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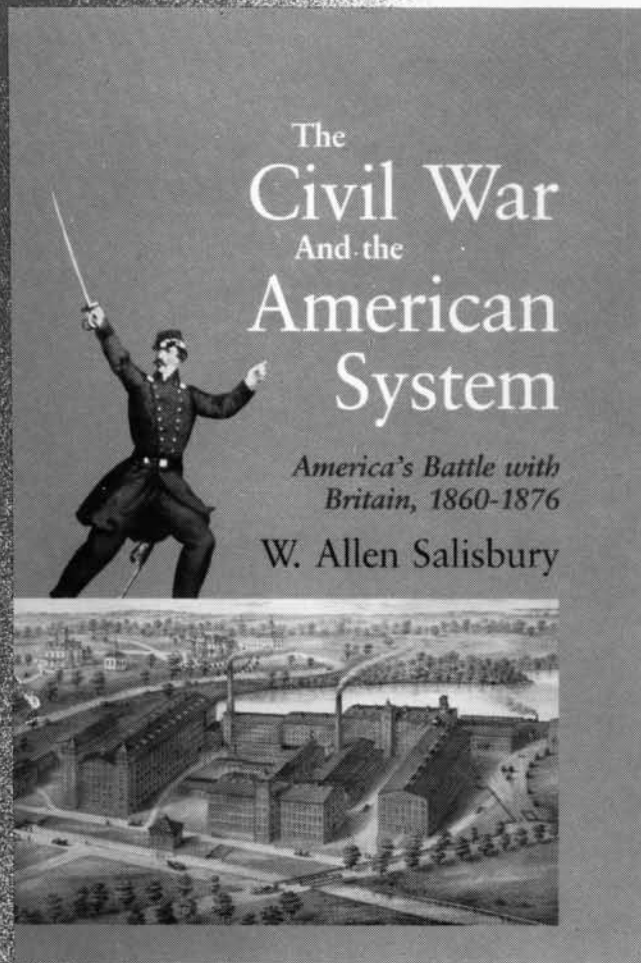
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From the Editor

In our *Feature*, Dr. Jonathan Tennenbaum applies the fruits of one of the most important modern scientific discoveries, Lyndon LaRouche's contribution to the Leibniz science of physical economy, by presenting a devastating critique of John Von Neumann. Von Neumann was co-author of the famous *Theory of Games and Economic Behavior* of 1943, a book which was hailed as a revolutionary breakthrough in the application of mathematics to the so-called human sciences, including economics, sociology, and psychology. He is also known as the father of the modern electronic computer, and the pernicious influence of his ideas can be blamed for many of the evils of the postwar era, as well as for the utter incompetence of most of what passes for professional economics.

In the book review, Paul Gallagher calls for the retraction of the 1993 Nobel Prize for Economics honoring "shock therapy" economists Robert Fogel and Douglass C. North, ideologues of "free trade" from the University of Chicago School of Economics whose work is an unabashed defense of chattel slavery in the pre-Civil War American South.

In a counterpoint, the *Science & Technology* section contains an interview with the president and vice president of the International Ecological Academy, founded in 1989 by a group of scientists including veterans of the Soviet space program. Prof. Wolter Manusdjan and Prof. Taras Muranivsky were interviewed by Rachel Douglas on Dec. 11. In a wide-ranging discussion of the mission of the new academy, they speak of the need for "the entire collective of scientists, the creative audience, so to speak," to be "independent from the government," and also discuss the election of Lyndon LaRouche last October to become one of the academy's 100 members.

For good reason, many of you will turn first to the international section and our exclusive coverage of the narco-terrorist outbreak in southern Mexico. *EIR's* staff are without a doubt the world's leading experts on the forces behind this atrocity. A *Special Report* will soon be available for \$100.

Nora Hamerman

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Derivatives cancer claims more victims in Europe

by William Engdahl

On Dec. 17, the head of the Frankfurt-based non-ferrous metals manufacturer Metallgesellschaft AG, Heinz Schimmelbusch, was forced to resign along with the entire top management of the company's New York subsidiary, MG Corp., as a full-scale investigation into reported losses in the New York oil markets began to leak out. Then, on Dec. 28, Mario Conde and the entire board of directors of the fourth largest bank in Spain, Banco Español de Crédito (Banesto), was fired and the bank seized by the Bank of Spain, as a run on deposits threatened collapse of the "entire Spanish banking system," according to central bank authorities.

The two events are linked, according to European banking reports, by the thread of off-balance-sheet speculation in financial derivatives, the new high-risk financial paper which is spreading across the global banking system at trillion-dollar multiples. Both events underscore the foolishness of recent remarks by leading European bank spokesmen such as Deutsche Bank's Rolf Breuer, who recently publicly urged German banks to go full-tilt into the growing international derivatives speculation. Deutsche Bank is the bank with the largest exposure to the Metallgesellschaft derivatives debacle.

Wild speculation encouraged

According to U.S. petroleum industry sources, MG Corp. in New York had established itself as the "preeminent" trader in U.S. financial markets, in what is said to be perhaps the highest-risk speculative investment today—10-year derivative contracts on domestic gasoline. It traded oil and gasoline futures on the New York NYMEX futures markets, whose rules require a trader to "settle up" or "meet a margin call" periodically at the end of each contract, typically 30 days.

"MG was careless, no, insane! They were, in effect,

selling gasoline over a 10-year contract period at a guaranteed price," commented one U.S. oil industry source who asked not to be identified. "As long as the oil price inched up, they made a huge profit rolling over the derivatives into the future. The problem came when the bottom fell out of international oil prices this past summer. No one expected as sharp a fall. But MG got caught in a whipsaw, holding on in vain hopes that prices would rise again before the margin call date." The price of North Sea Brent crude oil fell 30% in the past year, and no end is yet in sight, according to industry estimates.

Industry reports are that MG's New York traders were encouraged by Schimmelbusch to try to make huge speculative profits in derivatives, in order to make up for large losses of Metallgesellschaft in its traditional metals and commodity trading. At a Jan. 5 Frankfurt meeting with its creditor banks, new Metallgesellschaft president Kajo Neukirchen stunned the banks by announcing revised estimates of group losses for the 12 months ending Sept. 30, 1993, at a staggering DM 1.9 billion (\$1.2 billion). The estimate of Schimmelbusch last November had been DM 347 million. The company "is effectively now in the hands of the banks," noted one of the bankers present. But those losses do not yet count any of the huge New York derivatives losses, which may take weeks to sort out.

Metallgesellschaft's annual turnover is DM 26 billion, and it owns a number of subsidiary engineering and industrial companies, such as the Lurgi plant engineering group, whose future is now endangered by the speculative derivatives folly. Ironically, Schimmelbusch was given the German "Manager of the Year" award two years ago for his "aggressive non-German" management style.

But the problems of Metallgesellschaft also lie at the doorstep of its two largest shareholders and bank creditors, Deutsche Bank and Dresdner Bank, Germany's two largest

banks. Within days of the late November margin call, the two banks rushed to inject a reported DM 2 billion into the company, and Deutsche Bank Chairman Hilmar Kopper issued reassuring comments that the losses were not "life-threatening." Subsequent events confirm that the real situation may be otherwise. A planned meeting between bank creditors and Metallgesellschaft's new board was suddenly moved up 10 days to Jan. 5, as the urgency of the situation turned out greater than originally thought.

Some U.S. oil industry estimates say that Metallgesellschaft's ultimate loss liability on its oil derivatives gambling may reach "potentially to \$10 billion," in a worst-case scenario, but certainly huge by any account. Deutsche Bank called one of the top oil derivatives specialists, Morgan Stanley's Nancy Kropp, out of retirement last month to help wind down MG's huge derivatives exposure as rapidly and cheaply as possible. Early estimates leaking out in the financial press are that MG losses in derivatives may force the elimination of 20,000 of the group's 53,000 jobs worldwide, most in Germany—that is, if the company survives at all. Metallgesellschaft stock shares were suspended from trading on Frankfurt's stock exchange as of Jan. 6.

J.P. Morgan 'irreparably harmed'

The collapse of Spain's large Banesto bank, coming only days after the shock of the Metallgesellschaft debacle, has created a significant shift of mood among international banks and financial fund managers, according to reports from leading European bankers. But the affair is clearly far more than a simple "Spanish" bank problem. Banesto involves the most respected ultra-conservative American bank, J.P. Morgan and Co. Morgan had come into the picture several years ago as financial adviser to the troubled Banesto. Last summer, Morgan gave its seal of approval to a new stock issue by Banesto, and invested \$17.5 million of its own money through a fund, Corsair Fund, that Morgan manages, and another \$175 million from its clients and various American pension funds which had relied on Morgan to make sound long-term investments. For its "help," Banesto's board gave Morgan Vice Chairman Roberto Mendoza a seat on Banesto's board of directors.

But the real dimensions of the Banesto debacle, as is that of Metallgesellschaft, are shrouded in secrecy, and reportedly also involve what one knowledgeable banking source termed "huge derivatives exposures." According to these reports, J.P. Morgan in New York, through its then-director of corporate finance, Violy de Harper, had built a strong position inside the booming Mexican financial markets over the past several years, at the same time that the same De Harper built up Morgan's position inside the "booming" Spanish market via Banesto.

"It is rumored that Morgan virtually ran all key decisions at Banesto in the past months," said one source. "Look at the role of Morgan in issuing Eurobond financing to large Mexican companies like Cemex in order to buy large cement

companies in Spain. Then look how much of these Mexican bonds Banesto is now holding." According to this unverified account, Morgan had constructed an elaborate international "triangle" between New York, Mexico, and Spain.

"The Banesto affair has done irreparable damage to the name of J.P. Morgan," City of London bond dealer S.J. Lewis told *EIR*. "This is far more damaging than damage to Banesto per se." That Morgan's role is far more than it is yet willing to admit, and perhaps as extreme as the above report hints, is indicated by the bizarre actions of Mendoza and Morgan's chairman, Sir Dennis Weatherstone, who pleaded with the Bank of Spain as late as Dec. 28, the day the bank was seized, that Banesto not be nationalized. Ironically, in light of the reports of huge derivatives exposure by Banesto, J.P. Morgan and Co. lent its prestige to a blue ribbon committee of the Washington-based Group of Thirty in July 1993, called the "G-30 Derivatives Project." The chairman of that study was Morgan's Weatherstone, and the report whitewashed any danger from the multitrillion-dollar international bank derivatives exposure. Represented on that working group, as well as co-financing the study, were Deutsche and Dresdner banks.

The crises in Banesto and Metallgesellschaft are the loudest warnings yet as to the danger of a spreading international collapse of confidence in financial markets. "The derivatives have become so complex in the past months that no one often knows which bank, say, Banesto, might be responsible for payment of a given derivative, especially if it is for a 5- or 10-year term," noted Lewis. "This is what is really frightening everyone. Now everyone will draw in their horns, be more cautious, and the effect will be that the international financial system becomes highly illiquid. It is not yet clear whether MG or Banesto have triggered it, but we can say the risk is today quite substantial of triggering such an international collapse feared by [Bank for International Settlements head] Lamfalussy and others."

LaRouche's warnings unheeded

On Jan. 3, Lyndon LaRouche stressed, "If we were in a *cyclical* monetary disorder, we would treat the combined collapse of the creditworthiness of Metallgesellschaft in Germany and Banesto bank in Spain as something equivalent on an international scale to the October 1987 crisis in the New York financial market. However," LaRouche added, "we are not in a *cyclical* process, but in a *systemic decline*." He stressed that the real effects of both disasters will take months before they are realized, something potentially far worse than a normal cyclical downturn, and that the longer-term impact depends fully on political factors. "If the political process breaks down, then we can have an almost immediate chain reaction throughout the international monetary system. Both crises were caused by exposure to the international derivatives trading out of New York and London, the result today of the failure of institutions to act upon the derivatives crisis three to six months ago."

The Trojan horse that could bring down the Gaza-Jericho accords

by Dean Andromidas

On Dec. 30, 1993, *EIR* had the opportunity to interview Dr. Roby Nathanson, director of the Institute of Economic and Social Research of the Histadrut Labor Organization of Israel. Dr. Nathanson expresses the concern within the Israeli trade union movement with the Israeli government's implementation of a program of widespread privatization and free-market reforms.

While international attention has focused on the Israel-Palestine Liberation Organization talks on implementing the Gaza-Jericho accords, these accords are being undermined, as *EIR* warned they could be, by the policies of the World Bank, the International Monetary Fund (IMF), and leading proponents of free trade who are direct opponents of the accords. While Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres continue to try to push the peace process forward, their toleration and support for these policies will prove to be their Achilles' heel.

For the last several years, the Israeli economy has been undergoing extensive free market reforms. Israel has traditionally been a highly regulated and economically protected economy; some have even called it socialistic, though that might be too strong. Nonetheless, it has an extensive public sector and a protected industrial base, particularly in the defense- and infrastructure-related industries. Similarly, its financial sector has been conservative, as reflected in the fact that foreign commercial banks do not operate in Israel. The commitment to this traditional approach has rapidly deteriorated with the free market approach predominant within policy circles. These policies have been given widespread public attention. The Jerusalem Business Conference held last October (reported in *EIR*, Nov. 26, 1993) was a very important example. Free market ideologues have been crawling all over Israel.

The first week in January alone saw the arrival in Israel of none other than George Soros, whose Quantum Fund is the leader in international derivatives speculation and support of free trade policies. He was given red carpet treatment usually reserved for a head of state, and met with President Ezer Weizman, Prime Minister Rabin, Foreign Minister Peres, Finance Minister Avraham Shohat and the governor of the Bank of Israel, and key leaders in the Israeli business commu-

nity. He also announced a \$200 million investment in two Israeli companies, Indigo, a graphics house, and Geotek, a telecommunications company.

Only a few days before Soros's arrival, the Israeli business community was surprised to read about the collapse of the fourth largest Spanish bank, Banco Español de Crédito (Banesto), whose chairman, Mario Conde, is not unknown in Israel. Conde, a featured speaker at the Jerusalem Business Conference last October, announced at that time the formation of a new consortium to invest in Gaza and the West Bank. The company, Salaam 2000, capitalized at \$60 million, is a joint venture with Banesto; Koor Industries, which is Israel's sometimes troubled and biggest industrial conglomerate; a Moroccan investment company, ONA; and a group of Palestinian businessman led by Jawid Al Hussien. A spokesman for Koor Industries, while confirming its concern with the Banesto failure, refused to comment further.

The Knesset (Israeli parliament) will start debate in the second week of January on legislation to allow the establishment of a Free Export Processing Zone in the Negev development region. The brainchild of a group of American investors linked to New York financial houses including Salomon Brothers, it calls for the creation of an offshore banking center in the zone. Despite initial opposition to the offshore banking side of the legislation for fear that it would become another haven for money laundering, it will most likely be approved by the Finance Ministry and Central Bank.

Interview: Dr. Roby Nathanson

EIR: The Israeli government appears to be implementing the same type of economic reforms now being implemented in eastern Europe, Russia, many Third World countries, and now many western nations. Promoted by the World Bank and International Monetary Fund, these reforms are based on free market principles, include extensive privatization and free trade policies, and have had disastrous results in many countries. What is the situation in Israel and how does Hista-

drut, the leading trade union organization in Israel, view these policies?

Nathanson: During the 1980s, we had a period of hyperinflation and a large budget deficit. The government and we of Histadrut participated in this, launching a very successful stabilization program. Although prices were stabilized and the deficit was closed, nonetheless, in 1987-88 we did not have the economic growth the experts had promised. The debate then opened: How do we stimulate growth? Should we permit growth through government intervention and regulation, or through the open market? The government leaned toward the latter approach. The government has given tax exemptions, loosened monetary policy, fixed exchange rates, and maintained high interest rates. Although we have guaranteed price stability, we have had high unemployment. This has served to intensify the debate along the lines of whether to open the economy even more, or to promote government support and incentives.

The debate has not changed much as to whether there is a Likud- or Labor-led government. The IMF approach is still very popular. You probably heard that there is legislation before the government to build a free export processing zone in the Negev, as in a Third World country—maintain low deficits, etc. So this is the approach of the government.

EIR: Policymakers in Europe, Russia, and North and South America are beginning to question these policies as their disastrous effects are becoming too obvious to ignore. Is this questioning reaching Israel?

Nathanson: The debate is there. This is how we see it. There are three reasons why the liberal approach can't work:

The first is the immigration issue. As you know, over a half-million Russian Jews have immigrated to Israel, 80,000 last year alone, and with the new situation in Russia, we can expect more next year. They will need employment, housing, and social services.

Second, these big structural changes, such as privatization and elimination of government subsidies and protection, will affect our industrial base, especially in the defense industries. Despite national security needs, the government is no longer ready to subsidize this industry. This involves thousands of jobs, good jobs such as engineers, high-tech. For every one job lost in defense, three other jobs will be lost as well.

Third, the peace process itself. As can be seen with the increase in violence, this process is going to take a lot of sacrifice. If the people do not see real economic change for the better in their own lives, I don't see how the situation can go forward. Here in Israel, we have statistics showing a marked increase in the number of people living below the poverty line. This will also make it difficult to accept the sacrifices needed to go forward with the peace process.

I don't see how a liberal economic approach can solve these problems. We will need a very interventionist policy. But I am afraid that the news that is reaching people in

Europe, the United States, and Latin America has not yet reached Israel.

EIR: Behind these policies is a group of speculators such as George Soros, who, through buying out privatized companies, for instance, such as in eastern Europe, engage in asset stripping and irresponsible speculation, such as in the derivatives market. Are people aware of these dangers in Israel?

Nathanson: We have some feelings about these groups of very powerful potential buyers, mainly from abroad, interested here and there in mainly cheap offers of important industries and strategic resources. We are very sensitive to that. There have been some precedents already. You've heard about [Robert] Maxwell. He had wanted to buy at one time a public company, but this was denied by the parliament. So we are aware of it, not in a systematic way as you put it in your publications, but we will take it into consideration.

EIR: What has been the government response to your "14 principles to ensure workers' rights and status in the case of privatization"?

Nathanson: Not very much; we had two weeks ago a general strike, and today there are discussions with the government on the same issue. The danger of a renewal of the strike is there on this particular issue. So I cannot say that we have concluded an agreement with the government on this issue.

EIR: Has the government rejected the 14 principles?

Nathanson: They are not rejecting the points specifically. They want to take some steps, mainly in the aviation industries and also in the telecommunications industries. It will be a kind of privatization, but not in all cases will it be a pure privatization; for example, in the telecommunications sector, which, in certain sections, is closed to foreign companies, they want to give concessions to international companies so that they can compete with our companies, which could endanger many working places in this industry. Although this is not actually privatization, it is a way to privatize, to get rid of governmental intervention in this particular sector. They also want to do something in the electrotechnical industry, open it up to foreign companies. This is a way to privatize, not actually selling something, although they would like also to do that, therefore allowing foreign companies to compete in these sectors which are essential infrastructural sectors with great importance to our economy.

EIR: What is Histadrut's position on that?

Nathanson: From the point of view of Histadrut and the workers, it is almost the same, there is no difference. The problem is that if a particular sector loses its protection by the government, it won't be able to compete, it will put great pressure to reduce labor costs and also social rights, and eventually it will lead to layoffs and possibly completely closing down certain branches of the electrical and telecommunications industries and so forth. So this is the fear we

Palestinian workers in Israel should have identical salaries and benefits as those of Israeli workers. There should be effective control of those working in Israel to avoid black market conditions.

have now, and we want to guarantee that this won't happen.

EIR: Has the government suspended the privatization process?

Nathanson: No, they are not suspending it, but they know they have a problem with Histadrut about it. It went on strike once, and now there is again a declaration to strike today. Today the papers are full of news that if they don't get an agreement, they will go on strike about this issue. But it will not prevent the government from going on to sell if they want to. But if, today, they decide to sell something, it would be interpreted by Histadrut as a big provocation. In this event, Histadrut would certainly have to go on strike. So I don't expect the government to do that. If they were to decide today, tomorrow, or next week to do something, it would be a big provocation.

EIR: Has there been discussion of privatizing Israeli Aircraft Industries?

Nathanson: Yes, this is a big problem. They have been running a large deficit; it is also a question of price. I mean that if the government would not do something about the aviation industries, then they will have to pay a lot to maintain them in terms of subsidies, close to \$300-400 million a year, and this will be a lot of money. So from the public opinion point of view, people will start to understand that there is a big problem there.

EIR: But it is a strategic industry.

Nathanson: It is a strategic industry, but it has its problems, because it cannot compete on the international market. For this kind of strategic industry, you have to pay a price. The question is, are we ready to or not? You have to bear in mind that it developed at a time when we were depending on our own military production, and now we are going into a new era. Israel will still need weapons and everything, but not in the same dimension and proportion as it has in the past. Israeli Aircraft Industries are the biggest industries in Israel. These are very productive working places, and it is the greatest generator of exports of industrial products of production in general, of over \$4 billion a year, and of exports of about \$1.5 billion a year. It is an enormous complex of economic activity. But it has a deficit of over \$300-400 million a year, and it will get worse.

It is a problem we will have to handle, because there

we have 16,000 working places, and each of these working places of engineers and technicians generates two or three or four working places in other sectors. So it is a very big problem. This is the most important part of it, because the pressures they are putting on Histadrut and the government are enormous. You must imagine that 16,000 people means that there are 16,000 families; if you double it, adding the wives, it is 32,000. If you take into consideration that each of these working places affects at least two or three more working places, it will affect close to 100-200,000 people in Israel. And this is enormous pressure.

EIR: Can't this industrial capacity be converted and used in the development of infrastructure, particularly in the context of the economic annexes of the Gaza-Jericho Accord?

Nathanson: You know, conversion is very difficult, it takes a long time, and it is also very, very expensive. I agree with it; I also dealt with this issue in research three or four years ago when we had our first crisis in our military industry, the result of which was the consolidation of the Lavi project. This led to the reduction of 1,500 engineers and technicians from the aviation industry. Conversion is difficult and not always possible in these sectors. If you do it, it will take a lot of time and it will cost the government a lot of money. They would have to go back to the infant industry argument of creating a nucleus of production that, under protection and subsidies, will be developed until it is profitable enough to compete in the local or international market. It is a possibility and we discuss it, but at the same time it is a question of how much the government will be ready to pay for it.

EIR: Has the Histadrut been involved in the ongoing negotiations between Israel and the Palestine Liberation Organization?

Nathanson: Yes, we discussed the economic agreement with the government and the team that is negotiating now, mainly people representing the Ministry of Labor and Welfare where we have been voicing our position on the issue of social security, as well as health, pension funds, and basic social rights.

Palestinian workers in Israel should have identical salaries and benefits as those of Israeli workers. There should be effective control of those working in Israel to avoid black market conditions.

On most issues, we are in accord with the position of

the government. There is some discrepancy on the issue of whether we should agree to a free trade zone with the Palestinian autonomy, but I think on this issue we can come to a successful conclusion. Otherwise, Histadrut also has close links with the trade unions in the territories, and we had some meetings with the representatives of the Palestinian trade union leaders in Tunisia.

EIR: Is cooperation between Histadrut trade unions and the territories growing?

Nathanson: Yes, I would say it is growing; contacts are growing, and it is a very positive development on this issue. And it is also very important for us that within the territories, a proper trade union movement is developed capable of organizing the workers and dealing with labor market conditions. The trade unions are not yet well organized. They have a leadership, they have a framework, but we cannot say that there is a general federation of trade unions in the territories. They would like to build one, and they are of course working very hard, and they have a legitimate and effective leadership, also in other sectors, such as professional unions for doctors and lawyers and so forth. But they have to build up an organization, an umbrella organization, and be recognized by the Palestinian autonomy as a proper trade union movement, and negotiate and make policies and collective agreements.

EIR: There has been discussion of opening up the Israeli market to Palestinian goods, particularly agricultural products, as well as to allow numbers of Palestinian workers to work in Israel. What is your view on this?

Nathanson: The size of the Palestinian economy is about 4% of the Israeli economy in terms of GNP. Workers earn one-tenth of the income in terms of GNP per capita, as do Israeli workers. So even if we have very open economic relations with the Palestinians, which could do some harm to the Israeli economy, it would be very little compared to the advantages that Israel would have in the economic potentials of peace, such as an end to the Arab boycott, more foreign investment, more infrastructure, better access to energy sources. The advantages are enormous compared to the very little damage that an open economic relationship with the autonomy would have.

And the Palestinians would need this openness to develop their own economy and avoid building up a fortress autonomy system simply as a demonstration of national aspiration. If we could develop a system where each economy could concentrate its comparative advantages, we all will profit from it. We also have to consider that they have to provide 100,000 working places by the end of the century. That is why I believe Israel will have to supply 100,000 work places in the short term. In the longer term, I hope they will provide enough working places and it would not be necessary to work in Israel. So this is more or less my approach.

Interview: Raffaele Tiscar

Embargo against Iraq is not justified

Italian Christian Democratic parliamentarian Raffaele Tiscar was interviewed by telephone by Muriel Mirak-Weissbach shortly after his return from a fact-finding trip to Iraq.

EIR: Mr. Tiscar, with whom did you travel to Iraq?

Tiscar: It was an official Interparliamentary Group led by the Honorable Cresco, president of the Parliamentary Subcommittee on the Middle East.

EIR: Did you meet government representatives in Baghdad?

Tiscar: We met the vice president, the prime minister, the minister of foreign affairs, Deputy Prime Minister Tariq Aziz, the health minister, the minister of trade, and various prefects of the provinces of the south. We did a tour of the region of Basra. We went to visit the area where there was a problem reported with the Shiites.

EIR: What was the overall aim of your visit?

Tiscar: The aim was to see with our own eyes the consequences of the embargo. We, as Italian parliamentarians but also as representatives of the Interparliamentary Group, went with the idea of reestablishing diplomatic ties and also to promote an initiative in the Italian Parliament to convince the government to become the promoter of a dissuasive action vis-à-vis the embargo. The results [of the embargo] we were able to see were not those initially expected, because, with the excuse of blocking the supply of even spare parts, in reality, human lives are being placed in jeopardy, because a lot of medical equipment does not arrive. Since it is impossible due to the lack of spare parts to repair pumps of hydroelectric plants, there is no electricity in the hospitals. There are no spare parts for hospital equipment.

EIR: Recent press reports have noted that even the middle and upper classes are being affected.

Tiscar: I can confirm their difficulties, and add the important fact that the most seriously affected are the weakest layers, i.e., the aged. Despite rationing of food and basic commodities, the situation is becoming dramatic, especially for the ill, the children, and the elderly. Infant mortality has been multiplied 20 times over last year's levels. So the

situation is tragic, even more tragic for those in rural areas far from the cities.

EIR: Did you visit hospitals?

Tiscar: Yes. The dramatic statistics we received refer to material not officially covered by the sanctions. There aren't even syringes and needles for blood transfusions, items which should be allowed in through trade despite the sanctions. Keep in mind, since Iraq is forbidden to sell oil, it cannot acquire the foreign exchange to purchase such goods.

EIR: How do the politicians with whom you met view the continuation, even intensification of the embargo?

Tiscar: They are convinced, and I don't think they are wrong, that the U.N. Security Council is heavily influenced by the United States because the countries in the Security Council, if taken one by one, would agree to a softening of the sanctions, because the conditions no longer exist to maintain the embargo; also the reports by the U.N. envoys regarding weapons factories and nuclear and chemical plants have stated that Iraq has complied with the Security Council demands.

EIR: The British press has been fuelling the campaign for Shiite sanctuaries in the south, allegedly to protect the people living there. You were in that region. What did you see?

Tiscar: We were on an official delegation, so I cannot say that what we say corresponds 100% to reality. But we saw no police deployment comparable to what would be required if there were a problem keeping the peace. Iran, just ten days prior to our visit, had claimed that chemical experiments had been carried out in the southern marshes region. Certainly, it must be taken into consideration that creating a pro-Iranian situation inside Iraq could help the United States to weaken Saddam Hussein further. The fact of the matter is, the United States did not succeed in fragmenting the credibility of Saddam in the country; it seems to me that he has enhanced his power inside Iraq as a result of the U.S. and U.N. actions.

EIR: Then the rumors of coups d'état and opposition mobilizations have no basis?

Tiscar: No, none at all.

EIR: What about the reports in the British press of suffering of the marsh Arabs allegedly caused by the Iraqi Third River project and other reclamation efforts?

Tiscar: Since there are documents showing that Iraq has complied with the U.N. resolutions which were behind the embargo, in my view, they are trying now to reopen the Shiite file. That's it. It is only a pretext to continue with the embargo.

EIR: Iraq still represents potentially the industrial power-

house of the region, whose capacities one would think should be utilized if one really wanted peace in the region. Did you talk to the Iraqis about this?

Tiscar: We talked most of all about precisely this, also because Iraq and Italy have various trade relations. There is no doubt that Iraq has the role of industrial leader in the region, which interests us enormously. We presented our view, that if you want to build peace, you have to overcome the embargo, facilitate trade and the exchange of productive know-how, in order to improve the lot of those in difficulties. Iraq certainly has a greater potential than all of its Middle Eastern partners put together. So this risks undermining relations even for the future, i.e., we're risking further deterioration of the situation, increasing reciprocal hatred—just the opposite of what should be sought.

EIR: Did you talk to the Iraqis about the Israel-PLO agreement? What was their view?

Tiscar: Their official position, which they stated to us repeatedly, was that they cannot but look with favor on a climate of global détente, so they are for the peace accord, even though it does not affect them immediately. On the other hand, we understood that they are trying to establish direct relations with Israel. Just as they led us to understand that they already have unofficial relations with Britain and France. France has sent someone there to head up an interests section. Furthermore, from a Jordanian source, we learned that the border with Iran best lends itself to trade in goods—naturally illegal trade—which benefits especially the British and French. This represents a shift from the previous state of affairs, when the border with Jordan was the most heavily used. This has been reduced in favor of Iran's border.

EIR: Did you learn anything during your visit about the Banca Nazionale del Lavoro (BNL) scandal?

Tiscar: The foreign minister spoke about documents showing that neither Iraq nor Italy were responsible for the Atlanta BNL scandal, because it was an operation desired by, thought up by, and executed by the Americans.

EIR: It's time such documents were published.

Tiscar: They are looking for a beach-head in the West. I believe that, despite the embargo, diplomatic activity is quite intensive.

EIR: Is there any possibility that the Italian government might do something to lift the embargo?

Tiscar: The chances are slim, because the current foreign minister is the most pro-American that Italy has ever had. Nonetheless, I think that the Parliament is very sensitive particularly to the human suffering that has been caused by the unjustified application of the embargo. There is no justification for continuing the sanctions, which are contrary to the desire for peace in the world.

Prince Charles seeks backers in Australia

by Don Veitch

The heir to the British throne, Prince Charles, is to visit Australia in January 1994 to take part in celebrations marking the 206th anniversary of British colonization in Australia. While in Australia, he will formalize a business network to push British imperial ambitions. Some 40 of Australia's top executives have joined the Prince of Wales's Business Leaders Forum, an international group sometimes described as Prince Charles's "shock troops."

The Prince of Wales's forum is one of many networks of business leaders and think-tanks working on behalf of International Monetary Fund (IMF) austerity and free trade, providing justifications for looting Australia. The forum is arguing for "sustainable development," i.e., a devolution of the economy into a low-technology mode, and meeting "social and environmental needs" in emerging economies. A spokesman for the forum said: "The prince sees Australian companies as having a key role to play in the worldwide mission he launched four years ago, along with U.S., European, and Japanese companies. The forum's goal is to demonstrate that it makes good business sense to be socially and environmentally responsible."

What members of the royal family mean by being "socially and environmentally responsible," is to attack the livelihood of the world's population. Prince Philip, for example, in Stockholm in June 1991, said that "ecological problems . . . are the result solely of human activity concerning industry, agriculture, forestry, and transportation. There are many large economic interests involved and it would be unrealistic to believe that we can achieve long-range environmental protection goals and conservation of the biodiversity without colliding with human economic interests."

Thus, environmentalist, free trade, and British imperial interests have emerged as one in the prince's forum, which links Australian business leaders directly to the anti-industrial, anti-development, and "greenie" agenda favored by the throne of England.

Celebrating colonialism

Since 1990, forum members have been involved in helping to bring private enterprise to Russia and eastern Europe, as well as projects in South America, Southern Africa, Southeast Asia, China, and India.

Prince Charles's direct intervention into Australia is backed by such corporations as Coca-Cola Amatil, Weston



Prince Charles is enlisting Australian businessmen to lock up the continent's resources and halt economic development. He may never succeed to the throne, but that won't keep him from pushing the Windsors' insane "green" agenda.

Foods, Du Pont, and Philips Industries. Australia's largest banks and retailing, mining, and industrial companies are represented in the forum.

The timing and place of the meeting, on the eve of Australia Day and in the Legislative Council Chamber of New South Wales, Australia's oldest parliament, is significant. The purpose of his visit is to "celebrate" 206 years of British colonialism. Charles will preside over a gathering of his own selected councillors in the upper house of Australia's senior parliament. This initiative by a British royal is unprecedented in Australia in this century. It is as if the heir to the British throne is symbolically asserting his seigneurial rights to his colonies in Australia.

Prince Charles's forum is but the latest of a variety of think-tank networks in Australia pushing IMF austerity, shock therapy, and the whole free-trade looting agenda. The Business Council of Australia (BCA) is the wealthiest and most influential of such groups. The BCA's membership consists of the directors of the major Australian banks, insurance and oil companies, and the Australian branches of Anglo-American wealth: P&O, ICI, Du Pont, Jardine Matheson.

The Mission Statement of the BCA proclaims that it is working for an "open" and "market-oriented" economy "relatively free of regulation and government intervention." At a recent meeting, BCA chairman Brian Loton called on the nation to "stay the course" of IMF reform. Australia "must

become competitive," even though it will be a "painful" process, he admitted.

A rogues' gallery

Prominent in both the BCA and the forum is Hugh Morgan's Western Mining Corp. WMC, Australia's largest mining company, has led the charge in attempting to smash ("deregulate") the labor market through another group, the H.R. Nicholl's Society, headed by Ray Evans, who is linked to the Mont Pelerin Society. WMC also funds the Tasman Institute in Victoria. This body advises the Victorian government of Jeff Kennett, a devotee of "economic rationalism." Also funding the Tasman Institute is Solomon Lew from Coles-Myer and the Reserve Bank, and Richard Pratt of Pratt Foundations. Pratt, Morgan, and Lew, or their companies, are all members of Kennett's private advisory body, the Round Table. Morgan is also part of the federal Liberal Party's think-tank, and the Institute of Public Affairs. The IPA is perhaps the most influential of the extremist free trade advocates which dominate the economic agenda in Australia.

Another think-tank is the Smorgon family-funded Sydney Institute, headed by Dr. Gerry Henderson, one of the most fanatical crusaders for free trade and deregulation in Australia. Not surprisingly, Henderson's think-tank has openly attacked U.S. statesman and "American System" economist Lyndon LaRouche.

Overlapping these groups is the Australian-American Dialogue, which was established in June 1993 to "broaden the economic, social, and political links" between the countries. The Dialogue group was initiated by George Bush and the head of Coca-Cola Amatil. Present in the group are representatives from the Liberal Party, BHP, the U.S. State Department, and Goldman Sachs.

The Australian prime minister's critical advisory group on the Australia Pacific Economic Cooperation (APEC) forum consists of a group which includes Du Pont, WMC, Rod Adler of FAI insurance, and the wife of Australia's recently deceased junk bond king, Robert Holmes a'Court. APEC is emerging as a regional free-trade group.

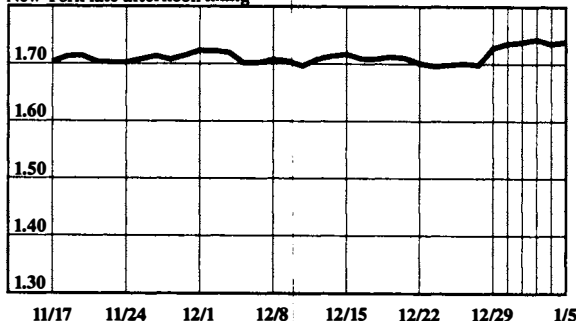
The Adler and Smorgon families are linked to Isi Leibler, co-chairman of the World Jewish Congress, through Leibler's Australian Institute of Jewish Affairs. Leibler, a Commander of the British Empire, is now leading a push into China through his company, JetSet.

Australian business leaders have done little to foster physical economy in Australia in recent times. Indeed, they are now firmly linked to the speculative and looting policies of British free-trade imperialism. One example of this is Rod Adler of FAI insurance. FAI insurance is linked to the BCA and the prime minister's advisory committee on APEC. Adler brags of his close connection to currency speculator George Soros, through Soros's company, Quantum Emerging Growth Partners, which now owns 10% of the Adler family company.

Currency Rates

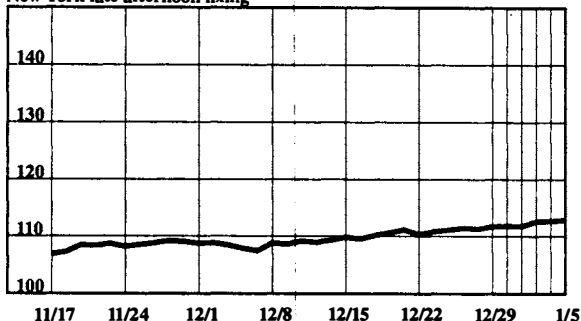
The dollar in deutschemarks

New York late afternoon fixing



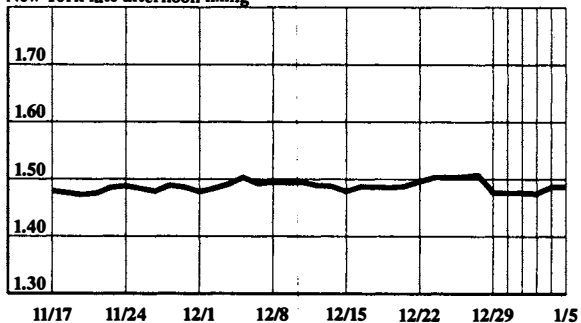
The dollar in yen

New York late afternoon fixing



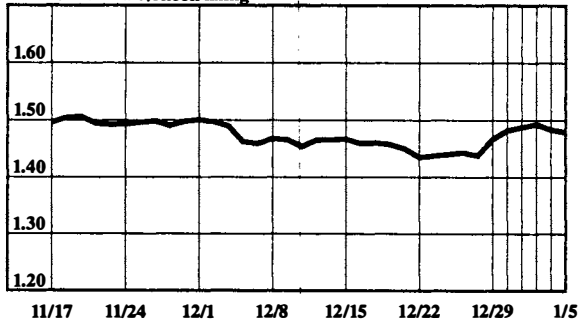
The British pound in dollars

New York late afternoon fixing



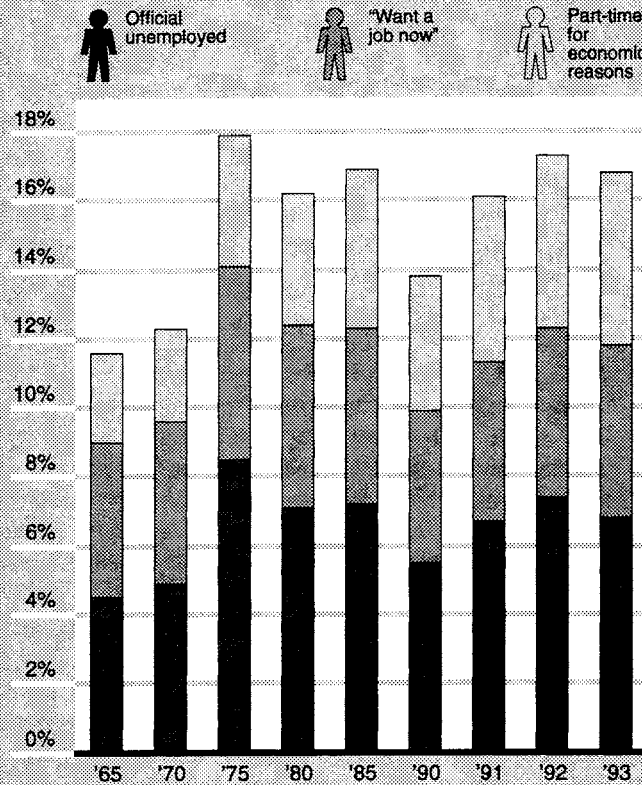
The dollar in Swiss francs

New York late afternoon fixing



U.S. Unemployment Coverup

Total unemployed and partially employed (percent of total civilian labor force)



DECEMBER 1993

Official unemployed	8,237,000	6.4%
<i>Last month</i>	<i>8,252,000</i>	<i>6.5%</i>
"Want a job now"	6,220,000¹	4.8%
<i>Last month</i>	<i>6,523,000¹</i>	<i>5.1%</i>
Part-time for economic reasons	6,217,000	4.8%
<i>Last month</i>	<i>6,033,000</i>	<i>4.7%</i>
Total	20,674,000	16.0%
<i>Last month</i>	<i>20,808,000</i>	<i>16.2%</i>
Civilian labor force	128,898,000	
<i>Last month</i>	<i>128,633,000</i>	
Employed	120,661,000	
<i>Last month</i>	<i>120,387,000</i>	
Non-farm payroll employees	111,049,000	
<i>Last month</i>	<i>110,857,000</i>	

1. Compiled quarterly

Source: U.S. Bureau of Labor Statistics

Compiled by Anthony Wikrent

What the graph shows

The U.S. Labor Department's monthly unemployment rate (U-5b) is based on a statistical sampling of approximately 57,000 households. But in order for someone to be counted as *unemployed*, the respondent member of the household (often not the person who is out of work) must be able to state what specific effort that person made in the last four weeks to find a job. If no specific effort can be cited, the jobless person is classified as *not in the labor force* and is ignored in the official unemployment count.

But over 6 million of these discarded people are also reported on the quarterly survey indicating that they "**want a regular job now.**" These appear in the graph in dark gray shading. In addition, over 6 million more people are forced into **part-time work for economic reasons**, such as slack work or inability to find a full-time job. These people show up as *employed* in the official statistics, even if they worked only *one hour* during the survey week. These appear in the graph in lighter-gray shading.

Total unemployed and partially employed (1965-93)

(in thousands)

Year	Civilian labor force (a)	Official unemployed		"Want a job now"		Part-time for economic reasons		Total unemployed and underemployed	
		(b)	(b/a) %	(c)	(c/a) %	(d)	(d/a) %	(b+c+d)	(b+c+d)/a %
1965	74,455	3,366	4.5%	na ¹	—	1,928	2.6%	na ¹	—
1970	82,771	4,093	4.9%	3,881	4.7%	2,198	2.7%	10,172	12.3%
1975	93,775	7,929	8.5%	5,271	5.6%	3,541	3.8%	16,741	17.9%
1980	106,940	7,637	7.1%	5,675	5.3%	4,064	3.8%	17,376	16.2%
1985	115,461	8,312	7.2%	5,933	5.1%	5,334	4.6%	19,579	17.0%
1990	124,787	6,874	5.5%	5,473	4.4%	4,860	3.9%	17,207	13.8%
1991	125,303	8,426	6.7%	5,736	4.6%	6,046	4.8%	20,208	16.1%
1992	126,982	9,384	7.4%	6,181	4.9%	6,385	5.0%	21,950	17.3%
1993 ²	128,009	8,723	6.8%	6,411 ³	5.0%	6,339	5.0%	21,471	16.8%

1. "Want a job now" category estimated as 3,350 or 4.5% for bar graph.

2. Average to date of monthly seasonally adjusted figure.

3. Weighted average of quarterly compiled figure.

Beijing resorts to 'crisis management'

by Michael Billington

On Dec. 21, the Beijing government reimposed emergency price controls on 27 major commodities, including the basic foods of the Chinese diet: grain, rice, cooking oil, pork, and eggs. In only one week, prices on these goods had leaped by 30-40% in the capital and in some other cities. Although Beijing Vice Mayor Wang Baosen claimed that there was no shortage of foodstuffs, and threatened legal action against shops that raised prices, other reports indicate that farmers are hoarding grain in expectation of the coming crisis. Reuters reported Dec. 21 that city residents were also hoarding, expecting that the tax increases planned for next year would fuel inflation.

Price controls on grains had been abolished in May for the first time in the history of the People's Republic. Shortly thereafter, Vice Prime Minister Zhu Rongji, who had been given extraordinary power over all banking and economic policy, implemented a 16-point program to rein in the speculative boom in the free trade zones which had sparked inflation rates of up to 30%. Zhu's measures had only a moderate effect, and were resisted by those in the government and in the southern provinces who were benefitting from the bubble economy. At the critical Third Plenum held in November, the 16-point program was dropped, and speculation and the inflation have returned to the dangerous levels of the spring. With no price controls on foodstuffs, it was feared such inflation would create both urban and rural unrest.

There is open disagreement over how to deal with the threat of a breakdown. Although Zhu Rongji's "cooling off" policies were dumped, Zhu was covered in all the nation's media when the price controls were reimposed. He said that "stabilizing the grain price and inflation . . . are key to a smooth implementation of next year's reforms." In an interview with Dow Jones, Zhu even referred to the "bubble economy in China," admitting that the money supply *doubled* in 1992 and will double again in 1993. Zhu claimed that "all these problems have disappeared now," and declared that the proposed tax and banking reforms will be "the most unprecedented, significant, and profound economic structural reforms in the history of China."

However, official figures confirm that inflation in the major cities is rising again, reaching 21% overall and over 30% in some southern cities. Also, it is widely recognized that the reforms face powerful resistance from the same interests who overturned Zhu's 16-point program to rein in specu-

lation, and that in any case the reforms would be meaningless if the renewed speculation creates hyperinflation or a crash. The World Bank, which has played an inside role in the creation of the cheap-labor policies in China to facilitate the "globalization" of the collapsing industrial sector in the West, issued a warning that renewed monetary expansion would jeopardize the entire reform process. The report was published in the government-run *People's Daily* of Dec. 1, showing the level of factional differences in the Chinese leadership. The World Bank's senior economist in Beijing, Hwa Erh-cheng, reported: "The growth in the issue of money is still too high . . . the trade balance continues to worsen, and the inflationary pressure remained very high."

The president of the Asian Development Bank, Mitsuo Sato, also warned that the unrestricted speculation could not be sustained, adding: "You might wish to somewhat adjust the too high rate of growth."

Policy of speculation is entrenched

But the policy of unrestrained speculation appears to be fully entrenched. Prime Minister Li Peng, who ironically was the architect of the "retrenchment" of 1988 in response to the last financial bubble, but which also led to the Tiananmen demonstrations, was headlined in the Chinese press Dec. 2 saying: "Keeping the economy on a fast and healthy track remains China's top priority." This is in keeping with Deng Xiaoping's pronouncement that "slow growth is not a socialist market economy."

Hongkong, meanwhile, which is the source of much of the speculative capital fueling the China bubble, continues its stock market boom, ignoring both the economic warnings and the political crisis over Hongkong's partially collapsed negotiations with Beijing. The Hang Seng index rose over the 10,000 mark, and passed 12,000 on Jan. 3. This is a *doubling* of the Hongkong market for 1993, most of the rise coming since August, led by a massive U.S. inflow in the form of "China Funds," gambling on the ability of Beijing to continue providing a nearly limitless supply of desperate coolie labor to the "recycling" factories on the coast.

The volatility of the situation was demonstrated by the announcement that *urban* unemployment, resulting from an first round of industrial and civil service layoffs since the breaking of the "iron rice bowl," has reached 850,000, with re-employment collapsing to 20%. This comes amidst the continued flow of unemployed peasants, estimated at 200 million, into the cities, willing to accept work under any conditions. Two deadly fires in sweatshops owned by Hongkong and Taiwanese interests burned alive 140 mostly female migrant workers, some of whom were caged into their work place. Beijing is trying to divert the outrage of the population by denouncing the "foreign" owners of the factories who "abuse Chinese law." The *Legal Daily* wrote that "Chinese will no longer accept being treated like dogs," and that Chinese should no longer work like "slaves on socialist soil."

Book Reviews

'Free trade' leads Chicago School economists to promote chattel slavery

by Paul Gallagher

Time on the Cross: The Economics of American Negro Slavery

by Robert William Fogel and Stanley L. Engerman
University Press of America, Lanham, Md., 1985
304 pages, paperbound, \$20.75

The 1993 Nobel Prize for Economics should be withdrawn. That the award honors "shock therapy" economists Robert Fogel and Douglass C. North, who are ideologues of "free trade" from the University of Chicago School of Economics—all this is unfortunately not new for the Nobel Committee, which consistently honors dangerous incompetence in economics. But the latest Nobel Prize highlights how evil "free trade" doctrine really is: It is here used to promote a work defending chattel slavery in the pre-Civil War American South, as a form of agriculture superior to independent productive farms. The committee's award is promoting the destruction of independent agricultural producers worldwide—and consciously so, as is clear from what immediately follows.

The 1993 prizewinner Robert Fogel co-authored *Time on the Cross: The Economics of American Negro Slavery*, with Stanley L. Engerman of the University of Rochester, assisted by the Chicago School of Economics staff; Douglass North, with whom Fogel shared the Nobel Prize, was an economic adviser to the governments of Russia, the Czech Republic, Peru, and Argentina.

In awarding the prize, the Nobel Committee made their evil intention explicit. They said, according to accounts in the European press, that they had chosen Fogel precisely because the nations of eastern Europe are now looking for economic models, after freeing themselves from Soviet rule in 1989. Large-scale agricultural slavery! (Emphasized by Fogel and Engerman to be better agriculture, the larger the plantation.) Chattel slavery promoted to the free nations of

eastern Europe, by the Nobel Prize Committee! And this under the strict "free trade" argument that slave plantation agriculture can be "a marginally more profitable and efficient investment than others available to investors for their capital." The parameters of Fogel and Engerman's argument could just as well be describing large, cartel-owned single-commodity livestock or produce farms today, with their large and often rented labor forces. But the fact that in the model the Nobel Committee now promotes, the agricultural laborer is actually a bonded slave, shows the evil heart of the "free trade" dogma.

The award to Fogel and collaborators can be compared to the emergence in the last months of 1993 of the "Limes" doctrine in a number of books being promoted among British and European elites. This concept describes the more advanced industrial countries as the core Roman Empire surrounded by barbarians (the Third World, eastern Europe), who are kept behind Limes, or outer walls, in a *terra incognita*, except for cheap labor investment areas like China's southern coast, Mexico's *maquiladoras*, etc. (See *EIR*, Nov. 26, 1993, "A 'Limes' To Separate Rich and Poor?"; and Dec. 10, 1993, "Advocating Genocide and Enjoying Every Minute of It.")

What would the United States, supposedly honored by this 1993 Economics Prize to two American citizens, get from the promotion of this book? Simply the open acceptance of the return of feudal bondage to agriculture—a bondage tens of thousands of formerly independent American farms, now directly or indirectly owned by giant food cartels, are already being subjected to.

But worse than that. Think of the several attempts, now ongoing by Disney and others, to create "southern culture theme parks" in southeastern states, featuring "realistic recreations of slave life." One easily imagines large, hardbound, cellophane-wrapped copies of *Time on the Cross* bringing upscale prestige to these theme parks, which have so far been fought off by civil rights groups and other aroused citizens. The United States can gain only shame and impoverishment



Migrant farm workers picking beans in 1967, over 100 years after Emancipation. Nobel laureate Robert Fogel's study of the slave-based cotton economy advocates this form of "labor management" for the newly liberated nations of eastern Europe.

from this Nobel Prize.

Attacking the American System

Despite the tepid denial in their final chapter, "Implications for Our Time," Fogel and Engerman are "trying to sell slavery." Their mild denial is added at the end simply because what they *are* doing is so obvious. Nowhere in the entire book do they identify a single serious problem with chattel slavery in agriculture. Even the bonded slavery of the individual slave, which elicits perhaps three or four mild expressions of sympathy in 300 pages, is made to sound up-to-date in a later section on "the modern concept of human capital." This "market economics" idea makes the human being just a fixed cost (for short periods) of reproduction, which can be substituted for mechanical capital, rather than the subject and source of all productive activity. The *value* of a human being is repeatedly equated to his or her *cost of maintenance*. But more generally, Fogel and Engerman claim during the course of their book that *every* aspect of slave agriculture—housing, work conditions, health care, education (!), family life, opportunities for saving and advancement (!!), etc.—was favorable and superior to free farming.

Just as in the promotion of the North American Free

Trade Agreement (NAFTA), the General Agreement on Tariffs and Trade (GATT), and other "free trade" agreements; just as in promotion by the International Monetary Fund and World Bank of "labor-intensive, sustainable" agricultural backwardness in the Third World; Fogel and Engerman wanted to obliterate all the principles which made the American System of National Economy—and American family farming—the wonder of the world from the end of the Civil War to the 1960s. They call their sub-school of Chicago economics, "cliometrics." "The cliometricians," they declare, "have downgraded the role of technology in American economic advance; they have controverted the claim that railroads were necessary to the settlement and exploration of the West; . . . and they have rejected the contention that the Civil War greatly accelerated the industrialization of the nation."

This rejects, explicitly or implicitly, all the policies of President Abraham Lincoln, by which he saved this nation and began its reconstruction into the world's industrial and agricultural leader.

Beyond this, Fogel and Engerman explicitly wanted to attack *the denunciations of slavery* by all of the leading American System economists and observers of slavery—Mathew

Carey, Henry Carey, E. Pechine Smith, Cassius Marcellus Clay, Frederick Law Olmstead, and others. The “free trade” ideologues claim, in *Time on the Cross*, that “economics of large-scale operation, effective management, and intensive utilization of labor and capital made southern slave agriculture 35% more efficient than the northern system of family farming.”

Zero population model

Making this claim, Fogel and Engerman dismiss and attack the most powerful evidence of successful economy—sustained and rapid population growth. Specifically, the comparisons of northern and southern states from colonial times to 1850, published by author Hinton Rowan Helper in 1857. Virginia was the chief commercial and most populous state at the time of American Independence; by 1850, New York had twice as many people. Massachusetts had twice North Carolina’s population in 1850, the two having been equal in 1790. Pennsylvania had 2.5 times South Carolina’s population by 1850, and in measures of literacy and education, 15 times as many public libraries and 12 times as much newspaper circulation.

Though trying to belittle this, Fogel and Engerman admit that 40% of slaves did not live to 19 years. The average slave’s life expectancy at birth was about 35 years. That for the northern population was about 43 years, a difference of more than 20%; but the southern white life expectancy was under 40.

Yet, they acknowledge that the great majority of slave women had between 5 and 10 surviving children, showing how low the rate of slave family formation had to be in order to produce such low population growth. They quote another like-minded pair of economists, Conrad and Meyer: “Planters in the exhausted lands of the upper South who earned only 4 or 5% on male slaves, still [achieved] a return equal to alternative investment opportunities”—by selling slave children to western planters, they raised their “profitability” to 7 or 8%. The authors claim another “efficient” market factor—“the capacity to use the labor of the elderly . . . a feature of the predominantly agrarian character of slavery.”

Throughout, these free trade ideologues find *efficiency*, *productivity*, and *short-term profitability* in a process whose longer tendency is human suffering, “using up” a human population and destruction of economic values, just as they and cothinkers do for the *maquiladoras* and “special economic zones” of today’s “free market.”

They acknowledge, and show, that prices for southern cotton drifted downward from 1800-60, as did southern land values.

But: “the unprecedented increase in cotton production even after 1857 was due to a rapid advance in the world demand for U.S. cotton.” Again, imitating exactly the arguments for “free trade’s” destructive investments in cheap labor and cheap commodities today—“the world market

wants them.” This is fraud: For the antebellum U.S. slave states, that huge world cotton market was not free at all. It was ruled and maintained by British Empire and finance: For one example, the British had wiped out Indian textile production to force India to buy British textiles made from U.S. cotton. That world market in cotton was the reason for the British and French support of the slave trade and the Confederacy, which would have led to military intervention had not Russian support of the Union blocked it. In fact, Fogel and Engerman state in their second chapter that France and Britain’s genocidal *Caribbean* slave economy was nothing but a creature of the monopolized world “free trade” in sugar. The most obvious fraud of their book is that they pretend that we won’t see the monopolized world cotton market looming behind the “efficient profitability” of cotton slavery; only on two subtle occasions do they even mention it (one of which we quoted above).

Slave ‘economies of scale’

The evil idea of presenting chattel slavery to eastern European governments as an agricultural model is most naked in Fogel and Engerman’s Chapter 6, with the odd title “Paradoxes of Forced Labor.” Here they reveal that the Nobel Committee is actually rewarding an entire “pro-slavery task force,” so to speak: “Over a score of economists and their assistants,” over a decade, working on the “relative efficiency of input utilization in the agricultural sectors of the North and South.”

The “findings” of this perfidious school come straight from the cartelization juggernaut ripping up independent farms worldwide today. “Economies of scale were achieved only with slave labor. . . . The larger the farm, the larger the percentage of persons who were slaves.” The economies of scale were only in cotton production, not in grains or tobacco. The economies of scale, they claim, made southern agriculture 35% more efficient *for a given amount of capital and land investment*. (They had admitted earlier that free northern farms had much higher capital investment per acre and total northern agricultural production grew much faster—we shall see shortly how absurdly they deal with this.)

Next, the “management” factor, “The leading planters were . . . a highly self-conscious class of entrepreneurs who generally approached their governmental responsibilities with deliberation and gravity.” A most oppressive gravity, indeed. And, “No question was treated with more gravity than that of labor management.” Then follows a loving description of the slave labor gang’s large-scale division of labor, the “assembly-line pressure” to keep up with the pace, and the crucial factor: “*driving them*.” A grave and deliberate planter is quoted: “You never could depend on white men, and you couldn’t *drive* them any; they wouldn’t stand it. Slaves are the only reliable laborers. . . .” This description of the “efficiency” of *driving* large slave labor gangs so hard that they didn’t look up when a horseman galloped right

through a gang, goes on for many pages.

Then, the big picture of the “efficient, productive” labor force: “In the free economy, approximately one-third of the population was in the labor force” (the measure of child-rearing, education, professions and entrepreneurship, retirement, etc. in a work force which is reproducing *families* at an advancing level). “Among slaves, the labor-force participation rate was two-thirds . . . due largely to the inability of slaves, particularly women and children, to choose leisure, education, or work at home.”

This hell of labor-intensive slave agriculture is then summed up by the ideologues of “free trade”: “Just as the great plantations were the first large, scientifically managed business enterprises; and as planters were the first to engage in large-scale, scientific personnel management, so, too, black slaves were the first group of workers to be trained in the work rhythms which later became characteristic of industrial society.”

And then finally, the “free market” appears on page 244: “The main gainers from the gang system were not slaveholders, but the consumers of cotton . . . the extra profits to slaveholders which arose from the gang system persisted . . . due to the behavior of consumers of cotton whose demand increased more rapidly than the labor force. . . .” As if the “consumers” were happy shirt-wearers and not the British monopoly cotton trading boards!

In this action by the Nobel Committee and the Chicago School, the modern ideology of “free trade” is touching its British origin in the attacks at the turn of the 19th century, led by Adam Smith and Jeremy Bentham, against American Independence and the American System of economics. Smith and Bentham spoke for the British trading monopolies in promoting “free trade.” What it has always meant is the right of finance and monopoly to exploit and “use up” cheap labor supplies wherever they could trap them in a “global” labor force. Here the modern free-trade ideologues are promoting large-scale chattel slavery in agriculture, against free and independent farmers, just as Bentham and Smith did.

Incompetent method

Behind these evil conclusions is an incompetent economic method. It is precisely the same method now in use by the World Bank to promote the GATT agreement, and whose incompetence has been publicly denounced by France’s leading economist Maurice Allais, ironically, a Nobel Prize-winner in economics himself. This is the method of using large numbers of simultaneous linear equations in a computer model—each equation claiming to *isolate* and describe a single economic “fact” in financial terms—in order to generate “conclusions” about the impact of economic policies. As Allais has shown incisively, the World Bank’s influential computer model, known as RUNS, for eliminating agricultural subsidies worldwide is a complete fraud as a result of this method. Such “modelling” of human physical econo-

my—which is rooted in creative scientific discovery and technological change—by many isolated financial equations, had its origins in the 1950s “artificial intelligence” doctrine that all human thought processes could be computer-modelled.

Fogel and the “cliometricians” use no fewer than 46 separate variables, many with several sub-variables, to generate scores of equations to “model” the “slave agricultural economy,” as if it were an isolate. One such equation, relating slave prices to slave sales at New Orleans from 1850 to 1860, fills an entire page of the appendix. One particularly meaningless “table” purports to compute “net pecuniary gain or loss” for slaves, cotton consumers, and slaveholders from large-scale plantation operations in 1850.

The method of fraud in this madness is to isolate “investments in slave labor” from all investments in infrastructure and technology needed to have a human economy at all. The authors attack Olmstead for treating capital improvements in farming (much higher in the free states) as a necessary input cost of agriculture; they want to account slave maintenance as the only cost, and treat capital improvements as “other economic activities,” (akin to other of today’s ideologues who claim essential municipal services like education, police, and sanitation, can be “privatized” and the municipality can treat them as simply a bill, to be minimized). And they complain that Olmstead’s comparisons (i.e., Pennsylvania versus South Carolina) are unfair because the South Carolina plantations are not as close as those of Pennsylvania, to vital improved infrastructure like canals and railroads. No wonder—South Carolina hadn’t made these improvements! To Fogel and Engerman, *only* the immediate rate of return of the investor in the individual large plantation counts. The broader process of economic devolution and human degradation, to them, is just one among many other factors for other investors at other times, who may not do as well.

Where it leads

Recent years’ policies of cartelizing food and fertilizer production, enforced “set-aside” of land and actions like the forced closing of Germany’s only potash mine at Bischofferoode, are reaping their grim results. The U.N. Food and Agriculture Organization said at Christmastime 1993 that world grain production fell 4% (the third straight annual decline) and that 20 nations faced “massive” food shortages in 1994.

Against the “free trade” paradigm stands Lyndon LaRouche’s *The Science of Christian Economy*. LaRouche’s internationally circulated works make the subject of economics the individual creativity of human beings in the image of God, the cause of scientific progress and of successful growth in human population density. These works increasingly inspire independent farmer movements in several countries, fighting NAFTA, GATT, and “free trade.” The 1993 Nobel Prize in Economics has crossed the line in promoting evil. It should be withdrawn.

Kissinger wants to grab Venezuelan oil

The "Hemispheric Strategic Energy Reserve" would complete the destruction of the Venezuelan economy.

As Venezuela heads into a presidential changeover and faces one of the most difficult periods in its history, Henry Kissinger paid a visit and met with the cabinets of both the outgoing administration of Ramón J. Velázquez, and incoming President-elect Rafael Caldera. Kissinger, long tied to Rockefeller interests, which for much of this century have considered Venezuela their private preserve, proceeded to revive a proposal that dates from 1979 under the Carter administration. Kissinger brought up with Caldera the idea of creating a "hemispheric strategic energy reserve," which would guarantee the United States access to Venezuelan oil in times of emergency.

As reported by *Diario de Caracas* on Dec. 31, Caldera said he agreed with Kissinger's proposal to create an "energy alliance" between the United States and Ibero-America. "This is an idea we have also been looking at," he said, "because the problem of energy has fundamental priority."

Venezuela needs an energy alliance with the United States based on the kind of oil-for-technology agreement which U.S. statesman Lyndon LaRouche proposed in 1979 for Mexico. Here, Venezuela would sell its oil to the United States in exchange for the high-technology capital goods it requires to enter the 21st century as a modern industrial power. Kissinger's scheme, however, is a raw materials looting scam geared to assuring foreign debt payments, and limiting Venezuela's sovereignty.

Describing his meeting with Cal-

dera, Kissinger said, "I have known him for 20 years, and I had a meeting with him that was quite advantageous and useful for the future of Venezuela." "Venezuela has been a country very close to my heart for a long time," Kissinger told the press. He neglected to add, "And close to my pocketbook as well." Kissinger was paid handsomely by the government of impeached President Carlos Andrés Pérez, whom he visited earlier in 1993 on contract as an adviser to the President.

Despite the fact that he has dramatically toned down his rhetoric since the elections, Caldera still makes the international banking community nervous because of his calls during the campaign to declare a portion of Venezuela's foreign debt to be illegitimate, and to submit the issue to the World Court at The Hague. Kissinger's visit will no doubt be far from the last from this crowd, as they seek to ensure that Caldera follows their dictates.

Caldera will take office on Feb. 1, in a condition of terrible political weakness. He won office with only about 30% of the votes cast, but, given that 41% of the electorate abstained, he only won 18% of the registered electorate. He has no party of his own, and the diverse coalition that backed him only captured 18 seats in Congress of the 144 whose outcomes have been determined (51 remain to be determined). Even with the 11 seats of the Movement Toward Socialism party which also backed him, he can count on only 29 seats, barely 20% of

the seats decided.

And from this position of weakness, he inherits a government that has no money. The population is desperate for an improvement in the economy after five years of disaster under Carlos Andrés Pérez, and to satisfy their expectations, Caldera would have to make a total break with the bankers' free trade policies.

Nearly five years after Pérez opened the country to nearly tariff-free imports, agriculture is in crisis and manufacturing has been devastated by cheap imports that have led to widespread plant closings and layoffs. Inflation has soared to 45% a year, the highest in Venezuela's history, and interest rates are so high they are preventing investment. The country is due to pay \$5 billion on its foreign debt this year, for which it lacks the funds, and any reasonable prospects for acquiring them.

Venezuela's mainstay of foreign exchange, the export of oil, which still accounts for nearly 90% of the value of Venezuela's exports, has crashed to \$13.30 a barrel, down from more than \$18 just one year ago, a more than one-third decline, with devastating effects on the country's ability to import, much less accumulate a surplus with which to pay back debt. And prices could easily drop further in the spring when demand for heating oil drops off in the northern hemisphere.

If Caldera does nothing, or is seen to be junking all of his populist campaign slogans, he will face the anger of a population near its limit of toleration of misery. Five years ago, in February 1989, Caracas exploded in four days of looting and riots against Pérez's attempt to raise the gasoline price. This "Caracazo," as it is called, will be just a foretaste of what may happen if the population feels betrayed again.

Business Briefs

Finance

Euro-Parliament urges action against speculation

The European Parliament called on the Commission and Council of the European Union to examine measures for an international strategy against the shift of capital flows to "tax paradises," the German economic daily *Handelsblatt* reported on Dec. 15. The motion is based on a study by Greek Socialist Roumeliotis and an October hearing at which Jacques Delors called for international agreements against speculation.

The motion suggests measures, including: restrictions of capital flow with third countries, which is allowed by the Maastricht Treaty for a six-month duration; a tax on foreign exchange transactions connected to speculation; mandatory zero interest rate deposits at the central bank in domestic currency and in the same amount as the foreign exchange transaction; a trilateral currency agreement among European Union, United States, and Japan to harmonize taxation systems and regulations of financial markets; and a European initiative for the establishment of worldwide financial markets supervision.

Trade

Turkey, Iran cement trade, political ties

Turkey will buy 3-4 million tons of crude oil from Iran in 1994, under an agreement signed in Ankara on Dec. 22 at the end of a visit by Iranian First Deputy President Hassan Habibi, Reuters reported from Ankara.

An official statement said that a memorandum of understanding also provided for a study of ways to pipe Iranian natural gas to Turkey. The Turkish pipeline company Botas is to collaborate with Iran on ways to transport the natural gas to Europe via Turkey. The two neighbors also agreed to work on projects on joint ventures in car parts, energy exchange, developing road and rail links with Central Asian republics, and a maritime agreement.

Turkish Prime Minister Tansu Ciller saw Habibi off at the airport and said the visit had "riveted Turkish and Iranian friendship." Also reached was a security agreement, in which Iran will not allow Turkey's separatist guerrillas of the Kurdistan Workers Party (PKK) to operate on its side of the border, and Turks will be able to observe any operations taken against the rebels.

Algeria

New government seeks to avoid IMF conditions

Algeria is unable to pay its debt, Prime Minister Redha Malek said in a television interview in Algiers on Dec. 16, Reuters reported. He said that if oil prices continued to fall, Algeria's hard currency earnings in 1994 would be insufficient to cover debt service. The announcement of the financial crisis comes as Algeria has been increasingly targeted for destabilization by the West.

"With an eye to the balance of payments for 1994 and faced with the insufficiency of foreign credits, including those of the IMF [International Monetary Fund] and the World Bank, we have found it necessary to ask for an easing of the debt burden," he said. He added that with oil prices hovering at \$14-15 per barrel, Algeria will end 1993 with hard currency earnings below \$10 billion, while debt service is about \$9.3 billion per year on its estimated \$25.7 billion debt. "To put it another way," he said, "our income will be below the cost of the debt service."

In a Dec. 13 statement, the government said that it plans to negotiate an agreement with the IMF for multilateral refinancing of its debt. Rescheduling would require a devaluation of the dinar, a tightening of credit, and balancing the government budget, which would have meant an end to many social support programs.

"Rescheduling would have placed the country's economic policy in the hands of the Paris and London clubs, with all the stringent conditions that go with it, in an environment already full of threat," the statement read. "In absorbing more than three-quarters of export

earnings, the foreign debt service imperils not just economic development but the social and political stability of the country."

Aerospace

Industry suffers worst collapse since 1982

The decline in the U.S. aerospace industry that began in 1989 accelerated sharply in 1993, according to a report released Dec. 15 by the Aerospace Industries Association (AIA).

The report includes the following statistics: Total aerospace industry sales were down 10%, or \$14 billion; commercial airline purchases were down by \$8 billion; sales of civil aircraft, engines, and parts were down by \$7 billion; new orders for aerospace products and services fell by \$24 billion, a drop of 23%; and aerospace industry expenditure on new plant and equipment declined by \$1 billion.

The report notes that despite "the dismal sales picture," industry profitability has reached levels not seen in more than a decade, and admits that the cost cutting that made this possible has come largely through reduction of payrolls. By the end of 1993, total aerospace industry employment was expected to reach 909,000, a drop of 131,000. For 1994, the AIA expects a further drop of \$8 billion in total industry sales, accompanied by the loss of another 49,000 jobs.

Petroleum

North Sea production behind oil price drop

World oil prices have fallen by about 30% since December 1992, with the most important grade of crude oil, North Sea Brent, trading at a low \$13.40 per barrel in London. "This collapse in oil price is having devastating impact on the Kingdom of Saudi Arabia, on Kuwait, both of which are strained to the limits financially after the Gulf war. But the country which also is devastated by this, but no one

dares say, is Mexico. Of \$8 billion in oil export earnings last year, this will be down by at least 25% this coming year," a senior European oil industry source told *EIR*.

The major destabilizing factor to world oil prices amid falling OECD industrial country demand, has been the huge growth in production by British and Norwegian North Sea companies. Norway, whose state finances have been devastated by the banking collapse in the past few years, is increasing oil and gas sales to earn revenue to contain the huge state deficit, so it has no intention of reducing output. It now produces 2.6 million barrels per day (bpd), almost 1 million above two years ago, and more new production begins in January. U.K. North Sea output has increased to 2 million bpd, a rise of 300,000 bpd. According to oil industry estimates, more than any other factor, this North Sea increase has triggered the latest price free fall, with estimates that current trends will lead to a price of \$10 per barrel.

Infrastructure

Australian government puts forth blueprint

The government of Australian Prime Minister Paul Keating released in December a blueprint for infrastructure projects, the so-called "Kelty Report," which was prepared by a task force chaired by Bill Kelty, secretary of the Australian Council of Trade Unions and a member of the board of the Reserve Bank, Australia's central bank. Observers believe that the plan is a response to the dramatic growth of the Citizens Electoral Council, the co-thinkers of Lyndon LaRouche in Australia. Over 10,000 copies of the CEC's plan for rebuilding Australia, "Sovereign Australia," have been circulated since it was published in 1990.

The Kelty plan includes divided highways from Adelaide on the south coast through to Cairns on the east coast, fast train links between states, a water management plan for the Murray-Darling Basin, and tunnel projects to ease city traffic flows. The plan also includes proposals for vocational training, and targets areas of high unemployment.

However, the plan fails to adopt Hamil-

tonian banking principles to finance the projects. Kelty completely dismisses the idea of another source of credit funding, arrogantly claiming that "in none of our journeys did we ever find the fiscal fairies that could provide to a country unlimited expenditure." Instead, the plan, which will be submitted as a recommendation to the federal government, is to be funded by higher gasoline taxes, asset sales, a 1% rise in company taxes, and easier rules gaining taxation concessions through what is known as "infrastructure bonds." The report recommends that the \$180 billion superannuation funds pool also be tapped.

Africa

Nigeria ruler calls for a 'Marshall Plan'

Nigeria's new military ruler, Sani Abacha, has called for a Marshall Plan for Africa, saying that other tacks to end the continent's economic woes had failed, Reuters reported from Lagos.

"I am convinced that bold and imaginative solutions are now required to deal with the problems, if African countries are not to be perpetually saddled with a crushing debt burden," General Abacha said, in a speech on Dec. 22 to the Nigerian Institute of International Affairs. "It is in this context, that we believe a special program in the form of a New Marshall Plan for Africa be put in place for the purpose of providing substantially increased development capital and adequate resources to revamp African economies."

Abacha said that Africa's development was being hampered by foreign debts which totalled \$275 billion last year. This sum represented 73% of the continent's Gross Domestic Product and took more than 30% of its hard currency earnings to service, he said.

He said several African nations, including Nigeria, have continued to carry out painful measures to restructure their economies. "The expected gains are being negated by the inequitable external economic environment which is responsible for the collapse of commodity prices, the persistent debt burden, and unfavorable terms of trade," he said.

● **RUSSIA AND KAZAKHSTAN** reached an agreement on the Baikonur cosmodrome space launch facility, Russian Space Agency head Yuri Koptev announced in Moscow on Dec. 30, Reuters reported. Russia will lease parts of Baikonur, and former Soviet military facilities at the Semipalatinsk nuclear test site, for "no less than 30 years."

● **AZERBAIJAN** President Gaidar Aliyev met with French President François Mitterrand and the leaders of the major French firms, including Elf Acquitaine, the national oil company, in December. Negotiations are also under way with the Russians and the Anglo-Americans for Azeri offshore oil and new oil pipelines.

● **BUNDESBANK** President Hans Tietmeyer called for international action against derivatives risks at a meeting in Karlsruhe, the German economic daily *Handelsblatt* reported Dec. 15. He urged an overall, stringent common approach.

● **CHINA** and General Atomics are discussing building an advanced nuclear power station using the Gas Turbine-Modular Helium Reactor that GA has developed with General Electric, Xinhua reported. The reactor is the safest in the world. GA Vice President Linden Blue told Chinese energy officials and experts at a Beijing seminar Dec. 19.

● **AN INDIAN** parliamentary committee has called for suspending the licenses of Citibank, Standard Chartered, Bank of America, and ANZ Grindlays to operate in India, Agence France Presse reported on Dec. 22. The banks were said to be "initiators" and "major players" in a securities scandal that caused the crash of the Bombay stock market in April 1992.

● **SUPERCONDUCTIVITY** was demonstrated at -23°C by researchers at France's National Center for Scientific Research, according to *Science* magazine. "The dreamed of room-temperature superconductor" is now within sight, the London *Independent* commented.

The mission of the 'Academy of the 100'

EIR interviews Wolter Manusadjan and Taras Muranivsky, leaders of the International Ecological Academy, founded in 1989 by a group of scientists, including veterans of the Soviet space program.

Prof. Wolter Manusadjan is co-founder and president of the International Ecological Academy (IEA), known as the Academy of the 100. (EIR, on Oct. 29, 1993, reported on Lyndon LaRouche's election as a corresponding member of the IEA.) He is also director of the Scientific Research Institute "Med-informpribor" of the A.S. Popov Russian Scientific-Technological Society for Radio Engineering, Electronics, and Communication. Prof. Taras Muranivsky, who is on the staff of the Russian State University for the Humanities, is vice president of the IEA. Professors Manusadjan and Muranivsky were interviewed by Rachel Douglas on Dec. 11 in Germany, where they attended a conference of the Schiller Institute. The interview has been translated from Russian.

EIR: Professor Manusadjan, please tell us about the creation of your Academy. What kind of organization is this, and how did it come into existence?

Manusadjan: Our Academy was founded on May 17, 1989 in Tallinn, Estonia. It was created by a large group of scientists from the U.S.S.R. Academy of Sciences, the Academy of Medical Sciences, and the Ministry of Health. These were scientists working in various areas of space research, and science-intensive advanced terrestrial technologies.

It is a strictly professional academy. It does not set goals of the sort pursued by populist movements, like the green movement—such as environmental protection. We see our basic goal and task as the development of technologies that are compatible with nature. In a special declaration of ours, there is a point called "Humanization of scientific and technological progress." By humanization, we mean progress that does not automatically destroy the environment; not because you ban something, but because you apply compatible technology.

I'll give a concrete example. Metallurgy has always entailed high temperatures. Temperatures of several hundred degrees Celsius, and sometimes even higher—a thousand degrees—were required for metallurgical processes to occur. But there is such a thing as bio-compatible low-temperature metallurgy, which takes place under ordinary conditions. When nature develops, it does so without high temperatures; it develops within well-defined physiological ranges of temperatures.

For such purposes, we of course needed a professional association of scientists. Individual scientists have such a concept of the progress of humanity, but political authorities, political forces, do not. Even the Ministry for Environmental Protection deals more with, say, the reduction of toxic substances, poisonous wastes, by-products of agriculture like fertilizers, herbicides, and so forth.

Our task is somewhat different. It's purely scientific. First of all, what research is the most important to carry out, in order that the progress of mankind might continue 100 years, 200 years, 300 years, and, ultimately, that life—this highly organized matter—remain on earth? Only professional scientists could address this task.

Therefore, our Academy is a unique phenomenon. I would like to elaborate on its unique character. We studied the experience of all the academies that ever existed, beginning with Plato, with that grove of Academe in Greece, which existed more than 2,000 years ago. This experience showed the necessity of incorporating certain very important principles into the basis of our Academy, in order for it to be effective.

One of these principles is that the entire collective of scientists, the creative audience, so to speak, of the Academy, be independent from the government. The overwhelm-



Prof. Taras V. Muranivsky (left), vice president of the International Ecological Academy; and Prof. Wolter Manusadjan, co-founder and president of the Academy (right). Also known as the "Academy of the 100," the IEA was founded in May 1989. Lyndon LaRouche was elected a corresponding member in 1993.



ing majority of academies in the Middle Ages were commissioned by kings, by people who had great power and authority. An exception was one of the first academies that arose in Naples, Italy—Accademia de Lincei. It was also in Florence, where several academies emerged, and it was named the Academy of the Lynx-Eyed, that is, those who see nature very sharply. That Academy of the Lynx-Eyed was composed of just seven people. They created an academy. It didn't exist for very long, 20 years or so, but it did exist, and then disappeared. After that, a second academy was created on its foundation; the Medici restored it. The academy movement became fairly systematic in Italy, but again it turned into a government movement.

The problem is, that when scientists begin to serve the government, they no longer constitute that healthy opposition, which is able objectively to see social processes and the practical implementation of science. They are always working *for* somebody.

In this respect, I even see some similarity between the LaRouche movement and our Academy. These are independent movements. I believe that wise rulers should permit the existence of independent movements. They shouldn't be nervous and try to get rid of people who are out of stride, but rather be capable of hearing them out, because from among them may come that step into the future, which otherwise would be missed.

But let me speak in more detail about our Academy. Who created it? It was created by scientists who acquired great and unique experience during their work on developing space

technologies. Thus, this Academy has brought together scientists who enjoy great authority.

One of our first presidents, for example, was Academician Ivan Akulinichev, who essentially founded space electrocardiography. You know the importance of electrocardiography; when you go to the doctor, the first thing he does is to take an electrocardiogram. Now, you can take an electrocardiogram by telephone. The patient puts the sensing elements on, and, as the reading is taken over the phone, it can be determined immediately if he is in a pre-infarction condition and needs medical assistance.

Akulinichev received the Christopher Columbus medal for humanism in science.

EIR: Is that an Italian award?

Manusadjan: There is a Swiss-Italian university, which also has an academy group attached to it. Very few of our people received the Christopher Columbus medal: The cosmonaut Yuri Gagarin got this award, as did Academician Keldysh, who was responsible for the entire theoretical mathematical side of the space program. Academician Akulinichev is the only one left. He is an older man. He had a double education, in medicine and technology.

So we have consolidated a group of scientists who I believe possess a very good quality: independence, and integrity. These are not scientists you can twist around your thumb and order them what to write, and they'll do it. These are scientists capable of saying something independent. They may not say anything. But if they say something, they usually

express original thoughts.

Another principle we incorporated is that our Academy does not aim to become very large, to collect material means and then not know what to do with them.

EIR: The upper limit on membership is 100 people?

Manusadjan: This is the ceiling on the number of full members of the Academy. But so that our academicians not stay too long, that nobody be a member of the Academy for reasons of ambition or because he simply likes to collect titles, we have a special rule, that if a member of our Academy agrees to become a member of another academy, then he becomes an extraordinary academician, which means a former academician, or ex-academician of our Academy. This way, a member will be working in a collective of people who are not out to amass titles. This is very important.

EIR: What if someone is made an honorary member of another academy?

Manusadjan: He moves to the status of extraordinary academician in our Academy. It doesn't make any difference, because to be even an honorary member of an academy presumes your participation, and you can't be married to three wives at once.

If I, for example, were invited to join the Academy of Natural Sciences, I would never join it, because it is enough to concentrate in one area. One shouldn't flit from one thing to the next.

We have had nuclear physicists. We have had specialists in space medicine, and people whose profession was ecology for many years. One of our co-presidents is Professor Martyn, an Estonian, who was the director of the Botanical Garden in Estonia. Together with some other ecologists, he published a several-volume work in America, on the ecology of America, especially Alaska, Canada, and so forth. So these are well-known people in the area of ecology. They might not be the ones who become "generals" of science; many of these people received many votes for membership in our Academy of Sciences, or other academies, but because of their non-conformist character they did not join, because any academy is limited by its composition.

While other academies seek material support, the goal of our Academy at the present stage is the creative exchange of ideas. Creative exchange makes it possible to advance rapidly and to find completely unexpected solutions, which it is difficult to find in some separate or monolithic collective.

Some of our full members are forming a division for the humanities. We have professional political scientists, who know politics, led by Prof. Yevgeni Bazhanov, pro-rector of the Diplomatic Academy of the Ministry of Foreign Affairs of the Russian Federation. We recently elected him a full member of our Academy. We have Dr. Kravchenko, who has been working for many years on politics, ecology, social movements, and so forth. He was trained as a historian.

He knows economics, but also such important matters as journalism.

This is all united under the rubric of Social Ecology. We have broadened this concept somewhat, and turned it into the Ecology of Society. We know the traditional lines of scientific work, like the Ecology of Man, the Ecology of Food, the Ecology of Habitat. We're not talking about some movement calling to destroy machines and so forth. It would be strange for a professional scientist to go around destroying what he has created. He's not going to do this, but he may find technical, scientific, and technological solutions that will be more humane, in that they will free people from tedious labor, which exhausts them and leads to their losing their human qualities and turning them into cogs in a machine.

The term "humanization of scientific and technological progress," therefore, is a philosophical term. Our basic principles are philosophical ones. When you look into it, you find that we have formulated these things in a non-traditional way.

Muranivsky: I would like to add a conceptual aspect here at the outset, which is that the goal of the Academy, as it is formulated in our founding documents, has a lot in common with the ideology and principles of the science of Physical Economy, and an orientation to the acceleration of scientific and technological progress. This touches on something that Lyndon LaRouche particularly stresses in *The Science of Christian Economy*, namely, that the development of society, and its future, depend on fundamental scientific work.

EIR: We wanted to ask you about this, because when people talk about "ecology" in the West, it often implies opposition to scientific and technological progress. But you are saying something quite different.

Muranivsky: Quite different, indeed. We are not on the same track as the greens. We are not on the same track as the Club of Rome was in the 1970s, when they proclaimed *Limits to Growth*. We do not share points of view oriented to stopping scientific and technological progress as such and opposing the development of the means of production, that foundation of foundations of production itself. We do not share the idea of the post-industrial society, which LaRouche writes about. We see the progress of humanity and society, its development, in the development of fundamental scientific work and scientific and technological progress.

Manusadjan: I should make a very important correction here, because otherwise readers may be confused. This Academy has not adopted LaRouche's views as some kind of absolute. It would be incorrect to present matters as if this were a LaRouche movement. Moreover, we have seen that there are some American scientists, with whom we have already conducted talks, who sharply oppose LaRouche.

But we believe that it is necessary to have an opposition. To put it even more strongly, scientists holding opposing views should hear each other out. This is a different matter.

I do not support Taras Vasilyevich 100%; I support 99% of what he says. But that 1% is our right. We see much in LaRouche that is interesting. We know perfectly well that no scientist can state the absolute truth. A scientist is not God, and no person, in general, can state the absolute truth. But an independent opinion, which often may not coincide with the opinions of other members of the Academy—this we have.

When we elected LaRouche, this was not a simple process. We wanted first to know more about his movement.

EIR: It would be good to hear about this in the context of the current work of the Academy. We are interested in the election of LaRouche in October, as well as what the rest of the agenda of that session was, and what members of the Academy are working on now.

Manusadjan: You mean, how will work proceed from here on? We have several things under way. I won't enumerate all the members of the Academy who are from the United States of America, but on the question of the Ecology of Society—we all live on the same planet. For better or for worse, but we must be able to live in a stable, conflict-free fashion. Even if you have a view diametrically opposed to somebody else's.

Let me say it so that I think it will be understood: I believe that the socialist and the capitalist must be able to live together. Some questions should be decided not through conflict, but rather by the means just mentioned by Taras Vasilyevich—by the productive forces.

On the question of whether the surplus growth of mankind can be infinite or not—

Muranivsky: —the neo-malthusian teaching.

Manusadjan: I won't call it that, because any theory, if it is linked with somebody's name, in my opinion is always a narrow form of theory. A Newtonian theory of physics does not exist; mechanics exists, to which Newton made a contribution. Leonardo da Vinci lived, but we don't talk about the Leonardo da Vinci movement or theory, because science is an objective process and there should be things there which don't lend themselves to personification. The minute you start to personify things, you're into social psychology. Many people only understand processes if you name them concretely.

And I think this is an important aspect, so that we may attract to our Academy scientists who might sometimes have diametrically opposed views, and thus show how, nevertheless, collaboration must be maintained—and maintained, moreover, on the basis of ethical principles. When LaRouche was nominated, we had to take a very close look at some things in his works. We have top mathematicians, people who are among the top ten mathematicians in the world. Prof. Lev Meshalkin, for example, is an extremely intelligent man, who makes scientific prognoses founded especially on higher mathematics, on certain mathematical knowledge.

This is not just any old mathematician. There are many mathematicians, but among those many there are some people with a special gift.

And of course almost every one of us, and I exclude nobody, has elements in our own scientific views which we articulate, which admit of some imprecision and may not have been worked through as profoundly. You can't encompass everything. So there are some things there that raised doubts, of course. But we were able nevertheless to assuage those doubts, because we see what is positive in LaRouche's views, which can be further developed, and can even be assisted in its development. A dialectical contradiction of this sort is important.

I am grateful to have become acquainted with this phenomenon, and this movement. What I have seen of the Schiller Institute here [at this conference] is a serious scientific opposition, or social and scientific opposition—let me put it that way. If it were a purely scientific opposition, it would not of course attract such a large number of people.

Our Academy limits the total number of people to 100. As for the number of corresponding members who can be brought in, it is provided that each full member can nominate two candidates, members, who could subsequently become full academicians. Full membership in our Academy is not some honorary position or title, but it entails responsibility. A full member must raise material support, he must be able to conduct political negotiations, he must organize whole lines of scientific work, and he really must carry a big burden. So if you don't want to take on such a big load, you don't have to become a full academician. This is provided for.

EIR: How many full academicians do you have?

Manusadjan: There are only 24 elected full members at present. We have prepared to hold talks with scientists from various countries, like Australia, where Corresponding Member Kravchenko has just gone on a visit. We've had talks with Czechs and Slovaks, and Polish scientists, some of whom we met here, thanks to the Schiller Institute.

For me, it is important that we have people who are psychologically compatible, because our Academy is small. If we start accepting people indiscriminately, it will be distorted and become something other than it was intended to be. But I think we will be able to sustain the best aspects of our Academy.

Another important thing, is that we don't pay anybody. The principle of altruism is very important in creative work, when a person says: "I want to work, and it doesn't matter if I get a material reward." This is a very important principle. But our Academy has become so well known, that many prominent professors and doctors would like to join it, in order to acquire an extra hat.

We accepted several new members at the session where we inducted LaRouche. One is a professor, a doctor of medical sciences who specializes in vision. The problem he will

be working on as a corresponding member is how human vision will change and evolve. What will happen in 1,000 years, even if everything goes well. With the load of television and computer-watching that we have, vision cannot remain in its old framework. It will develop automatically, because man is not just looking at nature, which changes slowly and has its own rhythms, but there is a very dynamic information system. Its disruption could be such as to present some biological limits to the development of man.

The problem of education is a major one. Education cannot be the way it is in the world today, when knowledge is often not adapted to the individual person. We need to develop two things at once: to effect unification, so that there be universal education worldwide, but on the other hand make it individual. It is very difficult to reconcile these two opposites.

We elect everybody for life. We don't expel anybody from the Academy, but we have a status which people can shift to, and become expert consultants who carry a certain creative load. It's important to have a certain rotation, so that nobody stay too long in one place or decide that he is a dictator. It's very important for scientific creativity not to be dictatorial, but democratic.

Muranivsky: Prof. Boris Tareyev, doctor of technical sciences, was also inducted at the last session. He has a worldwide reputation, and he is a department head at the former Soviet, now Russian Institute of Scientific and Technological Information. We have assigned him electrotechnology, right?

Manusadjan: Electrotechnology and the power industry.

Muranivsky: He is the author of more than 80 scientific papers in his field. These works are also oriented to working through problems in the power industry to which Lyndon LaRouche devotes much attention. He knows and understands very well the theory of energy density, and how productive forces develop through the increase in energy density, which makes possible the economy of labor.

I would like to add something more, on the question of population growth. New works have recently appeared—and whether or not we call them “malthusian” or not, it is generally accepted in the sciences to link these ideas to Malthus' theory. That is the theory that there arise certain limits to population growth, and that efforts should be undertaken already now, to reduce the population. Some ecologists express the view, that if there were only 500 million people on Earth, then we would all live well.

But LaRouche, as we know, has a different concept. In his book *The Science of Christian Economy*, which I mentioned before, he stresses that in practice—and he grounds this in theory, showing how this is connected with the increase of population density and the development of infrastructure, projects like the “Productive Triangle,” around which industry, agriculture, and so forth are constructed in an entirely new way, and people can provide housing for themselves—a significantly larger population will be able to live in the same area and will be able to provide itself with

everything it needs to live, thanks to the development of the means of production and to scientific and technological progress as a whole. LaRouche stresses that in the foreseeable future, we cannot and do not have the right to say, if we are to be scientific about it, that some limits to the growth of mankind have been reached.

There's something else I'd like to say on this. Some calculations have been done, prognostications presented as if they had the force of laws of nature, to the effect that the world has been developing in such a way in recent years, that more and more of the population is living in Third World countries. They cite such statistics as that in 1950, something like three-quarters of the world's population lived in the Third World. Now it's already four-fifths. But by the year 2000 it will be, I don't remember precisely, but significantly more. By the year 2050, they say that nine-tenths of the world's population will live in the Third World.

What does it mean to live in a Third World country? It means that the productive forces are significantly less developed, wages are lower, the overall standard of living is lower. Education, expenditures on science, and so forth are not just a little bit less, but several orders of magnitude less than what we have today in the developed countries, despite the fact that the developed countries are currently experiencing a severe depression.

Therefore, when we talk about ecology today, we link these questions with various problems that confront mankind and must be approached on the basis of science, the development of basic science, and the progress of science and technology.

Manusadjan: There exists no such phenomenon as malthusianism. Malthus was a concrete person who had certain views. What does exist is something different: the interaction of species. These species can develop and grow to a certain limit. Therefore, malthusianism in what we call human society is better called demographic processes, demographic growth.

EIR: Do you know the theory and the work of the German scientist Krafft Ehrlicke on the extra-terrestrial imperative? He talked about the necessity for mankind to go into space, to colonize the solar system, because in the course of further progress we will have to not simply somehow find more room to live, but because only through this scientific work will we change the limits on Earth.

Muranivsky: Tsiolkovsky had ideas like that.

Manusadjan: Not only he. That's very important, that it was not only he. I may have the greatest respect for LaRouche, but he is not the only one to put forward the ideas of Physical Economy.

EIR: I was talking about Krafft Ehrlicke just then, not LaRouche.

Muranivsky: We are speaking more generally now. You

mentioned one author. I mentioned Tsiolkovsky, who worked earlier. . . .

Manusadjan: Or we could mention English scientists—Bertrand Russell, Haldane, or the American Dyson, who studied space problems.

EIR: No, not that school, or just anybody who was interested in space. I was referring specifically to Ehrlicke's idea of this *imperative*, that we *have to* go there, and that this will change the apparent consequences of further population growth on Earth.

Manusadjan: I could say this: When our Academician—you've probably never heard of him—Oparin was still alive. . . .

EIR: Yes, we know Oparin.

Manusadjan: Aleksandr Ivanovich Oparin; you do know him?

EIR: The biologist.

Manusadjan: Yes, he was a biologist, an academician, and so forth. I personally have documents of his in my archive at home, concerning his theory related to the line of work that emerged at a certain period, as you may recall, on the question of life in the universe—is there life in the universe, is there life on other planets? This was in the '60s and '70s.

Muranivsky: Even in the '50s.

Manusadjan: They talked about it then, but they didn't have the means to search, the radiotelescopes, and so on. A lot of things were under wraps. Then they opened up this work and set up an international project.

You know, on the question of civilizations in space, I brought a lecture text here for this conference, called "Eco-civilization." There's a special subsection on space civilization.

On the essence of the development of civilization as a phenomenon of the cultural development of society, we disagree with the classical policy, what you call malthusianism and so on. There exists an actual profile of the demographic growth of the human population as a biological species, having to do with energy—which LaRouche, among others, talks about—and with the existence of a certain supply of biological foodstuffs, which are not infinite. There are tens of thousands, not one or two, but tens of thousands of works already written on the ecology of food. The countries now suffering from hunger essentially have a food crisis, in that we have the science and technology, but we don't have its industrial realization.

To approach things constructively, it is very good that we have a dialogue and sometimes even an argument. Politicians conceive of the solutions to such problems in categories of force. Someone issues a decree, and all must work according to this decree! Someone else collected money, and he got rich! But in our Academy, I think that the scientists, including

Mr. LaRouche, share something that unites them. And that is that we put forward a perspective, a humanitarian technological perspective for the development of mankind, where the self-preservation of the population occurs automatically on the basis of principles.

The basic principle, which we have already touched on, is education. Historical experience shows that when a nation becomes educated, it becomes self-regulating. It no longer has an endless quantity of children being born. It finds means of contraception. Or a woman often prefers not to have children. The population begins to contract, having reached a certain critical volume, because people do not want to live in poverty.

Here we have important disagreements with the politicians. We have a constructive approach, as LaRouche also does. But some politician will seize one or two phrases from what you will publish, and say, "Look at these ecologists who say there should be self-limitation of the population, so the number of people should be reduced!"

So it sometimes happens that the ideas of scientists, when they fall into the hands of uneducated politicians, turn into cruel measures, used in genocide, used to degrade people, with poverty, poor medical care, etc. And I am in full solidarity with you here, that in the Ecology of Society it is very important to measure up to a standard. The standard is very important.

We had people in our Academy, with whom I personally conducted talks, Americans, for example, who reacted very harshly to LaRouche.

Of course in many of his works, LaRouche has flashes of genius that are sometimes hard to anticipate. He sees a kind of grand scale of things as a whole.

Muranivsky: It has to do precisely with the universality of his thinking. He looks at economic science in a completely different way from how traditional economists view it. The economists, since you mentioned it, have a *political* view of the matter.

Look at what's happening in Russia right now. They say we're going to do such and such with *money*, and the next thing you know there's inflation. . . .

Manusadjan: Absolutely right.

Muranivsky: So they say let's issue money *slowly* to deal with the inflation, and what happens to wages? People haven't been paid since September, or even June! This all results from monetarist theory, which pays no attention to the development of production capacities, to output, to a healthy system of trade—the kind of thing Mendeleyev was advocating, when he opposed "free trade."

How does LaRouche look at it? He comes to economics through mathematics, through the development of physics, through the exact sciences. It is no accident, that he calls economics "Physical Economy." This is one of the indications. It's not only because in economics itself we deal above all with physical goods, physical production capacity, and so

forth. He sees that the laws of the natural sciences apply to the development of the economy.

EIR: I would like to pose one more question, if I may. This is what I mentioned earlier, on the condition of science in general in Russia.

Manusadjan: This question must be understood; it is a very important question. If we look at politics and science in the world as a whole today, the politicians dominate the scientists.

EIR: I also mean the material side of things. It is hard to live and hard to do any kind of scientific work under the conditions you have in Russia today, and Americans do not know this. They do not understand that there is a threat that this whole scientific capability, the scientific capability of the former Soviet Union, will be destroyed.

Manusadjan: You used a brilliant expression [when we were discussing this before the interview], which I heard for the first time: That the *world* risks losing the enormous scientific capability which the U.S.S.R. and Russia had. I think this is very good. This is formulated in a startling way, and I heard it for the first time from you. This is really the case. Maybe everybody can understand it, but to formulate it in that way. . . .

EIR: When the president of the Schiller Institute, Mrs. LaRouche, spoke at the Russian State University for the Humanities this past spring, in her speech about the works of Nicolaus of Cusa she especially stressed his proposal that the achievements of each country or people should belong to all humanity.

Manusadjan: Yes, Helga LaRouche has said that science and scientists belong to all humanity.

Muranivsky: Chekhov said that there is no national science, just as there are no national multiplication tables.

Mansadjan: Yes, that's very good. Absolutely right.

Earlier, we scientists were in a layer of society that was relatively well provided for.

Muranivsky: It was a middle layer. . . .

Manusadjan: But adequately compensated, as to wages. Our [real] wages have now fallen to between 10 and 50 times—or even higher—less than what they were. When a person whose research may produce some palpable results in three years has somehow to live through the month, he of course is not going to be thinking about the three-year perspective of his work. He's thinking about how to buy a piece of bread tomorrow. Excuse me for speaking in such extreme terms. Costs have risen so very high.

I attended a conference in Moscow where there were about ten different Russian parties represented. When the question of monetarist theory was raised—well, monetarism is essentially a purely administrative theory. It functions by administrative measures, whether those involve money, de-

crees, or institutional changes, and it leads to a situation where, instead of finding the natural laws of social development, you begin to run society according to your own laws which correspond to no objective processes.

Muranivsky: Absolutely right. What does it mean to print money, anyway? That's also a decree.

Manusadjan: Yes, yes. And therefore I believe it would be very important for the people who read your journal to feel that they are involved in the life of the next generation through the technological process. Here we are in complete solidarity with your movement. There are many movements that support the technological process, but not all of them are set up very well.

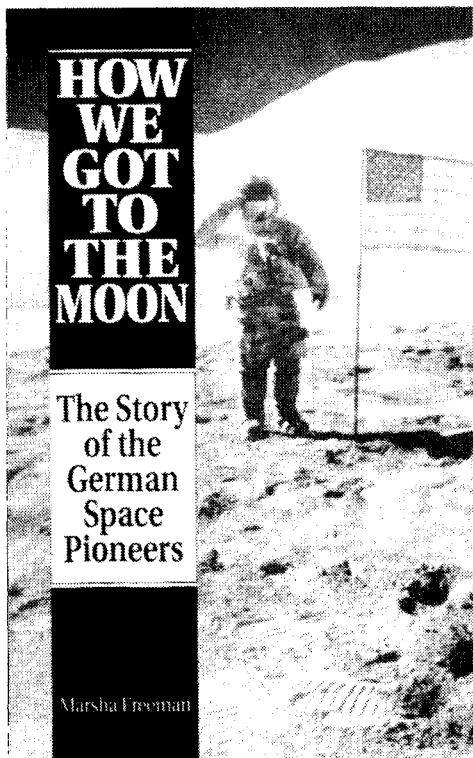
Many professional scientists and engineers, the intelligentsia—we always speak about the intelligentsia as a thin, thin stratum. By the way, it is my personal opinion as a scientist, that even Marx's formulation about the intelligentsia is inaccurate, where he speaks of the intelligentsia as a group or a stratum. Perhaps this was accurate in the last century. But in our century, it is already a powerful class.

Therefore, I personally think that the loss of Russian, formerly Soviet, scientific and technological capacity lies in that they possessed the knowledge necessary to master the Eurasian region. When people talk about major divisions of the world today, they mention Europe, Asia, Africa, and so forth. But from the standpoint of geographic reality, you have Europe with certain climatic conditions and potential, the physical conditions, like rainfall that helps crops and animal husbandry. And then there are the truly harsh regions of Siberia, never inhabited by mankind. And it must be said that only Russian people, the Russian people, could live under those difficult conditions.

Muranivsky: They not only could survive there, but they *developed* those regions.

Manusadjan: Quite right. The technology as a whole, the social infrastructure—because when I say technology, I don't just mean machines and equipment, but infrastructure which subsumes technological components, human components, cultural and historical legacies—creates a certain way of life for a certain civilization. This is what we call it, which is why we would like to conduct a serious conference on "Contemporary Problems of Civilization," with contributions from the Schiller Institute, because you formulate these things very well. Here I see the kind of friendly interaction that produces a good effect, because it is not constructive just to have confrontation all the time.

It seems to me that in time, the loss of the potential of that region—the loss of the forests, the air pollution—could lead to the kind of catastrophe, which the politicians who are trying to run our economy now are heading for. They are working for the moment: Get the resources. But how actually to *develop* that entire region is a question for scientists. And the loss of the Russian capability would be a blow to civilization as a whole.



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Why 99.9% of economic experts are wrong

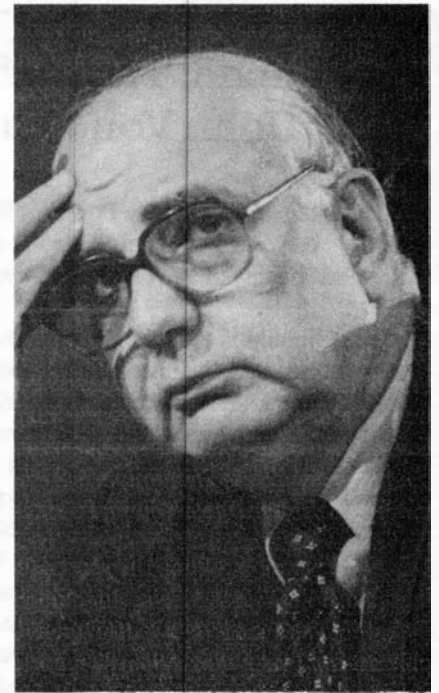
by Jonathan Tennenbaum

Dr. Tennenbaum gave this speech to a conference of the Schiller Institute and the Civil Rights Movement-Solidarity in Kiedrich, Germany, on Dec. 10-12, 1993. He is the director of the Fusion Energy Forum in Germany.

If it were possible to speak of positive benefits from the present worldwide crisis, then certainly one such benefit would be the undeniable *empirical proof*, that the prevailing economic ideas and theories—the economics taught in our universities and business schools, which have been the basis for the policies of leading nations over the last two decades—are nothing but a pile of garbage. The events since 1989 have proven that 99.9% of the world's reputed experts on economics and financial affairs are dangerous charlatans, no better than the astrologers, soothsayers, and magicians who have infested the temples and palaces of civilization since the times of Babylon.

Haven't we all been hearing them, for 20 years now, tell us about the economic upswing just around the corner, about the virtues of radical free trade, deregulation, and the post-industrial society? And now, as everyone becomes aware that we are in a depression, we have the most incredible, psychotic line coming out of the financial establishment and being repeated by leading politicians of the United States, Germany, and other countries. They now warn, that there could be a catastrophic collapse of the world financial system, if the radical liberalization of trade is not immediately pushed through. This is psychotic: If they now admit that *their own insane policies* have driven the financial markets to the edge of utter collapse, then what authority do they have to prescribe the remedy?!

The well-known French economist Maurice Allais is of course absolutely right, in publicly denouncing the World Bank and OECD and related institutions, for gross incompetence in economic affairs. Allais points out that the so-called RUNS model—a vast World Bank computer economic model with 77,000 parameters—is nothing but a bluff, a swindle with no scientific basis, whose only



Among the “experts” who can’t seem to get it right are, left to right: John Von Neumann, known as the father of the modern digital computer; Harvard economist Jeffrey Sachs, author of the “shock therapy” program which has devastated Russia; and former Federal Reserve Chairman Paul Volcker, whose high interest rates started the current depression mudslide.

purpose is to provide a justification for policies which were decided upon in advance. He notes, for example, that the World Bank model makes no distinction in statistics between human beings and farm animals, revealing the anti-human ideology of that institution. Allais doesn’t go far enough; he doesn’t attack the errors of thinking which lead to tolerance of such frauds. He only hints at the fact, that the methods of the World Bank, International Monetary Fund, “free trade,” and “shock therapy” are intrinsically fascist and genocidal in nature. In fact, Lyndon and Helga LaRouche have been the only international public figures to have publicly declared, for two decades, that the policies of the IMF and the World Bank, of the Club of Rome, are identical in underlying principles to the policies which led to the Nazi extermination camps of World War II. If more and more of our world, under the domination of the IMF-World Bank-United Nations apparatus, looks like a concentration camp, that is no accident.

Such things as the RUNS model are of course frauds, but they also reflect the fact, that the oligarchical ideology predominating in those institutions is unable to understand the basic principles of economy. That is the underlying reason, why the vast majority of so-called economist experts—most of whom are working directly or indirectly for oligarchical interests—have been wildly wrong in their evaluations and predictions of economic events of the past 25 years.

No one, in this situation, has more credibility than Lyndon LaRouche and our organization. Every single day and practically every hour for more than two decades, all over

the world, we have talked about the ongoing world economic collapse. We have warned of the crisis, we have explained its causes, we have proposed the remedies, we have identified the institutions and persons responsible for the disaster, and so on. We have not been able to stop the collapse up to now. But our work has not been in vain. The world would have been in much worse condition, had we not done what we have done. And, more important, we have built an institutional authority which is unique on the surface of this planet.

In this situation, our task is, above all, to turn the attention of people to the basic errors in thinking which permitted them to tolerate insane economic policies for so long, and to help them to overcome those errors. Every sane person knows that something is deeply wrong with the world. But it is one thing for people to realize that there is a problem, and something very different to precisely *locate the cause* of the problem, in the deficiency in their own thinking and that of others.

The case of John Von Neumann

Now I want to examine the case of John Von Neumann, co-author of the famous *Theory of Games and Economic Behavior* of 1943, as an extreme—and therefore usefully illustrative—example of the type of systematic error which pervades the thinking of leading institutions all over the world in the making of economic policies. This book was hailed as a revolutionary breakthrough in the application of mathematics to the so-called human sciences, including economics, sociology, and psychology. It went together with the

LaRouche: 'I am definitely not a John Von Neumann'

In his autobiography, The Power of Reason: 1988, Lyndon H. LaRouche, Jr. describes the difference between his method and that of John Von Neumann:

I am definitely not a John Von Neumann. According to my sources, he was famed already during his early years, for amazing arithmetic calculations. As in every kindred case of which I know, this development of one's brain as a calculating machine, has certain advantages, but is usually also a grave mental defect. His posthumously published Yale lectures, on the subject of the computer and the brain, display the price he paid for his remarkable talent. My brain has never functioned arithmetically; at no time in my life have I shown better than average arithmetic capacities. My mind functions geometrically, as I believe all minds should, under normal conditions and normal development. By conditioning children's minds in such a way as to emphasize a potential for arithmetical thinking, we cause them to lose much of a capacity which is more fundamental, more valuable.

From what I know of the human brain, including study of the way in which the eye maps into the cortex, human memory is not digital, but holographic. I believe that we "store" experience holographically. I believe that we do not recall experience in the way a digital computer

searches out a stored datum. I believe that we reconstruct an image of experience holographically. . . .

During 1958 and 1959, I returned to the original point of departure for my economic researches, the issue of "information theory."

Over the preceding years, in addition to my attention to what was called "automation," I had studied the efforts to sell the idea that digital computers could be developed to simulate "artificial intelligence." Various theorists, including Wiener and Turing, had helped to build up a credulous audience for such propositions. The influence of John Von Neumann must also take much of the blame for this.

The idea of "artificial intelligence" is readily proven to be an absurd one, but sometimes the work of refuting an absurd idea leads to a useful result. The idea occurred to me: Instead of merely refuting the absurd claim of MIT's Professor Marvin Minsky, et al., why not use the disproof of Minsky's claims as a way of defining the outer limits of capabilities of digital computers? . . .

Every bit of information reflecting an act of communication by, or to, human intelligence, is representable in the adequately extended elaboration of a Gauss-Riemann physics. This signifies that the correct analysis of "information" is uniquely of this form. That fact disproves absolutely the dogmas of Norbert Wiener and John Von Neumann.

The overlay of this line of inquiry with my work in economic science, has been the central feature of my intellectual life since the end of the 1950s, and is the focus of my activities today.

postwar boom in so-called operations research—the method originally developed by the Anglo-Americans to evaluate and perfect the use of bombing of towns and cities for psychological warfare. It was also closely related to the development of information theory and linguistics. We can thank these pioneering efforts for a good deal of the evil which has been perpetrated in the postwar period.

Von Neumann is known as the father of the modern electronic computer (although the mathematical principles involved were well known to Leibniz 250 years earlier). Von Neumann seems to have been obsessed with mathematical formalism and mechanistic forms of lawfulness. He firmly believed that the human brain is essentially nothing but a large digital computer. He devoted great efforts to the design of a self-reproducing machine. His dream was, that by developing ever larger computers, eventually it should be possible to replicate the behavior of any system, living or inanimate. It would only be necessary to introduce a sufficient number of variables. So, it is a short step to the World Bank's RUNS model with its 77,000 parameters.

The basic approach of Von Neumann and Oskar Morgenstern is this. They look at the economy and say, what are the basic elements? These, they say, are the individuals acting in the economy, as workers, businessmen, bankers, and so forth. These are, so to speak, the Newtonian elementary particles of the economy. These interact with each other by making various sorts of trading transactions and deals with each other. Von Neumann and Morgenstern assume that each of these economic "players" has a *system of values* determining what various outcomes are worth to them. Each one tries to maximize its gains and minimize its losses according to some strategy. This criterion defines the action of the so-called market forces.

Note, that there is no principle of *reality* in this so-called model of economics, no morality, no purpose whatever. It is just a game. If anyone would object that something had been left out of the model, the authors could simply answer: No problem! We will just add more parameters!

We find the game theory concept spread everywhere in western society today. Generals conduct exercises in strategy

through computer war games programmed according to some scheme of penalties and gains. The so-called techniques of social conflict resolution, negotiating techniques in business and in trade unions, the modelling and training of marriage and family life through games, and so on and so forth. The entire free market ideology is exactly the same thing.

LaRouche's refutation of Von Neumann

It is very easy to disprove Von Neumann's and any other similar sort of formal mathematical theory of economics, no matter how many variables they set up and how many sets of inequalities and equations are included. LaRouche showed how long ago.

We have only to point out two crucial, historically demonstrated facts concerning Man's existence on this planet.

First, history proves that civilizations which reject scientific and technological progress, are doomed to collapse. So, our western civilization today is sickened and collapsing, because of the anti-science "green" ideology which has been injected into it by the sponsors of the Club of Rome.

The most obvious reason that collapse is inevitable, is the fact that every *human* society—at least every society advancing beyond the stage of half-starved colonies of apes—depends for its continuing physical existence upon some range of physical resources, which will always be relatively finite in terms of the extent to which the society can exploit them based on a given level of technology. Therefore, the moment a society abandons technological progress, it "freezes" the range of its available resources and ensures that, sooner or later, they will effectively be exhausted. At that point, or before—generally long before—the society will collapse to murderously lower levels of population potential.

Observe, however, that the ultimate *cause* of such collapse, of such *entropy*, is not located in Nature per se, but in the society's refusal to continue technological progress at a necessary rate. In other words, the source of entropy is *entropic ideas*.

On the other hand, in spite of the collapse of some civilizations, the broad sweep of history has demonstrated Man's power to successfully expand his power to exist, by means of technological progress, beyond any assignable limits. This power is reflected in the 1,000-fold increase in mankind's population potential on this planet, from pre-historic times until today.

But, what is the nature of this sort of extended, *successful* technological progress?

Let us imagine that at any given historical point of Man's existence, some formalist mathematician like Von Neumann puts all the existing scientific knowledge into the form of an axiomatic system. Now, such a formal system of scientific knowledge defines a range of families of technologies, which are consistent with that system of knowledge. As long as a society holds on to the axioms of such prevailing knowledge, the possibilities of technological progress are strongly limit-

ed, in such a way, that the expansion of population potential will approach an asymptotic limit, and eventually be reversed. At that point, society would be doomed again to entropic collapse.

Hence, *successful* technological progress is based on *scientific revolutions*, in which scientific knowledge leaps beyond the bounds of any given formal system. That is, we discover in effect, and prove by crucial experiment, that some axiom in the system is in disagreement with the demonstrable laws of the universe. This brings down the entire hierarchy of theorems in the formal system and forces us to critically rework the whole fabric of existing scientific knowledge. The effect of such a revolution, from the standpoint of Von Neumann's formal method, is a "jump" from one formal system of knowledge *A* to a new system *B* which is incompatible with *A*.

History demonstrates that Man in fact exists through the power to effect successive revolutions of this type, which open up new ranges of families of technologies of higher productive power. History demonstrates also, that the source of successive scientific revolutions is located immediately in certain ideas known as higher hypotheses. We could call such ideas negentropic or relatively negentropic ideas. Each one implies a seemingly unending series of scientific revolutions $A \rightarrow B \rightarrow C \rightarrow D \dots$

Now we can easily recognize the devastating fallacy of Von Neumann's and every similar approach to economic theory. Exactly the feature which Von Neumann regarded as the strong point of his approach—the supposedly complete formal description of economic processes—ensures that his mathematics could only describe a pathological, entropic form of economy, an economy which has abandoned fundamental scientific progress and is doomed to collapse. For, a healthy economy will always diverge from any mathematical description of Von Neumann's type. In fact, the rate of divergence, the increasing rate of generation of singularities $A \rightarrow B, B \rightarrow C \dots$ is a measure of real economic growth!

Thus, economic value cannot be defined in a formal system. Value is inseparably linked to the power of the human mind to supercede any given formal system of knowledge, by valid scientific discoveries.

The periodic system of elements

Now I want to illustrate the opposite kind of method to that of Von Neumann, by referring to an example of a very successful higher hypothesis, the higher hypothesis embodied in the so-called periodic system of chemical elements, as developed by the great Russian scientist Dmitri Mendeleev beginning around 1869.

I think it is crucially important to emphasize, that the periodic system is not something separate from Mendeleev's role in promoting the ideas of Friedrich List, and his collaboration with Count Sergei Witte; quite the opposite, they are two inseparable facets of the same thing. I would

say more: There could be no American System of economics and there could never have been one, without Mendeleev's periodic system, or its precursors in the work of (for example) Leibniz, Lavoisier, Ampère, Gauss, Weber, and others. Actually, the underlying species of higher hypothesis involved is developed out of Plato's *Timaeus*, in a line of work extending through the harmonics of St. Augustine, Nicolaus of Cusa's conception of universal evolution, and of course Johannes Kepler.

Therefore, we must view the periodic system of Mendeleev not merely as a powerful tool of chemistry and physics, but implicitly as a central element in an economic Grand Design, a plan for development of the world economy. In some respects, the Eurasian-wide scientific collaboration around Mendeleev's work is very similar to what Lyndon LaRouche was putting together in connection with the Strategic Defense Initiative.

Let me briefly elaborate some of this.

Most of you will remember that by working out his system in the form of the Periodic Table, Mendeleev demonstrated the existence of a harmonic ordering among the chemical elements; and in particular the recurrence, in cycles, of similar or analogous characteristics among the elements arranged in the table. The table itself is actually only a metaphor for what we might today call a quantum field, whose action is reflected in the harmonic ordering of the table.

Now, from the very beginning, Mendeleev emphasized that the system was not to be seen as a static, formal entity, but as a self-evolving tool of discovery. And Mendeleev himself demonstrated how that works. The most important thing about the table was the *gaps*, the unfilled spaces, where the harmonic ordering demanded there must be an element, but no corresponding element was known. Using his periodic law, Mendeleev predicted the characteristics of several of the unknown elements, just as Kepler once predicted the existence of an unknown planet between Mars and Jupiter. Subsequently the elements predicted by Mendeleev were found, and demonstrated to be in agreement with Mendeleev's projections. Later, Mendeleev and others made further projections, and more elements were discovered.

Now, each time a new element was discovered, the entire Periodic Table, and physical chemistry as a whole, were in effect *redefined*. The most obvious example of this process was the series of scientific revolutions growing out of the discovery of the radioactive elements radium and polonium, by Marie and Pierre Curie. This led finally to the discovery of nuclear fission, of elements beyond uranium, and to a vast expansion of the periodic system to embrace the newly discovered degree of freedom expressed by the isotopes. By that, in effect an entire new range of "unfilled spaces" is created for discovery of "new chemical individuals," as they were called by Ida Noddack.

The most important thing, thus, was not the newly discovered elements per se, but the entire chains of advances in

knowledge unleashed "around and between" the new elements. The point is, the properties of the new elements are not *formally, logically* determined by the Periodic Table, in the way Von Neumann would have liked, but represent regions of singularity, regions of potential for scientific discovery. Thus, we know we can always project the process of discovery into the future. We cannot predict exactly what we shall discover, but we have a kind of lower estimate for each step; and, usually, we learn much more than we expected.

Some of you may already notice the similarity with the way in which the process of poetic, musical composition defines a harmonically ordered space in which singularities—dissonances—are generated, whose resolution redefines the meaning of the whole composition and opens up new potentialities for the further lawful development of the composition.

Now, the process of discovery associated with Mendeleev's periodic system, was inseparable from the rapid industrial and technological development taking place in Central Europe and Russia (with significant ups and downs, of course), from the middle of the nineteenth century into the early part of this century. This industrial growth provided the context for pushing knowledge and technology systematically to their limits, locating new singularities coherent with the periodic system. And conversely, the resulting scientific advances led to increases in the technology and productivity of labor, leading to a new cycle of economic activity and an expanded potential for making new discoveries. We have, in a sense, a negentropy machine. That is actually what Mendeleev's higher hypothesis really is; its subject is not really the chemical elements, but rather a process-gestalt of development of physical economy which continually projects itself further into the future. The chemical "individuals" are just singularities in that process.

Economics and immortality

Now I would like in closing to return to Von Neumann's error from a psychological point of view. It is interesting to note, that Von Neumann's error could not merely have been an intellectual error. A decade before Von Neumann elaborated his game theory of economics, Kurt Gödel had demonstrated that the attempt to formalize human knowledge in a comprehensive way—even in the domain of so-called pure mathematics—is doomed to failure. Nevertheless, Von Neumann and Morgenstern went ahead, simply ignoring the implications of Gödel's work. Evidently, Von Neumann had an obsession with eliminating any trace of the creative powers of the human mind. This circumstance points to the fact, that it is impossible to competently address the basic principles of economics, without touching upon the most personal and most profoundly emotional areas of our mental life.

Each of us here in this room, and every human being, is going to die some day. In fact, on the scale of history, our individual life seems like a mere instant, nearly absurdly

short. It sometimes seems as if, by the time we really get started, the end is already not so far away. What is the meaning, then, of our life, when it is over? When all the pleasures and personal satisfactions we may have experienced are gone? Was our life just a momentary perturbation in the universe, like a pebble thrown into the ocean, whose little waves spread out, weaken, and finally disappear, and are soon forgotten as if we had never existed? That thought might drive us to suicidal despair. And so indeed, the passionate desire for some form of *immortality*, for some *value* and *meaning* for our lives that might survive our biological death, is among the strongest emotional forces which energize, whether consciously or otherwise, all our thoughts and actions.

Insofar as we might search for a kind of immortality in *this* world, our thoughts turn inevitably to future generations of human beings, to our children and children's children, to the possible meaning of our life for the human society which lives on after us. That takes us to the very core of economics. Let us consider two culturally shaped directions of attitudes to this problem:

On the one hand, we have the oligarchical concept of immortality, based on lineage and breeding, on the biological reproduction of a chosen selection of families, and the perpetuation of their political rule over society, through such institutional devices as the Venetian *fondi*. This idea of a system of perpetual oligarchical rule is the paradigm of a self-perpetuating formal axiomatic system, and the ultimate historical source of the kind of formalist obsession displayed by Von Neumann et al. But it is, in its inner nature, profoundly fascist. In essence, it amounts to pathological form of religious belief. This is exactly what we find expressed in the blood and soil religion of Nazi ideologue Alfred Rosenberg's *The Myth of the Twentieth Century*. The nasty truth is that the Anglo-American oligarchy, as all oligarchies generally, shared essentially the underlying belief structure of the Nazi inner elite.

Opposed to this is the concept which has been happily widespread in western Christian civilization, which is commonly expressed by the idea, that each of us should strive to leave the world a better place than it would have been, had we not lived; that, as a result of our contribution, our children and our neighbors' children and our grandchildren should not only have the possibility of a better or fuller life than we, but that they should in some sense be better people, be less imperfect than we have been. But this commonplace formulation poses the question, how can we *know*, by what criteria could we judge, to what extent we are making an immortal contribution to future generations?

Exactly at this point LaRouche, in his alternative to the incompetence of Von Neumann et al., developed the most beautiful and profound conception, of the power function. It is the *type* of conception which the oligarchical mind is incapable of understanding.

Look at this problem first from the standpoint of knowledge, from Nicolaus of Cusa's principle of *Docta Ignorantia* [learned ignorance], and the seeming paradox he confronts us with there. On the one hand, Nicolaus demonstrates that all positive human knowledge is necessarily flawed, that truth in its completeness can never be grasped by the human mind. Here we meet, in another guise, our mortality, our finiteness. But at the same time, Nicolaus insists that our search for truth is not in vain, and there is a way to actually reach the goal and taste perfection.

The resolution of the paradox is indicated in Nicolaus's discoveries concerning the quadrature of the circle, the relationship between the circle and the finite polygons which the circle bounds externally.

Positive knowledge, of the type of the individual terms in the series $A, B, C \dots$ is of the nature of the polygons, which can never reach the relative perfection of the circle. But we can have more than that kind of knowledge. For example, we can know perfectible principles for generating knowledge, *higher hypotheses* that generate successive scientific revolutions $A \rightarrow B, B \rightarrow C, C \rightarrow D$, etc. These negentropic types of ideas, as we saw, cannot be expressed in the linear sort of language typified by Von Neumann's formal systems; nevertheless, they are knowable to human reason, and communicable through the method of metaphor.

It would appear, therefore, that knowledge of a higher hypothesis already constitutes a kind of infinite knowledge, something at least infinitely more perfect than any individual level of knowledge A, B, C , etc.

But, let us ask ourselves a provocative question: If I have a valid higher hypothesis, which generates successive scientific revolutions, doesn't that mean that I *already* have, implicitly, *all* the positive knowledge contained in that—infinite!—series of revolutions, even *before* they are made? Well, not exactly. For, a higher hypothesis does not, by itself, as a mere abstract idea, generate anything. Scientific revolutions are made by *people*, by individual *human beings*, whose creative activity is guided by the higher hypothesis as a method of discovery. Therefore, I must provide for the continued existence of the *human society* which produces the individuals who make the discoveries, and the overall social process within which such discoveries are realized.

That means not only the simple biological maintenance of human beings. To continue scientific progress over the long term, we require a form of economic development, which accords with the set of fundamental constraints prescribed by LaRouche. For example, development must be energy- and capital-intensive; there must be continual increases in the quantity and technological quality of energy consumption per capita and per square kilometer. The quantity and quality of market baskets of consumer and capital goods must increase, education levels and longevity must improve, and so forth. An economy developing in such a capital- and energy-intensive mode, becomes in effect a gi-

gantic scientific laboratory, because it is constantly driving existing science and technology to their limits, permitting us and the coming generations to successively conceptualize and overcome the limitations of our thinking.

By this means only, can we overcome the finiteness, the imperfection of our own immediate mental activity. A zero-growth economy creates a stupid population, a population of idiots. That is exactly what we are experiencing in Europe and the United States today, where the game-playing society of Norbert Wiener and Von Neumann has taken over. Most of the people do not even notice that they have become stupid.

We overcome our finiteness, our mortality, not by concentrating on our own development *per se*, but by devoting ourselves to the future generations of individuals whose average creative powers will be greater than our own. Our contribution is measured, ultimately, in terms of changes in the rates of increase of the potential density and per capita power of such individuals, per capita and per square kilometer.

So, by Mendeleev's contribution of a more powerful higher hypothesis, he effectively extends his own creative activity to include—in advance!—that of future generations of discoverers, of entire societies in the future. By participating in that kind of process, you and I become, through the creative activity of those future generations, in a sense infinite beings. Each and every person, in the past, present and future, is an expansion of our powers to know the universe, is a contribution to our potential immortality.

Contrary to the ridiculous assumptions of free-market ideology and Von Neumann's game theory, the ultimate cause of *demand* in a healthy society is the *cultural impulse* to realize to the fullest the creative potential of each member of society, today and for the future. Such a society invests its surplus in order to maximize the *sustained* rate of scientific and technological progress, in accordance with LaRouche's constraints. The process of projecting priority areas for investment and research in such an economy, is very much analogous to what Mendeleev did with his periodic system. The next higher accessible rate of rate of increase of potential population density defines, relative to the constraints, sets of harmonic values in terms of which we can define crucial areas of scientific and technological development and new qualities of labor power to be brought into existence. We steer the pattern of demand, against the irrationality of so-called market forces, by setting corresponding investment priorities for the state and private banking sectors.

So, we have at the very basis of economy, a very extraordinary concept, as we would say in Germany, an *unheimlich* sort of conception: an unlimited, self-generating, self-sustaining development powered by the process of perfection of the human mind, in which each human life enriches the life of every other human being, in a unique and individual way.

The process of *knowing* the universe, and the process of generating the physical basis for human existence at ever higher levels, are one and the same thing. Economy is epistemology!

Mendeleev's role in developing Russia

by Victor V. Petrenko

The author is a representative of the Schiller Institute in Moscow and holds a doctorate in chemistry.

In the annals of science, the name of Dmitri Mendeleev (1834-1907) stands alongside those of Leibniz, Gauss, Newton, Lavoisier, Faraday, Riemann, Liebig, Planck, and Einstein. Mendeleev's discovery of the Periodic Law (1869-70) became a turning point in the systematization of chemical facts and the development of chemical science.

To comprehend what Mendeleev accomplished, let us imagine a certain strict geometrical pattern made up of small mosaics (this would be the Periodic Table, showing the relations of the chemical elements); we then remove approximately 30% of the pieces at random and hide them (these would be the elements unknown in Mendeleev's day); and finally we scramble up all the remaining pieces (this represents the absence of any valid system accounting for all empirical facts which were then known) and change the color of some of them (some of the "facts" were erroneous). The task is to hypothesize the original pattern on the basis of the pieces (facts) available.

What allowed Mendeleev to discover this objective regularity was the hypothesis of the higher hypothesis. He was not afraid to assert that some of the known values for elements' atomic weights were erroneous, and proposed new, true figures. Before his discovery, chemists were "blind" in their research activity. Most experiments were chosen at random or by intuition. But with the development of the Periodic Law, Mendeleev was able to forecast the existence of three hitherto unknown elements, as well as their properties, the properties of their compounds, and the minerals where these elements could be found. When the French chemist Lecoq de Boisbaudran in 1875 discovered one of the elements, gallium, and defined its physical properties, Mendeleev sent him a letter pointing out an error in the values obtained and asking de Boisbaudran to repeat the measurements. After new experiments, the correctness of Mendeleev's figures was proven. Mendeleev's name is now on the Periodic Table forever: Chemical element number 101 bears his name.

The development of industry

Mendeleev was not merely a scientist. According to the precise description of the Russian chemist Chugayev,

“Mendeleev was able to be a philosopher in chemistry, physics . . . and a naturalist in the fields of philosophy, political economy, and sociology.” He could be regarded as one of the last encyclopedists, with his interest in physics, chemistry, meteorology, metrology, shipbuilding, aerostatics, agriculture, the oil, chemical, and metallurgical industries, economics, enlightenment, philosophy, and sociology. The amount he accomplished in these areas approaches that of the universal geniuses of the Renaissance. We will touch upon the issues of Mendeleev’s public activity only, leaving aside his scientific work.

From the very beginning of his career, Mendeleev was involved in industrial projects and research. Most of his efforts were devoted to new branches of young Russian industry, such as oil extraction and refining. (His well-known dictum was: “To heat a furnace with oil is like doing it with banknotes.”) He pushed for the construction of a Transcaucasian oil pipeline from Baku to Batum, and sent memoranda to governmental commissions on the development of the oil industry. In the 1880s, he performed an inspection of the Donetsk region and prepared a report on the industrial development of the area, including railways and a canal transport system for coal. Mendeleev thought that the wealth of the nations is defined primarily by the level of industrial development, and one of the quantitative indicators of this level is the rate of fuel consumption.

He wrote several articles on young Russian industry, and Mendeleev’s merits in this field were so well recognized in Russia that he was invited to prepare the main report at the first meeting of the Trade and Industrial Unit organized by the Society for Assistance for Russian Industry and Trade, as the leading expert on chemical, oil, and metallurgical plants.

The main pillars of Mendeleev’s ideas were as follows: The industrialization of Russia is a historical necessity; and some peculiarities of the economic and geographic situation in Russia (its undeveloped natural resources, seasonal labor, extensive domestic market, distant harbors and ports, and large Asian market) make for very favorable conditions for the development of national industry.

Protecting domestic production

Alongside his argument for industrialization, Mendeleev gave advice on general issues of national economic policy. Due to weak private initiative, he said, the management of industrial development should be implemented by the state. The system of trade taxes should not be the only measure for backing up young industry, but should rather be flexible and should not create advantages for large producers to the detriment of smaller ones.

Mendeleev supported the idea of small enterprises working with local resources. This could help to avoid economic errors based on inexperience, and could also reduce transport charges.



Dmitri Mendeleev, one of the great scientists of world history. His development of the Periodic Table was an element in an economic Grand Design.

In 1890, Mendeleev, on the invitation of Count Sergei Witte, participated in the Commission on the Issue of Customs Tariffs. He thought that in order to stimulate Russian industry and defend it from foreign competitors, high import tariffs should be introduced. Unfortunately, the works of the commission were not published in full, and this is one of the reasons why he published his own book on tariffs.

Mendeleev’s book covered various issues of Russian economic policy, and was really a textbook on Russian industry. In it, he criticized the policy of free trade: “This is the school of past ‘economists’ who come to the solution of vital problems from factional observations and abstract, aloof assumptions.” To this he counterposed the protectionist policy, in which the state strongly interferes in the process of foreign trade.

In 1896, Mendeleev applied to Witte for introduction of a new ruble supported by gold, instead of the old one which had existed since the Crimean War of 1854. The currency reform was implemented the very same year.

As a genuine Russian patriot, Mendeleev was often on the opposite side of the official guidelines, especially on the question of student freedom and rights. This was why he was not elected a member of the Petersburg Academy in 1880. In 1884, the new, more rigid University Statute was adopted, replacing the much more liberal one of 1863. And in 1890, Mendeleev decided to leave Moscow University.

A member of dozens of foreign academies and scientific societies, Mendeleev was truly one of the giants of international science.

Anglo-American racists use Indians to destroy Mexico

by Carlos Wesley

According to most of the American news media, the terrorist offensive launched on New Year's Day by the Zapatista National Liberation Army (EZLN) in the southern Mexican state of Chiapas, on the border with Guatemala, was a spontaneous uprising by poor "indigenous peasants," upset by the North American Free Trade Agreement (NAFTA) and the lack of free elections.

Don't believe it.

As *EIR* founding editor Lyndon LaRouche remarked in a Jan. 5 radio interview: "This is *not* an indigenous movement. This is, together with the Guatemala insurrection, organized from *outside*." LaRouche said that "the people who are doing the organizing of this Zapatista bloody side-show are *foreign* (chiefly) anthropologists and missionaries. These are *intelligence officers* of foreign intelligence services in the United States and elsewhere."

'Shining Path North'

The uprising confirms *EIR*'s repeated warnings that the barbaric warfare of Peru's Pol Pot-style narco-terrorist gang, Shining Path (Sendero Luminoso) would be brought north into Mexico. "Shining Path North" represents a new phase in the ongoing plan of the Anglo-American oligarchy to halve Mexico's population and to split the Mexican nation-state into "ethnic" enclaves, as in former Yugoslavia.

As *EIR* has documented every step of the way for the past 13 years (see below), it was these anthropologists from the Harvard Chiapas Project who put together the recent uprising, along with Marxist liberation theologians headed by Samuel Ruiz, the "red bishop" of the diocese of San Cristóbal de las Casas in Chiapas, and the PRD party of opposition

Mexican presidential candidate Cuauhtémoc Cárdenas, which is affiliated with the São Paulo Forum, founded by Cuba's Fidel Castro.

In fact, Cárdenas, who was quick to defend the EZLN's bloody actions, could be the big winner of the insurrection. According to the Jan. 4 *Wall Street Journal*, the uprising is a setback for ruling party candidate Donaldo Colosio, and "will provide fuel for the sputtering campaign of leftist presidential candidate Cárdenas."

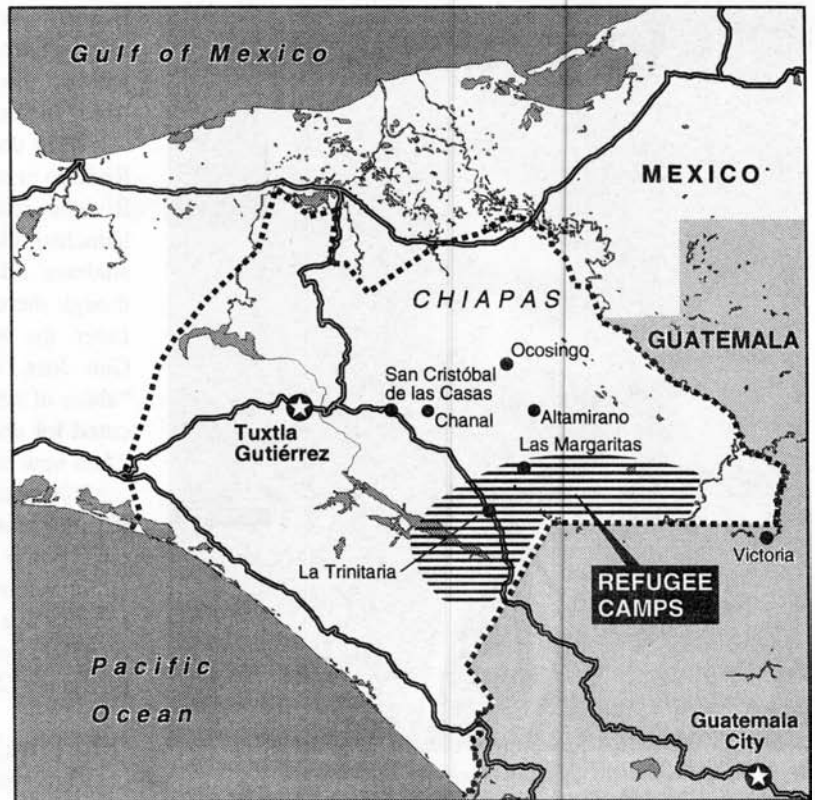
Another key player was the Guatemalan National Revolutionary Unity (URNG) guerrilla grouping of 1992 Nobel Peace Prize winner Rigoberta Menchú, a close collaborator and confidante of Mexican President Carlos Salinas de Gortari. The URNG in all likelihood lent battle-hardened terrorist cadre for the Chiapas offensive, according to the Guatemalan Army.

Menchú reiterated the ethnic bantustan perspective last month in Colombia, where she sought to mediate an accord between the family of drug lord Pablo Escobar and the government. "Colombia is a country with a very complex situation, in which there are a number of actors: guerrillas, drug traffickers, paramilitary groups," said Menchú. "For a peace process, it is necessary that none of them be left out." Only where "multiracial and pluricultural" conditions are established, she said, "can Indian nations co-exist with other nations within the same state." She threatened, "I hope we don't have to end up like the ex-Yugoslavia."

The EZLN fielded anywhere between 600 to 1,000 armed combatants. Early on New Year's Day they captured the city of San Cristóbal de las Casas, and the municipalities of Ocoingo, Las Margaritas, and Altamirano. They also took



The map shows southern Mexican state of Chiapas (indicated by broken line), and major cities targeted by the terrorists, including sites of refugee camps for tens of thousand of Guatemalans.



over Ox Chuc, La Trinitaria, and other settlements in southern Chiapas. This is the area in which are located most of the camps where the more than 40,000 Guatemalan refugees in Mexico live, including members of Menchú's URNG guerrillas.

The assaults were carried out with military precision, employing AK-47s, R-15s, and very sophisticated communications equipment, even cellular telephones. On the eve of the offensive, the EZLN stole 1,500 kg of dynamite from Pemex, the government's oil company.

They murdered a half-dozen policemen, some by summary execution. They kidnapped a former governor, Gen. Abasalón Castellanos, and as late as Jan. 6, they were still holding him and another 100 civilians hostages in Guadalupe Tepeyac, a community right on the Guatemalan border.

Like their cousins in Peru's Shining Path, throughout the offensive the EZLN systematically destroyed infrastructure, water works, electrical systems, schools, and hospitals in Chiapas, one of the poorest states in Mexico. This scorched-earth policy would ensure that the poor Indians whom EZLN claims to defend, would be relegated to the Stone Age, fit only to be lab specimens for study by Harvard anthropologists.

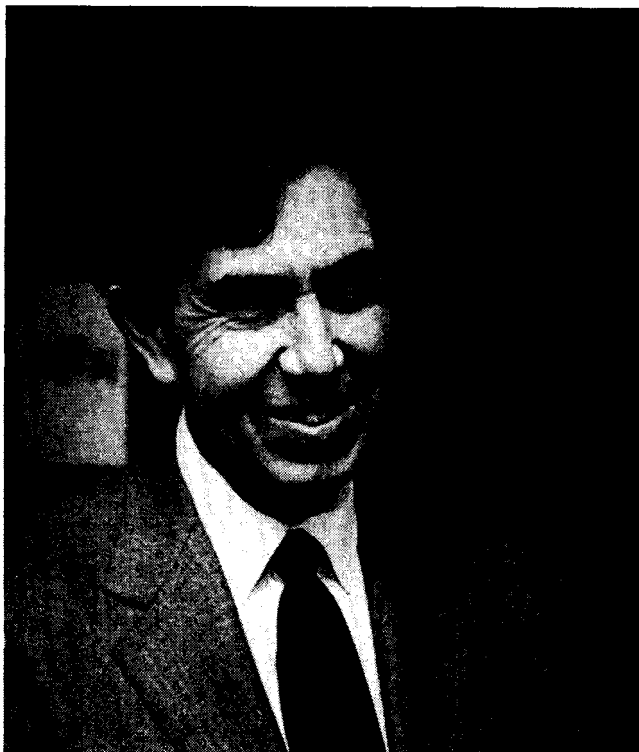
And just as with Shining Path, the EZLN is a narco-terrorist gang. Peru's daily *Expreso* reported on Jan. 6 that the EZLN was backed by drug traffickers who seek to preserve and expand their poppy fields in Chiapas, a major source of the heroin entering the U.S. drug market.

There are indications that the bloody events of Chiapas could be replicated in the states of Guerrero, Yucatán, Michoacán, and Oaxaca in Mexico's south, and even as far north as San Luis Potosí. But the danger extends beyond the threat of dismemberment to Mexico. In Bolivia, the Confederation of Peasant Workers proclaimed its "moral support" for the uprising, and warned that they were considering staging "a rebellion similar to that being carried out by our Aztec and Mayan brothers in Mexico." Atencio López, an Indian by profession, whose operations are funded by international organizations such as Survival International and the World Bank, threatened: "What you are seeing today in Chiapas, could well happen tomorrow in Costa Rica or Panama," reported Reuters on Jan. 5. Similar warnings came from Ecuador and, almost simultaneous with the Chiapas uprising, Guajiro Indian inmates in a Venezuelan prison battled a rival gang in a riot that left at least 122 prisoners dead.

Target: the Army

A key target of EZLN from the start was the Mexican Army. Its first communiqué ordered the "trials" and liquidation of police and members of the Mexican Army, which it declared "a basic pillar of the dictatorship which we suffer."

But from the initial stages of the outbreak, the Army was not allowed to deploy to stop the EZLN. It was the EZLN that went after the Army, by mounting a fierce attack on Jan. 2, against a military base in Rancho Nuevo, on the outskirts



Mexican opposition presidential candidate Cuauhtémoc Cárdenas, who rushed to the defense of the Zapatistas, could emerge as the big winner of the insurrection.

of San Cristóbal. The battle lasted well into Monday, and left five soldiers and 24 insurgents killed, according to official figures. Even after that attack the Army was ordered to respond only when attacked. That decision was taken by the Salinas government, clearly shaken by strong domestic and international pressure from the pro-terrorist human rights lobby. Nicaragua's Sandinistas, El Salvador's FMLN, Menchú, and others urged Salinas to "negotiate a peaceful solution," all the while the EZLN continued its wanton violence. In a thinly veiled threat, Donna Lee Van Cott, of the pro-drug legalization Inter-American Dialogue—an influential organization of bankers and other policymakers leading U.S. efforts to destroy Ibero-American armed forces, and to bring to power across the continent the parties of the São Paulo Forum—told Reuters that the Army had better be kept in check, if the Mexicans are interested "in keeping NAFTA on track and keeping foreign investment pouring into Mexico."

The Army's restraint proved costly. Some unconfirmed reports claim that as many as 150 soldiers may have lost their lives. (The official death toll is much lower.) It should be noted that Mexico's Army, from the lowest soldier, on up to the highest levels of the officer corps, is overwhelmingly Indian and *mestizo*.

When the Army was finally allowed to launch aerial bombardments against subversive strongholds and began pouring troops and tanks into the area, Bishop Ruiz, Cárdenas, the

British intelligence-owned Amnesty International, the George Soros-funded Americas Watch, and most of the international media screamed that the massive deployment violated "Indian" rights.

What do they want? asked Defense Secretary Antonio Riviello in an interview with the Mexican daily *El Heraldo*. Riviello recalled that a few months ago an attack was launched, charging the Army as genocidalist because of the students killed during the 1968 student uprising—even though there is filmed evidence that absolves the military. Later, the *New York Times* took up the cudgels for jailed Gen. José Francisco Gallardo, who is being disciplined for "abuse of authority," claiming that he was really being persecuted for denouncing human rights abuses by the military. "And now this," said Riviello.

If former CIA director William Colby had his way, Riviello would be out of a job and the EZLN would have taken power. "Mexico doesn't need an Army," Colby said in an interview with *El Financiero* a number of years ago. If security was threatened, according to Colby, the U.S. Army could always come in—very convenient in the case of oil-producing Chiapas.

'Shut the border and watch them scream'

That's precisely the plan. As early as Aug. 11, 1980, *El Heraldo* ran a front-page article by correspondent Leopoldo Mendivil under the eight-column banner headline, "Brzezinski Tries to Destabilize Mexico: LaRouche." The article noted that "The National Security Council, directed by Zbigniew Brzezinski, has attempted to carry out a policy of destabilizing Mexico to achieve the 'Iranization' of this country, which could lead at some point to a military occupation, especially of Mexico's oil-producing areas." He reported on Rockefeller agronomist William Paddock's plan to rapidly reduce Mexico's population, and shut the border, and to Brzezinski's attempts to keep Mexico in a state of "perpetual underdevelopment." As Brzezinski himself stated: "the U.S. will not allow another Japan to arise on its southern border."

White chiefs and dead Indians

There are "indigenous" forces in the EZLN, but they are not in charge. A Jan. 5 government communiqué says the EZLN has two levels: "a) a professional leadership, expert in conducting acts of violence and terrorism, well educated, both Mexican and foreigners, with powerful weapons and with sophisticated communication equipment; and b) Indians and peasants, many of them 14 or 15 years old, poorly educated and poorly trained, armed with machetes, shotguns, or lower-caliber weapons."

"They told me, 'Let's go to war,' and they dragged me," said one captured peasant quoted by *Excelsior*. Most had never heard of NAFTA, and some said they were told their land would be taken away or they faced death if they didn't join. An estimated 30% of the terrorists were from Guatemala.

la, El Salvador, or other Central American countries. According to *Excelsior*, people in Chiapas said that “starting two years ago, [guerrilla] training began on both the Guatemalan and Chiapas side of the border, given by American instructors.”

Commander “Marcos,” the EZLN spokesman and apparent leader of the assault on San Cristóbal, is described as a “blond with green eyes” who speaks several languages. Arnaldo Braguti, an Italian sociologist who witnessed the attack, said the leader of the assault on San Cristóbal “was white, he wasn’t at all indigenous. . . . He spoke perfect Spanish, but also spoke English to some of the tourists,” Braguti told Reuters.

Behind “Marcos” is the German priest Carlos Lender-Foll, who was recruited by Bishop Ruiz, writes Juan Bustillos Orozco in the most recent issue of *Impacto* magazine. Lender-Foll “cohabits with a Canadian woman, Janina Archinbaum, with whom he shares the leadership of a network of cells that extends throughout the diocese of San Cristóbal.”

Last September, Jesuit priest Mardonio Morales told *Proceso* magazine that starting in the 1970s, Bishop Ruiz tolerated, if not encouraged, the infiltration in the Christian “base communities” in the Lacandon jungle, of Maoist proselytizers under the leadership of Adolfo Oribe, currently an official in the Salinas administration. Like Pol Pot, head of the genocidalist Cambodian Khmer Rouge regime, and his Peruvian counterpart, Shining Path founder Abimael Guzmán, Oribe spent years in Paris studying at the Sorbonne, where he was a disciple of the deconstructionist Louis Althusser.

Documentation

More than a decade ago, we warned you

From 1976 forward, EIR founder Lyndon LaRouche led a fight internationally in support of Mexico’s sovereignty and its right to develop into an industrial and scientific giant. In the course of that fight, LaRouche and EIR identified so-called radical indigenism and the very networks now leading the insurgency in southern Mexico, as the leading instrument of subversion wielded by the enemies of Mexico. The record shows:

Jan. 22, 1980: *EIR* warned, in an article on “The ‘Iranization’ of the Mexican Republic,” that policymakers in Washington, D.C. were spinning out scenarios for a U.S. military occupation of Mexico’s rich oil fields, under the

cover of protecting them from a projected terrorist upsurge along the Mexican-Guatemalan border. Such talk was heard from top Mexico hands at Georgetown University’s Center for Strategic and International Studies and associates of the left-wing Institute for Policy Studies alike. Singled out by *EIR* was an article in *Gallery* magazine penned by IPS founder Karl Hess, which suggested a scenario in which the U.S. President decides to “encourage . . . terrorist activities by Marxist anti-American guerrillas” in oil fields in the south of Mexico, in order to create conditions for U.S. intervention.

June 1980: *EIR* issued a Special Consulting Report, “Chiapas and the Destabilization of Mexico,” detailing the powerful channels of foreign influence organizing conflict in Chiapas, “less than 100 miles from Mexico’s biggest oil fields.” We singled out the role of liberation theology, U.S. and French anthropology networks, and “the international ‘human rights’/ethnocide lobby” in setting up Chiapas as a focal point for the destabilization of Mexico.

Identified as one of the leaders of the project was the bishop of San Cristóbal de las Casas, Samuel Ruiz, a top liberation theologian then organizing peasant and Indian revolts with foreign “radical anthropologists.” *EIR* documented how “Chiapas has been the target of one of the most intensive anthropological investigations of any region on the globe.” Between 1957 and 1977, anthropologists working with Harvard University’s Chiapas Project alone—and other foreign institutes had projects in the area as well—had produced 27 books, 21 doctoral dissertations, 33 undergraduate theses, two novels, and a film on the region.

July 1, 1980: *EIR* dedicated its cover story to “Aztec Fundamentalism and the Ayatollahs of Mexico,” warning that radical networks organizing unrest in Chiapas, were serving as the shock troops for the New York Council of Foreign Relations and others who sought to “Iranize” Mexico, that is, induce a Khomeini-like revolution to stop all industrial and scientific development.

Here, LaRouche warned that toleration by Mexican nationalists of the “pagan cult of Aztec fundamentalism,” and their “wrong-headed prejudices” against the Augustinian Catholic roots of Mexican republicanism, blinded them to the “Indian card” being developed against them. The goal of the Iranization project is to accomplish “William Paddock’s proposal to approximately halve the population of Mexico by the end of this present century,” LaRouche warned. “A Mexico which tolerates admiration of Aztec culture is a Mexico which will be destroyed because it has lost connections to the moral fitness to survive.”

Dec. 10, 1980: An *EIR* exposé by Timothy Rush on “The New Initiatives Under Way to ‘Iranize’ the Mexican Nation” identified plans by anthropologists to create “Indian nations” as an instrument of destruction against “the development capabilities of modern nation-states in Latin America.” Rush pointed, as danger signs, to the promotion in the international press of Aztec culture, including human

sacrifice and cannibalism, combined with proposals by Mexican and foreign anthropologists “to dismantle the Mexican federal state to form a Yugoslavia-style union of backward ethnic entities.”

Feb. 10, 1981: *EIR* warned that a new attack by armed peasants against installations of Mexico’s national oil company, Petroleos de México, in Chiapas set a precedent for a broader revolt being organized by liberation theology’s networks, headed by Bishop Ruiz and Arturo Lozano, S.J., head of the Jesuit mission in Chiapas.

March 9, 1982: *EIR* cover story on “How the IMF and Wharton Plan the Iranization of Mexico” identified the influx of Guatemalan refugees across the Mexican border, then sometimes occurring at the rate of 2,000 a week, as one of the gravest problems faced by Mexico.

July 20, 1982: *EIR* featured on its cover an exposé of how “Nazi Anthropologists Incite New Ethnic Violence.” LaRouche charged that oligarchic financiers are deploying an “anthropologists’ nightmare of ‘separatist movements’ ” in order “to generate throughout the planet a protracted condition of chaos—economic depression, regional wars, dionysiac orgies of assassination, rioting, and insurrection in many nations. This process is intended to obliterate the institution of the sovereign nation-state and to bring forth out of chaos a malthusian world-federalist order.”

In an included case study on indigenist-separatist operations in Central America, *EIR* urged the government of Mexico to deny entrance, on national security grounds, to the anthropologists from around the world seeking to attend the celebrations for the 25th anniversary of Harvard’s Chiapas Project, scheduled to be held that month in San Cristóbal de las Casas, Chiapas. “War and rebellion in Mexico . . . is an immediate aim of these networks, who talk now of establishing an independent Indian ‘nation’ in Chiapas,” *EIR* warned.

Aug. 15, 1985: *EIR* published a 100-page Special Report, *Soviet Unconventional Warfare in Ibero-America: The Case of Guatemala*, documenting how liberation theology and anthropological networks, with support from the Cuban communists, created the terrorist movement of Guatemala as a so-called Indian insurgency, with public spokesmen such as Rigoberta Menchú. The report detailed how the Guatemalan terrorist movement was linked to the drug trade, its similarity of methods with the barbaric Shining Path of Peru, and warned of the danger the Guatemalan narco-terrorist movement represented to Mexico and the Americas as a whole.

Sept. 25, 1992: *EIR* warned that supporters and activists from Peru’s Shining Path were “on the march” inside Mexico. “The existence of this terrorist network could mark the beginning of a terrorist escalation in the country,” we warned.

Nov. 1, 1992: *EIR*’s Spanish-language publication, *Resumen Ejecutivo*, ran a profile of the apparatus deployed by Peru’s Shining Path inside Mexico, and its overlap with

Mexican groups of similar profile. The *Resumen* story, a summary of a longer special report circulated in Mexico by *EIR*, documented Mexican government support for the extensive Maoist apparatus inside the country, and warned of the possible activation of a Shining Path-like insurgency inside Mexico at any time.

Oct. 30, 1992: *EIR* warned: “The awarding of the Nobel Peace Prize in 1992, the 500th anniversary of the Evangelization of the Americas, to Rigoberta Menchú, international representative of the narco-terrorist Guatemalan National Revolutionary Unity (URNG), will unleash Shining Path-style warfare throughout the Americas. Because of its immediate, devastating effect on Guatemala and Mexico, this award could better be called the Nobel’s ‘Shining Path North’ Prize. This is a deliberate decision by the Anglo-American establishment . . . and its purpose is to eradicate western civilization from the area. . . . What is going on now in Ibero-America, is a pilot project for what the U.N. plans to unleash in Asia and Africa next.” A fact sheet documenting Menchú’s terrorist history was included.

Feb. 5, 1993: *EIR* warned that the repatriation back to Guatemala of the first of the over 45,000 Guatemalan refugees living in Mexico, organized by the United Nations and directed by Menchú, was a major escalation of the project to set off “Indian” ethnic warfare throughout the Americas, eradicating Christian civilization in order to reinstate bestial pagan cultures.

April 20, 1993: *EIR* issued a memorandum on the threat to Ibero-America represented by the Inter-American Dialogue, sounding the alarm over the Dialogue’s new special project on “Ethnic Divisions and the Consolidation of Democracy in the Americas,” whose stated purpose is to foster indigenous movements as a means to splinter the nation-states of Ibero-America and eradicate “the very concept of national identity and national culture.” The director of the Dialogue’s new project hails Rigoberta Menchú as the exemplar of their cause.

July 1993: *EIR* published a 460-page book in Spanish, *The Plot to Annihilate the Armed Forces and Nations of Ibero-America*, documenting the plans and operations set in motion by Anglo-American financial interests more than ten years ago to destroy the sovereign nation-states in the region, through genocidal International Monetary Fund policies, elimination of the institutions which historically have formed the backbone of the state (the Catholic Church and the military), and activation of “indigenist” revolts—financed and deployed by the international financial institutions themselves.

Nov. 26, 1993: *EIR* reported that the Vatican had ordered the schismatic liberation theology bishop of San Cristóbal de las Casas, Samuel Ruiz, “to resign his post because of his ties to separatist and Marxist movements in Chiapas,” provoking a major campaign in his defense by an international network of liberation theology supporters.

The cultural groundwork for a Leibnizian renaissance in China

by Elisabeth Hellenbroich

Originally delivered as a speech at a conference of the Schiller Institute held in Kiedrich, Germany, Dec. 10-12, 1993.

In his recent article, "History As Science," published in *Fidelio* magazine (Fall 1993), Lyndon LaRouche gives an outline of the prospects for the 21st century. The battle against hunger, misery, and cultural backwardness in many countries of this world will only be successful, he says, if mankind concentrates on the biggest task of the next century: the development of the Pacific Basin. The key question will be, how will China and its 1.2 billion population, the largest on the planet, develop? Will there be an industrial, scientific, and cultural renaissance, based on the most modern infrastructure—i.e., a very advanced rail network, combined with modern energy and water supplies? Or will China be transformed into a gigantic work camp, with millions of people being used up as coolie labor in the so-called Special Economic Zones?

How explosive the political and economic situation in China is, is indicated by a study published in May 1993 by some members of the Chinese Academy of Sciences. The study warned that China could disintegrate as did the former Yugoslavia, if the central government in Beijing does not gain control over the economic situation. Beijing, the study says, is being bankrupted by the provincial governments, which are holding back taxes and other payments to the central government.

The Achilles' heel of China's internal dynamic, as history has shown numerous times, is the catastrophic situation of China's peasants. With an average income of \$134 per year—for 80 million peasants, it is barely \$50!—and increasing payment demands imposed on them, there is now a situation in which 200 million peasants are unemployed. In the year 2000, this number will have doubled. And this is taking place against a background of shrinking production, the loss of arable land due to droughts and floods, and a dramatic fall in the birth rate because of a malthusian birth control policy.

Nearly 200 million peasants or agricultural laborers are internally "migrating"; that is, they are fleeing catastrophic living conditions in the hopes of finding work in the supposedly booming Special Economic Zones, where they are cheap, expendable labor. In 1993 alone, there were 300-400 peasant revolts, in particular in Sichuan province.

China's social and economic dilemma is that on the one side, it has a very thin crust of a highly developed technology, contrasted with the backwardness in which the majority of the people live. Some 160 million homes lack water and electricity supplies. Per capita energy consumption is 180 million kilowatts for 1.2 billion people, compared to 60 million kilowatts for 80 million German inhabitants. Three percent of the energy supply comes from nuclear energy—among the lowest proportions in the world.

In Guangdong province, because of a lack of energy, the factories close three to four times a week. Aside from a chronic shortage of energy (keep in mind that China's energy supply is 75% coal), China suffers an acute shortage of transport, in particular rail transport capacity, which leads to high production losses. That is a short characterization of the type of problems China faces.

Axiomatics of a renaissance

Let me begin to introduce this question by outlining the axiomatic features of a Leibnizian renaissance for China. Methodologically, we will proceed as did Gottfried Wilhelm Leibniz—one of Europe's greatest "scientific organizers"—after the devastating Thirty Years' War. He developed the design for a Eurasian development program. It is a vision in which Europe, Russia, and China would form an alliance based on the infrastructural exploration of these countries, in particular Russia's Siberia, the founding of scientific academies, and the common effort of engaging in scientific, historical, and comparative language studies—all areas which should serve as strategic and scientific guidelines for the work of the European scientific academies.

The founding of the Berlin Society incorporated this program in its official guidelines in 1700. In a memorandum in 1716 directed to Czar Peter the Great, titled "On the Arts and Sciences and Crafts in the Russian Empire," Leibniz gave an outline of how to create a scientific renaissance.

The main points he emphasized were: 1) create the necessary instruments for education; 2) educate people in science; 3) find out new information. Leibniz demanded in this outline that print shops, book shops, and libraries be established "in which manuscripts would be found which are unknown in Europe, manuscripts from Greece, Turkey, Persia. . . . They should also collect books in many different languages, Sla-



Gottfried Wilhelm Leibniz, author of a program for development of Europe, Russia, and China.

vonian, Dutch, Latin, Welsh, Spanish, also in Greek, in literal and vulgar Hebrew, Arabic, Syrian, Chaldean, Ethiopian, Coptic, Armenian, and Chinese. But the largest part must be in Latin. . . . Such a library should be established in such a way, that there would be pooled information from histories, countries, languages, sciences, food—in other words, that one would find there the whole treasury of human science, as much as there has been written about it.”

In addition to the library, there should be a cabinet displaying “all optical, nautical, mechanical, and other inventions.” “This includes instruments which an architect and an engineer *mechanicus astronomus* needs.” There also should be a *theatris artis*, Leibniz says, including models such as newly invented machines for waterworks, mining, etc. For Leibniz, the key precondition for an economic and scientific renaissance lies in the transmission, or rather, the replication of the method of *ars inveniendi*, the art of invention.

Therefore, it is important to “rediscover” the best knowledge of mankind, starting with the earliest possible date of human civilization, Leibniz wrote in a memorandum to Czar Peter the Great. “We should order this knowledge in such a way . . . that we can see *origines inventionum*—the ‘origins of invention’—how, by what method, did man come to specific discoveries in the past, how can he make new ones; because by rediscovering the discoveries, we would have a method at hand which would improve the sciences and a pathway for making new discoveries.”

Leibniz, who since very early on had investigated the question of a “grammar of thought,” an alphabet of human thinking as he called it in his *characteristica universalis*, addressed with the notion of *origines inventionum* a question that in LaRouche’s writing, “History As Science,” is the underlying “metaphor.” It addresses the question of iso-

chronicity in the history of mankind—namely, what is the connection between idea revolutions of the past, the present, and the future? And what is the underlying “continuity principle” in mankind’s history which is the precondition to guarantee the durable survival of mankind?

The capacity for durable survival of our species is measured by what LaRouche terms “relative population density” (which collapsed whenever mankind was at a standstill, and which grew during times of technological and cultural growth). LaRouche connects this measurement with three other necessary axioms: divine natural law, the idea of the sovereign individual, and the idea of the sovereign nation. It is the same question with which Plato introduces his most famous dialogue, *Timaeus*.

At the beginning of this dialogue, Critias tells the story of the wise man Solon, who once visited the Amon priests in Egypt. These people told Solon: “You Hellenic people, you think you understand something about history, but you are like children. You have forgotten that once, many, many centuries ago, you had a civilization which collapsed because of natural catastrophes, and this happened to many cultures without the question being asked why this happened.” This story is like a prelude to the dialogue, in which the astronomer Timaeus presents a series of hypotheses about the creation of the universe. Only when sovereign man explores the laws of nature, he does not become the victim of fate, but willfully directs the course of history, Plato says here.

But let me get back to Leibniz. Leibniz was the first European scholar who in a more systematic way transmitted to Europe a deeper knowledge about China’s Confucian tradition. The only thing that at that time was known about China in Europe—and among a very small circle of people—were the reports written by the Franciscan monks Montecorvino and Rubruch from China at the beginning of the 13th century. These reports were known to the Vatican, and may be the small circle around Christopher Columbus. Except for a few books here and there, there was no comprehensive map of China. (And nobody knew in Europe that at the beginning of the 15th century, the famous Chinese Admiral Cheng had made five major maritime expeditions going up to the east coast of Africa, expeditions which were carried out with the most advanced ships, but which were suddenly halted and never resumed.)

Leibniz and the Jesuits

Leibniz got his first direct knowledge about China, when in 1689 he met in Rome the Jesuit Father Filippo Grimaldi. This eyewitness told him about China, Russia, the first Chinese-Russian border treaty, the treaty of Nerchinsk, and about the work of the Jesuits, which had been initiated at the beginning of the 16th century by the Italian Father Matteo Ricci. This priest, who had gotten his mathematical and astronomical training from the German Christopher Clavius, brought a cembalo and some of his own compositions to China. During

the 28 years that he was there, he translated into Chinese the most modern scientific books of Europe, and developed a systematic cartography, thus beginning the most fascinating collaboration with the Chinese imperial court.

Participating in this were the fathers Adam Schall von Bell, the Flemish Ferdinand Verbiest, the Italian Grimaldi, the French fathers Joachim Bouvet, Jean François Gerbillon, and Antoine Verjus, to name a few—all of whom were either directly the presidents of the emperor's Astronomical Station and Mathematical Tribunal, or consulted as engineers in the various hydraulic works that were undertaken then, or served as diplomats. In some of the letters Leibniz wrote to Father Grimaldi, as well as to the Polish Father Kochanski, he wanted to know, for example, "whether there are not some traces of geometry by proofs in the old writings of the Chinese and some traces of metaphysics, and whether they knew the theorem of Pythagoras? . . . Whether there are some natural scientific works by the Chinese translated into Latin. . . . Whether they have some interesting machines, which could be replicated in Europe . . . what kind of artificial means they use in agriculture . . . what about their iron production and mineral mines, how do they produce salt and sodium?"

Lastly, he wanted to know something about a *Clavis Sinica*, a language grammar. Leibniz again and again emphasized the importance of comparative language studies. He wanted language studies of the Lord's Prayer to be carried out, in particular for those languages in the region between Russia and China, in order to discover something about the origin of mankind and human thought. And by comparing the basic principles of Confucian philosophy with the principles of Platonic-Christian philosophy, he came to the conclusion that, in the ancient Chinese culture, the same universal questions concerning a Supreme Being, the laws of the universe, and man, were asked, as they were asked by Plato and answered by the Christians.

That is, he found that the human mind, no matter in which part of the world, follows the same pathway of reasoning. This proves the universal quality of the creative mind. One example was Chinese astronomy, which was ancient, and which Leibniz studied. In "History As Science," LaRouche points to the oldest poetry, the Vedic hymns, which tell the story of how human civilization began to develop on the basis of observing the planets and by developing a solar astronomical calendar, measuring 26,000-year cycles, and how the laws of the universe were explored and civilization born.

In one of the many letters written to Grimaldi, Leibniz refers to the correspondence between the famous astronomer Johannes Kepler and Father Terrentius, who in 1630 worked as astronomer at the court of the Chinese emperor. He reported that Kepler was very interested and helped to bring to China his Rudolphine Tables (a systematic astronomical mapping of the planets), and also corrected a few mistakes that had crept into Chinese astronomy because of mis-handling. One of the key figures in the intellectually fertile

exchange between the Jesuits and China was the emperor himself, Kang Hsi. A descendant from the Manchu dynasty, this emperor every day received four hours of lessons in mathematics and astronomy from Adam von Schall, and later from Verbiest, as Leibniz reports to us in his book *Novissima Sinica (News From China)*. But this ruler also showed great interest in hydraulic and canal projects, which would improve agricultural production.

Kang Hsi corresponded to the Leibnizian ideal of a "philosopher king," one of the most central concepts in the Confucian philosophy, the philosophical writings of Mencius and of the great neo-Confucian, Chu Hsi. Unlike the legalists, the sophists, and the Taoists, Confucian philosophy states that man is "by nature good," and that the highest goal in the life of man is to be able to govern himself, to do *bona opera* (good works) and contribute in the best possible way to the well-being of all. Those who rule, the principle says, should rule according to the idea of the good, justice, love, and reason. They should fulfill "the Mandate of Heaven," and if they violate it, they should not rule.

Leibniz's 'News from China'

In the year 1697, Leibniz synthesized his programmatic ideas for China in a kind of *leitmotif* in the little book *Novissima Sinica*. "I consider it a singular plan of the Fates that human cultivation and refinement should today be concentrated, as it were, in the two extremes of our continent, in Europe and in China, which adorns the Orient as Europe does the opposite edge of the Earth. Perhaps Supreme Providence has ordained such an arrangement, so that, as the most cultivated and distant peoples stretch out their arms to each other, those in between may gradually be brought to a better way of life. And I think it is likewise not accidental for the Russians, who through their big empire connect China with Europe and who rule over the far north of the uncivilized area along the coasts of the Arctic Ocean, that with the help and the engagement of their present ruler, they will follow on the pathway of our discoveries."

Comparing China to Europe, Leibniz is deeply touched by the ethical conduct of the Chinese, their respect for the individual. And he therefore suggests that, given the moral decay in Europe, the Chinese should send missionaries to Europe in order to teach them their practical philosophy. On the other side, while Leibniz sees Chinese manufacturing and machine building—i.e., the technological level equal to Europe's—he nonetheless emphasizes that the Chinese lack the "one eye" that the Europeans have developed: exact mathematics. "And we also have a 'second eye' which they don't know too well, which I call the 'first philosophy,'" Leibniz wrote. "But the scientific study of the stars and the planets (as Father Verbiest said in his Latin and Chinese studies), the *Muse Urania* which seems to influence the Chinese emperor, has opened up a situation in which our sacred and truly heavenly teachings (Christian theology) are finding an open field."

Leibniz, in full admiration for this great country of the Orient, was of the opinion that perhaps not since the Apostles, had there been started a bigger cultural endeavor from the standpoint of Christian thought, than in China.

In the same year that *Novissima Sinica* appeared, Leibniz wrote a letter to Duke Rudolph August of Braunschweig-Lüneburg, titled “The Secret of Creation.” Added to the letter was a coin which Leibniz had designed, in which he represented the binary number system, which he had been able to “rediscover,” as he says, on the basis of a study of the 3,000-year-old texts of the Chinese Fuh Hi. “*Imago creationis*” and “*ex nihil ducendis Sufficit Unum*” were the *leit-motifs* for the coin. Leibniz explains why: The world has been created out of nothing, by the almightiness of God. And this could not be better represented, he says, than by the origin of number (which for Leibniz was a metaphysical idea, a Platonic thought-object), and the development of number out of One and Zero. The secret of Creation was that God “not only created all out of nothing, but that he created it well, and that all that he created was good.” Therefore, he said, He would have conceived of an image showing light and darkness “because in the beginning the earth was without form, and void, and the Spirit of God moved upon the face of the waters. And God said, Let there be light: and there was light.” The empty void, the terrible darkness belongs to Zero and Nothing, but God’s spirit with His light is the One, Leibniz explained. And he prints underneath, on the coin, the binary number system, the predecessor to today’s digital computer systems.

Leibniz’s philosophical method

Leibniz was a devout Platonist. Contrary to the empiricists, naturalists, and Taoists, Leibniz showed with his scientific method that man, on the basis of a “universal” quality of his mind, a “natural light,” can, out of himself, create new ideas. And he does it in such a way that, in a sense, everything that man thinks exists “virtually” in his mind from the beginning, because the mind always expresses his future thoughts. And he thinks in a somewhat confused way that which he will one day think out as a clear thought-object, Leibniz says. “Nothing could be taught to us (as Plato’s *Meno* dialogue on the discovery of an irrational number shows), if the idea were not ‘inborn’ in our mind—which is like the matter out of which new thought-objects are formed.”

Leibniz saw the excellence of the Platonic method of thinking demonstrated by the fact “that he [Plato] defines the mind as a self-moving substance, which out of its own, freely determines its actions, and therefore Plato correctly conceives the mind as the ‘principle of action’ contrary to matter . . . that all real knowledge is concerned with ‘eternal’ truth, and that ‘universal, eternal ideas have more reality than ephemeral ideas, which come and go and participate in matter.’ ”

This means that for Leibniz: 1) Mind is not matter, but nature has its origin in metaphysical principles, which super-

sede the material. 2) The capacity to create universal ideas is an “inborn” faculty of man, in the sense that St. Paul understood it, that the “laws of the universe are inscribed in the hearts of people,” “even if they can’t grasp all, one must admit that the idea of God, the idea to think of God, is within man’s nature,” as St. Paul said. 3) Behind the phenomena of nature there lies an eternal, invariant principle, which Leibniz calls “sufficient reason,” which, since it does not need any cause, lies outside the chain of causes. “It is therefore a necessary Being, a necessary existent, which is its own cause; this ultimate cause is called God.” 4) The fundament of a just society is only possible, if man practically, i.e., physically, demonstrates God’s existence, by discovering new laws in nature, by *bona opera* which improve man’s living conditions.

Natural theology and ecumenicism

Shortly before his death in 1716, Leibniz wrote a philosophical essay, which he unfortunately could not complete, called “The Natural Theology of the Chinese.” This essay contains a harsh criticism against a reductionist approach in the interpretation of Confucian philosophy. Leibniz’s criticism had been prompted by the work of the two Jesuits, the Italian Niccolo Longobardi and the Frenchman Ste. Marie, who in Leibniz’s opinion had reduced Confucianism to a materialistic, naturalistic, or pantheistic philosophy. “China is a great empire, no less in area than cultivated Europe,” Leibniz writes, “and indeed surpasses it in population and orderly government. Moreover, there is in China in certain regards, an admirable public morality conjoined to a philosophical doctrine, or rather doctrine of natural theology, venerable by its antiquity, established and authorized for about 3,000 years, long before the philosophy of the Greeks, whose works nevertheless are the earliest which the rest of the world possesses, except for our sacred writings. For both of these reasons, it would be highly foolish and presumptuous on our part, having newly arrived, compared with them, and scarcely out of barbarism, to want to condemn such an ancient doctrine because it does not appear to agree at first glance with our ordinary scholastic notions. Furthermore, it is highly unlikely that one could destroy this doctrine without great upheaval. Thus, it is reasonable to inquire whether we could give it a proper meaning. I only wish that we had more complete accounts and greater quantities of extracts of Chinese classics, more accurately translated.”

Leibniz, studying the original texts of Confucius and Chu Hsi, makes out of this dialogue a fascinating synthesis between the basic principles of Confucianism and Christian philosophy. With the kind of love that we know from Lyndon LaRouche’s approach to people, to always take the best from everyone, and from the standpoint of reason, Leibniz concluded that the three main principles of Confucianism all come very near to what the Christians conceive as God.

“One should above all consider their *Li*, which is the

prime mover and ground of all things," Leibniz says, and he quotes: "The first principle of the Chinese is called *Li*, that is, reason, or the foundation of all nature, the most universal reason and substance; there is nothing greater nor better than *Li*. From *Li qua Li* emanate five virtues: piety, justice, religion, prudence, and faith. For the Chinese just as *Li* is Being *par excellence* so it also possesses truth and Goodness *par excellence*. . . . Should one after all not say that the Chinese came very close to that absolute substance which we pray to under the name of God?"

Li is not the material cause of things, as Father Longobardi had assumed, nor a world soul in the sense of Spinoza or Averroës. (Spinoza reduces everything to a single substance, of which all things are only modifications.) But *Jovis omnia plena*—God fills all, that is, He is in all things and all things are in Him. The second principle, *Ki*, corresponds to matter, just as it corresponds to the instrument of the first principle which moves matter. "In consequence of this production of prime matter by the primary principle, or primitive form, by pure activity, by the operation of God, Chinese philosophy more closely approaches Christian theology than the philosophy of the ancient Greeks. . . . Admittedly, it appears that the Chinese believed that the *Li* first and always produced its *Ki*, and therefore one is as eternal as the other. But there should be nothing surprising about this, since they were apparently ignorant of the one 'Revelation' which can explain to us the beginning of the universe. St. Thomas Aquinas and other great doctors have claimed that the dogma could not be demonstrated by reason alone. . . . And there are those who believe that because the beginning of the Chinese empire occurred during the time of the Patriarchs, they could have learned about the creation of the world from the Patriarchs."

The third principle, *Xangti*, and *Li* are the same thing, Leibniz says. One has every reason to give to God the name of *Xangti*. What we call the light of reason in man, Confucius calls the commandment and law of Heaven: "To offend Heaven is to act against reason, to ask pardon of Heaven is to reform oneself and to make a sincere return in word and deed in the submission one owes to this very law of reason. For me, I find this quite excellent and quite in accord with natural theology. Far from finding any distorted understanding here, I believe that it is only by wrong interpretations and by interpolations that one could find anything to criticize on this point. It is pure Christianity, insofar as it renews the natural law inscribed in our hearts—except for what revelation and grace add to it to improve our nature."

Leibniz conceived his idea of an ecumenical alliance between Confucian and Christian thinking from the standpoint of *bona opera*, that is, a method to transmit, assimilate, and generate new discoveries. For him, there was no difference between any nation or party, as he said in a memorandum to the czar: "That country in which the sciences will best flourish, will be the most loved by me, because all mankind will profit from it."

Zhirinovsky echoes British geopolitics

by Mark Burdman

While Vladimir Zhirinovsky is being described as the "new Hitler" and "a fascist," the essential point has been altogether missed by the international media and the vast majority of "Russia experts." He is a man of the Russian military-intelligence establishment whose declarations are, in part, made for domestic Russian political consumption, but, more fundamentally, are designed to put forward the *geopolitical* views characteristic of the Russian "Third Rome" world view. In this respect, Zhirinovsky's pronouncements are often a Russian *mirror image* of the geopolitical outlook of spokesmen for the Anglo-American geopolitical establishment. He is only more brutal, in projecting mass devastation in the South in the coming years, than those western geopoliticians who are revered by the same media that are quick to call Zhirinovsky a fascist.

During 1993, one line of thinking that became prominent in Washington and London is the idea that future wars will be "clashes between civilizations," with "the West" pitted against "the rest" of the world. This idea was put forward by Harvard University professor Samuel Huntington, in his article entitled "The Clash of Civilizations?" in the Summer 1993 New York Council on Foreign Relations' magazine *Foreign Affairs*. The terms are borrowed from British Middle East specialist Bernard Lewis, an architect of Anglo-American destabilization strategy vis-à-vis the Third World.

In Huntington's view, "Conflict between civilizations will be the latest phase in the evolution of conflict in the modern world." In this "conflict between civilizations," NATO planning must be "increasingly directed to potential threats and instability along its 'southern tier.'" . . . In the post-Cold War world the primary objective of arms control is to prevent the development by non-western societies of military capabilities that could threaten western interests." The West, he says, must "limit the expansion of the military strength of Confucian and Islamic states; to moderate the reduction of western military capabilities and maintain military superiority in East and Southwest Asia; to exploit differences and conflicts between Confucian and Islamic states."

One finds here the kernel of the policy of "technological apartheid," the idea developed during the Persian Gulf war,

of denying advanced technologies to developing countries. According to Huntington, "Differences among civilizations are not only real; they are basic. . . . These differences are the product of centuries. They will not soon disappear."

The view of Huntington and other leading Anglo-American policymakers converges on what French author Jean-Christophe Rufin has described, in his book *The Empire and the New Barbarians: North-South Rupture*, as the evolution of a Roman Empire-modelled "Limes" strategy, whereby the North effectively builds a wall (a "Limes" line) to separate itself from the instability in the South. As Rufin, who is now a consultant to the French Defense Ministry, correctly points out, there is a powerful trend of thinking in Russia which subscribes to such an idea.

A new 'Berlin Wall'

From this standpoint, the view put forward by Zhirinovskiy in an Aug. 28, 1993 feature in the Russian daily *Izvestia* takes on greater relevance. There, Zhirinovskiy says that Russia, in the future, should avoid repeating the historical error of the Bolsheviks of "helping the peoples" in various southern regions of the world that are "as far away from us as the moon." Interventions in the South, as in the case of Afghanistan, should only be undertaken for "geopolitical" reasons.

What Russia must do, he writes, is to "move away from the Caucasus, build between it and us a Berlin Wall, and confine ourselves to observing, to selling arms to each side. . . . Today, we don't need the Caucasus. Let them sort things out by themselves, under the remote control of our diplomats and intelligence agents." The highest priorities for Russia are to "get our troops out, and to bring the Russians out of this boiling pot. . . . We must bring back all those who want to leave, in a rapid and organized manner. . . . The Russians will leave, and there will not be, in their place, either engineers, nor doctors, nor skilled workers." The Russians should no longer have the "Cominternist" concern for uplifting the lives of peoples in these regions, but will leave these people to raise their livestock and cultivate vineyards. They don't need institutes, space rockets, noisy factories. "Better to build mosques in Tashkent, and evacuate back to Russia its aviation factory," i.e., technological apartheid!

According to Zhirinovskiy, "we will leave Central Asia and the Caucasus, leaving all that to the local chiefs and to the mullahs. And, in some time, it is they who will come to us. More exactly, *they will crawl toward us, beaten down, starving, sick, some on their crutches, others on a stretcher.* . . . I repeat, there is no question of engaging ourselves in conflicts. Let Turkey, Iran, and Pakistan do that. The result will be, for these countries, the loss of their state. The miasma of instability in the South will absorb them. And then they will come. Our soldiers will wash their boots in the warm waters of the Indian Ocean, the local inhabitants

will welcome them with flowers, as saviors, as those who will have saved them from hunger and mutual annihilation. But, while arriving in the South, we will not construct cosmodromes in the steppes, as the Bolsheviks did, we will not reclaim the virgin lands, we will not start irrigation projects. We will leave them in the state that the local inhabitants want to be in: the herds, skewers of meat, pure air, and the pilgrimage to Mecca—a pilgrimage on foot, not in a Boeing jet.

"Knowing that a zone of instability is developing on the frontier, we will have to reinforce the effectiveness of our defense. It is best to create a mobile presidential guard, equipped with all types of armaments, composed of elite professionals and capable of undertaking, in an hour, combat actions in any point of the globe whatsoever. It is necessary to create several new intelligence services, under the direct control of the President, not linked to the ex-republics. Any neighbor, even if he possesses a hunting rifle and hates you, will not risk attacking if he knows that you have in your house a mortar, that the top mafioso on the corner is your friend, that your brother serves in the OMON [anti-riot forces], and that your wife is the daughter of a general in the security service."

The 'partition of the world'

In his book *Last Push Toward the South*, which he says contains "the quintessence of my philosophical and geopolitical opinions," Zhirinovskiy calls for a geopolitical deal with other northern powers to carve up spheres of influence in the South: "The United States was trying to exercise its influence on the entire world. But the idea of world domination has been vitiated. It would be more valuable to move toward a form of regional cooperation, toward a partition of the world into several regional blocs, along a North-South line. Japan and China will go toward the South—the Philippines, Malaysia, Indonesia, and Australia. Russia itself toward its south—Afghanistan, Iran, and Turkey. And western Europe, the African continent. As to Canada and the United States, they will have all of Latin America."

This echoes Rufin's contention that Russia would seek "means to, at one and the same time, continue to stabilize the southern zone and defend itself from the South. By integrating this policy in the global problematic of the North-South Limes, [Russia] can hope to find external support to realize these two objectives. Already, very already, at the moment of the American operation in Panama, one could see a symmetry being established: The Soviets intervened in Azerbaijan without generating any reactions. Each was defending his portion of the Limes. Later, during the negotiation on conventional disarmament, they were authorized to subtract a part of their forces by sending them beyond the Urals: as it was acknowledged to be necessary was acknowledged for them to defend themselves against the danger to the South of these eastern regions."

Laundering leftist Lula

The Marxist is leading his Workers Party toward an alliance with the IMF's man, Finance Minister Cardoso.

São Paulo Cardinal Paulo Evaristo Arns, chaplain of Ibero-America's Marxist "theology of liberation" movement, is leading the effort to launder the Marxist leader of the Workers Party (PT), Luiz Inacio "Lula" da Silva, to make him appear moderate enough to win next October's presidential election in Brazil.

Since "Lula can only win 30% of the votes," Arns stated publicly, he must make alliances in order to come to power—having in mind an alliance with the Brazilian Social Democratic Party (PSDB) headed by Finance Minister Fernando Henrique Cardoso, a founder of the Inter-American Dialogue.

"He is a very trustworthy and competent minister. I have worked with him for more than 15 years and I know that, apart from being capable, he is wise and persevering," Arns said, endorsing Cardoso and the current economic team that is imposing a violent austerity program in the name of economic stabilization.

Citibank Vice President William Rhodes, head of the bankers advisory committee for Brazil, agrees in his assessment of Cardoso, telling *Gazeta* newspaper on Dec. 17 that "I have confidence that the Brazilian Congress will pass Cardoso's economic stabilization measures." Rhodes told a journalist recently that Cardoso "has proposed serious, objective, and excellent measures in recent weeks. The IMF [International Monetary Fund] mission will be there in January, and I believe it will consider these measures sufficient for an accord with the IMF. I am very confident, since [Cardoso]

is very popular today in Brazil. Despite Brazil's political problems, I think that the minister is very popular and respected, and will therefore surely receive the backing he needs to get the economic measures approved."

With the blessing of Arns and Rhodes, the leaders of the PT and PSDB are already working out their alliance. "The PT and the PSDB are already openly talking about aligning their parties in the Congress in the event that one of the two wins the presidential elections," *O Globo* reported Dec. 22. "This political alliance could prosper in 1995 in the name of governability," Lula is quoted saying. "Obviously, I would prefer to come to the presidency with a functioning economy," he added.

This pragmatic accommodation of Lula's PT, reported in numerous news organs, fits with the new policy of the Anglo-American elites, of trying to prevent nationalist insurgencies from coming to power on the back of popular discontent caused by free trade economic policies. Americas Society Vice President Susan Kaufman Purcell, in a recent article, described this as the transformation of "neo-liberalism" into "social liberalism," as defined by Mexican President Carlos Salinas de Gortari, which she saw likely to happen also in Brazil and Venezuela.

According to *Gazeta Mercantil* on Dec. 13, Purcell sees Lula as the instrument of this approach in Brazil. "For Brazil, Lula *could* mean reversing privatization, heavily taxing the rich, maintaining the bloated bureaucracy and scaring away foreign

investors. . . . This would worsen inflation, the economy would enter an out-of-control spiral, and the Army would be obliged to take power. . . . The global economic realities are pushing them [Lula and the PT] in the direction of an intermediate position that combines social expenditures with responsible economic and fiscal policies."

Lula and his PT have been making public "pragmatic" genuflexions in this direction since taking part in Inter-American Dialogue activities starting last year. Since then, Lula has conducted a series of meetings with leading domestic and foreign businessmen to win their support, or at least neutralize them. On Dec. 13, Lula met for five hours with the American Chamber of Commerce, during which he proposed changing Article 171 of the Brazilian Constitution dealing with foreign capital. In previous meetings, Lula has had to disavow the PT's radical programmatic positions, promising that his program of government is not yet defined. *Tribuna e Imprensa* reported also that Lula was fêted by the Brazil-Israel Chamber of Commerce at a luncheon at one of the most exclusive clubs in Rio de Janeiro.

This talent for accommodating himself to the demands of the Anglo-American establishment earned Lula a prominent article in the Dec. 27 *New York Times*, highlighting his "transformation": "In person, Mr. da Silva is a lot more flexible than his party literature. Although doctrinaire leftists won the upper hand at a party congress in June, Mr. da Silva's personal prestige gives him autonomy to chart a more centrist course, forging alliances with center-left parties. 'I have nothing against foreign capital,' he said, recalling a series of recent meetings with foreign and national businessmen. 'No topic is closed. Anything can be discussed.' "

International Intelligence

Peres: Greatest threat to Israel is cultural

The threat Israel has most to worry about is that symbolized by the fact that the pornographic rock star Madonna is better known among young people than the great women figures of the Old Testament, said Israeli Foreign Minister Shimon Peres in a lengthy interview published in the Paris daily *Le Monde* on Dec. 28.

The interviewer asked him: "Beyond common Jewish roots, is there today an *Homo Israelus*, who would have particular traits?" Peres responded sardonically: "For us, as for you Frenchmen, the greatest threat is not a military invasion but a cultural invasion. Cable television is more dangerous for our identity than the *Intifada*. Because, on the ground, you have frontiers. Television doesn't know any frontiers. It arrives, directly, into each apartment. There are young people who think that, among the greatest women of the world, there is Madonna. Not Rebecca, not Sarah, but Madonna! For them, she is the most important woman."

Many Croats oppose Tudjman's policies

Many Croats have begun to openly question President Franjo Tudjman's policy toward Bosnia, according to wire service reports from Zagreb. Tudjman is supporting the British-Serbian plan of carving up Bosnia into ethnic enclaves, and is trying to grab a chunk for Croatia by military means.

The growing public dismay has reportedly spilled even into the state-dominated media.

"Croatia's geostrategic position and economy are endangered without a unified Bosnia. The consequences of Bosnia's partition could be disastrous for us," said Martin Spelj, a retired Croatian Army general and popular commentator.

"Even the most faithful disciples of Croatian policy have begun to review it, thinking: 'Was there anything else we could have done?'" said the government-controlled

newspaper *Vjesnik*.

"Tudjman's policy in supporting Bosnia's breakup is incredibly foolish because it runs the risk of the same thing happening in Croatia," a senior western diplomat is quoted in the Croatian press.

Tudjman regards partition as a step toward annexing any Bosnian Croat state in "Greater Croatia." But Croat critics believe the upheaval caused by Croat-Muslim fighting will mean that two out of three Bosnian Croats may end up stranded outside of a future Croatian mini-state. Many would be refugees, imposing a severe economic burden on Croatia and breeding a culture of revanchism which could make for long-term turmoil in the region.

The discontent surfacing in the Croatian media and among newly ascendant moderates in Tudjman's party, the HDZ, has not escalated into a broad opposition to Tudjman.

Russia will stop military demobilization

Russian Defense Minister Pavel Grachev announced on Dec. 29 that the government of President Boris Yeltsin is stopping plans to demobilize the Armed Forces. "We aren't going to make sharp cuts, we aren't going to hurry," he told a Moscow news conference.

Grachev said that he would ask the newly elected legislature to shelve a decision by the former parliament, the Supreme Soviet, to reduce the size of the Armed Forces to a maximum of 1% of the population, or about 1.5 million men, by the year 2000. The parliament that made that decision was dissolved by Yeltsin in September, before the bloody siege of Oct. 3-4, 1993.

Grachev said at the news conference that the decision to cut the military had proved to be flawed and that the optimum level for the Armed Forces was now regarded as 2.1 million men. "We now have 2,341,000 men. We plan to have 2.1 million by the end of 1994. We will keep the Army at about this size and not at about 1.5 million," he said.

In a commentary published on Dec. 30,

"Far-Right Brings Gun and Butter U-Turn by Russia," the London *Guardian's* Moscow correspondent Jonathan Steele wrote that the decision shows that Russia is moving in a Zhirinovskiy-type direction, even if the Yeltsin regime denounces Vladimir Zhirinovskiy himself.

Algerian FIS rejects dialogue with government

Algeria's outlawed Islamic Salvation Front (FIS) appears to have rejected a government proposal for dialogue to end violence in the country, France-Info radio reported on Dec. 28.

A statement from the FIS reportedly turned down proposals for a national dialogue, calling instead for continued armed struggle. The three-page statement further warned those who might be tempted to talk, not to negotiate with "the arbitrary junta supported by arrogant foreign states and the Army."

"The FIS calls on the Algerian people to demand an Islamic regime, and calls on fighters to continue the Jihad holy war and on the Islamists to unite," the radio quoted the statement as saying. The broadcast said it appeared to be a response to calls from the Algerian government for dialogue to resolve the country's political crisis, following the cancellation of a 1992 election that the FIS was expected to win.

Russia 'between bayonet and cross'

"Between a bayonet and a cross, Russians are awaiting 1994," wrote the Moscow correspondent for the Italian daily *La Repubblica* on Dec. 29, in an article broadly corroborating Lyndon LaRouche and *EIR's* view of the "Third Rome" configuration that is ruling Russia. The traditional pillars of the Third Rome imperial elite have been the *nomenklatura*, the army, and the Russian Orthodox Church.

According to the newspaper, new polls

Briefly

● **CHINESE** military leaders defended their bloody massacre of freedom fighters at Tiananmen Square in June 1989, in an interview aired Dec. 30 on the British network Independent Television News. The officers said that communism in China was at stake and that therefore they had to crush the protest.

● **ITALIAN POLICE** arrested 10 people in a dawn raid on Dec. 28, charging business links between the Mafia and secret freemasonic lodges. The operation took place in both Palermo and Trapani, a day after a judge had seized assets worth 16.5 billion liras (\$10 million) from Licio Gelli, the former grandmaster of the outlawed Propaganda-2 masonic lodge.

● **PAKISTANI** Prime Minister Benazir Bhutto, the guest of honor at a banquet hosted by North Korean President Kim Il Sung on Dec. 29, said that her country "firmly holds the view that nuclear non-proliferation should not be made a pretext for preventing states from exercising fully their right to acquire and develop nuclear technology for peaceful purposes geared to their economic and social developments."

● **THE BALTIC STATES**, Estonia, Latvia, and Lithuania, urged Russian President Boris Yeltsin in a New Year address to complete the withdrawal of Russian troops from their countries in 1994. Baltic politicians who fear a return to power in Moscow of tough, imperial-minded politicians, expressed grave reservations at the surge in popular support for Vladimir Zhirinovskiy, Reuters reports.

● **FRANCE'S** former President Valéry Giscard d'Estaing, who is now the chairman of the French parliamentary committee for foreign affairs, said on Jan. 2 that the conflict in former Yugoslavia may be solved only by respecting the existing and internationally recognized borders of the former republics. Giscard had met with Bosnian President Alija Izetbegovic in Sarajevo.

taken by the Institute of Sociology of the Russian Academy of Sciences are showing that the church and the army are "the last hopes of the disappointed Russians." The largest pluralities of those polled pin their confidence on either of those institutions, with confidence in President Yeltsin and the Russian government being very low. The author notes that the church and the army are the "sacred institutions of the state" in Russia.

Of those polled, 75% say they have great difficulty finding the means to buy food each month, or have no money left for anything else once they have bought food. While people support, at least in name, such ideas as "capitalism" and "privatization," they are against the core features of "shock therapy," and are demanding fixed prices for food, the right to a job, and subsidies for companies in difficulty.

German defense experts contest defense cuts

The German defense establishment is up in arms against the Bonn government's neglect of national defense requirements. While there had been private criticism before, the fight has become a public one since the Dec. 12 Russian elections, when hardline "Third Rome" factions made sweeping gains.

In an internal government document leaked to the media at the end of December, Minister of Defense Volker Rühle warned against any further weakening of the national defense at a time when "uncertainties and the crisis potential in our close and broader neighborhood" provide "reason for concern and unrest."

Europe is still far from the level of security which it needs as a precondition for peaceful integration, Rühle wrote, urging that no further budget cuts occur that could paralyze the role of the armed forces as a "determining factor of the fate of our nation in the future."

"Nobody would cancel his fire insurance when there hasn't been a fire for a long time," Rühle wrote, pointing out that without a "substantial German contribution," it

would be nearly impossible to conceive of a "Europe that is capable of action in military terms if need be."

The warning became even more direct in a statement on Dec. 28 by Peter Kurt Würzbach, a former assistant defense minister who is now defense policy spokesman of his Christian Democratic Union's parliamentary group in Bonn. He charged Chancellor Helmut Kohl with "irresponsible conduct" for allowing the Finance Ministry to plan new budget cuts for the Armed Forces at an internationally tense time, when this would send out just the wrong signal. "Not even at the time of the most degenerate SPD [Social Democratic] government have we had a situation in which the defense minister does not know at all how much money he'll have to spend, at the beginning of a year."

Britain wants 'Singapore model' for Palestine

British Foreign Secretary Douglas Hurd visited the Mideast the first week in January to promote the "Singapore model" for Palestine, Reuters reports. Hurd visited Lebanon, Israel, the Occupied Territories, and Jordan to "reinforce the interest of the former colonial power in the evolution of a Palestinian state. 'We don't fool ourselves into thinking we are center stage in the peace process,' said one official. 'But we think we can help move things forward constructively.'"

What the British Foreign Office means by "constructively" consists of promoting financial speculation and, presumably, the drug trade, as the centerpiece of the new Palestinian entity. London has already offered to help Palestine with "central banking, policing, a radio station, and law drafting," noted Reuters, and Hurd is likely to offer additional assistance "targeted toward Palestinians building on their existing strengths of sophisticated knowledge and experience of world financial markets."

"The new Palestinian entity should not be regarded as a basket case," one diplomat told Reuters. "It's much more likely to turn into a Singapore of the Middle East than a Sudan."

U.S. loses one of its best: Dixy Lee Ray

by Marjorie Mazel Hecht

The United States today suffers from an overwhelming paucity of elder statesmen who have any notion of what must be done to put the country back on its feet after three decades of precipitous decline. In this context, the death of Dixy Lee Ray at age 79, on Jan. 2, is a heavy loss to every American.

Ray was one of the great women of this century. She had many overlapping careers—scientist, teacher, elected official, policymaker, consultant, author—but through all of them she strove to learn the truth and help others find it. Her commitment to truth was uncompromising, which earned her both strong friends and strong enemies. She devoted her life to bettering the conditions for human life on this planet, remaining in battle until her very last days.

Ray is perhaps best known for her work as the chairman of the U.S. Atomic Energy Commission in 1973-75. As Ray herself described the political situation, she was brought in to head the AEC because anti-nuclear forces such as James Schlesinger thought that a woman who was not a nuclear scientist could be pushed around! Fortunately, Schlesinger et al. were wrong. Ray toured the country visiting national laboratories, talking to scientists about their research work, and learning everything about nuclear power. When the oil crisis hit and President Nixon asked Ray to come up with a plan for new energy sources, nuclear took a leading role. In addition, the U.S. fusion program took shape and plans were made to develop this new energy technology before the end of the century (including the budget to get the job done.)

Ray's forceful leadership of the AEC so rankled the anti-progress faction that when Congress planned to absorb the AEC into the Energy Research and Development Administration (ERDA), a special post was created at the Department of State for her, to remove her from energy policymaking: assistant secretary of state at the Bureau of Oceans. Ray held the position from January to June 1975. According to the

Seattle Post-Intelligencer, Ray resigned, calling "then-Secretary of State Henry Kissinger an egocentric man." (Schlesinger went on to be the first energy secretary under President Carter.)

Ray then plunged into politics, running as a conservative Democrat and winning the governorship of Washington State (1977-81).

Always educating

Before being called to Washington by President Nixon in 1972 (to serve on the Atomic Energy Commission), Ray had had a distinguished academic career as a marine biologist, known internationally for her work on many special commissions and research projects. She was also a popular teacher in the zoology department at the University of Washington in Seattle, where she had joined the faculty in 1945 and remained for 30 years (although she was often on leave status).

The fact that she was well liked by students (and given top ratings, according to the University of Washington student newspaper) is a commentary on her passion for educating others and encouraging them to keep on learning. Ray took her classes to the public with a weekly series on marine biology on local public television. She also headed the Pacific Science Center in Seattle.

Ray earned a bachelor's and master's degree from Mills College in Oakland, California, and a Ph.D. at Stanford University. She received numerous honorary degrees and awards—from Phi Beta Kappa in 1937, to a Guggenheim Fellowship in 1952, to the Woman of the Year Award of the *Ladies Home Journal* and the United Nations Peace Medal in 1973. She was named one of the top 10 most influential women in the nation by *Harper's Bazaar* in 1977.

Ray loved history and literature, and often used examples from the classics to illustrate a point. Unlike many of her

critics, she also did her homework, mastering the research work in many areas out of her field in order to competently criticize new hoaxes.

Retiring . . . to war

Ray's toughest job, and the one in which this writer knew her personally, came after her retirement when she went to war with the irrational, anti-science culture that had taken over America increasingly since the late 1960s. Ray became a leading spokesman for science and reason and against environmental hoaxes and fear. Until ordered to rest by her doctor in summer 1993, to clear up a bronchial infection, she had spent several days each week flying around the country (and occasionally abroad) to give speeches and participate in scientific conferences—a pace that would have tired out a much younger person.

She also wrote two books on environmental issues. *Trashing the Planet* appeared in 1990 and *Environmental Overkill* in 1993, both published by Regnery Gateway. Both books were coauthored with her long-time friend Lou Guzzo, a Seattle journalist (who reportedly convinced her to run for governor in 1976). Ray's aim was to reach the ordinary citizen, explaining in plain English the scientific facts of issues that have become highly emotional—alar, ozone, global warming, radiation, and so on. She tried to make it clear to a generation that takes modern conveniences for granted—and even blames technology for the world's problems—the concept of *progress* and man's responsibility to use his brain to continue making progress.

As Ray saw the nation disintegrate, its industry shut down and its culture leveled, she stepped up her activities, frustrated at the lack of courage that characterized many of her colleagues. She addressed scientists, elected officials, and beleaguered industry groups—timber workers, coal miners, food technologists, nuclear engineers, and others. Her message became increasingly sharper: If you don't fight against mindless environmentalist regulations, you'll find yourself living in a fascist police state, she told her usually more timid colleagues. She despised the cowardice of the nuclear industry and others and their stupidity in thinking that they could accommodate and be "nice" to the greenies.

Ray was unforgettable. Once you met her or heard her speak in public, whether you agreed with her or not, you would remember what she said. She had a way of telling the truth, sometimes bluntly, sometimes with charm, but always with a pungent wit.

Many groups sought her as a keynote speaker for their conferences, because they knew she would speak the truth that they were too afraid to utter. Because she was willing to put herself on the line, she was targeted (and sometimes physically threatened) by the greenies as an enemy. She had also come under attack in the press for her association with *21st Century Science & Technology* magazine and what the press termed "LaRouche." But press attacks were something Ray had become accustomed to, especially during her term



Dixy Lee Ray, 79, one of the great women of this century. She died at her home in Fox Island, Washington, Jan. 2 of a bronchial infection. She is survived by her four sisters.

as state governor, and she refused to accommodate to them. She wanted her articles to have as wide an audience as possible, she told critics.

Although in the last few months Ray had curtailed her public activities, she did give an interview to Associated Press the week before she died concerning the Department of Energy's much publicized campaign to declassify documents, including reports of experiments with plutonium on unknowing victims. Most of the plutonium information has been public for years, she said. It is not news. Why is the administration publicizing this now? she asked.

To be human

The overriding message in Ray's recent books, speeches, and interviews is a profound one about what it means to be human. As she concluded *Environmental Overkill*:

"What is it to be human? It is to know both awe and humbleness, to feel both fierce passion and sweet gentleness. It is to have the grace to accept our humanity and the wisdom to discharge our responsibilities. . . .

"We can hear music in the wind and song in the sounds of the mountain stream. We can hear silence and should cherish it, too. But we have also to know that none of nature's sounds can make a concerto. It is for Man to compose a symphony or opera and for mankind to enjoy such deliberate, disciplined, and uniquely human achievement. How can the environmentalists deny their humanity?

"Alone of all the millions of species of living organisms, only we can create images with words. . . .

"It's not so bad—being human. Yes, we, and our works, will survive. Nature is tough; humans are ingenious; both are resilient."

What a better world it would be if more among us humans had some of Dixy Lee Ray's grace and wisdom.

Some in establishment may be sobering up after free-trade binge

by H. Graham Lowry

A major re-evaluation of economic policy is under way within the U.S. establishment, generating an expanding barrage of public attacks upon that most sacred of cows—the British doctrine of free trade. Even as western leaders offer empty self-congratulations over the recently concluded General Agreement on Tariffs and Trade (GATT), the threatened collapse of the entire international financial system has provoked some unusual candor about the failure of free-market policies and the post-industrial society.

In the United States, the skies are virtually ablaze with distress flares fired off by newspaper columns, corporate insider journals, and even a four-and-a-half-hour public television special on the destruction of America's industry and labor force. In Britain, the august voice of the London *Guardian* has raised a cry against cheap labor, deregulation, and the tyrannical reign of global capital markets. In France, Nobel Prize-winning economist Maurice Allais continues his blasts against free trade and the monumental incompetence of international financial institutions. As Lyndon LaRouche said recently, "the ideas of Milton Friedman and Margaret Thatcher have more than worn out their welcome among all sane members of the establishment."

'This is progress?'

The December 1993/January 1994 issue of *CEO/International Strategies* is full of recriminations and alarms over the dead end to which free-market policies have led. A bi-monthly featuring ads for the last word in private luxury jets, this insider magazine for corporate chief executive officers boasts an advisory board of political figures, finance ministers, central bankers, think-tankers, and economists from around the world. Up to now, many of them have been rabid advocates of the very policies now under attack.

Consider the titles and descriptions of the first three articles listed in the table of contents:

- "Last One Out, Turn Off the Lights. In the rush for the door to the 'post-industrial' society, aren't we forgetting something? To have a service economy, you have to have something to serve; what we may discover too late is that the master is the manufacturing sector. By William Milberg."

- "Down with 'Free' Trade. Free trade is the war cry these days, but it pays to remember that some free trade is freer than other free trade—and that some is pretty damn expensive. In fact, the best things in life—rising productivity, rising wages, rising consumption and rising investment—are not the result of free trade. By Robert Kuttner."

- "Who Will Buy? Let's see now. Grunt jobs go to low-wage countries. But because there's always a lower-wage country somewhere, wages never rise—though productivity does. Which means unemployed people in the First World, underpaid people in the Third, and a glut of products no one anywhere can afford. This is progress? By Richard Rothstein."

William Milberg's article is subtitled "The Myth of the Post-Industrial Economy," and takes aim at the long-lived idiom that manufacturing is unnecessary to a "modern" economy. Milberg quotes *Forbes* magazine's 1983 proclamation that, "instead of ringing in the decline of our economic power, a service-driven economy signals the most advanced stage of economic development. . . . Instead of following the pied piper of 'reindustrialization,' the U.S. should be concentrating its effort on strengthening its services." Milberg notes, however, that 20 years into the transition to a "post-industrial economy," the reality is "an economy with a weakened manufacturing sector, slow growth, declining real wages, high unemployment, a large foreign trade deficit and a vulnerability to foreign competition even in high-technology goods. . . . The question should move from whether we need a manufacturing base to how to retain a dynamic one."

Rebuilding national economies

The article by Robert Kuttner, an MIT economist and the author of the recent book *The End of Laissez Faire*, denounces "the futile crusade for ever more perfectly free markets," which are not the solution, but the problem—and the reason the "global economy is in trouble today." Kuttner argues that "our true national interest" is to seek "a restoration of global high growth and rising living standards generally. This will require a reinvention of stabilizing and regulatory

mechanisms, not a purer laissez-faire." The task is to rebuild national economies, instead of "a free-market utopia."

Kuttner attributes the post-World-War-II boom in the U.S. to contracts between industry and labor "predicated on non-inflationary full employment;" the use of subsidies, preferential procurement, and "technology-forcing via regulation;" tight supervision and regulation of financial institutions "both to stabilize those institutions, to facilitate monetary policy, and to use banks as engines of national development." All of these measures were thrown on the scrapheap in pursuit of the free market. To reverse the current "race to the bottom," Kuttner calls for public investment "aimed at restoring the virtuous circle of rising wages, rising productivity, and full employment," including repair of basic infrastructure and the development of "new high-speed rail systems."

Kuttner also insists that "we need massive flows of public capital to the former Soviet bloc. Rather than relying solely on the shock therapy of privatization, we need commitment of western credits on the scale of the Marshall Plan, to help eastern Europe recover." In a signed commentary on this same subject in the Dec. 24 *Boston Globe*, Kuttner attacked U.S. backing for the "shock therapy" policy, warning that it could push Russia into "terminal collapse." If it continues, "we will soon spend far more rearming ourselves against a new Russian menace that is fascist rather than communist."

Echoing aspects of policies long advocated by Lyndon LaRouche, Kuttner also calls for reforming the international monetary system, "to discourage purely speculative movements of capital and to return to something like the Bretton Woods system." He notes that of more than a trillion dollars of foreign exchange trades daily, about 90% are for "purely speculative purposes. . . . The system needs a tax to take the profit out of purely speculative short-term money trades. It needs much stronger coordination among the major financial powers, to create relatively stable currency alignments. And it needs international lending agencies willing to make available plentiful credit at low interest rates."

The speculative bubble engulfing the world economy is also the target of the latest attack on free trade and the GATT agreements by Maurice Allais. Writing in *Le Figaro* Dec. 28, Allais declared:

"The same men at the World Bank, the OECD, and GATT, who hold out the prospect of an increase of wealth of \$213 billion per year . . . by the year 2002, *remain absolutely silent* about the financial flows amounting on the average to \$1.1 trillion *per day*, which is 40 times more than the amount of flow corresponding to trade payments. These financial flows *destabilize exchange markets totally* and make it impossible to apply trade agreements in any reasonable way. The fact that experts from leading international institutions practice such disinformation, consciously or unconsciously, is beyond comprehension."

Worse yet, Allais adds, is that the "experts" defend their

absurdities with the claim that "the large majority of their fellow economists agree with them. . . . For centuries, [the] majority was convinced the Earth was flat; at other times, that the Earth was at the center of the universe. Today we know that this was a matter of 'collective deception.' "

Howls from London

Even in Britain, the mother of the free trade rationale for imperial looting, there are some anguished cries of acknowledgment that the whole venture is on the rocks. Writing in the London *Guardian* Jan. 4, John Gray, Fellow of Oxford's Jesus College, bemoans the dominance of the "devastatingly destructive economic philosophy" in Britain which he chooses to call "liberal capitalism," now forcing a globalization process justified only by the "spurious claim" that it is "forced upon us by an inexorable historical process."

In the same issue, economics editor Will Hutton rages that booming stock markets are simply the result of governments letting the free market system get totally out of hand—fed by the mania for lower deficits, "low inflation and cheap labor, deregulation and privatization. . . . The means of regulating the market system is being steadily withdrawn. . . . The world is taking the same course as it did in the late 19th century, and the results promise to be no less destructive. It is the veto on politics placed by the global capital markets that is the real source of the crisis," Hutton concludes. "Here an anonymous global capital market rules," and the result is a virtual tyranny wielded by the financial markets; and if governments "do not obey the policies that the market approves, then their debt and currencies will be sold," he complains.

While the British may sense that the jig is up, they are still rummaging about in search of a more harmonious version of the same old tune. But, as Lyndon LaRouche has repeatedly warned, speculative looting and asset stripping *typify* the free-market, free-trade system, and inevitably destroy the real physical economy.

In his weekly "EIR Talks" radio interview on Jan. 5, LaRouche said, "The derivatives market, which is, shall we say, the ultimate paradise of a purely monetarist, purely free-trade speculative market, is the bottom of the bottomless barrel. You're falling through it. It's like the guy jumping off the Empire State Building. He's going to hit the ground, and he may say everything is all right, until he gets down to the last story, at which point it's all over; and that's the kind of situation we're in. *We're coming to the end of a road of 30 years of successive follies*, which became acute in the 1970s with the floating exchange rate—a market system that *could not possibly work*; then deregulation; then the Volcker deregulation measures of 1979 through '81, '82; then legalized deregulation through congressional acts of 1982; then the whole swindle, the S&L scandal, this business. *We are coming to the end of the road*; and if we don't change our ways, we are finished."



Clinton's Moscow trip is a transition to policy changes

Lyndon LaRouche was interviewed on the weekly radio program "EIR Talks" on Jan. 5. The interviewer is Mel Klenetsky.

EIR: President Clinton is about to make a trip to Moscow, a major summit meeting. He's going to be going over to the NATO summit meeting as well, where he's going to be discussing his "Partnership for Peace" proposal with the eastern European and NATO countries. What do you expect will occur in these discussions?

LaRouche: Well, it's hard to say. What *will* occur, is the bad effects of a partial, inconclusive, and therefore unworkable proposal. This does not address the issue.

We have the same thing on the conflicts around the administration which surfaced after Clinton's speech referencing the problem and, more notably, Vice President Al Gore's statements denouncing the International Monetary Fund policies applied to Russia, in his press conferences from Russia.

There's division in the administration, and there's division in the U.S. establishment, and elsewhere, about this IMF policy. And that is key to the waffling on the issue of NATO membership for the relevant eastern European countries, specifically Poland, the Czech Republic, and Hungary, which are the test cases.

The problem here is that Russia is being asset-stripped; that is, Russian assets are being *stolen* by Russians working with people like George Soros. These people take a Russian asset, get it for a song, way below its cost of replacement, flood the thing on the international market, such as raw materials, gold, jewelry, everything; get a profit, because they bought it so cheap, which is the Soros operation; and put their money in Swiss banks.

The result is, Russia is being bankrupted.

However, look at what Soros is doing. Soros has become a big factor in the U.S. real estate market. Where is he getting the money? It's stolen from eastern Europe; from Poland, from the Czech Republic, from Hungary, from Russia. Actually, Soros, morally, is stealing. He's stealing on the scale of Genghis Khan, together with all his little helping-men there who do that. They take the money from their stealing and the net proceeds float into the United States into the

derivatives market.

Now look at the administration. The administration has tremendous pressure, not so much from Wall Street, not just from the Treasury or from the Federal Reserve, but from Goldman Sachs et al., the big-money people who handle the mutual funds money. These people, as are people in Europe, such as Swiss bankers, are like alcoholics when it comes to this kind of asset-stripping operation, derivatives operation. They *absolutely, fanatically must have their next drink*; in this case, of more speculation and more looting. As long as they get their next drink in the next hour, they don't care what happens tomorrow. The fact that they're going to be drunk or dead or hung over or lose their job tomorrow or lose their family, does not deter them from taking that drink. And the Clinton administration is under tremendous pressure from those parts of the establishment, within the United States and abroad, which are insisting on the next drink of this free-trade derivatives bubble.

As a result of that, U.S. Russian policy, ever since Robert Strauss was sent to Moscow as U.S. ambassador by George Bush, has been that the profits from looting Russia in the manner typified by Soros and his friends, *are a vital strategic asset of the United States*, which goes together with the views of those who say that by destroying Russia economically, we're eliminating a potential adversary in the future.

What then happens, of course, is that the Russians, not being exactly stupid, recognize this process. And those who are not themselves intoxicated with stealing, such as the Russian friends of Soros and so forth, or [Yegor] Gaidar, say, "We're being destroyed deliberately by Washington and London and especially Washington."

This feeds into the military-security forces base which owns Boris Yeltsin, Vladimir Zhirinovskiy, and so forth, saying, "We're going to destroy the West. These guys are trying to kill us, and we are not going to be killed. We have thermonuclear and other weapons, and we're not going to be pushed around." Thus, they make ugly noises about NATO operations in eastern Europe, i.e., Poland wants to join NATO, the United States says, "No." NATO says, "No. You can have this associate membership, you can have this junior, Cub Scout membership, but you can't join the Boy Scouts."

And the same thing is said to the Czech Republic, to Hungary, and so forth.

Now, what Clinton is given, at this point, unless he changes in midstream, is a package of taking over associate Cub Scout members to people who want to join the Boy Scouts; and he's telling them this is a good thing. And they're looking at what they're getting, and they're looking at what they're *not* getting, which they say they desperately need, which people like Zbigniew Brzezinski, for example, would say, "Yes, they desperately need this."

So it's a failed package. But we can't say the Clinton administration is entirely a failure on that point. What you have to do, is look at a process which is ongoing.

The Clinton administration has been, in foreign policy, sailing along largely on the basis of, as the *New York Times* once described it, "Bush policies on autopilot." That has been the essential character of U.S. foreign policy up to this point. The Clinton administration is making some moves which propose to change that from the Bush-Thatcher policies. These changes are coming slowly and with a dangerous slowness, and that's what's here.

Now, Clinton is going to go to Moscow in the whole process. And in Moscow I think the President will at least be moved toward an active perception of some of the problems which are arising over there, he and his associates who make the trip, and will look at the situation somewhat differently then, as Al Gore came to, than he does perhaps at this moment.

So I think that this is not a trip that's going to *settle* a policy, this is a trip which may appear to seem to settle a policy, but which will actually be a transition to a next round of rapid changes in U.S. policy.

EIR: President Clinton is coming under increasing criticisms and fire. There is a call for a special prosecutor now by Sen. Robert Dole (R-Kan.) and Rep. Newt Gingrich (R-Ga.), and even moderate Republicans such as Rep. Jim Leach (R-Iowa), to look into the Whitewater Development issue. Is this a partisan operation or is it a larger operation? Why do so many people want to expose this at this time? It's an old story.

LaRouche: Why assume that it's "so many people"? They're *not* so many people, only a few people.

This operation was started through the new magazine or newly surfaced magazine which was really coasting along for years at about 30,000 circulation, which suddenly zoomed to a very large circulation, relatively speaking, zooming up toward 100,000.

This is a magazine called the *American Spectator*, run by a known entity called Terrell, a magazine which zoomed to prominence when it ran a featured investigative reporter's story on Anita Hill. That boosted its newsstand circulation.

More recently, it did a story by a guy called Brock, this story against Clinton. The story sat there, and it was picked

up by CNN and the *New Republic*. CNN ran this story for over a day, 36 hours approximately, repeatedly: bang, bang, bang, bang. That is, Jane Fonda's husband's network ran the story for about 36 hours. The story then took off, and the major media picked it up.

This is not a "breaking news story"; this, buddy, is an intelligence operation, the use of a news story in an attempt to destabilize a government—it happens all the time. And that's what's going on.

The cottage-industry people develop stories; then patrons in the mass media who are politically motivated, get one or two of the mass media to break the story out of the cottage-industry, small-publication area into major national news. The news media then goes on a feeding frenzy with the story. They don't care what the truth is; all they want to do is, be the first in the ballgame around the story. It's orchestrated.

This is coming from Bush-league people. I don't know where Bush stands on it, but I can say: This is Bush-league people out to destroy Clinton. The reason they're out to destroy Clinton—not the reason that Brock did the story with the *American Spectator*, but the reason it was picked up by CNN, by Jane Fonda's husband's network to attack Clinton—has to do with Clinton's administration's struggle over policy. And these people, not purely for 1994 electoral reasons, although that's a factor on the part of some Republicans who jump in on the feeding frenzy, but because they're trying to destabilize the Clinton administration, because they want their policy toward Russia and related policies to stay in place, and they don't want Clinton touching those policies, say, "We'll fix this bugger. We'll tie him up with a scandal, and he won't have the credibility or ability to maneuver," and that will be the case.

So look at this as what it is, which anybody who knows what this is from seeing these operations around the world: This is an intelligence operation aimed at destabilizing the Clinton administration in pretty much the same way that news media operations are used to build up Jean-Bertrand Aristide [in Haiti], who is a mass murderer and a psychotic, and so forth and so on, in various parts of the world. Old story come home. Nasty business. It should be seen for what it is. It's a dirty story used to attempt to destabilize the government of the United States; and that's the way I react to it.

For readers who wish to inform their radio stations about EIR Talks: The program is put up on satellite each week. The program is aired at 1:00 p.m. Eastern Time on Satcom C5, Transponder 15, Channel 16-0. Any radio station anywhere can pull the program down either to air at the time it is put up on satellite, or to tape for later broadcast. Audio cassettes are also available from EIR press staff. The interview itself is 43 minutes long, formatted with breaks for commercials and news blocks, so that it can air over the course of an hour. For further information, call Frank Bell at (703) 777-9451.

OSI, ADL persist in frameup of Demjanjuk

by Jeffrey Steinberg

On Dec. 30, 1993, the U.S. Department of Justice filed a motion asking the entire Sixth Circuit Court of Appeals to review *en banc* the recent finding by a three-judge panel that the DOJ's Office of Special Investigations (OSI) committed fraud upon the court and prosecutorial misconduct in the case of John Demjanjuk. Demjanjuk is the retired Cleveland autoworker who was accused by the OSI of being the Nazi war criminal known as "Ivan the Terrible" of the Treblinka, Poland concentration camp. Last summer, after spending five years in solitary confinement in an Israeli prison awaiting execution, the Israeli Supreme Court freed Demjanjuk, on the basis of new evidence showing that another man had been the actual "Ivan." From the very outset, Demjanjuk has consistently denied that he was a war criminal at Treblinka or any other Nazi camp.

The Dec. 30 DOJ action was backed by the Anti-Defamation League of B'nai B'rith (ADL), which filed an *amicus* brief accusing the Sixth Circuit panel of violating the law by issuing a ruling contrary to that of the Special Master, Judge Thomas Wiseman. In 1992, the Sixth Circuit had appointed Judge Wiseman to conduct a fact-finding effort to determine whether OSI officials had committed fraud in their failure to provide Demjanjuk's attorneys with exculpatory evidence during the period from 1978 to 1984, when Demjanjuk was subjected to denaturalization, deportation, and extradition proceedings. While Judge Wiseman amassed a large volume of evidence showing that the DOJ's Nazi-hunting unit had withheld critical evidence from the Demjanjuk defense team, his report ended with a recommendation that the Sixth Circuit exonerate the OSI because there was insufficient evidence that the unit had willfully cheated.

In a sharply worded 88-page ruling issued on Nov. 17, 1993, the Sixth Circuit adopted Wiseman's factual findings, but ruled that the Justice Department had indeed crossed the threshold of fraud in its systematic concealing of evidence that strongly suggested that another man, Ivan Marchenko, was the actual butcher of Treblinka.

OSI and ADL desperation

In addition to its filing before the Sixth Circuit, the OSI also filed papers the same day calling upon the District Court in Cleveland to reopen the original denaturalization case against Demjanjuk, arguing now that even if Demjanjuk were innocent of the Treblinka charges, he had still lied on his original immigration application at the end of World War II,

and had illegally entered the United States. This fallback maneuver is based on the OSI's continuing unsubstantiated allegations that if Demjanjuk did not serve at Treblinka, he must have been a guard at another Nazi concentration camp.

That story is itself predicated on evidence that has already been massively discredited. OSI prosecutors continue to flaunt an ID card from the training camp at Sobibor as "proof" that Demjanjuk served the Nazi cause; however, German investigators who carefully studied the ID card when it was first provided by Soviet intelligence services, concluded that it was a Soviet KGB forgery. Details of the forgery evaluation were published last year in *Der Spiegel* magazine in Germany, and Demjanjuk's defense team is known to have eyewitness proof that the Sobibor card was a phony.

Attorneys for Demjanjuk immediately issued a statement responding to the DOJ's call for a retrial, welcoming the opportunity to prove once and for all that Demjanjuk is innocent of all the charges levelled against him over the past 16 years.

In fact, the last-minute moves by the OSI and their ADL allies to reverse the Sixth Circuit's hard-hitting critique of their behavior in the Demjanjuk case, is a reflection of the state of panic inside the so-called "Nazi-hunting" camp. The Sixth Circuit ruling slammed the OSI for playing up to a political constituency, including the ADL, which had a strong vested interest in staging a new "show trial" in Israel, and which was at the time reeling from a series of highly publicized OSI cases in which the targets were proven innocent.

The Sixth Circuit ruling also made a point of contrasting the politically motivated cheating by OSI with the performance of the Israeli prosecutors, who went out of their way to turn up evidence that was critical to eventually proving Demjanjuk's innocence.

Behind the scenes, both OSI and ADL officials are worried that they could be subject to civil lawsuits by Demjanjuk and other victims of OSI prosecutorial fraud. *EIR* has learned that several such suits are pending in federal and state courts in different parts of the country.

OSI attorneys are also scrambling to settle as many pending "Nazi war crime" cases as possible with "consent decrees" and other out-of-court pressure tactics, in order to bolster their claims of impartiality and pad their record of successfully closed cases. In many instances, according to sources familiar with the negotiations, OSI attorneys are promising that they will not seek denaturalization or deportation if targets simply sign documents admitting that they entered the country illegally. For many targets of this latest OSI offensive, such offers are particularly tempting, given that the OSI is promising not to cut off their pension and retirement benefits.

For the ADL, which worked hand-in-glove with OSI prosecutors, often tracking down "witnesses" who provided the crucial first-hand identifications of alleged war criminals, the Sixth Circuit action was a particularly devastating blow to its tarnished credibility. The Sixth Circuit's November ruling, which singled out the ADL for complicity in the OSI's

fraud upon the court, came just days after the San Francisco district attorney decided to end a year-long probe of illegal ADL spying on thousands of American political activists. Although the district attorney decided on pragmatic grounds not to file felony indictments against top ADL personnel, evidence released during the probe did result in two multimillion-dollar civil suits against the ADL which are now moving through federal and state courts in California.

Several ADL officials are also holding their breath in fear that the recent fight to win presidential clemency for convicted Israeli spy Jonathan Jay Pollard could stir up a new controversy that leads to their identification as players in the spy ring. Pollard has written to friends and relatives naming at least one prominent ADL official as a partner in the espionage effort.

Restoring Demjanjuk's good name

Many supporters of John Demjanjuk are urging him to take action against the government railroaders, now that he has succeeded in returning to the United States.

The Jan. 10 issue of the weekly newspaper *New Federalist* published a letter by Ed Nishnic, John Demjanjuk's son-in-law and a leading figure in the fight for justice in the case,

seeking support for Demjanjuk's continuing fight to restore his good name and to put an end to the kind of prosecutorial abuse that has typified the OSI's actions for over a decade.

The letter included a call for financial support for a series of legal initiatives, and read in part:

"John Demjanjuk is free, but his case is not yet over. The U.S. Justice Department is using every means at its disposal to get him out of the country. Attorney General Janet Reno, under pressure from special-interest groups, tried to convince the judges and courts to rule against Mr. Demjanjuk. Michael Wartler of the Rockford Institute describes the case of John Demjanjuk as 'the trial of the century.' Demjanjuk has been bravely trying to adapt to his newly regained, yet tenuous freedom, but a great struggle lies ahead of him—and for us, too. . . .

"Five years ago, in April 1988, we filed a suit on behalf of John Demjanjuk in U.S. federal court, alleging governmental fraud in the denaturalization and deportation proceedings. We have been asking the court to reinstate Mr. Demjanjuk's U.S. citizenship and vacate the deportation order. In order to do this, we are currently seeking a law firm or an attorney willing to represent John Demjanjuk *pro bono*—cost-free, since we have no money."

Schiller Institute to hold February conference

The Schiller Institute, a think-tank for republican policy, and the International Caucus of Labor Committees (ICLC), the philosophical association founded and led by Lyndon H. LaRouche, Jr., will hold their next semi-annual joint conference on Presidents' Day weekend, Feb. 18-21, 1994.

The conference will discuss a new theoretical writing of Mr. LaRouche's, explaining his original contribution to the Leibniz science of physical economy in the 1948-52 period. Titled simply, "LaRouche's Discovery," it will appear in the Spring 1994 issue of *Fidelio* magazine.

The gathering will be the first international conference marking the tenth anniversary of the Schiller Institute. It was founded in early 1984 at the urging of Mrs. Helga Zepp-LaRouche, as a new institution working to mend the dangerous rift then dividing the United States from Germany, her native land, and indeed from western Europe in general.

Although the most obvious aspects of the crisis were strategic, political, and economic, from its inception the Institute also plumbed the cultural and scientific failings which lay behind the collapse, and pointed the way back to the greatest moments in the two continents' respective

histories, namely: the American Revolution, the Classic period of Germany (Beethoven, Schiller), the Golden Renaissance of the 15th century which made possible the discovery and evangelization of the Americas; and, echoing those, our century's steps toward conquering outer space.

This will be the first ICLC/Schiller conference in five years in which Lyndon LaRouche will be free. Incarcerated on Jan. 27, 1989 after being railroaded to a conviction on false, politically motivated federal fraud and conspiracy charges, he will be released on parole on Jan. 26. He is now 71.

During these five years, the Schiller Institute became recognized for its strategic leadership among nations emerging out of the nightmare of communist dictatorship, or struggling to do so, starting with its May 1989 conference held during the height of the Tiananmen democratic movement in China, days before the massacre. It has collaborators all over the former East bloc, and a branch in Moscow. Key to this growth is LaRouche's late-1989 proposal for a "Paris-Berlin-Vienna Productive Triangle" to become the engine of a global economic recovery. Also inspired by the ICLC is the Ibero-American Solidarity Movement, founded in 1992.

For information about registering to attend the conference, contact your *EIR* representative or the Schiller Institute national office at (202) 544-7018 before Feb. 11, 1994.

'Limes' backers target Catholic Church via Bernardin sex scandal

by Anita Gallagher

Those ruling families who are waging an all-out war on the Catholic Church as the major institutional obstacle to their genocidal plans, stand to benefit most from the highly publicized sex scandal around Cardinal Joseph Bernardin of Chicago. They wish to destroy the Catholic Church in order to destroy all opposition based on morality, to the erecting of a new imperial wall, "Limes," to fence off the 85% of the world's people condemned to die within a disintegrating *terra incognita*.

The Bernardin sex scandal hype follows the May 25 murder of Mexican Cardinal Juan Jesús Posadas Ocampo by a drug gang, which church and secular leaders alike have identified as an assassination.

A number of oligarchist spokesmen have recently cited the Catholic Church as the institutional opposition to such a new "Dark Age" liquidation. Social Democrat Erhard Eppler, in a cover story in the influential German news weekly *Der Spiegel* in late 1993, lauded the thesis of French author Jean-Christophe Rufin promoting a new Limes—the wall which the Roman Empire built to keep out the barbarians during its collapse. Eppler gloated that Rufin's thesis proves that the old idea of development is dead, since Third World development would allegedly wreck the environment. Eppler claimed that the greatest damage caused by the Limes principle would be to the Catholic Church, which has constantly stressed compassion and solidarity with the Third World.

Ironically, Cardinal Bernardin has long consorted with the very same "New Age" forces which are now engineering his demise.

The 'recovered memory' hoax

The accusations of pedophilia against Cardinal Bernardin dominated the November semi-annual meeting of the National Conference of Catholic Bishops in Washington. On the eve of the meeting, a \$10 million civil lawsuit, filed Nov. 12 by 32-year-old Steven J. Cook, who is dying of AIDS, charged that Bernardin and Father Ellis N. Harsham, sexually molested Cook in the 1975-77 period, when he was a high school student in Cincinnati. Cardinal Bernardin sought a separate trial from Father Harsham, who has been disciplined previously for sexual abuse of three boys. The motion was

denied. This augurs badly for the archbishop when the case comes to trial next May.

On Nov. 27, the *Washington Post* revealed that Cook discovered that he had been molested only in October 1993—after a therapy session based on the fraudulent technique of "recovered memory." Professional psychiatrists and psychologists have denounced this technique, in which therapists' suggestions are implanted in the patient's mind. The technique reportedly originated with the lower echelons of the therapeutic profession, such as marriage counselors and social workers. The notion that trauma causes memory to be blocked, rather than retained and magnified, flies in the face of decades of trauma research, especially that involving Holocaust survivors.

Paul McHugh, Director of Psychiatry at Johns Hopkins University Hospital in Baltimore, ridiculed the technique in his interview in the *Washington Post*. McHugh compared the recent crop of "recovered memory" cases to the mass release of psychiatric patients in the 1970s, citing both as mistakes caused by following the "cultural fashion" of the day. McHugh and University of Washington psychologist Elizabeth Loftus say that traumas produce *vivid* memories, not blocked ones. McHugh cited the case of the kidnapped children of Chowchilla, California, who were buried alive in their schoolbus, as well as World War II concentration camp survivors. "They have intense memories. They can't get the memory out of their mind. That's the problem—the over-remembering," McHugh said.

The American Medical Association went further, warning that memories of abuse are being *created* by the psychologists. At its annual meeting, the AMA passed a resolution condemning the "misuse of hypnosis and other techniques in memory enhancement" as "fraught with potential misapplication in the area of childhood sexual abuse." Loftus said, "No experiments have demonstrated that memories can be repressed and then reliably recovered."

The real story

The Catholic Church, as the most organized rallying point of Christianity, has been under attack by forces which believe that they can only continue to rule this planet in the

coming collapse by destroying the belief that man is created in God's image (*imago Dei*), and that therefore human life is sacred.

Publicizing sex scandals to defame the Catholic clergy is a standard tactic of the satanic Scottish Rite Freemasons. The U.S. journal of Scottish Rite Freemasonry, *The New Age*, has trumpeted every real or imagined sex scandal involving the celibate Catholic clergy since the magazine's inception. The recent sex scandals have also cost the Catholic Church hundreds of millions of dollars to settle out of court in the current hostile political climate, according to a Reuters wire of Dec. 10.

The Diocese of Santa Fe, New Mexico, site of a treatment center for priests run by the Servants of the Paraclete, is now on the brink of bankruptcy. Half its \$50 million shortfall is due to civil judgments against 24 priests who relapsed after treatment for child abuse. Lloyds of London, the diocese's principal insurer for "clergy malpractice," refuses to pay the civil judgments, claiming the diocese should not have expected the priests to be rehabilitated. Cardinal Bernardin stated that the Archdiocese of Chicago (once the richest in the United States), could be bankrupt in four years.

Some media claim that it is the priestly vow of celibacy which is driving priests to fornication and pedophilia. An individual's decision to live a celibate life for a higher purpose is a special target for those who would assert that man is no more than an animal.

In the Catholic Church's view, celibacy is a manifestation of the notion that man's identity is not defined by irresistible animal instincts, but rather in his mental power to understand natural law and act in accord with it. The oligarchic families respond to this idea with a species hatred. They see man as a mere beast, who should have the freedom, not to discover the laws of the universe that God created, but to act out every bestial impulse, as expressed in the Luciferian precept, "Do as thou wilt."

Christ called upon his 12 apostles to leave their families and follow him. The church interpreted this aspect of its mission in priestly celibacy, seen as a practical demonstration that those called to the religious life can live according to man's higher nature. The thinking behind celibacy draws upon this passage by St. Paul, found in I Corinthians 7:

"It is good for man not to touch woman. Yet for fear of fornication, let each man have his own wife, and each woman her own husband. . . . But this I say by way of concession, not by way of commandment. . . . For I would that you all were as I am myself." And,

"I would have you free from care. He who is unmarried is concerned with the things of the Lord, how he may please God. Whereas he who is married is concerned about the things of this world, how he may please his wife, and he is divided."

Are there instances of pedophilia and homosexuality among the Catholic clergy? Undoubtedly, as former priest

James Porter's guilty plea to abuse of 28 children in Massachusetts shows.

In the mid-1980s, foreign observers close to newly elected Pope John Paul II noted a widespread effort to infiltrate homosexuals into U.S. seminaries (via the same "don't ask, don't tell" policy recently instituted for the U.S. armed services). This operation set up the discrediting of the church and the potential for financial warfare penalties from the inside, while on the outside, a climate of scandal was built around all clergy, Catholic as well as other denominations.

Can it be a coincidence that, while all manner of vital legislation is paralyzed across the United States, and only a tiny number of the bills introduced into legislative bodies actually becomes law, nevertheless, since 1988 alone, 23 states have lifted statutes of limitation for civil suits alleging child abuse? This open-ended period for accusations has been essential to the creation of a wave of lawsuits and money-damage verdicts, particularly those based on the fraud of "recovered memory." Previously, a limit would have been approximately five years. "Victim" organizations and networks have sprung up across the United States.

'American heresy' weakness

Ironically, while Pope John Paul II refuses to compromise on the leading role of the Catholic Church to defend the family, the dignity of man, and the existence of truth itself (see the recent encyclical *Veritatis Splendor*), many American bishops are doing the opposite, and accommodating to the New Age forces preaching cultural relativism. They say that the church should adapt to the opinions of its members, the press, and even Satan's helpers themselves. This is the historic weakness of the American church which Pope Leo XIII rebuked in 1899—the desire to be popular and go along with prevailing opinion, known as the "American heresy."

Last September, the now-besieged Cardinal Bernardin co-sponsored a two-week-long "Second Parliament of the World's Religions," in which witches, worshippers of the earth mother Gaia, Zoroastrians, and 120 other "religions" participated. Another prominent participant was the Anti-Defamation League of B'nai B'rith, a freemasonic-spawned organization which has spearheaded the fraud of "separation of church and state" as a cover for pushing paganism and atheism. At its conclusion, the conference produced a "Declaration of a Global Ethic," with no mention of God, to replace the Ten Commandments. Two months later, Cardinal Bernardin revealed that a woman accused him of molesting her at a satanic ritual in Charleston, South Carolina, 35 years ago.

The cardinal sponsored a witches' sabbath, which attacked truth, and the church's authority to bear witness to that truth in the world, and the individual's duty to discover the truth, whether or not that truth happens to be popular in a particular society. Now, the same New Age networks with which the cardinal has consorted, have bitten the cardinal.

National News

Nebraska high court purges grand jury report

The Nebraska Supreme Court has ordered the report of the Douglas County (Omaha) grand jury in the Franklin Credit Union case, which heard testimony about a child prostitution ring, to be expunged from the record. The ruling is a vindication for those who have fought courageously against the murder, satanic abuse, and prostitution of children in Omaha. The rigged 1990 grand jury indicted child victim-witnesses for perjury and let the perpetrators of the abuse off with little or no penalty. The grand jury issued and publicized a corrupt and slanderous report which declared the case against powerful, high-society figures to be "a carefully crafted hoax," and painted state investigators as liars.

The Nebraska Supreme Court ruling, filed Dec. 30, 1993, has now declared this grand jury action to be illegal, both in its attacks against individuals whom it was not indicting, and in its publication of the report.

The decision does not affect the legal status of the children who testified that they were victims of the abuse, among them Alisha Owen, whom the grand jury indicted for perjury. She was convicted and sent to prison for her refusal to recant her grand jury testimony. Her attorney, John DeCamp, author of the 1992 book *The Franklin Coverup: Child Abuse, Satanism, and Murder in Nebraska*, is suing for a new trial.

'LaRouche was right' slate files in Texas

A slate of more than 50 candidates, headed by Evelyn Lantz for U.S. Senate, was filed on Jan. 3 in Austin, Texas for the March 8 Democratic Party primary. Running with Lantz on the "LaRouche Was Right" slate are congressional candidates Joel Dejean in the 25th CD and Philip Butcher in the 22nd CD; Debra Jambor, Greg Witherspoon, and Darrel Hanson for Democratic Party chairmen in Harris, Dallas, and Montgomery

Counties; and more than 45 candidates for positions on county executive committees, mostly in Dallas and Harris (Houston) counties.

Since the so-called McGovern reforms of the early 1970s, Lantz told the press, the Democratic Party has adopted policies combining New Age kookery with the immoral economics of the GOP's Sen. "Land Phil" Gramm and George Bush. The Democratic leadership has thereby succeeded in turning Texas into a one-party state. She gave the example of the Senate seat she is seeking: Until 1993, it was held by Lloyd Bentsen, a Democratic backer of Reagan-Bush economic policies, including junk bonds and NAFTA. When Bentsen resigned, the post went to Republican Kay Bailey Hutchison, who is a mouthpiece for Gramm, author of the insane Gramm-Rudman budget-balancing bill.

Lantz's three other primary opponents are former Brown Brothers, Harriman regional director Richard Fisher, also a former Carter administration official and currently an adviser on the disastrous U.S. "free trade" policy toward Russia; former Texas Attorney General Jim Mattox; and Rep. Mike Andrews, whom Lloyd Bentsen urged to run.

Shakeups heralded at State Dept., Pentagon

Secretary of State Warren Christopher is planning further shakeups in top-level positions in the State Department, but he himself may be shaken out of a job if his plans don't work, according to the Dec. 31 *Washington Times*. Toby Gati, a former National Security Council staffer on eastern Europe, has been named to head the State Department's intelligence and research staff. The *Times* says that State Department intelligence has come under fierce criticism from Central Intelligence Agency (CIA) and Defense Intelligence Agency analysts.

The *Times* and other press speculate that Samuel Lewis, a friend of Christopher's, will soon leave the policy planning bureau, which he headed; the *Boston Globe* reported earlier that Joseph Nye might leave his post at the CIA to replace Lewis. The *New York*

Times moots that policy planning may go to Morton Halperin, whose nomination to the new post of Assistant Secretary of Defense for Democracy and Peacekeeping was unconfirmed in the last session of the Senate. The State post requires no "advice and consent."

Reformers to meet on (mis)shaping schools

"Shaping America's Future through Total Quality School Restructuring" is the title of a conference scheduled for Washington in February and sponsored by High Success Network, featuring William Spady and a host of other "outcome-based education" (OBE) reformers. The invitation to the conference calls on "board members, teachers, parents, administrators, business and community leaders" to come and "interact" with the "acclaimed reformers who are shaping the future of education." Among these are: David Pearce Snyder, Willard Daggett, Henry Levin, and William Spady.

Speeches and workshops will be conducted on "Outcome-Based Restructuring as Total System Change" led by William Spady; "Reshaping America's Industrial Age Paradigm of Schooling into an Information Age System" by William Spady; "Reshaping America's Future through a Curriculum for the Information Age" by Willard Daggett; and "Obtaining Funding to Support School Restructuring" by Sheila Cassidy.

Virginia lawmakers draft 'new evidence' bill

The Virginia legislature will vote on a new law to allow courts to decide whether to hear new evidence in a capital case, legislators announced on Jan. 3, according to the *Richmond Times-Dispatch*. The draft law was prompted by the case of Earl Washington, a retarded man on Virginia's death row, whose innocence has been proven as a result of DNA tests. Washington may still die in the electric chair, however, because of Virginia's brutal law excluding presentation of

new evidence more than 21 days after conviction.

"Some of us kind of feel there's a basic human right not to be executed if you're innocent," Delegate Clifton Woodrum (D-Roanoke) told the Jan. 4 *Times-Dispatch*. A joint legislative subcommittee studying the problem unanimously directed the drafting of a bill to allow new evidence to be heard in court, if the evidence establishes "a reasonable probability of actual innocence."

Washington is seeking a pardon from Gov. Douglas Wilder, which is the only way to prevent his execution under existing law. Wilder, the first black governor in the United States, left for a trip to Africa on Jan. 2 and was scheduled to return on Jan. 14. On Jan. 15, Wilder's successor, Republican George Allen, will be inaugurated governor.

Children show violent effects of OBE abuse

Pennsylvania gubernatorial candidate Phil Valenti, a "LaRouche Democrat," responded to a letter from the Daniel Boone School Board protesting demonstrations against the Birdsboro, Pa., Elementary Center's practice of the psychological mind control techniques of Dr. William Glasser, called "Control Theory/Reality Therapy." On Dec. 22, one of Valenti's associates received a letter from the school board's president, Richard Fidler, claiming, "We received information that some elementary school children were intimidated by the presence of adults carrying signs. . . . We feel that a young child can be easily frightened by aggressive behavior and ultimately be accident prone during their trip to and from school."

Valenti's Dec. 28 reply pointed out that "your concern might more properly be focused on the unprovoked aggressive behavior of many of the children themselves." The children confronted the picketers, including senior citizens and ministers, with "racist and anti-Semitic slurs, obscene gestures and verbal vulgarities, threats of violence, the throwing of debris, and the shocking behavior of one child who repeatedly dropped his pants in the street. . . . All of this was witnessed and tolerated by various school per-

sonnel. . . .

"However, isn't this sort of behavior, where children do what 'feels good' as approved by their peers, a logical result of Dr. William Glasser's theories?" Valenti concluded: "As your district is widely promoted as a model for OBE and Glasser's ideas, I believe it is proper for Pennsylvanians opposed to such methods to protest them in Birdsboro."

White House, U.S. court approve condom ads

The war is heating up over advertising latex condoms as a means to prevent AIDS infection and whether schools should be allowed to distribute condoms without parental consent. On Jan. 4, Health and Human Services Secretary Donna Shalala introduced a new advertising campaign based on the assertion that latex condoms stop the transmission of human immunodeficiency virus "99% of the time, or better." The campaign consists of nine TV spots and four radio spots, which Shalala termed a "sophisticated marketing attempt to capture" the attention of the targeted age group of 18-25 year olds.

In late December, federal Judge Rya Zobel ruled in Boston that subways and trolleys are public forums and that the Massachusetts Bay Transit Authority (MBTA) is required, under the First Amendment, to run ads by the AIDS Action Committee, despite what the MBTA rightly calls their "indecent sexual images." The ads read: "One of these will make you one-1,000th of an inch larger"; and "Tell him you don't know how it will ever fit."

On Dec. 30, however, a New York State appeals court threw out the New York City school system's program of providing condoms on demand to high school students. Part of the "reforms" put through under Schools Chancellor Joseph Fernandez, the program was struck down on the rarely invoked grounds that it violated both the constitutional rights of parents to regulate the behavior of their minor children, and state health laws requiring parental consent for health services to minors. The school system unsuccessfully argued that condom distribution was an "educational" service.

Briefly

● **HARVARD** University has dropped plans for a Feb. 12 symposium and performance by pianist Paul Badura-Skoda of six recently discovered Haydn sonatas, according to the *New York Times*. The manuscripts, reported earlier in December to be lost piano sonatas by Josef Haydn, are now being called fakes, according to an AP wire story.

● **AMERICAN EDUCATION** is so poor that, according to a Department of Education study, "In the area of quantitative skills, for example, 56.3% of American-born, four-year college graduates are unable to consistently perform simple tasks, such as calculating the change from \$3.00 after buying a 60¢ bowl of soup and a \$1.95 sandwich."

● **HOMICIDES** are now the third leading source of organs for transplant in America, according to the Jan. 2 Virginia *Richmond Times-Dispatch*, mostly victims of gunshots and stab wounds (including suicides), said Joel Newman with the United Network for Organ Sharing. The two leading sources are deaths from motor vehicle accidents and ruptured blood vessels in the brain.

● **MICHAEL JACKSON**, in his first U.S. appearance since charges of pedophilia were levelled against him, toured Las Vegas casinos in late December, accompanied by junk-bond criminal Michael Milken. The two announced last spring that they were launching a cable TV venture for educational programming.

● **SADDAM HUSSEIN** was the target of a U.S. assassination plot, according a book written by *Newsweek* correspondent Douglas C. Walker. The plan called for U.S. commandos to shoot down Saddam's helicopter. Pentagon lawyers drafted a legal brief saying that Saddam could be considered a military commander in order to supersede the Executive Order prohibiting assassinations of heads of state. An excerpt from the book was published in *Newsweek* on Jan. 10.

Editorial

Zhirinovsky's 'doomsday weapon'

The Dec. 23 issue of the Italian daily newspaper *La Stampa* conveyed Christmas greetings to the West, as we were delivered Russia's Santa Claus, the self-avowed fascist Vladimir Zhirinovsky. He was quoted as warning that the Russians possessed a "doomsday weapon" based upon new physical principles.

This should be taken very seriously. According to Zhirinovsky, the new weapon, called the elipton, is undetectable and more dangerous than the atom bomb. In fact, he bragged, there is no defense whatsoever against it, and it has the capability to annihilate the entire world.

Whatever the truth of his claim, which we would guess is at the least mightily embellished, it brings to mind the real weapons capability of the former Soviet Union in the area of what we call the Strategic Defense Initiative.

Lyndon LaRouche and his associates in the Fusion Energy Foundation were well aware of the Soviet "beam weapons" program, and the proposal for what became known in the West as the Strategic Defense Initiative (SDI), as enunciated by President Reagan on March 23, 1983, was a response to this. The original proposal was for a global defensive shield against nuclear warheads which would be based upon the application of new physical principles such as electron beams, plasmoids, and high-energy lasers. The Tactical Defense Initiative was an adaptation of this, for the European theater in particular.

The meaning of Zhirinovsky's message/threat must be seen against the backdrop not only of the recent Russian elections, but also of the earlier Oct. 4 coup, which placed Boris Yeltsin strictly under the control of the Russian military and security forces. One might say that both Zhirinovsky and Yeltsin represent the same basic policy, although Zhirinovsky is more outspoken in his threats of a resurgent Russian nationalism. Indeed, it is really not correct to identify Zhirinovsky as a fascist or a Nazi; rather, he is expressing the much older Russian ideology which sees Russia as potentially the Third Roman Empire.

It was this impulse in Russian history about which LaRouche warned in 1983, after the Soviets violently rejected the Reagan SDI proposal and attacked Lyndon LaRouche as its author.

Now is the time for a general recognition of the fact that LaRouche was absolutely correct in this appraisal and in his version of the SDI proposal, which was based upon the development of an advanced scientific capability, rather than off-the-shelf technology, and upon a proposal for technology-sharing with the Soviets.

It is appropriate that in their report of Zhirinovsky's speech in Vienna, *La Stampa* correspondent De Martinetti noted that not even *Jane's Defense Weekly* knows exactly what Zhirinovsky is getting at, beyond the likelihood that it is some form of electron beam weapon. However, there is one place to go for the information—to Lyndon LaRouche and his associates. He writes: "If you want to find a track in the past, you must go back over 10 years, to the right-wing Schiller Foundation [sic] based in Germany, which publicly exposed Soviet work in beam weapons."

La Stampa's correct, if indirect, acknowledgement of the accuracy of LaRouche's assessment of the Russian military policy, is representative of growing international awareness of the importance of LaRouche's assessments and policy initiatives not only in the area of strategic policy, but also in economics.

The same blindness which allows the West to tolerate the looting of the world's infrastructure and means of production in order to support speculative investment, has allowed the folly of seeking to impose asset stripping and usury upon Russia, to the point where the increasingly impoverished Russian people are becoming justifiably bitterly enraged at the West, especially the Anglo-Saxons. Thus, while we are destroying our own military-industrial base, we are goading the Russians toward a military buildup. Perhaps *La Stampa's* reference to the role of the Schiller Institute is a sign that at least some people are waking up to this dangerous truth.

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Tue.—11 p.m., Thu.—2:30 p.m.
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Tuesdays—3 p.m.

MASSACHUSETTS

- BOSTON—BNN Ch. 3
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MICHIGAN

- CENTERLINE—Ch. 34
Tuesdays—7:30 p.m.
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Wednesdays—2:30 p.m.

MINNESOTA

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(Check Local Channel)
Mondays—2 a.m.

NEW YORK

- BRONX—BronxNet Ch. 67
Saturdays—6 pm
- BROOKHAVEN—TCI
(E. Suffolk, L.I.)
1 Flash or Ch. 99
Wednesdays—5 p.m.
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Mondays—6 p.m.
- HUDSON VALLEY—Ch. 6
2nd Sunday monthly—2 p.m.
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Sat., Jan. 22—6:30 p.m.
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1st & 3rd Sundays—4 p.m.
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- SUFFOLK, L.I.—Ch. 25
2nd & 4th Mondays—10 p.m.

- WESTCHESTER—Access Ch. 18
Fridays—6 p.m.

OREGON

- PORTLAND—Access Ch. 27
Wed., Jan. 19—6 p.m.
Wed., Feb. 9—6 p.m.
Tuesdays—6 p.m. (Ch. 27)
Thursdays—3 p.m. (Ch. 33)

PENNSYLVANIA

- PITTSBURGH—PCTV Ch. 21
Mondays—7 p.m.

TEXAS

- HOUSTON—PAC
Mondays—4:30 p.m.
The American System
Thu., Jan. 13—7 p.m.

VIRGINIA

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Schiller Institute Show
Tuesdays—9 a.m.
- FAIRFAX—FCAC Ch. 10
Tuesdays—12 Noon
Thu.—7 pm, Sat.—10 am
- LEESBURG—Ch. 6
Mondays—7 p.m.
- MARTINSVILLE—Cable Ch. 6
Some Saturdays—8 p.m.
Some Sundays—1-5 p.m.
- RICHMOND/HENRICO—
Continental Cable Ch. 38
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