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Executive Intelligence Review

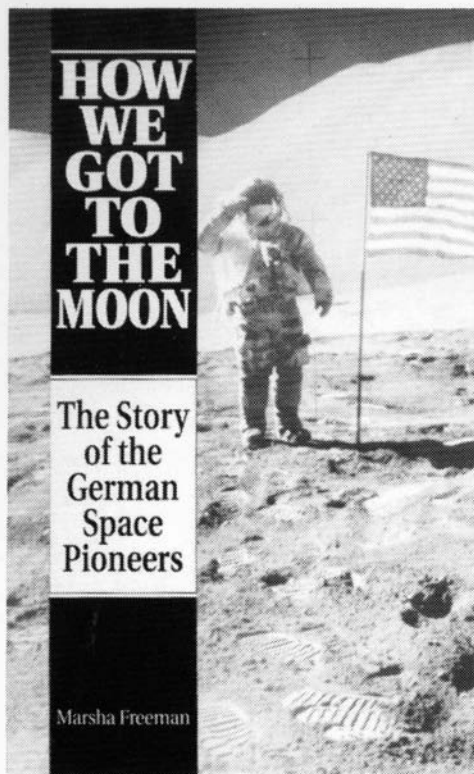
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Cornered, Castro tries immigration war on U.S.
Formigoni: Italian politics enters new era
Copenhagen '95—the next U.N. atrocity

**After IMF ruin, which way
for eastern Europe?**





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From the Editor

On Sept. 1, the fifth superior penal judge in Caracas, Venezuela vacated the arrest order against Engineer Alejandro Peña Esclusa, secretary general of the Venezuelan Labor Party (PLV), and declared closed the case brought against Peña Esclusa by the Cisneros group in March of this year. Peña is a prominent leader of the political movement founded by American statesman Lyndon H. LaRouche, Jr.

Days earlier, a court in Pennsylvania terminated an incompetency order against Du Pont heir Lewis du Pont Smith, whose family had him declared incompetent in 1985 because of his political association with Lyndon LaRouche, stripped him of control over his fortune, and denied his right to vote and marry. Later, the family conspired to kidnap and “deprogram” Smith, in the lurid tale exposed by the book *Travesty*. The Aug. 30 court order restores Smith’s control over his financial estate.

These victories against the judicial persecution of the LaRouche political movement took place on the eve of a conference celebrating the 25th anniversary of LaRouche’s philosophical association, the ICLC, founded in 1969.

The outlandish frameup of Peña was covered in detail in *EIR* on April 29, May 6, May 20, and May 27, 1994. On hearing of the ruling, Peña Esclusa observed that his enemies “threw their entire power, all of their propaganda machine, against me, and even so, they failed to imprison me. This shows that the Cisneros family are no longer so powerful. Not only has Carlos Andrés Pérez, to whom they are closely tied, fallen, but their U.S. bedfellows such as Rockefeller and Kissinger, are also in trouble. The international financial crisis has Chase Manhattan Bank, Rockefeller’s bank, in serious straits, and the bank could very soon experience what happened to Banco Latino.”

In the trial, the Cisneros Group alleged that Peña was a criminal because he was tied to U.S. economist Lyndon LaRouche, whom they called a criminal. That line didn’t work either; an ad published Aug. 11 in the *Washington Post* listed hundreds of personalities from around the world, including 50 U.S. state legislators, rejecting the political persecution that LaRouche has suffered in the United States. The ad was reproduced Aug. 29 in *El Universal* of Caracas—three days before Peña’s full exoneration.

Nora Hamerman

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A parliamentarian and leader of the Italian Popular Party (PPI), Mr. Formigoni has for many years been chairman of Communion and Liberation, the biggest Catholic youth organization in Europe.

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Mr. Freeman is a gubernatorial candidate in the Democratic primary in the state of Maryland.

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President Clinton opens new relationship with China

by Kathy Wolfe

U.S. Commerce Secretary Ron Brown traveled to the People's Republic of China (P.R.C.) and Hongkong on Aug. 27-Sept. 3 as a special representative of President Bill Clinton, accompanied by 24 chiefs of U.S. corporations who, Brown said, hope to, in time, realize \$25 billion in trade from the trip. In Beijing on Aug. 29, Brown signed a Framework Agreement on Trade with Chinese Minister of Foreign Trade and Economic Cooperation Madame Wu Yi.

President Clinton "has sent substantive signals that we regard China as a commercial ally and a partner—that China's long history is deserving of respect; and China has responded," Brown told a Beijing press conference on Aug. 30. "A new relationship is being built," Brown said. With the Cold War over, President Clinton has made world "economic security" the cornerstone of his foreign policy. "We are trying to provide leadership in commercial diplomacy. Our national security is inextricably tied to our economic security. By bringing American and Chinese firms together, and by pursuing the course of commercial diplomacy, we seek to set the stage for a new era of cooperation, growth, and progress."

Despite the gesture of friendship stemming from Clinton's decision in May to end the link between human rights and trade and to renew China's Most Favored Nation (MFN) trade status, however, Beijing also insisted on showing its communist face. As Brown landed on Aug. 27, P.R.C. police took Wang Dan, a student leader of the 1989 Tiananmen democracy demonstrations, into custody for 12 hours, released him, and then detained him again on Aug. 31.

P.R.C. Prime Minister Li Peng also announced on Aug. 31 that Beijing regarded the upcoming U.N. Cairo anti-population conference "as of great significance." China, he said, would send a high-level delegation, noting that Beijing's one-child-per-family policy "has been a great success."

Yet Brown was able to meet both President Jiang Zemin

and Prime Minister Li Peng, discuss an eventual visit to China by Clinton, and announce that China and the United States will reopen their human rights negotiations in September when Chinese Foreign Minister Qian Qichen visits the United States for the U.N. General Assembly meeting. "The announcement that dialogue is going to be renewed is a very, very positive sign," Brown said on Aug. 31.

Isolate the British

As *EIR* Founding Editor Lyndon LaRouche pointed out in an Aug. 31 interview, the President and Secretary Brown's actions are precisely what America needs to do in a difficult situation. The key, he said, is that "the United States and the government of Great Britain are completely, directly at odds" on China.

"The British government policy is for civil war in China, on the occasion of the death of Chinese leader Deng Xiaoping, who recently celebrated his 90th birthday," LaRouche said. LaRouche referenced the June *Foreign Affairs* article "China's Changing Shape" by Gerald Segal, China director of London's International Institute for Strategic Studies, which calls for the bloody partition of China. "The British want a civil war in China as part of their policy of destruction of Asia. The British, of course, are trying to use the Hongkong lever as a way of destabilizing China, also as a lever for looting China," he said.

Clinton, LaRouche said, has instead introduced an entirely new policy: using American technology to develop China. "The U.S. policy is for peaceful economic development of China through economic cooperation," he said. "That is, human rights are discussed in the context of a positive issue: development."

"This does indicate a shift in U.S. policy, completely, from the George Bush nonsense" of supporting Beijing's

rulers, including Henry Kissinger's support of the butchery at Tiananmen Square—while keeping the Chinese people in abject poverty, LaRouche said. The key is that Clinton has decided to junk Britain's "free trade" economic policy in China, a trade in cheap labor in which Kissinger's consulting firm Kissinger Associates and other Bush friends had made so much blood money.

Secretary Brown's statements before and during his trip bore out administration reports to *EIR* (see our report from Aug. 26, p. 6) that Clinton and Brown want to ditch the British policy of cheap-labor Special Economic Zones (SEZs), which Beijing followed until recently on London and World Bank demands. The SEZs are low-technology plants which "just use China for sourcing," looting China for cheap labor and raw materials, and mostly producing cheap goods to export from China back into the United States. That lowers both Chinese and U.S. wages, he said.

The Brown mission, the Clinton official said, is meant to shift American investment in China into major infrastructure projects and promote U.S. high-technology exports to China. The delegation, he said, "consists principally of U.S. exporters of all kinds, including of high-technology, who produce things like heavy capital goods in the United States—which creates jobs here—and which we want the Chinese to buy."

As one Beijing official told the Hongkong journal *Juang Chiao Ching* on Aug. 16, the Clinton administration has in effect joined in an international move to "isolate Britain." The most important part of Li Peng's recent trip to Germany, he said, was to create "new policies and strategic arrangements." These include dialogue and cooperation with the United States, using the new Sino-German partnership as an example, in order to "check the U.S., isolate Britain, and influence France," and foster cordial relations with eastern Europe.

Germany, he stressed, has been "the most open country with regard to high-technology exports to China," and Li Peng timed his trip to Germany, "cleverly" set to coincide with Clinton's trip to Germany the following week, thus linking China, in Clinton's eyes, to the friendly relations between the United States and Germany.

Clinton junks laissez-faire

In meetings with President Jiang Zemin and Li Peng, a possible upcoming Clinton trip to China as well as other "high-level visits by officials of both China and the United States was discussed," Brown said. He delivered a letter to Jiang from Clinton which, he said, was "much more than a simple expression of goodwill; it makes important points about the importance of our relationship and the importance of our mission."

Potentially most important, Brown said on Aug. 29 that Clinton "has junked a 12-year tradition of laissez-faire government" to fight for U.S. exporters in the global market, with financial support from the U.S. Export-Import Bank and other U.S. government resources. "We are committed to

going beyond simply insuring that American firms find a level playing field around the world," Brown told the American Chamber of Commerce in Beijing. "We are also committed to playing to win."

He was referencing the Bush free-trade policy known as the "level playing field," under which Washington for several years has concentrated on kicking down the protective tariffs and other necessary market structures of America's trading partner nations, while leaving U.S. industry and labor completely unprotected in the global market. This has collapsed American wage standards and impoverished our trading partners around the world.

Instead, said Brown, "Asia must play a central role in our future growth if we are to carry American global leadership into the next century. The U.S. government is now playing an activist role on your behalf."

In Washington before his departure, Brown specified that the Export-Import Bank will be used more in Asia. "We continue to work very closely with Ken Brody and his team at the Exim Bank. They've shown a great deal of flexibility and, frankly, many of these transactions would not have come to fruition if the Exim Bank had not improved our financing packages," he said. "I think the Chinese would very much like to do more business with the United States. We have somewhere around a 10% market share of the business in China. In my view that's unacceptably low. . . . We ought to be doing a lot better. As you know, President [François] Mitterrand and Chancellor [Helmut] Kohl have made highly publicized trips to China seeking to enhance the commercial interests of French and German business and industry. We intend to send a signal that we are going to compete and that we intend to compete aggressively."

"The U.S. has been lagging behind in the Chinese market, especially in infrastructure. In this mission, we focus on infrastructure. In selecting the 24 companies in the mission, we chose telecommunications, transportation, and power generation. We're disappointed in the degree of American participation in those infrastructure projects. There will be several hundreds of billions of dollars spent on infrastructure and development between now and the year 2000. I certainly am interested in American companies participating heavily in those infrastructure projects; that is clearly one of the purposes of the mission."

On Aug. 30, Brown said that his delegation had already signed \$5 billion in deals. These included Energy Corp., which will build a Chinese power plant for \$1 billion, in partnership with the Lippo Group in Hongkong; the Wing Group, to build another \$2 billion Chinese power plant; and Westinghouse, which will upgrade a power plant in Beijing and form a joint venture with Shanghai Electric Equipment Corp. to manufacture power-generation components. Communications giant Pitney Bowes also signed a post-office equipment deal and IBM signed a computer and telecommunications project deal, while General Electric, Chrysler and TRW are expected to sign major contracts.

After Cairo '94, U.N. plots global economic dictatorship

by Torbjörn Jerlerup

As this is being written at the end of August, it is not yet clear whether the U.N. Conference on Population and Development, scheduled for Sept. 5-13 in Cairo, Egypt, will take place or not. Whatever happens, it is clear at least that the genocidalists behind the conference will not garner their desired level of support for population reduction. Their attempt to build a worldwide consensus has failed. However, the conference in Cairo is seen among the international power elite only as a stepping stone toward, for them, a higher end—a global government. The purpose of the Cairo conference is, in their eyes, to get governments to accept a global lawmaking body to decide about the most personal and intimate doings of the family.

The U.N. is, in other words, acting like a Mephistopheles, from Marlowe's play *Dr. Faustus*, who is attempting to seduce the Faustus of this world, the governments. If the governments make a deal with the devil in Cairo, then it will be easier to enforce a global government in coming years.

Next year, over March 6-12, the U.N. will arrange a conference in Copenhagen on "social development." The real agenda behind this conference, which is planned to celebrate the 50th anniversary of the founding of the U.N., is to take the next step toward establishing world government.

The old dream of a 'world directorate'

In 1988-89, it became more and more clear to the elites of the western world that their old system of controlling the world had collapsed. The Soviet empire was doomed, and with that the system of Mutually Assured Destruction (MAD) also was doomed. They had to come up with new ideas of how to control the world population. So, the idea of a global condominium between two superpowers was put aside and, instead, the old dream of the British-Venetian elite of a "world directorate," a world government to control the global economy, was made the center of policy.

This thrust became visible in a speech by William Webster, then head of the CIA, to the Los Angeles World Affairs Council on Sept. 19, 1989. He explained that "a historic shift may be under way from East-West military confrontation to a global emphasis on economic concerns," and that this

meant the need for a new policy for the intelligence community. On the financial side, he stressed the increased role of derivatives, globalization, and the Third World debt as reasons for the CIA to closely monitor the world economic system to safeguard "political stability." He added that trade imbalances, the spread of protectionism, and the buildup of high-tech industries in allied and other nations are dangers which have to be monitored. Webster concluded by stating that "the intelligence community looks at these developments from a strategic perspective, examining . . . the ways that actions taken abroad can directly and indirectly affect our national security interests." This meant that the old East-West condominium should be replaced by international control of global economic activity. So, the idea of a U.N. economic security council had been born.

At about the same time, in 1988-89, the four Scandinavian countries—Sweden, Denmark, Norway, and Finland—set up a U.N. commission called the "Nordic U.N. Project." The purpose of this commission was to generate "ideas and proposals as to how the Nordic countries could make constructive contributions to the discussion on reform of the United Nations in the economic and social field," according to their 1991 report "The United Nations in Development." The report detailed how the commission believes that the U.N. Development Program (UNDP) should play a leading role in the reform process. The report advocates the use of global environmental taxes and U.N. Blue Helmet interventions as a part of the global "governance." They propose that an economic security council should be created to lead this "governance."

This report, together with similar reports from other commissions, resulted in 1991 in the "Commission on Global Governance."

In November 1991, the former prime minister of Sweden, Ingvar Carlsson, and Shridath Ramphal, the former foreign minister of Guyana, were elected co-chairmen of the commission. The commission will release its final report in January 1995, only two months before the U.N. conference in Copenhagen. The commission is working side by side with the UNDP on the question of "Global Governance." The

UNDP yearly *Human Development Report, 1994* released in June (see *EIR*, June 10), deals in depth with this question. The UNDP report demands global population control, Third World disarmament, and an "economic security council," all with the purpose of limiting national sovereignty. The work of the UNDP and the Commission on Global Governance will lead into the Copenhagen conference.

What is global governance?

In a presentation of the work of the commission, "Update 93/94," the commission is said to deal with four broadly defined issues, namely, "global values, global security, global development, and global governance."

On the question of global values, the president of the MacArthur Foundation, Adele Simmons, says in her written contribution to this "update":

"On the topic of 'global values,' the commission is attempting to assess to what extent certain values can be considered to be universal, and to identify and promote values that transcend economic, ethnic, national, religious, and social divisions. In its work, the commission is exploring a variety of issues from creating a set of enforceable responsibilities and rights derived from shared values, to examining ways to develop and promote universal standards of human rights—both civil and political rights, as well as economic, social and cultural rights. . . . We must look for ways to encourage behavior that is consistent with value-based goals."

The commission promotes the idea that the U.N. should define "universal values," with the aim of using these to limit national sovereignty. In this way, they would be able to create a world government. So, don't be fooled when they claim that they don't want a global government, but just "global governance."

How this would work is similar to how different environmental hoaxes have been handled by so-called global forums. Take the alleged "ozone hole," for example, which began as a scientific hoax that nobody believed, but yet ended with a global ban on chlorofluorocarbons (CFCs). How was this accomplished? Through the U.N., which functioned as a lawmaking body, and through an intensive U.N.-led mass media campaign. All concepts of right and wrong, and of scientific truth, were replaced by the concept that "might makes right." As a result, the world is facing millions of deaths which will result from a lack of refrigeration due to the CFC ban.

The grab for power can be seen in the written contribution to the "update" by the two commission co-chairmen, where they state that "the U.N. and its family of institutions including those of the Bretton Woods system are a major focus of our attention in the commission," and that these institutions should be at the "center" of the new governance. To let the evil Bretton Woods institutions, the International Monetary Fund (IMF) and World Bank, take part in the creation of a new world order, is like inviting the devil to the dinner table.

It may be politically correct, but it is insane.

Who pulls the strings?

Did the U.N. ever ask if we want such a global institution to decide over our heads what is right and wrong? Of course not. Is the foundation for these "values" based on a higher concept of what is right and wrong, on natural law? No, rather on "consensus" and "compromise." So, what do you usually call this kind of "governance" based neither on the participation of the people nor on natural law? Dictatorship!

Who is behind this drive for a global U.N.-led dictatorship? The commission is financed primarily by the governments of Sweden, Denmark, Norway, and the Netherlands, and by two foundations: the notorious U.S.-based MacArthur Foundation and the so-called World Humanity Action Trust in the U.K.

Undoubtedly, the most important of the individuals behind the commission is Adele Simmons (a representative of the MacArthur Foundation), Maurice Strong (the man behind the environmental conferences in Stockholm 1972 and Rio 1992), Frank Judd (director of Oxfam and a former British minister of overseas development), Ingvar Carlsson (a representative of the Swedish elite who has long promoted the idea of a U.N.-led global dictatorship), and Brian Urquhart.

Urquhart has been an errand boy for the British oligarchy for a long time. He has been a U.N. undersecretary general, is now deputy chairman of the Stockholm International Peace Research Institute (SIPRI), and also works for the Ford Foundation. As president of SIPRI, he has several times called for the creation of a "global police force." In the "Update" from the commission, he endorses the idea which U.N. Secretary General Boutros Boutros-Ghali put forward in his proposal, "An Agenda for Peace," from 1992 for the creation of peace enforcement units. He calls this an "elite peace force." According to members of this commission to whom this author has spoken, Urquhart is regarded as the "spiritual leader" of the commission.

Among the other important members of the commission are Abdlatif Al-Hamad, former Kuwaiti minister of finance; Oscar Arias, Nobel Peace Prize laureate, former President of Costa Rica, and president of the Arias Foundation for Peace and Justice; Manuel Camacho Solís, former foreign minister of Mexico; Barber Conable, former president of the World Bank; Bernard Chidzero, Zimbabwean senior minister of finance; Jiri Dienstbier, former foreign minister of Czechoslovakia; Jacques Delors, outgoing president of the European Commission; and Yuli Vorontsov, Russian ambassador to the U.N.

The UNDP 'Nazis with Blue Helmets'

Over July 22-24, the commission and the UNDP leadership met in Saltsjöbaden, Sweden for a UNDP roundtable on "Change: Social Conflict or Harmony?" The commission later met separately on the island of Gotland to discuss its

upcoming report.

The UNDP meeting was a preparatory meeting for the Copenhagen conference in 1995. The speeches and papers presented at the conference all dealt with different aspects of global governance. The UNDP bureaucrats explained that we are facing a paradigm shift in world affairs, and that it is time to “revalue all human values” according to a new set of “global goods and global bads” worked out by the United Nations. To accomplish this goal the U.N. must have more power. Therefore, they called for U.N. “social conditionalities” (instead of the old IMF-World Bank economic conditionalities), a global police force, a “global tax,” a “global insurance company,” the reduction of military expenditures in the Third World, and an almighty “economic security council.” These proponents of genocide, such as Nafis Sadik of the U.N. Population Fund, stressed the importance of the Copenhagen conference in this context. “Out of that conference, new and more efficient means of global cooperation can be born, a new world order!” she exclaimed.

‘New imperatives of human security’

To understand the importance of the Copenhagen conference, we must take a closer look at some of the papers presented at this preparatory Stockholm conference. The most important of the papers presented was by “the chief architect” of the 1994 UNDP report, Mahbub ul Haq, former minister of finance in Pakistan, entitled “New Imperatives of Human Security.” In it, he states that we are entering a phase-shift in human security and that it is necessary to create a new world order, a “global governance.” He states that to accomplish this we have to take “five determined steps”:

“The first step is to seek a new concept of development. . . . Growth opportunities . . . must be sustainable from one generation to the next. The concept of sustainable human development is fairly simple: It is based on equal access to development opportunities, for present and future generations.”

This sounds nice, but in reality he means that the old idea of technological progress has to be replaced by a new concept of “environmentally clean” technology. In this kind of world, all great development projects, such as those proposed by Lyndon LaRouche, would be forbidden, and, as a consequence, the poor countries will have to stay poor. Industrial production on a large scale has to be abolished in a “sustainable society,” and replaced by so-called low-cost labor, i.e., slave labor.

He then proposes that the U.N. should force poor countries to demilitarize, so that national sovereignty becomes an impossibility.

As the third step, he proposes that all nations should face economic sanctions if they don’t accept the dictates of the banks. This would take the form of fines against those who “depart from internationally agreed rules of good conduct.”

The fourth step deals with global economic dictatorship. Haq describes this as follows: “A fourth step in the search for a Human World Order is to fashion a new framework of

global governance. . . . Global institutions are necessary to set rules, to monitor ‘global goods’ and ‘global bads,’ to redress widening disparities. Paradoxically, these global institutions are weakening precisely at a time that global interdependence is increasing. All global institutions desperately need both strengthening and reform.

“Take, for instance, the Bretton Woods institutions. What should worry us today is not their seeming arrogance, but their growing irrelevance. They are no longer institutions of global governance, they are now institutions to direct economic management in the developing world. . . . [The Group of Seven] G-7, not the IMF, influences the global monetary system today. The rich nations hold their breath for the pronouncements of [U.S. Federal Reserve Chairman] Alan Greenspan, not of [IMF Managing Director] Michel Camdessus.”

After this praise for the international banks—from a man who bragged in the Swedish press about how he, as finance minister of Pakistan, tried to sell out his country to the banks—he describes the details of how this dictatorship should be administered. Here he focuses on the importance of the creation of an economic security council with “a world central bank, a global taxation system, a world trading organization, an international investment trust, and even a world treasury.”

“Such a council must deal with all issues confronting humanity—from food security to environmental security, from global poverty to jobless growth, from international migration to drug trafficking,” he writes. Then he demands that this U.N. “governance” also should have powers to force countries to become more “democratic.”

“These . . . steps can lead toward a new Human World Order. A unique opportunity to build such an order will come at the time of the World Summit for Social Development in March 1995 in Copenhagen,” he says.

17th-century empiricism and the U.N.

How do the people responsible for this political insanity about world government/governance think?

To answer this question, another paper presented at the UNDP conference in Sweden is very useful. It is on the philosophy behind the U.N. and is written by Benjamin Bassin, an ambassador to the U.N. from the Finnish Ministry of Foreign Affairs. He was involved in the “Nordic U.N. Project” and is heading the U.N. reform work in Finland. The paper he presented to the conference is called, “What Role for the United Nations in World Economic and Social Development?”

He states that the history of “multilateral diplomacy” in modern times can be divided into three phases. The first began with the Congress of Vienna in 1815, the second with the Paris Peace Conference of 1919, and the third with the creation of the U.N. in 1945. The Congress of Vienna was founded on the philosophy of Thomas Hobbes and the idea that “only strength counts,” that “the weak either must submit or succumb.” This he calls the “aristocratic principle.” The

Paris conference in 1919 and the "Wilsonian concept" of the League of Nations were based on a more "democratic principle" where nations should be ruled "under law," he says. This concept Bassin traces back to "Kantian humanism, the French Enlightenment, and to 17th-century empiricism," especially to the influence of John Locke and the French philosopher Montesquieu.

When the U.N. was created in 1945, it contained "some elements of both the aristocratic and the democratic tradition," he states. The influence from the democratic tradition can be seen in the U.N. Charter of Human Rights, based on the concept of the social contract as the 17th-century empiricists viewed it. The influence from the aristocratic tradition can be seen in the U.N. Security Council where the Great Powers are able to influence and direct the work of the U.N.

He explains that the 1945 concept is the best concept to use in the coming U.N. reform: "While it has to continue to accommodate the interests of the Great Powers, its long-term development objectives should conform to the liberal, humanist ideals of the charter."

The new system of "international governance" should be based on the U.N. as a "proclaimer of international rules, norms and standards," Bassin writes. The U.N. should therefore be able to use "aristocratic" methods to "enforce" these

"international rules" in the future. To this end, the U.N. should be "the world's police force and humanitarian rescue service," and should have the capacity to "bind member states" to its decisions, according to Bassin.

The philosophy of evil

The truth is that there is no difference between these two philosophies, the one represented by Hobbes and the other by Locke. These two philosophies are nothing but pure evil, and a mixture of them in the form of a new "global governance" would be worse than a disaster for mankind.

Hobbes stated that whatever a king commands is right because the king commands it, and what the king forbids is wrong just because the king forbids it, and that the individual citizen never can claim that he knows what is right or wrong because "might makes right." In his philosophy, natural law, a higher concept of right and wrong, does not exist. Therefore, according to Hobbes, we should obey the laws of God not because they are just and good but only because God has the power and commands us to obey his laws.

The philosophy of Locke is no better. He shared Hobbes's basic idea of God. According to his "Essays Concerning Human Understanding" from 1690, God has given us laws and rules which we should obey because "we are his

Who's boycotting Cairo '94

As of Aug. 31, three nations had withdrawn their delegations entirely from the Cairo '94 depopulation conference. One of the greatest blows to the depopulators came on Aug. 30, when the Kingdom of Saudi Arabia announced its plan to boycott the conference. As the *International Herald Tribune* noted, Saudi Arabia is "widely considered to be the Muslim world's most influential country," and its boycott announcement "raises fears that other Islamic nations will follow suit." Jyoti Shankar Singh, executive director of the Cairo event, confirmed that Saudi Arabia had sent a letter to the secretariat of the International Conference on Population and Development, proclaiming that the country would not attend the conference. According to Singh, "they gave no reason."

Notwithstanding, the highest Saudi religious figure, Sheikh Abdulaziz ibn Baz urged his country and the rest of the Muslim world to "boycott the conference. It is incompatible with the Muslim religion."

In addition, Sudan and Lebanon have withdrawn from the conference. Lebanese Prime Minister Rafik al-Hariri announced the decision on Aug. 30, although he gave no reason. In both countries, the conference agenda promot-

ing abortion and extramarital sex offend the major religions of Islam and Christianity.

Other countries have downgraded their delegations: Two women heads of government of populous, largely Muslim countries have withdrawn: Bangladesh's Khaleda Zia and Turkey's Tansu Ciller. Begum Bhutto was scheduled to give the opening speech at the conference. President Suharto of Indonesia has announced he will not attend the conference.

Some countries which are attending have made clear that they will not meekly go along with the Cairo agenda. Israel's first ambassador to the Holy See, Shmuel Hadas, told the Aug. 30 German-language issue of the Catholic publication *Thirty Days*: "The State of Israel is still working out its position. . . . I think, though, that the position of the Jews, in this matter, will be closer to that of the Vatican than to the other side in the debate. This was manifest in a meeting on the family, which took place in May, in Jerusalem, and which was co-sponsored by the Vatican Commission for Relations with the Jews and the International Jewish Committee for Inter-Religious Dialogue."

A government official working on Israel's position told *EIR* that the Israelis would be uncompromising on the importance of the family as an institution, and would insist that decisions on childbirth and related matters must be made on the family level, not imposed by governments. Furthermore, Israel would be against "abortion on demand."

creatures" and because "he has the power to enforce it by rewards and punishments." He continues:

"Good and Evil . . . are nothing but pleasure or pain, or that which occasions or procures pleasure or pain to us. Morally good or evil then, is only the conformity or disagreement of our voluntary actions to some law, whereby good or evil is drawn on us from the will and power of the lawmaker; which good and evil, pleasure or pain, attending our observance or breach of the law by the decree of the lawmaker, is that we call reward and punishment."

No society can survive with this philosophy as its foundation. The relation between man and nation-states has to be guided according to a higher positive understanding of what is right and wrong—natural law.

Democracy without a foundation in natural law is evil. The philosophy of the U.N., as Bassin and the oligarchy behind the U.N. view it, is therefore wrong. This philosophy can only create slaves, not free men and women. International affairs must never be guided according to the will of the strongest. It does not matter whether the policies are decided by the Great Powers of the U.N. Security Council or by the "majority" of voters or countries. It does not matter if the U.N. is based on "aristocratic" or "democratic" ideas, or a mixture of the two. If the decisions are not based on natural law, they must be evil. The same is true if the decisions are based on consensus and compromise and not on truth-seeking, to strive for the good. In that case it must also be evil.

This is the philosophical battleground and it is up to us to decide if we will accept this Venetian-British worldview of masters and slaves. There is an alternative to this bestial worldview, and it is the philosophy based on the science of man as it was developed in the Renaissance. In "How Bertrand Russell Became an Evil Man" (*Fidelio*, Fall 1994), Lyndon LaRouche describes this in depth.

So what should we do with the upcoming U.N. global government/governance summit in Copenhagen? We should do what LaRouche proposed on June 8 on the weekly radio interview "EIR Talks":

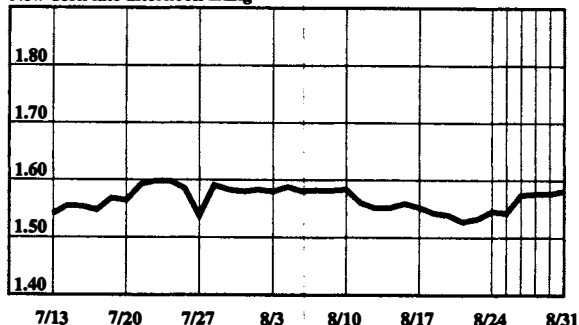
"When people start making these kinds of noises about supranational government, I treat that itself as a *casus belli*. This has to be settled. This nonsense has to stop. I think we ought to shut down the U.N. unless they can stop this blathering about utopian world government. I think that's the only answer.

"You know, there are some things, like some guy raping a woman. And you don't accept from him the argument, 'Don't object until you give me a satisfactory alternative.' Eh? You stop the rapist. And in this case, we don't have to discuss alternatives, or we don't have to discuss improvements or modifications in what are criminal designs. The criminal should simply stop committing crime, or we have to take measures to induce him to do so, contrary to his will. I think that's the only answer."

Currency Rates

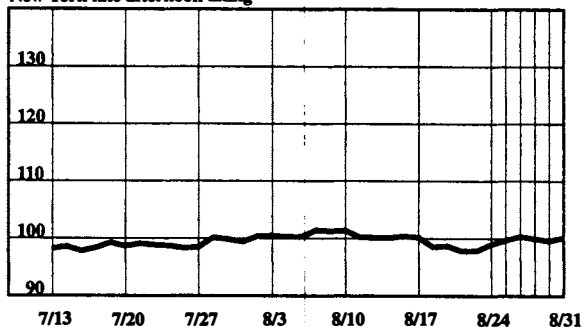
The dollar in deutschemarks

New York late afternoon fixing



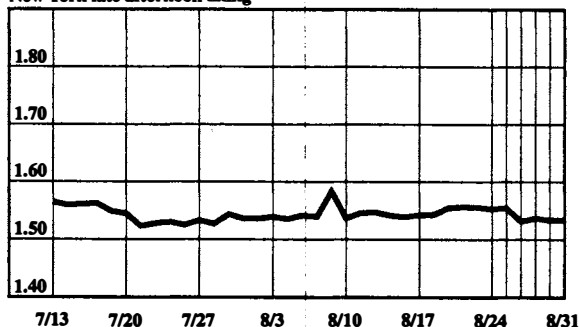
The dollar in yen

New York late afternoon fixing



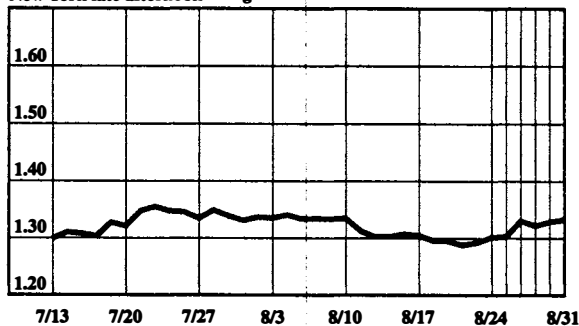
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Swiss farmers don't want GATT

It will destroy the middle class, starting with family farmers—and government payoffs are nothing but a mirage.

Switzerland is supposed to enter the General Agreement on Tariffs and Trade, GATT, the supranational free-trade organization that has slashed and burned its way through many a national economy. That's what the international institutions want, and that's what the Swiss Businessmen's Association and the Swiss Farmers' Association want. Only the Swiss themselves don't want it very much, and especially not the Swiss farmers. They have good reasons, which are little by little coming out into the public light.

In Switzerland, as elsewhere, farm incomes have been steadily declining in recent years. An average farm with a cultivable area of 18 hectares was already operating about 25.4% below breakeven in 1991; a year later the deficit increased by another 4.6%, and 1993 by 11.4% more.

The income of an average farm family plummeted within three years from 97,645 Swiss francs to SF 61,879 francs. The Swiss government has endorsed the GATT measures, but the Swiss citizens have not yet decided whether they will approve GATT regulations (in a future referendum). In fact, the prospects for it are not so rosy, because the opposition is huge. Yet the Bern government is acting as if the voters had already voted in favor of GATT.

Accordingly, agriculture's future looks bad. In the current year, rural incomes will shrink a further 36%, which for the average farm corresponds to a new loss of SF 22,839, or SF 1,211 per hectare. As the Research Institute of Taenikon esti-

mated, the average income for Swiss farmers in 2002 will be 45% lower compared to 1993, if the GATT provisions are carried out.

This still excludes inflated prices for farmers' regular investments. Even if everything the farmer and his family buy in the next eight years has the same price as today, the family income will drop by half. If inflation is only 1% higher than the rationalization measures the farmers will probably take, they will have 58% less, the institute calculates. As inflation will very probably be higher than that, around the turn of century, farm families will have to live on substantially less than half of what they have today.

This was predictable, since it conforms to developments already seen in the United States and European Community (now European Union). Nevertheless, the Swiss Farmers Association (SBV) is campaigning for a Swiss GATT membership.

In mid-April, Melchior Ehler, director of the SBV, sided, surprisingly, with Swiss business in favor of GATT. Since GATT would improve business for other parts of the economy, it was argued, GATT would also be good for the farmers.

The contrary is true: Because free trade policies will wipe out the medium-sized sector, including its mainstay, the family farms, the whole economy is going to suffer immensely. But nothing will put a functionary's reason to sleep faster than the sound of coins or the promise of a better position. And it's no secret that the "playboy of Swiss agriculture," as he's universally called, has high aspi-

rations in Swiss politics.

The path Ehler and the SBV chose is the same that all major farmers' associations have taken, betraying their members' interests: He demands financial compensation by the state. For each percent of cost increase in the farms, Ehler demands SF 100 million from the government. He will never get that, of course, as he very well knows, but it's a good way of keeping the association's membership on pins and needles.

Besides that, the SBV wants investment in "improved structures," or, to put it more clearly, a structural change in favor of bigger farms. Of course, they won't consider the fact that Switzerland's geographical topography, with its steep mountains and narrow valleys, sets a limit on that. "Structural development" is the SBV's magic word; with it the SBV denies any blame, putting it into the farmers' hands. They aren't "enterprising" or "dynamic" enough, they failed to grow. A farmer in the Swiss mountains is supposed to enter into competition with a New Zealand dairy farmer, who is able to produce milk for a fraction of the cost, thanks to natural conditions. It works—on paper.

The Swiss New Farmers' Coordination (NBKS) group had warned their colleagues early in the year that free trade will wipe out a major part of small and medium-sized industry and farms, and challenged the agricultural establishment with meetings which often were crowded with hundreds of people. The SBV answered with a broad slander campaign against the NBKS and its collaborators in the Schiller Institute. It talked about "foreign manipulation" and "sinister conspiracy theories." Obviously those things do, in fact, exist: in the places where one finds Herr Ehler, the SBV, and numerous other enemies and slanderers of the NBKS.

Business Briefs

Africa

Millions in East Africa facing starvation

Millions of people in East Africa face hunger and starvation, the U.N. Food and Agriculture Organization (FAO) warned in its latest Africa report.

Just in the Horn of Africa, 4.7 million tons of grain are needed to prevent a human catastrophe. This is double the amount of food aid that was needed last year; but instead, less food aid is available internationally.

In Burundi, the food situation is "critical"; in Tanzania, the situation is worrisome; in Uganda, people are already starving; in Angola, the food situation is "bad"; and in Malawi, the survival of 3 million people depends on food aid, the FAO said.

The FAO appealed to the international community to act immediately and in a coordinated way, and to offer proposals for an "immediate, coordinated, and broad-scale relief action on how to reconstruct agriculture as well." On a long-term perspective, the constant crisis in Africa will only be overcome if productivity and production in general are significantly geared up.

Science

New method found for producing hard X-rays

A team of scientists at the University of Illinois in Chicago led by Charles K. Rhodes has discovered a means of producing "gigantic" amounts of energy in the form of hard (short wavelength) X-rays, according to their article and a commentary by Bernd Crasemann in the British magazine *Nature*, the Aug. 25 *New York Times* reported.

Rhodes's team bombards clusters of xenon atoms with intense ultraviolet radiation. This causes the outer electrons to oscillate coherently, transferring a large amount of energy to the inner electrons, knocking several of these tightly bound inner electrons out. In ef-

fect, the electron shells are hollowed out; in the familiar form of ionization, it is the outer electrons that are removed. When other electrons rush in to fill the inner void, they emit extremely energetic X-rays. These X-rays are also coherent and could possibly be harnessed to build an X-ray laser at wavelengths shorter than are available today. (Soft X-ray imaging devices were developed over the past decade by the Princeton Plasma Physics Laboratory, Lawrence Livermore National Laboratory, and other groups.)

The ability to image a very small object is limited by the wavelength of the light being used, which must be smaller than the dimensions of the object. Rhodes says that a hard X-ray laser would "implement a new form of biological seeing, one that would reveal heretofore unseen biological processes that ripple through the living world."

Energy

Chad-Cameroon oil pipeline under way

A consortium of oil companies, including Anglo-Dutch Shell, Esso, and the French Elf Aquitaine, have undertaken the construction of a 1,500-kilometer pipeline from the landlocked Central African state of Chad to Cameroon. The pipeline, which will stretch from the Dabo oil fields in the Touboro region to the Atlantic seaport of Kribi in the south of Cameroon, will cost about \$2 billion and will take approximately two years to construct. Sources in Paris say the World Bank will provide 50% of the funds for the pipeline, while a group of American banks will provide the rest.

The final agreement on the project was arrived at during a visit to Yaounde, Cameroon by Chad military leader Idriss Derby on July 15. Work is expected to start in 1996. Engineering multinationals such as Canada's Lavalin International and the French groups Bouygues, Spie, Batignottes, and Technip are lobbying to get the construction contracts.

Cameroon hopes the pipeline and the ancillary industries that will grow out of the Kribi deep-sea port area will create about 2,000 jobs.

Chad's oil reserves are estimated at about 200 million tons and could produce 2 million barrels a day for 20 years. The Chadians are hopeful that the completion of the pipeline in five years will help alleviate their country's excruciating poverty.

The Chadian oil reserves, some of which are already being exploited at Sedigi, have engendered most of the 14-year-old strife that has aggravated Chad's poverty. Deposed President Hissene Habre is alleged to have met his ouster because he signed a contract with Exxon for oil exploitation without consulting France, which considers Chad in its sphere of influence. This time, Elf Aquitaine succeeded in securing 20% of the deal.

President Paul Biya of Cameroon reportedly linked his acceptance of the pipeline to a guarantee from Chad that it will stop the flow of arms fueling a bloody tribal war in northern Cameroon between the Kotokos and the Arab Chaos.

Medicine

Nutrient may be linked to HIV, AIDS treatment

Scientists at the University of Georgia suggest that a protein produced by HIV, the virus which causes AIDS, depletes the body of selenium, an essential trace element. In a paper in the Aug. 19 issue of the *Journal of Medical Chemistry*, the authors predict that HIV contains heretofore unknown genes, some of which make the selenium-based amino acid selenocysteine. Based on similarities to a known activator-repressor gene of another virus, they speculate that one of the unknown HIV genes produces a protein that could act to repress HIV transcription, and selenocysteine is a component of the proposed repressor protein. According to the theory, when an infected cell has been depleted of selenium and the repressor protein can no longer be produced, the HIV is triggered to replicate and spread the infection. Thus, an adequate level of selenium in the diet may delay the onset of AIDS.

At this point these concepts are hypothetical and further experiments are needed to

Briefly

prove the existence of the genes. However, these findings "could have significant implications for genetic approaches to the treatment of AIDS because they open up the possibility of creating artificial repressors or boosting the synthesis of the natural repressor," said E. Will Taylor in *Chemical and Engineering News*. Taylor headed the research team at the Computational Center for Molecular Structure and Design and chairs the university's Department of Medicinal Chemistry.

While based on what Taylor terms "theoretical and circumstantial evidence," the work could help to explain why some HIV-positive individuals do not develop AIDS symptoms for long periods of time and why many of those most susceptible to AIDS tend to be malnourished.

Infrastructure

China announces major water diversion project

China announced over the weekend of Aug. 20-21 a multibillion-dollar water-diversion project, to bring water from the south of China to water-scarce northern areas, BBC reported.

Details were not given, but BBC noted that southern China has been repeatedly hit by floods, while the North has been hit by drought. Poor infrastructure is blamed for severe water crises, which are affecting at least 27 Chinese provinces, including Anhui, Hubei, and Szechuan. Often, the water is not drinkable and peasants are desperate to get water for irrigation.

Devastating flooding is also underscoring a lack of flood control investment. So far this year, 1,400 people have died, and there has been over \$6 billion in flood losses, the official *China Daily* reported on Aug. 10. Beijing blames the infrastructure deficit on local authorities, who are responsible for local flood control, while praising the central government's role in controlling the major rivers, including the large-scale dam projects now in the works. The small and medium-sized cities most affected by floods are accused of ignoring "government warnings to prioritize flood control." Economic czar Zhu Rongji said, "It is necessary to set aside enough funds for urban

flood control even at the expense of cutting back on some capital construction projects."

Meanwhile, China has announced plans to issue stock to pay for the Three Gorges Dam. Beijing has been using the profits from the Gezhouba Dam, the largest dam and power complex in China, to pay for the Three Gorges construction. Gezhouba, whose profits were about \$250 million last year, will be made into a joint-stock company and the shares will be floated on Wall Street.

Ukraine

Air Force may be sold to pay for Russian gas

Under the threat of new Russian gas supply cutoffs and slowdowns, Ukraine is considering selling part of its Air Force as "payment in kind" for its debts to Russia on gas deliveries made earlier this year, according to statements on Aug. 24 by Ukrainian Defense Minister Gen. Vitali Radetski. The deal may involve fighters, fighter-bombers, and long-range bombers.

Sources report that this "debt for equity" arrangement was cooked up by Ukraine President Leonid Kuchma. Since taking office on July 19, Kuchma has been weakening Ukraine by moving to accommodate Moscow in its push for a "Slavic Union" among Russia, Ukraine, and Belarus, and by moving to reach an agreement with the International Monetary Fund. On July 11, the day his election victory was confirmed, Kuchma was on the phone with IMF Managing Director Michel Camdessus. One week later, he met Camdessus in Kiev. Since Aug. 15, an IMF delegation has been in Kiev negotiating an economic pact with the Kuchma regime.

In addition, speculator George Soros and Swedish shock therapy advocate Anders Åslund are planning to "help" Kuchma, the Aug. 24 Swedish business paper *Dagens Industri* reported. Åslund became notorious as an adviser to the Russian government in implementing shock therapy. Now, Åslund says: "George Soros is financing my mission in Ukraine and the international staff which I now am putting together in . . . Kiev."

● **UNEMPLOYMENT** in OECD nations has reached 35 million, the highest since 1930, according to a report by the International Labor Organization. The ILO states that this crisis cannot be solved by market forces, but the measures offered by the ILO are limited to calls for labor market deregulation, free trade, some forms of "market stimulus," and foreign exchange stability.

● **INDONESIA** plans to build 12 nuclear power plants of 600-megawatts each over the next 25 years, according to the Aug. 10 *Wall Street Journal*. Construction of the first plant is to begin on Java island in May 1996; electricity production is scheduled to start in 2004.

● **JEFFREY SACHS** peddled his lunacy in Beijing in late August. China's reforms are "most successful," he told the Aug. 20 *China Daily*, due to the "millions of people . . . working diligently and earning low wages," providing China with a "reliable labor force." Sachs urged that most state industries be shut down.

● **MEXICO** Central Bank head Miguel Mancera rejected the idea of setting up derivatives markets as part of Mexico's financial opening. "There is great deficiency in the areas of regulation and financial supervision in Mexico and other countries," he said.

● **GERMAN** bankruptcies are expected to rise from 15,000 in 1993 (a 20% and 44% increase over 1992 in western and eastern Germany, respectively) to 18-20,000 cases in 1994, the head of the German federal association for small and medium-sized business said on Aug. 23. The 1993 cases cost 200,000 jobs and cost creditors DM 18 billion (\$11 billion).

● **AN UNKNOWN VIRUS** which causes paralysis of the body is responsible for two deaths in South Africa, Agence France Press reported on Aug. 26. Seven other patients, who have been put in quarantine, are in critical condition.

Social unrest is harvest of Russian shock therapy

by Denise M. Henderson

At ceremonies in Berlin on Aug. 31 marking the end of the Soviet-Russian presence on German soil, Russian President Boris Yeltsin and German Chancellor Helmut Kohl exchanged very friendly remarks. Yeltsin hailed the "new era" in Russian-German relations, and stated that "a new stage in our bilateral relations has begun. We are looking to this with optimism and hope." Yeltsin praised Chancellor Kohl several times, saying that this hope has stemmed "from the actions of Helmut Kohl. . . . We are great friends. . . . The new Russia and the united Germany are striving today to define their place in the changed world. . . . The postwar period of Russian-German relations is over with. It is being replaced by a period of friendship and cooperation."

There is "something in the wind," as Lyndon LaRouche noted in an Aug. 31 interview with "EIR Talks." Calls which echo LaRouche's 1989 Productive Triangle proposal for a hub of high-technology industrial and infrastructure development within the Berlin-Vienna-Paris region, which would spark the rapid economic development of the newly reunified Europe, are coming from many different levels of policymaking. These include the large-scale infrastructure-building projects proposed by former European Commission President Jacques Delors, and welcomed by both Kohl and U.S. President William Clinton.

If these potentials are realized, it won't come a moment too soon for the crippled economies of Russia and its former satellites in eastern Europe. In the report which follows, William Engdahl analyzes the consequences of four and a half years of International Monetary Fund (IMF) and World Bank policies in eastern Europe, including the former Soviet Union. Unless the Productive Triangle approach is implemented, the West will find itself facing a hostile Russia armed with nuclear weapons seeking to restore its borders, and its former empire.

Shock therapy paralyzes the patient

What has been the overall result of Harvard punk Jeffrey Sachs's shock therapy on Russia? Sachs, along with other IMF flunkies such as Anders Aslund, at the



President George Bush awarding his cohort former Prime Minister Margaret Thatcher the Medal of Freedom, the highest U.S. civilian medal, after their one-world geopolitical designs had all but destroyed the economies of the former socialist nations. A new policy thrust for Eurasian cooperation for economic development is emerging, and none too soon.

behest of the IMF and the World Bank, proposed a so-called liberalization policy for Russia: liberalization of prices and privatization of state businesses leading, in its latest phase, to the shutting down of those enterprises which cannot turn a profit. This supposedly benign shock was administered through their willing Russian cohort, former Russian Prime Minister Yegor Gaidar.

Through such means, the IMF put Russia on the road to its latest crisis, demanding inflation be stopped as a precondition for any loans. (Inflation that sometimes hit an annual rate of 2,000% was touched off by the IMF-prescribed price liberalization of January 1992 in the first place!)

The business section of the weekly *Moscow News* for July 31-Aug. 7 reported: "According to a report of the Russian Federation Government Center for Economic Conjunction, there has been success in the recent period, in accord with the wishes of the International Monetary Fund, in sharply reducing the rate of inflation to 5.1% per month" in July. But in order to bring itself into accord with the ruinous policies of the IMF in order to "reduce inflation," the government slashed or froze payments. This paralyzed what remains of Russia's real economy.

These measures also meant that the most impoverished citizens suffered most. The denial of an anticipated increase in pensions, for example, caused a minor social explosion. After both houses of Parliament voted almost unanimously for a 150% increase in the minimum pension effective Aug. 1, President Yeltsin ordered the pension floor lowered by 115%, back to nearly the previous level, according to the

weekly *Argumenty i Fakty* (No. 32, August). Thereupon "old ladies' revolts" rolled through Russia. In mid-August, in the Ural city of Chelyabinsk, pensioners demonstrated at the provincial Department for Social Protection. In Ivanov, veterans picketed the legislative assembly. In Kursk, pensioners attacked the center where pensions are dispensed. A "tense situation" was reported in Krasnoyarsk and Syktyvkar, while in Yekaterinburg, Ufa, Petrozavodsk, and Moscow there is serious concern about a "social explosion."

More cuts in social spending

Thus, against a background of ever-decreasing tax revenues, the budget is being "economized" by sharply reducing expenditures for social needs, above all at the expense of those layers of the population which the government has deemed "useless" and who, it is believed, cannot mount serious resistance to the attack on their rights. In some places, rage at government policy has assumed extreme forms. During the week of Aug. 15, a passenger train was blown up in the Siberian city of Chita, in what some experts called an act of sabotage, a sign of protest and despair committed by workers who had not been paid for several months.

Large-scale shutdowns and bankruptcies in Russian industry, resulting in growing mass unemployment, are expected to continue and increase during the fall. Thus, the risk of a social explosion is being discussed more and more openly by officials and in the Russian press. On top of a renewed crisis of payments among enterprises, the tolerance of workers and soldiers for non-payment of their wages has reached

a breaking point.

As of Aug. 25, the Russian government estimated that inter-enterprise debt had reached 112 trillion rubles (\$56 billion), almost as much as total government revenues for 1994. A wave of bankruptcies threatens to put 8 million people out of work by the end of the year.

Those who are still working are not being paid. Total liabilities of Russian enterprises to their workers have reached 3.4 trillion rubles (\$1.7 billion), affecting at least 33,000 firms, and the backlog grew by 16% in June alone, according to Russian government statistics cited in the Russian edition of the London *Financial Times*. Reports have reached Moscow that some atomic power stations will have to close because, after the imposition of layoffs connected with the non-payment of wages, insufficient personnel remain to operate them, while other key plants face Sept. 1 strike deadlines.

On Aug. 24, Vice Prime Minister Yuri Yarov told *Rossiiskiy Vesti* newspaper that he would not rule out strikes this fall, and demands for pay that the government could not handle.

Since Aug. 5, a special commission under First Deputy Prime Minister Oleg Soskovets has been trying to end the internal debt crisis, without success. On Aug. 17, Soskovets declared, "We must not be afraid of bankruptcies," and said that the state would be tough on companies failing "to make the transition to a market economy." He termed a further drop in industrial production "inevitable," and ruled out measures to protect Russian industry from cheap foreign imports: "We must not be confused by some pseudo-patriotic idea about defending our markets. The state cannot stem the inflow of foreign goods."

But five days later, Soskovets raised the possibility of price controls and lashed out against people "who believe the formation of a market should occur in circumstances of total chaos." By Aug. 25, the government was back to denying it would impose price controls.

Earlier this year, Russia experienced drastic underinvestment in agriculture, as a result of which there will probably be a huge shortfall in the grain harvest. The price of bread has already doubled in the past several weeks, to approximately 700 rubles per kilogram, and is expected to shoot up by the onset of winter to 3,000 rubles (nearly 10% of a monthly pension).

A similar process, the result of a decision to free prices on bread and milk, has taken hold in Belarus, a republic now in the Commonwealth of Independent States. Increases in bread and milk prices there resulted in a decline in production levels of these two staple items. The decline, say officials, is due to the fact that compensation payments, designed to offset the effects of the price increases, had not yet been fully distributed.

Before the latest austerity, the Russian Ministry of Labor had already identified 24 million people, 16.4% of the popu-

lation, as living below the minimum subsistence income. Some 3% of workers, when they are paid, receive less than 61,600 rubles per month, while a monthly market basket of 19 vital food products cost 62,100 rubles.

Strike wave begins

The first strikes broke out in late August, before the end of the summer vacation period. Industry-wide strike threats have appeared simultaneously in all vital sectors of the economy: transport and communications; the steel industry and the metals sector; the energy sector, including coal mines, oil and gas fields, and nuclear power plants; and the military-industrial complex.

The turmoil also threatens to engulf the Armed Forces. Soldiers and officers, as do workers, receive their wages three to four months late. Colonel Deryugin of the Association of Military Sociologists reported in a recent article that officers in the Far East and Transbaikal Military Districts receive enough to cover only 25-30% of their living expenses. The military daily *Krasnaya Zvezda* (*Red Star*) warned that unrest in the Armed Forces can be expected if this continues. In Vladivostok in the Far East, *Rossiiskiy Vesti* reported, officers' families picketed the naval base to demand back pay. *Krasnaya Zvezda* has published letters saying, "We have nothing to lose and are ready for anything."

On Sept. 1, the millions already clamoring for their unpaid back wages—from May on—will be joined by millions of other workers who were sent off on forced, unpaid summer "vacations" and told to report back to work on that date. Strike deadlines of Sept. 1 have been issued by the workforce of the entire Norilsk region in northern Siberia and at two nuclear power stations, in Smolensk and on the Kola Peninsula.

The way out

As presidential candidate Lyndon LaRouche noted in a radio interview on Aug. 31, "The principal implication" of the cordial Kohl-Yeltsin interchange in Berlin that day was "not the withdrawal of the troops, but rather the use of the occasion of the withdrawal of the Russian troops to open up officially, new economic relations between Germany and Russia.

"This is facilitated," he added, "by the fact of the establishment of a kind of pan-Slavic Union, which now includes virtually Belarus, or White Russia, which signifies that the Berlin-to-Moscow railway development project, is probably on as a signal piece. It's a signal project, in which a new development corridor centered on rails from Berlin to Moscow, will be key.

"So, in general," concluded LaRouche, "this is a continuation of the policy which President Clinton announced in Bonn and Berlin during his July visit to Europe. We're fairly optimistic about good things happening, though there are, imminently, very profound changes about to occur inside Russia and Russian policy as such."

The IMF's geopolitics ruined the economies of eastern Europe

by William Engdahl

The following is abridged from a study that appeared in EIR's Special Report "Russia's Future: Dictatorship, Chaos, or Reconstruction?" published in August 1994. EIR published an abridged version of the report's Chapter II, by Lyndon H. LaRouche, under the title "A Science-Driver Program to End Russia's Depression," in our April 22, 1994 issue.

In October 1993, former British Prime Minister Margaret Thatcher released her political memoirs, *The Downing Street Years*. In her account of the events surrounding the opening of eastern Europe at the end of the 1980s, Thatcher was remarkably blunt. She wrote: "The German question and the consequences of reunification were my chief preoccupation when, in September 1989, I decided during my return trip from a conference in Tokyo, to pay a brief visit to Moscow in order to talk with Mikhail Gorbachov." Thatcher added, "I told him quite frankly that while we in Europe traditionally acknowledged the goal of German reunification, in reality this caused us great concern. This I added, was not only my own opinion; I had also discussed this question with another top political figure, by which I meant President Mitterrand. . . . This [discussion with Gorbachov] strengthened my own resolve to slow the already hectic tempo of developments."¹

Thatcher's hostile view of the transformation possibilities in eastern Europe, and most emphatically against German unification in 1989-90, is thus a matter of public record. Such a response from Britain at the end of the twentieth century would be astonishing only if one were ignorant of the long-standing British doctrine of "balance of power" or "geopolitics," in which British politicians and diplomats have been schooled at least since the 1815 Congress of Vienna.

Sir Halford Mackinder and German unification

To understand the way the Group of Seven industrial nations, beginning in 1989, responded to the potentials of changing economic structures in eastern Europe and the former Soviet Union, it is best to begin with a brief review of

1. Margaret Thatcher, *Downing Street No. 10: Die Erinnerungen*, Econ Verlag, Düsseldorf, 1993. Sir Halford Mackinder, "The Geographical Pivot of History," in *Geographical Journal*, No. 23, 1904. Royal Geographical Society, London.

a seminal policy thesis first presented to the British Royal Geographic Society in January 1904. This policy thesis forms the ideological underpinnings for Britain's determination to orchestrate the events which led ineluctably to World War I, as an attempt to destroy the influence of the German empire in continental Europe. But the essay has also shaped British diplomacy to the present day.

The paper, "The Geographical Pivot of History" was authored by Sir Halford J. Mackinder, a Reader in Human Geography at the University of Oxford. His theses can be summarized briefly as follows:

- "Who rules eastern Europe," meaning German-centered Central Europe "rules the Heartland," meaning Russia-centered Eurasia;
- "Who rules the Heartland, controls the World Island, meaning the Eurasian landmass from Vladivostok to the Atlantic; and,
- "Who controls the World Island, rules the entire World."

But the corollary to this doctrine of geopolitics is the British stance toward this geopolitical view of Eurasia. Britain as a global empire and an "Island Power" separated from continental Europe by the English Channel, in Mackinder's view, must do all in its power to hinder any successful convergence of economic and political cooperation between the nations of Central Europe and Russia.

Thus, the prospect of a German-dominated group of European states, including France and Italy, extending industrial and financial cooperation to construct modern industrial economies in Poland, East Germany, Hungary, and especially Russia, was anathema, not only in the view of Prime Minister Thatcher, but also of leading figures in the City of London, the Foreign Office establishment, and the U.K. media.

In the United States, this view was most explicitly echoed by former Secretary of State Henry Kissinger, who spoke out from his position as head of his private international consultancy, Kissinger Associates. He drafted numerous newspaper columns after 1989 openly warning of the dangers of a strong Germany.

Kissinger was very influential at the highest levels of the Bush administration. Two intimate collaborators, both formerly with Kissinger Associates, held key positions with-

in the Bush administration: National Security Adviser Brent Scowcroft, and then-Undersecretary of State Lawrence Eagleburger, who later replaced James Baker, as in 1992, as full secretary.

President Bush himself appeared at best ambivalent about German unification. When reporters asked the President for his comment when the Berlin Wall came down on Nov. 9, 1989, a solemn Bush replied, "Well, I don't think any single event is the end of what you might call the Iron Curtain." Privately, Bush reportedly told aides, "I'm not going to dance on the Wall!" Only when German unification was clearly unstoppable did Bush appear to support German developments in the face of U.S. popular approval.

In 1989, there was a policy accord among the governments of Britain, France, and the Bush administration, to ensure that economic events in eastern Europe did not lead to the kind of industrial transformation boom and construction of economic infrastructure at which German industry would surpass all others. This explains the rigid insistence of those three governments that the International Monetary Fund (IMF) should be at the center of the post-1989 transformation in eastern Europe.

Soros brings in Sachs and the speculators

Conveniently for those circles in the West determined to undermine or delay successful industrial development in eastern Europe, the two countries in the region with the greatest debt obligation to western banks and governments—Poland and Yugoslavia—were both already members of the International Monetary Fund, and were the first two countries of eastern Europe forced to take the IMF's medicine. Significantly, the western advisers who prepared the inexperienced new governments to impose IMF "shock therapy," were the same in both cases: New York-based financial speculator George Soros introduced a 34-year-old Harvard University economics professor, Jeffrey Sachs, to members of the Polish "roundtable" discussions even before the formation of the coalition government of Tadeusz Mazowiecki in August 1989.

Soros gave Sachs a base of operations in Poland by employing him in Soros's Warsaw-based Stefan Batory Foundation. Among those whom Soros and Sachs cultivated was Leszek Balcerowicz, the man who became shock therapy finance minister under Mazowiecki, and virtual economic czar of Poland after 1989. Balcerowicz's shock therapy program had been drafted by Sachs, a man whose only previous government advisory experience had been four years earlier, advising the Bolivian government of Paz Estenssoro. In Bolivia, Sachs ended hyperinflation by destroying the state industry sector, and linking the currency to the U.S. dollar.

Sachs even admitted that his program to link the Bolivian currency to the dollar most benefitted the cocaine barons, whose coca plants were sold in dollars. Sachs described the effects of his shock therapy in Bolivia on workers in the state tin mine company, Comibol. "Comibol has reduced its

employment from about 30,000 workers in 1985 to just 7,000 as of 1987. Although fiscally necessary, the results are stunning and indeed reflect a social tragedy. Many of these workers are still unemployed or have gone to the coca-growing regions to find work." This from the man who was to be a key adviser in Poland, slated to be the model for eastern Europe.

Soros was very well connected in both Washington and London, which meant he could get the ear of the highest government levels in economically desperate eastern Europe. He also introduced Sachs into Yugoslavia, where Soros was also present through his "philanthropic" foundation. Both Poland and Yugoslavia introduced Sachs-IMF shock therapy on Jan. 1, 1990.

Soros later boasted of his and Sachs's success in Poland: "Balcerowicz presented a radical program of monetary stabilization to the International Monetary Fund meeting in Washington [September 1989]. The IMF approved, and the program went into effect on Jan. 1, 1990. It was very tough on the population, but people were willing to take a lot of pain in order to see real change." There was change, but not what the Poles had hoped to see.

Then, Soros introduced Sachs to leading Moscow circles. In late November 1989, just after the opening of the Berlin Wall and days before President Bush was to meet Mikhail Gorbachov at the Malta summit, Soros met with Undersecretary of State Lawrence Eagleburger to discuss Soros's strategy for Russia. At that time Bush was reportedly cautious about proposing drastic shock therapy for the Soviet Union. But in August 1990, Soros assembled a team of economists including Jeffrey Sachs, former senior IMF official David Finch, and Ed Hewett of the Brookings Institution (who later became Bush's principal Soviet affairs adviser). Sachs, Soros, and the others went to Moscow in September 1990, where they established direct contact both with the group around Mikhail Gorbachov, as well as that around the newly elected parliamentary leader of the Russian Republic, Boris Yeltsin. Yeltsin had already established himself as an opposition to Gorbachov.

In June 1991 Yeltsin was elected President of Russia with 57% of the popular vote, and within weeks of Yeltsin's emergence over Gorbachov following the failed August 1991 putsch, President Yeltsin announced in November 1991 his appointment of an economic team headed by Yegor Gaidar, by then a close collaborator of Jeffrey Sachs. IMF shock therapy had also come to Russia, and the way was now clear to maximize economic chaos from Warsaw to Moscow to Belgrade.²

2. George Soros, *Underwriting Democracy*, MacMillan/Free Press, New York, 1991. Details on Jeffrey Sachs's Bolivian reforms and the impact on the coca cultivation are taken from the book *Bolivia: 1952-1986*, by Jeffrey Sachs and Juan Antonio Morales, International Center for Economic Growth, San Francisco, 1988. Details on aspects of the White House reactions to German unification can be found in Michael Beschloss and Strobe Talbot's *At the Highest Levels*, Little, Brown & Co., Boston, 1993.



A single mother demonstrating in front of the Russian government building, the "White House," in November 1992. Her sign reads "I demand an effective decree by Yeltsin on the social protection of single mothers." Her son's reads: "Gentlemen of the White House! We want to live and to have a happy childhood."

At the June 1990 Houston economic summit of the heads of state of the Group of Seven—U.S.A., Britain, France, Italy, Canada, Germany, and Japan—a proposal had been advanced by the Bush administration, with the strong backing of France's François Mitterrand and Britain's Margaret Thatcher, to put the IMF in control of the entire economic process in the Soviet Union, as it had been since 1989 in Poland and Yugoslavia.

Certain western heads of state were so eager for the IMF role in the U.S.S.R., that they waived IMF membership requirements, and granted the U.S.S.R. special "associate member" status, which meant they could receive IMF dictates, but none of the money the IMF holds out as incentive. Jeffrey Sachs, architect of shock therapy together with the IMF, was coordinating policy in all three countries. From time to time, Sachs sought to maintain his credibility with host governments wary of the harsh IMF dictates, by occasional criticisms of IMF tactics; but in reality, Sachs's shock therapy was IMF policy.

The significance of placing the IMF at the center of economic policy changes in Poland, Yugoslavia, and the U.S.S.R., is not well understood by most people. In fact, it was the essence of British geopolitics, the extraordinary effort after 1989 to hinder major western industrial and technological investment into eastern Europe, in which German industry would have played a crucial role.

A brief history of the IMF is in order before examining the results of IMF shock therapy for the former Warsaw Pact. When the true nature of the IMF is known, it becomes clear why Thatcher and leading Kissingerian elements around the

Bush administration, were adamant on the IMF's prime role in eastern Europe after 1989.

The IMF came out of the negotiations between the British and U.S. governments held at the famous 1944 conference in Bretton Woods, New Hampshire. The chief British negotiator was Lord Keynes; his U.S. counterpart was U.S. Treasury Undersecretary Harry Dexter White. These two men largely dictated the postwar IMF and World Bank monetary order. The resulting institutions, the IMF, its sister the World Bank, and, later, the General Agreement on Tariffs and Trade (GATT), were the product of strong British pressure on the United States to give Britain a determining role in the post World War II economic order, despite Britain's second-rate industrial status.

This British influence was confirmed in the fact that, although a bankrupt, former Great Power by 1944, Britain got the United States to agree to give it the second strongest voting power on the IMF's board, which has remained in force up to the present day, despite Britain's degeneration into a has-been industrial nation. It was not until 1993, following a bitter contest, that Germany and Japan finally got a larger voting share on the IMF Executive Board than Britain, despite the vast superiority of both countries' economies.

The British role through the IMF or the U.N. Security Council, is vastly more influential than any formal designation might indicate. The content of IMF policy has been thoroughly shaped by the radical monetarist dogma of Margaret Thatcher and her key financial advisers, such as Sir Alan Walters, who has been a senior official at the World Bank.

The IMF and the agenda of Thatcherism

Thatcher's economic policies were an updated version of late eighteenth-century British "economist" Adam Smith, with his "invisible hand" of the marketplace, often termed radical "free market" policies. As prime minister from 1979-90, Mrs. Thatcher pursued a fanatical economic dogma promoted by a secret elite group, the Mont Pelerin Society, whose president was U.S. free market economist Milton Friedman. Thatcher adviser Karl Brunner was a leading member of the Mont Pelerin club of radical free market economists.

Friedman's influence in the United States led to the destructive domestic economic policies of deregulation and *laissez faire* during the 1980s, which contributed to "junk bonds," corporate bankruptcies, soaring unemployment, and a tripling of the U.S. government's deficit, up to \$4 trillion by the time Bush left office in 1993.

In Britain, the only sector of the economy enjoying substantial growth during the 12 years under Thatcher was the financial services sector. Unfortunately for the majority of British citizens, Thatcherism imposed the most regressive tax burden on those least able to pay, and contributed to industrial decay, as government investment in long-term infrastructure projects was ruled out on ideological grounds. The real reason such needed investment was banned, was that Mrs. Thatcher's friends in City of London banks and investment houses preferred to reap huge profits in real estate, stock, and other speculation. A band of legal and illegal financial pirates was allowed to dictate British economic priorities.

The IMF leadership has always been in the hands of the most rigid Anglo-Saxon monetarists, regardless of nationality. There is a convention that the Fund's managing director must be French, usually from the monetarist Bank of France, whose priorities hold a strong French franc above the nation's needs for a growing employment economy. The IMF director now is former Bank of France chief Michel Camdessus. A previous Bank of France head, Jacques de Larosière, also former IMF managing director, is today president of the London-based European Bank for Reconstruction and Development.

The key policy posts within the IMF bureaucracy are also held by monetarists. Director of IMF economic policy today is Michael Mussa, a former student of Milton Friedman at the University of Chicago and a former university colleague of Thatcher's adviser Karl Brunner. Mussa is a radical monetarist who, in several personal interviews with this author, expressed no interest whatsoever in the economic well-being and development of eastern Europe. He showed more excitement over the technical aspects of financial derivatives speculation, and the probability theory behind that, than over the fate of the transition in former communist economies. Little wonder that the Fund recipe in eastern Europe, Russia, and other transitional economies, has been equally as destructive as it has been in the Third World.

But it is also notable that the man who has direct responsibility for the IMF's European Department, which oversees all eastern European IMF policy, is also a Thatcher monetarist, John Odling-Smee, who spent years in Thatcher's U.K. Treasury before coming to the IMF in 1990. Odling-Smee, like Britain's Lord David Owen, is a graduate of the elite Cambridge University.

Who stands behind the IMF?

Behind the IMF are the powerful financial global banks of the City of London and New York, and speculators such as George Soros of Quantum Fund, and Jeffrey Sachs. For the Ibero-American debtor countries, the 1980s were an unmitigated hell of IMF-imposed austerity. The IMF recipe was always to demand that a debtor country cut imports dramatically to bring a "balance of payments equilibrium." No matter that imports of machine tools and other industrial technology was vital for the development of the economic growth of the country, which could have enabled it to repay its debt without sacrifice. The goals of the IMF have no concern for a healthy, growing national economy.

The IMF mandate also includes savage cuts in government spending, and a heavy devaluation of the national currency. The argument is that the victim country must have a cheap currency value in order to make exports attractive, to earn hard currency, so it can repay its foreign debt. At the same time, the cheap currency, a form of "dumping," makes imports from the West prohibitively expensive, and ensuring zero long-term economic growth.

The history of IMF shock therapy across Africa, Ibero-America and other developing economies is one of the greatest unacknowledged criminal acts of our era. IMF "conditionalities" in Mexico, Brazil, Argentina, Peru, Venezuela, Algeria, Sudan, Egypt, and elsewhere over the past decade, have created only social misery and a handful of very rich people. The aim of the major banks and powerful financial interests in the City of London and elsewhere who stand behind the IMF, was to use the IMF threat to force "neo-colonialism" on less powerful economies around the world, for the benefit of the big banks and corporations of primarily the Anglo-Saxon world. This form of colonialism, they reasoned, was far cheaper than the nineteenth-century British version, with its costly occupation armies and civil servants. What these powerful Anglo-Saxon financial interests have been able to accomplish, using the IMF as their "policeman," has been to destroy entire nation-states.

But in recent months, an even more sinister agenda of the IMF debt restructuring process has emerged. Using the IMF austerity demands, coupled with the threat of IMF credit embargo against any victim country that refuses to bow before Fund conditionalities, the politically powerful banks of London and New York have been able to smash protectionist trade policies of debtor nations, and to force open their economies for asset-stripping and other forms of looting on a scale never dreamed possible, a process termed "globalization."

The recent stock market boom in Istanbul, Lima, Mexico City, or Kuala Lumpur and other so-called emerging markets, is an example of this globalization process. Foreign investors swooped into a defenseless and deregulated home market with large sums of dollars, boosting local stock market prices artificially, often with the cooperation of friendly local news media. They make profits of 60-80% or more in a weeks or months. Then, the hot money flees as fast as it came, usually taking the profits with it, at the expense of the local or national economy. Or if the investors remain, they buy up local industry dirt-cheap after IMF-dictated devaluations have made them attractive to the foreign predators.

In sum, there is no nation submitting to IMF conditionalities, which has seen a real per capita improvement of that its overall standard of living as a result. Had Germany or the United States in the nineteenth century followed IMF-type rules, rather than the nationalist economic policies of Friedrich List and Henry Carey, they would be today British colonies.

It can only be termed criminal, given a decade of IMF dictates in Ibero-America and Africa, that the Group of Seven governments decided, after communism collapsed, to insist that the Fund play the leading role in the economic reconstruction of the nations of eastern Europe and the former Soviet Union. What Stalin could not accomplish in four decades of bloody terror, the IMF has done in four years in many countries.

At the time of the opening in the East, the United States under Bush and Britain under Thatcher dominated IMF policy. A third major voting IMF member, Mitterrand's France, backed the decision to make the IMF economic dictator of eastern Europe and the former Soviet Union. The consequences have been horrendous, as we shall now indicate.

Market reforms, when there's no market

In the 1980s, Poland, Yugoslavia, and the Soviet Union were quite diverse, with different economic problems and potentials. Culturally, Poland and Yugoslavia were much closer to western Europe, with decades of labor exchange in the West, as well as a more recent experience with capitalist forms of property than Russia had. Russia had been under communist rule since 1917, and had been far more isolated internationally. The industrial requirements of the three were also vastly different, despite superficial similarities of central planning.

Into this situation, entered the arrogant IMF officials, together with Jeffrey Sachs, to dictate economic policy, using the blackmail that IMF approval was a prerequisite for any future western investment. Despite willing submission, however, almost no western investment has been forthcoming, other than looting the resources of those three nations.

In each case, the IMF demand was the same:

- massively cut state budget outlays, by eliminating subsidies to the economy, whether for bread or coal, then, privatize state industry;

- fire "redundant" workers;
- devalue the national currency against the dollar, to make exports "attractive" in western markets, and maximize hard currency earnings, so that foreign debt can be serviced. That foreign debt was sacred, more than human life, even if it was made unbearable by politically motivated unilateral interest rate hikes by the U.S. Federal Reserve.

But the problem was deeper, and far more ugly. It was not as if Sachs and the Fund were unprepared for the enormity of the task of transforming former communist economies into so-called market economies. IMF specialists and the leadership knew exactly what they were triggering. They had more than 10 years' experience in Ibero-America and Africa doing precisely that.

The intent of IMF shock therapy from the outset was to minimize significant industrial restructuring, especially suitable modern transportation and communications infrastructure. Instead, shock therapy measures mandating that domestic prices be adjusted to something termed "world market price" were imposed.

Sachs and the IMF sold their bill of goods on the promise of "six months' pain, then recovery along the right path." In Russia and the rest of the former U.S.S.R., this policy was aimed at balkanizing the region into many small, weak client states, each with its own national currency, dependent on whatever western multinational investors it could attract. In Yugoslavia, it had the effect of providing an added economic and social crisis, around which the Serbian communist Slobodan Milosevic could justify his brutal seizure and war against Slovenia, Croatia, and Bosnia-Herzegovina. In Poland, it ensured misery and chaos for a country that could potentially provide a crucial support to the industrial transformation of all eastern Europe, including most especially Russia.

The entire premise of the IMF in eastern Europe was based on a calculated fraud: that the goal of economic life must be to create "free markets," i.e., self-regulating markets, controlled and directed by "world market price." All production in a society would exist only for sale, and all income comes from such sales; further, the state can do nothing to inhibit formation of markets, or to correct for external shocks which disrupt those market mechanisms.

One of the most destructive fallacies of postwar economics teaching in universities has been that capitalism's success in the West in creating great wealth was a direct result of unfettered operations of free market mechanisms. This strain of radical monetarism, typified by Milton Friedman's "Chicago School" and the dogma of Friedrich von Hayek, the co-founders of the Mont Pelerin Society, shaped economic thinking during the 1980s. The bankruptcy of the major economies in the English-speaking world in the 1980s, a direct result of such free market policies, should have served as a strong warning to the nations of eastern Europe.

"Markets" do not exist free in some primordial nature, as self-evident entities. Markets are entirely the product of

man's efforts to regulate his economic life. Just as there never was Marx's utopian world socialism in the Warsaw Pact, there has never been a "world market price" for any specific goods or commodities, except, roughly, for crude oil, and that, because it is under iron-tight control by the multinational oil cartel. To a lesser extent, there is a world grain price, controlled on international markets by a cartel led by four giant U.S.-based trading companies: Cargill, Archer Daniels Midland, Continental Grain and ConAgra. Thus, when the IMF tells Moscow to price its oil at "free market" world prices, this is an utter fraud. In reality, there exist tens if not hundreds of thousands of local, regional, and occasionally international "market prices" for goods, depending on the specific buyer and seller.

No advanced industrial economy on Earth has succeeded in creating a stable, healthy, growing economy by applying such free market dictates as demanded by the IMF for Russia and eastern Europe. The emergence of the United States in the nineteenth century as an industrial giant was directly tied to application of dirigist state policies under President Abraham Lincoln and his economic strategist Henry Carey, who was trained in the American System of political-economy established under U.S. Treasury Secretary Alexander Hamilton, founder of the First National Bank of the United States. Germany transformed itself into the technological leader of the industrial world by the end of the nineteenth century based on application of the economic nationalism of Friedrich List. And Meiji Japan borrowed from the relevant

experience of Germany and the United States to modernize its economy beginning the 1870s.

Even in Britain, site of the first Industrial Revolution, economic progress was based on decades of trial and error in which regulation and market developed in parallel, beginning about the time of the 1601 Poor Law, as well as various anti-enclosure land policies of the Tudor and Stuart rulers to protect the peasantry from mass starvation. It took two centuries, in which land and money were first organized, before the organization of labor to the industrialization process began on a large scale, with the 1795 passage of the so-called Speenhamland Law. That law was intended to assure a minimum living standard to all wage laborers, based on the price of bread, and other laws easing parish feudal restrictions on labor mobility. Poland and the former Warsaw Pact countries were being told by Jeffrey Sachs and the IMF to do the same in six months.

The record of economic results since imposition of IMF shock therapy speaks for itself. The cases of Poland, Yugoslavia (until outbreak of war), and Russia, illustrate the unspeakable damage done over the past four years.

Poland: The first shock victim

At the end of October 1989, Poland became the first eastern European country to adopt IMF shock therapy, with the measures going into effect in January 1990. Under the government's "Program of Stabilization and Systematic Changes," measures put forward by Finance Minister Leszek Balcerowicz included

- punitive taxes on wage increases;
- an end to worker bonuses;
- accelerated tax payments;
- sharp cuts in state subsidies to reduce the state budget deficit;
- removal of state price controls;
- cutting credit to state enterprises; and,
- a radical devaluation of the zloty, to allow Poland to earn more hard currency by dumping its goods onto western markets.

Balcerowicz was advised by the Fund and Jeffrey Sachs on his economic policy, and the entire focus was allegedly to reduce the severe inflation, and increase the role of what the Fund called "market forces." Not all of the elements of the Balcerowicz plan were harmful to the economy. Many, such as selective ending of subsidies, cancellation of central quotas for enterprises, and a prohibition of government borrowing from the Central Bank at zero interest to cover deficits, would be desirable under any intelligent economic program. But this was not the core of Sachs's shock therapy.

The bulk of the Sachs-Balcerowicz plan was a disaster. Initially, under a program to kill inflation, Poland experienced hyperinflation, much as Russia did after January 1992. The hyperinflation resulted partly from a state budget deficit financed by new unbacked money, but mainly from the freeing of prices to "market" levels, and elimination of state

What's in EIR's special report

We summarize below the table of contents of EIR's Special Report, "Russia's Future: Dictatorship, Chaos, or Reconstruction?" The 142-page report can be ordered from EIR for \$250 at (703) 777-9451, or by writing EIR News Service, P.O. Box 17390, Washington, D.C. 20041-0390.

Foreword, by Michael Liebig

1. Russia's future: The three alternatives, by Lyndon H. LaRouche, Jr.
2. A reconstruction strategy for Russia—and the world economy, by Lyndon H. LaRouche, Jr.
3. Whither Russia: A situation report, by Brig. Gen. Paul-Albert Scherer (ret.)
4. The military in post-Bolshevik Russia, by Konstantin George
5. Have we already lost eastern Europe and Russia? by William Engdahl

budget subsidies. By January 1990, inflation reached 80% per month. But beginning 1990, the anti-inflation program was suppressing the real physical-economy of the nation. Within one month in early 1990, production fell by 31%, trade by over 50%, real wages by 30%, and prices rose by 80%. The government imposed loan interest rates of 38% *per month*, while wages were allowed to rise only 0.3% per month, and the convertible zloty was allowed to fall to 9,500 zlotys per dollar.

Industrial firms had no capital for wages or machinery; trading firms, no money to finance inventories; and individual consumers had no money to buy goods. State enterprises reacted by cutting production, as inventories of unsold products piled up, households reduced spending, farmers were unable to sell their milk, meat, wheat, and vegetables. The first 500,000 unemployed workers appeared in the early months of 1990.

But the IMF and Sachs were quite happy with the initial results. They expected it, as their goal was not improvement of production and living standards, but the development of what they called a Polish equilibrium in its foreign balance of payments, and only secondarily, to achieve internal "equilibrium."

Domestic "equilibrium" was reached, as production drastically decreased to match demand, which had decreased even more. The forced export of food to the U.S.S.R. ended in increasing domestic available supply. At first people reacted favorably, expecting it was a short-term sacrifice on the way to capitalist free market paradise. Food appeared in the shops, albeit at far higher, uncontrolled prices. People drew on their savings to live through the first months of shock therapy, clearly expecting dramatic economic improvement at any moment, as Balcerowicz and other government officials claimed.

With the forced devaluation under IMF orders, to 9,500 zlotys per dollar exports boomed while imports were prohibitively expensive. Enterprises exported everything possible, yielding a surplus on the national current account of \$4 billion by early 1990. But this surplus only fueled inflation. Goods had been removed from the domestic market while zlotys earned by exporters were pumped into the economy, allowing more zlotys to chase fewer goods.

The main impact of the Balcerowicz program was directed against domestic credit, with drastically higher bank interest rates and severe limits on credits to state enterprises. The second impact was a punitive tax on wage increases, which created a situation of radical economic deflation, or economic depression.

But when Professor Sachs first announced his shock therapy program in Poland, he predicted an "economic boom" after six months of "pain." Instead, industrial production in Poland fell by some 19% between 1990 and 1991. As shock therapy went into its second year, there was a deep decline of real (deducting inflation) wages, severe contraction of social transfer payments, and reduction of private savings.

In 1993, a United Nations International Children's Fund (Unicef) report on Polish living conditions reported that at least 20% of children in Warsaw were going hungry, that 50% of families with three or more children were below the poverty line. One-quarter of all families in 1992 had applied for welfare. And by late 1993, more than 8 million out of 38 million were forced to live by a meager state pension.

Incomes for state enterprises were cut by the IMF-dictated policy, investment levels were driven below what was needed to replace outmoded or worn-out equipment. The budget collapsed, as firms were generating no profit, and the budget deficit began to explode. Pensions were in danger, and ability of communes to invest in anything was almost nil. Poles were getting their welcome to the free market economy.

The lack of social protest was due to a general confusion as to whom to blame for the misery. Because it was government policy, and there were no clear targets of blame, the misery was blamed on "market forces," or Adam Smith's "invisible hand." By the end of 1991, Polish unemployment had reached a staggering level of 2 million. IMF shock therapy was working. The government defended itself by arguing it had signed "Letters of Intent" with the Fund which mandated the strict austerity measures. What Poland got in return was social misery, collapsing production, organized crime, a black market economy, and a debased population. Polish voters signalled their clear revolt against shock therapy in January 1991 during the elections in which Lech Walesa became President, and the IMF and U.S. Embassy delivered open threats to the Polish government, to force it to keep Balcerowicz and the IMF shock therapy program. They were told if they did not retain Balcerowicz, all western assistance to Poland would cease. Balcerowicz remained, and Walesa's first choice as prime minister, Jan Olszewski, a critic of shock therapy, was forced to withdraw under IMF pressure.

By the end of 1992, after almost three years of IMF shock, Poland's industrial production had fallen by fully 41%, to a level 59% that of 1988, according to official Polish data. Poland's Gross Industrial Output in late 1992 was down to the level of 1975. Yet, for all the IMF-imposed misery, inflation ran at 70% in 1991 and more than 42% in 1992 and 40% in 1993—hardly a model for stability. By the end of 1993, Polish unemployment had passed 2.8 million workers, more than 15.7% of the active labor force.

The most telling scars of four years of IMF economic dictatorship are visible in two critical areas: the coal industry and agriculture. The IMF and the World Bank immediately began to target Poland's most important export-earning industry, production of hard coal for electricity and coking coal for steel-making. The dimensions of what they have imposed in this sector are staggering.

In 1989, Poland was the sixth-largest producer and exporter of hard coal in the world, with 70 mines in production. Some 65 mines produced 98% of the coal, in the Upper Silesian Basin near to the Czech border. Throughout most of

the 1980s, production of Polish hard coal remained at slightly more than 190 million tons per year. Then, in the first days of the IMF shock therapy, the Polish government was pressured into an agreement with the World Bank on the following points:

- Domestic industrial prices for coal energy would be raised to world market price as observed in the OECD industrial economies by the end of 1990;

- Coal energy prices for households must reach 50% of that for industry by end of 1990, and 100% by end of 1991;

- Overall domestic coal prices must be “progressively” liberalized so that they would rise to world levels by end of 1992.

Compare this rapid shock with the decades-long process of phasing out coal mining in Germany, France, or other western European countries. The first Balcerowicz budget for 1990 under the IMF allowed no guaranteed credit for the Polish energy sector. The hope was that with price reform, the coal industry would be able to raise the funds it so urgently needed for investment and modernization of production. Instead, coal production began falling drastically as industry was unable to pay the enormous price increases.

Coal was subordinated to the supreme goal under the IMF program of “macroeconomic reform” and combatting inflation, reminiscent of subordination to the supreme goal under communism of “fulfilling the Five Year Plan output.”

The IMF and World Bank program explicitly called for “reshaping” Poland’s energy balance by sharply reducing dependence on its high-quality, abundant coal, in favor of increasing the share of oil and gas (both of which must be imported). The results have been predictably disastrous for the Polish economy, and a major contributing factor to the economic depression which has accompanied shock therapy. From a peak production of 190 million tons of hard coal in 1988, Poland dropped to 178 million tons in 1989, when the five-day work week was introduced to quell worker unrest. By the end of 1990, production had dropped to 148 million tons. By 1992, domestic hard coal output had fallen to 132 million tons, a drop of more than 30% from the peak output.

The World Bank plan adopted by Balcerowicz in 1990 called for Poland to move from being a major coal exporter, to becoming a coal importer beginning the next decade. This could be to the net benefit of Poland’s international export rivals, British-owned mining companies such as Rio Tinto Zinc and certain U.S. coal exporters. Otherwise, it makes absolutely no sense.

But for Polish agriculture, for decades the center of economic debate, the results of the Sachs shock therapy were even more devastating. Little known outside Poland is the fact that Balcerowicz and Sachs had introduced price shocks into Polish agriculture beginning July 1989, when the government introduced “market mechanisms.” This was purely monetary, with no accompanying measures to ensure reform of the deliberately inefficient, tiny land-holdings, or the fact that under the old regime Polish families were forced to

overemploy labor-intensivity on private farms, with an average of 25 persons per 100 hectares, compared with 6 per 100 hectares in West Germany. As unemployment grew, this over-concentration of labor on the farms had no place to go, further aggravating the income pressures on farm families. But this was only part of the absurdity of the Sachs IMF policy.

In August 1989, the government eliminated state purchase guarantees to farmers, and lifted state price controls. At the same time, the state began to free most retail food prices in state shops, while dramatically cutting state subsidies for same. Before, the subsidies had kept food costs for the Polish population relatively stable. The consequence of freeing prices and cutting state subsidies was a predictable increase of overall inflation in the domestic economy. By October 1989 the monthly inflation rate began to reach explosive levels. The average cost of living increased for 1989 by 251%, and another 586% in 1990. The government was aghast, but Sachs and the IMF insisted this was merely “corrective inflation.” By 1991 the tempo declined to “only” 70% annual food cost inflation, and was still rising by 46% in 1992. But the early actions had triggered the very hyperinflation for which Sachs then claimed his shock therapy was the only cure. In short, Sachs’s policies created the problem in the first place.

Moreover, these price radicalization measures did not improve agriculture. Beginning January 1990, all prices throughout the economy were liberalized under shock therapy. Rent costs, including heat and electricity, rose an average 773% in 1990, and another 131% in 1991. This meant that ordinary households were forced to cut back on food in order to survive. Pensioners on fixed incomes were the worst off, as their relative share of income earmarked for rent, heat, and electricity, increased 44% from January 1990. Milk consumption fell 14% between 1988 and 1991, sugar by 27%, and eggs by 21%.

But when Poland’s borders were opened, and foreign trade liberalized under IMF reform and “currency stabilization” after 1990, for the first time large volumes of foreign agriculture products began to be available (the amount imported doubled from 1990-91), often costing much less than domestic products, further aggravating economic pressures. The share of domestic farm products sold to the state declined from 67% of the total in 1989 to below 48% by 1991. The share sold in direct sales to the consumer by farmers to 34% by 1991, most of it naturally outside the new state value-added tax (VAT) system, further reducing state budget revenues.

Farmers were also hit with worse terms of trade under the shock therapy, squeezed by price hikes for necessary farm inputs such as machinery, fertilizer, feed, and pesticides as state-subsidized prices were removed in 1990. Costs for inputs increased an impressive 4,273% between 1988 and 1991. But the farmers’ sale price in the same period rose an average of 1,639%. By 1990 this had already been a loss of

50% in terms of trade. According to official Polish government statistics, in 1990, some 42% of all private farmers had income "under the social existence minimum," double the level of a decade earlier.

Farmers were also unable to buy tractors. Overall, farmer investment outlays fell from 1988 to 1990 by 40%, and another 43% in 1991. Fertilizer use fell by 46% from 1988 to 1991, pesticide use by 75%, and high-protein animal feed purchases by 63%.

In commenting on the results of his shock therapy in Poland, Jeffrey Sachs, at an economic forum in Switzerland in 1992, told this author, "Look, for the first time you find food in the shops in Poland as a result of the reforms; you can find caviar, salmon." But these are imported, and only a tiny handful of the population can afford them. The vast majority of people can only window shop.³

For all this sacrifice on IMF orders since 1989, Poland has not been the beneficiary of significant net new foreign direct investment, but only short-term speculative "hot money" flowing into and again out of the new Warsaw Stock Exchange. Beginning in 1993, various western economists have been touting a slow, but clear, recovery of production in Poland as proof that the country's shock therapy has been successful. Nothing could be further from the truth. A recovery of 2% from the dramatic collapse in output caused by Sachs and the IMF, even if it were accurate, would not be a recovery. But, as anyone who has spoken with Polish government economists can attest, official Polish economic data are even less reliable than under communist central planning.

Little wonder that in the September 1993 national elections, Polish voters ousted the pro-IMF regime of Prime Minister Hanna Suchocka, and voted in a coalition of parties with ties to the former communists. But the tragedy is that, as of this writing, the new government of Prime Minister Pawlak has knuckled under to IMF pressures, and has not made an open break with IMF shock therapy.

Yugoslavia: IMF shock therapy triggers war

The same day that shock therapy was implemented in Poland, Jan. 1, 1990, it was also adopted by the government of Yugoslavia. The economic effects of the ensuing chaos and hyperinflation were a major contributing factor in driving the Serbian Slobodan Milosevic to a military "solution," with prompting by British and other western governments, not the least being George Bush's Secretary of State James Baker and his Kissingerian undersecretary Lawrence Eagleburger.

War in the Balkans has been a favorite British geopolitical trigger to destabilize Central Europe since 1910. Winston

Churchill termed this region the "soft underbelly" of Europe. The fact that two British oligarchs, Lord Peter Carrington followed by Lord David Owen, have been the European Community "mediators" in the Balkans since 1991, attests to British geopolitical interest. It is a matter public record that Lord Owen and the British government have openly backed Serbian conquest and covered over the "ethnic cleansing" genocide as part of their broader geopolitical aim of destabilizing German and continental European economic ties with Yugoslavia, one of the key economies in the south-eastern region of Europe, with the most potential to effect dramatic industrial transformation. France under Mitterrand formed a de facto new "Entente Cordiale" with Britain around Balkans policy, which has served to prevent a just resolution of that war to date.

Despite conflicts on many other issues, Mitterrand has backed every crucial policy issue from the British side in the Balkans, echoing the post-1904 "Entente Cordiale" alliance of England with France against Germany.

On Jan. 1, 1990 the Belgrade government of Ante Markovic, under IMF pressure, adopted the shock therapy program. Wages and prices were frozen for six months to combat runaway inflation, then at an annual rate of 1,240%. Government price controls on electricity, coal for power generation, iron, and steel were all removed. Money supply to the economy for the first six months of 1990 was drastically reduced and interest rates soared. All this was an IMF precondition for negotiations with western creditors on rescheduling Yugoslavia's hard currency foreign debt. Unlike Poland, the Yugoslavian government made strenuous efforts after the debt crisis of the early 1980s to both service its debt and to reduce overall debt. By 1990, foreign hard currency debt had fallen to \$17.8 billion from a peak of \$22.5 billion in 1987, a sum that, even so, equaled the country's entire 1989 export of goods and services. The Markovic government's program was shaped by economic adviser Jeffrey Sachs, modeled on his Bolivian program described earlier. In May 1988 the government began with partial freeing of agricultural prices, as Poland had done. Then, on Dec. 18, 1989, the Yugoslav Central Government Council and Parliament approved the full Sachs shock therapy program to begin that coming January. That program called for:

- full dinar convertibility and pegging the dinar to the German mark;
- rigid monetary control of credit into the economy;
- reduction of the state budget deficit to zero via new taxes and elimination of subsidies;
- free floating of almost all prices after a brief freeze of prices to dampen inflation;
- freezing of wages at November 1989 levels;
- currency reform making 10,000 old dinars equal to one "convertible" dinar, with seven new dinar equal to 1 deutschemark.

A cornerstone of Sachs's "anti-inflation" strategy for Yugoslavia was, as in Bolivia, to force interest rates above the

3. International Atomic Energy Agency, *Energy Policies: Poland*, Paris, 1991. Elske Mohr, "Landwirtschaft in Polen: Trotz gro en Privatsektors Verlierer im Reformproze a," in *IFO Schnelldienst* No. 4, 1993, Munich. Economic Commission for Europe, *Economic Survey of Europe in 1993-1994*, Geneva, 1994; and, E. Czarny, "Die Auswirkungen des wirtschaftlichen Umbaus auf den Lebensstandard in Polen 1990-1991," in *Osteuropa-Wirtschaft* No. 3, September 1992.

existing rate of inflation, 59% per month in December 1989. But the effect of this, combined with the wage freeze, was predictably a social catastrophe. State enterprises depended on state credits to pay their employees. With frozen prices, this spelled bankruptcy to many firms. In the first months of 1990, under IMF shock therapy, the inflation rate did decline from a peak annual rate of 1,240% in 1989 to "only" 660% for 1990.

But the cost was a dramatic increase in unemployment, as firms were forced to lay off workers, and even close down. The important textile industry was devastated, and cheaper imports caused additional market losses. The pharmaceutical, agriculture, chemicals, and other industries were in deep depression by mid-1990. By September, national industrial output had fallen 12% compared with the previous year. And for the year 1990 as a whole, production was down 11%. In 1991 came an added 20% collapse in output. Wages and salaries, after adjustment for inflation, dropped by 22% in 1990 and another 13% in 1991. Business investment with astronomical credit costs fell 18% in 1990 and another 30% in 1991.

The IMF shock therapy was not the only cause of the war launched from Belgrade against Slovenia, Croatia, and Bosnia in the summer of 1991. Although that is a subject for another setting, let me say here that it provided the suitable context of exploding economic crisis and depression, which encouraged the citizens of Slovenia and Croatia to vote in non-communist governments for those parts of Yugoslavia in April 1990, proposing a loose federation structure of the various parts of Yugoslavia, in opposition to the Serbian communist government. From that point on, it was a matter of devolution of developments until Milosevic launched his military solution on July 6, 1991.⁴

Russia and the CIS: Sachs's friends loot

The Soviet leadership had refrained from the 1970s until the mid-1980s from taking on large western debt burdens, unlike many governments of eastern Europe. But that began to change as the collapse of the Warsaw Pact system drew nearer. The 1986 oil price collapse in the West and the Chernobyl nuclear accident both hit the Soviet Union with a devastating blow, when the U.S.S.R. had a total western indebtedness of \$30.7 billion—a manageable sum for the large economy, especially given its gold reserves and its ability to earn hard currency revenue from oil and gas and other exports.

By 1988 the figure had climbed to \$42 billion. But, beginning April 1989, all controls were lifted and local enterprises were free to take on western debt, often with no oversight

from Moscow. Short-term debt alone grew by \$6.5 billion that year, taking the total Soviet foreign debt to \$54 billion in 1989. At this time, Germany, through the state Hermes credit guarantee agency and other channels, began to funnel an estimated \$8.2 billion to the central Moscow government in the context of the negotiations around German unity. By 1990, U.S.S.R. hard currency debt was estimated at \$60 billion, but reporting as well as debt servicing began to go into chaos, along with the economy.

Foreign hard currency debt totaled \$67 billion by the end of 1991, when the old arrangements under the Council for Mutual Economic Assistance, or Comecon, finally collapsed, along with Gorbachov's regime and the Soviet Union itself. Capital flight out of Russia reached epidemic proportions, according to best western estimates. In 1991, Russia became a full member of the IMF, and, within minutes of Yeltsin's forming a new Russian government in November 1991, the government was in intense cooperation with the Fund and Professor Sachs. By June 1992, the IMF calculated that Russia and the former Soviet states had accumulated arrears on their foreign debt of \$9.4 billion, the first time in postwar history that Moscow had defaulted on western obligations.

On Jan. 2, 1992, the new economic team of Russian President Boris Yeltsin, under then-Finance Minister Yegor Gaidar, announced price decontrol and other steps purportedly intended to revitalize the collapsing Russian economy. The very next day, Russia formally applied for full IMF membership, Gaidar having the impression that were Russia to take the initial painful medicine, a promised \$24 billion from the G-7 countries would begin to flow into Russia's economy; that never happened.

The Fund program for Russia was also designed by Jeffrey Sachs. That Jan. 2, 1992, the Russian government reversed more than 60 years of state price controls and began to lift price controls on 90% of consumer goods and 80% of industrial goods, allowing "free markets" to decide the new price levels. For the rest, prices rose immediately by some 350%, by state fiat. By the end of January, overall consumer price inflation had increased 500%. Simultaneously, the income levels of the broad population were effectively frozen, resulting in a collapse of living standards unlike anything since 1917.

Under orders from the IMF and Sachs, to attack this state-created inflation (output of goods in industry did not increase 500% at the same time), the State Central Bank stopped printing money. This meant prices on goods soared, while the money supply in circulation contracted. The Central Bank in the first quarter of 1992 increased its interest rates to local (state-owned) banks from 2% in late 1991, up to more than 80% by April 1992, and removed interest restrictions on member banks altogether, meaning new ruble credits for investing in rebuilding industry were impossible to pay.

Next, on Jan. 29, 1992, Gaidar and Yeltsin issued Presidential Decree No. 65 which said, "Everyone has the right to

4. Jacqueline Heinz, *Jugoslawien Länderanalysen*, July 1990, Frankfurter Allgemeine Zeitung Informations Dienste. Srecko Jurdana, et al. *The War Against Croatia: A Chronology of the Aggression*, Croatian Information Service, Zagreb, March 1992. Hubert Gabrisch, et al. *Transformationskrise setzt sich fort*, June 1992, Wiener Institut für Internationale Wirtschaftsvergleiche.

trade anywhere in whatever they wish." In short, unbridled free market chaos was also unleashed, in the name of "economic reform." At the same time, Gaidar introduced liberalization of foreign exchange and foreign trade, allowing local producers to import and export at will, with the exception of oil and gas. Gaidar's program called for all export prices, including oil and gas, to rise to world market price levels by the end of 1993.

To a desperate Russian population, the slogans of Sachs's IMF shock therapy promised a miracle cure. The IMF and the G-7, led by the Bush administration, held out the carrot of \$24 billion in western credits as soon as Russia agreed to formalize its shock reform by signing the Fund's letter of intent. In April 1993, the size of the promised western aid "carrot" was increased to \$43 billion, even though almost no monies had gone into Russia.

Since the Yeltsin government foolishly agreed to go along with the IMF shock therapy, what happened was predictably tragic. The so-called shock therapy reforms were the boldest attempt in history to restructure an entire national economy in one fell swoop. But by December 1992, the economy was in shambles, and hyperinflation was threatening, as the Congress of People's Deputies finally forced Yeltsin to dump Gaidar, though not the reform.

Nowhere were the negative effects of IMF shock therapy so evident as in agriculture and food production. According to recent estimates by the U.S. Department of Agriculture, which has had significant advisory exchange with Russia and perhaps the world's best data on Russian agriculture, per capita consumption of essential food items in the average Russian diet has plunged. While potato consumption has increased dramatically, consumption of meat and other essential protein sources has plunged, as price liberalization under IMF dictates caused price rises to unpayable levels, threatening severe malnutrition and disease. Total meat consumption fell 29% from 75 kilograms per capita in 1989 to only 53 kg in 1993. Egg consumption fell 21%, dairy products by 29%, fish by 43%. Further, official statistics have inflated even these numbers as the government began to count lard and animal bones as "meat," in an effort to conceal the severity of the declines.

As in Poland, even the giant Russian collective farms were unable to pay for fertilizers. Despite the fact that since 1972 Russia has been the major producer of mineral fertilizers in the world, per hectare application of fertilizer dropped between 1988 and 1993 by 71%, from 113 kg per hectare to 35 kg per hectare. Shortages of diesel and gasoline for fueling tractors and other equipment have had significant effects on productivity, and farms have been unable to buy new machinery, as prices have climbed between 19 and 35 times over the past two years. Farm equipment production has dropped 60% between 1992 and 1993. Tractor prices have gone from 12,000 rubles in 1988 to 13 million rubles in 1993, a thousandfold rise. Between 1986 and 1993, tractor deliveries to Russian farms fell 67%.

The other crucial sector of the Russian economy, energy, has suffered similar consequences under IMF shock therapy. Domestic oil prices increased between December 1991 and the first weeks of 1993 by 8,467%. Oil production has also plunged. In 1988, Soviet oil output passed the level of 624 million tons, or more than 12 million barrels per day, its all-time peak, and the highest of any nation in the world. By April 1994, Deputy Fuel and Energy Minister Anatoli Shatalov announced estimates that total output in 1994 for Russia would fall to 319 million tons from 350 million tons in 1993. He cited the financial crisis as forcing wells to close for lack of paying customers, as well as lack of investment for repair and expansion of production to new areas, and acute oil industry equipment shortages. More than 70% of Russian oil equipment had been produced in Azerbaijan before 1990, which was now in a war zone and economic chaos.

One critical area affected by the IMF shock therapy focus on strict monetary change, price adjustment, and state budget austerity, has been the large nuclear power industry. Since the 1986 Chernobyl accident, and indeed after the collapse of the Soviet Union three years ago, G-7 governments were demanding that all nuclear plants in the former Soviet Union be closed immediately for safety reasons. But the West was not prepared to provide an alternative source of energy. According to experienced western European nuclear experts with detailed on-site knowledge of the Russian reactor designs, this was not only foolish, but generally unnecessary.

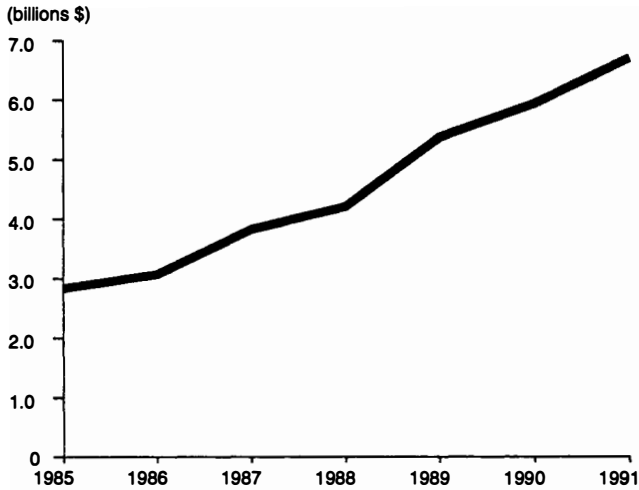
The Soviets developed two different reactor types. One, a water-cooled, graphite-moderated design, called RBMK series, is the Chernobyl type. This type does not presently exist in the West, and was clearly developed because of its dual-use ability to provide electricity for power and plutonium for weapons. As of 1991, there were 16 RBMK reactor units in operation, mostly in Russia and Ukraine, providing 16.5 gigawatts electric (GWe). This is roughly equivalent to providing all electricity requirements of two urban metropolises the size of New York City, or for 16 million people.

In addition to the RBMK series, the former Soviet Union in 1991 had 24 VVER pressurized water reactors, not entirely unlike the Westinghouse design extensively used in western Europe, especially France, and in the United States. Here the capacity is nearly 20 GWe, or enough for 20 million persons. The safety features on the VVER reactors have in many cases been modified, in some instances by Moscow after Chernobyl, to calm public anxiety, or are readily modifiable. According to impartial western experts, the VVER design features are in many ways superior to the Westinghouse design, and represent a manageable problem for safety. The RBMK design is also controllable in terms of avoiding a second Chernobyl-type accident.

But the IMF denies the importance of nuclear energy for Russia and the other republics. By permitting the radical price shocks to collapse oil, coal, and other conventional energy sources, forcing non-nuclear power plants to operate years beyond their replacement life, the Fund is putting

FIGURE 1

Total Soviet long- and short-term foreign debt ballooned, 1985-91

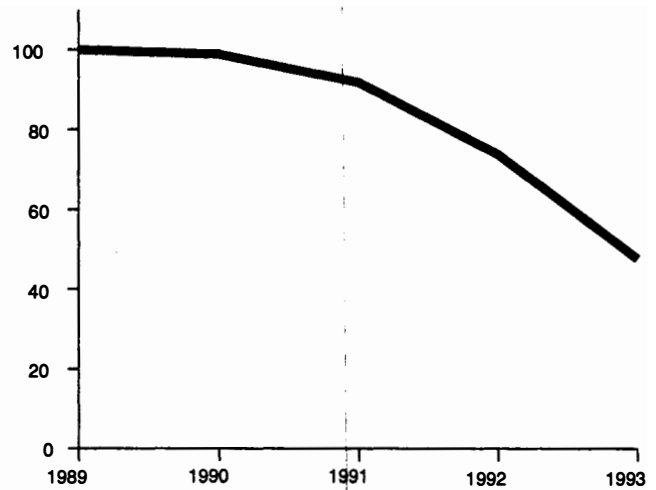


Source: EIRNS, World Bank

FIGURE 2

Russian industrial production plummeted

(change from previous year, 1989 = 100)



Source: EIRNS, Goskomstat

stresses on nuclear generation which are most unwise. While certain western media prefer to wildly exaggerate the dangers, there are real engineering and training problems that require professional support from the West. Russia alone currently has 28 nuclear reactors providing some 20 GWe of crucial electric power, with St. Petersburg getting 33% of its electricity from nuclear plants, and Moscow 22%.

The IMF also demanded as a precondition to its recommending release of the promised G-7 funds, that the Russian state first dramatically cut its budget deficit. But the Fund made no provision for ensuring that Russia had a modern functioning economic infrastructure in place beforehand, so that the underlying causes of the budget deficit could diminish along with the deficit, or any alternative "social safety net" to provide for the families previously employed in state industries, who had also received social benefits as part of their factory employment. On paper, Gaidar cut the state budget deficit. The stated goal of zero deficit by April 1992 was not reached, but the government claimed a state deficit of 3.5% of Gross National Product by April, some 50 billion rubles.

But sharp cuts in government spending were the only means to cut the deficit, since company "profits" in a western sense were nonexistent, and taxation of income was not successful with falling living standards. The state performed a bookkeeping trick to try to appease the IMF: It cut state allocations to industry, and at the same time let state-owned industries run up huge new inter-enterprise debts (or credits) to each other. The "state" deficit was merely shifted to become "enterprise" debts, despite the fact that these enterprises were state-owned. Companies that suddenly had credit cut off by the Central Bank under the Gaidar shock therapy, refused to pay other enterprises what they owed for pur-

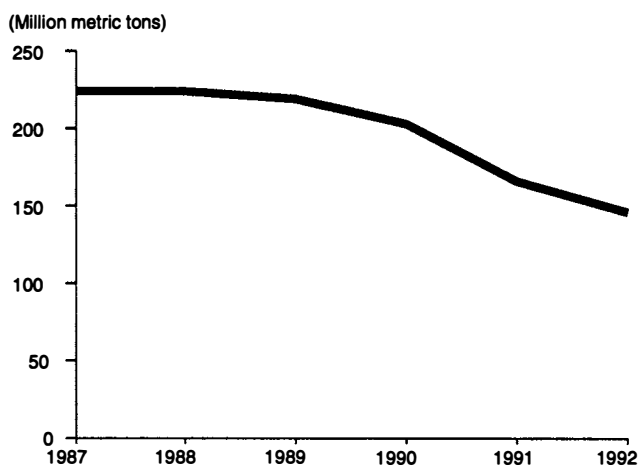
chases. Inter-company debt of state firms, both to one another and to the Central Bank, went from 40 billion rubles in December 1991 to 3.2 trillion rubles by July 1992, an 8,000% increase in some six months.

Major state enterprises at that point were forced to rely on Central Bank printing of rubles to bail them out, causing a general monetary inflation and collapsing the ruble's value for ordinary purchases, further enhancing the frantic efforts to get hard dollars at any cost.

In this situation, the possibilities for criminal "mafia" groups to loot the resources of the country and sell them at below world market prices to unscrupulous western speculators such as Marc Rich, became irresistible. Russian aluminum has been dumped onto western markets in recent months, collapsing prices in western Europe by 30% or more. So it has gone with oil exports and other raw materials such as timber, aggravating an already dramatic postwar unemployment crisis in western Europe. Here, alleged business associates of George Soros, including fugitive Swiss-based oil and metals trader Marc Rich and the Israeli arms dealer Shaul Eisenberg, moved in to reap huge trading profits, buying from these various local Russian mafias below cost of production prices because they paid in dollars and had the resources to move the raw materials out of Russia quickly.

Had the shift to ballooning of inter-company debts not taken place, given the impossible IMF conditions, one-third to one-half of all producing enterprises throughout Russia would have been forced to shut immediately down and fire all their employees, creating massive social problems, explosion, as the IMF state deficit restraints allowed no increase of social security spending for mass unemployment. Not surprisingly, local company managers and others opted to at least keep employment, however inefficient, going.

FIGURE 3

Steel output of former Comecon* countries, 1987-92

Source: EIRNS

*Comecon, or the Council for Mutual Economic Assistance (CMEA), was the commercial organization for the socialist bloc countries, until the collapse of communism.

To alleviate this unstable social situation, the Central Bank decided to extend “soft credits” to help settle inter-company debts, reducing them to a nominal 1.2 trillion rubles by September 1992; but confidence again eroded and inter-company debts rose, along with inflation, to previous levels by December 1992.

Because the Gaidar government’s monetary shock recipe called for severe contraction of money supply, while a 655% consumer price inflation existed by March 1992, ruble cash for payment of employee wages was not available, and the wage arrears for workers began to balloon also. The arrears in wages exceeded 21 billion rubles, or 8% of the population’s monthly income by that April, and rose to 65 billion rubles by July 1, almost one-fifth of nominal (depressed) monthly wages in the entire economy.

Faced with credit cutoff by the central government and breakdown of supply deliveries, the state-owned companies raised their own prices and cut production to meet the crisis. Industrial production in 1992 dropped an official 20%, and more than 15% in 1993. In May 1994, the Russian Economics Ministry announced that over the first three months of the year, industrial output had another 25% below levels at the end of 1993.

On top of this is a negative investment in industrial capital goods. In 1992, according to data from the European Commission for Europe (ECE), Gross Fixed Investment decreased 45% over the year before. In 1993 it fell another 50%.

The Harvard computer model of Professor Sachs and the IMF had no response to this situation, except to demand more shocks. Prof. Klaus Laski of the Vienna Institute for International Comparative Economics points out the absurdity of the demands: “There exists no precedent for the transi-

tion from a command economy to a market economy. The IMF and World Bank give the impression of having the right answers. But the outlook of these institutions is thoroughly monetarist. The prime focus of the IMF is to correct temporary imbalances in a country’s national balance of payments,” not to manage the most complex economic national restructuring ever undertaken.

Because of the extremely tense social situation facing the government by May 1992, Gaidar et al. decided to relax enforcement of new value-added and income taxes. The state deficit then went from 50 billion rubles in the first quarter to 301 billion rubles by July 1992. By December 1992, combining the state budget deficit with “extra-budget” credits to Gaidar’s Finance Ministry, and the advance draw on expected January 1993 tax revenues, the actual total state deficit for 1992, the first full year of the IMF shock therapy, was 17% of the GNP, or 2.6 trillion rubles, rather than the IMF/Sachs target of 3.5%. By the end of 1993, the state deficit was estimated at 20 trillion rubles, some 30% more than the entire GNP of Russia.

Prices had already risen by Weimar inflation-style dimensions. In February 1992, consumer price inflation was at the level of 40-50% annually. Total price inflation in 1992 was an estimated 920% under shock therapy. By August 1993, consumer price inflation exceeded 1,250% annually. In this situation, the real economy and living standards plunged. Real wages after inflation fell by an estimated 50% according to data compiled by the Geneva-based Economic Commission for Europe. The ECE estimated a poverty level in Russia to have included “over 40% of the population” by the end of 1992.

The ruble-dollar exchange rate also collapsed in the last quarter of 1992. The government’s much-publicized “vouchers,” or small-share ownership certificates in state companies issued to the population by the end of 1992, was a thinly veiled political attempt by the Yeltsin-Gaidar government to calm popular discontent by giving them an illusion of ownership. The paper vouchers could be traded as a money substitute.

By May 1994 Russian officials were faced with the impossible choice of continuing with IMF budget austerity and anti-inflation measures, and thereby triggering an unemployment crisis of between 10-15 million unemployed in the coming months. Or, if they abandoned the IMF regimen and printed money to keep factories open, a new wave of hyperinflation was all but guaranteed. Shock therapy has indeed been proven to be a total failure in Russia.⁵

5. International Monetary Fund, et al. *The Economy of the U.S.S.R.: Summary and Recommendations*, Washington, D.C., December 1990. Anders Åslund, Jeffrey Sachs, et al. *Changing the Economic System in Russia*, Pinter Publishers Ltd., London, 1993. IMF Occasional Paper, “Price Liberalization in Russia,” Washington, D.C., June 1993. Robert Baker, “Shock Therapy Ravages Russia’s Food Production,” in *Executive Intelligence Review*, Washington, D.C., March 18, 1994. The World Bank, *World Debt Tables: 1992-93*, Washington, D.C., December 1992. *Nuclear Engineering International*, 1990-94, London.

Cornered, Castro tries immigration war

by Gretchen Small

August 1994 was not a good month on any front for Cuba's Erich Honecker, Fidel Castro. On Aug. 5, dissent exploded onto the streets with the first mass protest against his regime in decades. With the protesters' chants of "Freedom, freedom" still echoing inside Cuba, Castro also saw his principal foreign policy strategy—to secure a continental power-base through the coming to power of member parties of the Cuban-run São Paulo Forum in key nations of the Americas—delivered a potentially deadly blow, with the peaceful completion of the Mexican presidential elections, in which São Paulo Forum candidate Cuauhtémoc Cárdenas was handed a crushing defeat.

Castro's response was to attempt a replay of the 1980 Mariel immigration crisis. On Aug. 5, Castro began *encouraging* his fellow Cubans to risk their lives at sea on makeshift boats and rafts, if they hoped for food or freedom. Such cynical abuse of his fellow Cubans, he expected, would divert the growing internal pressure on his regime outward, while lobbing a political hand-grenade into U.S. domestic politics, destabilizing the Clinton administration, among other things by building up the campaign of Jeb Bush in the upcoming Florida gubernatorial elections, and thus forcing the Clinton administration to accept negotiations—on Castro's terms.

But Castro's attempt to judo *his* crisis into a crisis for Clinton, did not succeed—much to the chagrin of the British and their allies in the Bush crowd, who have been casting about desperately for some way or other to bring down the Clinton presidency. But Clinton "dodged the bullet," in the words of Jeb Bush's frustrated campaign adviser, and instead ordered measures to stop the flow of refugees, and tightened

measures against the Castro regime. By the end of the month, Castro, who had blustered repeatedly that the refugee crisis would not end until the United States accepted discussions on ending the embargo, agreed instead to hold talks with the United States limited to the immigration issue. Interviewed on Havana Radio and TV Networks on Aug. 25, a defensive Castro denied he had "wanted to annoy Clinton," insisting all reports that his regime has a "special antagonism" toward the Clinton administration were false.

The Cuban crisis remains dramatic and dangerous: Castro is an entrenched dictator who may threaten bloody civil war if he doesn't get his way; and some sources report that George Bush's friends would also like to see such a civil war erupt in Cuba. But if the U.S. President stands his ground as he has so far, and if the United States and the nations of Ibero-America pressure Castro to go quietly, the world now faces the joyful prospect that Cubans can free themselves from the communist prison camp in which they have been trapped for some 35 years.

In an Aug. 25 campaign statement, American statesman Lyndon LaRouche assessed the situation thusly: "Given the circumstances, President William Clinton deserves credit for the way he has responded to the latest political stunt by Cuba's leading São Paulo Forum member, Fidel Castro. Any different response would have played into the hands of former President George Bush and Bush's partners in the Hollinger Corp. efforts to destabilize the government of the United States.

"Now, Fidel Castro must see clearly that his latest game has failed. If he were wise, his next message to the Clinton administration would be a request for cooperation in arrang-

ing for his own orderly departure from Cuba, quietly but surely abandoning his connections to any further attempts at fomenting a South America "Hullabalula" by the forces and super-wealthy backers of the leftist São Paulo Forum."

Breaking the São Paulo Forum game

EIR has warned since 1992 of the danger represented by the São Paulo Forum, the continental movement of narcoterrorist armies and political parties the Cuban Communist Party founded in 1990 after the collapse of the Berlin Wall. Exactly one year ago, in our Sept. 13, 1993 issue, *EIR* exposed what no other U.S. English-speaking press dared report: that the São Paulo Forum had adopted a strategy at its July conference in Havana to take power in at least six countries in the Americas over the next two years, combining electoral and terrorist tactics. The electoral targets were Venezuela (December 1993, with the Causa R party representing the Forum), Mexico (August 1994; Cárdenas's Democratic Revolutionary Party), and Brazil (October 1994; the Workers Party).

Later, informed sources in South America told *EIR* that Castro was banking, in particular, upon a victory at the polls by his fellow co-founder of the São Paulo Forum, Brazilian Workers Party candidate Luís Inácio "Lula" da Silva. If the Cuban regime secures Brazil as its power base in South America—as a Lula victory would—Castro's options for survival change dramatically.

EIR warned that what made the Cuban-directed Forum a major strategic threat to the hemisphere, was the support it had received from powerful forces in Washington globally during the Bush presidency, from Bush leftovers within the Clinton administration, as well as from sectors of the State Department allied with the bankers' think-tank, the Inter-American Dialogue. The Inter-American Dialogue, which managed to get its president, Richard Feinberg, named to head the Latin American desk at the National Security Council, went so far as to host Castro's São Paulo Forum candidates in Washington in April 1993, presenting them as the standard-bearers of a new democracy in the region.

Beginning Causa R party's defeat in the December 1993 elections in Venezuela, however, Castro's Forum option has begun to unravel. The rout of Cárdenas in Mexico badly hurt his Brazilian ally, Lula, already failing in the polls. Some Brazilians now believe Lula could even be defeated in the first round of the elections.

What Castro's minions have begun to discover, is that they no longer enjoy the backing of the U.S. presidency, and their power to sow chaos has declined accordingly. The Mexican elections evidenced this shift. Cárdenas had declared that anything short of his victory at the polls would be ipso facto proof that the elections were fraudulent. He welcomed international oversight of the elections, expecting to be assured of international back-up for his charges of fraud, along the lines of the destabilization run against the

Dominican Republic by the Project Democracy apparatus in the State Department after the May presidential elections there. But unlike the Dominican Republic, when Cárdenas cried fraud, he found himself alone.

Some people see similar significance in the fact that one of the foreign advisers to Lula's leading opponent, Fernando Henrique Cardoso, is reportedly U.S. Democrat James Carville, a top adviser to Clinton's 1992 presidential campaign.

'Freedom, freedom!'

Whether the protesters who poured on to the streets of Havana numbered 5,000, or the 30,000 estimated by some Cuban-Americans, the events of Aug. 5 demonstrated that the terror of the regime's oppressive security apparatus has begun to crumble. Faced with mass protest, the Cuban authorities were afraid to shoot.

Cuban "experts" may screech all they want, as the Inter-American Dialogue's Jorge Domínguez did, that the protest of Aug. 5, while admittedly large, was an "isolated incident," but more serious observers remember that it was through such "isolated incidents" that the mass uprisings which brought down the communist tyrannies in eastern Europe began.

Eastern Europe is much on Cuban minds. Cuban authorities trace the beginning of the current migration crisis to July 13, when Cuban authorities sank a tugboat carrying Cubans fleeing the island, killing half of those aboard. The regime denounced as "propaganda" the charge that the sinking was deliberate, but inside Cuba, many compared the atrocity to the East German police shooting down Germans attempting to flee over the Berlin Wall.

Internally, the Catholic Church has stepped forward as one venue for aiding an orderly transition to freedom, without a descent into bloody civil war. On Sept. 8, 1993, Cuba's Patron Saint day, the Cuban Catholic Bishops issued a message to the Cuban state and people, including those abroad, calling for liberty, *agapē*, and moral order to be restored in Cuba. One of the sharpest statements ever made public on a large scale inside the police state, the bishops insisted that change must be achieved through dialogue, but a dialogue premised on true liberty, a freeing of the many unjustly held prisoners, an end to the excessive control of the state security bodies, relief from the "tiring repetition of slogans" and "omnipresent official ideology," the rule of hatred, and a justice system premised upon "an eye for an eye."

Foreign tourism, monies, and investments are not the only answer to Cuba's crisis, they stated; "everything can be resolved among Cubans," including those "whom we have made into foreigners." This, combined with "a Latin American integration" to which Cuba, as the other countries of the region, aspires, must be the answer to "the sad experience of foreign intervention into our national affairs" over the last two centuries—including that resulting from the regime's former alliance with the former Soviet Union. "Poor coun-

tries should join together to overcome their negative dependency with respect to the rich countries.”

Back to prostitution, gambling, and the IMF

The Cuban regime has shown in the past year that it is willing to sacrifice anything, in order to stay in power. In the name of encouraging tourism, legalized gambling has already returned to the island, with the Cuban government operating a casino in a joint venture with the Italian company Fratelli Cosulich. Cuba's yuppie Foreign Minister Roberto Robaina admitted to the *London Sunday Telegraph* in May 1993 that Cuban prostitutes “are said to be among the cheapest in the world.” He justified women's (girls, mostly) resort to prostitution to answer their “material needs,” as similar to the regime's current policy of maximizing national revenue—by whatever means possible.

Top British and other speculators otherwise feeding off the collapse of the former Soviet bloc countries, are already cutting their deals with the Castro regime for looting Cuba. The fugitive buddy of George Soros, Marc Rich, was reported negotiating deals to develop Cuba's uranium, lead, zinc, and copper deposits back in 1992. The Dutch banking cartel, ING Bank, another quiet but powerful extension of the British financial cartel, arranged financing for Cuba's nickel mining earlier this year. Italy's porn-businessman, Luciano Benetton, opened up operations in Cuba in January 1993, praising Castro in the process for having “inspired entire generations.”

The Castro regime has reportedly applied to rejoin the International Monetary Fund and the World Bank. IMF officials Jacques de Groot and Frank Moss paid a “personal” visit to Havana in November 1993. They issued a report following the trip noting Havana's “keen interest” in working with the IMF, asserting that Cuban policy “changes represent a clear change of strategy [which] . . . will inevitably pick up momentum.”

It is not surprising, then, that these British-centered interests denounced President Clinton's August measures to stop Castro's gambit as, in the words of a hysterical Aug. 22 *Financial Times* editorial, going “precisely in the wrong direction. . . . Reformers within the government must be encouraged,” by such measures as letting Cuba join the World Bank and the IMF, they demanded. Similar squawks were heard from the Inter-American Dialogue, which called a press conference in Washington, D.C. on Aug. 26 to demand that Clinton change course. “The President has made a strong statement, and he will have to reconsider that . . . within the next few days,” Dialogue president Peter Hakim pronounced. Jorge Domínguez, coordinator of the Dialogue's Special Task Force on Cuba, reiterated the Task Force's adamant position that the U.S. government must not base any policy upon the ouster of Fidel Castro. Domínguez urged the U.S. government to instead accept Cuba's application to join the IMF and World Bank, as the “most effective” measure to promote “reform” in Cuba.

How communism fell in Czechoslovakia

by Dr. Jozef Miklosko

This speech was given in July 1994 by Slovakian mathematician Dr. Miklosko, the former deputy premier of post-communist Czechoslovakia, before the countries separated. Dr. Miklosko is currently chairman of the group Nadacia Spolupatrnost (“We Belong Together”), which co-sponsored, with the Schiller Institute, a seminar with Lyndon and Helga LaRouche near Bratislava, Slovakia in August. Dr. Miklosko's speech has been abridged slightly.

The fall of communism, our fathers' dream for a long time, was given to us by God. Totalitarianism and oppression of the mind lasted for 40 years. Forty is a symbolic number. After 40 days of rain, the Flood came, and Noah let a dove fly from the ark. Elijah made his pilgrimage for 40 days to Mt. Horeb. Jonah gave the town of Nineveh 40 days in which to carry out a conversion. Moses was given the Ten Commandments after 40 days of fasting. The Israelites wandered for 40 years through the desert to the promised land. The countries of the East bloc lived for 40 years surrounded by the Red Sea of communism, and after wandering in the desert of totalitarianism, they hoped that the time had come to live in the promised land.

Nearly five years after the fall of the communist empire, we, the Christians, know that freedom has two faces, that the promised land is still far away, and that it will hardly be reached without diligence and toil.

What was it that caused our liberation from totalitarianism? It is nearly forgotten, and unpopular in both East and West today to do so, but it was especially the 40 years of prayer, sacrifice, suffering, fasting, and pilgrimage of millions of people that defeated communism. In Czechoslovakia, tens of thousands were put into jail, sentenced to hundreds of thousands of years in prison. All religious schools, publishing houses, and hospitals were destroyed. In the spring of 1950, in just two nights more than 900 nuns were forced to close, 15,000 priests and sisters were put in concentration camps for years. Nevertheless, the church was there; it even flourished in those times. The church was well structured and organized, and did its main work in the underground. Children, youth, students, and families regularly met in secret assemblies and worked well. A culture existed: There were *samizdat* [underground] publishers, and western media and books were smuggled into the country. Hundreds of thousands joined in pilgrimages for the Virgin Mary and other religious feasts.

High points of the battle for freedom

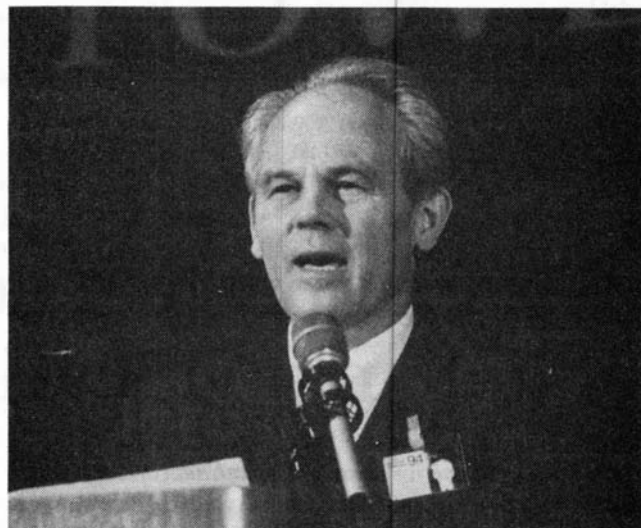
One may mention the following historic events as the tip of the iceberg: the pope's first visit to Poland; 200,000 people protesting at the celebrations of St. Methodius in Velehrad in 1985; Cardinal Tomasek's call for a petition to accomplish the "Thirty-One Demands for Religious Freedom" on Jan. 4, 1988, which yielded 600,000 signatures; the first so-called candlelight demonstration at Hviezdislav Square in Bratislava on March 25, 1988, where 10,000 people called for religious freedom and human rights, and were brutally attacked, and where the "gentle revolution" against violence really started; the summit meeting of Reagan and Gorbachov on Dec. 8, 1988; the massacre at Tiananmen Square in Beijing; and, of course, the first hole in the "Iron Curtain" on May 2, 1989, when people fled from East Germany, the former German Democratic Republic, to Austria via Hungary. Then came the *Finale furioso*, Nov. 17, 1989 (in Bratislava on Nov. 16), when students started the gentle revolution.

The fall of the Iron Curtain can be compared to the decline of the Roman Empire. The enthusiasm about the end of communism, though, led to the illusion that there would be rapid improvements in society, and fast realization of its future unity. Suddenly we are free, but oppression is now slipping in the back door. Many feel no joy about the new possibilities, but are impatient, tired, and disappointed. We suffer a "sovietization" of thinking: that means passivity, pessimism, no aggressiveness and initiative, and a certain waiting for a strong personality, for orders from above. As in former times, today one looks for enemies and culprits. But there is nothing to be gained from orienting toward short-term goals and simple solutions.

Every day, we in the East, but also you in the West, should pose some questions to yourself: What does it mean to be free? Who made the law and the morality of our life? If man made it, he can change it; but if it comes from God, we don't have a right to do so.

We were not prepared for the assaults of consumerism, liberalism, primitive culture, and pornography. Of the 73% of Slovaks who are Christians, obviously many are only formally believers, as the rate of criminality, abortion, and divorce proves. It is absurd and dangerous that we have businesses without morals, privatization with corruption, and the desire of success at all costs, without respect for ethical norms. In politics, we again are seeing too many negative human qualities, such as hatred, the demand for revenge, defamation, and the humiliation of others. The transformation of the economy involves many social problems. Some people are in difficulty, many are afraid again, 40% of families are living below the minimum standards. The real danger exists, that in Slovakia—as in Poland and Hungary—a leftist government will come to power again after the elections at the end of September.

Europe and the world had a tremendous chance in 1989 to unite East and West. That chance was thrown away. The



Dr. Jozef Miklosko

present collaboration is weak, and the wall between rich and poor again exists. Europe must have a common future, otherwise we will have no future at all. We should listen more closely to the pope's social encyclicals, than to the conditionalities and demands of the International Monetary Fund, which lead to shock therapy and social unrest.

Don't forget the church's role

What is the situation of the church, which suffered so much before the revolution, and for that reason had such enormous authority? It is more difficult to preserve Christianity in a free world. The attacks against the church are carried out globally, by Freemasons, cults, Satanists, and the New Age movement. In our country, the church is attacked most of all by old communists, and by people who lost their orientation due to media propaganda. An important subject under discussion concerns the reasons for the fall of communism. There are many who would like to strike the significant role of Christianity from that analysis.

Christians in East and West have to know that there will never be rest, that we have to fight for each individual soul and for freedom, again and again. The old sins which have kept coming back since the time of the Apostles—namely, to have been sleeping during Christ's most difficult hours—should not be repeated. The church cannot exist without the cross. God doesn't have hands except ours. Christians are irreplaceable in their efforts for love, peace, family, life, and culture.

After the five years since the end of communism, I'm still optimistic. Today, the Slovak church has 2,000 students of theology, many new nuns, and more and more people who are working for their fellow man. As before, this year half a million pilgrims came to Levoca. Mother Teresa once said: "We should pray as if everything depended on God, and we should work as if everything depended on man." That should be our aim for the future, in East and West.

'We are now in a new phase of Italian political life'

Roberto Formigoni, for many years chairman of Communion and Liberation, the biggest Catholic youth organization in Europe, and currently a member of the new Italian Parliament, was interviewed by Liliana and Claudio Celani on Aug. 27, the last day of the "Meeting" in Rimini, Italy, which is the yearly summer gathering of Communion and Liberation. Together with newly elected General Secretary Rocco Buttiglione, Formigoni is a leader of the Italian Popular Party (PPI), which had its first convention in Rome in July, and replaced the Christian Democratic party (DC) which had governed Italy for the last 40 years. Formigoni is also chairman of the European section of the International Parliamentarians Against Genocide in Bosnia, as well as one of the thousands of signers of the Schiller Institute call to stop the Sept. 5-13 U.N. genocide conference in Cairo, Egypt. (For a more complete profile of Italian political parties, see EIR, Feb. 4, 1994, p. 35.)

EIR: At the first convention of the Italian Popular Party (PPI), which took place in Rome last July, the line which won was the one supported by you. How will the PPI present itself at the reopening of the Italian Parliament in September? Will it aim at rebuilding a single Catholic party, or will it just fight for Christian values to be reflected in politics and society?

Formigoni: Definitely the second perspective. The single Catholic party was an important phase in Italian political life, which will have to be reconsidered because some current judgments are very ungenerous, but it is not the perspective for tomorrow. We are in a new phase of Italian political life; we chose "*bipolarismo*" [a bipolar political system] and for us Catholics the issue is to be present everywhere that it is possible to defend the values of man, the rights of the individual, of the family, of freedom, pluralism in the economic field, in business, in culture, social work, solidarity, peace and justice in an international perspective.

As to the work inside the Popular Party: We won in the convention, defeating the left wing of the PPI precisely on this perspective, and, therefore, we are trying to reconstruct a center alliance in order to avoid a bipolar system in Italy

between an extreme left wing and an extreme right wing.

EIR: Does this center alliance you are talking about also imply the possible entrance of the PPI into the Italian government, and if so, on what conditions?

Formigoni: Only under specific conditions. I start with a historical consideration: The bipolar system in Italy was born prematurely, in a rushed way, and as a result of this we do not have today a modern bipolar system; we have a bipolar system between two poles which also include the extreme wings. We have to bring the political axis of the moderate pole at which we are looking, toward the center rather than the right wing. This means we must support the evolution toward the center of important political forces, such as Forza Italia, the [Northern] League, and National Alliance itself (which currently form the Berlusconi government) making sure, for example, that National Alliance loses part of its nostalgic [Mussolinian] components and becomes, if it gets cleaned up, the right wing of a center pole. This is the perspective for which the PPI is working. As to the political content of this center pole, it's the one I talked about before, from the rights of the individual to the issue of democratic institutions.

EIR: Reading the *Washington Post* or other American or British newspapers, the reader has the impression that in Italy there is a fight between judges who fight corruption and politicians who try to defend it. Reality is a little bit more complex. For example, in the last few days, the head of the League, which had supported the judges until now, suddenly came out attacking their "Mani Pulite" (Clean Hands) investigation, and spoke of foreign influences in it. How would you explain the recent Italian developments, including the government crisis?

Formigoni: It is certainly a complex situation, and you have to keep in mind a number of factors. Certainly, Italian politics had a significant degree of corruption, and the investigation by the magistrates also aimed at eliminating this corruption. But I emphasize the "also." It was not only this, because the judges moved particularly against the corruption of old

government parties, practically ignoring the corruption of opposition parties on the left, and particularly the Communist Party (PDS). I would say that the infiltration of left forces, particularly the PCI-PDS, into the Judiciary branch in the last 30 years became so heavy that we can speak of a political attitude of the judiciary power also toward important parties of the present government who, however, are wrong in playing the victim: [Northern League head Umberto] Bossi is wrong when he says that the investigations of the judges are aimed against him. I would not exclude that there are foreign influences (definitely not the intervention of the CIA which Bossi is talking about) and one can certainly say that the action of the judiciary in Italy has to be understood in the context of a complicated international situation. However, in the case of Bossi's movement, wrongdoings were found which had to be punished.

EIR: Do you think that Bossi was referring to a CIA intervention against the League?

Formigoni: Sure. You see, Bossi finds himself in a difficult position. He is the head of a movement which, according to the latest polls, only has 4% of the vote, but he has 20% of the seats in the new Parliament, thanks to a very advantageous agreement he made with Berlusconi, and he has maybe 40% of the power in Italy. In order to justify this enormous power that he has in his hands, he has to constantly invent plots, to attack his adversaries (typical is his demonization campaign against the PPI) in an attempt to keep this balance of power in which he has a privileged place, from being altered. It's all political reasoning which has little to do with reality.

EIR: Contradicting the official historiography, the general secretary of the PPI, Rocco Buttiglione, recently wrote in the Italian daily *La Repubblica* that Italy and the United States have common constitutional roots in the Christian tradition, and that the true American soul is anti-Enlightenment. He said that, in this sense, he prefers the American Revolution of [first U.S. Treasury Secretary Alexander] Hamilton to the French Revolution. Do you think this conception allows a new transatlantic cooperation between Europe and the United States?

Formigoni: Certainly, and on the new basis of a reunification of the histories of our countries beyond the official historiography, which is dominated by the Marxist culture and, in the United States, by a "radical-liberal" culture which is anti-religious and anti-humanistic. I was always a convinced supporter of friendly relations between the Italian and the American people and of the need to value the popular roots of our countries, taking some influence away from those lobbies and power groups which have very little to do with the true history of our countries.

EIR: A question on the recent shift in American politics with the visit of President Clinton in Europe and his speech at the Brandenburg Gate in Berlin: Clinton abandoned the

"special relation" with Great Britain, assigning Germany a special role in Europe. Do you think that this shift will have a positive effect on Europe and on Italy?

Formigoni: I would like to welcome this shift with a "finally!" Finally, our American friends realized that Europe is not the little sister of Great Britain, is not a protectorate, but a continent inhabited by hundreds of millions of people with different cultures, different religions, and different traditions. I would like to interpret this new relationship toward Germany as giving greater attention to continental Europe, where there is not only Germany, but also France, Italy, and other important components. The fact that the United States is no longer just pro-British but also pro-European in a complete way, is a very important step forward and I hope that we will proceed in this direction.

EIR: At Corfu, Naples, and other European summits, there was some discussion about the so-called Delors plan for full employment in Europe, a White Paper which takes its name from Jacques Delors, the former president of the European Commission. The White Paper proposed infrastructure development projects echoing the Paris-Berlin-Vienna "Productive Triangle" infrastructure plan proposed by American economist Lyndon LaRouche in 1989. Is the Delors plan being discussed also in Italy?

Formigoni: Yes, it is being discussed, because the plague of unemployment is hitting Italy as well as the rest of Europe. The Delors plan is one of the attempts to give structural answers. Unfortunately, it is not sufficient. The problem of unemployment, which was recently discussed also at the Detroit summit, is a structural problem with deep roots. It is necessary to create new sources of work, new sources of wealth, but certainly the Delors plan opens new important perspectives; it's being discussed, and I find it important and agree with it.

EIR: Over the last year in Italy, a new current of geopolitical thought emerged, which has representatives also inside the Berlusconi government, which presupposes an Italian foreign policy navigating in the midst of unsolvable conflicts. It no longer, for example, envisions a role for Italy in the Mediterranean as a bridge between two cultures, but as a *Limes*, a fortified border, between two antagonistic worlds. Considering problems such as Islamic fundamentalism (mainly due to underdevelopment), the criminal U.N. policy to reduce the world population, and also the perspectives opened up by the peace plan in the Middle East, how do you see this current of geopolitical thought?

Formigoni: I do not agree with it, because it is a negation, or at least a strong limitation, of the role Italy used to play, in its geographic position, and not only in the course of its modern history, as a bridge between different cultures and different worlds: We are fully European but also fully Mediterranean. I find that generally the western world, including

Europe, underestimates the problems of the Arab world. It tends to misinterpret phenomena such as Islamic fundamentalism, and the Islamic religion itself, in a risky way for our continent and for the West. We need a profound revolution in the way we look at these phenomena, the ability to engage in dialogue, to open relations, to think in broad terms, of integration between Europe and the Arab world.

EIR: Very much linked to this is the issue of the U.N. Cairo conference. You are among the many signers of the Schiller Institute call to stop the Cairo conference. On this issue, there is a true war of information. The British malthusian Conor Cruise O'Brien accused the Vatican, for example, of creating an unholy alliance with Muslims to defeat the Cairo conference. On the other side, U.S. Vice President Al Gore (as have President Clinton and Secretary of State Warren Christopher) just gave assurances that the U.S. position will be to defend national sovereignty on the issue of family planning. What role will Italy play at the Cairo conference, with its delegation head, Family Minister Antonio Guidi, and how do you see the American position? Is there a rapprochement between the Vatican and Clinton?

Formigoni: Italy can play a very important role. I am speaking to you from the Rimini Meeting, where Family Minister Guidi came two days ago to outline the fundamental policy guidelines of the Italian position at the Cairo conference. It will be a position giving great attention to the issue of economic development and population, not in the sense of limiting freedom and imposing a ferocious birth control policy, but in the sense of helping the Third World to develop and support individual responsibility. I think this is the right position. I do not see anything wrong in a convergence between Christians and Muslims on these positions, which I believe are positions of freedom and responsibility.

The attitude held until now by the American delegation frankly surprised me, because it contradicts the most profound inspiration of the American people. I see it as a position strongly influenced by powerful economic lobbies and ideologies, but foreign to the true tradition of the American people. Maybe there are some openings in the statements of the last hours. If there are, I hope these openings will increase, otherwise it will be a clash, and it would not help anybody.

EIR: This year the Meeting in Rimini was entitled "God's People on Its Way." Is this an answer to the false alternative between globalism and nationalism (in a chauvinistic sense) which is being offered by the lay world?

Formigoni: Yes, but not that alone. The theme of the people is dear to us, dear to all cultures which have a religious inspiration and are particularly attentive to the theme of popular identity, national identity, religious identity, which does not exclude, on the contrary it founds, a perspective which is not abstractly globalistic, but comunitary of cooperation, solidarity. I think this is the right perspective.

London plots for technocracy to take over Italy

by Claudio Celani

A powerful faction in the City of London is plotting to overthrow the current Italian government, to replace it with a technocratic cabinet able to push through the most severe budget cuts and tax increases in Italy's postwar history. The London faction includes the George Soros and Warburg interests, as well as other groups represented by the *Financial Times*. This is the faction which in mid-August provoked a financial crisis that precipitated a drop in the value of the Italian currency, the lira, to an historic low of 1,023 against the German mark, and which is planning to repeat that assault on a larger scale, with the goal of bringing the lira down to 1,200 to the deutschemark.

Such a scenario was outlined by David Roche in an interview with the Italian daily *Corriere della Sera*. Roche, a former employee of the Morgan Stanley investment bank, has now built his own corporation and is one of Britain's most influential financial analysts. He predicted that Italy, along with Sweden, will face a severe financial crisis in September and will be out of the European Union by December. As an attempt to avoid that, Roche suggests that both countries will take extremely unpopular measures to bring their state deficits under control.

The dimensions of such measures have been provided by Carlo De Benedetti, the Italian financier allied to Soros who, at the end of August in an interview with his newspaper *La Repubblica*, called for a combined package of budget cuts and tax increases of at least \$62 billion. Such an austerity program, more than double what the present Berlusconi government reluctantly is trying to implement, would be the most severe in the last 50 years.

It looks as though the City of London is trying to direct the first waves of the coming financial collapse onto the "weak flanks" of Italy and Sweden—Central Europe being their strategic target. As Lyndon LaRouche commented in an interview on Aug. 17, "George Soros has moved as the key player who brought about the destabilization of the Swedish krona and the Italian lira, who is making a major attack on the German mark. This is all run from London, and the purpose is to destabilize Clinton's working treaty partner, [Chancellor Helmut] Kohl of Germany."

To ensure the possibility of looting of Italy's resources, the City of London is planning to overthrow the present

government and replace it with a technocratic cabinet. In its weekly newsletter on Aug. 15, S.G. Warburg merchant bank predicted that in September, the government coalition will collapse because of internal conflicts and that either former IRI chairman Romano Prodi or current Banca d'Italia chief Antonio Fazio will lead a technocratic government able to push through De Benedetti's requested austerity.

Informed sources have told *EIR* that the trigger for the crisis will be an investigation warrant against Prime Minister Silvio Berlusconi, in the context of the Milan "anti-corruption" investigation, which will be used as a pretext to engineer the financial crisis due to "loss of confidence by the markets."

There are several reasons why London wants to overthrow the Italian government. The simplest and most overriding is that, in the context of the coming global financial collapse, no elected government can implement the kind of fascist austerity measures the City of London will require in order to attempt to save its assets. Gianfranco Miglio, author of a blueprint for the breakup of the Italian nation into three small states, explained to *Corriere della Sera* on Aug. 31: "I believe that we will have a serious economic crisis. Today the problem is the financial law [budget]. It is difficult for Italy to give the guarantees demanded by the markets." Then, describing the four government coalition partners, he said: "The whole MSI, the former DC, part of the [Northern] League, and part of Forza Italia are unable to agree on a rigorous policy against public debt and welfare."

Miglio is right. Berlusconi's party, Forza Italia ("Go, Italy"), Umberto Bossi's Northern League, and Gianfranco Fini's National Alliance (the former Italian Social Movement, which is trying to shake its Mussolinian image) all promised voters that they would not increase taxes. Thus, the present austerity plan, drafted not to balance but simply to reduce the ratio of state debt to yearly Gross National Product, now well over 100%, is composed exclusively of budget cuts. But when it came time to decide where to cut, a brawl broke out within the coalition, with half the government opposed to cuts in pensions. Finally, a compromise was reached, to the effect that pensions will not be reduced (except to adjust for inflation), and that most of the roughly \$11 billion in planned savings on pensions will come from extending the retirement age to 65 and reducing payments for new pensions, starting next year.

But the discussion on pensions showed that when it comes to real cuts, this coalition is unable to implement them. Exemplary is what Labor Minister Mastella, a former Christian Democrat, stated: "In Italy, we have 20 million pensioners. They can form a party from one day to the next."

The second reason why London is uncomfortable with the current Italian government is that, despite the presence of British agent Antonio Martino as foreign minister, Italy has failed to sabotage the Franco-German alliance on European policy, and it has instead favored both the Delors plan



The government of Italian Prime Minister Silvio Berlusconi (left) is being targeted by London. Government coalition ally and Northern League leader Umberto Bossi is on right.

for infrastructure development and President Clinton's new preferential relationship with Chancellor Kohl of Germany.

Third, on a key issue such as the U.N. International Conference on Population and Development, the Italian government has made a major concession to the Vatican by appointing a delegation which will support the Catholic Church's position.

The fourth reason, which involves a potentially most revolutionary issue, is the Italian government's move to restrict the power of the central bank.

The beginning of financial attacks which culminated in the mid-August collapse of the lira can be traced back to a campaign started by the *Financial Times* at the beginning of June, when the City of London mouthpiece ran banner headlines attacking the alleged Italian government move "against the independence" of the Banca d'Italia. The campaign, which has never stopped, is motivated by the government decision to "interfere" with the sovereignty of the Banca d'Italia by suggesting an outsider for the post of director general, which became vacant when Lamberto Dini left the post to enter the government as treasury minister. The move, aside from the real government motivation, would objectively weaken the freemasonic oligarchy which has ruled the bank since its founding, and which is currently led by former Gov. Carlo Azeglio Ciampi. This oligarchy is pushing the candidacy of Tommaso Padoa-Schioppa, a globalist and an architect of the "Europe '92" free-market scheme, who recently authored a Bank for International Settlements report on derivatives which recommended a plan of no action against speculation. The Ciampi group includes former Bud-

get Minister Silvio Spaventa who, according to City of London sources, is "giving the line" to the *Financial Times*, and technocrat Romano Prodi, a former collaborator of Soros who is being pushed by Warburg as the next prime minister.

Prodi, an expert in asset-stripping, was appointed head of IRI, the giant conglomerate that, along with ENI, constitutes Italy's state-controlled industry, under the Ciampi government, and has overseen major privatization operations, such as Banca Commerciale and Credito Italiano, two major banks, as well as SME, the food industry company which was sold to international cartel giants Nestlé and Unilever. Prodi has been recently retooled and presented as the candidate to lead the next government, in case the Northern League decides to leave the government coalition and join the opposition.

Indicating how serious the Prodi option is, his sponsors have taken precautions to eliminate connections to potential investigations against him. Two days after Prodi announced his candidacy, his closest friend and adviser Giuseppe Tramontana was found dead in a mysterious car accident near Brescia. Tramontana, a manager for the Agnelli group, had just been hit with an investigation warrant for bribery, and could have involved his friend Prodi, especially if the illegal details involved in the sale of car company Alfa Romeo to Fiat, engineered in the 1980s by the two friends, were to come out. Prodi, however, has "friends" internationally who are helping to create the crisis conditions which favor his power bid. Well-informed London sources report that the Wall Street financial holding Goldman Sachs, a former employer of Prodi, was among the main sellers on the Italian derivatives bond market during the mid-August lira crisis.

According to members of the Italian government, the influence of the Ciampi group inside the Banca d'Italia is so strong that it was this faction which forced Governor Fazio to announce a half-point rise in interest rates on Aug. 11 as a deliberate move against the government economic policy. A government policy, in terms of investment policy, is really nonexistent, but it is true that the interest rate increase sufficed to provoke, the next day, a collapse in the futures market and an increase in the interest rate of state bonds, which in the meantime has jumped 1%. This has had a destabilizing effect on the budget, as next years' state deficit, financed through issuance of state bonds, will increase by up to \$9.4 billion more, if present trends continue.

The 'Britannia boys'

Whereas the international media present the conflict between the Banca d'Italia and the government as a pure power game, *EIR* is informed that at least part of the government is aware that the "Ciampi mafia" is working for foreign interests who are pushing for a destabilization of the country. Several members of the Italian government agree with *EIR*'s 1992 document, "The Destabilization of a National Economy," which reported on the infamous meeting on privatizations

aboard Queen Elizabeth's yacht *Britannia*. Now the press, in reporting about the conflict between the government and the central bank, uses the term "Ciampi boys" as synonymous with "Britannia boys."

In 1993, current Deputy Budget Minister Antonio Parlato was the first and most outspoken member of Parliament to expose the "Britannia boys," and is now the most outspoken in the attack against the Ciampi mafia in the central bank. Parlato has presented a list of journalists who have been in the payroll of the Banca d'Italia during Ciampi's mandate, and is now waiting for an investigation to check on his allegations.

Another member of government, Transportation Minister Publio Fiori, has called for forcing the central bank to "collaborate" with government policy. Fiori, who is fighting to find financing for transportation infrastructure projects, including Italy's North-South high-speed rail line and the bridge between Italy and Sicily, is frustrated because his plans are being sabotaged by the "Ciampi boys," including their allies in the government. The latest sabotage involved the central bank decision to sell a bank owned by Italy's railway company, which is state controlled, to a private bank.

Unfortunately, the necessity of ending the "extraterritoriality" of the central bank and reforming it as an instrument of national policy, in the "Hamiltonian" or "LaRouchean" sense, is not raised by anybody except the LaRouche movement. In its newsletter, *Nuova Solidarietà*, the LaRouche movement in Italy calls for "constitutionalizing" the central bank in order to implement a development policy.

Alternative scenarios

As we approach the Sept. 30 deadline for a new budget, all elements of the City of London scenario will tend to come into place. An alternate scenario to the fall of Berlusconi, is that the current government is kept alive if it promises not to challenge the power of the City of London and not to implement a national bank-type policy. In that case, London would allow even a takeover of the central bank, and the use of the printing presses to bail out the economy. There is one faction in London, represented by Barclays bank, which is presently supporting this scenario. Such a "hyperinflation" scenario is also contemplated in Miglio's book 1996: *How the League Took Power*, which the author is still following "with some variations," as he said in the above-mentioned interview. The variation is that it would be the right wing, instead of the left wing, promoting inflation. The end result is the same: bankruptcy and the installation of a separatist regime in northern Italy, backed by international financial markets.

Of course, all scenarios do not take into account non-linear dynamics of the real economy, in this case the impact of the incoming global financial collapse. They also do not take into account the LaRouche factor, i.e., how people in times of crisis turn to workable solutions. This could be Italy's "October Surprise."

Pérez de Cuellar: From U.N. capo to Peruvian 'Inca'?

by Sara Madueño

The launching of the presidential candidacy of Javier Pérez de Cuellar, former secretary general of the United Nations and, according to the opposition, "the only one capable of competing with President Alberto Fujimori," constitutes yet another calculated attempt by the one-world government crowd to wreck the sovereign nation-state of Peru via the ballot box. Pérez de Cuellar's loyalty to the one-world project is attested to by his 10-year stint as U.N. secretary general, which he was entrusted to restructure to such ends. He had barely set foot on the soil of his native Peru on Aug. 14 when the essential content of his candidacy was already defined— one-worldism, separatism, multiculturalism, and malthusianism.

The main card held by the promoters of "don Javier's" candidacy is that of his services at the helm of the U.N., a position he was granted in 1982 thanks to Margaret Thatcher and George Bush, the standard-bearers of one-worldism. Among other things, Pérez de Cuellar gave U.N. approval for Britain's invasion of the Malvinas Islands. Under his charge, the U.N. fully surfaced as the gendarme of one-worldism and of the genocidal population-control policies now put forth for global implementation in Cairo.

Even though President Fujimori has kept his promise to maintain the free-market scheme ordained by the International Monetary Fund, a pledge which he reiterated during the Aug. 26 visit to Peru of IMF Managing Director Michel Camdessus, the one-worlders will never forgive him for the precedent for sovereign self-determination that he set in April 1992, when he decided, based on a civilian-military alliance, to purge his nation's corrupt democracy and to wage a thus-far successful war against the terrorist subversion of Shining Path and the Tupac Amaru Revolutionary Movement (MRTA). Fujimori gained precious time for Ibero-America by upsetting the one-worlders' scenario for synchronized destabilization of the continent.

A campaign on the Tavistock model

Exploiting the most sophisticated social engineering techniques concocted by the London Tavistock Institute, Pérez de Cuellar turned his electoral kickoff into a theatrical act loaded with mythical-religious symbolism. Each move-

ment, each detail, each word of Pérez de Cuellar's campaign corresponds to a laboratory model for manipulating the population, especially the Indians, with ancestral myths designed to awaken the alleged "trauma of the Spanish Conquest." Within this scenario, Pérez de Cuellar would be the subliminal personality emulating the "Inca," the child of the "Inti" sun god who comes back to avenge his people.

These same myths, the "myths of the Inkari" and of "Wari," were also manipulated by the foreign and Peruvian anthropologists who entrenched themselves in the University of Huamanga during the 1960s to incubate Shining Path. Rereading the campaign messages of Pérez de Cuellar from this perspective confirms that it is precisely this *manipulation of the myth* within the population, especially among the 25% that are Indian, that is the central axiom he shares with Shining Path.

Artificial indigenism is not the only thing Pérez de Cuellar has in common with Shining Path. The day after he entered the country, the candidate revived the thesis of the "breeding ground" used by Shining Path in its university recruiting, when he warned that "terrorism will continue. . . . If the reasons for which it is constituted and for which this kind of war is launched are not resolved, it will return under another name." Days earlier, his campaign manager in Lima, Michel Azcueta, the leftist former mayor of Villa El Salvador, declared his belief that Pérez de Cuellar favored dialogue with the terrorists.

Tavistock's men in Peru

Using psychoanalysis as a kind of "social engineering" tool to bring about social change on a mass scale has been the specialty of the Tavistock Institute in London and of the Frankfurt School in Germany since their foundings in 1921 and 1930, respectively. It is no accident, therefore, that Pérez de Cuellar's promotion as a candidate has been the responsibility of prominent Tavistock graduates such as deconstructionist psychiatrist Max Hernández and his disciple Francisco Sagástegui, among others.

Both of these expert "social engineers" direct a team which for more than a year has been pushing Pérez de Cuellar's candidacy through the so-called Democratic Forum,

on whose board one also finds the schismatic theology of liberation priest Gustavo Gutiérrez. Hernández and Sagástegui also head up the candidate's "programmatic team," whose output can be seen in "Project Agenda Peru." Both the Democratic Forum and Agenda Peru have provided their own "breeding ground" for the most recalcitrant ultra-liberals, liberation theologians, radical feminists, and proto-terrorists.

Inca reincarnation

Pérez de Cuellar's first histrionic act upon returning to Peru with his wife, after living for years in Paris and New York, was to go to Bolivia and cross the border into the southernmost Peruvian city of Puno, where he reenacted the "legend of Manco Capac and Mama Ocllo" on the founding of the Inca Empire. Following the "Inca path," Pérez de Cuellar travelled from Puno to Cuzco. According to the legend, Manco Capac and his wife Mama Ocllo emerged from Lake Titicaca, located between Peru and Bolivia, sent by their father the sun god to found the Inca Empire. The chosen land was Cuzco, where Manco Capac supposedly hid the golden baton given him by his father.

In a gesture identified by many as a calculated strategy to erase the stigma of having been absent from the country for more than 40 years, Pérez de Cuellar greeted the population in the Aymara dialect, described as "one of Peru's three languages" by his spokesmen. The next day, he explained in Spanish that his presence there was because this "is the ancestral place which gave rise to the Inca culture. . . . It came out of Lake Titicaca, from the force of water and of the sun," and that is why Manco Capac "is something magical and transcendental."

Pérez de Cuellar's theatrics received the blessing of the theology of liberation bishop of Puno, Jesús Mateo Calderón, who stressed that Peru "is an ethnically rich land . . . where the sense of nationality and of the ancestral force of the Inca Empire was born."

The "myth of Inkari," altered and expanded by the anthropologist sponsors of indigenism, describes how "Inkari," or "Incarri," the mother of the sun, was disembodied by the *wiracochas* (the bearded men from Spain.) The son of Inkari, the "Inti"—the yellow god—was replaced in the Incan temples by a Nazarene (Jesus Christ). But in time the Inti will return, according to the myth, and will re-join the scattered parts of his mother. When Inti returns, concludes the myth, so, too, will his son, the "Inca."

In Cuzco, Pérez de Cuellar recalled the Inca Empire and said that he has received "a transfusion of force and energy" from it. He continued with a harangue filled with magic symbolism worthy of the most fanatic Shining Path demagogue, in which he stated that "I have come here to receive the blood of our ancestors, to begin the struggle to which we are all committed."

José Carlos Mariátegui, considered by Shining Path as

their precursor, stated during the 1930s that "the force of the revolutionaries is not in their science, it is in their faith, in their passion, in their will. It is a religious, mystical, spiritual force. It is the force of myth."

'A President for all races'

Anticipating the profile of Pérez de Cuellar's candidacy, anthropologist Juan M. Ossio, a member of the Democratic Forum, paraphrased the Nietzschean José María Arguedas in an interview with the magazine *Debate* last April, warning that Peru needs "a President for all races," whose mission would be to rechannel the country "under all the democratic and institutional rules demanded by the globalization process"; that is, he clarified, a Peruvian edition of the "Bolivian model." It should be noted that before arriving in Peru, Pérez de Cuellar was a guest of his friend Gonzalo Sánchez de Lozada, President of Bolivia and a member, along with Pérez de Cuellar, of the Inter-American Dialogue. Sánchez de Lozada selected as his vice president an Aymara Indian to give the impression that he is the "President of all races" in Bolivia.

In a recent interview in the Peruvian magazine *Caretas*, Pérez de Cuellar said that as president of the culture and development commission of Unesco, he would propose that since Peru has an Andean identity, this "should be preserved, not only with respect to language and folklore, but in every element that makes up the Quéchua nation, because there is a Quéchua nation within the Peruvian state which must be preserved. . . . Everything I speak of refers to the Peruvian pluricultural nation. . . . I believe that some day we will be able to speak of federalism, and why not?"

Asked if he wasn't afraid that "this identity recognition might provoke political demands someday" (i.e., problems of separatism), Pérez de Cuellar answered, "I don't believe a revolution of this type would be prudent," but didn't deny the possibility. In fact, he reiterated that "what we are dealing with is not merely rescuing Quéchua, but also creating bilingual areas." This, too, reminds us of Mariátegui, who in his 1924 foreword to the book *Tempestad en los Andes (Storm in the Andes)*, written by anthropologist Luis E. Varcárcel, said: "The faith of indigenous resurgence does not come from westernization; it is not the white alphabet that raises up the Indian. It is myth."

Pérez de Cuellar was explicit on this in his *Caretas* interview: "I am among those who think that in those departments of the country where Quéchua is spoken, all primary instruction should be in Quéchua." And while recognizing that "Quéchua is not a mass-communication language nor a language of present-day culture which refers to science and technology," this is unimportant; what is important is that Quéchua should be "a spoken, written, and studied official language. . . . Quéchua is spoken by 10 million people who live in Bolivia, Peru, and Ecuador." That is their destiny, that is their identity, he claimed.

Is Zaire Britain's next African target?

by Linda de Hoyos

For the second time in the six weeks since the Rwandan Patriotic Front (RPF) swept the Rwandan government army out of Rwanda, Lady Lynda Chalker, British Minister of Overseas Development, has been touring the East Africa region. During her first trip, Chalker, whose ministry is the former Colonial Office for the British Empire, spent five days in Uganda hosted by her friend President Yoweri Museveni, logistical and ideological sponsor of the RPF, and briefly visited the refugee camp in Goma, Zaire. This time, Chalker, reported the British Broadcasting Co., is visiting Burundi with a different message: All governments of the region must ensure that the former Rwandan government army, now holed up in Zaire, must not be permitted to rearm or regroup.

Her trip puts the British imprimatur on demands already coming from the RPF. A delegation of the new government in Kigali, led by Interior Minister Seth Sendashonga and Rehabilitation Minister Jacques Bihozagara, arrived in Goma on Aug. 29, to place demands before the Zaire government for repatriation of Rwandan refugees to their homeland. Zaire, the RPF said, must help return cash, weapons, and equipment which the ousted Hutu government had taken with them into exile. In addition, the Zaire Army must disarm the remnants of the army of the former Rwandan government; the two RPF ministers claimed the Zaire government is now training and reorganizing the Rwandan refugee army.

Zaire Defense Minister Admiral Mavua stated that such disarmament is occurring continuously, and that the RPF has no proof to back its claims of Zaire aid to the Rwandan military.

And amid western press reports that the Rwandan Hutu army is now reorganizing and rearming, Chalker's pal Museveni has gone even further. In a mid-August statement, Museveni called on "the international community"—that is, the United Nations—to arrest Rwandans in Zaire who are suspected of war crimes. The U.N. has already called for a war crimes tribunal against the Hutu regime on charges of "genocide." Such action would likely necessitate direct UN military intervention into eastern Zaire itself.

There are already moves afoot for a forced repatriation of the Hutu refugees from Rwanda in Zaire. While the U.N. Development Program has moved into Rwanda to begin to establish satellite communications, the U.N. is making clear

it does not intend to sustain the refugees in Zaire over a long period of time. Panos Moutzsis, spokesman for the U.N. High Commission on Refugees, told BBC on Aug. 12 that the Hutu elders are prohibiting their villagers from returning, and likened the situation to that of the Palestinian refugees. The huge humanitarian operation in Goma may continue another six months, "but it clearly will not continue for the next 5, 10, 15 years." The Zaire government also will not be able to keep the refugees for "too long a time," he said.

The conditions are thus being put in place for additional military action in the region, either from U.N. or between the warring groups, this time bringing Zaire into the fray.

Policy of destruction

Zaire, now primarily an asset of the French government, as was the former Rwandan regime, is one of the major targets in the British grand strategy for East Africa, launched with the October 1990 invasion of Rwanda. Reportedly, Rwanda is in the paradigm for the new British Foreign Office agenda in Africa.

As *EIR* documented in its Aug. 19 issue, the gameplan, as it is unfolding outward from Uganda, involves the destruction of all independent and local political structures and their replacement with entities willing to be tools of the British Overseas Development Ministry, with a healthy component of British citizens functioning as the top local technocrats. The so-called "success story" for this policy is Uganda, where Chalkertool Museveni has held power with the British after Uganda had been destroyed by the first dictator, Idi Amin, and then a brutal seven-year civil war.

With the RPF invasion and victory, now Rwanda is poised either for more years of civil war, or the protracted displacement of the majority of its population. Not only has the 22-year political machine of assassinated President Juvenal Habyarimana been swept out of the country, but other institutions, such as the Roman Catholic Church, have been devastated.

Estimates are that the war eliminated one out of every four priests in Rwanda, where more than 75% of the population is Catholic, reported the church magazine *30 Days*. Many religious were also killed, many of them "en masse." Aside from the priests killed during the mass killing of April and May, the RPF murdered the archbishop of Kigali and two other bishops the Front had taken under its protection. Cardinal Roger Etcheagaray, who visited Rwanda at the end of June, told *30 Days* that "the church has been completely dismantled, its surviving members scattered. It is in a state of shock." *30 Days* further reported that the church "found itself caught in the middle of this conflict for power because the men of the church also represented an authority, or because by opposing the spiral of violence, they were considered enemies by both sides. There is now no doubt that in eliminating the church hierarchy, the aim is to destroy the church as an entity and as a point of reference."

Imam Larbi Kechat freed in France

by Odile Mojon

Among the 26 Algerian citizens assigned to a forced residence at Folembay (about 75 miles from Paris) by French Interior Minister Charles Pasqua, 20 have been expelled to Burkina Faso and six have been freed, but assigned to various fixed residences in France. Among them, the most notorious case is that of Imam Larbi Kechat, one of the most respected figures among the 3 million Muslims in France.

On Aug. 10, Larbi Kechat of the Adda-Wa mosque in Paris was arrested following a ministerial decree of expulsion accusing him of propaganda against the West and sympathy for the Algerian Islamic Salvation Front (FIS). He and the others were apparently considered by the Interior Ministry as a threat to state security.

The arrests began after the murder, in Algiers, of three French citizens by the Islamist Action Group (IAG), part of a long escalation of tension between France and Algeria. This situation has led Paris to take measures such as closing down the French high school of Algiers and imposing a visa requirement for Algerians coming to France. The visas can no longer be delivered by the French consulate in Algeria but only in the French city of Nantes, which means that only those who have good connections and money will be able to leave Algeria.

In this situation, the arrest of individuals supposedly linked to the FIS is more a maneuver to propitiate the French electorate, in a pre-presidential election period, than a security measure. The arrest of Larbi Kechat, considered even by the Paris daily *Le Monde* to be an "imam above suspicion" who is preaching moderation and openmindedness, has raised many questions. Deeply involved in the Islamic-Christian dialogue and a regular guest on "Knowledge of Islam," a Sunday TV program, he has always clearly rejected Islamic fundamentalism. Hence, many articles in prominent newspapers (including Catholic press) stressed the incongruity of his arrest. Important intellectuals, priests, and ministers intervened to request his freedom.

If we take into account that Larbi Kechat is a very influential man—his mosque is France's biggest and attracts up to 5,000 believers toward a moderate, orthodox Islam—two hypotheses are to be considered. The first was developed by the weekly *Nouvel Observateur*. According to some Muslim circles, the government of Algeria asked for his arrest, although the imam, an Algerian citizen, has refused to align

himself with the "official" Algerian earthly powers. The second hypothesis is that in the current paranoid mood of the French population on the Algerian situation and toward Islam, any policy that claims to increase security would be welcomed. If the arrest of Larbi Kechat had been followed by violence of any kind, this would have created the perfect pretext to repress it through police operations. If successful, such a move would have boosted Pasqua's credibility, who is building himself up as a potential presidential candidate.

Far-fetched? One source informed *EIR* that at the Friday prayer following Larbi Kechat's arrest, a stranger started shouting inflammatory slogans. Only the intervention of a couple of individuals kept the incident from degenerating into violence. However, the striking fact was the presence of a man with a camera, apparently waiting for something. Some "exotic" scenes maybe?

The problem for Pasqua is that the whole operation is tainted with dubious motives at a time when the legality of the arrest and "forced residence" procedure are coming under scrutiny. In this case, Pasqua revived a little-known law—last used during the 1950s Algerian war—to justify his actions. And now 20 foreigners have been sent to Burkina Faso without any judicial procedure.

Although Larbi Kechat is assigned to a forced residence in the 19th district of Paris (probably a face-saving measure for the government), the situation remains tense within a Muslim community which is now, in numbers, the second largest religion after Catholicism. Most people live in the suburbs of big cities—Marseille, Lyon, Lille, Paris—where violent incidents have taken place following many *bavures* (accidental police killings of young foreigners). Drugs, unemployment, illiteracy, and no future is the common fate for young Africans and *Beurs* (second generation immigrants from the Maghreb, born and raised in France).

The British hand

But whoever looks behind the scenes will find the British hand trying to stir up chaos. This operation is targeting both countries for destabilization, playing on both the extremists in the Islamic movement and the French "laicists" who are prone to anti-religious feelings. Two "Islamic" events, filled with inflammatory speeches against France, recently took place in England (on Aug. 7 in Wembley, and Aug. 28 in Sheffield) under the protection of British police. Observers contrast the atmosphere at these events with the moderation of interviews given to French media by Sudanese religious leader Hassan Al Turabi.

The danger is that the French government and elites will be distracted from an West-East and North-South pro-development approach, into a policy of repression in Algeria and against the Islamic community in France. Men like Larbi Kechat are among the most crucial to avoid such chaos. It is good news that he is now free, but it is worrisome that he is forbidden to travel beyond Paris.

Vatican spokesman gives Cairo briefing

The following is the text of a briefing on the Cairo conference, given by Dr. Joaquín Navarro-Valls, director of the Holy See Press Office, on Aug. 31, 1994. It was supplied to EIR by the Vatican Mission to the U.N., and does not include the question and answer section of the press conference:

The Holy See delegation to the International Conference on Population and Development is going to Cairo with the idea of making a contribution to obtaining a document of consensus. Never, on the part of the Holy See, was the idea ever considered not to participate in the work of the International Conference on Population and Development. It is in fact opportune to recall that the presence of the Holy See has been assiduous and constant in all the regional preparatory meetings. The Holy See thus feels strongly involved in the formulation of the principles and the working out of solutions in this international meeting.

The Holy See is well aware of the complexity of the problems connected with the material and moral development of mankind. But, at the same time, it knows it is acting in a field which does not regard joint, ideological, geopolitical or sectorial interests. The themes which will be discussed in Cairo touch on, in a particular way, the respect for and dignity of each human person.

This awareness of the Holy See also comes from the concrete situations in which the church operates—through, for example, her 21,757 worldwide health institutions, 1,800 of which are found in Africa alone. It is in these receiving points, in the service of women, maternity, childhood, and whoever is found to be suffering, that the church feels and proclaims day by day the inviolable right to dignity given to each member of the human family.

It is also on these bases that the Holy See feels it can and must state—in Cairo as in every other circumstance—that the multiple solutions which can be applied to solving the complex human problems, cannot go against, nor violate, nor much less humiliate the rights and dignity of the human person.

Together with the complexity of the problem, the Holy See is not unaware of the positive aspects contained in the draft document of the Cairo conference. But at the same time the Holy See cannot be silent on the serious lacks, the imprecisions and the ambiguities of language, the unproven statements and the very social philosophy which is in the draft document which will be soon discussed at the Cairo conference.

Ambiguity of language

What cannot be passed over in silence is the ambiguous language which runs through a great part of the draft document and is found especially in the points which constitute the fundamental nucleus of the ideas which the conference is proposing to promote. Once again today, on the vigil of the opening of the work, reference must be made to several concrete examples. The first regards the concepts of “reproductive health” and of “sexual health,” two terms which appear more than 100 times in the draft document, and are quoted exclusively from working documents of the World Health Organization, without having ever been approved by WHO itself or by other international assemblies. It can again be observed how too often, in the draft document, one makes reference to “rights” never sanctioned nor recognized by the international community.

Emblematic of this is the case of Para. 7.1 on “reproductive health” which, while containing some elements that can be appreciated, also contains reference to “the right to have access to methods of fertility regulation. It is, in effect, abortion on demand, since in the definition of the World Health Organization—according to texts presented in the third preparatory conference of New York—the term “fertility regulation” includes abortion. Abortion is thus considered as an essential component of “reproductive health.” In the repeated ambiguity of this language is excluded every limitation to abortion which is proposed as a possibility in whatever moment of the pregnancy and for whatever reason.

One must recall in this regard that there is no form whatsoever of international consensus on a generic “right to abortion.” Such a “right” could, precisely, be deduced from several of the statements contained—sometimes in an implicit way, other times explicitly—[in] the draft document.

Mr. Al Gore, vice president of the U. S. A., and member of the American delegation, recently stated that “the United States have never sought, nor do they seek nor will they seek to establish an international right to abortion.” The draft document, which has the U.S. administration as its principal sponsor, contradicts, in reality, Mr. Gore’s statement.

The imprecision, the approximation of terms is not just a matter of lexicon terminology. Treating as it does of rights to be inserted into the norms and laws of single countries, it seems necessary to study more deeply and completely to give a precise and definite meaning to concepts which concern human behavior which have deep cultural and ethical implications. Among the language ambiguities must be singled out the statement—in Para. 7—on “reproductive rights” as a prerogative of “couples and individuals.” What meaning can such a concept have? It would be justified to think that such a biological absurdity can legitimize the will of man to “subdue” the woman to satisfy his “reproductive rights.”

Also in this chapter one finds the extremely loose and selective use of statistics, both in the order of population growth as well as moral conduct and to the not-reached objec-

tives of "family planning" programs. The technical role of the U.N.'s Division for Population would thus seem changed around. The entire scientific apparatus of the means of statistical surveys, judging from references in the draft document, appears totally inadequate and shows that it needs a complete revision.

The family

If ambiguity of language runs all through the draft document, it is more explicitly so—in the negative—regarding the consideration of the family.

This—I must emphasize—is one of the great concerns of the Holy Father. In fact, in the document there exists the tendency to identify, and then to assimilate the term with expressions that humiliate not only its nature but also its social and biological function. Next to the family, one finds the reference to phrases such as "in its every form." It is not a casual fact that consequently an institution so natural, fundamental, and universal as marriage, is practically absent in the document text. Family, procreation, and marriage are treated in the draft with an equal diffidence, as if it were dealing with three independent variables.

In referring to adolescents and youth, the draft document shows the most glaring limitations, above all on sexuality. The vision indicated is that of an exaggerated individualism, which does not leave any room for a dimension of interpersonal relationships. The sole preoccupation of the document seems to be to affirm the right of everyone to live the sexuality according to their own lifestyle.

It is on this level that the draft proposes consequently the affirmation of practically unlimited sexual rights not only to adolescents, but also to children. Besides all public institutions or assistance centers, there is not any reference in this section to the role of parents. There is, instead, the desire to cancel out all responsibility on the part of mothers and fathers, asking governments explicitly to "remove every social barrier to sexual health and to information and medical assistance to adolescents." The medical assistance that the draft asks of governments includes abortions. And it affirms that these "health services" "must" safeguard the "right of adolescents to privacy, to confidentiality and to respect" (Par. 7.43). This formulation would take away the rights of parents and the family to be informed not only of the access to contraception but also to abortion by adolescents.

[The draft program] deals with concepts absolutely unreconcilable not only with the Christian ethic, but also with the most elementary rights of the person as they are expressed in the culture and the social formations of millions of people throughout the world. They are obscure points that prevent the whole document from offering a view equal to a humanity called to face the road toward the future.

Also, in the title of the conference, there is a reference to the future, where it speaks—for the first time—of development besides population. Yet one fact betrays the depth of

such a projection: In the 113 pages of the draft on development there are only seven actually dedicated to it.

We should remember that population policies are only a part of development policy. In fact, they include the whole gamut of areas: nutrition, medicine, agriculture, education, demographics, economics, and politics, together with more profound aspects, moral and spiritual dimensions. True development will not be respected if only demographic data is considered as the obstacle to development.

We must also remember that the more developed countries have balanced the relationship between population and resources through the use of all these elements, without recourse to any brutal formulas that in this draft are being paradoxically proposed for countries less developed.

Those are some of the concepts that risk transforming the Cairo Conference into a session called to sanction a lifestyle current in minority circles of certain opulent societies and which propose—or impose—as a universal model and as social philosophies to all humanity of today.

More unacceptable still is the pretense of presenting this operation of social engineering under the category of human rights. In reality what strongly emerges from the whole draft is exactly this fact: the will to impose these points of view, as the dominant ideas of all political societies. And this without being respectful to the emerging, less developed cultures of our society. This is basically the theme of the Cairo Conference.

Toward a New Council of Florence

'On the Peace of Faith' and Other Works by Nicolaus of Cusa

The Schiller Institute has just released this new book of translations of seminal writings of the 15th-century Roman Catholic Cardinal Nicolaus of Cusa, who, through his work and writings, contributed more than anyone else to the launching of the European Golden Renaissance. The title of the book, *Toward a New Council of Florence*, expresses our purpose in publishing it: to spark a new Renaissance today.

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Lula follows in Cárdenas's footsteps

The São Paulo Forum's candidate in Brazil panics over his likely defeat in the October elections.

The effects of Mexico's recent presidential elections will certainly be felt in the first round of the presidential elections held here on Oct. 3. The smashing defeat of Cuauhtémoc Cárdenas of Mexico's Revolutionary Democratic Party (PRD) fell like a bucket of cold water on the candidacy of Luís Inácio "Lula" da Silva of the Brazilian Workers Party (PT), given that both campaigns were intended to serve as vehicles for the São Paulo Forum seizing power and launching a new era of chaos and destruction in Ibero-America. The São Paulo Forum is the continental neo-communist umbrella group founded in 1990 at the urging of the Cuban Communist Party.

Cárdenas's defeat in Mexico occurred at the point at which Lula's campaign had already started to slide. In only a few weeks, Lula lost almost 20% in the polls. Last May he was clearly favored to win, but has now dropped to second place, with 28% of the vote. During the same period, free trade candidate and former Finance Minister Fernando Henrique Cardoso moved into first place, with polls showing him winning with 40% of the vote.

Thus, the São Paulo Forum is losing ground that it thought it definitely controlled. In July 1993, during the Forum's Fourth Conference in Havana, its leaders mapped out an ambitious strategy to take control of two of Ibero-America's most important countries, Brazil and Mexico—without neglecting others, of course. At that conference, Lula promised Cuban dictator Fidel Castro in a euphoric speech that "I have no doubts that at

the Forum's next conference, we will have representatives of leftist governments."

Castro has personally made a huge effort to ensure Lula's victory, because he considers it crucial for the survival of his own shaky regime. Brazil is the one Ibero-American country with the economic infrastructure that could help Cuba—at least for a while. That's why Castro has assiduously cultivated good relations with Brazil, but most especially with the PT's leadership.

For example, in São Paulo, it has just been revealed that the Cuban government concluded a deal worth more than \$300 million to be paid back over 10 years. The transaction favors Cuba, since it amortizes its debt to Brazil, and extends a line of credit to Cuba of more than \$100 million. The bad part for Brazil is that it will purchase medicines from Cuba that Brazilian industry can easily produce itself.

The PT has nervously responded to its setbacks, and is being careful not to allow itself to be openly linked to the continental terrorist and pro-terrorist apparatus.

Three months ago, the Ibero-American Solidarity Movement in Brazil began circulating thousands of copies of a pamphlet entitled *Lula and the São Paulo Forum: Agents of One-World Imperialism*, which has caused a huge stir within civilian and military circles. Panic also erupted within the PT leadership after *Correio Brasiliense*, the leading newspaper of Brasilia, the nation's capital, published an exposé on Aug. 17 of the PT's membership in the São Paulo Fo-

rum, and detailed the Forum's history.

Like other Ibero-American members of the Forum, the PT has been careful to keep a reserve concerning the Forum's existence and objectives, especially because Lula also belongs to another entity that brings together the cream of the international financial community: the Inter-American Dialogue.

This dual membership sometimes creates messy problems for Lula and the PT, given their calling card as the defenders of the dispossessed. When Lula and the leadership of the PT were in Washington for a campaign stop earlier this year, organized mainly by the Dialogue, they were confronted during a press conference with a question concerning their membership in the Forum alongside of terrorists such as Colombia's M-19. In a barely audible voice, Lula could only mumble, "I don't know them."

And regarding the exposé in *Correio Brasiliense*, a terrified Lula responded that the existence of the Forum is no secret and that at its founding meeting in São Paulo, "We invited the press, but no one came."

According to polls taken by companies sympathetic to Cardoso, also a member of the Dialogue, he is forecast to receive at least 40% in the first round of voting. According to all accounts, this is due to the single circumstance that Brazil's new monetary reform, which created a new currency, the "real," seems to the general population to be working. Its initial effect has been to increase the effective income of a large segment of the labor force that previously saw inflation wipe out 30% of their monthly paycheck. But everything is unpredictable, because the new International Monetary Fund-type program is already taking on water: Monthly inflation in August was almost 5%.

International Intelligence

Shakeup coming in Russian military brass

"In a very short time, there will be a reshuffle of the high military command in Russia," a senior Moscow source affirmed to *EIR* on Aug. 24. He said that this is the explanation for the sudden rash of attacks, throughout the Russian press, on "corruption and graft" in the Russian Army, with generals and other officers implicated. According to the source, there is both a fight within the Russian political elite about how to orient toward the military, and a fight within the military about policy, leadership, funding, etc.

The main target of the corruption scandals, in this source's view, is Defense Minister Pavel Grachov, who is likely to be replaced soon. On Aug. 19, Grachov took the unusual step of publicly denying a story that had appeared two days earlier in *Nezavisimaya Gazeta*, about a falling-out he had with President Boris Yeltsin. Grachov has come under attack for having failed to secure adequate funding for the military. "A lot of people are unhappy with him; they regard his failure to have gotten enough money to be yet another humiliation for the military," said the source.

Russia Defense Ministry denies corruption charge

The Russian Defense Ministry on Aug. 24 took the unusual step of denouncing the Russian media for their articles on corruption in the Armed Forces. A statement released by the Ministry of Defense Press Office accused the media of "provocative attempts to drag the Army into political score-settling and palace intrigues."

The latest article on corruption and morale problems in the Armed Forces came on Aug. 24 in *Nezavisimaya Gazeta*, written by an Army sociologist, Col. Yuri Derugin. He contrasted the status of "fat cat" generals with embittered lower- and middle-rank officers: "While a uniformed fat cat is on one pole, here is a field officer in his worn Army coat on the other. His wife has a hard time

making ends meet. These two figures are on a collision course. The Russian Armed Forces are turning from a means of security into an integrated threat to the individual, the state, and society."

As a point of contrast to corruption, the Russian media are quoting Gen. Aleksander Lebed, commander of the 14th Army in Moldova: "I have not stolen. I do not steal. All my belongings can easily fit into a single jeep."

Belgian pointman heads Zaire's government

Tiny Belgium, whose Gross Domestic Product exceeds that of sub-Saharan Africa (excluding the Republic of South Africa), made a strategic move to secure its economic interests in Zaire, by masterminding the appointment of a Zairean of Belgian blood, Joseph Léon Kengo wa Dondo, as prime minister on June 14. Belgium, which refines Zairean copper, has acted as a predator on the Zairean nation since independence in 1960.

Kengo wa Dondo, whose father is a Belgian of Polish origin and whose mother is Rwandan, was adopted by a Zairean soldier from the Equator region. The appointment of Kengo wa Dondo, who had twice been prime minister, in 1989 and 1990, has dealt a severe blow to the opposition and reinforced the powers of President Mobutu Sese Seko.

After sustaining the Mobutu dictatorship for 29 years, Belgium fell out with him and switched loyalties to his arch-rival, Etienne Tshisekedi wa Mulumba, for the past four years, during which Mobutu torpedoed the democratization process. Belgium showed increasing support for Tshisekedi, whose populist brand of nationalism had made him a folk hero, and the only man who could challenge the dictator. He virtually took over the capital, Kinshasa, while Mobutu escaped to his hometown Gbadolite in the north of the country, where he barricaded himself behind a sophisticated military arsenal.

The Zairean nation was at a standstill, with inflation rates of about 1,000%, and

with mutinous soldiers demanding to be paid in dollars.

Meanwhile, Tshisekedi, whom Mobutu had fired from the post of prime minister, refused to step down, creating the risk of civil war. Belgium and France dropped their support for Tshisekedi, after discovering that Mobutu's special army could still obstruct their exploitation of Zairean resources.

Mobutu has pledged to abide by the instructions of the International Monetary Fund and World Bank, and accordingly appointed Kengo wa Dondo, to impose the IMF's Structural Adjustment Program on Zaire.

Carrasco calls for opposition to Cairo '94

Marivilia Carrasco, a Mexican leader of the Ibero-American Solidarity Movement (MSIA), addressed a conference of some 200 people in Guadalajara, Mexico on Aug. 25, calling for the exoneration of Lyndon LaRouche and his unjustly imprisoned associates, and repudiating the malthusian agenda of the United Nations International Conference on Population and Development (Cairo '94).

In her keynote speech on "The Science of Population Growth," Carrasco said that the U.N. is reviving the unscientific theories of the Venetian intelligence operative Giammaria Ortes, the true father of what we term malthusianism. Ortes believed that the Earth has a "carrying capacity," a limit to population which cannot be exceeded.

This view was disproved in the Golden Renaissance, she said. As Lyndon LaRouche has proven, we are not running out of natural resources. Indeed, there is no such thing as "natural resources"; what we have is man's creative potential.

Some of the youthful members of the audience, particularly from a group called the St. Xavier Society, had earlier proposed that a great march be held against the Cairo conference, on Sept. 10 in Guadalajara. The idea was officially embraced by the Catholic Church in the city, and tens of thousands of people are expected to participate.

The MSIA issued a poster to organize support for the march, with a drawing of the Holy Family by Leonardo da Vinci, with text: "Stop the U.N.'s genocide. Defend the family. No to abortion. No to euthanasia. No to the U.N.'s one-worldism. No to contraceptive imperialism. Ibero-American Solidarity Movement."

Bhutto demands U.N. presence in Kashmir

Pakistani Prime Minister Benazir Bhutto for the first time has called for direct military intervention into Kashmir by the United Nations, in an interview with the French journal *Internationale Politique*. Arguing that the "international moral code cannot be selective," Bhutto said that "Pakistan is determined to help the Kashmiris. If we do not consider all the conflicts on an equal footing, we will bring about terrorism and instability. To avoid it, we have to establish rules which should be evenly applied."

Kashmir, which has been divided between India and Pakistan since 1971, has long been the target of British geopolitical manipulations aimed at provoking war between those two countries.

Bhutto also expressed her bitterness that the United States had withdrawn its decision to deliver already-paid-for F-16s to Pakistan, and simultaneously praised China for its role toward Pakistan, saying: "Our country was able to develop, thanks to Beijing's assistance in the field of economic and military infrastructure."

Israeli MP seeks dialogue with Iraq

Abdel Wahab Darawshe, a member of the Israeli Knesset (parliament) and chairman of the Democratic Arab Party, said on Aug. 24 that it's time to end the embargo against Iraq and for Iraq to join in the comprehensive Mideast peace process with Israel. Israel "cannot neglect Iraq," and the two countries must "find a way to talk to each other," he said, in a speech to the Foreign Correspondents Association in Washington, D.C. He said that a group of 10 Arabs

and 10 Israelis should go to Iraq to start the process.

Darawshe added that he recently had a meeting with President Hafez al-Assad of Syria, who gave him a message for Israel: that Syria is ready for peace with Israel, but Israel has to withdraw from the Occupied Territories. Darawshe said that this must be done by 1995, since 1996 is an election year in Israel, and without a Syrian peace agreement, Prime Minister Yitzhak Rabin could face trouble in the elections.

Darawshe also said that the recent criticism of Palestine Liberation Organization chairman Yasser Arafat for closing some newspapers, was unjustified; he was just trying to get them to obtain the necessary permits, and they stopped publishing on their own because they didn't want to go along. The conflict was subsequently straightened out.

Ukraine wants airspace accord with Russia

The new Ukrainian defense minister, Valeri Shmarov, has proposed a Russia-Ukraine agreement for "joint control" of airspace and borders, presumably as part of the package of agreements that would be signed during the Sept. 29-30 summit in Kiev between Presidents Boris Yeltsin and Leonid Kuchma. Shmarov, a civilian, was picked by President Kuchma on Aug. 26 to replace Gen. Vitali Radetski, who opposed the policy of creeping surrender of sovereignty to Moscow.

In his first statement as defense minister, Shmarov called for "closer military cooperation" between Ukraine and Russia, specifying weapons maintenance and storage, spare parts, and "joint control" of airspace and borders. The last proposal effectively gives Russia control of Ukraine's airspace and borders, and is consistent with what Russia has already accomplished concerning the outer borders of the Community of Independent States in Central Asia and the Transcaucasus. The leaders of the Russian military and Border Troops have been demanding that this joint control be extended to the western CIS states, Ukraine and Belarus.

● **ISRAEL** is ready to leave the Golan Heights to achieve peace with Syria, Israeli Deputy Foreign Minister Yossi Beilin said on Aug. 24. "There is an Israeli readiness to pull out of Golan after years of saying we would not give back an inch," Beilin told a news conference in Norway. "Once we sit down together in direct negotiations, I believe it would only be a matter of some months until we could sign an agreement with Syria." He added that the extent of the withdrawal "would be parallel to the level of peace achieved."

● **AUSTRALIA'S** Young Liberals adopted a resolution to legalize euthanasia, at their conference at the end of August. The Young Liberals are the student wing of the opposition Liberal Party and already have a policy of decriminalizing marijuana, making heroin available under medical supervision, and removing censorship on pornography.

● **THE JORDANIAN** government newspaper *Ad-Dustour* has published an Arabic translation of *EIR's* Aug. 12 cover story, "Behind Cairo '94: The Demographic War Against Islam," by Hassan Ahmed and Amina-ta Demba.

● **GERMAN SPY CHIEF** Paul Münstermann, head of the BND intelligence service, has retired early at the age of 62, amid speculation as to the motive. According to the daily *Kölner Express* on Aug. 30, the real reason for the move is the exposure of a high-ranking BND employee, the late Kurt Weiss, alias "Winterstein," as a Stasi informant. Weiss, who died on Jan. 28, 1994, had been a very close collaborator of Münstermann.

● **NIGERIA** on Aug. 23 appointed new heads of both the Army and Navy. Brig. Gen. Alwali Kazir was named the new Chief of Army Staff, and Commodore Mike Akhigbe the Chief of Naval Staff.

Anti-British foreign policy shift yielding successes

by Edward Spannaus

The historic cease-fire announcement on Aug. 31 by the Irish Republican Army (IRA), which could bring an end to 25 years of British-provoked bloodshed in Northern Ireland, is the latest fruit of the ongoing strategic re-orientation of U.S. foreign policy away from the Anglo-American "special relationship" which has dominated U.S. policy for much of this century.

Although the U.S. daily news media refused to cover it, President Clinton did announce the end of the U.S.-British "special relationship" during his visit to Germany in mid-July. At his press conference in Bonn on July 11, Clinton announced a new, "unique" German-American partnership, and consigned the old U.S.-U.K. special relationship to the history books. The next day, London's *Daily Express* declared: "Links with Britain No Longer So Important," while the London *Guardian* shouted: "U.S. Cuts British 'Special Link'; Clinton Turns His Eyes to Germany," and commented that Clinton had "reduced the U.S.'s special relationship with Britain to a mere sentimental tie with the Mother Country."

They were right. Increasingly, U.S. strategic policy is carried out in cooperation with two new strategic partners: the Vatican and Germany. The re-orientation is by no means complete, and Bush administration policies continue on "auto-pilot" in a number of areas; for example, Haiti. But the new emerging strategic combination has already borne fruit in significant areas including:

- U.N. one-world government schemes around the International Conference on Population and Development have been significantly thwarted by common agreement between President Clinton and Pope John Paul II, despite their disagreement on other matters;
- the Middle East peace breakthroughs, which potentially could bring to an end decades of British geopolitical maneuvering in that region;

- the Balkans, where the U.S.-Germany-Vatican combination has made possible the alliance between Croatia and Bosnia, ending the fighting between them which British Intelligence had fomented to the benefit of the Serbian forces;

- Mexico, where the U.S. government and institutions, in collaboration with the Vatican, stymied the destabilization scenario which emerged with the Chiapas "rebellion" at the beginning of the year.

Cairo

The U.N. anti-population conference scheduled to begin Sept. 5 in Cairo, Egypt, will be considerably smaller than anticipated, and the one-worlders who have been planning it for years are running up against major opposition to their schemes from Christian and Islamic religious leaders and organizations. Less visible, but equally important, is the agreement reached between Pope John Paul II and President Clinton in June. Following their June 2 meeting, Clinton said that they had discussed "where we agreed and where we didn't." Clinton declared that his administration does not support abortion as a means of birth control, and he stated his firm opposition to coerced population control as has been conducted in China. A few days later, Clinton indicated a fundamental area of agreement with the pope, when he declared his opposition to "utopian world government" schemes.

As statesman and economist Lyndon LaRouche has repeatedly pointed out, it is such one-world government schemes, and not abortion and contraception, which are the fundamental issues of the Cairo conference. In an interview with "EIR Talks" on Aug. 31, LaRouche said that the developments around the Cairo conference are "a major setback" for British agents such as U.N. Secretary General Boutros Boutros-Ghali and that host of bureaucrats which the British

and the British Commonwealth have contributed to running the United Nations and most of its non-governmental organizations (NGOs).

"They've taken a slap in the face," LaRouche said. "What has happened is that forces led, in effect, among nations, by the United States, whose President is for the nation-state, not some kind of imperial super-government, and also led otherwise most prominently by Islamic forces, Christian evangelical forces, by the Vatican, and by others, have administered a stinging, partial defeat to this Cairo conference. It's never going to come off the way it was originally intended."

LaRouche identified this as a very important turning point in history, in that the U.N. bureaucracy and what stands behind it is faced with a sort of collapse "because it has run out of usefulness, it has run out of hosts on which to parasitize, it has bled us all pretty dry; and has run out of ideas. It can no longer come up with any policies which give it any prospect for survival as a controlling force on this planet."

Northern Ireland

The Aug. 31 cease-fire announcement by the IRA is acknowledged by observers to be largely the result of the role played by President Clinton. For this, he has received praise even from political opponents such as Rep. Peter King (R-N.Y.), who said on Aug. 31 that Clinton is the first U.S. President to go against the British on the issue of Northern Ireland. The White House acknowledged that this is something that the President "has worked continually on over the past year and a half."

Niall O'Dowd, editor of the New York City-based *Irish Voice*, said on Aug. 31 in Dublin that Clinton and a few others deserve tremendous credit "for not taking the British point of view as the Reagan and Bush administrations have done." He added that the chances of the peace process working are much greater with Clinton in the White House.

Commenting on the truce, LaRouche pointed out that it could not have been done by the IRA by itself, because the British would simply have ignored them. "It could only be done if a major power, like the United States, took a hand in it," he said. "Otherwise, the British were going to keep that thing going forever."

China

Another area where LaRouche identified Clinton as bucking the British is with respect to China. The success of the trade mission to China led by Commerce Secretary Ron Brown (see *Economics*, p. 4) also represents a shift in U.S. policy away from what LaRouche called "the George Bush nonsense." The United States and Britain are "completely, directly at odds" on this issue, LaRouche said. He explained that the British policy is for civil war in China as soon as Deng Xiaoping dies, whereas the U.S. policy is for peaceful development of China through economic cooperation.

Europe

A major strategic shift in the bloody conflict in Bosnia-Herzegovina resulted from the agreement between Croatia and Bosnia signed in Washington on March 18, following over a year of fighting between the two which was directly fomented by British intelligence agents. Knowledgeable sources have confirmed that this agreement was the result of the combined efforts of Germany, the Vatican, and the Clinton administration.

The U.S. special envoy who was instrumental in working out the agreement, Charles Redman, is now likely to be named as the new U.S. ambassador to Germany. The Aug. 30 *Washington Times* noted that this "appears to reflect President Clinton's view, expressed in Berlin in July, that Germany—not France or Britain—is America's key European ally." The *Times* commented that Redman would have far more clout with Washington policymakers than the current U.S. ambassadors to Britain and France.

On the occasion of the Aug. 31 ceremonies marking the final withdrawal of Russian troops from Germany, LaRouche identified the principal implication of this as not the withdrawal of the troops as such, but rather the use of the occasion to officially open up new economic relations between Germany and Russia. LaRouche described this as a continuation of the policy which President Clinton announced in Bonn and Berlin in July—the policy of allying with and cooperating with Germany for the economic development of eastern Europe.

The Caribbean and Ibero-America

It is here that President Clinton has faced some of the most intense destabilization operations directed both against his government, and against the governments and institutions of Ibero-America.

In his interview, LaRouche said that the British have been playing two games against the Clinton administration in the Caribbean. One is through the São Paulo Forum, of which Fidel Castro is a part (see *International*, p. 30). This includes Cuauhtémoc Cárdenas's PRD in Mexico; Luís Inácio "Lula" da Silva in Brazil; and the Causa R (Radical Cause) party in Venezuela. LaRouche credited Clinton with acting properly to neutralize the destabilization threat, by derailing the attempt to flood Florida with Cuban refugees. As for the Mexican elections, LaRouche said on Aug. 25 that Clinton and various U.S. institutions played a decisive role in preventing the political chaos and violence which was expected to result from the August elections. The averting of civil war could not have happened, LaRouche said, unless someone in the United States had said, "Leave this place alone."

While Clinton still faces major destabilizations both at home and abroad, it is clear that he has begun to buck the British in a number of areas, and that British geopolitics and one-world government schemes are in the process of being rejected as the fundamental axioms of postwar U.S. strategic policy. It's no wonder that Clinton's enemies are enraged.

Du Pont Smith declared 'competent' by Pa. judge

In a stinging rebuke to the enemies of statesman Lyndon LaRouche, a Pennsylvania judge on Aug. 30 terminated an incompetency order against Lewis du Pont Smith, a LaRouche associate and heir to the Du Pont fortune, and restored his control over his financial estate.

An elated Smith met the press the next day outside the same West Chester courtroom where a corrupt judge had made him the first U.S. citizen to have ever been declared "mentally incompetent" for his political beliefs. Flanked by his wife Andrea, Smith said, "This day represents a triumph of justice for my wife and me and for all those who fight against political corruption and persecution."

The order, signed by Dauphin County Judge William Lipsett, set aside an order entered nearly nine years ago by West Chester Judge Lawrence Wood, a man firmly in the du Pont family's pocket, who had ignored all evidence of Smith's manifest competence. It also comes almost a month after former Loudoun County, Virginia Sheriff's Lt. Don Moore, the operative of the Anti-Defamation League (ADL) and Cult Awareness Network (CAN) who was hired by Smith's father to kidnap Lewis Smith in 1992, submitted court papers showing that *Moore himself* was mentally unstable. Moore, along with his fellow kidnapper-for-hire Galen Kelly, could not be reached for comment on the Lewis Smith case; both are serving sentences in federal prison for their role in another kidnapping.

Smith's family, acting in concert with the ADL and its CAN operation, moved to strip Smith of control over his financial estate in 1985 after he had contributed \$212,000 to publish *Dope, Inc.*, a book on the illegal narcotics trade which identified the role of powerful British-linked oligarchical families and operations such as the ADL in running and protecting that trade. The book, which had been commissioned by LaRouche, shows the role of these families in laundering the proceeds of upwards of \$1 trillion annually in illegal narcotics traffic.

After Judge Wood's ruling, the 36-year-old Smith was stripped not only of control over his fortune, but was denied his right to vote and to marry, without consent. He was able to marry Andrea Diano only through the direct intercession of the Vatican. During this time, Smith and his wife were harassed by his family. This culminated in the 1992 "Kidnappers' Inc." plot, exposed in the book *Travesty*, for which Moore, Kelly, the lawyer Robert Point, and Smith's father, E. Newbold Smith, were indicted in federal court. Though

they were caught redhanded, they were let off by the actions of a judge whose jury instructions virtually directed an acquittal.

Smith's efforts to have his rights restored gained international attention. They were the focus of several newspaper and magazine articles and television shows in the United States, Europe, and Ibero-America, where Smith and his wife travelled to bring his case to the public.

'An end to injustice'

"This brings to an end, I hope, over nine years of injustice, a shameful travesty of justice, a total sham," Smith said. "The people involved in this assault on my dignity and constitutional rights—principally, the ADL and CAN, which constitute an anti-LaRouche cult, as well as representatives in the media—have failed and have failed miserably.

"Not only have they failed to break my spirit to speak out, to run for political office, and to associate with LaRouche and his political movement," he said, "they have totally failed to destroy LaRouche and the growing influence of his international movement.

"As a testament to their failure, I present to you the full-page advertisement which appeared in the *Washington Post* on Aug. 11," Smith said. "Over 400 prominent citizens from all over the world signed the ad, calling on President Clinton to exonerate Lyndon LaRouche, based on six volumes of new evidence submitted by LaRouche's attorney, former U.S. Attorney General Ramsey Clark, evidence which documents that the U.S. government knew at all times that LaRouche and his co-defendants were innocent of the false charges for which they were convicted. That evidence is gathering dust at the Richmond, Virginia U.S. Court of Appeals, while five associates of LaRouche are still in prison serving barbaric sentences—in one case up to 77 years! . . .

"Two of the leading thugs who were an integral part of the ADL-CAN government-connected apparatus that railroaded LaRouche and co-defendants to jail, were Galen Kelly and Donnie Moore," Smith continued. "Both are now in jail as convicted felons serving prison time for kidnapping and related charges. While they 'beat the rap' in the kidnapping case against my wife Andrea and myself, justice finally caught up with these punks, who think they're above the law. As Lyndon LaRouche said, sometimes the stomach of justice turns slowly; it seems to be turning faster these days.

"As for myself, I am no different than I was nine years ago before I was dragged into court, except I am a little older and wiser. . . . My character and integrity have not been stained—unlike some other unfortunate people. I am in good health and happily married, and doing what I enjoy the most."

Smith said that he is now a resident of Minnesota, where he is running for attorney general in the Democratic-Farmer-Labor Party against Hubert H. "Skip" Humphrey III, the incumbent, whom Smith described as "arguably the most corrupt state elected official in the United States."

LaRouche Democrat challenges ADL, drug lobby in Maryland election

Lawrence Freeman is a gubernatorial candidate in the Sept. 13 Democratic primary for the state of Maryland. He is known to readers of EIR for his work on Africa, including a recent series of articles and interviews conducted during a visit to Nigeria.

EIR: Mr. Freeman, you filed to run for governor of Maryland back in March of this year, and the primary is almost here, on Sept. 13. How do you assess the campaign so far?

Freeman: We have accomplished a great deal. I am heading up a slate of over 50 candidates who are running for over 70 offices in the Democratic primary. We have more grassroots volunteers than any other campaign. Our people are out every day, and especially on weekends, distributing tens of thousands of copies of my program, of *New Federalist* newspaper, and over a quarter of a million pamphlets calling for the exoneration of Lyndon H. LaRouche, Jr. I have spoken at nearly 40 gubernatorial forums, and the other candidates running on my slate are out virtually every night, addressing all kinds of constituency groups. We have had an enormous impact on the Democratic Party and have won grudging respect from many people inside the party and other candidates, for our defense of President Clinton from the attacks by the press empire of British intelligence's Hollinger Corp. We have really scared the hell out of the local financial-political establishment, who have used all kinds of dirty tricks to keep the voters from knowing about my candidacy, they even deployed four goons one night to physically keep me out of a forum. But they haven't been able to stop us from reaching out to the population, and everybody involved with our slate has learned a great deal about organizing, and had some fun as well.

EIR: The press coverage of your campaign has called you a LaRouche Democrat. What does that mean?

Freeman: First of all, I was the first gubernatorial candidate to file as a Democrat, and all the candidates on my slate have identified themselves as LaRouche Democrats. This is because the Democratic Party still represents, in its base, those constituencies that make up a majority of working people, in particular the trade unions, farmers, the civil rights layers, other ethnic minorities, and the poor and have-nots.

The problem is that over the last 20 years, some of the national leaders have tried to turn the party into an amalgam of environmentalists, New Agers, feminists, and in some cases outright genocidalists, who want to get rid of a few billion people because they believe the world is overpopulated. We LaRouche Democrats stand for economic progress based on new technologies, emanating from new scientific discoveries. We are pro-growth, pro-science, and pro-people, which distinguishes us clearly from the New Age liberal crowd that is trying to take over the party.

EIR: How has your message been received?

Freeman: At every forum, television show, news interview, and radio show, I have outlined the imminent financial crash that Mr. LaRouche has forecast, and have displayed *The LaRouche-Bevel Program To Save The Nation*, which was published during Mr. LaRouche's 1992 presidential campaign. My campaign is unique in that I want to completely reverse the insane "post-industrial" economic policy that has driven the Maryland economy virtually into bankruptcy. My program is to rebuild, re-industrialize Maryland, and put tens of thousands of people to work in manufacturing, agricultural, and infrastructure areas of employment. Before our elected officials adopted this fantasy of basing our economy on dead-end service jobs, tourism, and gambling, Maryland used to be a strong, industry-based economy.

As a result of the wrong political decisions, we now have more and more people living in poverty. Baltimore is a complete disaster, and every year we are faced with huge state budget deficits. Some people are predicting that in the next fiscal year, Maryland will have over a \$1 billion deficit. This is all due to the shrinking tax base, which produces less revenue every year leading to higher taxes and more cutbacks. Several of the other candidates for governor, after listening to me at these forums, began talking about the need to have more manufacturing jobs instead of low-paying hamburger-flipping jobs.

EIR: How have people responded to your efforts to have Mr. LaRouche exonerated?

Freeman: Nobody has responded directly on that issue, although several Maryland politicians have said that they will



Lawrence Freeman, at right at a crab festival on the Eastern Shore of Maryland, is a LaRouche Democrat seeking the party nomination for governor. He is campaigning to reindustrialize the state.

sign the call for Mr. LaRouche's exoneration after the election. What is interesting is that the overwhelming majority of people whom I talked to were quite interested in Mr. LaRouche's ideas. However, the slander campaign against Mr. LaRouche is still having an effect, even if it is a decreasing one. Let me give you a couple of examples. When I spoke before 25 representatives of the Maryland AFL-CIO unions, many people there agreed with the LaRouche-Freeman program, but still said I was unelectable because of my association with LaRouche. This gave me an opportunity to describe the role of the Anti-Defamation League of B'nai B'rith (ADL) and Henry Kissinger in railroading Mr. LaRouche into prison. But the pragmatism of the unions prevailed. At many events, somebody would usually come up to me or a campaign worker and say, "You have the best ideas, but you can't get elected."

EIR: I understand that your campaign also made a major issue of Baltimore Mayor Kurt Schmoke's needle-exchange program.

Freeman: Yes, for me this is a fundamental moral issue as well as a political one. I was the only candidate to come out calling for Schmoke's needle-exchange program to be shut down, and was mildly surprised that no other candidate would even talk about it. As a result of intense lobbying by Mayor Schmoke, the darling of the Drug Policy Foundation, and billionaire "derivatives king" George Soros, the Maryland state legislature passed a law to have Baltimore run a test program. It is being run by the city health department and Johns Hopkins School of Hygiene, to hand out nine clean

syringes along with nine condoms to drug addicts who turn in their used needles. Along with the drug and sex paraphernalia, they receive a card with an identification number that stipulates that they *cannot be arrested* for using these needles to shoot dope into their veins.

The phony excuse being used is that this will stop the spread of AIDS infection, which Mayor Schmoke knows is a cynical lie. Baltimore, as well as the state of Maryland, have done absolutely nothing to halt the spread of AIDS. When we organized a forum at the Moorage (un)Christian Center for myself, Dr. Abdul Alim Muhammad of the Abundant Life Clinic of Washington, D.C., and a few local ministers, to expose Schmoke's immoral program to help spread drugs in the city, Mayor Schmoke, the ADL, and pro-drug forces in the city forced a cancellation of our room. The forum went on anyway, but it gives you an idea of how upset people got.

EIR: Are you satisfied with what your campaign has accomplished?

Freeman: Yes, I am very happy at what we have been able to do. Given the fact that the *Baltimore Sun*, *Washington Post*, the other major media, along with League of Women Voters of Maryland, the Greater Baltimore Committee, and the whole junior financial elite tried to censor my campaign from the voters, my friends and I did a fine job. I think many more people are now open to learning about Mr. LaRouche's program to reorganize the financial system, and that is good news, given how close we are to a monetary collapse.

ADL's friends nabbed again fostering neo-Nazi terror

by Jeffrey Steinberg

Yet another government intelligence service long known for its intimate links to the Anti-Defamation League of B'nai B'rith (ADL) has been caught masterminding a "neo-Nazi" gang, this time in Canada.

On Aug. 14, 1994, the *Toronto Sun* revealed that Grant Bristow, a well-known Canadian rightist who founded the white supremacist Heritage Front, had been an agent provocateur for the Canadian Security Intelligence Service (CSIS). Founded in 1989, by 1993, the Front had attracted an estimated 700 skinheads and other assorted radicals to its ranks. According to the *Sun*, "over the past couple of years, he [Bristow] threw himself into running a small unit of the front that specialized in a dirty-tricks campaign against anti-racists." The unit apparently conducted break-ins to offices of groups critical of its activities, and orchestrated harassment campaigns, often pinning the operations on other "anti-racist" organizations.

All the while, Bristow was receiving at least \$50,000 in annual salary from CSIS. Some of this money apparently went to Bristow's extensive travels, which enabled him to forge links to other white supremacist groups. Canadian authorities are probing Bristow's links to a neo-Nazi international organization which was apparently supported by the efforts of the Canadian Heritage Front. Bristow was ostensibly employed at a customs brokerage house and may have been instrumental in the production and distribution of neo-Nazi literature around the world.

Bristow's activities for CSIS were reportedly exposed by Brian McInnis, an aide to former Solicitor General Douglas Lewis, who claims that he leaked a copy of a classified CSIS memorandum, stamped "read and destroy," documenting Bristow's employment, to a reporter for the *Toronto Star*. McInnis was subsequently arrested by the Royal Canadian Mounted Police (RCMP) and could be charged with violating Canada's Official Secrets Act. However, the *Toronto Globe and Mail* on Aug. 27 claimed that "senior Front members now believe it was Metro Toronto Police who told the *Toronto Sun* that Mr. Bristow was a CSIS mole after they grew sick of him stirring up problems in their jurisdiction."

It took the B'nai B'rith less than 48 hours to leap to the defense of Bristow and CSIS. In a bizarre statement published in the Aug. 16 *Globe and Mail*, Canada B'nai B'rith spokesman Frank Dimant "praised CSIS if it had indeed

placed an informant who 'had his finger on the pulse' of the Heritage Front, because any information he obtained could be used against the organization in a trial." Dimant's statement appeared to ignore the fact that Bristow, and by implication the CSIS, had actually created the Heritage Front out of whole cloth. However, a review of the ADL's own notorious involvement in creating and deploying neo-Nazi and Ku Klux Klan (KKK) terrorist cells to fill their fundraising coffers and build their own credentials as "extremist experts" makes it clear that Dimant was reacting to the fact that yet another ally of the ADL had been "caught in the act," in much the same way that the ADL itself was nailed instigating neo-Nazi terrorist violence in California last year.

San Francisco probe

Readers of *EIR* will recall that in December 1992, the San Francisco police raided ADL offices in Los Angeles and San Francisco as part of a probe into ADL spying on tens of thousands of North American political, religious, and civil rights activists. Although the year-long probe was eventually dropped by San Francisco District Attorney Arlo Smith, after he came under intensive political pressure from Bay Area ADL allies and from ADL-linked career bureaucrats at the Department of Justice, the investigation turned up extensive details about the ADL's massive illegal spying and dirty tricks apparatus.

The probe began in 1990 when the FBI discovered that a West Coast ADL employee, Roy Bullock, had sold classified FBI documents on the Nation of Islam to agents of the South African secret police. It later mushroomed into a probe of League agent provocateur operations inside the White Aryan Resistance (WAR).

As the result of a court-ordered wiretap of Bullock's home telephone, the FBI learned in October 1992 that Bullock and another ADL "fact finder," David Gurvitz, were soliciting a violent attack against an employee of the Los Angeles Simon Wiesenthal Center by WAR. The ADL had planted a felon, whom the League code-named "Scumbag," inside the WAR hierarchy, and Bullock and Gurvitz were overheard giving "Scumbag" the license plate number and home address of their target, Rick Eaton. They claimed that Eaton had tried to infiltrate WAR meetings and instructed "Scumbag" to tip off other WAR members about the "Zionist

spy." Bullock obtained the confidential data on Eaton through San Francisco Police Inspector Tom Gerard. Gerard was apparently one of a number of local law enforcement officers throughout the country who worked for the ADL, illegally providing classified police and other government data on individuals on the ADL's "enemies list."

The discovery of the plot against Eaton put the FBI in a very uncomfortable situation. Not only had the FBI for decades collaborated with the ADL in similar infiltration operations against a wide range of domestic U.S. groups, but Bullock himself was also a paid operator for the FBI, courtesy of the San Francisco ADL office. Even more embarrassing, "Scumbag" was being jointly run by the ADL's Bullock and special agents of the Treasury Department's Bureau of Alcohol, Tobacco and Firearms (ATF)! Although the ATF agents were apparently oblivious to the ADL's involvement with "Scumbag," ATF nevertheless benefitted from the debriefing sessions with him at an ATF office.

The FBI eventually concluded that the Eaton assault would be a disaster, and it later came out that the Bureau had sat on the advance wiretap evidence. FBI agents alerted Eaton and the Los Angeles Wiesenthal Center, and then confronted ADL officials in Los Angeles about the Gurvitz-Bullock operations with "Scumbag."

Gurvitz, a new employee, was quickly fired. However, senior ADL officials, including chief Fact-Finding Division head Irwin Suall and his Washington, D.C. crony Mira Lansky Boland, threatened they would quit if any action was taken against Bullock, a 25-year veteran of ADL covert operations. Bullock was kept on. Suall wrote a letter, which was found by San Francisco police in Bullock's personal papers, praising him as the "best" undercover sleuth they had ever employed.

The FBI decided in November 1992 to cover up the ADL's criminality by focusing the probe instead on San Francisco cop Gerard. However, when the FBI went to the San Francisco Police Department's Special Investigations Division and confronted the chief of the unit on Gerard's collusion with the ADL, the SFPD turned around and launched an all-out investigation to determine the extent of the ADL's criminal contamination of the department. Once the police launched a serious probe of ADL corruption, the FBI joined with DOJ officials to attempt to sabotage the effort. A year later, the San Francisco police had amassed evidence that the ADL was running a massive agent provocateur and infiltration effort against nearly 1,000 domestic political groups from coast to coast. Other ADL operators, including Jimmy Rosenberg of the ADL's New York City national headquarters, were unearthed as top figures in a large number of Ku Klux Klan and neo-Nazi organizations.

ADL collusion with the Stasi

Following the collapse of the communist regime in East Germany, mountains of evidence were surfaced showing that

the ADL had enjoyed a long-term relationship with the feared Stasi secret police service. In February 1993, Germany's leading expert on East German secret police operations, Michael Wolffsohn, told the *Washington Post* that he had reviewed evidence in the Stasi archives proving that the East Germans had been behind the postwar buildup of the neo-Nazi underground in the West. Wolffsohn, an Israeli-born German-Jewish military historian, told the *Post* that "disbanded" Stasi cells continued to run the German neo-Nazi scene even after the reunification of Germany. This effort, which he documented in a series in the *Frankfurter Allgemeine Zeitung* and in a book-length exposé, was abetted by the ADL, particularly through the efforts of World Jewish Congress (WJC) head Edgar Bronfman, an ADL vice chairman and leading fundraiser. Irwin Suall was a close collaborator of many of the Stasi's leading agents and assets inside the European Socialist International.

The Wolffsohn charges were driven home recently, when the *Kölnner Express* of Aug. 29 revealed that Paul Münstermann, the deputy chief of Germany's foreign intelligence service, BND, took early retirement this year when it was learned that two of his top agents had been longtime Stasi operators.

Caught 'red-handed'

Not only has the ADL been caught running a large piece of the worldwide "neo-Nazi" apparatus in partnership with a number of former East bloc and western police and intelligence services. The League has recently come under heavy public attack for its report on the so-called religious right, which has driven many of the ADL's former allies into a frenzy. The book-length report, *The Religious Right: An Assault on Tolerance and Pluralism in America*, was written in conjunction with a number of unsavory groups, including People for the American Way and Americans United for the Separation of Church and State, a front group for the Southern Jurisdiction of the Scottish Rite Freemasons. It assailed Christian conservatives as a collection of anti-Semites and "authoritarians."

Since the release of the report, many Christian groups that had formerly been closely allied with the ADL have published attacks against the League. The two most prominent of these were published by the Christian Coalition, headed by Pat Robertson, and by the Free Congress Foundation, a Washington, D.C.-based group headed by Paul Weyrich. Both attacks document the ADL's use of guilt by association, fake quotes, and unreliable sources in painting a picture of conservative Christians as a collection of extremists. The Weyrich report concluded: "ADL may have a self-interest in worsening the picture of anti-Semitism and creating new enemies when in reality and on the basis of the real evidence, the old ones may have receded. Political power and fundraising often depend on the existence and perception of enemies."

The career of a hired gun, in his own words

by Anton Chaitkin

Newspaper columnist Carl T. Rowan recently wrote a series attacking National Association for the Advancement of Colored People Executive Director Benjamin Chavis as a thief and adulterer. Rowan's nationally syndicated articles brought to a successful conclusion the campaign of the Anti-Defamation League of B'nai B'rith to stop Chavis and the NAACP from uniting with blacks such as Minister Louis Farrakhan and the Nation of Islam.

After the NAACP executive board fired Chavis on Aug. 20, Chavis said, "I think it's a very sad commentary that a journalist like Carl Rowan would engage in a campaign to assassinate my character as he joined in a campaign when Martin Luther King, Jr. was alive to assassinate his character."

Chavis was referring to Rowan's role in the effort, largely orchestrated by the Federal Bureau of Investigation, to defame and destroy Dr. King. Typical of the FBI's actions was a directive sent by the Bureau to all FBI field offices on March 4, 1968, ordering a concerted offensive to "prevent the rise of a 'messiah' who could unify and electrify the militant black nationalist movement." Dr. King, the directive said, "could be a very real contender for this position." King was murdered one month later in Memphis.

Rowan did with Martin Luther King, Jr. what he has just done with Chavis—the difference so far is that Chavis is still alive.

We shall show here, largely in Rowan's own words, that Rowan was the leading public slanderer of Dr. King, using dirt from the FBI. Rowan knew that the FBI campaign was slanderous, and he knew that it was designed to set up King's murder. We shall see, in Rowan's own words, his degraded self-conception as a skilled, professional liar, whose perfidy cost many lives in addition to that of Dr. King.

The war against Dr. King

In the summer of 1967, *Reader's Digest*, the world's largest-circulation magazine, published a shocking attack by Rowan on Dr. King. Rowan put forward the view that King opposed the Vietnam War because he was under communist direction.

Rowan's *Digest* article, unprecedented in its viciousness,

itself made headlines. The day the article was released, Aug. 28, 1967, the *New York Times* gloated that King had been "attacked by a fellow Negro" who was the "former director of the United States Information Agency" (USIA) and was "now the writer of a column appearing in more than 100 newspapers." The following are excerpts from the *Digest* article:

"Last April 4, the Rev. Martin Luther King stood in New York City's Riverside Church and delivered the most scathing denunciation of U.S. involvement in Vietnam ever made by so prominent an American. . . . Radios Moscow and Peking picked up King's words and spread them to distant capitals. In the White House, a presidential aide shouted, 'My God, King has given a speech on Vietnam that goes right down the commie line!'. . .

"Civil rights leaders wrung their hands and began to plan steps to take the already-splintered movement for Negro equality out from under the onus of King's broadside. . . . The directors of Freedom House called the program that King advanced 'demagogic and irresponsible in its attack on our government.'

"The *Washington Post* . . . said, 'Dr. King has . . . diminished his usefulness to his cause, to his country and to his people.' "

'The halo slips'

After discussing King's earlier usefulness, Rowan brings out the knife.

"But, inexplicably, something began to happen after a while. King seemed to develop an exaggerated appraisal of how much he and his crisis techniques were responsible for the race-relations progress that had been made. . . . Other Negro leaders, while not belittling demonstrations, argued that the Negro could never forgo a reliance on the law. . . .

"He no longer seemed to be the selfless leader of the 1950s. There was grumbling that his trips to jail looked like publicity stunts. . . .

'Sinister murmurings'

"King really gave both critics and admirers serious cause for concern in 1965, when he began to talk about foreign

policy. . . . [Various Negro leaders] pleaded in vain with King not to wade into the Vietnam controversy.

“Why did King reject the advice of his old civil rights colleagues? Some say it was a matter of ego—that he was convinced that since he was the most influential Negro in the United States, President [Lyndon] Johnson would *have* to listen to *him* and alter U.S. policy in Vietnam. Others revived a more sinister speculation that had been whispered around Capitol Hill and in the nation’s newsrooms for more than two years—talk of communists influencing the actions and words of the young minister. This talk disturbed other civil rights leaders more than anything else.

“I report this not to endorse what King and many others will consider a ‘guilt by association’ smear, but because of the threat that these allegations represent to the civil rights movement. When King was simply challenging Jim Crow, murmurings that he was associating with, or influenced by, ‘enemies of the United States’ had only limited impact. Most congressmen and editors knew that American Negroes did not need a communist to tell them that they disliked [abuses of their rights]. But now that King has become deeply involved in a conflict where the United States is in direct combat with communists, the murmurings are likely to produce powerfully hostile reactions. . . .

“A recent Harris survey showed that almost one of every two Negroes believes that King is wrong—and another 27% reserved judgment.

“. . . This opposition to King . . . suggests that . . . most Negroes still think of America as *their* country and do not want to seem unpatriotic. . . .

“Martin Luther King has alienated many of the Negro’s friends and armed the Negro’s foes, in both parties, by creating the impression that the Negro is disloyal.”

On April 8, four days after King’s Riverside Church speech, President Johnson’s press secretary reported privately that he had just spoken with Rowan, who said that he was “exploring the Martin Luther King matter. He said everyone in the Civil Rights movement has known that King has been getting advice from a communist.”

Then, on April 14, in his nationally syndicated column, Rowan tried to give credibility to this FBI filth: “Key members of the House and Senate have been told by the FBI that King is listening most to one man who is clearly more interested in embarrassing the United States than in the plight of either the Negro or the war-weary people of Vietnam.” A few months later, in the *Reader’s Digest* article, Rowan did not even mention the FBI.

Setting up a murder plot

Rowan did not inform the public that the “communist” charges were lies, designed to stop King’s political activity. But did Rowan himself believe that the charges were true?

In his 1991 autobiography, *Breaking Barriers*, Rowan said that he telephoned Dr. King after the latter “began to rail

publicly against [President Johnson’s] Vietnam policies. I called King in Atlanta. I leveled with him completely about the documents and the charges that were crossing my desk. I told him how the President was being bombarded with slanderous materials. . . . None [of King’s concerned colleagues] could tell him, in ugly detail, as I did, what Hoover was saying about him.”

Rowan wrote, “The FBI produced reports as to which of King’s speeches had been written, or heavily influenced, by his ‘communist’ advisers. From time to time the documents brought to me mentioned the possibility of Dr. King ‘being killed by one of the husbands he has cuckolded.’

“I considered this ominous and a possible setting up of a motive for someone to kill King.”

This was written many years after King’s assassination. But when Rowan himself threw this dirt at King, he did not tell the public that it was part of a murder plot.

Rowan as a spook

How did the “documents and charges” get to Rowan’s desk?

U.S. Sen. Harris Wofford wrote in his 1980 book, *Of Kennedys and Kings*, that FBI Director J. Edgar Hoover “directed that ‘friendly’ reporters be furnished questions that would embarrass King. An editorial . . . which criticized King for his stand on Vietnam, was given to ‘friendly news sources’ in order to ‘publicize King as a traitor to his country and his race’ and, according to the FBI covering memorandum, ‘to reduce his income.’”

In addition to his journalism, Rowan has long been a trusted insider in that section of the intelligence community which is an extension of the British globalists.

Rowan boasted in his autobiography: “My job and my participation in cabinet and National Security Council meetings gave me a broad ‘need to know’ about things that had never been entrusted to any black official—and only to a very few white ones.

“Each morning I got a special supersecret intelligence briefing. . . . [The briefing included] some titillating gossip about the health and the mistresses of world figures.

“I noticed in March of 1964 that these briefings contained an extraordinary number of references to Dr. King and his private activities.”

Among these documents was a 13-page anti-King paper entitled “Communism and the Negro Movement,” prepared by the FBI’s joint British-U.S.-run Division Five. On Dec. 7, 1964, it was distributed to Secretary of State Dean Rusk, Defense Secretary Robert McNamara, CIA director Richard Helms, Attorney General Nicholas Katzenbach, USIA Director Carl Rowan, three military intelligence offices, and the National Science Foundation.

Carl Rowan is a native of rural Tennessee. He stresses the unbearable repulsiveness of his early poverty, and the thrill and satisfaction of being finally accepted into the ranks

of successful, powerful men. After studying journalism at the University of Minnesota graduate school, Rowan was hired to write for the *Minnesota Tribune*. Publisher John Cowles, whom Rowan viewed as his savior from the lower depths, was a cousin and political collaborator of Thomas Lamont, the chief of J.P. Morgan bank and the notorious sponsor of Mussolini and Tojo.

Rowan's 'bold use of color'

This is how Rowan demurely describes his early work as a prostitute in journalism, a peddler of his black skin:

"I got a telephone call from John Cowles . . . [who] said, 'Carl, you know there's going to be a mighty important conference of Asians and Africans in Indonesia in April. . . . I know you just got home, but what would you think of going back to cover that conference? . . . Dulles called me to say it would be a service to the nation if you were there. Allen says you have access to the key people who will be there well beyond the access available to anyone in the foreign service. . . .

" 'Mr. Cowles,' . . . I said rapidly, 'I could never pass up a chance to cover a meeting as important as this one will be. . . .

"I went into the kitchen and said . . . 'Christ, I think the Dulles who called Cowles was Allen, the head of the CIA, not John Foster, the secretary of state. Damned if I want people to think I'm working for the CIA!'

"I got so preoccupied in the rush to finish my series on Southeast Asia that I forgot my intentions to follow up discreetly and determine just which Dulles wanted me at Bandung. . . . Ah yes, whichever Dulles telephoned Cowles knew damned well that while the advantages of being a black journalist were not universally great, they could be of real importance at an Asian-African conference. I was able to obtain access to key people, and some of it did come from the bold use of my color."

John Cowles and his brother Gardner Cowles, Jr., the World War II director of domestic propaganda for the Office of War Information, were Anglophile advocates of the classical British Empire-style of psychological warfare. After 13 years of such "bold" work for Cowles, Rowan joined the State Department in 1961. After Kennedy's murder, Rowan became ambassador to Finland, and then director of the U.S. Information Agency.

The Vietnam War

In this post, Rowan was allied to the McGeorge Bundy-Henry Kissinger faction which had immediately escalated America's self-destructive Vietnam intervention over John Kennedy's dead body.

Wofford reported on the 1965 meeting convened by Bundy and McNamara to push for the beginning of bombing North Vietnam: "McNamara, his deputy, Cyrus Vance, George Ball, William Bundy, Douglas Dillon, Carl Rowan,

and House Speaker John McCormack all concurred. In that meeting only Sen. Mike Mansfield was opposed."

Rowan explains how he worked to prepare the ground for that escalation:

"In 1964, Johnson asked me to accompany Rusk and McNamara to Saigon to reassess the state of the war and make recommendations as to the next course of U.S. action. . . . On my return to Washington, I wrote President Johnson the following memorandum on April 21, 1964: 'During the recent trip to Saigon with Secretary Rusk, I came to the conclusion that the weakest part of the war operation . . . is in the field of information and psychological warfare.' "

According to Rowan, he once candidly told President Johnson what kind of a tough job he had to do as head of the worldwide propaganda effort for the Vietnam War:

"People need and want soap and cornflakes, so they are easy to sell. It's just a matter of which brand they buy. But nobody wants war, or napalm bombs, or having their villages wiped out, or seeing thousands of GIs f— their women. I'm trying to sell what people wouldn't buy at a fire sale."

For this service, USIA Director Carl Rowan was awarded the "Communications Award" of the Anti-Defamation League of B'nai B'rith.

On July 8, 1965, Rowan resigned from government for "private and family reasons." With his "supersecret" intelligence channels, Rowan continued his psychological warfare work as a private journalist.

Martin Luther King, Jr. was shot dead exactly one year after giving the speech which Rowan told the world seemed to be communist-scripted. After King was dead, Rowan tried to distance himself from the FBI. In his autobiography 23 years later, Rowan wrote, "My gut told me in April 1968 that no lone man showed up in Memphis on his own to kill King. Deep in my heart I felt, based on all the intelligence data that I had seen while at USIA, that someone in the U.S. government had put out a contract to 'neutralize' this black preacher—'neutralization' being almost synonymous with a death sentence in the argot of the intelligence community."

Rowan wrote that his "suspicions intensified" when he learned that the FBI had planted a "telephone tap and a microphone . . . in the home of Elijah Muhammad to listen in on conversations of the late leader of the Black Muslims," i.e., the Nation of Islam.

In 1988, Rowan, a zealous gun-control advocate, shot an intruder at his Washington, D.C. home with an unregistered gun. Rowan demanded that he not be prosecuted—the gun was legal, he said, because it belonged to his son, an FBI agent.

Now that Rowan is working to break up the working relationship of the civil rights community with the Nation of Islam, our suspicions have intensified that Rowan is under contract with his handlers to neutralize black leaders in the United States.

Book Reviews

The Confederate conspiracy of Lords Palmerston and Russell

by Stuart D. Rosenblatt

Union In Peril: The Crisis over British Intervention in the Civil War

by Howard Jones

University of North Carolina Press, Chapel Hill,
N.C., 1993

300 pages, hardbound, \$39.95.

Howard Jones's *Union in Peril* should be required reading for President Bill Clinton as he embarks on his still tenuous "break with England." There should be no illusions as to the lengths to which the British will venture to maintain their control over the United States today, just as there was no limit over a hundred years ago (1860-65) when the British tried for the third time to reconquer their former colonial possession. Jones's book clearly delineates the ugly anti-American, pro-Confederate intentions of British foreign policy during the U.S. Civil War. His work is a vivid portrayal of the "Venetian" methods of Britain's Prime Minister Lord Palmerston: divide and conquer, "let them fight each other," and support for the "national rights of self-determination of an oppressed people"—in this case, the slave-holding South.

Unfortunately, *Union in Peril* does not explore the role of Czar Alexander II and Russia in preserving the American Union, but instead credits the legalistic arguments of British Secretary of War George Lewis for preventing Britain's entry into the conflict.

Nevertheless, we have an excellent portrayal of the evil minds at work in Victorian England. Jones captures the dynamic operating among Palmerston, Gladstone, and their accomplice, Lord John Russell, grandfather of the 20th-century's evil man, Lord Bertrand Russell.

Exploiting the weakness of Britain's rivals

From the moment the Confederacy was launched in 1861, Prime Minister Palmerston was hard at work on the critical

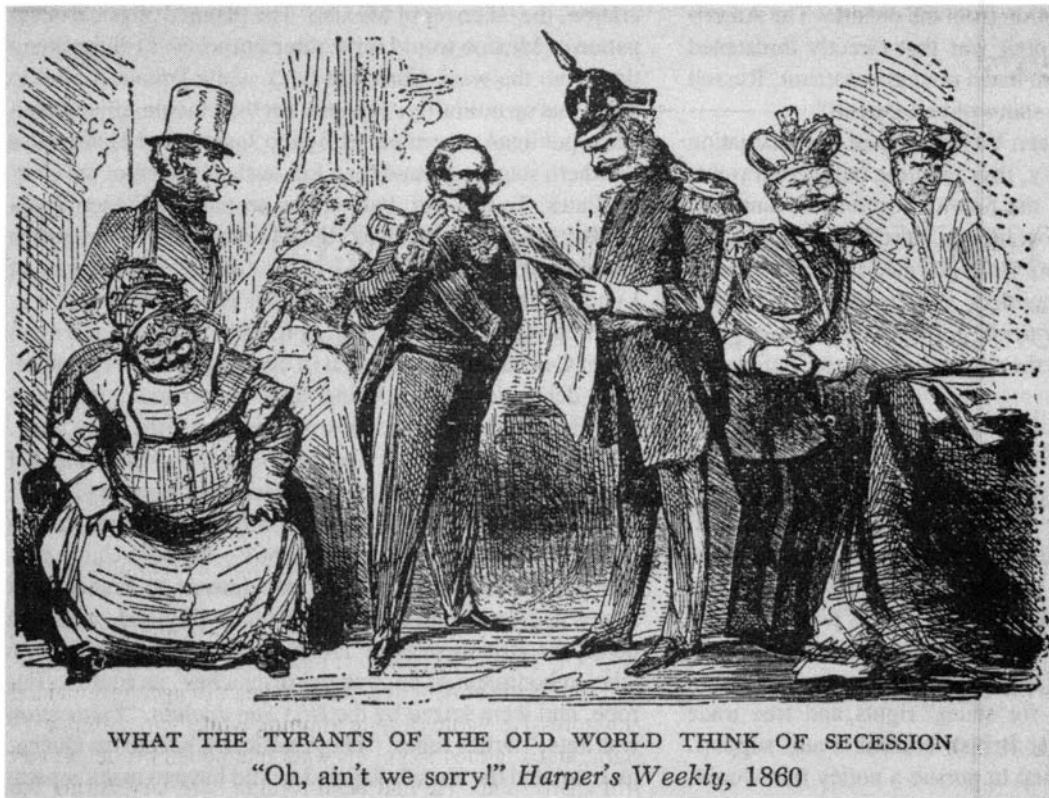
issue of official British recognition of the South. Recognition would bring with it both logistical aid and a shift in the balance of power on the American continent. Alarm signals went off in all Union quarters.

"Union apprehensions regarding recognition appeared justified. The prime minister, Lord Palmerston, was a perennial arch-critic of America. Now 76 years of age, he remained an impressive figure despite thinning white hair, failing eyesight, and a faint stoop in his walk that belied his height and still sharp mind. He had been foreign secretary during the 1830s, when England threatened war with America over the Alexander McLeod affair. Both in and out of office during the years afterward, Palmerston had been conspicuous on the international scene, never failing to promote British interests by exploiting the weaknesses of rivals. He disliked Americans in general and [U.S. Secretary of State William] Seward in particular; nor did he approve either of American republican government or of its outspokenly Anglophobic Irish-American journalists. In foreign affairs he believed that the only way to undermine America's claim to manifest destiny was to make bold displays of British strength. . . .

"Unknown to Americans, Palmerston had already toyed with the possibility of extending recognition to the South. Less than two weeks after South Carolina announced secession in December 1860, he considered a complicated arrangement that involved the offer of recognition and the use of his longtime opposition to the slave trade as a lever to prevent the South from reopening the practice. . . . Palmerston did not abandon the plan until the summer of 1861."

At the outbreak of hostilities, British Foreign Secretary Lord John Russell declared his nominal opposition to separation; but he soon recanted and stated he would hold all support for the Union in abeyance. Jones then describes Russell's Mazzinian¹ world view:

"A Whig in philosophy and a Liberal in party, he thought that a people had a natural right to rebel against an established authority if it became oppressive, and he seemed to place credence in the South's claim to independence over an imperial North, which itself denied that slavery was a cause for the



A cartoon from Harper's Weekly lampoons the European oligarchs' crocodile tears over the Confederacy's secession.

war. Russell exemplified the outlook of many Englishmen in never coming to understand the North's reverence for the Union. During the Italian crisis in October 1860, he had cited the Swiss theorist on international law Emmerich de Vattel in arguing that the rebellious peoples in Naples and the Roman states were the best qualified to handle their own affairs. Although the foreign secretary insisted that he would not attempt to judge the question of secession in America, he failed to convince Dallas [George Dallas, U.S. Minister in London] that England's motives were pure. Russell, it seemed, reflected his people's opinion that peaceful disunion would benefit both North and South and, by the way, the rest of the world as well. The British did not grasp the dangers of disunion, Dallas surmised. Russell's reply also seemed purposeful. In less than a week an outspoken Southern sympathizer in Parliament, William Gregory, intended to present a motion in the House of Commons calling for recognition of the Confederacy."

France joins the plot

As the insurrection spread, Palmerston and Russell conspired to support the South. "Southern separation seemed irrevocable. Palmerston and Russell thought so even before the Confederacy had reached full size. The prime minister had told Queen Victoria on New Year's Day of 1861 that the Union was virtually dissolved. And despite Russell's claimed refusal to judge American affairs, he had decided as early as

January that the Union should acknowledge the legal right of secession and permit separation. 'One Republic to be constituted on the principle of freedom and personal liberty—the other on the principle of slavery and the mutual surrender of fugitives.' "

At this point, the government of France joined forces with England against the Union. As Jones elaborates: ". . . Russell's support for an Anglo-French concert suggested to anxious Union officials that the two European nations were in league to encourage a **breakup** of the United States that would permit them to expand their interests in the Western Hemisphere." Jones quotes the correspondence between George Dallas and U.S. Secretary of State Seward as follows: "On May 22, the Union's minister in Paris, William Dayton, wrote Seward after a meeting with Thouvenel, the foreign secretary, six days earlier, 'You will not fail to have observed that the action of France and England upon this question of belligerent rights has been upon a mutual understanding and agreement' (Dayton to Seward, May 22, 1861)."

Shortly thereafter, Russell moved toward open support for the South. His rationalization included the contention that the American Civil War itself would disrupt trade with both South and North (the Southern cotton trade was financed out of Anglophile New York banks), and therefore, should be ended—with the obvious implication that the Union would be left severed. "Russell considered the Lincoln administration wrong in dismissing southern discontent as a mere rebel-

lion that deserved no attention from the outside. The American events constituted a civil war that directly threatened British interests. The South had a civil government, Russell insisted, and deserved the status of belligerent.”

On May 13, 1861, Queen Victoria issued a proclamation of official British neutrality, thus granting belligerent rights to the South. “This gave the South enormous advantages, including the right to borrow money, purchase war matériel, enter British ports with loot from privateering, commission vessels from British shipbuilders, and, as long as the actual equipping and fitting for wartime purposes did not take place in England, to incorporate the new vessels into a Confederate navy.”²

Free trade: a cause for war

The declaration of neutrality enraged the North, forcing Russell to publicly clarify his position. “The British sympathized with the North, Russell declared, but they were not pleased with the Union’s blockade, the high Morrill Tariff, and the designation of Southern privateers as pirates.” Jones further elaborates the free trade madness of Britain’s lordships as a key element of the British support for the South: “The South’s arguments for states’ rights and free trade emerged as principles that British citizens could support. England seemed determined to pursue a policy that would, even if inadvertently, endanger relations with the United States.”

The North became increasingly hostile to Britain, realizing that British “neutrality” was but one short step from “recognition.” As diplomatic relations worsened, Palmerston began openly contemplating war against the United States. He called for sending three battalions of troops to Canada to shore up a weak military flank. In June 1861, France and England began escalating plans for war against America, but they received a big shock when the Union expanded the military buildup and initiated a full coastal blockade. The British secretly worried that if Lincoln were to suppress the rebels, he would turn on England next.

The Mexican flank

This concern was quickly extinguished with the stunning Union loss at Bull Run. Palmerston was gleeful, quipping that “Bull’s Run should be known as ‘Yankees Run.’ ” Russell thought the division of the United States was now all but a *fait accompli*. Palmerston began beating the drums for recognition, launching a series of dirty operations, including the Bunch-Mure Affair, involving the misuses of diplomatic pouches by a British consul. The moves were coordinated with the French puppets, who stepped up their call for intervention. The French sent Prince Napoleon Jerome Bonaparte on a grand tour of the South, and, moreover, admonished the Union against any interference with their trade in the South.

With the move for intervention now initiated, Palmerston switched gears and cooked up an Anglo-French flanking op-

eration, the takeover of Mexico. The planned physical occupation of Mexico would serve three purposes: 1) divert attention from the weak Canadian flank while Britain moved to shore that up militarily, 2) knock out the Lincoln-allied Mexican republican movement of Benito Juárez, and 3) provide a Southern staging ground for a full-scale invasion of the United States. To this end, Palmerston proposed a Franco-Spanish-British intervention into the Mexican Civil War, which culminated on Oct. 31, 1861 in the signing of the Treaty of London. The invasion of Mexico was now operational.

Meanwhile, John Russell, Lord Robert Cecil, and a number of Conservatives came out in open support of separation. They demanded the reopening of the cotton trade, preposterously saying that this was the only way to end the slave trade, because the South would find itself isolated on a continent of free countries and would be forced to give up slavery!

Lincoln countered Palmerston with what became known as the Trent Affair in November 1861—the bold Union capture of John Slidell, Confederate Minister to France, and James Mason, Confederate Minister to England, while on board the British steamer *Trent*. They were deemed to be “the embodiment of contraband dispatches” en route to Europe, and were seized by the *USS San Jacinto*. “Palmerston was irate,” writes Jones. “The Americans, he told the Queen, had violated the British flag and would have to make reparations. He fumed to Russell that they had intended this ‘deliberate and premeditated insult’ to ‘provoke’ a quarrel. Russell called for a strong stand and warned that the Americans were ‘very dangerous people to run away from.’ ” The British were now openly gunning for war. Palmerston gave the United States seven days to release the captives and issue an apology. The British government also imposed an embargo on saltpeter, the primary component of gunpowder. Of course, France backed the British ultimatum, as did U.S. Commanding Gen. George B. McClellan, who joined the call to release the prisoners! Russell commented glibly on British agent McClellan, “I wish McClellan could be made Dictator.”

Lincoln would eventually release the prisoners, but only after he had forced all players to show their cards, including his own generals.

Britain’s hypocrisy about slavery

Realizing the courage of Lincoln and, at least in these situations, Secretary of State Seward, the increasingly harried British now began to move for open recognition of the South. The new argument was simple: Since the Union did not make slavery an issue, the British asserted that the South wanted “independence,” while the Union obviously desired an “empire.” Hence the British, arguing in the tradition of their agent Mazzini, would have to support the South’s right to self-determination.

Lincoln pulled the rug out from beneath the British hypocrites by circulating his proposal to free the slaves; frantic,

the British labelled this a move toward potential race war! British Ambassador Lyons stated in a letter to Russell, " 'The question is rapidly tending towards the issue either of peace and a recognition of the separation, or a Proclamation of Emancipation and the raising of a servile insurrection.' Russell expressed alarm that the President should want a 'war of emancipation.' "

How ironic: the British racial imperialists accusing the U.S. republic of conducting a racist imperialist war. Perhaps they were worried about the consequences of Lincoln's emancipation moves on their own Empire?

Free trade and blockade running

On a different front, the Union blockade of the South was beginning to show some success, and Foreign Minister Russell moved to invoke free trade as a way to break the blockade. The British were particularly upset at its success in halting cotton shipments, and they were increasingly worried about the strategic threat posed by the growing U.S. Navy. This issue burst on the scene in late March 1862, with the clash of ironclads *Monitor* and *Merrimack* at Hampton Roads, Virginia. While the military result was a standoff, the significance of a powerful new Yankee navy was not lost on the British.

Despite all the obvious setbacks to the Confederates, the British never flagged in their support, even if it brought them into clearly contradictory arguments. As author Anton Chaitkin has amply documented in his book *Treason in America*, the Confederacy was a British creation, the Rebellion was their doing. They were dumbfounded at the resiliency of Lincoln, and his ability to render impotent their every move.

The U.S.-Russian alliance

A substantial portion of Jones's book is occupied with chronicling the titanic struggle of Lincoln to defend the American republic against the desperate attempt of Palmerston, Russell, et al. to fracture the Union. Jones unfortunately fails to locate the ultimate cause for the rebuff of the English efforts: the 1863 alliance of Czar Alexander II of Russia with Abraham Lincoln. This alliance broke the back of the British interventionists and changed the course of history, as documented by Konstantin George in *EIR's Feature* of June 26, 1992 ("The U.S. Russian Entente That Saved the Union.")

That this lesson of 1863 should not be lost on Americans today is quite important. The United States republic is locked again in a life or death struggle to free the world from the ideological and political grip of the decaying British imperium. President Clinton's recent declarations in that direction underscore this concern. To sever the "special relationship with England" once and for all would pay appropriate homage to Abraham Lincoln.

Notes

1. Giuseppe Mazzini, 1805-1872, was an agent of Prime Minister Palm-

erston who steered British revolts under cover of so-called liberation struggles against monarchies or empires, which happened to obstruct the British road to world empire.

2. As the Civil War closed, Queen Victoria's diaries contained more references to her fear of a U.S. attack against Britain because of the latter's support for the South during the war (particularly in the area of shipbuilding), and because of Irish-American activity.

Books Received

Lincoln in American Memory, by Merrill D. Peterson, Oxford University Press, New York, 1994, 482 pages, \$30

Tainted Breeze: The Great Hanging at Gainesville, Texas, 1862, by Richard B. McCaslin, Louisiana State University Press, 234 pages, hardbound, \$22.95

The South Was Right! by James Ronald Kennedy and Walter Donald Kennedy, Pelican Publishing, Gretna, La., 1994, 432 pages, hardbound, \$22.50

I Am Roe: My Life, Roe v. Wade, and Freedom of Choice, by Norma McCorvey with Andy Meisler, HarperCollins, New York, 1994, 216 pages, hardbound, \$23

When China Ruled the Seas: The Treasure Fleets of the Dragon Throne, 1405-1433, by Louise Levathes, Simon and Schuster, New York, 1994, 252 pages, hardbound, \$23

Perspectives on Modern China: Four Anniversaries, edited by Kenneth Lieberthal, Joyce Kallgren, Roderick MacFarquhar, and Frederick Wakeman, Jr., M.E. Sharpe, Armonk, New York, 1991, 433 pages; hardbound, \$59.95; paperbound, \$18.95

The Making of a Soviet Scientist: My Adventures in Nuclear Fusion and Space from Stalin to Star Wars, by Roald Sagdeev, John Wiley and Sons, New York, 1994, 352 pages, hardbound, \$24.95

Questions of Identity: Czech and Slovak Ideas of Nationality and Personality, by Robert Pynsent, Oxford University Press, New York, 1994, 244 pages, hardbound, \$45

Multilateral Debt: An Emerging Crisis, by Percy Mistry, Forum on Debt and Development (Fondad), The Hague, Netherlands, 1994, 76 pages, paperbound, \$15

The Normandy Diary of Marie-Louise Osmont, 1940-1944, by Marie-Louise Osmont, Random House, New York, 1994, 118 pages, hardbound, \$17

National News

Harold Brown: Kissinger is wrong about Clinton

Former Secretary of Defense Harold Brown, who served in Jimmy Carter's administration, defended President Clinton's European policy against recent attacks by Henry Kissinger in a *Washington Post* commentary on Aug. 26. Kissinger, in his internationally syndicated column, had blasted the President's Partnership for Peace program, which encompasses not only the continental European NATO members but also the former Warsaw Pact, and defended the U.S.-British "special relationship."

Brown asserted that the "usually astute" Kissinger was wrong when he wrote on Aug. 16 that Clinton's policies are eroding the Atlantic Alliance and turning NATO into an empty shell. The unspoken theme of Brown's piece is that Clinton's European policy, which encourages infrastructural development and breaks the special relationship with Britain, replacing it with an orientation toward Germany, is a valid one and that Kissinger was attacking exactly that policy in his Aug. 16 piece.

Calif.'s Wilson back on immigration hobby-horse

California Gov. Pete Wilson (R) criticized President Clinton on Aug. 25 for moving quickly to stop the flood of Cubans who are fleeing to Florida while "ignoring" the larger and costlier illegal immigration situation in California, reported the *Los Angeles Times*. Wilson called on Clinton to beef up the Border Patrol and order a blockade of a 17-mile stretch of canyons, hills, and ravines near San Diego, akin to a blockade implemented at El Paso, Texas.

"It's the fault of Washington, the President, and the Congress, and it's time they cure this dereliction of duty," charged Wilson, who also said he would declare a state of emergency in California as soon as the San Diego County Board of Supervisors re-

quests such a declaration. The supervisors are expected to make that request Sept. 20; earlier this year, they sent an invoice to the White House for \$64 million to cover costs of services allegedly incurred as a result of policing illegal immigrants.

Illegal immigration will be a major issue in the November gubernatorial elections and a spokesman for Wilson's opponent Kathleen Brown said, "on the issue of illegal immigration, Pete Wilson is a fraud. This is another case of Rip Van Wilson sleeping while a problem got bigger and then waking up at election time." While he was in the U.S. Senate, Wilson had made speeches about the state's dependency on the labor of illegal immigrants, had authored an amendment making it easier for illegal immigrants to stay in this country, and had intervened with immigration officials on behalf of a hotel manager in trouble for hiring undocumented workers.

Asked if he is afraid that a border blockade in San Diego might be interpreted by the Mexican government as a hostile act, Wilson snapped, "If it is, that's too bad. I've got to tell you something: Our duty is to Americans, our duty is to Californians. I make no apologies about that."

Espy's enemies play games with food safety

Supporters of U.S. Agriculture Secretary Mike Espy have circulated a memo by U.S. Meat Animal Research Center head Dan Lasater which charges that the Food Safety Inspection Services delayed the use of a test for bacteria on meat carcasses. Employees of the FSIS are reportedly working behind the scenes with the FBI and Justice Department to concoct a case against Espy for allegedly showing favoritism to the "chicken monopoly" over the "meat monopoly," because he stepped up meat inspections after the deadly outbreak of *E. coli* bacteria, which struck 500 people in the Northwest last year.

Lasater said that the FSIS refused to allow trials of a test that rapidly detects bacteria in beef, pork, and poultry carcasses.

He said agency officials wanted Espy to look bad, which would be difficult to do if the test worked and were mandated. He said the testing was finally allowed after Espy intervened. Espy and his aides have blamed the FSIS, which, until recently, continued to be run by a Bush appointee, for obstructing reform of meat and poultry inspections.

Biodiversity Treaty takes a hit

Last-minute attempts by the State Department and environmental big guns, headed by the Sierra Club, to push through ratification of the Biodiversity Treaty in August fell through when the Senate recessed on Aug. 25 without any action on the treaty. The treaty, which has few specific provisions, but establishes supranational control over sovereign nations' land use, mandated that any nation that had not signed by Aug. 31 could not vote in the upcoming "Conferences of the Parties" where the treaty provisions will actually be written. The Sierra Club had launched a last-ditch campaign targeting treaty opponent Robert Dole (R-Kan.), because he had called for a postponement on ratification based on the treaty's ambiguities and potential damage to U.S. sovereignty and national interests. The letter was signed by 35 Republican senators.

The postponement is a victory for the "wise use" organizations and trade associations that fought to stop the ratification. The next round will start on Sept. 12 when the Senate returns from its recess.

School privatizers target their foes

The Chicago School Board, the Chicago School Finance Authority, and Illinois legislators are using charges of waste and fraud in the school system to target opponents of schemes to privatize public schools, such as charter schools.

The pro-privatization School Superin-

Briefly

● **PENNSYLVANIA'S** State Supreme Court has approved the sterilization of a retarded 26-year-old Philadelphia woman, for which her mother has fought in the courts for seven years. The girl's attorney said her client is considering an appeal to the U.S. Supreme Court. She said that the high court might welcome the opportunity to reverse the 1929 *Buck v. Bell* ruling, which allowed the sterilization of Carrie Buck because she was adjudged to be feeble-minded.

● **A FEDERAL JUDGE** has ordered the Pennsylvania Welfare Department to halt its plans to cut the benefits of 29,000 people between the ages of 45 and 64. The state has admitted that about 12,000 of them, including many who are mentally ill or require life-saving prescriptions, are probably eligible for benefits.

● **UNITED AUTO** Workers members struck a key General Motors Corp. subsidiary in Anderson, Indiana on Aug. 23, interrupting the flow of components to the automaker's assembly lines. The walkout reflected long-standing resentments among employees over GM's effort to give more work to non-union workers.

● **THE TEXAS** attorney general's office rendered an opinion on Aug. 23, that casino gambling would be illegal without a change in the state constitution. Such a change would require a two-thirds approval of the legislature and acceptance by the voters in a referendum, which is unlikely. Pro-gambling forces are trying to bypass that process through a federal suit by the Tigua Indian tribe to turn their bingo parlor into a casino.

● **THE NEW YORK TIMES** continued its tradition of attacking U.S. science in an Aug. 26 editorial, "Too Many Nuclear Labs," asserting that the Clinton administration should impose reductions on the nation's three nuclear design facilities: Los Alamos National Laboratory and Sandia National Laboratory in New Mexico; and Lawrence Livermore National Laboratory in California.

tendent Argie Johnson has released results of an internal investigation which exposed alleged mismanagement and wrongdoings. The probe began after Johnson designated himself as top whistle-blower. Now, a special hotline has been set up for citizens to report fraud and waste. The president of the Chicago School Finance Authority, Martin Koldyke, has begun a probe of finances of the schools' facilities department. A year ago, an inspector general was hired by the legislature to investigate fraud.

The legislature convened public hearings Aug. 18 in Chicago to air some of the charges, including allegations of misappropriation of funds by Board of Education President Sharon Grant. State Sen. Frank Watson, who chaired the hearings, called for dividing up the school district, saying that "the vast largeness of the system creates the inability to control."

Virginia's Allen wants \$850 million for prisons

The fiscal conservative, "Jeffersonian" Virginia Gov. George Allen (R), has proposed to finance the construction of all the new prisons that will be needed if his parole abolition plan goes through, by floating \$850 million in government bonds. He drew a quick response from Del. Richard Cranwell (D-Roanoke), who said, "It's easy to talk about bonds, because bonds are passing the cost on to future generations." Some lawmakers have gone Allen one better, proposing to finance the prisons with casino gambling revenues.

Democrats have also challenged Allen's claim that his Proposal X, as the parole abolition plan is called, could prevent 120,000 crimes over the next decade. The Virginia Criminal Justice Research Center released a report in late August showing that only 78 murders out of 1,700 could have been prevented between 1986 and 1993 if the plan had been in effect during those years.

In a debate on CNN's "Larry King Live" on Aug. 18, Allen reiterated his plan to use prison labor to build the new prisons. He was immediately challenged by Nathan

McCall, a young former inmate and author of a best-selling book on prison life, *Makes Me Wanna Holler: A Young Black Man in America*. McCall told the governor, in a measured tone, "That is just reintroducing plantations."

Michael X. Johnson, a 25-year-old inmate in a maximum security facility, is on a hunger strike against Allen's Proposal X, saying he wants to meet with Allen and is prepared to die if he can't have the meeting. Johnson told the Aug. 26 *Richmond Times-Dispatch*: "It's a humane protest against an inhumane government. I could very easily get 100, 200 guys and lead a violent protest. What would that accomplish? Nothing. People might get hurt, and we defeat the cause. But if we sacrifice our lives as [did] Christ Jesus," it might make a difference. "He sacrificed his life and made a world of difference."

Weld, Wampanoags sign Bay State casino pact

Massachusetts Gov. William Weld has signed an agreement with the Wampanoag Indian tribe for the construction of a gigantic gambling casino. Weld called the deal "a sure bet" for the Indians and the state. The proposed \$175 million casino complex would be built in New Bedford, though the tribe's only ancestral land is on Martha's Vineyard island. The deal will require approval from Interior Secretary Bruce Babbitt.

Boston Globe David Nyhan analyzed Weld's apparent political transformation from an anti-welfare and anti-gambling conservative, in his column on Aug. 24: "The deal was greased with bigtime gambling money. . . . But where was Weld and his conservative mantra? . . . He's down there in the pit, up to his elbows in chips and complimentary cocktails, singing 'Let the good times roll.' "

Rep. Barney Frank (D), an avowed homosexual whose district includes New Bedford, supported his Republican governor: "This is not compulsory gambling. This is letting adults do what they want in an economically constructive way."

Editorial

How we lost the peace

Plans by the Smithsonian's National Air and Space Museum to run an exhibit entitled: "The Last Act: The Atomic Bomb and the End of World War II," have generated a storm of opposition based upon emphasis in the display on scenes of the aftermath of the bombings in Hiroshima and Nagasaki. As planned, the exhibit is divided into five areas—the context in which the war in the Pacific occurred, the decision to develop and use atomic bombs, details about the two bombing missions, the effects of the bombings on Hiroshima and Nagasaki, and the legacy of the bombings.

Its critics contend that the exhibit not only is biased toward a Japanese point of view, but that it treats the bombing as a matter of U.S. war guilt on a par with Nazi concentration camps. The horrors inflicted on the populations of Hiroshima and Nagasaki were terrible, but war itself is always terrible. The question to be answered is first, whether a given war is a just war; second, whether the means used to fight it are appropriate; and third, whether the terms on which a war is brought to conclusion provide a basis for a fruitful peace for both victors and vanquished.

Few people today would deny that World War I was an unjust war, and certainly it was an unjust peace. This led to circumstances in which Hitler was catapulted to power in Germany with the backing of the British royal house and many in the United States. Notwithstanding, by 1941, when the Japanese attacked Pearl Harbor, the die was cast and the United States had to ensure the defeat of Hitler and the Axis powers allied with him.

Much could and should have been done to avert World War II, but by then, it had to be fought; and the goals enunciated by President Roosevelt on behalf of the American people made it a just war. The terrible thing is that, after President Roosevelt's death, we did not have a just peace, nor can it be said that the conduct of the war in itself was just. It did not take the killing of the 200,000 residents of Hiroshima and Nagasaki to end the war without an invasion of Japan. Before the two bombs were dropped, the Japanese had already been licked.

In 1943, President Roosevelt stated repeatedly that he had made no decision as to whether or not he would approve using atomic weapons. By 1945, in the last months of Roosevelt's life, it was an even bet whether Japan or Germany would collapse first. The Japanese had already sent out peace feelers through Josef Stalin and also through the Vatican. Indeed, according to the U.S. National Archive documentation, President Roosevelt had planned to meet with Pope Pius XII early that year, to discuss these negotiations and other matters with the pontiff. Then he died.

"Drop atomic bombs on the Japanese," his advisers told President Truman, "and not only will the war in the Pacific be over, but you will have the means of forcing concessions from the Soviets." Stupidly, and cruelly, he agreed. As Bertrand Russell admitted in print just one year later, the atom bomb was to be the battering ram to force world government not only on the Soviets, but on the recalcitrant Americans as well. Harry Truman was fooled by these one-worlders into playing their game.

They planned to control the United States and force a new form of imperialism upon the peoples of the world. The terror potential of unlimited development of nuclear weapons was to be the lever.

They did not, of course, succeed with their total agenda, but they have shaped the events of the past 50 years so as to gradually erode national sovereignty and to allow the United Nations organization to accrue de facto more and more police power. They have done this through various world-government instrumentalities of the United Nations such as the International Monetary Fund (IMF), the United Nations Education, Social and Cultural Organization (Unesco) and the International Atomic Energy Agency (IAEA). This is their agenda for the population conference now occurring at Cairo.

President Roosevelt, in both private conversation as reported by his son Elliot and in public speeches, made his purpose clear. World War II was being fought to end all imperialisms, not least that of the British. His death, like that of Abraham Lincoln, ended a just war with a bad peace and we are still paying the price for that.

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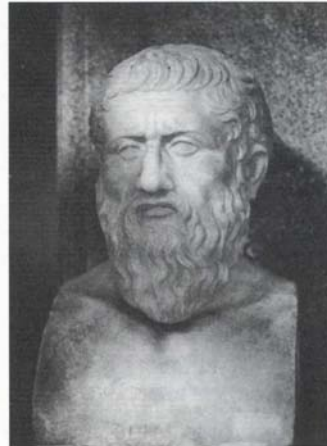
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