apart over the implementation of the environmentalist directive. This coalition had been formed by the Social Democratic Party (SPD), the Free Democratic Party (FDP), and the Green party.

The state's environmental department, led by Ralf Fu/s of the Green party, had turned in to the European Union's environmental department a list of areas within the city limits, where one or more species considered to be rare or endangered can be found, as mandated by the EU's directive. These areas add up to nearly 18% of the state's area. This was done as a purely administrative act, without even consulting the other departments of the city's Senate.

Among the areas registered as habitats for birds was the Hemerlinger Marsch, which the other parties intended to develop as a business and industrial area, to create jobs in a city where one out of seven workers goes without paycheck, and to generate income for the city's nearly bankrupt treasury. When Sen. Claus Jäger (FDP), who leads the economics department of the Senate, learned that Fu/s's department had turned the area into a habitat for birds, he charged Fu/s with violating the state's con-

stitution. He pulled his party out of the government coalition, and left Mayor Klaus Wedemeier (SPD) without a majority. All parties agreed to hold elections in May, instead of September as scheduled, while the Senate withdrew the list of habitats from the EU for the time being.

This move by the liberal Free Democrats can only be understood on the background of recent developments in Bremen and in Germany as a whole. While the Green party continues to gain votes in the traditional liberal constituency of "yuppies," an anti-Green revolt is building in the "silent majority." When a pro-industrial splitoff of the SPD, called Work for Bremen, was formed with the intention to run in the state's elections in the autumn, which could gain the support of the pro-industrial part of the electorate and up to 12% of the votes, the FDP was in serious danger of losing its deputies in yet another state. In state elections in 1993 and 1994, the FDP lost parliament status in 9 of the 16 states of Germany.

By leaving the coalition, the liberals tried to profile themselves as pro-industrial, which, given their anti-industrial "free-trade" policies, is a bad joke. Even their opposition to the EU's habitat directive may be phony: The directive leaves no scope for the Senate to determine which areas are to become protected areas; the Senate merely has to turn in a list of habitats. The EU's bureaucracy will then issue a list of habitats which have to be designated as protected areas, whether the Senate of Bremen says yes or no. Indeed, Prince Philip's World Wide Fund for Nature (WWF) has already announced its intention to sue the Senate of Bremen for not implementing Natura 2000, with a high probability of success.

—Alexander Hartmann

How does Natura 2000 work?

Natura 2000 is much more comprehensive than its predecessor, the bird directive, which since 1992 has been integrated into Natura 2000. In June 1992, the European Commission decided to protect the habitats of many other species in addition to birds, and even special landscapes like alpine lakes, wandering dunes, and river flood plains. Included in the "directive for the protection of natural habitats and of wildlife animals and plants" is a list of (currently) 467 species of plants, 71 invertebrate species, and more than 200 vertebrate species. More species can be added to this list at any time, if the European Commission deems it necessary.

The European Union has decided upon a strict timetable for the implementation of this program. In the first two years—i.e., until last summer—EU member-nations had to "adapt their national legal system to the directives." By June 1995, the member governments are to submit a list of areas to the European Commission of all areas where any of the

listed species exist.

The express intent of the directive is to protect not only areas which are protected already in one form or another—such as national parks, nature parks, landscape protection areas, biosphere reserves, wetlands of international importance, etc.—but to include other areas, which until now had not been protected.

If all areas where rare or endangered species exist or which qualify as "protectable natural habitats" are put under protection, a large part of the EU's territory will be put under the administration of the European Commission in regards to zoning rights. EU member-states will be "disowned" of their own territory.

Interpretational dispute

There is an ongoing dispute among the German states and the newly created Federal Environmental Office as to how to interpret the directive. Some of the states have not

registered any areas at all, and some only very limited areas. The state of North Rhine-Westphalia has only registered the area of Lake Möhne, which is only 0.03% of the state's territory. Bavaria has only registered very limited areas, too. The state of Baden-Württemberg has registered more than 270 areas, but they add up only to 0.44% of the state's surface area. Most states have only registered areas which are already under protection anyway.

But Bremen and Mecklenburg-Pomerania have surrendered whole nature parks and biosphere reserves, areas adding up to nearly 18% of their territory, to the EU. The state of Brandenburg—surrounding the city of Berlin—has registered 12 areas, the limits of which have still to be clarified, but which will add up to at least 15% of the state's territory. While a large part of the areas registered by Mecklenburg-Pomerania, Schleswig-Holstein, and Lower Saxony are offshore areas and shallows on the North Sea and the Baltic Sea, Brandenburg has registered whole nature parks. Originally, nature parks were to serve as recreational areas for the human population. The Federal Environmental Office is now trying to negotiate a uniform line among the states, and will certainly use the precedents of Bremen, Mecklenburg-Pomerania, and Brandenburg to mount pressure on the other states to follow suit.

But even if a reasonable compromise can be worked out among the states, one can certainly expect that the European Commission will not be satisfied. Denmark, for example, has registered 22% of its land already, Belgium more than 14%. Spain and the Netherlands have registered high percentages. Thus, the European monarchies have a pioneer role in the movement back to a new feudalism, and "in the interest of an assimilation of the European environmental laws," other nations will be pressured to follow their example.

If they do not, the EU's directive explicitly allows for the European Commission itself to register areas in member-states not registered by the state's government, if it "learns" about the existence of "protectable species" in this area. As a last resort, a national government can issue a veto against the inclusion of a specific area on the list of protected areas at the Council of Ministers.

Based on these national lists, the European Commission will then issue a list of protected areas of European importance. These areas must then be put under protected status by the year 2004. This is what the Brandenburg government referred to, when public protests were raised especially by farm organizations after the state government proclaimed its intent to protect 10% of the state's area as nature protection areas (which are submitted to stiff protection rules), and an additional 30% as landscape protection areas (which have a relatively lower protection status). A spokesman for the state's governor, Manfred Stolpe, said they were just following international treaties and decisions of the European Union. A large part of these protected areas is to be managed as national parks, nature parks, or biosphere reserves, for

which a separate administrative entity has been created. Usually, environmental protection is to be administered on the county level. A large part of these areas will then be registered as a "habitat" with the European Commission.

A coherent network of protected areas

Natura 2000 further demands that the "protected areas" are to form a "coherent network." What does that mean? An information sheet issued by the Environmental Directorate of the European Commission reads: "This conception of a network presumes connections between the protected areas. This can be linear structures (hedges, wooded riverfronts, traditional field boundaries), or swamps, ponds, little forests or fallow grounds, which can serve as resting places or retreat areas for wildlife species." The city of Berlin, surrounded by Brandenburg's nature parks, would be an island again—much like in communist times.

The same is true for every other major population center in Europe. Brandenburg is just a precedent which all the other regions of Europe are to follow. Avoiding the protected areas—which in the case of the Hamburg-Berlin maglev line would still be possible, if costly—would become absolutely impossible. Wherever you go, you will always—and repeatedly—have to cross the "natural corridors" of Natura 2000, whether you want to build rails, roads, power lines, or pipelines. And in every instance, an exemption from the environmental rules would have to be agreed upon by the European Commission. If there is a "green" ideologue among the bureaucrats responsible for such cases, or someone who believes in the British geopolitical doctrine that Germany and eastern Europe should never be allowed to integrate economically, because this would diminish the political influence of Great Britain, it is easy to guess which way the decision will go. To appeal to the European Court will take up the time and money urgently needed to develop eastern Europe.

Which policy will prevail?

Fortunately, the last word has not been spoken yet. The final list of areas to be protected has not been issued, and public resistance to such a decree can still be mounted. But even more important, the EU itself has policy statutes that contradict Natura 2000. For example, the EU summit in Essen in December 1994 decided to go forward with 14 great trans-European infrastructure projects, which form a "trans-European network." When the projects enter the planning stage, there will be a conflict within the EU bureaucracy, between the supporters of infrastructure development and those favoring a feudal, medieval society. This will force a decision at the highest political level.

If this decision should go in favor of Natura 2000, this will necessarily lead to the economic and political disintegration of Europe and the EU, with disastrous economic and social consequences.

Business Briefs

Agriculture

China emphasizing land for grain, cotton crops

Securing adequate farmland for bumper crops of grain and cotton this year is China's top national priority, the *People's Daily* stated in February. Three important provinces, Guangdong and Zhejiang on the east coast, and Sichuan in the interior, China's most populated province, are stepping up efforts to increase available farmland.

Chinese Prime Minister Li Peng emphasized rice and vegetable production during his visit to Fujian province on China's southeast coast on Feb. 2-10. Li called on regional leaders to focus on projects which will guarantee the amount of grain and vegetable acreage, and the improvement of the grain reserve system.

China is losing about 400,000 hectares of already-scarce farmland a year to other uses: about 20% of it for infrastructure development, but far more due to "structural adjustments" in the rural economy—most likely meaning that farmers are abandoning land because farming has become too unprofitable. But provinces such as Zhejiang are developing more farmland. With the completion of a major irrigation project, it has already brought another 40,000 hectares of land under cultivation, with the value of the crop yield three times that of the investment made.

Russia

Industrial output continues to fall

Russian Minister of Economics Yevgeny Yasin said in February that despite all countermeasures, the output of the industrial and farming sectors will drop another 13-15% in 1995. This represents "a small improvement" in comparison with 1994, but the situation in the energy-generating sector, where a lot of needed capital investments have not been made in the last few years, has gotten worse and is the reason for additional concern, Yasin declared.

Meanwhile, the Feb. 3 *Rabochaya Tribuna* showed that the World Bank's so-called program for the coal industry is designed to

destroy the industry, and will give the World Bank an opening to destroy other heavy industry in Russia.

The paper pointed out that the World Bank's "restructuring program" will put the coal mines out of business. The supposed "social protection" being offered to miners who agree to leave, is \$500 million. "But if we divide \$500 million by the 500,000 men supposed to be fired from the mines . . . it comes out to just \$1,000 per person." And where will they find jobs? the paper asked.

The miners would like to modernize the industry, especially because some are working in extremely unsafe mines. "Let's face up to things squarely: The miners are just a trial balloon for the World Bank. If the miners do not resist, there will be a chain reaction, and massive cutbacks and enterprise closures will begin in other sectors. Similar recommendations could be given to workers in the metallurgical sector, machine building, and the chemical industry," the paper warned. "So, should miners be condemned for meekly complaining from their underground coal faces?"

Technology

New group will promote Transrapid maglev system

An international agency will soon be formed in order to promote the export of the German Transrapid magnetic levitation rail system. This agency will be founded by Thyssen Industrie, Siemens Verkehrstechnik, and Daimler-Benz/AEG. According to the German Transport Ministry, discussions are under way for the following routes: New York to Albany to Boston; Baltimore to Washington; a route which would include Pittsburgh; São Paulo to Rio de Janeiro; a line between the Moscow airports; and from Kuala Lumpur, Malaysia to Singapore.

There are also discussions under way on a maglev rail project between Moscow and St. Petersburg, Herwig Haase, Berlin's city-state minister of public transportation, confirmed in reference to discussions with a delegation of senior Russian railway and transportation technology experts in Berlin at the end of January. Haase proposed that the planned high-speed rail line from Berlin to Moscow, via

Warsaw and Minsk, be built for maglev trains that could run at speeds of 400-500 kilometers per hour, so that the envisioned maglev line from Hamburg to Berlin could be extended through to Moscow. This would reduce travel time from Hamburg to Moscow, which today takes 33 hours by rail, to only 5 hours by early in the next century.

In a minor setback, European Union funding for the Hamburg to Berlin maglev line, the first planned, was rejected in a vote in the EU transportation department, headed by Britain's EU commission member Neil Kinnock. Kinnock is not known for being a friend of the Transrapid, a German Ministry of Public Transportation spokesman said on Feb. 16.

But talks have begun between the maglev rail planning group for the Hamburg to Berlin project and the four states (Hamburg, Schleswig-Holstein, Mecklenburg-Pomerania, and Berlin) through which the Transrapid will pass.

Infrastructure

China says it built the most rail in 1994

China built almost 3,350 kilometers of new railroad track, including both new and double-tracking old railroads, at a cost of \$4 billion, last year, more than any other nation, the *China Daily* reported on Feb. 4. Most important is the new Beijing to Kowloon line, the longest new rail line in the world. This 2,400-km line will be completed at the end of 1995, two years ahead of schedule.

Chinese officials held a forum in Beijing on Feb. 10 to discuss economic development along this new line, which will replace the much older north-south routes. It will play a key role in "safeguarding Hongkong's social stability and economic prosperity" when Hongkong returns to China, said National People's Congress standing committee vice chairman Wang Guangying.

Several entirely new rail connections were also opened last year, including the Guangzhou (Canton) to Shenzhen "quasi-high-speed" line, entirely designed and built in China. Several new railroads opened in central China, and double-tracking of the Lanzhou to Urumqi line (part of the second Eurasian Land Bridge) was also completed.

Europe

Infrastructure program needed to up employment

Only an accelerated infrastructure program will bring down the high jobless rates in Europe, European Union Commission President Jacques Santer said in his first "State of Europe" address to the European Parliament in Strasbourg on Feb. 16. He said that there should be no illusion that the high unemployment in all EU member nations could be reduced by traditional job-creation programs which have only temporary effects.

What is required, instead, is investments in solid, long-term development that would yield the desired long-term effects on the labor markets, Santer said. He called for an "increased effort" to help the Trans-European Nets (TEN) infrastructure program get off the ground. There have been hints from the EU Commission that an accelerated authorization of new projects on the priority list of the "Dolors Plan" is being considered, and that funding of such projects by the European Investment Bank will be increased.

In a first step, the EU authorized a special loan in February of 200 million ECUs (\$250 million) to Italy, for the construction of a high-speed rail line from northern Italy to the planned Brenner Tunnel through the Alps.

Africa

AIDS infection rates approaching 40-60%

The highest AIDS-infection rates in the world are in the border areas around Tanzania, Uganda, Burundi, and Rwanda—the region around the East African lakes—where the rate is 30% and higher. Expectations are that an infection rate of 40-60% will be reached soon, the German daily *Frankfurter Rundschau* reported on Feb. 17.

There are estimates that in 1992 in Tanzania alone, there were 11,000 AIDS orphans; 750,000 to 1 million are estimated by the year 2000. In one section of the city of Matero in Lusaka, 10% of all children are AIDS orphans, according to sources. Roughly 50-70% of all

hospital beds in Lusaka University Teaching Hospital were occupied by AIDS patients in 1992.

For all of Africa, 10 million AIDS orphans are expected by 2000. Old people often take care of their grandchildren and do the work which their children did before dying of AIDS. This means that the productive labor force is being lost.

One newspaper in Zambia has written about the "loss of the future leaders of the nation." A manager of Barclays Bank pointed out that since 1987, some 115 of his employees in Zambia have died from AIDS. There are rumors from Tanzania and Malawi, that their gross national product has declined mainly because two-thirds of those dying from AIDS are younger than 25.

If Germany had an AIDS rate of 30%, wouldn't this mean that a "national health emergency" would be declared? the paper asked. The money spent would be thousands times more than what African countries can spend now, it pointed out.

Space

India signs deals with U.S. firms

The Indian space effort received a boost with the signing of two agreements with the United States that are expected to generate \$1.1 billion for India over the next 10 years. The agreements will also enhance the nation's capability for providing state-of-the-art satellites for communication and remote-sensing for commercial use globally.

Indian Space Research Organization (ISRO) Chairman K. Kasturirangan on Feb. 2 signed an agreement in San Francisco with the U.S.-based Eosat company providing for worldwide commercial distribution of data generated over the next few years by the largest constellation of earth observation satellites, to be set up by India.

On Jan. 30, the ISRO chief signed an agreement with Intelsat on leasing 11 transponders of 36-mhz equivalent capacity on Indian multi-purpose satellite Insat-2E, to be launched in the last quarter of 1997.

● **THE BANK OF JAPAN** may start intervening in the derivatives market to stabilize the yen in foreign exchange markets, the daily *Japan Times* reported on Feb. 11. It would be the first central bank of an industrialized country to interfere with the derivatives market.

● **NEW FOODS** are needed to feed a growing population, the World Bank consultative group on international agricultural research said in Switzerland in February. It will work on catalyzing research to produce new, more adaptable crops and higher yields using genetic engineering and molecular biology, rather than building infrastructure.

● **A PROTEIN** isolated from human saliva seems to prevent HIV infection of human immune cells in the test-tube, according to scientist Tessie McNeely of the National Institute of Dental Research in Bethesda. The Secretary Leucocyte Protease Inhibitor prevents the AIDS virus from entering human immune cells.

● **GLOBAL WEATHER** is not becoming more extreme, as claimed by global warming advocates, a report by Accu-Weather, a commercial weather firm, concludes. Dr. Joseph Sobel, the co-author, said, "Data show that hurricane frequency is not increasing, and temperature and precipitation extremes are no more common now than they were 50 to 100 years ago."

● **UKRAINE AND RUSSIA** are facing epidemic outbreaks of diphtheria, with 35,000 cases estimated by the end of 1994, a 100-fold increase over the past five years.

● **GERMAN** states are eager to expand their derivatives activities, the daily *Handelsblatt* reported in mid-February. Schleswig-Holstein Finance Minister Claus Möller is planning to increase that state's share of new credits that are "hedged" with derivatives to 50%.

Hubble's quasar images: a moment of truth

The space telescope's observations tend to confirm some highly original theories about galactic nuclei and quasars, which also upset some fashionable theories. David Cherry reports.

The following article was provided to EIR courtesy of 21st Century Science & Technology. It will appear in that publication's Summer 1995 issue.

The Hubble Space Telescope has been trained on 14 of the brightest quasars, with the result that the standard model of the quasar for the past 30 years is now decisively overturned.

Quasars are the stars that aren't any kind of star at all. According to the usual story, Allan Sandage, in 1963, was the first astronomer to bag a quasar and nobody knew what it was. Its spectrum, taken repeatedly, was indecipherable. Eventually, his colleague Maarten Schmidt, at the California Institute of Technology, agonizing over another quasar's indecipherable spectrum, realized that the familiar pattern of certain hydrogen lines was present, although greatly shifted toward the red.

Actually it was Fritz Zwicky, also at Caltech, who first noticed quasars, and some of their high redshifts had already been identified when Sandage announced his find.¹

When initial excitement over the work of Sandage, Zwicky, and Schmidt had subsided, it was clear that a new class of objects had been identified, objects with high redshifts, nonthermal emission, and more ultraviolet in their light than any stars have. Additionally, unlike most stars, the energetic output of these objects was unstable. It could increase or decrease in just a few days—or in a month or a year. And quasars might, or might not, emit radio waves and x-rays.

1. Dennis Overbye, *Lonely Hearts of the Cosmos—The Scientific Quest for the Secret of the Universe* (New York: HarperCollins, 1991), pp. 79-82.

What sense could be made of these characteristics? The redshifts could only mean that quasars were speeding away from us as part of the universal expansion or, at least, almost everybody agreed to say so. Such high redshifts—under this interpretation—also meant that the quasars must be exceedingly distant. Despite such distances, however, the quasars were often very bright. Their intrinsic brightnesses (energies) would therefore have to be incredibly great.

Some bright quasars' rapid variability, however, was the basis for concluding that the tremendous energies must be pouring out of objects of relatively tiny physical dimensions. The argument for this is that an object, as a whole, cannot vary its output faster than the time required for an internal change to communicate itself throughout at the speed of light. The argument, based on textbook (Galilean) physics, was and is generally believed (although false) and shaped the discussion of quasars.²

Quasars had to be emitting 10 to 100 times the energy of an entire galaxy like the Milky Way, but—according to textbook physics—it had to emerge from a region only a millionth of the diameter of our galaxy (not more than 0.1 light-year). For some quasars, according to this calculation, it was not clear how so much energy could escape from so small an object without blowing it apart.

How could such great energies be produced in the first place?

Stars are generally believed to be powered by nuclear

2. It is actually false because we cannot assume that quasars' variations are controlled by a means that has anything to do with the speed of light, nor that we know the upper limit of the speed of light under the internal conditions of quasars.

fusion, but fusion is not efficient enough to explain the quasar phenomenon. The simplest model was to suppose that quasars were outpourings of energy resulting from the infall of galactic material onto a black hole at the galaxy's center. Although black holes—those theoretical constructs—do not allow any light to escape, the infall itself would cause intense emission of light at a safe enough distance from the black hole's threshold.

The black hole model had the advantage that it solved (at least in the sense of a mathematical solution in textbook physics) the problem of intense energy emission from a small object.

But where was the galaxy of which the quasar was the putative nucleus? Wisps of matter could be detected around some quasars, and so it was concluded that all were at the center of galaxies, but that the brilliance of the quasar simply obscured the galaxy by washing it out. No other mechanism for such prodigious energy production could be found within the bounds of Einsteinian physics.

The standard model of the quasar thus emerged with very serious problems relegated to a large quantity of very fine print. There was a reluctance to take the salutary step of admitting ignorance. Science suffered as astronomers bought into the only game in town.

Years later, another serious problem with the energy-producing mechanism crystallized. Quasar specialist Daniel Weedman wrote in 1988: "[N]one of the black hole models can make sufficient predictions to lead to true observational tests. In fact, the primary observations that led to the black-hole model in the first place turn out to be inconsistent with its theoretical predictions."³ This remarkable defect didn't seem to damage the model's popularity, however.

The Hubble observations

In 1994—three decades after the character of quasars was seemingly settled for good—John Bahcall of the Institute for Advanced Study at Princeton and his colleagues⁴ took advantage of the Hubble Space Telescope's long-awaited capabilities to get a closer look at 14 quasars. In January 1995 at a meeting of the American Astronomical Society in Tucson, Arizona, Bahcall told a news conference what they had found.

He announced that 11 of the 14 quasars had no surrounding galaxy and only 3 showed host galaxies of moderate brightness. One of the 11 had faint, wispy material near it, proving that if there were any faint matter near the quasar, it would have been detected by the Hubble.

"We were shocked to see them," Bahcall said of the "naked" quasars. "It's in nobody's theory. . . . All I can say

is, 'Who ordered them?'" Co-investigator Donald Schneider commented, "This is the most enigmatic data I have ever analyzed." Bahcall added, "This is a giant leap backwards in our understanding of quasars."⁵

In 'nobody's' theory?

Surely John Bahcall knows whose theory has for years considered quasars as the precursors of galaxies, thus predicting the existence of some quasars with, and some without, a surrounding galaxy. Bahcall chaired the 1989-1991 Astronomy and Astrophysics Survey Committee of the National Research Council, appointed to chart the future of the field. It would mean a substantial gap in his knowledge if he did not. Let us see who his "nobody" is.

Even before quasars had been identified, Victor Ambartsumian, founder and director of the Byurakan Astrophysical Observatory in Armenia and a member of the Soviet Academy of Sciences, had developed a theory of types of activity in galactic nuclei. According to Ambartsumian's theory, explosive ejections of "pre-stellar" matter from the nuclei were the seeds from which new galaxies formed.

Ambartsumian's theory was most unwelcome to the mainstream of academic astronomy in that he rejected the prevailing concept that gravitational condensation and collapse are the general rule in the universe. Instead he began his theoretical work in the 1930s and 1940s by noting that the processes we *observe* are diffusion, explosion, and ejection. The general direction of astrophysical evolution, he argued, runs from dense states to diffuse ones.⁶

His work was hardly obscure. After an address on the evolution of galaxies at the 1958 physics conference of the famed Solvay Institute in Brussels and an invited discourse on problems of extragalactic research at the General Assembly of the International Astronomical Union in Berkeley, California in 1961, Ambartsumian served as the president of the latter association from 1961 to 1964.

Today it is still true that what we observe are diffusion, explosion, and ejection. In 1988, astronomers wishing to observe the process of gravitational condensation in the birth of stars had to report that "not a single object in the actual act of stellar formation has been conclusively identified. . . .

5. "A Galactic 'Smoking Gun'" by Kathy Sawyer, the *Washington Post*, Jan. 13, 1995, p. 2, and Space Telescope Science Institute press release 95-04. The press release says "no current models predict. . . ."

6. For an overview of Ambartsumian's work on the origin of stars, see Ludwig V. Mirzoyan, "The Origin and Evolution of Stars: An Observational Approach," *21st Century Science & Technology*, Winter 1991, pp. 43-51. For his work on stars and on galaxies, see "The Problem of Protostellar Matter" by the same author, *21st Century*, Fall 1994, pp. 68-74.

There is, however, no substitute for reading Ambartsumian's papers themselves. A significant number are in English, as seen in the references to these *21st Century* articles. He is no advocate of Big Bang or Steady State cosmology, both of them being essentially mathematical elaborations of General Relativity, and to his mind, insufficiently grounded in the observations.

3. For details, see Daniel Weedman, 1988, "Quasars: A Progress Report," *Mercury* (Jan.-Feb.), pp. 12-17.

4. Donald Schneider, Pennsylvania State University, and Sofia Kirhakos, Institute for Advanced Study at Princeton.

The unambiguous identification of such a proto-stellar object is . . . crucial. . . . It is a vital test of our present theoretical conceptions. It requires the direct detection of infall motions. . . . During the last decade or so extensive millimeter-wave molecular line observations of proto-stellar candidates have been made. . . . However, these studies have produced the unexpected result that most embedded infrared objects are sources of energetic *outflow* of molecular gas rather than infall. Convincing evidence for infall motions around infrared proto-stars has so far eluded detection.”⁷

Ambartsumian on quasars

With the discovery of quasars, Ambartsumian made the case that they were one of the kinds of explosive ejecta that evolved into new galaxies. *Problems of Modern Cosmogony* (1969), written by Ambartsumian and his students, states:

“Finally, to the forms of activity of [galactic] nuclei already mentioned must be added explosions, which lead to the formation of quasars. In scale and magnitude these explosions exceed all other forms of nuclear activity and indicate the formation of a new galaxy, even of a galaxy cluster or of a group of galaxies.”⁸

As the ejecta of galactic nuclei, quasars would not initially be surrounded by a galaxy, which would develop later. What Bahcall and colleagues reported in January—some quasars surrounded by a galaxy and some not—is predicted by Ambartsumian’s theory. The finding by itself does not, of course, prove the theory.

Ambartsumian’s theory, however, was just the beginning. After the close of the 1960s, Ambartsumian did not elaborate further his theory of the activity of galactic nuclei. In early 1966, the American astronomer Halton Arp, then on

the staff of Palomar Observatory, independently reached the hypothesis that luminous bodies, including quasars, were ejected by galactic nuclei and represented the kernels of new galaxies. The idea emerged from studying images in the *Atlas of Peculiar Galaxies*, which he had just finished compiling. Later Arp discovered Ambartsumian’s work.⁹

Arp asked, where do we see quasars in the big picture? If quasars are always at the distances indicated by their redshifts, then they should be concentrated in those parts of the sky where distant galaxy clusters are found. They were not. He also asked, if quasars are always at their redshift distances, then, on average, fainter quasars should have greater redshifts—that is, they should form a linear or near-linear Hubble diagram as galaxies do. But a plot of quasars in terms of brightness versus redshift forms a blob.

Conclusion: Redshift is not a reliable indicator of distance for quasars, which must therefore acquire some variable part of their redshift from a property that is not distance-related. Further conclusion: Without the hindrance of redshift as an erroneous measure of distance, the contradiction of impossibly great energy emerging from too small a body can be resolved by “bringing the quasars in.” If quasars are not so distant, their intrinsic brightnesses are less stupendous.

But if quasars are nearer, where do they fit into the picture? If quasars were ejected from galactic nuclei, they should be found in greater numbers immediately around galaxies. The quasars bright enough to be readily detected should be mostly concentrated around the nearest galaxies. Were they? In a bitter, 20-year fight, Arp showed that they were.

This success came in several steps.¹⁰ First it was conceded that there was an *apparent excess* of bright quasars around nearby galaxies, but this was explained away as the result of gravitational lensing of background quasars by faint stars in the spherical halos around the galaxies—the quasars’ light would be made brighter by this gravitational effect, without the effect being so strong as to create double images of the quasars (microlensing). The phenomenon would affect the counts of bright quasars by bringing fainter ones into the bright category.

Then some diligent astronomers (with no sympathy for Arp’s views) sought a rigorous test of the *adequacy of observed quasar counts* to produce by microlensing the necessary excess of apparently bright quasars around galaxies. They showed that to produce the effect, there had to be a rapid increase in quasar counts as one went to fainter apparent magnitudes. But they found that there was no such rapid increase.

9. Halton Arp, 1987. *Quasars, Redshifts and Controversies* (Berkeley, Calif.: Interstellar Media), pp. 7-16, 134-135.

10. The microlensing story that follows here is told in more detail, and with references, in “Why Are There More Quasars Around Nearby Galaxies?” by David Cherry, *21st Century*, Fall 1991, pp. 78-82.

7. From a conspectus of the tasks and the technology of the now-completed Heinrich Hertz Submillimeter Telescope on Mt. Graham, Arizona, issued in early 1988, Sec. 2.3.1. In September 1993, astronomer John Bieging of the Hertz telescope confirmed to the author that the state of affairs had not changed.

Richard N. Thomas and his colleagues concur: “Unfortunately for such conjectures, mass-infall models do not well represent the strong and variable H- α emission profiles characterizing [T Tauri] stars. . . . The authors of Chapter 4 of this Volume 7 [Lawrence E. Cram and Leonard V. Kuhi] . . . conclude that the observations are best represented by a mass outflow. . . . Based on my own efforts at modeling T Tauri atmospheres, I accord.” T Tauri stars are believed to be stars still in the process of formation. The quotation is from Thomas’s “Perspective” that opens *FGK Stars and T Tauri Stars* (Volume 7 in the NASA-CNRS Monograph Series on Nonthermal Phenomena in Stellar Atmospheres, edited by Lawrence E. Cram and Leonard V. Kuhi, NASA SP-502, 1989).

8. This work is available in Russian, German, and French. The passage quoted here, translated by this author from the 2nd German edition of 1976 (*Probleme der modernen Kosmogonie*), appears there in Sec. 2.3, p. 115.

Much of Ambartsumian’s argument in this section is stated or strongly foreshadowed in his English-language publication, “On the Nuclei of Galaxies and Their Activity,” in *Proceedings of the 13th Conference on Physics of the Solvay Institute, Brussels, September, 1964* (New York: Wiley Interscience, 1965).

A new attempt confirmed the excess of quasars around galaxies at “more than the 99.99% confidence level,” but resurrected the microlensing thesis by invoking dark matter in the spherical halos around galaxies—matter that does not radiate enough to be seen, but can be known by its gravitational effects.

Again, this explanation was tackled by astronomers unsympathetic to Arp’s hypothesis, but with detailed knowledge of the dynamical (gravitational) behavior of galaxies. They concluded that the required dark matter “is much too close to the luminous parts of the galaxies to be consistent with other dynamical mass measurements.” In other words, if it were there, it would have a gravitational effect on the visible matter, an effect that is not observed.

These astronomers concluded, “within a conventional understanding of galactic systems we can find no model to explain the large enhancement” in numbers of quasars around galaxies.

Despite this success of Arp’s hypothesis, it continued to be evaded on another front by pointing out that “fuzz” could be seen around some quasars; on that basis it was argued that all would be seen to be the nuclei of galaxies when a powerful enough telescope was available. (Moreover, it was said, since all quasars are the nuclei of galaxies, and since galaxies are at *their* redshift distances—which is not entirely true—quasars must be also.)

The leap from the fuzz to presumed host galaxies was insisted upon even though Arp pointed out that the dimensions of the fuzz in some cases were much larger than those of normal galaxies (under conventional assumptions about the quasars’ distances). He also pointed out that there was no spectroscopic evidence for the existence of stars in the fuzz. One would expect a galaxy to have stars.¹¹

Later it became generally accepted that all galaxies were formed during a single phase of the Big Bang expansion. This put the idea of ejected quasars evolving into galaxies—and continuing to do so today—at odds with the almost universally accepted Big Bang theory.¹²

The state of affairs today, in sum, is that 1) There is a strong argument that quasars are not always at their redshift distances; 2) it is clear that there are more quasars immediately around galaxies than should be there by chance; and 3) Bahcall’s study—showing some quasars as nuclei of galaxies and some “naked”—is at least consistent with the concept of quasars as the ejected seeds of galaxies that later settle in as the nuclei of those galaxies.

It is ungenerous for a scientist to deny the work of a col-

11. Arp summarizes these and other observational arguments against host galaxies that were available long before the new Hubble study, in “Naked Quasars,” *Mercury* (Journal of the Astronomical Society of the Pacific), March-April 1995, p. 35.

12. Donald Hamilton, 1985. “The Spectral Evolution of Galaxies. I. An Observational Approach,” *Astrophysical Journal*, Vol. 297, pp. 371-389.

league or predecessor.¹³ Unfortunately, the practice is widespread in science today, and there is a long and hoary tradition of such ungraciousness running back to Newton and Galileo. But often more is involved than mere self-promotion. There is the more serious matter of the process of scientific discovery being aborted through excessive self-assurance.

To understand this, take the example at hand. Ambartsumian and Arp develop a highly original theory of the behavior of galactic nuclei that includes certain predictions concerning quasars. The theory arises from the use of an unfashionable method, one that gives priority to astronomical observation and to ideas suggested by observation, and does not give priority to Einsteinian theory or the limits of Earth-bound physics results. Method and theory alike are unacceptable to leaders of the field.

A key prediction of the theory, however, proves correct. What to do? The tried and true remedy is to weave the undeniable fact into the preferred theory that did not predict it, while ignoring the theory that did predict it. (Indeed, in this case, Bahcall seems to be considering the idea that quasars are the seeds of galaxies that somehow suddenly emerge in their great compactness from the primordial gas of the early Big Bang expansion.) Repeated applications of this patchwork remedy, however, have a profoundly deadening effect on the minds of those who submit to it.

Ambartsumian’s friend, the late Jan Oort, director of the Leiden Observatory in the Netherlands, who never subscribed to either Ambartsumian’s method or theory, nevertheless said, “I have ceased to be surprised at how all of Ambartsumian’s hypotheses, which he prophetically put forward many years ago, are confirmed one after another.”¹⁴

Isn’t it time to ask why this is happening?

13. For Bahcall not to know the Ambartsumian-Arp theory, he would have had to miss not only numerous papers of Ambartsumian and Arp, but a sizable number of articles—especially by opponents of the theory who addressed the microlensing of quasars near bright galaxies—appearing in the *Astrophysical Journal*, in *Astronomy and Astrophysics*, and in *Nature* throughout the 1980s and into the 1990s (see footnote 10 above for references). But Bahcall has studied microlensing and read a paper on it at the January 1995 meeting of the American Astronomical Society in Tucson.

Bahcall would also have had to close his eyes to Arp’s book on *Quasars, Redshifts and Controversies* (footnote 9 above), read by many an astronomer under the covers by flashlight; the quasar chapter of an important recent Russian-American collaboration, *Astrophysics on the Threshold of the 21st Century*, edited by N.S. Kardashev (Philadelphia: Gordon and Breach, 1992); and numerous other books and articles.

Also, two participants in the controversy over the Ambartsumian-Arp theory of quasars, Claude Canizares and Wallace Sargent, were members of the 1989-91 Astronomy and Astrophysics Survey Committee of the National Research Council, which Bahcall chaired.

Finally, he would even have to have forgotten his own debate with Arp on Dec. 30, 1972, at the meeting of the American Association for the Advancement of Science in Washington, D.C., published in *The Redshift Debate*, edited by George Field (Reading, Mass.: W. A. Benjamin, 1973).

14. Quoted on the flyleaf of a Russian-language biography, *Victor Ambartsumian*, by Ludwig V. Mirzoyan (Yerevan, Armenia: Aiastan, 1985).

Copenhagen Summit to chart malthusian U.N. dictatorship

by Poul Rasmussen

On March 11-12, more than 100 heads of state and government will gather in the city of Copenhagen, Denmark for the U.N. World Summit on Social Development. According to the documents and press releases circulated by the United Nations prior to the summit, the conference will be an "historic step" toward the "eradication of poverty, unemployment, and social disintegration." The true agenda of the U.N. bureaucrats who set up this conference, starting with Secretary General Boutros Boutros-Ghali, is quite different.

Under the guise of eradicating poverty, the Copenhagen Summit will consider a plan for "global governance" that will transform the U.N. into what its intellectual godfathers, such as Bertrand Russell, originally intended: a global government that will eradicate the nation-state, wipe out millions of people on the malthusian premise that the earth's "carrying capacity" cannot sustain a growing population, and rule the world according to the oligarchical view that the majority of human beings are beasts of burden who do not require education, modern health care, and rising living standards.

The summit is part of a package of four conferences that began with the U.N.'s "Earth Summit" in Rio de Janeiro in June 1992, then the Cairo conference on population in September 1994, followed by the Copenhagen event, and a conference on women to take place next year in China.

As *EIR* reported in its issue of June 10, 1994, the agenda for the Copenhagen Summit was spelled out in the "Human Development Report 1994," issued by the U.N. Development Program. The report demanded that the developing countries surrender all rights of national sovereignty, disarm and demobilize their national armed forces, and submit all internal policy to an "Economic Security Council" for approval. The report further called for a vast increase in the power of the United Nations bureaucracy and its affiliated institutions, including the International Monetary Fund and the World Bank, calling for the creation of a World Police, a World Court, a World Central Bank, and World Treasury, a World Anti-



Bosnians demonstrate in Copenhagen in September 1993, against the European Community's Balkan "mediator," Lord David Owen. His partner in crime is U.N. mediator Thorvald Stoltenberg, who also worked with the Commission on Global Governance in preparing for the Copenhagen Summit. The U.N.'s genocide in Bosnia is a case study of the one-world dictatorship these people want to bring into being.

Monopoly Authority, and a World Trade Organization. It also called for "global taxation," which would come from funds provided by the dismantling of national militaries, pollution taxes, and taxing global foreign exchange movements.

That was in June 1994. Nine months later, where do things stand?

First, the U.N. malthusians suffered an unexpected setback at the Cairo depopulation conference. The Vatican, forces in the Islamic world, and the international political movement of Lyndon LaRouche were among the most prominent of those who mobilized effectively to prevent the leaders of the world's nations from adopting the malthusian principles that were placed before them in Cairo. While the malthusian agenda remains in effect, its advocates have been forced into somewhat more subtle maneuvering. They are unable, in general, to get governments to promote their schemes directly, so instead they are relying on the non-governmental organizations (NGOs), which are taking a leading role in organizing the Copenhagen affair.

Ignoring reality

While the U.N. papers prepared for the summit purport to describe the crisis the world faces, they offer no solution. In a publication distributed to summit participants by U.N. Assistant Secretary General for Public Information Samir Sanbar, entitled "Notes for Speakers, Social Development," some of the world's problems are summed up. In 1972, there were 700 million people living in poverty, it says. Today,

1.3 billion people do—one out of every five on Earth. Some 550 million people go to bed hungry each night. A billion and a half people lack water or sanitation. More than a billion people struggle to survive on less than \$1 a day. Of a world labor force of 2.8 billion people, 30% are unemployed or underemployed.

Even some of the cruel and destructive effects in the poor countries of the Structural Adjustment Programs dictated by the World Bank and the International Monetary Fund are discussed in the assistant secretary general's paper. It is admitted that the IMF has forced governments to slash their social spending, reduce subsidies for food, and cut civil-service jobs, all of which has resulted in increased poverty. In Ibero-America and the Caribbean, education outlays have fallen by 25% or more since the 1980s. Worldwide, more than 100 million children have no school to attend. A billion adults are illiterate. The cost of essential medicines has soared to prohibitive heights, while health facilities have closed throughout the developing world.

What should be done to solve these problems? The unofficial draft declaration and program of action for the summit, which were distributed by the U.N. on Feb. 1, amount to mainly a long list of truisms. The world leaders will recognize "the significance of social development and human well-being for all and to give to these goals the highest priority both now and into the 21st century." And they will "acknowledge that the people of the world have shown in different ways an urgent need to address profound social problems,

especially poverty, unemployment, and social exclusion that affect every country.” And lo and behold, the heads of state and government will even declare, “We are also deeply convinced that social development and economic development are interdependent and mutually reinforcing.”

The draft resolution and program of action contain mostly U.N. “Newspeak” of the kind which has been developed by the many U.N. conferences in recent years. There are plenty of references to the need for “empowerment of people,” and everywhere the word development is replaced by the politically correct term “sustainable development.” Globalization (i.e., the search for the cheapest labor market) is hailed as a benefit for the economy, although market mechanisms are admitted to represent a potential threat to social development if left unchecked.

It is clear from the draft program of action, that the most likely result of the Copenhagen Summit, will be a worthless agreement on principle, that the industrialized countries commit themselves to allocate 20% of their overall development aid to social programs, while the developing countries in turn, commit themselves to spending at least 20% of their national budgets on social development. This will become known as the “20-20 principle,” another new term in the vocabulary of “U.N. Newspeak.”

The debt problem

Although the evil effects of the World Bank and IMF conditionalities are officially recognized, the draft program only calls upon these institutions to “review” their Structural Adjustment Programs. Otherwise, the program calls for a further strengthening of the Bretton Woods institutions—the IMF and World Bank. There is no talk of a new world economic order or new financial institutions, only a vaguely formulated call for the promotion of “an international financial system which is more conducive to stable and sustained economic growth and sustainable development through, *inter alia*, a higher degree of stability in financial markets, reducing the risk of financial crisis, improving the stability of exchange rates, stabilizing and striving for low real interest rates in the long run, and reducing uncertainties of financial flows.”

This is certainly not an appropriate answer to serious problems facing the international financial system, as reflected in the financial crisis that broke out in Mexico in December 1994.

The draft program does contain one concrete measure that could have a real effect on the present condition of the world economy: There are provisions for the cancellation of the Third World debt. But these provisions were not fully agreed to by the Preparatory Committee at its final meeting on Jan. 27. Therefore, they are included in the unofficial draft text of the program of action, but the final decision as to their inclusion in the official text, will be made by the

world leaders during the Copenhagen Summit. Part of one of the suggested texts for paragraph 11(e) of the Plan of Action reads: “Achieving an effective, comprehensive, equitable, development-oriented and durable solution to the external debt problem by taking urgent action and measures, *inter alia*, through the cancellation and/or reduction of various types of debt. . . .”

It is no secret, that during the past 20 years, the international banks of London and New York have brutally fought against any idea of a debt moratorium to relieve the suffering of the Third World. If the world leaders were to adopt a program of action at the summit meeting in Copenhagen, which includes a general provision for the cancellation of debts, it would represent a dramatic break with the present financial policy and the interests of the international financial institutions.

The Preparatory Committee also had to leave it to the world leaders to decide upon the following suggestion to control financial speculation, in paragraph 12(d) (the bracketed formulations have not been agreed upon by the committee): “Taking measures to reduce inefficiencies from [illegitimate/excessive] accumulation of wealth [by speculative or windfall gains] [including through the use of appropriate taxation] [in accordance with national priorities and policies].” An excellent provision, which unfortunately runs the risk of being stripped from the final document.

National sovereignty

In the accompanying article, Torbjørn Jerlerup analyzes the recent report prepared for the Copenhagen Summit by the Commission on Global Governance, showing how the one-worlders of the U.N. plan to abolish national sovereignty. In the draft program of action for the Copenhagen Summit, the attacks on national sovereignty are more subtle. In paragraph 9(e), the nations pledge to refrain “from any unilateral measure not in accordance with international law and the Charter of the United Nations that creates obstacles to trade relations among states, impedes the full realization of social and economic development, and hinders the well-being of the population in the affected countries.” In other words, no unilateral national dirigist economic measures that could actually save a country.

The most interesting paragraphs on national sovereignty are actually the parts that the Preparatory Committee could not agree upon. In the section on international support for national efforts, the Preparatory Committee could not agree to the following formulation of the first paragraph, (a), “Upholding the principles of sovereignty, territorial integrity, and political independence of states, as well as non-interference in their internal affairs, as enshrined in the Charter of the United Nations.”

The Preparatory Committee also could not agree on paragraph 17(e), which said, “Removing the obstacles to the right

to self-determination to peoples under colonial, foreign, or alien occupation, which adversely affect their social and economic development.”

And finally, there was no agreement on the following statement in paragraph 15(b), “Reaffirming that the right to development is an inalienable human right, by virtue of which all human beings and all peoples have the right to participate and to contribute to economic, social, cultural, and political development, and that all human beings have the responsibility of development, individually and collectively, the states have the primary responsibility of creating the national and international conditions favorable for the realization of the Right to Development.”

Disregard for physical economy

As already mentioned, the world leaders are instructed to solemnly declare that they are “deeply convinced that social development and economic development are interdependent and mutually reinforcing.” Unfortunately, the draft program of action for the summit reveals this to be an absolutely empty statement.

The draft text shows no understanding of real physical economy and economic development. There are plenty of references to so-called “sustainable development” and “productive employment,” but there is no reference to any physical productive initiative that could facilitate real economic growth. As a matter of fact, there is not a single word about any infrastructure project, large-scale technology transfer, or real economic investment.

The program of action for the Copenhagen Summit maintains the illusion of the “post-industrial” society. It is plainly insane to speak about social and economic development in a post-industrial world. By what means are poverty, unemployment, and social disintegration going to be eradicated if industrialization and technological development are seen as undesirable?

In the “Notes for Speakers” mentioned above, the idea of industrial development is depicted as outright old-fashioned. The assistant secretary general quotes the U.N. Human Development Report from 1993: “The notion that manufacturing is the foundation for all other economic activity is an old illusion. The distinction between industry and services is now largely meaningless.”

As American statesman and economist Lyndon LaRouche has repeatedly pointed out, it is exactly this post-industrial insanity, combined with free-market economics, that has destroyed the world economy and left the Third World to its misery over the past 20-odd years.

EIR is currently sponsoring a series of conferences worldwide on Mr. LaRouche’s proposals for global reconstruction of the world economy based on large-scale infrastructure development. Such a conference took place in Copenhagen on Feb. 9.

Commission on Global Governance

Global empire on the U.N.’s agenda

by Torbjoern Jerlerup

In the year-end issue of the London *Economist*, “The World in 1995,” author Nico Colchester called for the creation of “government at above the level of nation-state,” in an article with the headline “The Slow Death of the Nation-State.” Colchester wrote: “The threat or promise of government at above the level of nation-state will be a strong undercurrent in the politics of the rich world in 1995. The dramatic clash between the irresistible needs for such authority and the immovable forces rejecting it is ousting the old left-right divide as the bitterest source of argument within the mature democracies. The irresistible needs flow mostly from the benevolent economic facts of life. Institutionally managed savings now slip across national frontiers like quicksilver, sapping the power of governments to finance themselves through inflation. Great companies now transcend nationality. Elites do the same. So governments are reduced to mere corporate managements, competing to attract savings, companies, and elites to their territories. This is a game that demands a degree of international refereeing.”

This piece of propaganda from the British financial elite has to be seen in the light of the ongoing global financial collapse. The international financial oligarchy wants to use the 50th anniversary of the United Nations to create the administrative organ for a global financial fascist system, under the slogan of “global governance.” In this way, they hope to wipe out what remains of the sovereign nation-state, and secure their own domination.

A proposal for financial dictatorship under the cover of “global governance” was put forward at the World Economic Forum in Davos, Switzerland in January, when world leaders met to shape the economic agenda for 1995. The official commission working on the reform of the U.N., the Commission on Global Governance, presented its final report, “Our Global Neighborhood,” on Jan. 26 to the assembled elites. Two agents of influence for the British financial elite, Shridath Ramphal, former secretary-general of the Commonwealth, and Swedish Prime Minister Ingvar Carlsson, were present in their capacity as chairmen of the commission, and explained that the report will be the main policy document for the U.N. Social Summit in Copenhagen in March. The



Leading lights of the U.N.'s drive for global empire, left to right: Swedish Prime Minister Ingvar Carlsson, co-chairman of the Commission on Global Governance; U.N. Secretary General Boutros Boutros-Ghali; Canada's "Mr. Green" Maurice Strong, a member of the Commission on Global Governance.

proposed "reform" of the U.N. will be presented to the delegates attending the Social Summit under the heading: "A Strengthened Framework for International Cooperation for Social Development in a Spirit of Partnership."

The two chairmen explained that they believe the principle of national sovereignty should no longer be upheld as the main principle guiding international affairs. They instead endorsed the notion of "governance between people." The commission suggests that the U.N. should get more power, in fact dictatorial power, and that new decisionmaking bodies should be created under U.N. auspices, like an Economic Security Council, a strengthened International Court, and a system to give the non-governmental organizations (NGOs) more influence on the work of the U.N.

Among the members of this commission one finds former Under Secretary-General of the U.N. Brian Urquhart; former President of the World Bank Barber Conable; former Minister for Overseas Development in the U.K. Frank Judd; Senior Minister of Finance in Zimbabwe Bernhard Chidzero; and Canada's Maurice Strong, who has played a crucial role in shaping the agenda of the U.N. ever since the environmental conference in Stockholm in 1972.

Strong, who was the secretary general of the environmental conferences in Stockholm in 1972 and in Rio de Janeiro in 1992, also participated in the Davos forum, where he called for the creation of an Economic Security Council. He said that this has to be done in order to avoid a collapse of the financial system because of "instabilities" like the crisis in Mexico.

Another participant in the Commission on Global Governance's organizing drive for the Copenhagen Summit is An-

ders Wijkman from Sweden, deputy secretary general of the U.N. Development Program (UNDP). Wijkman, who sits on the international advisory council of Prince Philip's World Wide Fund for Nature (WWF), has often stated that the world would be better off with only 500 million people. Wijkman, an outspoken Swedish opponent of Lyndon LaRouche, is acknowledged in the report by the Commission on Global Governance as one of their advisers.

What is 'global governance'?

The World Economic Forum in Davos opened one month after the Mexican bubble burst, and the talk there was all about the supranational government that the *Economist's* Colchester was demanding. Already on the first day, such stooges for the British financial world as Boutros Boutros-Ghali, mega-speculator George Soros, and Maurice Strong warned about the dangers of financial speculation and demanded "a new economic order." Boutros-Ghali pointed to the "instabilities" on the international currency markets and called for global cooperation against speculation on currencies.

The Ramphal/Carlsson Commission, when it presented its report at Davos, talked about the need to create an Economic Security Council to deal with the global financial mess. To understand what the commission means by this proposal, it is necessary to take a closer look at the report and the discussion behind the scenes. The intent of the U.N. reformers is to create a global U.N.-led empire to control world affairs. The U.N. will have the power to decide over all political issues like finances, trade, industry, defense, democracy, environment, and even sexual habits (through

the fight against "overpopulation").

One of the ideologies behind the work of the commission, as well as in the preparatory work for the Copenhagen Summit, Unar Kirdar from the U.N. Development Program, described the aim of the U.N. reformers in a surprisingly candid way, in a paper to the UNDP Roundtable in Stockholm last summer. He quoted an article from the *Economist* in January 1993, about a person looking back from the year 2992 at the 1990s. The article compares "global governance" to the Roman Empire:

"This was an opportunity of a magnitude the world had rarely seen before . . . the defeat of communist totalitarianism in 1989-91. . . . Perhaps not since the battle of Actium in 31 B.C., which made possible the *Pax Romana*, had there been such a chance to remake the world; and in A.D. 1991, unlike 31 B.C., the central idea on which the remaking would have been based was the victors' belief in every man's right to political and economic freedom."

The commission's "Our Global Neighborhood" report describes this concept of a new world-wide empire as follows: "By global governance we do not mean global government, as that would only reinforce the role of states and governments; global governance is about putting people at the center of world affairs. . . . By definition, global governance implies a decentralized system built on the foundations of a common set of values."

The commission's report considers the role of the British Empire, and comes to the conclusion that "some worldwide governance was partly provided by the exercise of dominion through empires, especially Britain's." While this was "politically stable," they say, it created some problems which a future "global leadership" should avoid. First, the British Empire was "ultimately unsustainable," and second, it gave rise to "economic nationalism." This must not be allowed to happen again.

'The end of geography'

The point of departure for the commission, is that the nation is losing more and more of its power because of modern weapons, the international trend of economic globalization, and the nature of international "threats" against mankind, like the so-called environmental threats. This development they call "the end of geography."

The commission writes that "the world has become too small and too crowded," and therefore "the concept of global security must be broadened . . . beyond the exclusive state interests to include the protection of people. . . . The primary goal of global security should be to prevent conflict and war and to maintain the integrity of the planet's life-support systems by eliminating the economic, social, environmental, political, and military conditions that generate threats to the security of people and the planet, and by anticipating and managing crises before they escalate into armed conflicts." As examples of such threats "to the people and the planet,"

the commission names several military and non-military "threats." Among the nonmilitary threats are the ozone hole, loss of biodiversity, nuclear power, and social breakdowns such as those in Rwanda, Somalia, and Haiti, which "were undoubtedly exacerbated by environmental deterioration accompanied by mounting population pressure."

The commission then proposes that the U.N. Security Council get increased power to deal with these "threats," by getting the power to enforce a set of "global rights and responsibilities" on humanity. The commission proposes that the Security Council get the power to solve every crisis by

Commission Chairman Ingvar Carlsson was asked by this author whether he wants to bomb nations that threaten the environment or that do not obey the accepted U.N. rules on economic policy. To this he answered, "I am not proposing that we should use bombs to force through a more sane environmental policy, but we must be able to go very far."

sanctions and by the use of force, so-called "enforcement action." They propose that a standing force of 10,000 soldiers be created as a "convincing deployment on the ground," for this enforcement to have the power to intervene in an early stage to prevent a threat against "the security of the people or of the planet." As they say, "a policeman would not be a very effective policeman if, when he saw a felon break into a house, he had to go to the town hall and call a meeting to issue a warrant before the felon could be arrested." To this effect they propose that all military forces of the world should be controlled by the U.N., in its new capacity as global policeman. "Military force is not a legitimate political instrument except in self-defense or under U.N. auspices," they write.

Commission Chairman Ingvar Carlsson was asked by this author whether he wants to bomb nations that threaten the environment or that do not obey the accepted U.N. rules on economic policy. To this he answered, "I am not proposing that we should use bombs to force through a more sane environmental policy, but we must be able to go very far." So, the U.N. Blue Helmets would have the same function as the Pretorian Guard for the Roman Empire: to force through the dictates of the oligarchy.

This enforcement policy will not be founded on an idea of what is right or wrong, but on a fascist power-political

scheme. The model that the commission has chosen on how to use this "enforcement policy" is the Montreal Protocol of 1987, which banned the use of CFCs, without scientific evidence proving that they are destroying the ozone layer. The commission acknowledges the fraud of this protocol, when they say that "scientific opinion is far from unanimous" about the effect of the CFCs on the ozone layer; but they say that "we . . . cannot afford to wait until scientific evidence is complete."

Five proposals

To impose this fascist global empire upon all nations and all people on the planet, the commission proposes a reform of the existing institutions of the U.N. and calls for the creation of some new ones. Their proposals can be summed up in five points:

- As mentioned above, they say that the Security Council should get more power to intervene *before* an armed conflict starts in any country, or in case of "environmental degradation," lack of "democratic behavior," etc. They also propose some formal changes in the structure of the Council, whereby other countries would be invited as permanent members, *but without a veto*. The commission says that the veto should be abolished, but only after the Security Council has increased its power. This means that there is no guarantee that the Permanent Five countries, which now have a veto—the United States, Great Britain, Russia, China, and France—will agree to abolish it.

- The commission proposes that an Economic Security Council be established. It is to have no enforcement capacity and its decisions are to be taken in consensus (no veto). The idea is that it should function as the control organ for the world economy, replacing the Group of Seven, and that it should coordinate the work of all branches of the U.N., not only its work in economics.

- The World Court should get more power, and "all members of the United Nations should accept the compulsory jurisdiction of the World Court. . . . Failing voluntary compliance, Security Council enforcement of World Court decisions and of other legal obligations should be pursued." Every member could then sue any other member on the charge that it is violating "the accepted global ethic," but of course the five powers with a veto can impede any decision which negatively affects their interests.

- The NGOs should receive "the right to petition." The Security Council would be able to get "early warning" about something which they believe could be a threat "to the people or the planet." All non-governmental organizations would be able to petition about anything and address their petitions to a "Council for Petitions." This council would then decide "if the situation poses or is likely to pose a threat of such proportions that it should be addressed by the Security Council." Of course, this means that if the NGOs "find" that the development of nuclear power in an African country is a

"threat" to the ecology or the economy, they could, if it is in the interest of the Permanent Five nations, get the Security Council to use force to stop the "threat."

- An international tax should be levied on airplane tickets or the use of "the global commons," like the sea or space, to finance the work of the U.N.

Financial fascism

Let us look more closely at the commission's proposal to create an Economic Security Council. This is supposed "to give political leadership and promote consensus on international economic issues where there are long-term threats to security in its widest sense, such as shared ecological crisis, economic instability, rising unemployment, the problems of transformation in the former Soviet Union, mass poverty, lack of food security. It would be concerned with the overall state of the world economy and with the promotion of sustainable development."

According to the commission, there is a need to create a global forum to replace the Group of Seven economic forum, which includes the leading industrialized nations of the West and Japan. The council is supposed to coordinate the work of the U.N. with the International Monetary Fund and the World Bank, which they propose should also get more power. This shows that the criticism by the commission of these institutions is not meant seriously.

The Economic Security Council is supposed to make sure that actions are taken to protect the environment, with, for example, a global tax on pollution. It is also supposed to force through a new system for aid, whereby exporters of weapons could be punished, together with "undemocratic" regimes and those who "destroy the environment."

But the most important mission of the new U.N. body should, according to the report, be to impose control over the international financial markets by making sure that no country yields to "protectionism." This reveals the true fascist nature of the proposal, since without using protectionist measures, a nation can in no way defend its people against the international financial oligarchy or other expressions of global fascism.

This has to be seen in the light of the international financial collapse, something the commission describes in the following way:

"The international monetary system's dependence on private capital markets exposes it to the risk of a collapse of confidence in the system as a whole. Economic history is littered with financial crashes, and a major global banking collapse was averted in the 1980s only because developing-country debtors were coerced into maintaining interest payments, thus forestalling large-scale bank insolvencies. Growing financial interdependence increases the risk of panic spreading if the system gives way at one of its weakest points. It is not possible to predict where the lightning will strike next, but worries over the market in some of the new

Thorvald Stoltenberg, one-world propagandist

“One world, one government, one church, one army . . . one authority, one constitution, one World Bank, one currency. . . . One people, one big union with a common aim. . . .

“We hope that all tribes and people, despite border walls, can assemble and unite, that only *one* dictatorship—the message of peace from above—shall bend all wills of the world.”

—Odd Froner, from the poem “One World,” in the magazine of the Norwegian World Federalists, *En Verden*, 1983

If you want to find out how the world will look if the United Nations is allowed to implement its ideas about a world empire, look at Bosnia. In a world totally run by the U.N., planned holocausts like this will be an everyday occurrence aimed at “bending all wills of the world.” The Commission on Global Governance acknowledges this when they hold up “former Yugoslavia” as an example of a region where a stronger system of U.N. “governance” is needed, but without differentiating between aggressor and victim.

One of the persons that the commission thanks for his “help and good advice” is the U.N. “mediator” in Bosnia,

Thorvald Stoltenberg. This man has been propagandizing for a global empire for more than 30 years, as an active member of one of the leading non-governmental organizations working for the creation of a “world government,” or rather world empire, the World Association of World Federalists.

In April 1993, Stoltenberg, then minister of foreign affairs in Norway, replaced Cyrus Vance as U.N. mediator in Bosnia, working with the European Community’s Lord David Owen. Stoltenberg was chosen as a mediator because he has a close relation to the British geopolitical gamemasters who in 1991, with the help of Serbia, started the war in the Balkans. Like his predecessor as minister of foreign affairs in Norway, Knut Frydenlund, Stoltenberg is a friend of Henry Kissinger and shares Kissinger’s enthusiasm for power politics and contempt for the sovereign nation-state. This is why all Stoltenberg’s proposals for “peace” in Bosnia have been based on the idea of dividing Bosnia into ethnic zones, and this is why he often repeats the slogan that “the nation-state has too much power.”

Stoltenberg has been a member of the advisory council of the world federalist association in Norway, *En Verden*, for more than 25 years. *En Verden* openly proposes that the U.N. should be a “world government.” In reality, their proposal looks more like a world dictatorial empire, since they want the U.N. to carry out “population control” and “environmental protection,” as well “economic control.”—*Torbjoern Jerlerup*

financial instruments, such as derivatives, are a salutary warning of future storms that could threaten the system. It is also necessary to take account of some new destabilizing factors such as the role played by the large sums of drug money.”

The commission continues by stating that “the flexible rate system is not working as well as it should. There is too much volatility and serious misalignment of important exchange rates.” But this does not mean that we have to go back to a system of fixed exchange rates and a national protectionist credit policy, similar to what Venezuela did half a year ago: “In a world of globalized private capital markets, it is not possible or desirable to recreate a system of fixed exchange rates and strong public-sector control over the international monetary system. The market genie has already escaped the bottle.”

The fascist “solution” they propose is to impose a global ban on protectionism and create this Economic Security Council “to secure consistency between the policy goals of the international organizations,” and “to promote consensus-building dialogue between governments on the evolution of

the international economic system, . . . Its primary task would be to look at the main trends in the world economy and to give signals that could guide the global community.” The “recommendations” of the Economic Security Council, consisting mainly of the rich countries, could then be subject for treatment by the full Security Council, with its increased capacity to enforce its decisions upon all nations. In this way, with global economic fascism, the commission believes that it would be possible to keep the sinking *Titanic*, the immoral financial system of the IMF and the World Bank, afloat.

How close are we to actually implementing these plans? This author asked Ingvar Carlsson at Davos what the schedule looks like for carrying out the commission’s proposals, and he replied that they think they will be able to get some of them passed already this year, such as the Economic Security Council. The rest, he said, should be decided at a conference in 1998. The purpose of the Copenhagen Summit, in the commission’s view, is to build momentum for that. For republican forces around the world, it is an opportunity to stop the design for global empire dead in its tracks.

Russia and Ukraine settle disputes, sign major accords

by Konstantin George

Hidden by the war in Chechnya, an important, singular process of Russia seeking and establishing concrete cooperation with the “core” former Soviet, non-Russian republics—Ukraine, Belarus, and Kazakhstan—has been under way throughout the month of February. In the cases of Belarus and Kazakhstan, this involves developments toward economic, political, and military reintegration. The key singularity in this process, a portent of other policy changes afoot in Moscow, is the abrupt reversal of the Russian posture vis-à-vis Ukraine, from one of provocation and sabotage of potential joint economic cooperation, to re-launching close economic ties on the basis of not tampering with Ukraine’s sovereignty.

The changed dynamic became visible with the Feb. 4 meeting in Moscow of the prime ministers of Russia, Belarus, and Kazakhstan, which produced an agreement to establish a customs union among the three. This event was preceded by a landmark agreement in January between Russia and Kazakhstan to create joint armed forces, an event that went unnoticed in the western media.

The developments with Belarus and Kazakhstan, while important, were “in the pipeline,” so to speak, and not surprising. But the integration track was given more impetus by a two-day visit by Russian Federation President Boris Yeltsin to Belarus on Feb. 21-22, where he and Belarus President Alexander Lukashenko signed a “Treaty of Friendship, Good Neighborly Relations and Cooperation” in the Belarus capital of Minsk. The treaty reaffirmed the customs union, established a coordinated foreign policy, the joint securing of Belarus borders, and reaffirmed the 1992 Collective Security Treaty.

As announced by Russian Defense Minister Pavel Gra-

chov, who was present with Yeltsin in Minsk, agreement was reached for the stationing of Russian aircraft on “several” Belarus air bases, and the two antiballistic-missile early warning facilities on Belarus territory have been officially made Russian property. A draft agreement for creating joint armed forces, with a joint command in Moscow, has been formulated and is expected to be signed later this year.

A surprise development

The surprise positive singularity of the month emerged on Feb. 10, when Russia and Ukraine initialled their long-stalled Treaty of Friendship and Cooperation, in the Ukrainian capital of Kiev. The treaty had been on ice since September, because of Russia’s provocative and unacceptable insistence that the treaty contain a clause granting dual citizenship to Ukraine’s 12 million ethnic Russians, and Moscow’s refusal to amicably settle the question of Ukraine’s outstanding debts for Russian natural gas deliveries. The Russian Foreign Ministry, under Andrei Kozyrev, had played a leading role in pushing these demands.

Then, Moscow suddenly reversed itself on both counts. As events have made clear, the reversal was effected by the leaders of the Russian military-industrial complex and the military, in alliance with Prime Minister Viktor Chernomyrdin. The Russian delegation to Kiev that initialled the treaty was led by Oleg Soskovyets, a leading figure in the military-industrial complex and Russia’s first deputy prime minister. The treaty was agreed to with the elimination of the “dual citizenship” clause.

The visit was cleared through a behind-the-scenes agreement to eliminate the natural gas debt impasse. This agree-

ment became formal on Feb. 17 when, under the direction of Chernomyrdin, the former head of Gazprom, the Russian gas producer and exporter, agreement was reached settling Ukraine's outstanding debts for 1994 gas deliveries.

Under the terms of that agreement, \$1.4 billion in debts were settled as follows: \$500 million was rescheduled; Ukraine agreed to cover \$600 million of debts through deliveries of goods; and the final \$300 million was settled by allowing Gazprom to acquire equity stakes in Ukrainian oil and gas facilities, such as refineries and pipelines.

The agreement thus ensures the continued supply of natural gas, absolutely vital for Ukrainian industry and for household heating and hot water.

Russia gets the Black Sea Fleet

The Kiev talks also settled the other major outstanding Russian-Ukrainian conflict, the resolution of the Black Sea Fleet question. Here, the Russian military got what it wanted. It was agreed that Russia would nominally receive 85% of the fleet. In reality, except for coastal patrol boats, the entire fleet is now in Russia's formal possession. More important, the single most crucial demand of the Russian military was accommodated: Ukraine agreed to give Russia permanent possession of the main Black Sea Fleet naval base at Sevastopol in Crimea.

The terms of the agreement, while clearly overwhelmingly in Moscow's favor, were no different than what the Ukraine government of President Leonid Kuchma was willing to settle for already back in September 1994.

The initialling of the treaty finally clears the way for the four-times postponed Yeltsin-Kuchma summit that will sign the treaty. The summit is now expected for either late March or early April.

Cooperation takes off

Just how crucial the breakthrough engineered by Soskovyets and the military-industrial complex is, became visible within a week, when the dynamic of bilateral cooperation that began with the initialling of the treaty took off.

On Feb. 18, Russia and Ukraine signed a landmark agreement for cooperation in the vital military-industrial sector. This sector is the most crucial one for both the Russian and the Ukrainian industrial economies. For Ukraine, in one sense even more so, because the proportion of Ukrainian industrial workers in military and military-related industries to the overall industrial workforce is higher than in Russia.

Russia and Ukraine agreed to form a joint group, called International Air Engines, to build aircraft, supply armaments to Russia, and supply parts for Russian aerospace. The agreement was signed by Viktor Glukhyk, head of Russia's State Committee for Defense Industry, and Ukraine Defense Minister Vladimir Shmarov, both of whom stressed that the agreements are meant to help military-industrial enterprises hurt by the collapse of orders in the wake of the dissolution



New partners: Ukrainian President Leonid Kuchma (left) and Russian Prime Minister Viktor Chernomyrdin.

of the Soviet Union.

The agreements produced some concrete results. Glukhyk announced that Russia intends to replace its aging IL-76 transport aircraft with 400 AN-70 transport planes, which are being produced in Ukraine. Shmarov furthermore endorsed the Russian proposal to have Ukraine build 19 TU-160 long-range strategic bombers for the Russian Air Force, calling this and the AN-70 project the first steps in wider cooperation between the military-industrial complex of both countries. Glukhyk elaborated on this point, saying that Russia will be buying military hardware from plants in the industrial belt of eastern and southern Ukraine. He specifically cited the intention to resume the purchase of missiles and missile parts from Ukraine's huge "Yuzhmash" complex in Dnipropetrovsk, which had been the leading missile producer in the former U.S.S.R., under a director, Leonid Kuchma, who has since become President of Ukraine.

These agreements are of enormous political and economic significance for Ukraine, because they form the basis for ending the nagging problem of mass unemployment in the industrial belt, which contains most of Ukraine's ethnic Russian minority. Under conditions of economic stability, or the tangible promise thereof, this minority has demonstrated that it is *not prone* to enticements to join anti-Ukraine separatist movements. From the standpoint of Russia, these agreements demonstrate a healthy impulse in the military-industrial complex that it is far more important for Russia to preserve and build its real strength, in the realm of advanced industry, than to not cooperate with Ukraine, and thus abet the triage of its real economy for the sake of an imperial game of economical-ly and politically destabilizing Ukraine.

Time is running out on pragmatic policies in the Balkans

by Elke Fimmen

The author visited Zagreb, together with Ted and Dorothy Andromidas from the U.S. Schiller Institute, during early February.

If there is to be any positive solution for both Croatia and Bosnia, and for the entire Balkan region for that matter, the United States and Germany must now make a decisive break with the manipulations of the British-French-Russian Triple Entente. It is no longer sufficient to introduce what might be called pragmatic policies. In the present explosive situation, there is no alternative to a full break with British geopolitical schemes, which means withdrawing U.N. forces, lifting the weapons embargo against Bosnia, and providing military logistical support for the enforcement of the territorial integrity of both Croatia and Bosnia-Hercegovina, punishment of the Serbian aggressor, and economic reconstruction.

Chaos, war, and an uncontrollable spill-over into the entire region, as happened in the events which led to World War I, are looming behind and underneath all the various plans to cool down the situation. The various schemes—the latest one is called Z4 (Zagreb 4)—remind the observer of the international financial derivatives market, in which ever new schemes are spun out of thin air. Just as the financial bubble is exploding, so the bubbles of Z4 and similar schemes are going to burst, with bloody consequences.

In Bosnia-Hercegovina, the leadership and the beleaguered population are not going to accept pressures to surrender. Bosnian President Alija Izetbegovic made it clear on Bosnian television on Feb. 9 that “peace is very important for the Bosnian people, but not at any price.” The Bosnian Army has grown stronger over the past year, and there are new preparations for a Croatian-Muslim joint command of military forces in Bosnia-Hercegovina.

Preparations for withdrawal of Unprofor forces are under way, and might become reality if the U.S. Congress sticks with its decision to lift the arms embargo against the Bosnian Army on May 1. The fact that there is no leeway for harboring illusions about the explosive situation, has been underlined by the Serbian treatment of Bihac, the formal announcement of a joint command of Bosnian Serbian troops under Radovan Karadzic and Croatian Serbian troops under General Martic, and Belgrade top diplomat Vladimir Jovanovic’s recent categorical rejection of the idea of recognizing

Bosnia-Hercegovina.

In Croatia, the government is treading on thin ice. The Unprofor troops have become heartily hated because of their blatant protection of the Serbian aggressors. This exasperation has led the Croatian government to formally announce the cancellation of the U.N. mandate at the end of March. The announcement unleashed feverish attempts by the Z4 group—representatives of the United States, Russia, the European Union, and the International Conference for former Yugoslavia—to prevent that from happening, because, as they see correctly, without the U.N. troops in place, the situation would get out of control.

It is obvious that any serious “repatriation” of one-third of Croatia’s territory is not possible without military action—something which is not in the interests of the Croatian government, which continues to intone its belief in Serbia’s desire for peace and the possibility for political arrangements, quite probably including exchanges of territory as well as possible deals concerning Bosnia-Hercegovina. Since these intentions are well-known to the public, according to press reports the present military mobilization is coming up against great resistance from the majority of the population. The same nation which resisted with great enthusiasm when the Serbian aggression first started, now seems to be increasingly unwilling to play an active part in such policies, which they view as not serious.

The Z4 plan, which is equally unacceptable, gives far-reaching, autonomous status to the Krajina Serbs in large parts of conquered Croatian territory, especially in the western part of Croatia, including giving the Krajina Serbs their own President and parliament, as well their as own currency. The remaining parts of Serbian-occupied territory in western Slavonia and Baranya would be given back to Croatia after five years of U.N.-administered government. Majority Serbian communities would have a status of “self-government.” Demilitarization would begin only after three years.

Such a policy cannot possibly work. The Krajina Serbs have already rejected it, because it is not far-reaching enough for them, since it places them under the Croatian flag. For Croatia, too, this plan is unacceptable, because it rewards the aggressors with autonomous status, and in no way ensures that the hundreds of thousands of refugees can return to their homes and live safely and in peace.

Another question, of course, is how anyone could believe that Unprofor, which has only helped the Serbian aggressors so far, will suddenly do an about-face and become an enforcer of Croatian rights.

The Croatian government is meanwhile making strenuous efforts to stifle the Croatian opposition, which is opposed to any new sell-out schemes. Recently, pressure was put on the influential Croatian Veterans of War Organization to replace its president, leading Croatian opposition personality General Spigelj, with a pro-government representative. Like other successful Croatian generals, Spigelj, one of the leading defenders of Croatia during the opening phases of the Serbian aggression, had been sent into retirement early during the Serbian-Croatian war. Spigelj is now one of the main proponents of the Muslim-Croatian alliance in Bosnia-Herzegovina. The Croatian Volunteers Association, representing the core of effective resistance especially at the beginning of the war, was neutralized in a similar fashion last year by a campaign against its president, Zvonimir Trusic.

Bihac: protected death zone

While all sorts of wheeling and dealing goes on behind the scenes, the Croatian opposition movement Libertas is actively organizing the alliance between Muslims and Croats against the genocide. The most recent horrible symbol of that policy is Bihac.

Professor Separovic of Libertas, together with Muslim and Croatian representatives of Bihac, recently organized a protest meeting on the Bihac situation in Zagreb, at which he also once again presented the *Actio Popularis* legal challenges against U.N. figureheads Boutros Boutros-Ghali, Yasushi Akashi, and Unprofor commander General Sir Michael Rose. The Schiller Institute had also been invited to address the audience. Over the course of the meeting, the picture became clear in gruesome detail. Even speakers from the U.N. High Commission on Refugees (UNHCR) now confirm conditions of famine. The Bihac pocket has been encircled since September 1991. Over the course of 1994, according to estimates of the regional authorities, only one-fourth of the required food supplies were let through by the Serbian side. In the first 40 days of this year, only 5% of needed supplies got through. According to the UNHCR, 600 grams of food per person are needed for survival, but only 53 grams were delivered to the population in the last three months.

In the hospitals of Bihac, people are dying of hunger. One hospital alone reported the starvation of 17 small children and eight newborn babies during the past two months. Over the past three months, 160 children were born prematurely, because of lack of nutrition as well as psychological trauma of the mothers. In many cases, birth weight was only around 1 kilogram. Even mild infections are leading to death, because people's immune systems are too weak. Moreover, hospitals have neither the energy supply for heating nor other necessary technical equipment for such things as transfusions,



Elke Fimmen of the Schiller Institute addresses a rally in Zagreb, Croatia in 1992, protesting the destruction of Sarajevo.

sterilization of equipment, CPR, dialysis, etc.

Hope for a stronger U.S. policy

As became clear in our discussions, everybody knows that only a complete turning of the tables can shift the situation at this point. Hopes are directed toward the United States, even though there is much disappointment over the slow pace of events, which is creating dangerous dynamics. Growing tensions are now once again being reported in Bosnia-Herzegovina between Croats and Muslims. The very tense situation in Mostar is well-known; but tensions are also being reported in central Bosnia, because there is no perspective for any change for over 1 million refugees. One example is Tuzla. Traditionally, collaboration between Croats and Muslims in that region has been particularly good, even during the Croatian-Muslim war. But in hemmed-in situations such as this, provocations by any side can rather easily be set off.

The visiting American-German Schiller Institute delegation helped to clarify the internal complications of American politics to both Croatian and Bosnian leaders. Ted Andromidas gave public and private briefings about the British oligarchy's practice of eliminating U.S. Presidents the moment they change direction away from British geopolitical schemes. He also spoke about President Clinton's national problems with the Conservative Revolution loonies. In that connection, Andromidas stressed the urgency of securing a stronger voice for American politician and economic scientist Lyndon LaRouche. This moved several prominent Croatian and Bosnian representatives, including members of Parliament, to sign a public call for LaRouche's exoneration from all legal charges against him.

Such support for LaRouche might also send a signal to the U.S. ambassador in Zagreb, Peter Galbraith, whose role is generally regarded as counterproductive for Croatia. He has come under strong criticism for his particularly good relations with his Russian counterpart in Zagreb, with whom he pushed through the Zagreb agreement last May, according to which the Croatian Army had to withdraw from more than 1,000 square kilometers of Croatian territory. Galbraith is also accused of having made strong anti-Croatian remarks—charges which he has not cared to deny.

Croatian analyst Srečko Jurdana, in an article in the daily *Slobodna Dalmacija*, contrasted Galbraith's policies with those of President Clinton. Jurdana accuses Galbraith of walking in the footsteps of President George Bush's former ambassador to Belgrade, Zimmerman. Jurdana mockingly calls both Zimmerman and James Baker, who had given the green light for Belgrade's aggression, "guardians of Yugoslavia" and enemies of the Croatian state, George Bush being "a typical exponent of Versailles-type Anglo-Saxon geostrategy." In contrast, even though President Clinton is somewhat cautious, he cannot in any way be compared with Bush, Jurdana stresses. Clinton might in some respects even be called revolutionary. He did commit use of U.S. airplanes against the Serbians; through the Washington agreement, he ended the Muslim-Croatian war in Bosnia; and he supports the integrity of Bosnia-Herzegovina and Croatia. Above all, Jurdana says, probably the most important foreign policy step by Clinton was his speech in Berlin last year, in which he announced the end of the "special relationship" between Washington and London, and stressed the development of general political and economic collaboration with Germany. Jurdana concludes that Clinton's speech "implied more than anything else, the complete change in the Balkan policies started by George Bush. It could in principle transform Washington into a strategic background for those forces which are resisting the genocidal expansionism of the British client in Belgrade."

Jurdana is right: The speedy realization of this potential of the United States will be decisive not only for this tortured part of the world, but for Europe and the whole world.

Prince Philip's WWF in 'serious crisis'

by Our Special Correspondent

Senior figures in the global green-ecology movement, including individuals with highest-level connections to the British royal family, are affirming that a "serious organizational crisis" has broken out within the World Wide Fund for Nature (WWF, formerly the World Wildlife Fund). The WWF, whose international president is British Royal Consort Prince Philip, was the group that launched the green movement back in 1961. The British royal family has, from the inception, used the WWF as an instrument to carry out its neo-feudalist policies against non-white populations, under the cover of "conservation of animal species and nature."

The relevant sources, who are in a position to know the most intimate inner workings of the WWF, report that the "serious crisis" is twofold in nature. The organization is suffering from a significant decline in revenues, at the same time that its tarnished international image is undermining morale within the ranks of WWF officialdom. As a sign of the times, 31 officials at the WWF's international headquarters in Geneva have been sacked during the early weeks of 1995, including such senior officials as Michel Pimbert, head of the WWF's "Protected Areas and Species Conservation Unit."

WWF leaders involved in the purge were quick to put out a damage-control story, saying the sackings had only to do with "trimming the budget," at a time of "transition" in WWF activities and policies. According to an article in the Feb. 6 London *Guardian*, Pimbert was also accused by WWF-International director general Claude Martin of falsely charging that the WWF gave too little concern to "indigenous people," relative to an obsession with "conserving nature."

That may be true as far as it goes. But several WWF sources have stated, privately, that much more is at stake. But before outlining their explanations, it must be stated at the outset, that there can be no doubt that the WWF structure is in a frenzy, in reaction to several months of circulation of *EIR's Special Report*, "The Coming Fall of the House of Windsor." That report, released on Oct. 28, 1994, meticulously documents how the WWF is responsible for carrying out genocide, in Rwanda and other countries in the developing world, and how this genocidal thrust is coordinated, top-down, by the British royal house and its high-level minions, in and out of Britain, who constitute the powerful "Club of the Isles." One key mechanism for manufacturing wars and carrying out depopulation are the internationally managed, and WWF-patronized "nature parks" that exist in trans-



Prince Philip, shown here at the National Press Club in Washington in May 1990, will soon be resigning as World Wide Fund for Nature international president, just as the WWF has come under increasing attack, led by EIR's Oct. 28, 1994 Special Report, "The Coming Fall of the House of Windsor."

border regions at points of intersection of several sovereign states.

That the WWF apparatus has become panic-stricken about the *EIR* report is clear from a Jan. 5, 1995 memorandum authored by Robert SanGeorge, WWF-International communications director in Geneva, responsible for liaison with WWF "national organizations" around the world. The memorandum, reportedly composed and circulated with the personal approval of Prince Philip, advised "N.O.s" how to respond to the "ongoing attack on WWF" by *EIR*, at a time when the "publication continues to emerge in various N.O. countries." SanGeorge alerted his networks that "the publication makes a series of wild charges about WWF and the British royal family. It claims, for example, that WWF is responsible for the Rwandan civil war and the genocide that occurred there."

An international backlash

EIR's sources cite three interrelated problems afflicting Prince Philip's bestialist apparatus.

Although the *EIR* report is not specifically cited as the reason for this by the sources, they stress, firstly, that the WWF has been hurt by increasingly wide speculation, that nature parks are being used as "covers" for intelligence operations and/or for training of paramilitary guerrilla organizations in Africa, Ibero-America, and elsewhere. One WWFer estimated that this would likely be one of the real reasons for

the removal of Pimbert, who oversaw the sensitive "protected areas" dossier. Another well-connected WWFer expressed concern that increasing publicity might now be shed on how Mexico's Zapatistas are logistically supported by the nature parks-protected areas complex in southern Mexico and Central America.

A second factor is that the much-publicized WWF campaigns to "save from extinction" various species of animals, whether pandas, elephants, rhinoceros, tigers, or whatever, have been exposed, as not only failing to save animals, but also as fundraising scams that have netted the WWF large sums of money. A recently published book, *The Last Panda*, by George Schaller, exposes how the WWF campaign to "save the panda" showed little or no results in China, while much income was generated for the WWF. As in the case of nature parks, the "save the animals" campaigns have also been utilized as covers for intelligence and/or military operations. In South Africa, several official commissions or journalists' investigations are uncovering murky features of the "save the elephant and rhinoceros" campaigns in Angola and other parts of southern Africa. In fact, so exposed are certain elements of the South African Defense Forces in such activities in recent years, that some individuals in the entourage of Prince Philip may want to use the SADF as a convenient scapegoat, to get the heat off the WWF and the British royal family.

A third, important factor has been the backlash in certain countries against WWF efforts to prioritize "conservation of nature" over human welfare. This has been noticeable, for example, in the erstwhile WWF stronghold of Holland, where the population is now enraged at environmentalists' sabotage of the construction of a network of inland dikes that might have contained the damage caused by recent floods. A source close to Prince Philip nervously reported that there was an ever-growing potential for similar manifestations of rage at WWF sabotage of industry and technology in the United States, Australia, and elsewhere.

Crisis summits

Prince Philip is obviously not happy about the woes afflicting his pet organization. He has made his intention known, that he will be resigning as WWF international president, at some point during the next months. Perhaps he has decided that he has "to get out while the going is good." No replacement for him has yet been named.

The WWF will be evaluating its own precarious situation, and its strategies for the future, at two critical high-level "summits" during the next weeks. On April 3-9, Japan will be the site of a meeting on "religion and ecology" co-sponsored by the WWF and Japan's Moa Foundation, the latter a grouping linked to an offshoot of the Shinto religion in Japan. Then, on April 29 to May 4, the British royal family's own Windsor Castle will be the center for a gathering on the same theme.

How the Conservative Revolution tried to destroy China

by Michael O. Billington

The following is an updated and revised article published in *EIR* on Feb. 14, 1992, entitled "The Real Crimes of Zhao Ziyang." It is useful now, in light of the current "Conservative Revolution" in the United States (see *EIR*, Feb. 17, "Phil Gramm's 'Conservative Revolution in America'"), to demonstrate that it is precisely the same individuals behind the current fascist assault on the U.S. Constitution who, during the 1980s, tried to turn China into a 21st-century version of a 19th-century British colonial hellhole. As the article demonstrates, Zhao Ziyang, the heir apparent to Deng Xiaoping until 1989, was functioning as a conduit for the policies of Alvin Toffler, Milton Friedman, George Soros, and others, all of whom are now highly publicized gurus behind House Speaker Newt Gingrich (R-Ga.), Sen. Phil Gramm (R-Tex.), and the rest of the Rush Limbaugh circus.

Gingrich, in particular, has paraded himself before the cameras as a "futurist," the term coined by Toffler to describe believers in his "Third Wave" version of anti-industrial fanaticism. Gingrich recently called for removing many welfare recipients from the rolls, regardless of need, while providing them with special credits to purchase lap-top computers, so they can join the Third Wave information society; perhaps he proposes that they turn to buying and selling derivatives on margin.

This insane image matches one from about 10 years ago proposed by Toffler himself, after one of his trips to China. Toffler argued that China was lucky to have avoided the "Second Wave" of wasteful, dirty industrial society, since it could thus pass directly into the Third Wave from the First Wave of agricultural society. The image he raised was that of a Chinese peasant knee-deep in the mud of his rice paddy, talking with his rice futures broker on a cellular phone. Such matters are laughable, but for the fact that fully 200 million Chinese are already unemployed, largely as a result of policies implemented under the influence of Toffler, Friedman, and their friends. Toffler's Third Wave future for these souls is that of a futurist Auschwitz.

In the period since the publication of this article, the Chinese government has been adopting policies which indicate a certain recognition of the danger inherent in the radical free-trade lunacies described here, and has learned a lesson

about "shock therapy" from the disasters now sweeping the Soviet Union and the nations of eastern Europe. Also, U.S. policy toward China under President Clinton has taken a dramatic turn from that of the Bush administration, which was in power when "The Real Crimes of Zhao Ziyang" was written. President Clinton's commerce secretary, on a mission personally representing the President last September, told the Chinese that the United States had "junked a 12-year tradition of *laissez-faire* government." Instead of emphasizing the setting up of process industries to loot China's cheap labor, Clinton advocates investments in major infrastructure and the promotion of high-technology U.S. exports into China, helping both the Chinese economy and U.S. industry. As the article demonstrates, this is not the policy advocated by the gurus of the Conservative Revolution crowd in the new Congress.

The article begins with a discussion of the more positive policy outlook of Hu Yaobang, whose influence was not superseded by that of Zhao Ziyang until the mid-1980s.

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The horror of the Cultural Revolution did not end until after the passing of the hated "Great Helmsman" Mao Zedong. The 10-year nightmare between 1966 and 1976 left millions dead, the collapse of much of the already sparse economic infrastructure, and a generation of young adults who had been deprived of their education. Between Mao's death in 1976 and early 1979, the factional fighting for succession was intense. The attempt of the Maoist "Gang of Four" to hold onto power without the protection of their would-be emperor was doomed. Mao's chosen successor, Hua Guofeng, expressed the total bankruptcy of morality and ideas among that faction by his infamous slogan for "Two Whatever's": "Resolutely defend whatever policies Chairman Mao has formulated, and unswervingly adhere to whatever instructions Chairman Mao has issued." With Mao dead and the Gang of Four, who carried out the holocaust in his name, arrested and imprisoned, such mindlessness could not survive. Deng Xiaoping, although he had run the oppressive Anti-Rightist Campaign in the late 1950s, attacking and

punishing thousands of party leaders and intellectuals for "political deviations," was himself targeted and imprisoned twice during the Cultural Revolution. In 1979, Deng consolidated leadership, and commenced what has been called "the reform." His longtime ally Hu Yaobang became head of the Communist Party, and Deng's chosen successor.

Hu Yaobang had risen to leadership as head of the Youth League in the 1950s. During the holocaust which began in 1966, he spent two and a half years in the "cow shed," a term which referred to the incarceration of those condemned as "monsters and demons" by the Red Guards. Following two more years at manual labor, he spent three years recuperating from a severe illness, during which time he intensely studied the ancient Chinese classics and reflected on his country's fit of bloody madness. Both he and Deng Xiaoping were rehabilitated in 1973, only to be purged again in 1976 until after Mao's death and the arrest of the Gang of Four later that year.

Hu gathered around him a group of young intellectuals and scientists. After his first rehabilitation, he prepared a report on the work of the Chinese Academy of Science which defended education against the insane closure of the universities imposed by the Maoists. "The Dictatorship of the Proletariat does not apply to science and technology," he said. He argued that "practice is the *only* criterion for truth," in his battle with the "Two Whatevers" idiocy of Mao's defenders. When it was argued by some that the reversals of the Cultural Revolution should not go so far as to directly contradict Mao himself, Hu countered with his own slogan, the "Two Regardlesses": "All that is not true and all that is wrongly concluded and wrongly handled must be corrected according to facts, regardless of when and under what circumstances it was done, and regardless of which persons at what levels did it."

After the final demise of the Gang of Four, he took responsibility for an attempt to eliminate every remnant of the Cultural Revolution. In 1978, he said: "There are more than 10 million cadres and ordinary people who need to be vindicated and rehabilitated. The corpses of some have long since turned to dust, but they have not yet been cleared of their alleged crimes as spies or special agents. Their families still bear this burden." Deng was ambivalent about pursuing the rehabilitation process too fast and too far, but Hu nonetheless hired 1,000 cadres to spread out across the nation to reverse every false judgment. Hu personally directed the de-communalization of agriculture after 1979, a policy which generated a dramatic recovery of agricultural production between 1979 and 1984. Hu's power was undermined in the mid-1980s, however, and he was replaced as party chief in 1987.

Zhao Ziyang, the New Age tool

A crucial, previously untold aspect of the defeat of Hu Yaobang's policies was the Anglo-American role in the spon-

sorship of Zhao Ziyang, who had emerged as the darling of the New Age, free trade, post-industrial society gurus in the United States and Britain. Exposing this fact today is crucial in preventing the destruction of China by the "shock therapy" tactics of the free-traders, as is now happening to the emerging free nations of eastern Europe under the direction of the Bush administration and International Monetary Fund economists. In fact, as we shall see, the same people who used their control of Zhao Ziyang to destroy any chance for a successful transformation in China are now in the forefront of the "shock therapy" destruction of eastern Europe, intent on preventing the emergence of a strong Eurasian-wide economic alliance.

Zhao Ziyang was the spokesman for the shock therapy lie that the only alternative to the failure of the Marxist centrally controlled economy was to throw open the nation to unregulated free trade—leaving room for discussion only on how fast this should be done. Hu Yaobang and a group of his collaborators explicitly opposed this policy, insisting that the Japanese model of directing credit into the development of agricultural and industrial infrastructure was necessary to assure the development of the physical economy and the uplifting of the population.

The first test between these two opposite approaches to reform developed over the creation of the Special Economic Zones (SEZs) in 1979. While both Hu and Zhao supported the creation of these zones, they disagreed as to their purpose and their structure. Originally, the zones were to be called "Special Zones for Export," which would encourage foreign investments in Chinese industry and facilitate expanding exports.

Hu warned that the zones could easily be turned into a revival of the old 19th-century colonial concessions if they were not used as a locomotive for developing China's own domestic industrial capacity. He denounced what he called the "two ends outside," referring to industries which imported raw materials and semi-finished goods from "outside" the country and merely processed them into exports, returning the product to the "outside." This, he warned, would simply utilize the cheap labor of a desperate Chinese population, without improving either the population or the national economy in the long run. The fact that these zones were set up in four of the same locations where the British had their opium-trading "concessions" in the 19th century contributed to the sense of potential disaster.

His warnings have proven all too accurate. Initially, the reform brought considerable relief from the economic collapse of the Cultural Revolution years, primarily due to the termination of the disastrous communalization of agriculture. Allowing the peasantry to run their own farms and raising the price paid to the farmers for their produce led to a rapid increase in grain production and an easing of the extreme destitution of the peasantry. But by 1984, the government had ended the special investments in agriculture, divert-

ing more and more funds to facilitate the needs of the growing process industries in the special zones. These zones, like colonial Shanghai, were boom towns for fast money, cheap labor, drugs, and a new, relatively rich elite, while the rest of the country stagnated and then fell back. Today the aging basic industry sector is bankrupt, the infrastructure in water, energy, and transportation has collapsed, the peasantry is increasingly marginalized, and well over 100 million redundant rural workers wander the country in search of subsistence—while the booming free trade zones are held up as proof of a successful economy!

Alvin Toffler's kookery

This was precisely what Deng Xiaoping and Zhao Ziyang's western backers intended. Perhaps the most revealing western influence on Zhao is that of Alvin Toffler, the popular cult "futurologist," author of *Future Shock* and *Third Wave*. Toffler is an unabashed advocate of the "post-industrial society," using pseudo-scientific jargon about the "information age" and technetronic society to justify the collapse of industrial society, and the death of millions of human beings that must accompany that collapse.

Zhao had Toffler's book *Third Wave* translated into Chinese and circulated to his associates and student followers. The book argues that the "First Wave" was agricultural society, the "Second Wave," industrial society, and the emerging "Third Wave" is the post-industrial services and information age. China, Toffler argues, is in the fortunate position of getting into the Third Wave without needing to pass through the industrial age, since the "pollution-belching smokestacks that the socialist world has made its first priority now represent the 'reactionary' past." Toffler describes industrial production and large infrastructure projects as "backward elements, when compared with the Third Wave, post-smokestack production systems that are now possible."

This mindless New Age apology for the collapse of investment in the physical economy was part of the popular cover for the 1980s binge of speculative looting in the United States, led by the junk bond boom and similar "post-industrial" swindles, creating the current depression. In China, it created a "theoretical" justification for scrapping any plans for achieving long-term development in favor of cheap-labor process industries which produced quick loot for investors. A *New Republic* puff piece on Toffler in China said: "Toffler assures the reformers that it's OK for Third Wavers to skip the Second Wave (industrialization) and to be making apparently only First Wave (agricultural) progress. The changes involved in the Third Wave, he says, 'actually resemble First Wave conditions: dispersion of the population out of the cities; more work in the home; small-scale production; linking rural development to high technology.' "

Zhao Ziyang not only bought this nonsense—he fought for it. When the conservatives attacked the Toffler book as

"spiritual pollution," Zhao called together a conference of scientists and party leaders to force the issue. He won, and the book was subsequently published for mass distribution, becoming a bestseller. The *New Republic* claims that the book was the bible for the young economists around Zhao, who formulated the policies for the Special Economic Zones approach. The think-tanks manned by Zhao's young followers, such as the Institute of Marxism-Leninism-Mao Zedong Thought, were rabid supporters of Toffler—Daniel Bell, Ilya Prigogine, and others of the systems analysis and information theory proponents tracing back to the Frankfurt School. Zhao brought a book list back from one of his trips to the United States, with titles by these and similar authors, such as Samuel Huntington and Norbert Wiener. He gathered his troops to translate and distribute them to all the college campuses in the country.

One of the books popularized during this period was the fraudulent *Limits to Growth*, published by the malthusian Club of Rome. The book used blatantly false statistics and incompetent computer models to "prove" that the emerging global depression was not due to bad economic and financial policies, but was due entirely to population growth and to industrial progress itself. As many as a million copies of this book in Chinese were circulated, advocating the intentional forced contraction in food production, industrial development, and population growth.

Such filth provided "theoretical" justification for the Chinese one-child policy, which has become even more coercive under Deng's years in power. Zhao Ziyang, among others, went beyond the demand for forced population control, advocating Nazi-style eugenics to "improve the quality of the population." This has led to the mass sterilization of those considered not genetically pure.

Some of Hu Yaobang's collaborators rightly viewed the Club of Rome as the enemy of civilization. For himself, Hu argued that the size of the population would not be a problem if the educational level of the entire nation were raised dramatically.

Hu offers a different approach

Hu Yaobang responded to Zhao's booklist by circulating another book with the opposite approach: *Japan's Decisive Century, 1867-1967*, written by Japan's first postwar prime minister, Shigeru Yoshida, a collaborator of Gen. Douglas MacArthur. Hu pointed especially to the emphasis on education, to the need to educate the population if any process of development were to be achieved, rather than exploiting only the unskilled brute powers of a backward population.

Yoshida directly compared the post-World War II economic recovery in Japan with the late 19th-century Meiji period, when Japan rapidly adopted western technology and emerged from feudalism as a major world power in a few decades. Hu pointed to Yoshida's emphasis on education,

with “equal opportunity to all,” as crucial to Japan’s success, both in the Meiji period and after the defeat in the Pacific War.

Economically, Yoshida insisted that the relaxation of regulations and controls was only possible after the application of “technological innovation . . . through increased investment in equipment, which would, in turn, raise productivity and increase the competitive power of Japan’s exports.” This technology-driven advance of productivity is the opposite of the cheap-labor policy of the special zones.

Yoshida insisted that while the foundation of an economy was still weak, it must “ensure that only those items that could be regarded as essential to the country’s rehabilitation would be imported.” Again, the “two outsides” policy of process industries followed the exact opposite approach.

Hu argued that these policies were essential to China’s successful modernization, and that the Chinese people were fully capable of such a transformation. He also concurred with Yoshida that a large and densely concentrated population “no longer constituted a problem—provided it represented an efficient labor force.”

“Reformer” Zhao Ziyang held the opposite view of the workforce, not significantly different from that of the discredited Maoists, which looked only to the value that could be extracted from the available bodies. They were backed up in this bestial view by the western monetarists who were pushing the “free trade” line. In May 1981, David Rockefeller chaired an international conference of the Trilateral Commission held in Beijing. At that meeting, Chase Manhattan Bank’s chief, William C. Butcher, told the Xinhua news agency that China’s reform would only succeed if they rejected large industry or great development projects in favor of labor-intensive production. Heavy industry and infrastructure, he said, “take two great things, a great deal of energy and a great deal of money, neither of which are abundant in China.”

The two opposite approaches to reform in China thus became identified with the Japanese method on the one hand and the Anglo-American free trade policies on the other. It is ironic that the Japanese economy had developed through the conscious application of the policies once known as the American System of Political Economy, as developed by Alexander Hamilton and his followers, while the policies pursued today [1992—ed.] by the Bush administration are exactly the opposite: the colonial policies of “free trade” associated with Adam Smith and British imperialism, against which the United States fought a successful revolution!

When major student demonstrations broke out in 1986 and 1987, the crisis was used to call a meeting of the elder statesmen, who demanded Hu’s resignation, as responsible for encouraging the unrest. In fact, Hu was partially responsible for the demonstrations, in the sense that he believed that public demonstrations were essential as a means of pre-

venting the reemergence of Maoist-style tyranny.

But the purge of Hu Yaobang was also encouraged by his supposed “fellow reformer,” Zhao Ziyang, who complained that Hu was interfering with his push for shock therapy economic policies.

Hu remained a Politburo member, but was essentially powerless. When he died suddenly in the spring of 1989, his death intersected a mounting rage in the population over political repression and the economic crisis. Hu’s funeral served as a catalyst for the mass demonstrations in Tiananmen Square which have irreversibly changed history.

Hu Yaobang warned that the Special Economic Zones, first proposed in 1979, could easily be turned into a revival of the old 19th-century colonial concessions if they were not used for developing China’s own domestic industrial capacity.

It is well known that when the demonstrations were crushed on June 4, Zhao Ziyang was generally held responsible for the “counter-revolution,” and removed from office. It is true that Zhao refused to support the original declaration of martial law preceding the crackdown (which had labeled the students as counter-revolutionary), and this is considered by the regime to be Zhao’s “crime.” He has not been officially charged, however, because his economic policies and his New Age connections in the West are still supported by the regime. In fact, it is these economic policies and connections in the West which constitute his real crimes. Were Zhao’s policies to dominate a post-Deng regime, or after a Soviet-style collapse of the Chinese Communist Party, the result would be a disaster, of the sort which has begun to unfold in Poland and threatens civil war and chaos in the former Soviet Union, under the Anglo-American “shock therapy” and free trade policies.

This is further demonstrated by Zhao’s embrace of the most extreme of the shock therapy gurus during the period between Hu Yaobang’s fall in 1987 and the Tiananmen events in 1989—Milton Friedman and George Soros.

Milton Friedman’s totalitarianism

Milton Friedman repeatedly visited China from 1981 through 1989, receiving various honors and broad circulation of his books in Chinese. His preference for the colonial days-of-old was apparent in his adulation of the British colony of

Hongkong as the perfect model of free enterprise, with no government intervention on the free flow of drug money, and no bothersome constitutional rights of the citizenry to worry about. In his meetings, including a well-publicized two-hour interview with Zhao in September 1988, "Chinese Milton" (as he was dubbed by his friends at William Buckley's *National Review*) proposed the idea of recreating the Hongkong experience all over China. This in fact became Deng's slogan in expanding the Special Zones along the coast: "Build many Hongkongs."

After the 1988 meeting with Zhao Ziyang, Friedman reported: "We have a good impression of this person and his wisdom. He has profound knowledge of economic problems and is determined to enlarge the scope of the market. He is willing to experiment and learn, and listen humbly to the suggestions and opinions of other people."

Zhao arranged for some of the young economists in the think-tanks associated with him to travel to Chile, another of Friedman's favorite "free economies." Chile's economy was set up by Friedman and his associates from the University of Chicago following the imposition of a military dictatorship in 1973. As the cases of Hongkong and Chile demonstrate, Friedman's form of "freedom" works best under a dictatorship or overt colonialism!

George Soros and Zhao Ziyang

Another primary sponsor of Zhao's policies was George Soros, a Hungarian-born billionaire who made his money as a Wall Street speculator. Soros has been a primary promoter and financier of the Jeffrey Sachs shock therapy in eastern Europe, with branches of his Soros Foundation in Hungary, Ukraine, Romania, and Russia. He has promoted various schemes to open up these nations to unrestrained looting by western speculators, while opposing the reconstruction of industrial infrastructure.

Soros is an ardent advocate of the Alvin Toffler style of "post-industrial" economics, "chaos theory," and other New Age quackery. He describes hydroelectric dams and steel mills built under Stalin as "pyramids built by a modern pharaoh."

This same George Soros financed the "Fund for the Reform and Opening in China" with the sponsorship of Zhao Ziyang. In fact, Soros considers a primary cause of the difficulties in Russia to be the lack of "an accomplished economist" like Zhao Ziyang, with his think-tank of "brilliant young intellectuals at his disposal."

The Fund for Reform and Opening in China helped "educate" some of the young economists around Zhao in radical free trade shock therapy. When Zhao was purged during the Tiananmen Square demonstrations in 1989, the fund was also shut down, amidst accusations of CIA connections. Soros is now trying to redeem his good name with Deng Xiaoping, according to his office in New York.

Argentina's battle for national development

by Carlos González

This speech was given by Mr. González, private secretary to former Argentine President Arturo Frondizi, to a conference of the Schiller Institute and International Caucus of Labor Committees in Northern Virginia on Feb. 20 (for a full report, see p. 54). The speech has been translated from Spanish.

It is a great honor for me to have been invited to this conference, entitled "Reason versus the Conservative Revolution," and it is a matter of great pride for me to represent the former President of Argentina Dr. Arturo Frondizi, who with full generosity and openness of mind, has given me the freedom to express my own ideas and thoughts without reservation.

But it will also prove an unforgettable experience to have attended a political-economic conference presided over by our great referent, Lyndon LaRouche, a conference convened by the clamor of poor and oppressed peoples. I share this fraternal moment with other brothers of our continent and other parts of the world. Our fight in defense of the underdeveloped nations and for the dignity of our children gives all of us here the right to assume, with no other credentials required, the representation of our respective countries—in my case, the Argentine Republic, land of the Liberator, Gen. Don José de San Martín.

During my presentation, I will try to describe for the friends present here the reasons and circumstances which brought Arturo Frondizi and Lyndon LaRouche together. Between them is a friendship sealed by adversity and by common objectives of actions on behalf of the happiness of mankind. Also, I feel obliged to briefly describe the history of an Argentina which was and has now ceased to be, because of those who hold that the concept of the nation-state must be eliminated. To this end, they have created non-governmental organizations which, in the words of a member of the Trilateral Commission, will help to do away with national sovereignties.

Frondizi's fight for national development

When Arturo Frondizi was sworn in as President of the country in 1958, he told his fellow citizens that Argentina

had reached a crossroads. He stated, in the following words, that there were two choices: "Either our development remains paralyzed and we continue to impoverish ourselves . . . or we move forward with decisiveness and courage to conquer the future through the path of progress and national greatness"; he stressed the concept of "man as a sacred being."

In 1958, the situation in Argentina was dramatic. Besides political intolerance, there was also an exhausted economy with paralyzed trade. This, despite the fact that in 1916, on the 100th anniversary of its independence, Argentina had been the fifth-ranking country in the world; that it has 3 million square kilometers of the most fertile land in the world; that it possesses iron, copper, coal, oil, and vast natural gas deposits. In its favor, it also had a steel program under way and could draw on the thinking and influence of enlightened military men who had understood the demands of world progress. Among these were generals Enrique Mosconi, Manuel N. Savio, and Juan E. Guglielmelli.

Given this situation, Frondizi decided to launch a dynamic plan for national development, to increase productive capacity. If any factors could contribute to the national effort, these were technology and foreign capital. Regarding the latter, the government was very clear: It would accept all investment destined for the progress and well-being of the country, but would reject any design that threatened national sovereignty. He thus encouraged investments in economic activities that would consolidate the productive apparatus or increase productivity of the regional economies. Frondizi was very clear that the problems of unemployment and underemployment—a critical problem in the world—could not be solved without industrial growth.

From the foregoing, I don't think I have to detail any further the points of agreement that exist today between Frondizi and Lyndon LaRouche, who met each other in Argentina in 1984. Those attending this meeting are perfectly able to do so on their own, and with precision. The great majority of Argentines, in launching this plan of stability and development, felt that we were undertaking the definitive battle against underdevelopment and dependency. We had once again embraced our culture and national identity.

Kennedy's statesmanship

In this situation, if it were technology and capital that were required, one had to turn to the United States of America. Although Frondizi had already proposed the need for aid to a joint session of the U.S. Senate and House of Representatives on Jan. 31, 1959, during the Eisenhower presidency, it was on his second trip and when he met John F. Kennedy, that positive bilateral relations between the two countries were sealed. These relations were governed by cooperation in the economic sphere and independence and respect for self-determination in the political sphere. The

industrializing dynamic that the Argentine government had been developing succeeded in attracting both public and private capital from the United States.

It is necessary to emphasize that Kennedy directly intervened to block a World Bank veto, so that Argentina could launch the great "El Chocón" hydroelectric project, which enabled us to open up the richest half of the country to development. Kennedy told Frondizi: "Mr. President, I want you to understand clearly what I am going to tell you. The triumphs and the failures of Argentina are the triumphs and the failures of the United States. Your success is our success." In this way, the American President took advantage of what had been called "the historic opportunity," so that the free and industrialized nations of the world would help the less-developed nations.

If there is anything that demonstrates both the greatness and the modesty of John F. Kennedy, it is his response to Frondizi's observation that the Alliance for Progress should not have a welfare approach, since in his opinion, Ibero-America did not need charity but development capital. Kennedy categorically emphasized: "Mr. President, you have convinced me; from this moment on, your ideas are my ideas."

It is for this reason that when Frondizi called upon President Clinton on May 14, 1993 to free Lyndon LaRouche, he also warned that Ibero-America was undergoing a dangerous convulsion as the result of the political, economic, and social policies being applied on the continent. He also suggested that it was necessary to immediately revise the actions originating with President Bush's Enterprise for the Americas and the free-trade agreements. Finally, Frondizi told Clinton: "Just as John F. Kennedy in his day, destiny has placed you, Mr. President, at the crossroads between freedom and well-being, or subjugation and poverty." In March 1994, he reiterated publicly that Clinton should think like Kennedy.

That undertaking by the Frondizi government should serve today as an inspiration for all the nations of Ibero-America. Were an American government to again take up the path of Kennedy—of course adapted to the times—the Ibero-American countries could once again march toward a destiny of greatness.

Argentina proved in 1958-62 that it was possible. It defeated inflation, achieved oil self-sufficiency, tripled its steel production, built thousands of kilometers of roads, established an auto industry, exploited its energy and mineral wealth, gave priority to its educational policy, encouraged scientific research, and gave the Armed Forces the resources to achieve high levels of readiness.

That government was overthrown on March 29, 1962, by a civil-military coup. The month before he was overthrown, Arturo Frondizi publicly denounced the reactionary sectors that were organizing the international conspiracy against those governments of Ibero-America that were applying the

liberating ideas of Alexander Hamilton and Friedrich List, in open opposition to the British empire and in defense of the nation-state. He stressed that the engine driving that conspiracy was not the American people, but rather the same groups that had opposed Kennedy because of his democratic ideals. At the same time that they were undermining the confidence of the American people in their institutions and government, they were deploying their agents to foment insurrection throughout the continent.

Before I describe the somber picture of Argentina today, let me first state the following. If many see Arturo Frondizi, at age 86, as an inspiration in the fight against usury, against privilege, and to rescue national sovereignties, I feel obliged to state categorically that Lyndon LaRouche, with his intelligence, his ideas, his example and his courage, has given us new strength to take up the fight not only in Argentina, but in the whole world. We also give thanks to his wife Helga, and to the rest of his untiring and loyal collaborators around the world. Divine Providence seems to have contacted these two statesmen.

Argentina today

With Arturo Frondizi overthrown, Argentina began to follow the road toward dependency. Its fate was being decided by the major multinational corporations and by the international banking system, under the authority of the International Monetary Fund, the World Bank, and usury. They led the country into decadence and corruption, with a government which confined itself to carrying out the orders of the Anglo-American establishment. Its perversion was consummated, the act of treason complete, by decorating Citibank Vice President William Rhodes with the May Order of Merit, designating him a Grand Officer of the Order of the Liberator.

Argentina today is an underdeveloped and indebted nation, defeated in a [1982] military war in the South Atlantic and with foreign troops on its territory. Despite this, it maintains, as Foreign Minister Guido di Tella described it, "carnal relations" with those who were its enemies in that war. Education is far from considered a national priority, and scientists are forced to emigrate for lack of opportunities. The government boasts of having entered the "first world," but—among other things—it starves its people, renounces the marvel of the Condor II missile program, has neutralized its nuclear policy, destroyed steel production and the rest of the industrial sector, and hands over its oil like currency for payment, while George Soros and Mark Rich expand their operations. Current Finance Minister Domingo Cavallo's best-known previous achievement was his action during the 1976-83 military dictatorship for the state to assume the foreign debt of large companies, forcing the population to assume that burden.

Argentina is making Kissinger happy by paying its illegitimate foreign debt with real assets, that is, by surrendering

the patrimony of state companies. I must stress, although it gives me great pain as an Argentine, that my country today is seeing the birth of a race which must inexorably be inferior as the result of neoliberalism. Empty stomachs, the malnutrition of mothers and children, and the lack of minimum protein levels required for concentration and learning, are the emerging signs of an ominous future. The elderly are being abandoned and thousands of children live in the streets, trapped between begging and crime. Recently, and according to official reports, we have stopped being a country through which illegal drugs are transported, and have become a consumer of those drugs. Even so, President Carlos Saul Menem recently met with the British rock band Rolling Stones—in the company of Britain's ambassador to Argentina—an event organized by the chief of the State Intelligence Service (SIDE).

This is the Argentina which has destroyed its Armed Forces and made the nation defenseless. This is the nation which has imprisoned Col. [Mohamed Ali] Seineldín and the men who accompanied him in his effort to rescue their honor after the government failed to fulfill its pledged commitments. Frondizi called on President Menem to release these soldiers, and Cynthia Rush in her article in *EIR* magazine, was especially correct when she linked the freedom of Seineldín and his followers to the future of the republic. The book sponsored by Lyndon LaRouche and presented by Colonel Seineldín, entitled *The Plot to Annihilate the Armed Forces and Nations of Ibero-America*, has allowed us Argentines to revive ourselves spiritually with regard to the heroic effort to take back our Malvinas and to find new strength to fight against the invaders.

It remains only for me to say that Arturo Frondizi publicly supported Venezuelan President Rafael Caldera because, as he understands it, if [Caldera] can take even bolder action, for which he should be encouraged, this could very possibly unleash a chain reaction on the continent.

Arturo Frondizi has also informed His Holiness John Paul II of all of his efforts on behalf of the freedom and definitive exoneration of Lyndon LaRouche, as well as his request that President Clinton review his policies toward Ibero-America.

If there is anything truly urgent at this moment, it is to achieve the full exoneration of Lyndon LaRouche and at the same time work for the freedom of Colonel Seineldín. I shall end by asking God to give us strength and imagination so that we may become efficient communicators with the youth of the world and urge them not to forsake becoming active protagonists of universal history. Young people are frightened, confused, and witness the fading away of national sentiment; so it is a matter of helping and saving a youth which, 14 years ago in Rome, was characterized by what His Holiness John Paul II described as "in search of truth, of ideals by which to live, of responsibility, moral beauty, innocence and happiness."

Samper on his knees to British Empire

The drug cartels' President Samper Pizano of Colombia is playing the British card against Clinton.

On Feb. 2, U.S. Ambassador to Colombia Myles Frechette told a meeting of businessmen at the Council of the Americas in New York that both the Clinton administration and the U.S. Congress "firmly believe that the Samper government has not done what it could" in the fight against drugs, and that most probably, come March 1, the Congress will refuse to certify Colombia as effectively combatting the drug trade.

Without certification, the United States will suspend anti-drug aid to that country, as well as deny it the benefits of the Andean Preferential System which provides trade benefits to nations in the region fighting drugs. The United States could also veto any request for credits that Colombia might submit to the World Bank or International Monetary Fund, where it controls 30% of the vote.

In response, Samper has turned to the British to demonstrate that his government can survive without U.S. help. In the midst of widespread anti-U.S. propaganda in the Colombian press, Britain's Vice Secretary of Foreign Affairs David Davis, who is in charge of Britain's relations to Ibero-America, arrived in Colombia on Feb. 20 and announced that Britain would be happy to provide "anti-drug aid" and to make further investments in oil exploration in Colombia.

This is not the first time that Samper has turned to the British to try to cleanse his image. In June and July 1994, Samper was hit with a pre-inauguration scandal over his acceptance of millions of dollars' worth of donations from the Cali Cartel to assure his presidential victory. Then, while

President-elect, he fled to London and announced a "special relationship" between Colombia and England, a "model" country in drug legalization, which has been Samper's personal hobby horse since the mid-1970s.

During his two-day stay, Davis confirmed that Britain would be providing Colombia with economic aid in the eradication of drug crops, and that the aid "would not be conditional," as is U.S. aid. Davis visited a opium poppy plantation in the department of Huila, and appeared on TV caressing and sniffing the flowers from which heroin, morphine, and other opiates are derived.

Davis also visited the oil fields of British Petroleum (BP) in Cusiana. The company is conducting operations in the foothills of the eastern mountain range, where new discoveries have increased estimates to some 10 billion barrels of oil.

The British "aid," of course, is not free. Samper has just approved a series of guidelines regarding the oil industry so that the British can draw more substantial profits from their exploitation of the subsoil. Further, Samper has decided that 40% of oil income will remain abroad, in a Petroleum Stabilization Fund to be held exclusively in British banks. The idea is to prevent this money from being reinvested in Colombia. "We are not going to allow money from Cusiana to become a monetary curse," Samper said. Colombians, according to this logic, should not invest this money in urgently needed physical infrastructure; the British banks will enjoy the dividends from using the funds in speculative ventures.

Contrast this with the fact that Samper has already contracted \$4 billion in new foreign debt, bringing the total from \$17 billion to \$21 billion in less than one year. Is it less inflationary, somehow, to use money usuriously lent?

During Davis's visit, Samper voiced his disgust with the Clinton administration. In a speech in Cusiana in Davis's presence, Samper expressed his gratitude for Britain's investment, and stressed that its anti-drug aid was "unconditional." Many there were surprised that Samper never mentioned the U.S.-based company Triton, which is a partner in the Cusiana operations, and took it as a deliberate diplomatic affront to the United States.

BP world president Lord Ashburton, who was on the scene, reminded listeners that the British had sent troops to help Francisco de Paula Santander (an agent of British secret intelligence head and pervert Jeremy Bentham) in the war of independence against Spain. Ashburton praised Samper's political godfather and former President Alfonso López Michelsen (1974-78)—better known as the godfather of the drug trade—for having designed Colombia's oil policy to "improve conditions for international oil investment."

It is said that British "aid" will consist of \$70 million a year, similar to what has been provided until now by the United States. Part of the money will be used by Scotland Yard to train 100 agents of Colombia's DAS (equivalent to the U.S. FBI), and for the British secret service's MI-5 to train elite units of the National Police and Army.

One source said that the special interest in the DAS rural section, is supposedly because British investments are in the countryside. Curiously, the rural DAS is composed largely of "former" narco-terrorists amnestied by the previous government.

International Intelligence

Moscow diplomacy is worrying Israel

The new Israeli ambassador to Moscow, Aliza Shenhar, said Israel is extremely worried about Russia's apparent growing closeness with Iraq and Iran. Israel is concerned since both regimes are hostile to Israel and "may possess the nuclear weapon," she said in her first press conference in Moscow Feb. 8. Statements by Russia that a nuclear power station being built in Iran was solely to produce electricity "do not really assure us," she said, according to reports in the Indian press.

On Feb. 6, Russia repeated that it planned to finish construction of the power station which Germany was building in Bushehr, Iran, when the Khomeini revolution of 1979 brought the project to a halt.

Red-Green coalition keeps power in Hesse

In elections held Feb. 19, the incumbent coalition of the German Social Democratic Party (or SPD, popularly dubbed "reds") and the Greens (environmentalists) won reelection in the state of Hesse, where the major German financial center of Frankfurt is located. These were the first state elections since the federal legislative vote last October, which narrowly returned the Christian Democratic Union/Free Democratic coalition to power in Bonn.

The elections witnessed a further decline in voter participation, to a level of 66.5% of all registered voters.

Given the high unemployment rate in Germany, working people were expected to turn heavily to the SPD, which is traditionally tied to the unions. However, the SPD's alliance with the Greens in implementing environmental lunacy, including the rejection of nuclear energy, has so discredited them that the SPD vote fell by 2%. The Greens on the other hand, picked up support from the upper middle-class financial sectors of Frankfurt to increase their vote by 3% over the last state elections.

The Civil Rights Movement Solidarity

(BBS) party, led by Helga Zepp-LaRouche, ran 12 candidates in the Hesse race. Michael Weissbach spoke for the LaRouche program on a live TV debate among the small parties. In response to the question of a program for the state, he underlined "that we are in the worst crisis of the world economy in this century, with the danger of a collapse of the international financial system. . . ."

"If we force a correction of the course of financial and economic policies, away from speculation and toward productive investments, e.g., into the economic reconstruction of central and eastern Europe or into the economic buildup of the Middle East region, in order to stabilize the peace process . . . then the problem of unemployment and the economic crisis can be solved."

'Kissinger's Kissinger' in Peru-Ecuador talks

On Feb. 16, in the middle of the final stages of negotiations on a cease-fire between the Peru and Ecuador nations in Brasilia, the U.S. ambassador to Brazil, Melvin Levitsky, who had been heading the U.S. negotiating team for the previous two weeks-plus, was suddenly replaced by senior State Department adviser and geopolitician Luigi Einaudi.

The Italian-born Einaudi, known as "Kissinger's Kissinger for Latin America," quickly mooted pulling the Organization of American States (OAS) into the conflict, telling the press that, "as the highest regional body, [the OAS] can always help with our efforts."

Previously, the Clinton administration had been firm that neither the OAS nor the United Nations was required to settle the conflict. The U.S. had maintained that negotiations were better handled by the four countries which signed the 1942 Rio Protocol as Guarantors (U.S., Argentina, Brazil, and Chile).

An expert on the Brazilian and Peruvian militaries, Einaudi has specialized in fomenting border wars in Ibero-America, since he "studied" them at the RAND Corporation in the 1970s.

Airborne commander rips Moscow regime

The commander of Russian airborne forces, General Yevgeni Podkolzin, has told the Yeltsin regime that since it doesn't properly fund the Armed Forces, it shouldn't send them into combat, as in Chechnya. On Feb. 20 he said: "If the state wants to use force, the state must provide for it."

Podkolzin said that the blunders made in Chechnya, for which the military was excoriated by President Yeltsin in his state of the nation address Feb. 19, "stem especially from the worthless information supplied by the FSK," the Federal Counterintelligence Service, as the army had no reliable information on the strength, armaments, and morale of the Chechen fighters. Podkolzin trained his sights on Sergei Stepashin, the head of the FSK. "The head of the FSK told us there are gangs of criminals there. Instead, it turned out there was a professional army," as well trained as Russia's forces, and armed with even more grenade-launchers and better communications equipment.

Belgian Socialists rocked by scandals

Early general elections in Belgium have been proposed for May 21 by Prime Minister Jean-Luc Dehaene, as the only way out of a political crisis that includes the fact that the entire leadership stratum of his coalition partner, the Socialist Party (SP), is being probed for complicity in the 1988 "Agusta" corruption affair.

Investigations in the case, which involves the purchase of 46 helicopters produced by the Italian firm Agusta, and some \$1-2 million in bribery payments by that firm, got hotter in mid-February, when the SP offices were raided by police. Earlier, two leading party members, the former party manager and the director of the party cadre school section, were arrested.

The Agusta scandal will also hit Belgian Socialists of international rank, like Willy Claes, now the secretary general of NATO,

who was defense minister in 1988, and Karel Miert, now a member of the European Commission who in 1988 was SP chairman in Flanders. Both had endorsed the purchase of the Italian helicopters.

Italian politician wooed by Rees-Mogg group

Gianfranco Fini, leader of Italy's National Alliance party, visited London in late February on the first leg of an electoral tour to Britain, France, and the United States. His trip to London was organized by former British ambassador to Italy Sir Derek Thomas, an adviser to the Rothschild Bank, and British intelligence spokesman Lord William Rees-Mogg. Fini's public appearances included a speech at the Royal Institute for International Affairs where he promised that his party will not oppose privatization in Italy.

National Alliance was part of the Berlusconi government which collapsed in December. Some members of the conservative party had strongly opposed British-steered privatization schemes. Last September, National Alliance member Antonio Parlato, Undersecretary of the Budget, called a press conference in Milan to denounce the "Britannia plot" against Italian economic sovereignty, which was first exposed by *EIR*.

Colombian cardinal blasts British royals

Speaking to a post-Cairo conference on the family held Feb. 10 at the University of Sabana in Bogotá, Colombia, Cardinal Alfonso López Trujillo, president of the Vatican's Commission on the Family, described Britain's "Prince Charles and his father" Prince Philip of Edinburgh, as "the worst demographic terrorists in the world." According to a journalist at the event, Cardinal López went on to say that while man has a mouth, he also has two hands, two ears, a brain and the capacity to create, and he prayed that God would grant these faculties

to Prince Charles.

The cardinal, a native of Medellín, Colombia, went on to describe the "battle between the forces of good and evil" being fought today, and referred to the "social sickness" plaguing today's culture, in which there exists an "Orwellian language" which equates good with evil, and freedom with slavery. Thus, said the Vatican's top spokesman on family issues, we have the so-called pro-choice movement, an "exercise in the freedom to choose," through which the most precious gift of life is liquidated by means of 50 million abortions annually.

His attacks on the British royals echoed *EIR*'s Oct. 28, 1994 widely circulated *Special Report*, "The Coming Fall of the House of Windsor."

Croats, Bosnians affirm partnership

On Feb. 13, at a joint press conference at the National Press Club in Washington, D.C., Croatian Ambassador Petar Sarcevic and Bosnian Ambassador Sven Alkalaj both affirmed that a strong relationship between Croatia and Bosnia-Herzegovina is the foundation for future peace in the region. Sarcevic said, however, that the Bosnian-Croat federation agreed to in Washington in 1994 "can only succeed with the assistance of the international community in the form of political support, and additional financial resources." He also said that "because the problem is the Serbs, Croatia knows well that a solid federation between Bosnian Croats and Bosnian Muslims now and a solid confederation between Croatia and the Federation of Bosnia-Herzegovina now is the essence of the balance of power that is an absolute must to gain and to maintain a lasting peace in our region."

"Unprofor in Croatia has become a stumbling block to reintegration of Croatia's internationally recognized borders," Sarcevic added. "Croatia's role in terminating Unprofor's mandate in Croatia is not to widen the war as has been reported by the media but the very opposite."

Briefly

● **TURKEY** arrested 35 anti-nuclear protesters, including seven Greenpeace foreign nationals, on Feb. 18 for protesting against the construction of the country's first nuclear power plant. If convicted they could receive prison sentences of three years.

● **NELSON MANDELA** in a hard-line speech promised South Africa a crackdown on crime, corruption, and industrial anarchy on Feb. 18. He emphasized his commitment to fiscal discipline, the reduction of the budget deficit, and cutting the government's share of the national budget. Having been a political prisoner for 27 years, Mandela warned against taking revenge against those who are responsible for the apartheid system.

● **YELTSIN** should quit, said Russian Gen. Aleksandr Lebed in an interview with the German picture daily *Bild Zeitung* on Feb. 21. The popular general denied any ambitions to become President himself.

● **U.N. TROOPS** in Angola will have to deal with 20 million land mines. The United Nations authorized 7,000 peacekeepers in February to supposedly police settlement of the 20-year civil war, in which 450,000 people died.

● **THE BEIJING** government said on Feb. 14 it would oppose sanctions against Libya for refusing to hand over two men allegedly responsible for the bombing of a U.S. airliner over Lockerbie, Scotland in 1988. In 1991, Britain and the U.S. issued warrants for the two Libyans. Tough U.N. sanctions have been imposed.

● **AZIMBABWEAN** human rights group, Zimrights, criticized President Mugabe for supporting the export of arms on Feb. 18. Mugabe attended the opening ceremony of two arms factories. After independence in 1980, the outgoing Rhodesian government destroyed weapons and many arms experts fled the country.

Clinton gets serious about taking on GOP Jacobins

by Jeffrey Steinberg

Reports of President Bill Clinton's political death, in the words of Mark Twain, "have been greatly exaggerated." Despite the best efforts of Speaker of the House Newt Gingrich (R-Ga.), Sen. Phil Gramm (R-Tex.), and House Majority Leader Rep. Richard Arney (R-Tex.)—the Republicans' three leading self-proclaimed congressional Jacobins—the "Contract with America" is not steamrolling through Congress, President Clinton is not a lame duck, and a GOP candidate is hardly a shoo-in to take the presidency in 1996.

On the contrary, as even the London *Economist* recently admitted, the Democrats, led by the President, are beginning to fight back against the most egregious features of the GOP "Contract," and the President has vowed to use his most powerful weapon—the veto—to cut the Republican congressional majority down to size.

One of the sharpest confrontations to date took place on Feb. 23, when the President met with the 204 House Democrats on Capitol Hill. He assailed the Republican plan to shut down the school lunch program, which provides nutritious meals to 25 million schoolchildren, and to replace it with block grants at significantly lower funding levels to the states, which funds would not even have to be used exclusively to provide food. The elimination of the national school lunch program and the Special Supplemental Nutrition Program for Women, Infants, and Children, according to an analysis by the Center on Budget and Policy Priorities, would cut \$7 billion in assistance over the next five years.

President Clinton, who has so far not announced whether he will veto the bill if it reaches his desk, called on the GOP to think twice about going ahead with trashing the program. "Here's a program that isn't broke, that's done a world of good for millions and millions of children of all races and backgrounds all across our country, and I think it would be a

terrible mistake to put an end to it, to gut it, to undermine it," he said.

When Speaker Gingrich showed up at the Capitol for his morning press session on Feb. 23, he was grilled by reporters who accused him of stealing food off the plates of poor children to finance the capital gains tax cut for the wealthiest 10% of the population. The usually calm and collected Speaker briefly lost his composure, stammering about the Republicans' budget-slashing plan, "I'm talking about the overall, the overall."

Acting Agriculture Secretary Richard E. Rominger has been even more blunt than the President in his attack on the food program cuts. "The general reduction in nutrition assistance for children could lead to increased malnutrition, growth stunting, and iron deficiency anemia, which can permanently reduce intelligence," he said.

Given that some of the more rabid Conservative Revolution ideologues, such as Britain's Lord William Rees-Mogg, are now openly calling for the abolition of public education and the relegating of 95% of the population to menial labor at peasant wages, it is not unreasonable to ask whether the permanent reduction of intelligence through childhood malnutrition is an unspoken goal of the "Contract's" intellectual authors at the Heritage Foundation and the Mont Pelerin Society.

Defending organized labor

Another sign of a comeback by the administration was visible on Feb. 21, when Vice President Al Gore announced that the President would soon issue an executive order barring federal agencies from contracting with private firms that permanently hire strike-breakers. Gore and Labor Secretary Robert Reich attended the annual board meeting of the AFL-CIO in Bal Harbor, Florida, and delivered a promise from

President Clinton that he would veto three other "Contract" bills that would repeal the Davis-Bacon Act and other fair-wage laws.

The GOP had planned to introduce a bill allowing government contracts to go to firms violating the strike-breaking proviso, and Speaker Gingrich immediately screamed "foul" when he learned about the pending executive order.

These moves by the White House prompted *Roll Call*, a daily newspaper on Capitol Hill, to report that the President's popularity is back on the rise because voters see him "fighting for things he believes in." The paper cited Clinton's commitment to put 100,000 more police on the streets, student loans, a minimum wage hike, and exemption of Medicare from the budget axe as some of the programs that voters were citing as evidence that the President is strongly "staking out a position."

Scandals taking a beating

Another front on which the President's fortunes have taken a turn for the better is Whitewater. On Feb. 22, the *Wall Street Journal* published a front-page story under the headline "There May Be Less To Whitewater Case Than Meets the Eye," admitting that many of the most juicy allegations against the First Family are turning out to be dead ends after months of intense investigation.

"As independent counsel Kenneth Starr moves ahead with his investigation and refines his legal case, what is most noteworthy is how many of the biggest Whitewater headlines appear to be heading toward the cutting room floor," the paper commented.

"In fact, in what may be Washington's biggest open secret, few of the Beltway cognoscenti or the hundreds of journalists following the affair believe it ultimately will ensnare the Clintons in criminal charges."

The *Wall Street Journal* quoted Rep. Jim Leach (R-Iowa), the new chairman of the House Banking Committee and a key player in the congressional Republican efforts to keep the Whitewater story in the headlines throughout 1994, admitting: "I have viewed it largely as an issue of public ethics. I'm suggesting that there is no reason to pursue criminal accountability with the Clintons."

If the *Journal* story is accurate, the nine areas of investigation pursued by Robert Fiske and his successor, Kenneth Starr, have all failed to turn up any evidence of criminal misconduct by the President, the First Lady, or any of their top aides.

At the same time that the Clintons are being apparently exonerated after two years of British-orchestrated black propaganda around Whitewater, etc., some of the leading Republicans in Congress are not faring so well. On Feb. 23, the House Committee on Standards of Official Conduct (the so-called Ethics Committee) opened its formal investigation into Speaker of the House Gingrich. Two separate complaints have been filed against Gingrich, charging that his university course in American history was a conduit for under-the-table

campaign contributions. One complaint focuses on GOPAC, the political entity that Gingrich has run for several years and which collected funds to distribute his televised courses.

The other complaint, filed in early February by three Democratic members of Congress, charges that Gingrich received between \$150,000 and \$200,000 worth of free air time from Jones Intercable, one of the nation's largest cable TV operators. Jones Intercable owns Mind Extension University, which televises college courses, and they provided Gingrich with 20 hours of free air time into its 26 million home market. Jones Intercable has a number of regulatory issues pending before Congress.

The ethics panel is also expected to probe the book deal that Gingrich signed with a subsidiary of Rupert Murdoch's News Corp., on the basis of similar possible conflicts of interest.

Another possible target of the ethics panel is Senator Gramm, who formally announced his candidacy for the Republican Party presidential nomination on Feb. 24. At a fundraising event the night before his announcement, Gramm raised \$4.1 million in contributions. He still has several million dollars left from his 1990 Senate reelection campaign that he will be permitted to use in his presidential bid.

However, Gramm has been accused of conducting fundraising from his Senate office, and he has admitted doing this. Under congressional ethics rules, such activity is forbidden.

On Feb. 17, the *Wall Street Journal* published a profile of Gramm's fundraising machine which revealed, among other things, that his wife, Wendy Lee Gramm, who headed the Commodities Futures Trading Commission (CFTC) under both Presidents Reagan and Bush, had been raising funds for his 1990 campaign from corporations and individuals who had regulatory matters pending before the CFTC. The *Dallas Morning News* recently published a copy of a Gramm campaign memo from 1989 discussing ways to "exploit" Mrs. Gramm's government post to build the senator's financial base in the business community. The *Journal* reported that over \$1.4 million was raised in that campaign from companies regulated by the CFTC.

Senator Gramm has hired a gun-toting, former Texas police officer, Duke Bodisch, to develop dirt on his Republican opponents. Gramm is known even among his GOP colleagues as one of the most mean-spirited politicians in Washington. (He once told a dinner audience, "I have a heart. I keep it in a quart jar on my desk.") His presidential campaign has already received the de facto backing of the British intelligence-run Hollinger Corp.'s media empire, including a fawning article about his candidacy by David Frum, an editor of the Hollinger-dominated *American Spectator*, which appeared recently in *Atlantic Monthly*.

When Gramm sets his sights on his two leading rivals, Senate Majority Leader Bob Dole (R-Kan.) and former Tennessee governor and Bush education secretary Lamar Alexander, blood will likely be drawn.

'We will have a society which is more elitist'

Lord William Rees-Mogg is the ideological "mother" of the "Conservative Revolution" that seized control Jacobin-style over the U.S. Congress in the wake of the November 1994 elections. Rees-Mogg favors the dismantling of the "welfare state," and he has been one of the most straightforward advocates of the Information Revolution, with which Alvin Toffler groomed House Speaker Newt Gingrich (R-Ga.), giving Gingrich's hairdo a "Third Wave." Rees-Mogg says that with the coming Information Age, there will be "electronic feudalism" or "slavery" in store for 95% or more of the population.

A member of the British House of Lords, Rees-Mogg was the editor-in-chief of the Times of London and the Financial Times. He is currently a member of the board of governors of the British Broadcasting Corp. and one of the leading British propagandists for the destruction of the U.S. presidency.

The following interview, conducted by Scott Thompson on Feb. 15, was made available to EIR.

Q: What is your view of the significance of the Newt Gingrich-led Conservative Revolution? I noticed you have mentioned how "Newt's children" would do a sort of march through the institutions.

Rees-Mogg: Yes, I think that's very important. I think that he's brought in among these 73 new Republican members of the House . . . some very bright people with strong idealism and who will be the future of the Republican Party to a large degree.

Q: You also suggested in an article right after the last elections that this Conservative Revolution could sweep the world.

Rees-Mogg: Well, I think that the world is going to face rather similar problems to what the United States will do. We've got to try to make the change from a Factory Age society to an Information Age society. And, we've also got to handle the terrible overhang of government. These are worldwide problems, and you'll find them in all the advanced countries to some extent. . . .

Q: I would think that you have a grassroots movement in

the United States, with the relationship you have with James Dale Davidson through *Strategic Investor*. Do you have a populist base in the United States?

Rees-Mogg: I think we've got a very interesting base in the United States. In a way, what I think is most interesting about it is that when we started our newsletter, which is about 12 years ago now, we said, well, we think there's a market for a newsletter that is not populist. The word at that time, and still, is associated with newsletters that would say wildly distorted things. . . . We now find that we have got a following, we've got over a 100,000 circulation. . . .

Q: I was using the term "populist" in its latest incarnation of being equatable with the Conservative Revolution.

Rees-Mogg: Well, I think that's right. Lots of people who sympathize very much with the Conservative Revolution have been and are our readers.

Q: In an article you did recently on the Information Revolution, you said that only 5% of the population, an elite, will be needed to do the work. And the remaining 95% will be lost to that process, so they do not need an education of the kind that was generally provided during the Industrial Age. Have you given any thought as to how to control the 95% who are essentially going to be idle?

Rees-Mogg: I think we've got to find satisfactory social lives. I mean, if you had a society in which 5% were doing all the work and 95% had nothing to do, it would be a horrible society, obviously.

I believe, in fact, that there is a great deal of work always to be done and many tasks to be performed which can only be carried out by human beings. The parallel, which I don't think I used in that article but which is very striking, is the armed knight. Shortly after about 1000 A.D., they found that on the battlefield, a man on a horse wearing armor could defeat anyone else. And it took all the people in a village—say, a couple hundred people—to provide the resources to put one man on a horse in armor on the field.

And in the Information Age, instead of having citizen armies, with each of them going into the field of the Information Age, what the actual situation—I don't say it will take 200 people to mount one man, but it's going to take 20 people to mount one man. One man will be doing the job at the leading edge and, correspondingly, you're going to have a society which, in terms of income distribution, is much more elitist than the pattern of income distribution we've been used to in this society.

Q: In *The Great Reckoning*, you refer to a return to "electronic feudalism."

Rees-Mogg: Well, in any rate, you will tend to get that in terms of income distribution. You've got a situation now where people who can take full advantage of the Information

Age, can and do make staggering incomes. And, where the opportunities to make big incomes on a production line are dwindling all the time. . . . The sort of production line income that made the man who was making automobiles in Detroit among the wealthiest citizens of the world, that age is over and it isn't going to come back. It doesn't mean that there will be no work for people to do, but the distribution of income will be different.

Q: Do you think the Information Age, with a 5% elite and 95% underclass, will come to the United States soon?

Rees-Mogg: It's happening faster in the United States than anywhere else, because the United States is more advanced in technology. . . .

Q: I believe you hold that, as this occurs, the welfare state and the public school system will collapse.

Rees-Mogg: Yes, I think that we've got a welfare state which has just grown and grown and grown, along with bureaucratic functions. Unfunded pension systems are likely to be viable for a few more years. Different kinds of pension systems are likely to be viable in more fortunate countries for a while longer, according to the pattern of funding. . . . But, the demographics are against it, the populations are aging, the finances are against it, cumulative debt. . . .

Q: You've been writing a lot about Whitewater. You've been writing almost as much lately as Ambrose Evans-Pritchard at the *Sunday Telegraph*. Is one of your concerns that Clinton has undermined the U.S.-British "special relationship?"

Rees-Mogg: . . . Basically, I'm a columnist. But the evidence that seems to have been turned up by journalists such as Ambrose Evans-Pritchard, but also other journalists as well, suggests that something, or things that were very serious and bad, took place in Arkansas in the 1980s. The feeling is that the mainline American press has deliberately turned its eyes away from this. . . .

Q: It seems that Clinton is ending the U.S. special relationship with Britain to build one with Germany.

Rees-Mogg: Well, I think Clinton does not understand Europe at all well, doesn't understand what's happening. I think the Germans, apart from anything else, do not want to have an exclusive German-U.S. relationship, because that doesn't fit in with what they are trying to achieve in Europe. . . .

But, I don't worry about the Anglo-American special relationship, because it seems to me that it functions when it's needed, and I don't think Clinton is going to be around for more than two years, when we shall have someone else to deal with. . . .

Mike Royko calls Lord Rees-Mogg a 'scumbag'

In an article in the Feb. 16 *Chicago Tribune*, entitled "Rupert Murdoch's Scumbag Connection," columnist Mike Royko takes aim at Lord William Rees-Mogg for his scurrilous attack on the office of the U.S. President. Royko wrote:

"The English have a knack for making Americans feel clumsy and self-conscious. They seem . . . so very civilized. . . . So it is always jarring to look at the English press and find that the journalists seem to be a bunch of scumbags. . . . In this case, the scumbag is one William Rees-Mogg, a featured writer for the *Times*, the big, influential English newspaper. . . .

"Anyway, a few days ago this William Rees-Mogg wrote a column in the *Times* that set out to reveal how much trouble President Bill Clinton is really in. . . . Why does William Rees-Mogg know all this, and we don't? He explains that, too:

"There is no lack of people who do not want this ugly truth to emerge. The name national media—the

Washington Post, the *New York Times*, the television network news programs—have done their best to turn a blind eye. . . ."

"So there you have it. But just what do you have? Not much really, Rees-Mogg doesn't go in for details and specifics. . . . It's as if I wrote, 'All members of the royal family are cross-dressing gays who have orgies and eat little roasted babies snatched from orphanages. Believe me, I wouldn't kid you.' . . .

"So why would he write something that is so off the wall? A hint:

"His paper is owned by journalism's No. 1 scumbag—Rupert Murdoch, the international media tycoon . . . [and] a billionaire, who loathes Democrats. He prefers Republican politicians to whom he can give multimillion-[dollar] book advances. . . . If Rees-Mogg's story is true, the Murdoch empire has the resources to dig it out and give us the facts. Instead, his lackeys nip at the heels."

Royko, himself no stranger to scurrilous journalism, attacks Rees-Mogg's intentions, which Rees-Mogg outlined in a Feb. 6 article: "President Clinton is trapped by a process of inquiry from which he would be unlikely to escape even if he were wholly innocent of any wrongdoing."

Schiller-ICLC conference mobilizes Americans to foil Newt's 'revolution'

by Nancy Spannaus and Marianna Wertz

"What we're fighting, in fighting against the [Conservative Revolution], is mobilizing the American people to understand that this is their enemy, the enemy of more than 80% of the American people, if they'd only wake up and find out about it. . . . They are the hired or duped lynch mob of the Rees-Moggs and the Prince Philips of the world, who are out to destroy the possibility that we might reverse the course of oligarchism, and liberate the revolution that was made over 500 years ago. We liberate it to bring forth on this planet not Paradise, but to continue the revolution, the revolution which uplifts the oppressed of the world from the condition of being oppressed, to being participants in a process which engages every human being as a person created in the image of God."

With these words, American statesman Lyndon LaRouche concluded his keynote speech to the Feb. 18-19 semi-annual conference of the Schiller Institute and International Caucus of Labor Committees (ICLC) in the United States, held in Reston, Virginia. Mr. LaRouche kicked off a two-day open conference which was devoted to mobilizing Americans against the Conservative Revolution associated with Republican politicians Newt Gingrich, the Speaker of the House of Representatives who is seeking to implement the anti-constitutional plan outlined in his "Contract with America" pamphlet, and Sen. Phil Gramm of Texas, who officially announced his candidacy for President of the United States the week of the conference. The fascist content of that revolution, the qualifications of the LaRouche movement to lead the fight against it, and the consequences of failing to defeat it, were the subject of a series of keynote presentations and panels, followed by a session devoted to open discussion by members of the audience with the panelists.

More than 1,100 people attended this conference, most of them veterans of the extraordinary process of mass organizing which began shortly after Mr. LaRouche was released from prison in January 1994. Over this period, more than 4,500 people have been involved in distributing over 6 million pamphlets demanding Mr. LaRouche's exoneration, along with a series of educational pamphlets on economics and politics. Galvanized by the deepening crisis of the world economy, many of these individuals were looking for guidance in achieving victory for Mr. LaRouche's economic policies in the months ahead.

Among them were a group of 18 state legislators, who

have joined the movement for the exoneration of Mr. LaRouche and his convicted associates; also among them were international collaborators and representatives of constituency organizations now looking to the LaRouche movement for leadership.

Messages support exoneration campaign

Mr. LaRouche's keynote presentation was introduced by two speeches which underscored the importance of his exoneration. The first came from Carlos González, the personal secretary to the former President of Argentina, Arturo Frondizi; he described the common goals of Frondizi, a close friend of President John F. Kennedy, and Mr. LaRouche.

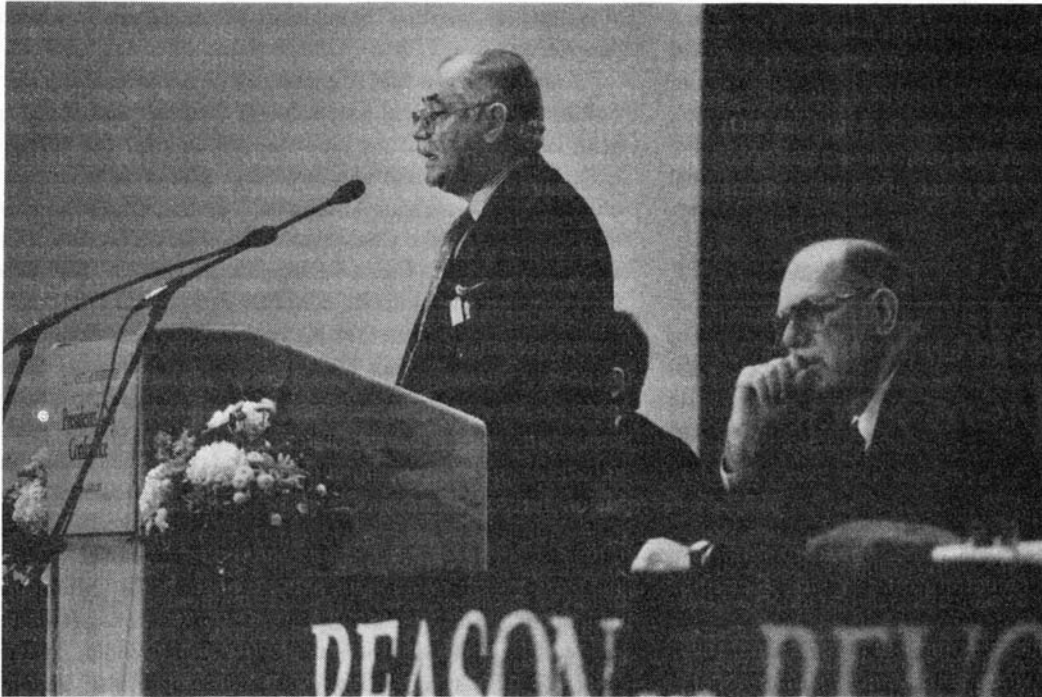
Dr. González was followed by the vice chairman of the Schiller Institute's international board, civil rights leader Amelia Boynton Robinson, who described the progress of the movement, and motivated the urgent necessity of bringing people behind Mr. LaRouche's leadership.

Following Mr. LaRouche's speech of one and one-half hours, another important message was delivered, this from Dr. Abdul Alim Muhammad, the spokesman for Minister Louis Farrakhan of the Nation of Islam. Dr. Muhammad began by saying he was sorry to be present, as Minister Farrakhan had been invited, but was unable to attend. Then he read the message from the Minister (see p. 57), which he followed up with a motivation for those in the LaRouche movement to join with the Nation of Islam in the fight for justice, including a mass march in Washington, D.C. in October 1995.

Dr. Muhammad stressed the respect which the NOI has for the work of Mr. LaRouche as an economist and a political leader for all people. Dr. Muhammad, a medical doctor who serves as the NOI's Minister of Health and has done groundbreaking work against AIDS, has previously spoken at ICLC conferences, but this was his first appearance as an official representative of Minister Farrakhan.

New dark age or civilization?

Mr. LaRouche's keynote defined the central conception of the conference: the fact that the fight against the Conservative Revolution is the fight against a British-Venetian oligarchy, and in defense of man's nature as being created in the image of God. Mr. LaRouche graphically demonstrated how



Carlos González, private secretary of former Argentine President Arturo Frondizi, addresses the ICLC-Schiller conference. With him on the podium is Lyndon LaRouche.

the Golden Renaissance had unleashed the principle of man in the image of God in science and statecraft, leading for the first time to the opportunity for more than 5% of any society to enjoy a *human* existence. The Conservative Revolution, however, wants to reverse this situation.

At the beginning of his speech, Mr. LaRouche outlined the parameters of this battle. "In the next 18 to 24 months, the world is gripped with the most dangerous, most momentous and most profound developments in the past five centuries of human history. At stake is the question of whether we shall emerge from the 1990s into a prolonged new dark age which will engulf this planet for 100 or 200 years to come, a dark age in which the population of this planet will sink from over 5 billion to, at most, a few hundred million; a time, a dark age in which a nightmare beyond belief will control this world.

"Or, we can salvage the achievements of civilization to date," he continued, "and those achievements which were given by the development of a revolution which began in Europe, between 550 and 510 years ago, between the Council of Florence which established a new principle to govern all states, all society. Not a principle which was immediately put into effect completely, but a principle which began to work to change the world. And about 510 years ago, a little more than that, the end of the monarchy of France's King Louis XI, who in the 20 years of his reign established the first civilized form of society on this planet, which was called by him a commonwealth, in which all the citizens of the nation were bound together to build the nation, so that the nation might foster the well-being and development of every individual in it."

Elaborating on this, Mr. LaRouche said that "the principle was that every person on this planet is made in the living image of God the Creator. This image, as I shall indicate today, is not a bodily image, not a graven image. It is an image of intellect. It is an image of a *creative power* of intellect which no animal species has.

"The issue of this battle of the coming 18 to 24 months, the battle that will decide the future of mankind for centuries to come, in which we play a part in that battle, is: is man, as Prince Philip the fascist beast says, a higher ape; or is man a creature in the living image of God the Creator, by virtue of creative intellect?

"That is what the issue is," Mr. LaRouche said. "Are all men created in the living image of God the Creator, or are men merely beasts to be kept in zoos called nations? Beasts, to be slaughtered when they're too numerous? Beasts, to be used as chattels?

"That's the issue."

History as tragedy

In the second keynote, Mr. LaRouche's wife, Helga Zepp-LaRouche, the chairman of the Schiller Institute's international board, demonstrated how the abandonment of the Renaissance conception by governments in the late 19th century led to the tragedy of World War I, and how similar follies threaten to plunge the world into World War III today. The fundamental difference today, she emphasized, is the existence of the LaRouche movement, which provides the potential for averting the collapse into a New Dark Age.

Mrs. LaRouche used two plays, "Don Carlos" and "The

Maid of Orleans," by the German poet and dramatist Friedrich Schiller (1759-1805), to exemplify the principle of tragedy in drama and in history. Schiller's representation of the *punctum saliens*, the critical point of no return at which the hero must choose either to mobilize the qualities to solve the crisis facing him, or to capitulate to his own personal weaknesses, starkly highlights the choices for every individual, she said.

The tragedy of wrong choices which led to World War I, which Mrs. LaRouche analyzed in general, was elaborated in detail in four historical presentations on the formation of the Triple Entente (the alliance among France, Britain, and Russia), which led to World War I. U.S. Schiller Institute president Webster Tarpley began with an eye-opening exposé of the crucial organizing role of Britain's Edward VII for the effort. He was followed by Anton Chaitkin, on the role of Teddy Roosevelt in turning America away from its anti-British roots, and thus aiding the war; by William Jones, on the thwarted efforts of Russian statesman Sergei Witte to build a Eurasian economic alliance and forestall the war; and by Dana Scanlon, on the failed attempts of French statesman Gabriel Hanotaux to resist the British-organized tragedy.

LaRouche and EIR foresaw monetary blowout

The conference's second day began with a panel on economics and economic method, concentrating on Mr. LaRouche's Ninth Forecast of the inevitable disintegration of the world economy. Led by Dennis Small, *EIR*'s Ibero-American editor and a former political prisoner, the panel presented a tightly and irrefutably documented case on how the "experts" had been wrong on the economy, especially the Mexico crisis, and Mr. LaRouche and *EIR* had been right. Mr. Small was joined by *EIR*'s John Hoefle, who showed how financial speculation in areas like derivatives has grown up on the ruins of the physical economy.

This panel succeeded in making the case that the financial explosion in Mexico was only the first in a series of coming detonations, through a speech on "The Coming End of the So-called Reform Policies in Europe's East," by *EIR*'s executive director in Europe, Michael Liebig (see p. 11), which was read by Uwe Friesecke, and a further presentation by Carlos González on "Argentina's Battle for National Development" (see p. 44).

The overall effect was a compelling picture of the accuracy of the LaRouche-*EIR* record, as compared to *Forbes* magazine, Nobel Prize winners, and other so-called economic experts. The impending physical economic collapse, should Mr. LaRouche not be heeded, was also starkly clear.

The 'Contract on America'

The final panel of presentations brought together seven researchers who painted the picture of America's future, if the Conservative Revolution succeeds. Victim by victim, the targets of the "Contract with America," better named

"Contract on America" in the sense of a hired assassin, were described.

Panel chairman Mel Klenetsky, *EIR* contributing editor, outlined the genocidal scope of the Contract and spoke in grim detail on the Contract's implications for the elderly. U.S. Schiller Institute vice president Marianna Wertz discussed "The American Auschwitz," documenting the murderous effects of the Conservative Revolution on prisoners, and particularly African-Americans in prison. The third speaker, *EIR* economist Richard Freeman, showed the consequences of the Contract for the poor and welfare recipients. *EIR*'s agriculture editor Marcia Merry, speaking on "Suppose You Get Sick," tore apart the Contract's plans to destroy modern medicine. The Schiller Institute's Food for Peace coordinator Suzanne Rose, in a speech titled "Let Them Eat Cake," showed that the real intent of the Conservative Revolution's agricultural policies is to bring an end to the family farm and to turn all food production over to the cartels. Speaking on education policy, author Michael Minnicino demonstrated that the Conservative Revolution's privatization policies for education are intended to turn the schools over to British-style looting by private corporations. Finally, *EIR* counterintelligence editor Jeffrey Steinberg showed that the Contract's effect on the middle class will be to make it an endangered species, competing for survival in a world run by a tiny oligarchy.

This panel's conclusions are soon to be published in a mass pamphlet by *New Federalist* newspaper. That pamphlet, as the panelists emphasized, can mobilize Americans to save their nation, just as the organizing against Conservative Revolution stalking-horse Oliver North, by Mr. LaRouche's associates last summer and fall, led to his crucial defeat in the U.S. Senate race in Virginia in November 1994.

The Sunday evening session of the conference was devoted to questions and answers with the LaRouches. On Saturday, Feb. 18, a Schiller Institute chorus and orchestra under the direction of John Sigerson offered conference-goers a preliminary performance of parts of one of the great, neglected works of the 18th-century Viennese Classical repertoire, Franz Joseph Haydn's "Stabat Mater," a work of 1767 which made Haydn world-famous and deeply influenced the choral works of Mozart. This was followed by a concert of chamber music, operatic arias, and African-American spirituals performed by guest artists including pianists Sylvia Olden Lee and Dr. Raymond Jackson, violinist Raphael Wenke, and singers Helen Dilworth, Monica Spencer, and Reginald Bouknight. At the openings of the conference panels, cellist Cecelia Barczyk of Towson State College in Maryland and pianist Eugénie Alécian of Paris, France were among the musicians who performed, giving listeners a sense of the central role of Classical music in Lyndon LaRouche's perspective for defeating the oligarchy.

A business meeting for ICLC members only was held on Feb. 20.

Farrakhan sends message to Schiller Institute conference

Minister Louis Farrakhan, national representative of the Honorable Elijah Muhammad and the Nation of Islam, sent the following message, delivered by his national spokesman and Minister of Health for the Nation of Islam Dr. Abdul Alim Muhammad, to the International Caucus of Labor Committees-Schiller Institute conference on Feb. 18-19 in Reston, Virginia.

In the Name of Allah, the Beneficent, the Merciful. I bear witness that there is no God but Allah and I bear witness that Muhammad is his messenger.

Feb. 17, 1995

As-Salaam Alaikum (Peace Be Unto You)

It is a great honor and privilege for me to have these few words to say through my National Spokesman to this august body of brilliant men and women, who believe and follow the guidance of Mr. Lyndon LaRouche.

We are fellow-sufferers under a system that has pitted one group against another so that common cause will never develop that we might in unity produce a necessary change within society—a change beneficial not to one group or another, but a change that is beneficial to all.

In the past, this august body of men and women saw the Nation of Islam as a group who wanted to see or help to bring about the overthrow of the government of the United States by means of violent revolution. If the government of the United States is built on truth and righteousness, then there is no power that can overthrow it. However, if falsehood, deceit, and treachery are at root, then truth will overthrow falsehood, deceit, and injustice.

The founding fathers of this nation had a vision that was based upon their view of the history of the failure of European nations, governments, and systems in its attempt to serve the people or to serve its own greed and lust. The founding fathers wanted to draft a constitution and build a society that would protect the citizens of America from those evils that brought about the fall of her European sister nations. Something has happened contrary to their desire, and now the nation is on a self-destructive course. Although the founding fathers expressed a superior morality and built this nation on immutable laws and principles, their vision did not include the slaves, Native Americans, or the darker people of the earth who one day would populate this country.

The vision of the founding fathers was flawed in that it was exclusive of the darker people. Now America is challenged to either include the total populace of this nation in the promise

of it, or admit its hypocrisy and let the darker people go to build and develop an existence for themselves.

Presently, the United States of America is suffering

from gross mismanagement of her people, her wealth, and her gifts. America can be saved, but the question is, "Who will save her?" All the voices of true patriots who rise up to point out a better way are falsely accused, maligned, imprisoned, and even put to death for the sake of the ideas which they represent. Such a one, I believe, is Lyndon LaRouche.

We, as members of the Nation of Islam, believe that only a return to Allah (God) and those principles of the Christ can save this nation from total disaster.

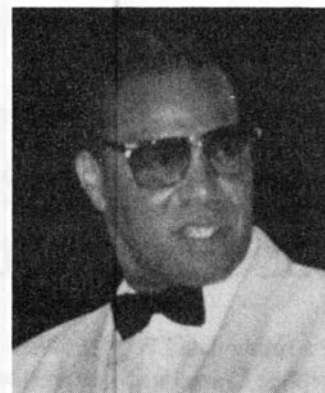
The Christ represents spiritual principles that can unite all of America's people. The Christ represents moral principles that would cause us, if these principles were followed, not to infringe upon the rights and privileges of others. The Christ represents social principles that would cause America's people to interact with each other in a way that would produce not just limited progress, but eternal progress. The Christ represents economic principles that, if followed, would give to each human being according to his or her needs, and develop natural resources of this nation and the earth in a way that would give a healthy living standard to the people while protecting the environment. These Christ principles, if followed, would make America the greatest nation in history and in the world, and if successful, would be the foundation of the Kingdom of God on earth.

The Nation of Islam has been greatly misunderstood and in many cases purposely misrepresented. By the grace of Allah (God), we will do our utmost to represent the Teachings of the Honorable Elijah Muhammad, which we believe contains light, life, power, and all of the Christ principles not only for the lost Black people, but also for the lost humanity of the world, who have lost their way to true peace, freedom, justice, and equality.

Our thanks to Mr. Lyndon LaRouche and his organization for inviting me to attend this gathering, and my thanks to you for hearing my friend, brother, companion, and National Spokesman, who will also express his comments, Minister Abdul Alim Muhammad, Minister of Health for the Nation of Islam.

Thank you.

I greet you in Peace, As-Salaam Alaikum.



Minister Louis Farrakhan

Judge in New York vacates 'LaRouche case' convictions

In a ruling dated Feb. 16, New York Supreme Court Judge Stephen Crane, who has presided over the New York State "LaRouche case" since its inception in 1987, vacated the convictions of the three defendants—Robert Primack, Lynne Speed, and Marielle Kronberg—on the grounds that the prosecutors illegally withheld evidence; that is to say, prosecutorial misconduct.

In his 14-page ruling, Crane came to the conclusion that "[a]ll of the foregoing circumstances suggest a studied and calculated effort to use against the defendants enormous amounts of information that the Virginia prosecutor made available to the New York Attorney General without the onus of revealing any of the exculpatory or other pertinent information that a New York prosecutor has an obligation to locate and produce for defendants. *These circumstances raise an inference of a conspiracy to lay low these defendants at any cost both here and in Virginia*" (emphasis added).

The three defendants were convicted after a trial lasting almost six months during the spring and summer of 1989. A fourth defendant, George Canning, was acquitted in that trial. Crane has ordered a new trial.

Originally, in February 1987, some 16 associates of American statesman Lyndon LaRouche were indicted on fraud charges in New York. But by 1989, charges had been dropped against all but Canning, Kronberg, Primack, and Speed.

First time a conviction vacated

This is the first time any defendant in a LaRouche-related case has had a conviction vacated, but it is not the first time a judge has found that prosecutors violated the law in order to railroad LaRouche and his associates.

In 1989, U.S. Bankruptcy Court Judge Martin V.B. Bostetter found that federal officials had acted in "objective bad faith" and by a "constructive fraud on the court" when they illegally put three publishing companies into involuntary bankruptcy as part of the political prosecution of LaRouche and his associates.

In 1988, U.S. District Judge Robert Keeton of Boston found "institutional and systemic prosecutorial misconduct" during the trial of LaRouche and others in Boston. That case ended in a mistrial.

Former U.S. Attorney General Ramsey Clark, speaking to an independent panel of legal experts investigating the

LaRouche case in September 1994, said the LaRouche case "represented a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the federal government than any other prosecution by the U.S. government in my time or to my knowledge."

Judge Crane's ruling came after lengthy post-trial hearings concerning the failure of the New York prosecutors to turn over information to the defense, and concerning the alleged illegal use against Kronberg of her own immunized testimony.

During these hearings, a number of witnesses—federal prosecutors, FBI agents, Commonwealth of Virginia officials, and New York prosecutors—were asked about the inner workings of the multi-jurisdictional "Get LaRouche" task force, but they vigorously evaded telling the whole truth. Among those called to testify were Assistant U.S. Attorney Kent Robinson, who prosecuted LaRouche and six others in Alexandria, Virginia, and Virginia Assistant Attorney General John Russell, who prosecuted LaRouche associates in Virginia.

One of the subjects at the hearings was the access of New York prosecutors to reports written by FBI agents known as 302s. These reports contained statements from political supporters of U.S. presidential candidate Lyndon H. LaRouche, Jr. who were interviewed by FBI agents during the federal investigation. The reports contradict evidence presented by prosecutors in both the New York and federal trials. Under New York law, prosecutors have a legal obligation to turn these reports over to defendants. Knowing this, the New York and federal authorities conspired to allow the New Yorkers to have access to the information in the reports without turning them over as they were legally obligated to do.

'Not sustained his burden'

Judge Crane rejected the prosecutors' arguments that they didn't have control over the reports and were therefore unable to turn them over, especially because authorities in California were able to obtain copies of the reports.

"The New York Attorney General has not sustained his burden of explaining this quixotic disparity between the treatment accorded New York and California. The circumstances give rise to two inferences: (1) the Californians cheated; (2) the New Yorkers wanted the benefits but none of the burdens of the documents at the Virginia warehouse. This court rejects the first and embraces the second inferences."

Crane called New York prosecutor Dawn Card's efforts to obtain the 302s "questionable," and said she "concealed evidence."

Crane also rejected the sworn statement of FBI agent Tim Klund, saying that Klund's "testimonial speculation was intended to protect the secrecy" of evidence. He also found "the New Yorkers wanted the benefits but none of the burdens of the documents at the Virginia warehouse."

Prison violence is rising under new 'tough on crime' laws

by Edward Spannaus

The populist "tough on crime" fads which have been sweeping the United States in recent years are producing an entirely predictable result: a sharp increase in prison violence, including assaults on prison guards. The mindless "lock 'em up and throw away the key" philosophy is now producing its grim toll in slain and injured prison staff personnel, and victimized inmates as well.

Such results should have been expected. Any prison administrator knows that an important element of minimizing such incidents is to provide a system of incentives and rewards for good behavior. If the prison system brutalizes its inmate population by taking away all incentives and, indeed, all hope, the inevitable result will be an increase in assaults on staff, as well as a sharp increase in costs of operating prisons.

According to figures provided to *EIR* by a spokesman for the federal Bureau of Prisons, assaults in federal prisons have risen sharply. In four high-security federal penitentiaries, total reported assaults on staff personnel by inmates rose 265% over two years, from 102 incidents in fiscal year 1992, to 239 incidents in fiscal year 1994. With a fifth penitentiary (Terre Haute, Ind.) added in, which was in a different status in 1992, the number of assaults by inmates on guards and staff was 293 in 1994. Thirty of these incidents involved weapons.

Assaults by inmates on other inmates also rose during this time period. Inmate-on-inmate assaults in which a weapon was involved rose 44% over two years, and by 64% for such assaults where no weapon was involved.

These figures do not even include the two highest-security federal prisons—in Marion, Illinois and Florence, Colorado—where inmates considered to be the most dangerous are confined, nor do they include the new federal penitentiary at Allenwood, Pennsylvania. At Marion and Florence, inmates are locked in their cells 23 hours a day, and can only move when shackled and accompanied by at least two guards. (Needless to say, the cost per inmate is highest at these institutions.)

Homicides in the federal system have also risen. Last December, a guard was killed in the Atlanta federal penitentiary, the first to be killed since 1987. Eleven inmates were killed in 1994, up from six in 1993 and three in 1992. There has also been an increase in incidents of violence at the lower-security federal institutions.

Abolishing parole

The abolition of parole, and similar measures like "three strikes and you're out," have become the rallying cry of the Conservative Revolution and opportunistic politicians who, for the most part, have not thought through the consequences of their actions. Part of the GOP's "Contract with America" includes a so-called "truth-in-sentencing" plank, requiring that prisoners serve at least 85% of their sentences. This was a requirement imposed on the states by the crime bill "reforms" passed by the U.S. House of Representatives in February; in order to be eligible for federal funds to build more prisons, states would have to abolish parole.

The congressmen who voted for these provisions would be well advised to look before they leap. In the federal system, parole has already been abolished; the results can be seen in rapidly rising costs of the federal system and the statistics on violence cited above.

Under legislation passed in 1984, parole was eliminated for all post-1987 federal offenses. Under the old law, an inmate could become eligible for parole after serving one-third of his sentence—although release at the one-third date was highly unusual. A prisoner with a clean disciplinary record was required to be paroled after serving two-thirds of his sentence; thus, the area of discretion for parole was between one-third and two-thirds of the total sentence. This was combined with a system of "good time," under which an inmate could earn from 8 to 11 days a month with a combination of a clean record and work in a prison facility.

Under the new system, even the best-behaved and most responsible inmates are not eligible for parole until they have served 85% of their sentences. "Good time" is limited to 54 days a year. Almost 85% of the inmates now in the federal system are in under the new, no-parole law.

This same pattern has been replicated in many states, which are likewise experiencing a sharp rise in both prison population and prison violence, including riots.

Is the increase in violence any surprise? It shouldn't be. Take away virtually all hope that an inmate has, create an inmate population which believes it has "nothing to lose," and the results are predictable.

The bad joke is that these illusory "tough on crime" measures have no effect on reducing crime. Crime rates are still rising, even though the United States has almost doubled its prison population over the past 10 years, so that the total prison and jail population is now about 1.5 million. States with the highest rates of incarceration are those which still have the highest crime rates; and the states with the lowest crime rates have the lowest rates of incarceration.

Crime is not reduced; costs are not reduced. All that has been done is to create a growing pool of brutalized, increasingly violent inmates, some of whom will constitute a source of cheap labor and a source of income for "privatized" jails and prisons.

Clinton vows fight on education cuts

Speaking in San Francisco on Feb. 14 before the American Council on Education, the President charged the Republican leadership in Congress with considering education programs as "just another area to cut and gut." Clinton said that any desire to compromise with the new majority does not extend to such ideas as eliminating the Department of Education or scaling back changes made in his administration designed for financing student loans.

Clinton likened any move to eliminate the Department of Education to "undercutting the Department of Defense during the Cold War." While sympathetic to trimming government in some areas, he said, increased spending is needed to ensure prosperity in an economy based on technology and information.

House GOPers would cut four cabinet positions

After weeks of private deliberations encouraged by House Budget Committee Chairman John Kasich (R-Ohio) and Appropriations Committee Chairman Robert Livingston (R-La.), a group of freshmen and second-term GOPers called on Feb. 14 for the formation of four task forces to write legislation aimed at eliminating the departments of Commerce, Education, Energy, and Housing and Urban Development. The proposal would emasculate the power of the Executive branch of government.

"On the whole they do not have essential functions within the government," said Sam Brownback (R-Kan.). The freshmen outlined their arguments under the guiding principles of "privatize, localize, consolidate,

eliminate." Claiming that essential functions would still be preserved, several members proposed that individual programs or agencies would exist independently or be rolled into other departments.

The White House has already flatly rejected a proposal to consolidate the Agency for International Development, the Arms Control and Disarmament Agency, and the U.S. Information Agency into the State Department.

Faircloth accused of conflict of interest

Sen. Lauch Faircloth (R-N.C.), who has led the charge against President Clinton, Secretary of Agriculture Mike Espy, and Commerce Secretary Ron Brown for alleged corruption, is himself being accused of a conflict of interest.

Faircloth chairs the Clean Air, Wetlands, Private Property, and Nuclear Safety Subcommittee of the Environment and Public Works Committee. Clean air and water environmental legislation coming out of his committee has driven undercapitalized family farmers out of business and forced them to become veritable serfs to the big operators, such as Faircloth's Coharie Hog Farms. The senator is estimated to have \$19 million invested in the industry, including large shares of Lundy Packing Co. and Smithfield Foods. The pork industry contributed heavily to his 1992 election.

While squealing against budget "pork" and "foreign aid," Faircloth signed a letter in October 1994 asking Agriculture Secretary Espy to subsidize the sale of 20,000 tons of pork to Russia "to help offset a 22-year low in hog prices."

Faircloth responded to criticism from the *Charlotte Observer* and local environmentalists by consulting the Senate Ethics Committee. Its counsel, Victor Baird, responded in December 1994, saying that Faircloth had not violated the Code of Ethics, since his legislative action was for the whole industry, not just for "the pecuniary interest of a limited class of persons or enterprises."

Garten warns on snubbing Asian developing nations

In testimony before a House International Relations subcommittee on Feb. 2, Undersecretary of Commerce Jeffrey Garten warned human rights, non-proliferation, and other activists in the administration not to make trade, commerce, and investment hostage to the resolution of other issues.

While agreeing that such issues as human rights, intellectual property rights, and market access were to be resolved, Garten pointed out to the legislators that the so-called big emerging markets (BEMs) countries will be "our markets of today, and especially tomorrow, or they will certainly be the markets of our competitors." Garten emphasized the immense potential for development in China, India, Indonesia, and Korea, four of the 10 BEMs. "China must build two major electric power plants a month well into the next century," he said. "Put another way, it has to add the installed generating capacity of Southern California every year for the next decade. . . . India, sometime in the first half of the next century, will pass China as the world's most populous nation. It has similar requirements. There are 7 million phone lines in a population of 900 million people, less than the number in New

York City alone. India's middle class may be equivalent in size to over half the population of the United States. There are seven Indian states which are larger than France."

Indonesia, "another of our Asian BEMs, has the world's fourth-largest population, an archipelago of 13,000 islands, that is now ready to link those islands by planes, satellites, power grid, air traffic network, and port system," Garten said. South Korea, the fourth BEM in Asia, "is perhaps the most dynamic recovery story in the world, the first developing market since Japan to graduate to big league status and already an important trading partner despite a still severely restricted market."

Byrd continues attack on balanced budget amendment

Speaking on the Senate floor on Feb. 16, Robert Byrd (D-W.V.) pressed his attack against the balanced budget amendment, raising a number of constitutional issues, including the attempt by Republicans to make it well-nigh impossible to raise taxes. Byrd said that he had overheard a Republican senator say that he would never vote for tax increases. "That kind of an attitude," Byrd said, "is never going to get this budget in balance."

Byrd pointed out that "the men who framed the Constitution provided for revenues to be raised to pay debts, to provide for the common defense and the general welfare, but if we are going to take the position that the only thing we will support is to cut, cut, cut programs, but we will not raise taxes, then we are cheating our children and grandchildren."

Byrd had earlier attacked the super-majority provisions in the amendment as injecting "a minority veto into

the ordinary processes of the determination of fiscal policy within the Legislative branch." He warned that this creates a danger that "a minority in either house can hold the legislative agenda hostage, blocking majority choices until minority factions obtain the policy concessions that they want."

Stormy debate expected over farm subsidies

Thirty-three of the 73 new Republicans in the House are from rural agricultural districts, casting doubt on their commitment to the "Contract with America" when it comes to cutting farm subsidies from the budget. Government policy has favored the cartels and rejected setting a parity or cost-of-production price to farmers, and has instead provided subsidies in order to slow the rate of farm bankruptcies; since 1985, some \$149 billion has been spent nationwide.

Senate Majority Leader Bob Dole (R-Kan.) and Rep. Pat Roberts (R-Kan.), who heads the House Agriculture Committee, have both advocated cutting government spending, returning more power to the states, and balancing the budget. But recently, Dole only offered to the American Farm Bureau Federation that "some cuts will be made." Roberts has defended subsidies, saying they have decreased (with the loss of many farms) to \$10.2 billion in 1994, from \$25.8 billion in 1985. Roberts's district over the last decade has received more subsidies than any other. Agriculture cuts for the Republicans were supposed to be among the least difficult targets for budget cutting.

Senate Agriculture Committee Chairman Richard Lugar (R-Ind.), who recently oversaw the closing of over 1,000 local Farm Bureau offices

as part of "reinventing government," says that farm subsidies are justifiably seen as a test of Republican resolve: "Will we act? I would guess that subsidies will be cut at least in half over the next five years. But I also see phasing out subsidies in five years, if not completely then in such a way that there is only some minimal safety net."

Balanced budget amendment in doubt

As we go to press, the outcome of the Senate vote on the balanced budget amendment, set for Feb. 28, is expected to be within one to two votes either way. Seven Democrats are fence-sitters, but Minority Leader Tom Daschle (D-S.D.), who voted for the amendment twice before, has announced that he will vote no. His reasons are that there were no provisions to save Social Security and that Republicans have given no indication of what they plan to cut.

As far back as Jan. 22, Majority Leader Bob Dole said the Senate did not have the votes to pass a balanced budget amendment if it included a clause requiring a three-fifths majority vote in Congress to raise taxes.

Asked about proposals to cut off benefits to welfare mothers under 18 if they don't work, Dole said on the CBS News program "Face the Nation," "I don't think it's going to happen. . . . Somebody still has an obligation . . . somebody has to take care of the child. . . . So I don't believe we can do that. I wouldn't recommend that."

Asked about cutting off government benefits to legal (not just illegal) aliens, Dole said, "That's not going to happen." He said that if they are legal immigrants, and they are here under our law, "then I think we have some obligation. Obviously we want them brought into society."

National News

Portrait gallery displays life of Frederick Douglass

The National Portrait Gallery in Washington, D.C. is observing the centennial of Frederick Douglass's death in February, which is celebrated as African-American History Month, with an exhibit titled: "Majestic in His Wrath: The Life of Frederick Douglass," which will be on display until Nov. 19. The exhibit contains more than 80 paintings, sculptures, photographs, engravings, documents, and personal memorabilia—from Douglass's days in slavery, through the Civil War, and on into the post-war period.

Among the items on view are papers granting Douglass's freedom in 1846, his letter to President Abraham Lincoln of 1864, and Douglass's own 1817 edition of *The Columbian Orator*—a book that fired him with ambition to become a public speaker and introduced him to anti-slavery thought.

Nettie Washington Douglass, who was on hand for the press opening of the exhibit, posed before a photograph of her great-grandfather. She is also the great-granddaughter of Booker T. Washington.

Calif. Speaker rakes Orange Co. proposals

California State Assembly Speaker Willie Brown criticized proposals by bankrupt Orange County for legislation to help it out of its financial crisis in a statement released on Feb. 12. "Whatever reasonable actions the legislature can take to help Orange County resolve its problems should, and, I am confident, will be pursued," he said. However, Orange County's plan "appears to go far beyond those measures which might be necessary to restore financial stability to encompass a political agenda which Orange County representatives have been trying to push through the legislature for years."

He said these measures included the removal of state mandates for social programs and the contracting out of county services to

private vendors. "Little consideration has been given to raising revenues internally, even though Orange County is one of the wealthiest municipalities in the nation, and even though leaders of the Orange County Business Council have called for some form of temporary tax increase to pay off the county's debts," Brown said.

The state legislature is "more than willing to cooperate in appropriate ways" in helping Orange County, he stressed. "However, it is important to remember that this crisis was not precipitated by some random and destructive act of nature over which no one had control. Rather, the problems are the result of irresponsible investment practices that, at times, appear to have been indistinguishable from high stakes gambling with public funds," he said.

Miss. privatization spree set back in state senate

On Feb. 9 the Mississippi State Senate by a vote of 25-24 again slapped down Gov. Kirk Fordice's efforts to privatize state services, this time by stopping expansion of the private collection of child support payments by the Maximus company. Fordice considers his state the "cutting edge" for the Conservative Revolution championed by U.S. House Speaker Newt Gingrich (R-Ga.), including privatization, prison and welfare slave labor, tax cuts, and a balanced budget. In his State of the State address, Fordice continued: "Much has been said and written about the new revolution in our nation's capital and the Contract with America. But when I examined the composition of this new revolution, I noticed something very striking. Virtually every reform measure being discussed has either already been done in Mississippi, or is in the process of being done."

George Bush has visited the governor several times, most recently accompanied by Lamar Alexander and Oliver North; the trio reportedly raised over \$800,000 in a single day for Fordice's upcoming reelection campaign.

The original Fordice plan involved expanding existing pilot programs in privatization in select counties to 82 counties, with the goal of privatizing the entire De-

partment of Human Services (DHS) budget. Budget belt-tightening aside, more than \$4 million has been spent in electronic and billboard advertising for the privatization spree.

Major opposition to privatization began last June, when Rep. Jim Evans (D-Jackson) introduced a two-sentence amendment to the enabling legislation for that year's \$400 million DHS budget. The amendment prohibited privatization of any office, division, or agency without a vote by general law of the legislature. Fordice vetoed the enabling legislation, rather than allow the Evans amendment to pass.

Thatcher's son target of \$7 million RICO suit

John Laughlin, a Houston, Texas businessman, has filed a \$7 million civil suit under the Racketeering and Influenced Corrupt Organizations statutes against Mark Thatcher, son of former British Prime Minister Margaret Thatcher. The suit, filed in Harris County in mid-February, charges that Thatcher and several co-defendants engaged in a conspiracy to take over Ameristar Fuels, the jet fuel-trading company that Laughlin founded in 1990.

The suit alleges that the conspiracy began in May 1992, when Laughlin sought investors in his company to provide financing. He negotiated an agreement with David Wallace, a business partner of Mark Thatcher's (both men live in Dallas). By January 1994, they had forced Laughlin out of his company. (At the final board meeting he attended, Laughlin was physically thrown out of his own offices by Thatcher's personal bodyguard.)

Laughlin's suit charges that "Wallace and Thatcher, with the active assistance of . . . Akin, Gump attorneys have raped and pillaged the Ameristar Companies, misappropriating bank collateral, making fraudulent payments to themselves and related parties, suppressing financial information regarding the company, usurping corporate opportunities, and wasting assets." With its subsidiaries, the company, which was assigned a book value of \$2 million at the end of 1992 by an accounting firm, was put into

bankruptcy by Thatcher and Wallace in August 1994. By that time, according to the bankruptcy petition, the companies were showing a negative net worth of \$6 million.

Virginia ships 'excess' prisoners to Texas

The first shipment of what could be as many as 800 Virginia state prison inmates was sent to Texas on Feb. 15, in an outrageous violation of fundamental human rights. The prisoners were only told that they were going to a new prison, but not that it was in Texas. Virginia has now joined Washington, D.C., Puerto Rico, and North Carolina in shipping out their inmates like so many head of cattle to states where there is surplus prison space. Kent Willis, executive director of the Virginia American Civil Liberties Union (ACLU), protested the policy: "Inmates who maintain contact with their families are less likely to repeat crimes when released. . . . You couldn't do this to a regular citizen."

On the same day, the Virginia legislature passed a bill requiring that prison inmates pay for their medical care. Many local jails have already instituted this practice, charging as much as \$10 for a dose of Tylenol. Proponents of the measure say that it dissuades prisoners from making "frivolous" demands for medical care.

Reich asks Armev for debate on wages

Secretary of Labor Robert Reich told a television interviewer on a Washington, D.C. station that the American "wage structure has been collapsing for 15 years," and went on to challenge House Majority Leader Richard Armev (R-Tex.) to a debate over the minimum wage law. Armev is working to block the Clinton administration's attempts to raise the minimum wage. Reich said the issue is "not just minimum wage workers. It's workers who are low wage workers. It's workers at the median wage."

"That Contract with America or on

America—whatever it's called—is doing nothing for average workers or minimum wage workers. They're taking a position against it. They want to take away student loans. They want to attack health and safety for ordinary workers. Their welfare plan that they just revealed basically doesn't move people from welfare to work. It keeps people, essentially, on welfare, it just turns off, gives the states an envelope and says, 'You figure out how to do it.'"

Reich noted, "We have 11 million workers who are now working under \$5.15. The President wants to raise the minimum wage. You cannot get off welfare and move into work if you are at the minimum wage; \$8,500 or \$10,000—that is just not enough to live on."

Reich concluded that Armev "likes to debate. . . . I think he owes it to the American people. And I'm looking forward to it."

'Frontline' cites North role in Barry Seal death

The public television broadcast "Frontline" in mid-February cited Oliver North's involvement in the death of Drug Enforcement Administration informant Barry Seal, in an hour-and-a-half exposé on Colombian cocaine king Pablo Escobar. In 1986, North, who was aware that his Nicaraguan Contras were running cocaine, allowed photos of the Sandinistas and Escobar loading a drug shipment onto one of Seal's cargo planes, thereby targeting Seal for the drug cartel. He was gunned down in Florida shortly thereafter.

According to Frontline, when President Reagan was planning a national TV address that would include a plug for aid to the Nicaraguan Contras, Oliver North approached the DEA and wanted to have the President show the photos. Frontline interviewed a top former DEA official, who told Frontline that he had informed North this "wouldn't be such a good idea." Reagan gave his speech, and within days the incriminating photos appeared in the *Washington Times*.

Frontline did not mention the drug-running operations of North and the Contras, nor that North was working for George Bush.

Briefly

● **MISSISSIPPI'S** Senate, some 130 years after the Civil War, voted unanimously on Feb. 16 to ratify the Thirteenth Amendment to the Constitution, which outlawed slavery in the United States.

● **GREENPEACE U.S.A.** Executive Director Barbara Dudley led a demonstration on Feb. 17 in front of Mexico's Washington embassy on behalf of the Zapatista terrorists in Chiapas.

● **THE NATIONAL SCIENCE** Foundation, "alarmed at how badly minority students across the country are faring in math and science," will direct \$105 million in grant money to seven school districts over the next five years. Experts who have developed new, "voluntary" standards are urging educators to spend more time in "creative, interactive" learning, rather than in memorizing terms or equations.

● **THE WHITE HOUSE** has beefed up its legal staff in anticipation of hearings on Capitol Hill and more Whitewater subpoenas, adding two lawyers from the firm of Lloyd Cutler, the veteran Washington attorney who temporarily served as Clinton's counsel last year.

● **THE FBI** now has more than 100 agents based in Little Rock, Arkansas, working on the Whitewater investigations, according to the Feb. 16 *New York Post*.

● **THE NAACP** executive board, by a one-vote margin, ended William F. Gibson's decade-long tenure as chairman of the nation's oldest civil rights organization and voted in Myrlie Evers-Williams on Feb. 19.

● **AFL-CIO** longtime president Lane Kirkland may face a challenge to his leadership, according to a Feb. 22 *New York Times* story about the organization's winter meeting. Some member unions are said to be upset about the lack of pressure on the Clinton administration.

Editorial

Free Colonel Seineldín

There is currently a mobilization under way throughout Ibero-America to free the imprisoned Argentine patriot Col. Mohamed Alí Seineldín. We support this effort and would like to enlist support for the campaign on a broader international basis. In this regard, we would point to a commentary in the Peruvian daily *El Invercionista* on Feb. 20 by Alberto Salmon Ariza.

Señor Ariza compared the unjust prosecution of Seineldín with that against Lyndon LaRouche, both of whom are outstanding fighters against oligarchy in all its forms. Ariza's article was headlined, "It Is Not Wrong to Rebel against the Economic Olympus," and illustrated with a drawing of the cover of LaRouche's book *The Science of Christian Economy*.

Colonel Seineldín was a leader in the fight to free the Malvinas Islands (known by the British as Falkland Islands) from the British. He is a hero of the 1982 Malvinas War, during which the Argentine military government attempted to retake those islands in the South Atlantic which Great Britain usurped in 1833. Throughout his career, Colonel Seineldín has fought to defend Argentine sovereignty. As such, he, like LaRouche, and President Clinton, became a target for the British royal family's vengeance.

Señor Ariza wrote, "On Oct. 19, 1994, Dr. Arturo Frondizi (who took office as President of Argentina in 1958) sent a letter to incumbent President Carlos Menem asking him to pardon all the Armed Forces' men currently serving a sentence for the military uprising staged in Argentina on Dec. 3, 1990." We agree that such a pardon is long overdue, for the colonel and his fellow officers imprisoned with him.

As a result of losing that war, the Argentine government capitulated to British pressure and began to strip the military forces. Attempts by nationalists in the military to resist what was in fact an attack upon the national sovereignty of Argentina, were falsely deemed to be an attempted anti-democratic coup d'état against the state.

In Argentina, in August 1991, the alleged coup plotters appeared in Buenos Aires federal court. There, Seineldín said in their defense that Argentina was being destroyed by the willingness of the government to suc-

cumb to foreign pressures. He described how the Armed Forces of Argentina were "not capable of serving as the military arm of the Fatherland," which situation, he said, constitutes a grave danger because they are "a fundamental institution of the nation and safeguard of the highest national interests." He stated that had he sat by and watched "my institution being demolished" without doing anything, he would have been a traitor to his country.

Patriots such as Seineldín are badly needed throughout the world, not only to resist military attack on their nations, but to help mobilize against the far more deadly warfare which takes the form of economic looting. Mexico is perhaps the most dramatic victim of this, but the economies of all of Ibero-America are teetering on the brink—with similar problems emerging in Italy and in counties and cities in the United States as well.

LaRouche—and his associates, some of whom are serving prison sentences of up to 77 years—was jailed in 1990 for the heinous crime of telling the truth.

Dr. Frondizi wrote a letter to President Clinton on behalf of Lyndon LaRouche. He quoted from it, in his letter to Argentine President Menem. Referring to LaRouche, Frondizi wrote: "I believe in the morality of men who promote their ideas with a vocation of service, honesty of thought and unimpeachable conduct. . . . I asked that he [President Clinton] follow the example of President Kennedy, so that peace would result from the well-being of the poor."

President Kennedy was assassinated at the behest of Britain's Prince Philip and the international oligarchical forces whom he represents. If we all do not take responsibility for opposing their ruthless injustices, it is not just Seineldín and LaRouche, but 95% of the world's population who will be victims. Seineldín and his fellow officers should at the least be pardoned. LaRouche and his associates must be exonerated. The U.S. presidency and the sovereignty of all nations must be defended against those who would impose a new feudalism more deadly than any such oppression which mankind has known in the past.

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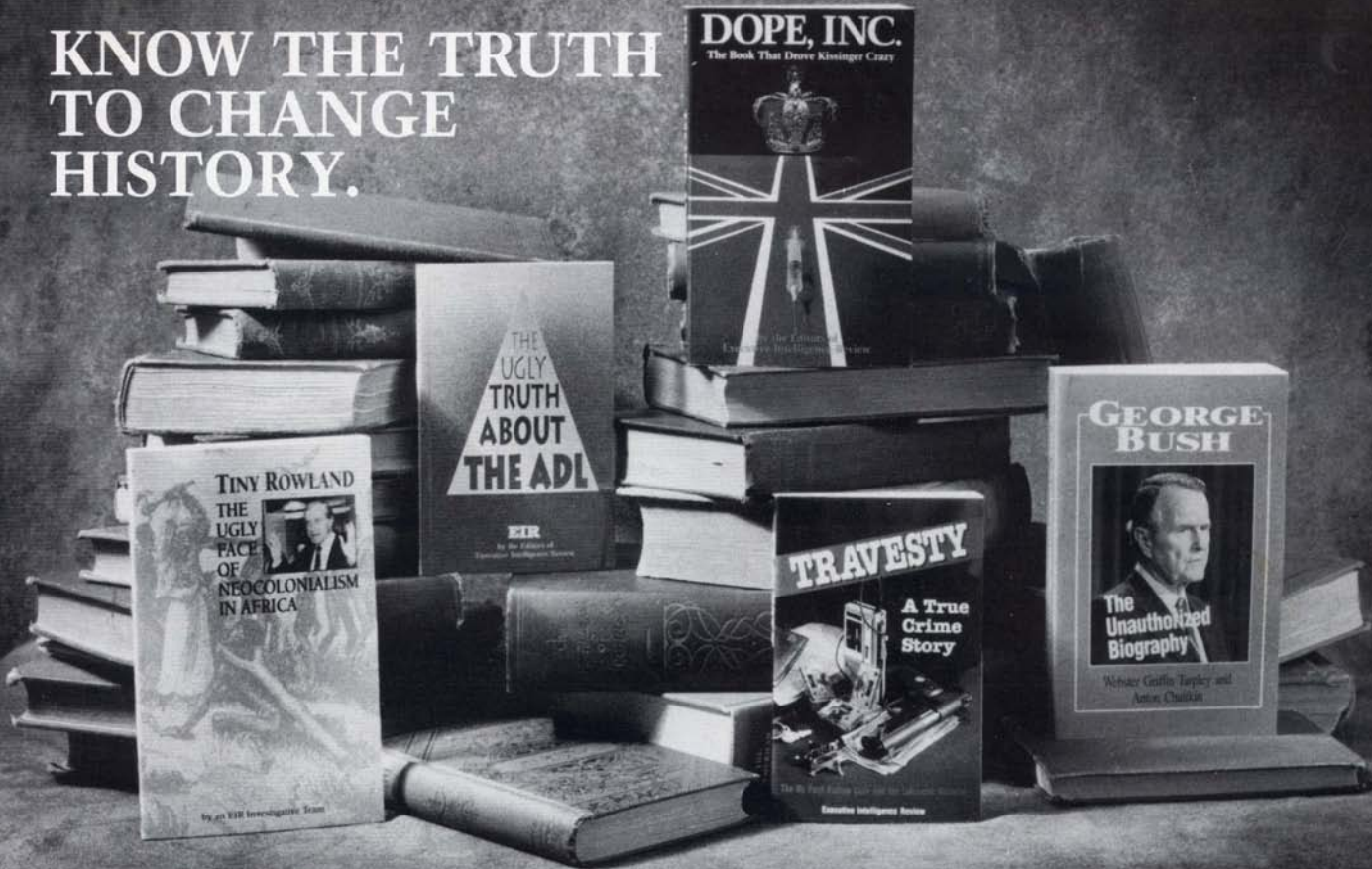
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