

# EIR

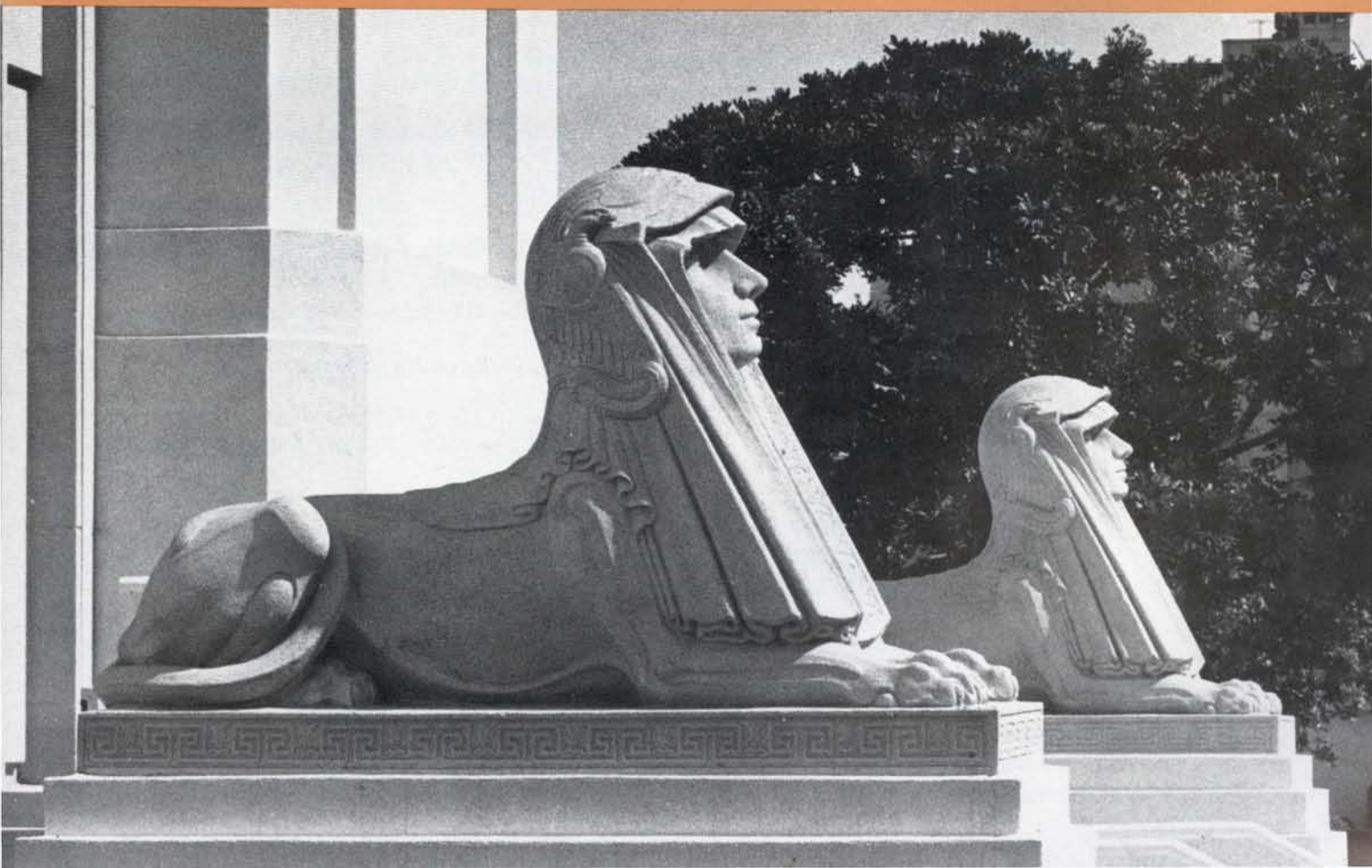
Executive Intelligence Review

October 7, 1994 • Vol. 21 No. 40

\$10.00

One year after Gaza-Jericho accords  
Plague spreads in India past Surat  
Truth barrage hits Ollie North campaign

**British psychiatry from  
eugenics to assassination**



# Help Make A new Golden Renaissance!



## *Join the Schiller Institute!*

Every renaissance in history has been associated with the written word, from the Greeks, to the Arabs, to the great Italian 'Golden Renaissance.' The Schiller Institute, devoted to creating a new Golden Renaissance from the depths of the current Dark Age, offers a year's subscription to two prime publications—*Fidelio* and *New Federalist*, to new members:

*Fidelio* is a quarterly journal of poetry, science and statecraft, which takes its name from Beethoven's great operatic tribute to freedom and republican virtue.

*New Federalist* is the national newspaper of the American System. As Benjamin Franklin said,

"Whoever would overthrow the liberty of a nation must begin by subduing the freeness of speech."  
*New Federalist* is devoted to keeping that "freeness."

Join the Schiller Institute and receive NEW FEDERALIST and FIDELIO as part of the membership:

- \$1,000 Lifetime Membership
- \$500 Sustaining Membership
- \$100 Regular Annual Membership

All these memberships include:

- 4 issues FIDELIO (\$20 value)
- 100 issues NEW FEDERALIST (\$35 value)

----- clip and send -----  
this coupon with your check or money order to:

**Schiller Institute, Inc.**  
P.O. Box 66082, Washington, D.C. 20035-6082

Sign me up as a member of the Schiller Institute.

- \$1,000 Lifetime Membership  
 \$ 500 Sustaining Membership  
 \$ 100 Regular Annual Membership  
 \$ 35 Introductory Membership  
(50 issues NEW FEDERALIST only)

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_ Phone ( ) \_\_\_\_\_

# EIR

Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

Editor: *Nora Hamerman*

Managing Editors: *John Sigerson, Susan Welsh*

Assistant Managing Editor: *Ronald Kokinda*

Editorial Board: *Warren Hamerman, Melvin Klenetsky, Antony Papert, Gerald Rose, Edward Spannaus, Nancy Spannaus, Webster Tarpley,*

*Carol White, Christopher White*

Science and Technology: *Carol White*

Special Projects: *Mark Burdman*

Book Editor: *Katherine Notley*

Advertising Director: *Marsha Freeman*

Circulation Manager: *Stanley Ezrol*

## INTELLIGENCE DIRECTORS:

Agriculture: *Marcia Merry*

Asia: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg, Paul Goldstein*

Economics: *Christopher White*

European Economics: *William Engdahl*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

*Rachel Douglas, Konstantin George*

United States: *Kathleen Klenetsky*

## INTERNATIONAL BUREAUS:

Bangkok: *Pakdee Tanapura, Sophie Tanapura*

Bogotá: *José Restrepo*

Bonn: *George Gregory, Rainer Apel*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Don Veitch*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierle*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

*EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 333 1/2 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451.*

**European Headquarters:** Executive Intelligence Review Nachrichtenagentur GmbH, Postfach 2308, D-65013 Wiesbaden, Otto von Guericke Ring 3, D-6200 Wiesbaden-Nordenstadt, Federal Republic of Germany Tel: (6122) 2503. Executive Directors: Anno Hellenbroich, Michael Liebig

**In Denmark:** EIR, Post Box 2613, 2100 Copenhagen ØE. Tel. 35-43 60 40

**In Mexico:** EIR, Francisco Díaz Covarrubias 54 A-3 Colonia San Rafael, Mexico DF. Tel: 705-1295.

**Japan subscription sales:** O.T.O. Research Corporation, Takeuchi Bldg., 1-34-12 Takatanobaba, Shinjuku-Ku, Tokyo 160. Tel: (03) 3208-7821.

Copyright © 1994 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Second-class postage paid at Washington D.C., and at an additional mailing offices.

Domestic subscriptions: 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

**Postmaster:** Send all address changes to EIR, P.O. Box 17390, Washington, D.C. 20041-0390.

## From the Editor

**M**ajor political elections will be held in the Federal Republic of Germany on Sunday, Oct. 16. Turn to pages 46-48 to read about the unusual intervention in that electoral campaign of the Civil Rights Movement-Solidarity slate led by Helga Zepp-LaRouche. They have combined a bold program for an industrial recovery at the frontiers of science and technology, with a celebration of the Classical ideal in music to which Germany contributed so much, as interpreted by artists associated with the American civil rights movement.

Less than one month later, Nov. 8, will be the U.S. mid-term elections. It is crucial to ensure that Bush protégé Oliver North is given a humiliating defeat in his bid for a seat in the U.S. Senate, especially at a moment when U.S. foreign policy is showing signs of the ongoing “autopilot” of the Bush new world order. Read about the LaRouche movement’s shock-wave exposure of North’s crimes to Virginia voters on p. 56.

The context for all of this is provided, as Lyndon LaRouche underlined in his radio interview on Sept. 28, by the reality that “international finance is largely speculative. It has nothing to do with the economy, except it sucks blood out of the economy, through interest rates and other kinds of things. Less than 5%, probably less than 2%, of all international financial turnover, per day, is involved with trade; the rest is involved with financial matters, chiefly speculation.

“The speculative bubble is growing. The economy of the world is shrinking. That is, the physical economy, the production of food, the production of essential services, medical services, education, health care, and science, are collapsing. Infrastructure is collapsing; physical productivity per capita, per household, and per square kilometer around the world is dropping catastrophically; and yet, the financial giant bloats.

“But this thing can go any time. When reverse leverage takes over one day, which may be weeks from now, it may be next month, it could be next spring, it could be a year or so ahead—but it’s coming fast—when it takes over, within 48 to 72 hours, the entire international financial and monetary system will not just collapse, it will blow out! Something we’ve not seen regionally or globally in the world since the middle of the 14th century in Europe.” I.e., the era of the Black Death.

*Nora Hamerman*

# EIRContents

## Interviews

- 14 Dr. C. Kumar N. Patel**  
Vice chancellor of research at the University of California at Los Angeles, Dr. Patel has made contributions in the fields of gas lasers, nonlinear optics, molecular spectroscopy, pollution detection, and laser surgery.
- 22 Dr. Fahed Fanek**  
Dr. Fanek is a Jordanian syndicated columnist whose views reflect those of Jordanian government circles.
- 26 Mohammed Nazzal**  
Mr. Nazzal is a leader of the Hamas movement of Palestinians opposed to the PLO.

**Photo credits:** Cover, page 33, EIRNS. Page 14, EIRNS/Kathy Wolfe. Page 21, UNRWA photo by M. Nasr. Page 29, drawing by Warren Hamerman. Page 29 (Kline), *N.Y. Daily News* Photo. Pages 7, 23, 31, EIRNS/Stuart Lewis. Page 31 (inset), EIRNS/Eric Thomas. Page 41, EIRNS/Linda de Hoyos. Page 48, Bert Mackeprant.

**Correction:** An editorial error was introduced into last week's *Feature* ("New York Health Care: It's Rise and Murderous Fall"), on p. 20, the fourth paragraph. The Croton Aqueduct did not link New York City via the Hudson River to the Erie Canal. The text should have read: "Once the Erie Canal was built, New York City was linked, through the Hudson River northward, and then through the Erie Canal westward, to the Great Lakes, and thus the American Midwest." We regret the confusion.

## Strategic Studies

- 20 The Gaza-Jericho accord: too little movement a year later**  
The World Bank is sabotaging the prospects for peace, by holding up funds for infrastructure projects that would improve the lives of the Palestinians.
- 22 'The peace process has not been moving at all'**  
An interview with Dr. Fahed Fanek.
- 24 In 1993, EIR warned of World Bank sabotage**
- 26 Hamas opposition still opposes the accord**  
An interview with Mohammed Nazzal.

## Departments

- 17 Dateline Mexico**  
Brits go back to the drawing board.
- 64 Editorial**  
Who will be next?

## Economics

- 4 Unease pervades markets as derivatives volume explodes**  
The derivatives portfolios of U.S. commercial banks swelled by 29% during the first six months of the year, to \$15.3 trillion. But instead of sounding the alarm about the derivatives cancer, regulators are cheering.
- 6 The coming derivatives-fueled blowout of global markets shakes Texas**
- 8 The World Trade Organization is a one-world tool for economic ruin**  
The purpose of the proposed WTO is to crush every nation's sovereign right to implement dirigistic policies for trade and internal development.
- 11 Currency Rates**
- 12 Asia Society debates new 'Thatcher raj' for subcontinent**  
A report from the conference on "South Asia and the United States after the Cold War."
- 14 Why South Asia needs to develop its nuclear energy**  
An interview with Dr. C. Kumar N. Patel.
- 16 Agriculture**  
Grain supply hits 14-year low.
- 18 Business Briefs**

## Feature



A temple of the Scottish Rite of Freemasonry in Pasadena, California. From the Nazi eugenics movement to the CIA's MK-Ultra project, British psychological warfare operatives and Freemasons have perpetrated crimes against humanity.

### **28 British psychiatry: from eugenics to assassination**

Anton Chaitkin calls for a thorough public inquiry into the British intelligence project to create assassins, on the model of the "Manchurian Candidate." The story goes back to the Rockefeller sponsorship of Nazi race science before *and during* World War II, and continues through the CIA's MK-Ultra experiments in mind control.

## International

### **40 Plague spreads in India beyond Surat epicenter**

Despite warnings by experts, the World Health Organization and the Indian Health Ministry insisted that plague had been eradicated, and no further measures were necessary to prevent an outbreak.

### **42 Deal over Bosnia by U.S., Russia threatens to be fatal to Europe**

### **44 Dangers of U.S. Haiti occupation emerge**

### **45 Geopoliticians compete at the Asian Games**

### **46 Zepp-LaRouche calls for recovery program**

The German election campaign moves into high gear.

### **47 Black Classical artists tour Germany to spread beauty, combat racism**

The Civil Rights Movement Solidarity and the Schiller Institute sponsor a unique concert tour by American musicians.

### **49 Thirteen armies hold maneuvers in Poland**

### **50 Leibniz and Europe**

A report on "The Art of Invention and Renaissance," the Sixth International Leibniz Congress.

### **52 International Intelligence**

## National

### **54 Clinton-Yeltsin summit sidesteps the real issue**

Will Clinton buck the British policy and repudiate the International Monetary Fund's austerity program for Russia? The British are afraid that he might.

### **56 Virginia truth barrage shocks Oliver North's campaign**

A mass leafleting campaign in Virginia to expose Ollie's drug connection, and a tour of the state by former Drug Enforcement Administration agent Celerino Castillo, dealt a blow to the North campaign.

### **58 Study of incarceration indicts U.S. 'culture'**

### **59 U.S. must rise above the 'requiem' for Clinton's health care reform**

### **62 National News**

## Unease pervades markets as derivatives volume explodes

by Anthony K. Wikrent

The last week of September saw a number of institutions floating various initiatives and proposals for "regulating" the world's financial derivatives. Derivatives are financial contracts that have their value or market price set by values or prices of other financial contracts, known as "underlyings." The range of institutions—from a German commercial bank, to the U.S. Securities and Exchange Commission (SEC), up to the International Monetary Fund (IMF)—indicates that unease over financial derivatives pervades every corner of the world's financial and monetary systems.

The explosive growth of derivatives markets reported in the Sept. 23 *EIR* was confirmed by the latest *Quarterly Banking Profile* of the U.S. Federal Deposit Insurance Corp., the agency which regulates all federally insured commercial banks in the United States. The *FDIC Profile* showed that the derivatives portfolios of U.S. commercial banks swelled by \$3.5 trillion, or 29%, during the first six months of the year, to \$15.3 trillion. This follows growth of 35% in the entirety of 1992, when U.S. commercial banks' derivatives holdings leaped \$3.1 trillion. The *FDIC Profile* confirmed once again that derivatives are concentrated among the largest institutions: The five top banks (Citicorp, Chemical Bank, Bankers Trust, J.P. Morgan, and Chase) held 75.5% (\$11.6 trillion) in derivatives, compared to 19.5% (\$3.0 trillion) by the next 10 banks, and 5% (\$0.6 trillion) by the remaining 653 banks.

By comparison, assets of U.S. commercial banks rose 9%, and loans rose 8%, during the 12 months between June 30, 1993 and June 30, 1994, according to the *FDIC Profile*. Thus, the \$15.3 trillion in "off-balance-sheet derivatives" at the end of the second quarter, is almost four times the banks' \$3.9 trillion in assets.

### Regulators ignore alarm, praise profits

But instead of sounding alarms about the explosive growth of the derivatives cancer, U.S. regulators chose to

croon about the record profits of the commercial banks, which were \$11.2 billion for the second quarter, the second most profitable quarter in history after the \$11.5 billion third quarter of 1993. Added to the \$11.1 billion reported for the first quarter of this year, that gives the banks \$22.3 billion, "the highest total ever reported for any six-month period," according to the *Profile*.

"The banking industry's recovery from the troubles of the late 1980s and the very early 1990s has been most impressive," crowed FDIC Chairman Andrew Hove, although he conceded that "some caution is necessary" and that the "mistakes of overlending during the 1980s should not be forgotten."

Federal Reserve Chairman Alan Greenspan also got into the act, telling the Senate Banking Committee on Sept. 22 that "the improvement in the condition of the U.S. banking system since 1991 has been truly amazing." Then, taking aim at the "doomsayers" who are warning about the dangers of financial derivatives, Greenspan declared that "at present, we see no major problems looming," and opined that he has been "impressed by these sophisticated risk management and control techniques and policies that banks have used to manage their risk positions."

Comptroller of the Currency Eugene Ludwig, testifying in the same hearing, insisted that "the national banking system is sound."

### Others issue warnings

But it may not be too long before these glowing words are blown back into the faces of their speakers. On Sept. 26, the American Institute of Certified Public Accountants (AICPA) issued the results of its three-year study of U.S. corporate accounting practices, bluntly warning that business reporting standards have lagged dangerously far behind the rapid changes in financial markets. This lag has left investors

blindly taking unknown risks in new instruments such as derivatives.

"With the profound changes we've seen in business, traditional financial statements and other forms of business reporting often fail to meet some of the most critical information needs of investors and creditors," said Edmund Jenkins, chairman of the AICPA's Special Committee on Financial Reporting and partner in Arthur Andersen Co.

The next day, the SEC appeared before the House Subcommittee on Telecommunications and Finance with a proposal for policing the derivatives holdings of mutual funds, the pools of money collected from individual investors by professional money managers. Seeking higher returns than those available on savings accounts or certificates of deposit, increasing numbers of Americans have been entrusting their money to mutual funds rather than traditional deposit institutions. This has some in Congress concerned, because the money invested in a mutual fund is not insured, and several mutual funds have suffered hundreds of millions of dollars in losses so far this year because of investments in derivatives.

"Although the reported problems to date have affected a limited number of funds and fund types, they raise investor protection issues that merit serious consideration," said the SEC report. Among the SEC's recommendations:

- Develop a new way to measure the risks a fund takes in derivatives.
- Reduce the percentage of total assets a mutual fund can hold in hard-to-sell or "illiquid" securities from the current 15% to 10%. This would force mutual funds to reduce their holdings of derivatives. At least one fund run by Piper Jaffrey Fund Management Inc. reportedly had 60% of its assets invested in derivatives.
- Study the possibility of applying the Investment Company Act of 1940 restrictions on leverage, to derivatives. Leverage refers to the ability to buy financial instruments using borrowed money. Many derivatives, such as futures or options contracts, for example, allow a purchaser to control up to \$1 million of "underlying" bonds with only \$5,000.
- Arm the SEC with enforceable powers to gather information from mutual funds. At present, the SEC relies mostly on voluntary compliance with its requests for information from mutual funds.

### **Hedge funds worry IMF**

Also on Sept. 27, the IMF issued a report urging that greater reporting requirements be imposed on hedge funds, in order to prevent manipulation of financial markets. Hedge funds are similar to mutual funds, in that they are also pools of money collected from individual investors. But hedge funds are limited by law to less than 100 investors, each of whom must put in large sums of money. A typical minimum investment is \$100,000, and minimum requirements as high as \$1 million are not unknown.

Moreover, hedge funds do not have to comply with most

of the rules regulating mutual funds. Hedge funds, for example, can use as much leverage as they want, and can invest in whatever they want. Consequently, hedge funds have emerged as the "party animals" of the investment world, using very high leverage to reap speculative profits of billions of dollars. In September 1992, for example, the Quantum Fund run by George Soros used high leverage to smash the European Exchange Rate Mechanism, and walked away with a reported \$1 billion in profits.

The IMF study, however, follows the pattern of U.S. and British regulators over the past two years: The IMF wants more information, but it defends the hedge funds. According to the IMF, far from being looting mechanisms that suck up scarce capital, hedge funds have increased liquidity in bond markets because they have often been the only institutions willing to buy bonds at times when prices were collapsing. One central bank reportedly told the IMF authors, "Hedge funds have become the 'buyer of last resort' in some of these markets."

### **A few considerations of reality**

On Sept. 20, the German BHF-Bank (Berliner Handels und Frankfurter Bank) published a study comparing the volatility of German financial markets during the first six months of 1994, with two other periods of high volatility during 1987, and 1989-90. The volatility of exchange rates is shown to be "extremely higher" than the long-term average during the first half of 1994.

So, the BHF-Bank asks, what is the reason for this? While the 1994 turbulence can be traced to interest rate increases, previous periods have seen even faster interest rate increases. Thus, the 1994 rate increases do not explain the extraordinary new degree of volatility. It is more likely, says BHF-Bank, that the intensification of volatility had been caused by structural changes in the German financial markets, especially the growing prominence of financial derivatives.

The most damning study of derivatives, however, was an unofficial discussion paper released on Sept. 25 by the U.S. Federal Reserve Board of Governors, "On Measuring Credit Risks of Derivatives Instruments," by Fed economist Gregory Duffee. Reviewing the statistical models used by commercial and investment banks to determine the probability that a counterparty will default on the terms of a derivatives contract, as well as the average and maximum amount that the bank will lose in the event of a default, Duffee finds that "a number of simplifying assumptions have been made, either explicitly or implicitly, in order to produce actual estimates of credit risk." The use of these assumptions "can produce large errors in the measurement of both expected credit losses and upper bounds on those losses."

So much for the "sophisticated risk management and control techniques and policies that banks have used to manage their risk positions," touted by Greenspan.

# The coming derivatives-fueled blowout of global markets shakes Texas

by Brian Lantz

Behind closed doors in Austin, Texas, the talk is of losses, maybe hundreds of millions of dollars, to local, county, and state government. Rumors and "off the record" comments abound, while agency investment officers speak in defensive tones. How much have Texas government entities lost in derivatives investments and trading? Where will it end? Who will take the blame? It is an election year and the stakes are certainly high.

The international derivative markets have been unraveling at an accelerating pace since multibillion-dollar losses shattered the Italian conglomerate Ferruzzi and the German metals firm Metallgesellschaft in the last quarter of 1993. Caught up in the international financial "mudslide," Texas local and state government agencies are gambling away a fortune.

Economist and statesman Lyndon LaRouche has warned of the impending collapse of the derivatives-fed financial bubble and, in June 1994, issued his ninth economic forecast, projecting the impending disintegration of the international financial system (see *EIR*, June 24, p. 24). That is reality. "But seldom is heard a discouraging word," the refrain of an old cowboy song, is the theme of Texas policymakers and pundits.

## The financial mudslide

In August, word slipped out that some Texas state agencies and local government entities had been caught in multi-million-dollar losses due to investments in derivative financial instruments. On Aug. 15, Lt. Gov. Bob Bullock and State House Speaker Pete Laney announced that they had asked the state auditor "to survey investment practices of state agencies and other community colleges as to whether they use derivatives and, if so, the kinds of derivatives."

Bullock and Laney cited losses by tiny Odessa College, a 5,000-student junior college in rural West Texas. Odessa College lost \$6.6 million from trading in derivatives and had another \$22 million in derivatives investments that the college could not afford to sell. In June, Odessa College had no choice but to borrow \$5.2 million from a local bank to meet its obligations. The school has since proposed a 7.2% tax rate increase, has raised tuition, and has cut its already impoverished budget.

Who sold Odessa College on derivatives? According to

its chancellor, Odessa bought the derivatives in part because the Texas state treasurer had purchased approximately \$200 million of the same instruments! Reportedly, the bulk of these purchases were of mortgage-backed derivatives. When interest rates went up, the value of these derivatives contracts collapsed.

## Phil and Wendy Gramm

Odessa College was not the only small government entity taken to the cleaners. Ironically, U.S. Sen. Phil Gramm's (R) hometown of Bryan (population, 55,000), has lost at least \$1.5 million on derivatives investments this year. In Gramm's "free market," Bryan saw its investment in "inverse floaters" lose half their value in five months. The city of Bryan has sued Government Securities Corp. of Texas for fraud and deceptive practices.

However, the actual culprit is to be found a few steps higher up the ladder. It was Wendy Gramm, Phil Gramm's wife, as chairman of the Commodities Futures Trading Commission from February 1988 to January 1993, who oversaw the explosion of the unregulated derivatives market and *resisted all attempts to take corrective action*. The derivatives markets grew exponentially to \$18 trillion in 1994. That compares to approximately \$1 trillion in total U.S. corporate financing. Wendy Gramm now sits on the board of the politically influential Enron Corp., which institutionally serves as an outspoken Texas advocate of derivatives speculation.

## Large institutions hit

But larger public agencies have also taken big losses, although this has been kept out of the press. The Texas state treasury is out tens of millions of dollars, or more, as a result of the same investments that tiny Odessa College made. How many others followed the state treasurer's lead?

The Teachers Retirement System of Texas (TRS) has been rumored for months to have lost a large, undisclosed amount, according to Austin government sources. Encompassing 28 corporations, the TRS includes a Pension Trust Fund with a book value of \$28.8 billion. In September, the system disbanded its high-powered Investment Advisory Committee.

John Young, the chief investment officer of the TRS, told *EIR* that the Teachers Retirement Fund has \$1.8 billion



invested in derivatives known as Collateralized Mortgage Obligations (CMOs).

Young insisted that the Teachers Retirement Fund had taken no losses and that "the problem is with the users, not derivatives." Young said that their CMOs were long-term investments, and that he believed that they really shouldn't be called derivatives but that they are universally placed in that category. Young does not like to refer to CMOs as derivatives, but he admits that that is indeed what they are.

Young explained that if one includes CMOs in the category of derivatives, then "all of the major pension funds in Austin are invested in derivatives."

Under the Constitution of the State of Texas, the TRS board of trustees is ruled by the "prudent person rule." In making investments, the rule says, the trustees "shall exercise the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable safety of their capital."

It is worth noting that the Louisiana State Employees Retirement System (Lasers) suffered \$43 million in losses in derivative investments early this year, after the state treasurer's office learned about Lasers' huge position in mortgage derivatives. Lasers' board investigated and, applying their own "prudent person rule," ordered its chief investment officer to unload their derivatives.

In addition to the Texas TRS, there is TexPool, a statewide investment pool for Texas government entities. Again, rumors abound, and TexPool officially admits to "book losses" of \$50 million on derivatives instruments. More than 1,300 governmental entities are members of TexPool.

"No one expected interest rate increases of 150 basis points in March," TexPool head Randall Corwin explained to *EIR* when queried on recent losses. As with the Texas Teachers Retirement System, TexPool operates under strict state guidelines which officially allow only a small percentage of its \$4.5-9 billion pool to be invested speculatively. Fifty million dollars would be a small percentage of TexPool's current \$5 billion pool—1%. But \$50 million is still \$50 million. And is that the whole story?

### **An emperor without clothes**

The State Auditor's office sent its "Survey of State Agency Investment in Derivatives" to 142 Texas state agencies, 19 state universities, and 50 state junior colleges. As of early September, most of these surveys had been returned. A report is due out soon, but may not appear before the November elections. Certainly the survey cannot be relied on in itself.

As TexPool's Corwin asked rhetorically, "What is a derivative?" If anything was learned from the looting of the Texas savings and loan industry, it should be that desperate financial officers and board members can be less than forth-



*Sen. Phil Gramm: His hometown of Bryan, Texas has lost at least \$1.5 million on derivatives investments this year.*

coming. If an investment officer, under duress, can continue to convince himself that he has a "government security," tied to Ginnie Mae or Fannie Mae, he could answer the the state auditor's survey with a simple "No."

It is acknowledged that it would be difficult to hide the facts if hard data were demanded—such as the daily computer runs.

### **Who is culpable?**

Sources in state government report that it was under State Treasurer Kay Bailey Hutchinson, now the U.S. senator from Texas, that the bulk of the Treasury's derivatives was purchased. Her husband, Ray Hutchinson, is a partner in Hutchinson, Boyle, Brooks and Fischer, one of two leading bond counsels in Texas. Whether a case against Hutchinson can be made is not known. But it is well documented that George Bush's political machine in Texas has major supporters of radical free-trade and deregulation policies, and is heavily funded by the likes of Kravis and other firms which are the most heavily involved in such speculative activities. Phil and Wendy Gramm are examples of this outlook.

Others are also culpable. Elected officials, who have demanded higher returns from their investment officers to cover mounting tax revenue shortfalls, are afraid that they too will be held accountable. The financial community, whether in Dallas, Houston, or New York, is worried at the fallout from mounting lawsuits nationwide against financial houses which have unloaded derivatives onto local government agencies. The Texas crisis will certainly feed the whirlwind of international financial disintegration, as forecast by Lyndon LaRouche. The big question is whether the elected officials of Texas have the political will to face the music.

# The World Trade Organization is a one-world tool for economic ruin

by Richard Freeman

On Sept. 27, Senate Finance Committee Chairman Daniel Patrick Moynihan (D-N.Y.) introduced a bill which, if enacted, would decimate world trade levels, create an institution for world trade dictatorship, and tie down President Bill Clinton with yet another piece of Bush-league legislation.

The bill, S. 2467, entitled the "Final Act of the Uruguay Round of GATT" (General Agreement on Tariffs and Trade), will create a World Trade Organization with dictatorial powers over world trade and economic policy. Its purpose is to crush every nation's sovereign right to implement dirigistic-mercantilist policies for trade, as well as internal development. The sponsors of the WTO plan to closely link its operations with the International Monetary Fund (IMF) and the World Bank, forming a financial-economic triumvirate. Modeled on imperial Rome, it will enforce the existence of a backward, deindustrialized world order.

The vote on the bill will be according to special fast track rules which do not allow amendments or reservations, just an up-or-down vote. Further, even though the Final Act is a treaty every bit as significant as NATO or the legislation that created the IMF, it is being treated by Congress as an ordinary piece of legislation. Were it to be treated procedurally as a treaty, only the Senate could vote on it (through the Constitution's "advise and consent" clause), it would require a two-thirds vote to pass, and amendments and reservations would be allowed.

Based on the intense rate of looting of the productive economy that the WTO plans demand, mixed in with the imminent disintegration of world financial markets, the WTO's financier sponsors show themselves to be clinically insane. The WTO will accelerate the collapse of the world economy and hurt the very financial institutions that subsist by leeching off this economy.

The GATT hierarchy, run by Venetian-British financial interests, is putting intense pressure on the United States to pass this legislation. In a speech on Sept. 2 at the Villa d'Este conference in Cernobbio, Italy, GATT Director General Peter Sutherland lamented that if the U.S. Congress does not ratify the Final Act, it could jeopardize the accord. Other nations might follow suit.

It is not assured that the Final Act will pass Congress this session. Sens. Ernest Hollings (D-S.C.), Jesse Helms (R-N.C.), Paul Coverdell (R-Ga.), and Larry Craig (R-Id.) lead the opposition. Often, Congress has correctly viewed these supranational schemes as a threat to U.S. sovereignty. In 1948, Congress refused to join GATT. In 1949, Congress refused to join the International Trade Organization, British Lord John Maynard Keynes's 1942 model organization for world trade, which the WTO today imitates to a "T." Nonetheless, Senator Moynihan's office is crowing that the WTO will pass.

## Immense powers granted WTO

From interviews conducted over the past two weeks and from documents, it is clear that the powers of the WTO are immense, going far beyond the powers of GATT. The WTO's powers include:

- Effective upon the WTO's creation on Jan. 1, 1995, the WTO would cut tariffs on all goods by more than one-third and remove "non-tariff" barriers. The purpose: to set off a deadly "levelling process," and to pit cheap agriculture and cheap manufacturing products in the poorer areas of the world against the more technologically developed agriculture and manufacturing in the more advanced areas. The result will be ratcheting the world as a whole downward to lower, more backward, less capital-intensive, energy-intensive levels of production. The physical existence of the human race, its relative potential population density, will plummet.

- Whereas currently under GATT, for a new trade regulation to be passed, every government that is a member of GATT has to approve it, often dragging out the negotiating process and leading to compromises, under the WTO, in most cases, a bare majority of the members of the WTO can change world trade rules. Unlike under GATT, where the rulings are effectively optional, under the WTO, final votes would be binding on all governments, and heavy sanctions can be applied against any nation that is found to be "in violation of WTO regulations."

- Under the terms of the Final Act, the WTO would set up a "Trade Review Policy Body" and a "Dispute Settlement

Body.” These units, each of which would have its own chairman and staff, would set up panels that would have the final say-so, respectively, on how to interpret the world’s trade agreements and relations, and who is in violation and how stiff the sanctions will be. A nation can appeal, but the rulings of these bodies would be final.

- The WTO would be established as an insular body unto itself, above the sovereign interests and concerns of nations. Article IV states: “The responsibilities of the director general and the staff of the Secretariat shall be exclusively international in character. The director general and the staff of the Secretariat shall not seek or accept instructions from any government or any authority external to the World Trade Organization.”

- Under Article III, “cooperation” between the IMF, World Bank, and WTO is specified, to “achieve greater coherence in global economic policy-making.” Thus, an IMF-World Bank-WTO supranational triumvirate would come into existence, having the dictatorial final say on every aspect of global as well as national economic policy. This was John Maynard Keynes’s original intent when, in November 1942, he first formulated plans for what became known as the IMF and International Trade Organization.

### **Attack on Hamiltonian dirigism**

In the tradition of free trade ideologue Adam Smith, the new WTO would attack dirigistic Hamiltonian measures by governments to foster growth, and would override the laws of nations, and states and provinces within nations.

Bryan Little of the U.S. Business and Industrial Council, a pro-protectionist organization that opposes the WTO, stated that while the WTO, which is still only a proposal, has no track record on how it will implement its authority, nonetheless, what has already occurred under the U.S.-Canada Free Trade Agreement provides a foretaste of what can be expected.

“A few years ago, the state of Minnesota, in order to develop its internal beer industry and encourage brewing beer, enacted a tax break for micro-breweries, which are very small breweries. This would cause the beer industry to grow,” Little stated. “But the Canadian brewery cartels—and these are big operations, they are cartels—protested, and said that this represents ‘special dispensation and tax breaks,’ and violates the U.S.-Canada Free Trade Agreement. They protested to the GATT apparatus.”

On Feb. 7, 1992, a GATT panel ruled in favor of the Canadian brewery interests, which are run by mobsters such as the Bronfmans (who own Canada’s LaBatt’s Breweries). GATT ruled that the state of Minnesota cannot grant tax breaks that favor industry and create jobs. In the case of the micro-breweries, this could force several of them into financial difficulty.

The micro-breweries hired the Washington, D.C. law firm of Rosapepe and Spanos to represent them in the dispute,

which became known as *Beer II*. In a Feb. 10, 1994 statement, under the heading “GATT Overrides the U.S. Constitution,” the firm states:

“The Beer II panel decision does not recognize government powers that are reserved to the states under the U.S. Constitution. The panel found in *Beer II* the states’ alcohol regulatory practices, which could not be described as intended to discriminate against foreign or interstate commerce or to promote economic protectionism, to violate GATT obligations. This violation was found even in the face of the central government’s (federal government’s) lack of power to require the states to change their alcohol regulatory practices that are reserved to the states under the Twenty-First Amendment of the U.S. Constitution. In essence, the panel has used a congressionally approved trade agreement to overrule the U.S. Constitution—something even the U.S. Supreme Court cannot do.”

The *Beer II* case is being generalized. Little said that the office of U.S. Trade Representative Mickey Kantor has written language into the Final Act bill that effectively makes each attorney general of the 50 states of the United States an enforcement officer for WTO rulings, and will force states to rewrite laws. The dilemma, Little said, is that “if a state and/or a company within a state violates a WTO ruling, it is the U.S. federal government that must pay the fine. Either the federal government pays the fines, which could total hundreds of millions of dollars, or it sues the violating state to recover the money. In that case, either the attorney general’s office of the [offending] state chooses to spend the money to defend the state in a lawsuit, or else it pressures the state to change its laws” to conform to the WTO. The National Association of State Attorneys General, which represents the attorney generals of the 50 states, protested the original language of the bill. The office of the Trade Representative gave vague assurances that the requests of the government would not be too onerous.

### **Attack on agriculture**

A spokesman for GATT in Geneva, Switzerland stated on Sept. 23 that “the WTO will integrate world trade and dismantle all trade barriers within 5 to 10 years.” He said that “on rice, Japan will have to drop its import ban and open its market.” This is part of the process of “levelling” all protection that a nation gives to its vital industries.

The special focus of the WTO will be on farm subsidies. “We aim to make farm subsidies transparent,” he said. “Some countries will tax [agricultural] imports and use that money to subsidize farmers. We are saying, make that subsidy direct [i.e., get rid of the agricultural import tax]. Put the subsidy out in the open, don’t hide it.”

“In France,” he stated, “the government will give indirect subsidies, export subsidies to soybean farmers, to compete in soybeans. We want those subsidies made direct, made transparent, *then we can put the subsidies on a schedule to*

U.S. Postal Service  
**STATEMENT OF OWNERSHIP, MANAGEMENT  
 AND CIRCULATION**  
 Required by 39 U.S.C. 3685

- 1A. *Title of Publication:* EIR  
 1B. *Publication No.:* 02736314  
 2. *Date of Filing:* September 29, 1993  
 3. *Frequency of Issue:* Weekly except for the second week of July and the last week of December  
 3A. *No. of Issues Published Annually:* 50  
 3B. *Annual Subscription Price:* \$396  
 4. *Complete Mailing Address of Known Office of Publication:* 333½ Pennsylvania Ave, SE, 2nd Floor, Washington, D.C. 20003  
 5. *Complete Mailing Address of the Headquarters or General Business Offices of the Publisher:* PO Box 17390, Washington, DC 20041-0390  
 6. *Full Names and Complete Addresses of Publisher, Editor, and Managing Editor*  
*Publisher:* EIR News Service, Inc.; P.O. Box 17390; Washington, D.C. 20041-0390  
*Editor:* Nora Hamerman, P.O. Box 17390, Washington, D.C. 20041-0390  
*Managing Editor:* John Sigerson; P.O. Box 17390, Washington, D.C. 20041-0390  
 7. *Owner: New Solidarity International Press Service, c/o EIRNS, P.O. Box 17390, Washington, D.C. 20041-0390*  
*Nora Hamerman, c/o EIRNS, P.O. Box 17390, Washington, D.C. 20041-0390*  
*Nancy Spannaus, c/o EIRNS, P.O. Box 17390, Washington, D.C. 20041-0390*  
 8. *Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages or Other Securities:* None.  
 9. *For Completion by Nonprofit Organizations Authorized to Mail at Special Rates:* Not Applicable.  
 10. *Extent and Nature of Circulation*

	Average No. Copies Each Issue During Preceding 12 Months	Actual No. Copies of Single Issue Published Nearest to Filing Date
A. Total No. Copies Printed	13,242	13,800
B. Paid Circulation		
1. Sales Through Dealers and Carriers, Street Vendors and Counter Sales	2,038	2,100
2. Mail Subscriptions	8,942	9,416
C. Total Paid Circulation	10,980	11,516
D. Free Distribution by Mail, Carrier or Other Means, Samples, Complimentary, and Other Free Copies	2,051	1,832
E. Total Distribution	13,031	13,348
F. Copies Not Distributed		
1. Office Use, Left Over, Unaccounted, Spoiled After Printing	211	452
2. Return From News Agents	—	—
G. Total	13,242	13,800

11. I certify that the statements made by me above are correct and complete.  
 NORA HAMERMAN, Editor.

*phase them out.* We want also to eliminate export enhancement payments [for agricultural products]. We have agreed to rules that are multilateral” and enforceable.

The spokesman said that the difference between GATT and the WTO is that “GATT was provisional. So, under GATT, if a country lost a trade dispute, a trade complaint, did it have to change its practices? No, years would pass, and the violating country would do nothing different. But now, the WTO is legally binding. If a country does not change its trade measures, then trade sanctions can be taken.” These sanctions include erecting trade barriers against the offending country.

As bad as the United States’ “Super 301” trade legislation is, under the WTO that would not be allowed, because, the GATT spokesman stated, “that represents unilateralism. Unilateralism is not permitted.”

Further, the WTO will be used to open all countries’ financial markets to derivatives, collateralized mortgage obligations, and other speculative instruments. The GATT spokesman said that the Japanese and other Asian nations oppose this, but this is part of “giving everyone equal access to markets.” Currently, GATT has a Council on Services, headed by a Mr. Manhausen, the Swedish ambassador to GATT. Within that council, the financial services laws and regulations of the future WTO are being worked out.

### The shanghaiing of Clinton

In 1942, Keynes worked out a world federalist plan for rule of all the economic and trade functions. At the core of Keynes’s thinking was a plan for a world central bank, which would issue its own autonomous currency, called the bancor. The world central bank would thus be the ultimate arbiter on the amount of liquidity supplied to the world’s nations and the cost of the funds.

Keynes also proposed, in his words, “state trading for commodities,” including commodity stockpiling schemes, “international cartels for necessary manufactures,” and other plans. Some of these were to be implemented through his plan for an International Trade Organization (ITO).

Keynes’s plans were not implemented in full in the form he called for. The world central bank became effectively, with modifications, the IMF and World Bank. The ITO was approved by a meeting of nations’ ministers in Havana, Cuba in 1948. But the U.S. Congress refused to approve the ITO enabling legislation, and that killed it.

GATT, which was conceived in 1947 as a temporary agreement to fill the gap until the ITO could be approved, was pressed into emergency service when the ITO died in 1949. But GATT was an agreement, not an organization. Over the years, GATT has gone through various rounds and modifications.

Today, President Clinton is being confronted with a WTO proposal—like the North American Free Trade Agreement (NAFTA) and the Haiti situation—inherited from the

Bush administration. Most of the U.S. Congress is ignorant of the situation, as is the American public generally. A bit of recent history will help.

The current Uruguay Round of GATT started in Punto del Este, Uruguay in 1986. Much of the work on the Final Act bill was done during the George Bush administration by Bush's Trade Representative Carla Hills, whose husband, Richard Hills, was on the board of Drexel Burnham Lambert, which led the speculative surges in the United States and worldwide during the 1980s. The current proposal for a permanent World Trade Organization to replace GATT was introduced in a draft text in 1991 by Britain's Sir Arthur Dunkel, then director general of GATT. Queen Elizabeth II of the House of Windsor knighted Dunkel for this work. According to a July 1994 report of the U.S. General Accounting Office, "The United States was at first ambivalent toward the Dunkel text proposal for a new international trade organization." But the Bush administration agreed, and was soon readily championing the proposal, which is now before Clinton.

In his recent book *The Agenda*, the *Washington Post's* Bob Woodward quoted an angry President Clinton denouncing NAFTA, budget balancing, and GATT as Eisenhower Republican economics. But various forces and circumstances shanghaied Clinton into supporting them.

### The markets won't be there

Banks from around the world are pushing for the creation of the WTO including, in the United States, Morgan Bank, Citibank, and Chase. The banks are insane. In reality, they are accelerating the imminent disintegration of the financial markets and, thus, of their own financial power. They are trying to gain control of financial markets *that won't be there*.

The banks plan to use specific WTO rule provisions to open the financial markets of countries in Asia, Ibero-America, and Europe to derivatives, collateralized mortgage obligations, and other speculative instruments. A GATT spokesman based in Geneva said that the Japanese and other Asian nations oppose this, but this is part of "giving everyone equal access to markets." Yet, contrary to the alleged benefits of free trade over the last three decades, because of the reality of the world physical economic depression world trade continues collapsing: In 1974, to take just one example, 834 tons of ocean-borne goods were shipped worldwide per 1,000 persons; in 1990, that had fallen to 750 tons of goods shipped worldwide per 1,000 persons, a collapse of 11%.

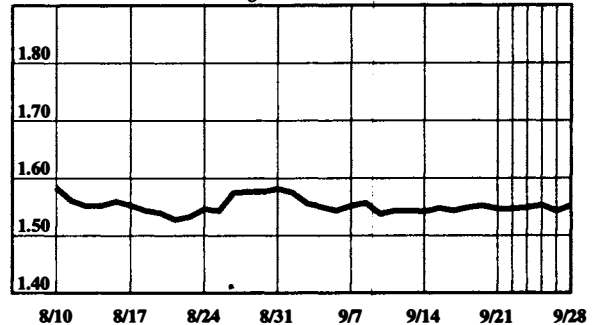
The plans for the WTO will accelerate this process, both by using the lowering of tariffs as a "levelling process" to lower world production, and by directly facilitating the generation and spread of a greater mass of derivatives instruments which suck off increasing amounts of wealth, contracting world production and trade even further.

The banks are oblivious to this reality; they blindly push ahead. The fight over S. 2467 may prove intense. But if it becomes law, the world economy will be the loser.

## Currency Rates

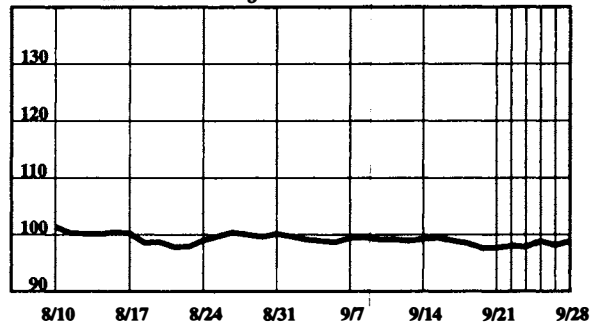
### The dollar in deutschemarks

New York late afternoon fixing



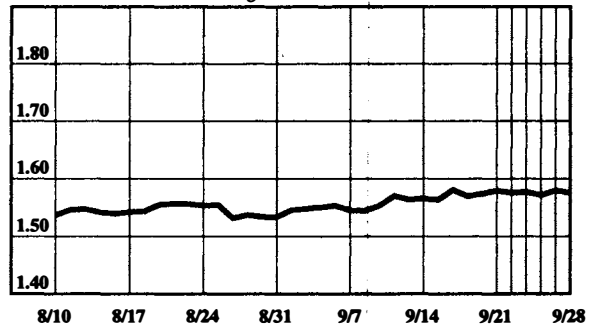
### The dollar in yen

New York late afternoon fixing



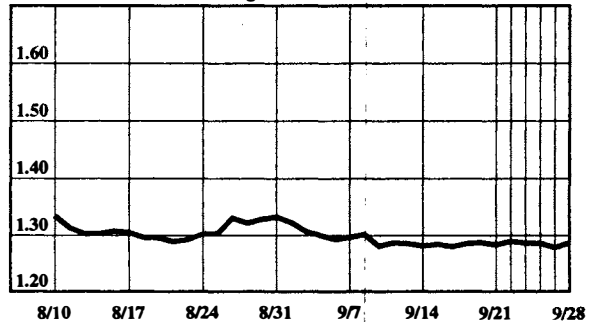
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# Asia Society debates new 'Thatcher raj' for subcontinent

by Kathy Wolfe

"South Asia's huge emerging market represents one of the last untapped economic frontiers in the world," Carla Hills, U.S. Trade Representative under George Bush, told the press in opening the Asia Society's conference, "South Asia and the United States after the Cold War," in Washington on Sept. 21-23. "American business is well positioned to benefit from the region's economic opening," she said, praising the trade liberalization measures of the past few years of India, Pakistan, and other nations in the region. Hills and former Bush ambassador to the Soviet Union Arthur A. Hartman co-chaired an Asia Society Study Mission to the Subcontinent in April whose findings were presented.

*South Asia and the U.S. after the Cold War*, also the title of an 84-page report released at the conference, recommends, in addition to vastly expanded U.S. trade with the region, that the U.S. government "avoid public confrontation lecturing, and attempts to dictate policies" on human rights and other areas to South Asia, Ambassador Hartman told the press.

It also recommends a full review of U.S. laws suppressing nuclear power and other high-technology exports to the region, and calls for support of nuclear power development there (see interview with Study Mission scientist Dr. C. Kumar N. Patel, p. 14). The report, which also correctly attacks postwar U.S. neglect of the huge region, was praised by subcontinent participants as "South Asia-friendly."

Given the important upcoming U.S. trade mission to India by Undersecretary of Commerce Jeffrey Garten on Nov. 14-18, and by Secretary of Commerce Ron Brown in January 1995, these recommendations are timely and welcome. India, with a population and market size approaching that of China, has been targeted by the Clinton administration as one of the top 10 emerging markets for U.S. exports.

## London fears for NPT

The devil in the Asia Society's South Asia project, however, is in the detail. After three days of discussions with participants, many of whom are honest individuals who urgently seek economic development for the region, it was clear that the Asia Society's own unstated intent is nothing of the kind.

First, the Asia Society is just reacting to the widespread rejection by Indians, Pakistanis, and others of U.S. South Asia policy, which has resembled imperial British policy

under recent Henry Kissinger regimes. George Bush's Kissingerian diplomacy consisted of bombing small countries and applying technological apartheid, i.e., denial of advanced technology, to the rest. Under Bush, especially, the message to the region was: Don't create babies, bombs, or too much dirty industry. Kissinger, who publicly touted his allegiance to Britain in a speech to the London Royal Institute of International Affairs on May 10, 1982, is a protégé of the Rockefeller family, which runs the Asia Society.

The Anglo-American establishment is especially nervous about the fate of their prized Nuclear Non-Proliferation Treaty (NPT), long rejected by India and Pakistan, which expires in 1995. The NPT has allowed the U.N. International Atomic Energy Agency (IAEA) to create a world nuclear police, which threatens global sanctions against any country that won't obey IAEA dictates.

The demise of the NPT is an idea which delights many nations. "The U.S. resembles an adult admonishing the children not to smoke, while puffing heavily on several large nuclear cigars," one Indian official told the Federation of American Scientists last February.

At a Geneva meeting on the NPT on Sept. 12-16, Nigeria, Colombia, Mexico, Egypt, Indonesia, Iran, and Burma (Myanmar) issued a joint statement denouncing "indefinite extension" of the NPT, attacking the atomic bomb monopoly of the five U.N. Security Council "nuclear weapons states." "There's not a lot of enthusiasm in Germany for renewing NPT, either," a leading anti-nuclear activist complained to a journalist recently. As one Japanese diplomat said, "Why should an industrial junkheap such as Britain be permitted to build more nuclear missiles, while it's forbidden to Japan?"

Such opposition must not go unchanneled, someone is doubtless thinking on Downing Street and Park Avenue.

## Kennedy versus Thatcher

Second, the Anglo-American elite is well aware that the subcontinent's billion-plus people constitute a potential market to rival that of China, a market for which Japan, Germany, and other nations are already vying strongly, as Bangladesh Special Envoy for Foreign Investment M. Morshed Khan told the conference.

Third, President Clinton, who is not controlled by the East Coast establishment, is forging a totally new policy, as

Secretary Brown's August trip to China shows. Administration voices are already calling for the "greens" in Washington to drop their opposition to clean nuclear power exports. Brown also made clear that Clinton has junked the Bush policy of viewing China, India, and all developing nations as a dumping ground for cheap-labor sweatshops. President Clinton, he said, wants rather to create high-wage U.S. jobs by exporting high-technology heavy capital equipment made in America.

Most important, as his National Export Strategy report makes clear, Clinton has "junked a 12-year tradition of laissez-faire government to fight for U.S. exporters in the global market," as Secretary Brown said in Beijing on Aug. 29, and is planning to mobilize the U.S. Export-Import Bank to finance "mega-projects," i.e., large-scale infrastructure projects.

The reality is that projects of the magnitude required to put in nuclear electricity power grids and also competent high-speed rail, water development and delivery, sanitation, and health infrastructure in the subcontinent or China require major U.S., OECD, and subcontinent government investment, as did President John Kennedy's Apollo moon-landing program of the 1960s. Infrastructure investment is never profitable to private investors alone. As with the manned moon landing, however, if governments concentrate on infrastructure, the private sector will create entire new industries to go along, returning \$10 in private tax receipts for every \$1 spent.

But the conference made a frontal assault on the idea of government help for huge projects. Ambassador Hills echoed the Sept. 19 and 20 speeches in Bombay and New Delhi by London's Baroness Margaret Thatcher, who proposed her own shock therapy regime in Britain as the model for India. In her panel, "Economics: A Basis for a New Relationship," Hills praised South Asian economic liberalization in the past few years but insisted that far more must be done, and said that governments must simply get out of the trade and investment business altogether.

South Asian nations "must privatize their state sector industries, lift rules controlling domestic and foreign equity investment, further lift trade tariffs, lift labor rules, remove all subsidies to fertilizer, agriculture, and other industries, and generally expand the breadth and depth of reforms to fully open their economies as Mexico and China have done," she said.

Mexico, and China until recent changes, have followed the Thatcherite policy of cheap labor. Specifically, they have slashed government infrastructure projects to drive people from the land, then used this source of very cheap labor to set up *maquiladora* sweatshop light export industries. Very profitable to foreign investors in the short run, in the medium run they lower the overall wage levels in the country and in the world, lowering living standards and creating slums, not development.

MIT-trained Indian free trade economist Isher J. Ahlu-

walia of the Center for Policy Research in New Delhi, speaking on the same panel, endorsed this approach, and denounced the U.S. labor movement for trying to keep tariffs on South Asian textiles because they are produced in substandard labor conditions, including extensive child labor. Mrs. Ahluwalia's husband, Montek Singh Ahluwalia, second in command under Indian Finance Minister Manmohan Singh, has led the charge since India's 1991 liberalization in implementing the demands of the International Monetary Fund (IMF) for total free trade.

### Hamilton versus Adam Smith

*EIR* has been all for India's reform of its dilapidated socialist economy (see *EIR*, April 24, 1992, "Economic Reforms to Unleash India's Potential"). This author, expecting a positive reply, asked whether the Thatcher-IMF shock therapy, which has proven in Russia and eastern Europe to bring galloping collapse, could be avoided in South Asia by choosing the "third way" of public credits for infrastructure improvements to foster an otherwise private economy, as pioneered by U.S. Treasury Secretary Alexander Hamilton.

To my shock, Ambassador Hills was apoplectic. "I must strongly disagree," she said. "Those countries with an industrial policy have not done as well as those which have not had an industrial policy. If you think that Japan, for example, has done so well, they haven't," she asserted. "Look at their high-definition TV: it's been a disaster.

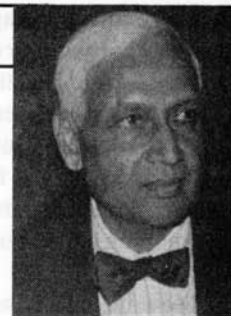
"Certainly we should not push people too far too fast," she said, "but my worry is that South Asia will move too slowly. Look at the wonderful rise of the private sector in Latin America, where foreign investors can get a 150% return on their money."

"Few nations in history have achieved any development using planning," Khurshid Hadi of the Privatization Commission of Pakistan chimed in.

Doubtless the many South Asians in the room, well aware how living standards in Tokyo stack up against those in Bombay or Tijuana (or London), were as bemused as I to hear of Japan's early demise.

One concludes that the Asia Society, as Carter National Security Adviser Zbigniew Brzezinski once said, "does not want any more Japans," i.e., developing nations which bring their *entire* population up to western standards to become superpowers. With an Adam Smith approach, development for the general population will never happen. Such foreign investment just targets the small percentage of people with income. "India's middle class alone," the Asia Society report notes, "has nearly 200 million people. . . . This rivals the population of the United States."

"Don't worry about us listening to them and going too fast," Shekhar Gupta, editor of *India Today*, told me. "As Prime Minister [Narasimha] Rao said recently, 'Everyone curses our bureaucracy, but only our bureaucracy prevents what happened in Russia, from happening in India.'"



## Why South Asia needs to develop its nuclear energy

*Dr. Patel is vice chancellor of research at the University of California at Los Angeles. Until March 1993, he was executive director of the Research, Materials Science, Engineering, and Academic Affairs Division at AT&T Bell Laboratories. He has made numerous contributions in the fields of gas lasers, nonlinear optics, molecular spectroscopy, pollution detection, and laser surgery. He is a member of the National Academy of Sciences, the National Academy of Engineering, and a Foreign Fellow of the Indian National Science Academy. Dr. Patel was interviewed in Washington, D.C. on Sept. 23 by Kathy Wolfe.*

**EIR:** The Asia Society's report "South Asia and the United States after the Cold War" recommends that the United States "reexamine present policy concerning nuclear energy cooperation with India and Pakistan" because "civilian nuclear energy is an important component of the energy plans of Pakistan and especially of India." How much nuclear energy does the Subcontinent need, and why?

**Patel:** If South Asia wants to achieve economic growth, the region will require 20 to 50 times its present electricity generating capacity over the next 10 to 20 years. Taking into account the emission of CO<sub>2</sub> which would occur if this were done using fossil fuel plants, it is clear that nuclear power can avoid a long-term ecological catastrophe. This cannot be accomplished by conservation or improved energy efficiency, even if you were to use nothing and conserve everything. Hydroelectricity is fine, but it is finite, and the sources in South Asia are not where the population is. Solar is too expensive, given the weight of the construction material per unit energy output, for base load power needs.

The recent UNCED report after the Rio environmental summit points out that global development will mean rising carbon dioxide, which must be capped. But if we use our tried-and-true fossil fuel plants to increase South Asian electricity generation 50 times, doing this in South Asia alone would double worldwide CO<sub>2</sub> emission levels. Nuclear power is cleaner, and at a comparable cost, and should play a major role in development of the area.

**EIR:** What do you say to malthusians who ask, "Why does South Asia need all this electricity?"

**Patel:** You can make a linear plot of energy consumption to

GDP for any country in the world, and you find that economic growth cannot occur without energy growth, particularly in electricity consumption. Improving economic conditions means more energy consumption. If you deny these countries rising energy consumption, you simply are proposing to deny them economic growth.

**EIR:** South Asia also has a water management problem; can nuclear power help with desalination, for example?

**Patel:** Desalination is not viable for such huge population concentrations, but there are major capital requirements for all sorts of water management, dams, and other water infrastructure improvements, which require energy. Much of this investment can be generated internally, if we can mobilize India's 22% saving rate. But the match to light a whole wave of investment in infrastructure will be the expansion of electrical power.

**EIR:** Doesn't this argument for nuclear power apply equally to China and all developing countries?

**Patel:** I'm not a China specialist, but certainly it does—whether it is China, India, or the United States. The principal question to be asked regarding electricity generation is: Does it mortgage our future? Burning coal in South Asia, China, or anywhere would mortgage the future of the next two generations with a buildup of CO<sub>2</sub> emissions waste. Technology can always find a better way.

As to nuclear waste, this is a problem which science can solve, as it has solved problems before. As I mentioned in the conference, with fossil fuel emission of CO<sub>2</sub>, all that smog is gone out into the atmosphere forever, and you can't get it back. Nuclear waste, however, is much more compact, and at least you still have it, so we still have the chance for science to discover something to do with this waste.

**EIR:** The Asia Society report continues that "a policy review to determine whether continued denial of civilian nuclear and space technology, under suitable safeguards, serves U.S. nonproliferation goals, is warranted." What about the U.N.'s Nuclear Non-Proliferation Treaty (NPT), which denies this technology to South Asia?

**Patel:** NPT and related present policies have not worked, especially the NNPA, the U.S. law requiring that countries



sign an additional bilateral Nuclear Non-Proliferation Agreement or NNPA, with the United States, in order to import U.S. technology. A new policy is needed. You can't just dictate to sovereign nations. The nuclear genie in South Asia will not go back in the bottle. We need to use some carrots, not just rely on sticks. You cannot chain technology, because you cannot chain an idea, which is created in the minds of men everywhere.

First of all, civilian nuclear power does not lead to an arms race, as can clearly be seen in Japan, 45% of whose electricity is nuclear-generated, which yet is a completely and avowedly non-nuclear-weapons nation. So linking civilian nuclear power to the arms race is not appropriate. The fact that wastes do get created is not military-related, but, as I said, something which must be compared with wastes produced by other fuel sources.

And even if a nation does join the NPT, and pledges to have nuclear power plants under U.N. surveillance but no nuclear weapons, most of the technologies which go into a nuclear power plant are not dissimilar to weapons technologies. So conversely, even an NPT member nation can quickly develop weapons technology if they should decide to do so. To think that even full observation of the NPT can stop weapons proliferation, is itself a fiction.

**EIR:** Since nuclear power is cleaner, i.e., the extreme environmentalist argument against nuclear power is phony, aren't the NPT and these sorts of controls on technology exports a form of technological apartheid?

**Patel:** The NPT, and especially the NNPA, as it is now, is clearly that way, and many people all over the world think so. The "have" nations want to remain the "have" nations, and keep the "have-nots" as "nots"!

This is not 1954, it's 1994. Times have changed. The technologies are too widely available to restrict them; any nation which really wants military nuclear technology, can get it. Since they can get it with or without NPT, it is especially ridiculous to enforce NPT rules against *weapons*, by making *civilian* technologies unavailable, especially to large numbers of people who need civilian power and other technologies for their development.

NNPA especially is a cure which is worse than the disease. India can't get uranium for its four plants which the United States earlier had built there, so now it's separating out plutonium from used fuel and burning it in the MOX [mixed oxidized] mode. While the United States has heavily discouraged Japan from using plutonium, and so the U.S. has guaranteed uranium shipments to Japan, the U.S. is paradoxically forcing India to a plutonium economy.

**EIR:** So the view of NPT in South Asia and around the world is that it's unfair?

**Patel:** The NPT is clearly discriminatory. Every knowledgeable person on the subject in India and Pakistan feels

that the NPT, as well as the Missile Technology Control Regime (MTCR), the Pressler Amendment, and so on, are discriminatory. First of all, the countries with the really large nuclear weapons stocks are supposed to build them down, but this has not occurred. Then, the NPT is supposed to prevent rogue nations from getting nuclear technology, but clearly India and Pakistan are not rogue nations. It's like the old story of the fisherman who killed all the dolphins he found in his nets, as well as the sharks. When asked why, he said, "I do it as a warning to the sharks." So South Asian nations are being discriminated against as a warning to rogue nations such as Iran or North Korea.

This does not work, either in our case or theirs. If the United States is not willing to invade a country to enforce the NPT, which is not wise anyway, it can't be enforced, and the U.S. does not want to invade friendly countries.

So the stick extends only so far; we've got to start using carrots, and make the economic pie bigger, so that there is enough development to go around for everyone. Then countries will not want or need the bomb.

Furthermore, the real danger is not the non-weaponized development of nuclear deterrence up until this point. The real danger is the next generation of technologies being developed now; for example, India and Pakistan are now developing missile technology to weaponize a bomb, technology to actually deliver warheads.

You cannot turn back the clock; India and Pakistan already have nuclear weapons. They don't yet have the missiles to deliver them. The MTCR, however, will never prevent weapons missile development, as it is supposed to do, because it relies upon preventing countries from also developing generally a full range of technologies for space, for peaceful space exploration or other peaceful space technologies. This, these countries cannot allow.

So we should junk this MTCR approach, and work with them to help them develop peaceful space programs. Sticks don't work. We should get into a cooperative mode and work with them now on a peaceful space program; then we are in a position to argue against weaponization.

**EIR:** The NPT expires in 1995, and many countries think it should not be renewed for these reasons of discrimination. What are the prospects?

**Patel:** I think the NPT will be renewed next year, but not indefinitely, as the Big Five nuclear weapons states would like; perhaps for 25 years. But nothing serious can be done short of re-examining the entire issue from the ground up. What are we really trying to do here? Are we trying to prevent weapons from getting into the wrong hands? Or are we trying to keep technology out of people's hands, technology vital to economic development? The only way to really stop the spread of weapons, is to minimize the *need* for anyone to have nuclear weapons—which means to create major economic growth in the developing world.

## Grain supply hits 14-year low

*The French government demands withdrawal of the land set-aside programs.*

This year, the big talk is no longer about overproduction; that yarn is still being spun in the big-circulation media, but among experts and in the specialized literature the theme has vanished. The signals are all pointing too clearly in the exact opposite direction: The European Union's food inventories are melting down.

The much-touted "beef mountain" was reduced from the 908,000 tons inventoried a year ago, to just 235,000 tons today. Butter stockpiles, already very low in recent years, have been cut by a further 44,000 tons, and private and public stockpiles together amount to 264,000 tons. Things look no better with grain stocks; within the past 12 months, the inventories have almost been halved, from a good 30 million to 16.3 million tons.

The current crop year will further hasten this process. The International Wheat Council in London (IWC) estimates the world wheat crop in this economic year at 534 million tons, compared to 558 million tons harvested last year. At the end of this economic year, worldwide wheat stocks will amount to only 107 million tons, calculates the IWC. That is a reduction of a further 7 million tons within a year, and the lowest grainstock level since 1980. "The international supply situation for wheat is getting tighter all the time," reports the IWC.

There is a corresponding situation in the European Union, the 12-nation organization which descended from the European Community (EC) and has its headquarters in Brussels. This summer's major dry spell bestowed on farmers an outstanding quality, but

at the same time clearly shrunk the quantity of the crops. The European Commission reckons on an overall yield of 158 million tons of grain, compared to 164 million last year and some 180 million in the period before the EC agriculture "reform." Since grain harvests are low worldwide, the shortage cannot simply be compensated by imports. Grain prices and especially wheat prices already have climbed by 30%.

But that contradicts the price trends which the European Commission had defined in its agrarian reform. According to the plans of their lordships, grain prices this year should again fall by more than 2 D-marks each deciton [one-tenth of a metric ton, or about 3.7 bushels of wheat]; but despite this, they have actually risen by an average of DM 6. In some regions wheat is being sought by desperate dealers ready to pay up to DM 10 more per deciton than last year. The market, usually treated by politicians as a sacred cow, has developed differently than these authorities wanted it to. Higher prices send the "wrong signal" to the farmers, they say; they might even get the idea that their grain is in demand despite all the contrary assertions, and that there should not be more cutbacks in cultivation as the policy calls for.

The Brussels dictators are used to imposing their views against all reason, and this case is no exception. They decided to throw 1.6 million tons of European Union grain intervention stocks onto the internal market, in order to drive prices to where, in their opinion, they belong—name-

ly, way down. This is also the Commission's concept of the "free market": It must be upheld as an argument when it is can be used against the interests of farmers and consumers—but when this "free market" suddenly trends differently, then the planned economy is instantly seized as the proven remedy, and the market goes out the window. National stockpiles, which are supposed to serve for food security and the regulation of the market, are thus used by the Commission simply as an instrument for price manipulation, a page out of "pure planned economy."

European consumers don't have to worry about even DM 10 per deciton price rise. The grain price only accounts for 6% of the price of a loaf of bread, even though the bread is almost exclusively baked from grain. But for the farmers, the price rise is decisive; at least the low harvests of this summer can be made up for, because when less is harvested, there is less to sell, and so the per-unit price needs to be that much higher, in order to earn the same (pitiful) income as last year.

The market situation has meanwhile alarmed the French government. Agriculture Minister Jean Puech demands that the land set-aside program be revoked at once, in order to meet the overstretched situation of the grain market. This demand was joined by the umbrella organization of the European farmers COPA, the French farmers association FNSEA, and even the British farmers association NFU. European agriculture will lose more of the market share if so little grain is available, they argue. The cropland set-aside program must therefore be reduced from its present 15% (as defined by the Commission) to a maximum of 10%. If the Brussels powers do not react quickly, then it will be too late for the next grain harvest. Winter wheat planting has already begun.

## **Brits go back to the drawing board**

*Despite the efforts of British intelligence, Mexico's political institutions are still standing. But now there are two new scandals.*

**M**uch to the dismay of City of London and Wall Street financial interests, Mexico's political institutions have not yet crumbled under three or four deadly assault waves launched by British intelligence circles. These waves—the murder of Cardinal Juan Jesús Posadas Ocampo in May 1993; the violent Zapatista uprising in Chiapas in January 1994; and the murder of PRI presidential candidate Luis Donaldo Colosio in March 1994—were intended by the British to culminate in the August electoral victory of Cuauhtémoc Cárdenas, the Zapatistas' favorite, for President.

But they did not.

Instead, PRI candidate Ernesto Zedillo won over 50% of the vote, with a whopping 77% voter turnout. So, over late August and early September, British intelligence and financial interests scrambled back to the drawing boards, to try to draft a plan to contain the incoming Zedillo presidency, and make sure it continues with Salinas' neo-liberal economic policies.

In an intensification of the campaign to destabilize Mexico, on Sept. 28, the nation was again shaken by another political assassination, this time of José Francisco Ruiz Massieu, secretary-general of the PRI party. Ruiz Massieu was slated to play a crucial role in the government of Ernesto Zedillo, and was close to both the President-elect and outgoing President Salinas. His murder represents another blow to Mexico's political system, at a time when British-allied circles are promoting outright warfare

in the southern state of Chiapas.

These same circles have also encouraged two political scandals, each designed to weaken Zedillo and the old-line PRI party machinery, known as the "Dinosaurs," which continues to stand in the way of the British gameplan for national disintegration.

Scandal #1 is being played off the so-called Cabal Peniche case, in which Mexican finance authorities intervened against the top leadership of the Financial Union group headed by Carlos Cabal Peniche. The significance of this case is that it reflects the fact that the Mexican financial system is bankrupt and in urgent need of top-down restructuring. But beyond this, the scandal, involving major doses of corruption, has been used by the British and their local friends to target the PRI Dinosaurs.

As both domestic and foreign press accounts have it, the Dinosaurs are headed by current Agriculture Secretary Carlos Hank González, and they are in mortal combat with the "modernizers," the group of young technocrats trained abroad who owe their political posts to outgoing President Carlos Salinas de Gortari. It is said that this group is led by Finance Secretary Pedro Aspe and Trade Secretary Jaime Serra Puche.

Based on this political equation "à la Mexico," the scandal has been used to expose the fact that Cabal Peniche is allegedly an associate of Hank González through Tabasco Gov. Manuel Gurría Ordoñez, as well as through Mexico's Secretary of Communications and Transport Emilio Gamboa

Patrón. According to the London *Financial Times*, Ernesto Zedillo's electoral mandate "has been damaged by the arrest order against Cabal Peniche."

The *Financial Times* has also played a prominent role in promoting Scandal #2, also targeting the Dinosaurs. This is the case of the "revelations" made by former Mexican government official Eduardo Valle, regarding alleged drug-running activities of prominent officials—all of them, curiously, Dinosaurs. According to the *Time's* Demian Fraser, Valle's exposés "surround the Cabal case" and "have divided the Salinas administration."

According to the *Wall Street Journal*, the "young dinosaur" Gamboa Patrón—a main target of Valle's charges—is being sacrificed by the Salinas government because he "is resisting the political reforms as much as the old members of the PRI." Reuters news service reports that Gamboa "is not well regarded" by Pedro Aspe and Jaime Serra Puche, "who supposedly consider him a roadblock to many reforms. Gamboa is said to be allied with old-line PRI members and government officials who disagreed with Salinas's modernization programs, and whom many here in Mexico blame for Colosio's death."

Until recently, Valle served for 18 months as special anti-drug adviser to then Attorney General Jorge Carpizo, today Government Secretary. The information on drug trafficking that Valle is using to expose some "narcopoliticians" was taken from classified files of the Attorney General's office, and it is still not known if that information had been investigated, taken as valid hypothesis, or discarded as evidence. According to some rumors in Mexico, the U.S. Drug Enforcement Administration had already examined the information and rejected it.

# Business Briefs

## Eurasia

### Lanzhou-Urumqi rail upgrade finished early

The double-tracking of a 1,600 kilometer stretch of the Lanzhou-Urumqi railroad, part of the "second Eurasian land bridge," was completed a year ahead of time and opened on Sept. 16, *China Daily* reported. Vice Prime Minister Zou Jiahua called the feat "a miracle in terms of construction speed. It has a bearing on the underdeveloped West to tap resources and catch up with the East."

The project updates China's 4,100 km section of the Eurasian land bridge. The original railway was built 30 years ago, and has remained the lifeblood of China's interior, but the single-track railroad could not keep up with demand. Every year, 6 million tons of freight cannot be moved out of Xinjiang, in China's far west, due to inadequate rail capacity.

## Infrastructure

### Ministers call for Russian rail upgrades

Russian Railway Minister Gennadi Fadeyev and German Transport Minister Mattias Wissmann called for fully integrating the Russian railway system into the European transport net, after talks in Bonn on Sept. 20 on the improvement of European railway corridors, especially the Berlin-Warsaw-Minsk-Moscow route. Wissmann confirmed the commitment of the German government to push the European Union to give financial support for the Berlin-Moscow rail route.

Meanwhile, plans for building high-speed rail lines inside Russia are being actively discussed. *Argumenty i Fakty* (No. 34) reported in August that a high-speed passenger rail line between Moscow and St. Petersburg is being considered. However, the article, headlined "Train Flies, Like a Plane," specifically ruled out the use of the most technologically advanced magnetically levitated trains for transport of freight.

The proposed trains are along the lines of

Japanese high-speed commuter rails. There are currently a lot of collisions at rail-way crossings. With the safety features of high-speed rail, such accidents could be eliminated. The construction of the line, say planners, will extend the electricity grid to the outlying area around Moscow and to other areas along the route.

*Argumenty i Fakty* reported that opposition to the line has been raised on environmental grounds, and the company involved in planning is making provisions to protect the habitats of frogs, grass snakes, and reindeer. Another concern is the fact that the rail line lies along a geological fault, will have to pass over swamps and bogs, and over 200 bridges will have to be constructed.

## France

### Austerity, make-work top new budget agenda

The government of France adopted its 1995 budget in September, with austerity and make-work projects its top priorities. The reduction of the budget deficit is to be primarily accomplished by limiting the budget growth of all ministries to 1.9% and including 50 billion francs expected from privatizations in the budget. To fund the creation of make-work projects, the Labor and Social Affairs ministries have had their budgets raised 8.2% and 6%, respectively.

Both measures are designed to make the government look good vis-à-vis the 1995 elections. The first makes Prime Minister Edouard Balladur appear able to handle the deficit; the second is designed to make it appear that the government is responding to the growing unemployment problem.

The budget has been adopted amidst an international campaign around the French national debt, which has grown explosively over the last couple of years, being run by Anglo-American assets to discourage investment in France. By 1995, the debt will have reached 3.148 trillion francs, the equivalent of 2.5 years of national revenue. Debt service will rise to 199 billion francs in 1995, the third largest part of the budget.

## Finance

### Campaign to reform IMF announces platform

A coalition of more than 100 environmental and social justice organizations, called the "50 Years Is Enough Campaign," on Sept. 19 in Washington announced a five-point platform to reform the International Monetary Fund and the World Bank. While crippled by confining itself to proposed "reform" of these institutions, and wrong on its environmental opposition to great infrastructure projects, its attacks on the IMF for having "created poverty" are accurate.

The group is demanding institutional reform to make openness, full public accountability, and the participation of affected populations in decision-making standard procedure at the IMF and World Bank. It urges a halt to the IMF's structural adjustment programs, which, the platform says, "have increased external debt and caused great social, economic, and environmental destruction while further impoverishing poor and working people."

The group is also demanding cancellation of the outstanding debt owed the International Bank for Reconstruction and Development and the IMF by the most severely indebted countries.

## Ukraine

### Parliament objects to IMF conditionalities

Ukraine's Parliament has indicated that it may not be willing to accept International Monetary Fund conditionalities as part of the IMF's loan package, after measures demanded by the IMF—price increases in energy, bread, and transportation, and removal of bread and energy subsidies—led to riots in Kazakhstan and Georgia.

After meeting with an IMF delegation in Kiev on Sept. 17, Oleksandr Moroz, the speaker of parliament, said that the government could not contemplate cuts in social spending or a sharp reduction in subsidies to

industry and farming as demanded by the IMF. Moroz said that ending controls on Ukraine's currency, the karbovanets, would lead to unlimited export of Ukraine's raw materials.

The IMF package calls for halving Ukraine's budget deficit, which is now running at 20% of gross domestic product, and freeing the currency markets. President Leonid Kuchma has ordered the reopening of the Kiev currency exchange on Oct. 1, but has said the differential between commercial rates and a rate set by the government can only be eliminated gradually.

On Sept. 20, Kuchma said he would try to find "common ground with the IMF. But we do not accept all IMF conditions. And I mean that." Kuchma insisted that Parliament does not have the right to approve or disapprove the IMF program, which is what Moroz is demanding. "I will make a speech to parliament on the program of action, though this is not for parliament's approval. This will merely be a plan of action. Our country cannot survive without the help of the IMF," Kuchma said.

## Agriculture

### France calls for Europe to increase production

French Agricultural Minister Jean Puech called for "a drastic reduction of the Set Aside," the European Community program which takes land out of production, the Italian daily *Corriere della Sera* reported on Sept. 18. Puech's proposal, which is supported by the European Association of Agricultural Organizations, is to reduce set aside from 15% to 10%.

The reason France is calling for a boost in agricultural production is that "European grain production seems stable nowadays—down 4-5 million tons; and European stocks in the last two years have been almost halved, from 33 to 18 million tons," the paper reported. In addition, Europe is using more of its production for animal feed, replacing imports. The conclusion, the daily said, is that surpluses are no longer a serious concern.

## South Africa

### Major trip a 'coup' for the British

The September visit to South Africa by British Prime Minister John Major is a "coup" for Britain's colonial strategy for Africa, according to sources. "Do not underestimate the significance of the Major trip," a senior British source insisted to *EIR* on Sept. 21. "This is the first time in 34 years a British prime minister has gone there, but, far more important, it is by far the highest-level foreign visit to South Africa since the April elections. Britain is pursuing a neo-colonial strategy in Africa, a very calculated one in which they intend South Africa to play the pivotal economic and geopolitical role for them. They are also doing things to discourage other foreign countries from rivalling their investment in South Africa."

A South African source reported that Major is being warmly received "because we have been in such horrible isolation so long, and Major's government is the first to make such a high-level embrace. Major is emphasizing in his speeches here that Britain, with 50 billion rand direct investment, is far the largest foreign investor in South Africa.

"But more significant and indicative of the level of British commitment to become pivotal in South African business affairs," he said, "is the new presence of both S.G. Warburg and James Capel, two of London's major merchant banks."

Lord Cairns, the new chairman of Warburg traveled with Major's delegation and announced Warburg's purchase of I.R. Jones stockbrokers; Capel, the merchant bank arm of Hongkong-Midland Bank Group, has just acquired 50% of another South African brokerage, Simpson-McKee. "The British acquisition of such important stock trading companies here indicates they are committed to a dominant presence in South African corporate finance. . . . American companies are still too nervous and, despite a symbolic trip some weeks ago by [U.S. Commerce Secretary] Ron Brown, nothing to compare with Major's grand tour has been seen. This is also aided by South Africa's decision to accept the British offer of renewed membership in the British Commonwealth."

## Briefly

● **COSTA RICA'S** third largest bank, Banco Anglo Costarricense, was embroiled in scandal in September when 10 senior officers were arrested and accused of corruption involving improper loans that resulted in over \$100,000 in losses.

● **NORTHROP GRUMMAN**, the defense contractor formed by the recent takeover of Grumman by Northrop, will cut its work force by 8,650, or 18%, by the end of 1995, the Sept. 25 *New York Times* reported. Most of the cuts will be made in California and Long Island, New York.

● **THE RUSSIAN** Federation of Free Trade Unions, meeting in St. Petersburg, set a nationwide protest action for Sept. 27, *Nezavisimaya Gazeta* reported on Sept. 14. The RFFTU is asking for an average wage level equivalent to the European average of \$4.50 per hour.

● **CHINA** has reversed its 15-month-long anti-inflation strategy and has reopened credit lines to state firms, the Beijing *Economic Daily* reported in September. In August, banks issued 50% more cash than in August 1993, up from an average 30% year-on-year increase in the previous seven months, according to official figures published on Sept. 19.

● **POLAND**, and the port cities of Gdansk, Gdynia, and Sopot in particular, is increasingly being used as a drug shipment route, the Gdynia regional prosecutor told the daily *Dziennik Bałtycki* in September. He blamed open borders, and the abolition of entry visas and penal measures for possession of narcotics.

● **QUANTUM** Realty Trust, the George Soros real estate fund headed by former Olympia and York chief Paul Reichmann, has seen the value of its shares drop 22% since their peak in January and are now trading for less than the claimed value of the trust's holdings, the Sept. 25 *New York Times* reported. The problem "is a significant event in the way the whole empire functions," a money manager said.

## The Gaza-Jericho accords: too little movement a year later

by Muriel Mirak-Weissbach

One year ago, when the Gaza-Jericho accord was signed by Israel and the Palestine Liberation Organization (PLO), *EIR* stressed that the prospects for Palestinian autonomy and a durable peace in the region would depend on the rapid implementation of the vast infrastructure projects indicated in the economic protocols to that agreement. Only by revolutionizing the economies of the Middle East, through the introduction of advanced technologies, could cooperation for development be consolidated as the basis for overcoming the adversary relationship which has characterized Arab-Israeli affairs over the last decades, and creating the context for mutually satisfactory resolution of outstanding political disputes.

The centerpiece of *EIR*'s programmatic proposal for durable peace was the nuplex concept—that nuclear-powered desalination plants be introduced, in Gaza and Aqaba, for example, to both solve the water shortage and redefine the economic process at a qualitatively higher technological level through this science-driver. Such a transformation would provide the economic foundation for a Palestinian state. It would also effect a social and moral transformation of an oppressed people consigned to economic misery, especially in the Gaza Strip.

An honest assessment of the progress toward that transformation in the one year that has passed since the accords agreed to in Oslo became public, must acknowledge that events are proceeding at a painstakingly slow pace, and that the sabotage of advanced technological development, primarily by the World Bank, is posing a serious threat. Unless this sabotage is blocked and donors' funds begin to flow into infrastructure projects, which will rapidly, visibly improve the standard of living of the Palestinian people, there is the risk that the World Bank plan to turn the region into a free

marketeer's tourist trap will succeed, and that war, not peace, will ensue.

### **The gap between pledges and allocations**

Although \$2.8 billion has been pledged for development—itsself a fraction of the investments which the PLO defined as necessary for effective economic growth—only some tens of millions of dollars have actually been allocated. The World Bank has argued that funds could not be disbursed unless and until the PLO created a “credible” financial institution, which it demanded be staffed by World Bank-linked bureaucrats.

What funds were released went primarily to cover costs incurred by the newly formed Palestinian police force and other civil servants. It was only in early September that the World Bank signed an agreement with the Palestinian Authority for a \$30 million grant to finance projects in Gaza. This is the first tranche of \$129 million promised for the current year. These projects include schools, electric power lines, and roads, as well as sewage systems and improved water facilities. Another \$20 million was promised at the same time, for infrastructure and services, once the Palestinians are given authority over the West Bank.

At a meeting held in Cairo on Sept. 17-18 of the Palestinian Economic Council for Development and Reconstruction, Pecdar deputy chairman Farouk Khaddoumi complained that they had received only \$65 million of the \$720 million promised for this year. At the same meeting, Finance Minister Mohammed Nashashibi called for and got 34 projects, which have already been approved by the World Bank, to be implemented right away. These are for housing, water, solid waste, hospitals, schools, and rural roads. If, as Nashashibi has urged, these projects are started within a month, there



*Palestinian refugee camps in Jordan. Continued popular support for Yasser Arafat's PLO will depend on concrete results to improve life for the people who have lived in these conditions since 1948.*

will be visible progress. A development bank and a monetary authority were also discussed.

A vicious circle had been created whereby funds released must be allocated to cover running administrative costs, thus stalling projects. In mid-September an agreement was reached through Norwegian mediation, whereby \$135 million of donor funds will be allocated for this purpose this year. At the same time, taxation procedures will have to be implemented. As Dr. Fahed Fanek, a Jordanian syndicated columnist whose views reflect those of Jordanian government circles, points out in an accompanying interview, Israel must make it possible for the Palestinian Authority to collect taxes, and must hand over those taxes paid to the occupying power.

### **PLO on the line in elections**

The importance of implementing projects cannot be overestimated. Although, according to the Nablus-based Palestinian Studies Center, 60% of Palestinians polled favored Yasser Arafat over 11% for Hamas, continued popular support depends on concrete results. In this context, the debate on Palestinian elections, which has become a dominant theme in recent weeks, is central.

Elections were to be held seven months after the Washington deal was signed a year ago in September, but they have been delayed. Whereas the Israelis demand that elec-

tions lead to a council to administer the autonomous areas, the PLO desires legislative elections which would allow the creation of a 100-person assembly.

On Sept. 22, the Israeli press reported that Prime Minister Yitzhak Rabin wanted to "delay as long as possible the holding of elections in the territories" as a way of retarding Palestinian authority over the whole of the West Bank. The Palestinians should have authority over education, social affairs, health, taxation, sports, and youth. Diverging from the position taken by Foreign Minister Shimon Peres, who has supported hastening the transfer of authority, Rabin has charged that the Palestinians "are trying to obtain the signs of national sovereignty" through legislative elections.

Since Israel has reportedly refused to make census statistics available to the PLO, Saeb Erekat, responsible in the Palestinian Authority for preparing elections, has called for a voter registration drive. Another bone of contention in the election debate is the role of East Jerusalem Palestinians. Peres said in an interview with a Jordanian weekly in September that he distinguished between "active" and "passive" participation in elections: "To be elected is passive and to vote is active."

Elections are crucial for the Palestinian Authority, as a means of establishing a mandate, through an electoral victory, for the political course taken by Arafat. As the *EIR* inter-

view with Jordanian-based Hamas leader Mohammed Nazzal shows, the Islamist opposition to Gaza-Jericho is comfortably sitting back and waiting to pick up the pieces; Hamas knows that Arafat's job would be facilitated by a popular mandate at the polls. Hamas is poised to ignore elections, if they are for an administrative council, and to fight, through a political party created for the purpose, to win a majority, if broad legislative elections are allowed. Hamas enjoys considerable financial support from abroad, reportedly from Saudi Arabia, and is also being played by certain factions within Jordan as a pawn in negotiations with the PLO.

### The tourism trap is baited

The outcome of elections will depend directly on whether real economic progress can be achieved. The \$30 million which the World Bank was forced to turn over could help get things started in Gaza. However, if the trend toward get-rich-quick schemes, patronized by the World Bank, continues, and vast projects are launched for tourism, the PLO's credibility and that of the entire peace process will be undermined.

In this context, the economic content of the talks between Jordan and Israel, with U.S. participation, is indicative. In their agreement for a crossing between their respective port cities of Aqaba and Eilat on the Red Sea, citizens of third countries, i.e., tourists, are allowed to travel freely. Eyeing the \$2.6 billion a year tourist business that Israel makes, enterprising tourist agencies are already planning to exploit the new border crossing to offer package tours through Jerusalem and Petra. Similarly, a conference on tourism is to be held in Cairo on Sept. 28-29, followed by an international conference in November in Portugal. The initiative comes from the U.S. State Department, and aims at exploring the potential of regional tourism.

During talks among American, Israeli, and Jordanian negotiators at the beginning of September at the Dead Sea, tourism was the major topic, and plans were discussed for the Jordan Rift Valley, the Dead Sea, Aqaba-Eilat, and elsewhere. Another project discussed was the exploitation of the Jordan Valley as a "transnational heritage and nature park." Furthermore, a draft is being written on the "Dead Sea Lowest Point on Earth Park." The Dead Sea-Red Sea canal project, which is a *real* infrastructure project as opposed to the tourist traps, was discussed at the U.S.-Jordan-Israel talks in Tiberias in mid-September. But here, the \$3 billion price-tag was considered an insuperable obstacle. The World Bank, which sent observers to the Tiberias meeting to play an "advisory role," was reported to have become "all the more important in the process." Once projects are agreed upon, in these trilateral talks and in the PLO-Israeli process, it is the World Bank which assumes responsibility for "feasibility studies." Enormous amounts of money go to financing the studies.

Clearly, in the vacuum created by the lack of major funding earmarked for infrastructure projects, "private enterprise" is moving in at record speed to make a quick buck.

---

## Interview: Dr. Fahed Fanek

---

# 'The peace process has not been moving at all'

*Dr. Fanek, a Jordanian syndicated columnist whose views reflect those of Jordanian government circles, was interviewed in Amman, Jordan on Sept. 18.*

**EIR:** What is your overall evaluation of the peace process, one year after the Gaza-Jericho accord?

**Fanek:** I feel that the peace process has not been moving at all since the Washington declaration. Two months after the declaration, we thought that things would move very fast and, actually, nothing is moving. Three or four meetings so far at the shores of the Dead Sea and other places have been fruitless. The Jordanian delegation says that the Israelis are stalling. Perhaps they feel that the course they took of normalization is good enough and they don't have to pay a price for it. But, on the other hand, the king is telling the people to rest assured that things are moving and that everything is in order.

The only way to reconcile the two statements in my view is that there is another track of negotiations, a secret one or confidential one, between Jordan and the Israelis, and maybe there is some advance on that track. Once they reach final results, they come to the official track, and things move fast again. That's what happened in July, when things were very bad, and then, suddenly, there was a breakthrough, which must have been achieved in confidential talks and then came up in public only when it was ripe. Perhaps we have a repetition of that now, especially when [Israeli Foreign Minister Shimon] Peres is saying time and time again that he is insisting on two tracks, one secret and behind closed doors, so that they can exchange concessions without the glare of the media, and another track which is in the open, the track which is to tell the people we are committed to peace and we are ready to negotiate openly with the Israelis.

So perhaps things are better than we think, if the confidential track is going better, but this is only my hunch; there's no evidence that there are secret talks between Jordan and Israel.

**EIR:** When you say things are not moving at all, what are you referring to in particular?

**Fanek:** I'm referring to water, borders, occupied lands, the right of return of the refugees, security matters. Nothing has been decided. The only positive decision that was made was to allow Jordan to export commodities to the West Bank, in



the order of \$30 million before the end of this year. This is an isolated transaction, not a continuous thing. So at the end of the year they will decide again on whether we will have the right to make further exports or not. And even those \$30 million worth have not started to be exported yet.

**EIR:** What about water? Peres has been emphasizing the need to produce new sources of water.

**Fanek:** There are some sources of water now which we want our share of. Now, if we can together find other sources, that's another story. But we should not mix the two issues. The Israelis are saying, let the present water be ours, and then we will find some water for you. That's speculating about the future. We need our share of the present sources of water, and then we will together cooperate in looking for other sources.

**EIR:** What about the Dead Sea-Red Sea canal project? Has it not been agreed upon?

**Fanek:** It is agreed upon. The question is to finance it. It will cost \$2-3 billion. Who will pay? Jordan has not one dollar to put in that project, but, of course, it's our project and we want it. It will provide Jordan and Israel with all their electricity needs and will help to desalinate the water. And this is a new source, but this new source will be shared later on, it is not compensation for giving up our present share in the current sources of water.

**EIR:** Is money what is holding up that project?

**Fanek:** I think a preliminary study is under way, but it is only a preliminary one, so we need a feasibility study, and then to talk about financing and implementation. It's only an idea so far.

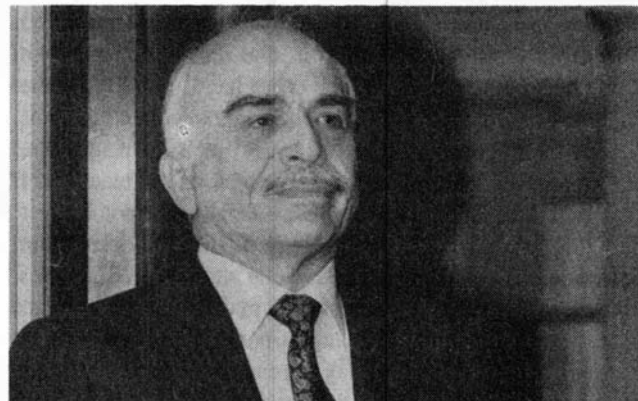
**EIR:** Would this project provide water for the Palestinians in the autonomous regions?

**Fanek:** It will, because the Palestinians have enough water. Their problem is that the Israelis are taking it. So if the Israelis have another source of water, to take it from this project, then they can leave the Palestinians alone to use their own water. Because 80% of the Palestinian water is being taken by the Israelis.

**EIR:** What about the other projects, in the Jordan Valley for instance?

**Fanek:** The Jordan Valley: I think that's the area where the World Bank and the other international institutions are more active than the participants themselves, so all that's needed is the consent of the parties, whereby Jordan would say okay to that project; but I don't think that Jordan will undertake these studies, or the financing, or the implementation. It has to be international institutions.

**EIR:** What is involved specifically in this Jordan Valley



*King Hussein of Jordan at the White House in 1994: He used his own political weight to win popular support for the peace process.*

project?

**Fanek:** It is tourism, natural parks, duty free areas. I think there will also be housing, because if the area becomes prosperous it needs to accommodate more people, that means housing, infrastructure, etc. The idea is to make the Jordan Valley a prosperous area, to serve as a border and a point of contact between the two.

**EIR:** Does that include further agricultural development?

**Fanek:** Of course. If it means more water, then it means more agriculture and more civilian life. In fact, even more industries, because many industries are not developing in Jordan due to lack of water. Many industries need plenty of water, which they don't find. Even in the city of Amman now, we have water twice a week at homes. We have to depend on reservoirs for five days of the week, so we don't have enough water now.

**EIR:** How far has the discussion developed in Jordan on the use of nuclear energy for desalination to solve the water crisis?

**Fanek:** I am not aware of any move on that because it is extremely expensive for Jordanian resources. I think politically it's not attractive now until we have our share of the water. Any new project is being seen as a way of taking our attention from the real point to other hopes which may materialize or not. So until we have our fair share of the water now present. We can later on look at other projects. But the nuclear thing is very expensive and it needs to be internationally adopted. It can't be a pure Jordanian project.

**EIR:** The PLO has criticized the Jordanian-Israeli talks because the Palestinians say they are not getting enough. Are the Palestinians receiving significant projects?

**Fanek:** I think they will. The world is committed to \$4 billion in favor of the Palestinians, but the money is not coming. The blame has to be shared, in fact, because the Palestinian self-rule is very slow in building institutions. The

donors cannot just send checks to Yasser Arafat, they need credible institutions that they can trust for implementation. So until Yasser Arafat moves in that direction, funds will continue to be on hold. On the other hand, there is another thing to blame on the self-rule: They are not collecting taxes. I think the donors meant to finance projects, infrastructure, not to pay the salaries of the policemen or the teachers. If they paid for one or two months, all right, but not forever. The Palestinian people were able to finance the occupation, which is very expensive. The Israelis were collecting taxes, enough to pay for all their costs and make some profit on the side. So why does the present national Palestinian self-rule not start to collect taxes to pay for current expenses? I'm not saying they should finance the projects, that's beyond their means. But they can finance the policemen, the teachers, and the civil servants. I understand that any new self-rule has a lot of problems and, politically, it is not easy to ask people to pay taxes. When there's competition to get popularity, you can't be popular and ask people to pay; however, it's a difficult formula that has to be solved.

**EIR:** Has the Palestinian National Authority (PNA) received the tax records to be able to do this?

**Fanek:** The taxes are divided into two categories: Direct taxes are under the authority of the Palestinians. They can collect income tax and property tax. On the other hand, the indirect tax is collected by the Israelis, and they were supposed to hand it over to the Palestinians. This they have not done so far, so the Palestinians had to ask the Israelis to pay them their share of the VAT (value-added tax) and the customs duty tax, this is a main source of income. So the Israelis have to pay that part and the Palestinians have to collect the direct taxes. The two sources should take care of the current expenses of the self-rule, which is not much.

**EIR:** To collect taxes, the PNA needs the tax records, which reportedly have not been given them.

**Fanek:** They may have taken the records with them, but if they are asked to provide them, I don't think they would hide them. They have no incentive to do so. In fact, they are pushing the Palestinians to collect taxes; otherwise, they will be under pressure to pay themselves.

**EIR:** In reference to the unpopularity of taxes, how do you assess the relative strengths of Hamas and the PNA?

**Fanek:** I think it's better than before. We thought there would be a dispute, even an armed dispute. But so far, things are under control, and Hamas is behaving wisely, not making any conflict with the self-rule authorities. It seems the people want it to succeed, because it is better than nothing. It does not satisfy their ambitions, but it is better than nothing, and if it fails, all will lose. So they have a good chance to succeed. The only criticism, a major one in fact, is that Arafat is monopolizing the authority, he is not democratic enough. If that's true, it's not good, because the Palestinian organiza-

## In 1993, EIR warned of World Bank sabotage

Exactly one year ago, in September 1993, the World Bank released two studies on the Mideast which left no doubt that it would attempt to block the type of development that Palestinian leader Yasser Arafat and Israeli Foreign Minister Shimon Peres had called for in the Gaza-Jericho accords.

In its report, "Mideast Peace Talks Regional Cooperation and Economic Development: A Note on Priority Regional Projects," the World Bank gave "low priority" to almost all infrastructure projects. The only recommended ambitious project—a gas pipeline from Algeria to Europe—was based on Algeria using the pipeline to pay off its huge debt to the International Monetary Fund.

The projects slated for oblivion, *EIR* reported in the Oct. 8, 1993 issue (p. 38), included:

- *The Mediterranean-Dead Sea canal.* Together with the Red Sea-Dead Sea canal, this project is necessary to develop Gaza and the West Bank. The canals would maintain the water levels of the Dead Sea; lining them with nuclear-powered water desalination facilities would allow for an enormous increase in food production. The region is desperately short of fresh water.

- *The expressway from Beirut to the Syrian border.* This and other projects are required to revive the Beirut port, and to provide a basis for the development of Syria.

- *The Aqaba-Iraq corridor, a land bridge linking Jordan's Aqaba port on the Red Sea to Iraq.* Rail and road projects relating to this corridor have been on the drawing

tions were always democratic, they bragged that they were more democratic than all Arab regimes. So now that they are being tested, they should prove that they are democratic, and the individual is important but is not the only authority. Authority has to be shared and democracy has to be stronger than it is so far.

**EIR:** How do you view the question of Jerusalem?

**Fanek:** I tell you very frankly, as an East Jordanian, I don't understand why we, as Jordan, should be involved in Jerusalem against the will of the Palestinians. I understand that we will be ready to do whatever they want to help, but not to impose our help on them. Jerusalem is a Palestinian city, it is not a Jordanian city. We want it to be Palestinian and under Palestinian sovereignty.

boards for years. Iraqi infrastructure destroyed by the U.N. war must be rebuilt, and the murderous embargo lifted. A transportation corridor must link Iraq to Gaza, which must be provided with a major port.

● *Regional rail integration.* The World Bank report rejected the type of railroad construction and regional integration of existing networks needed to hook up North Africa and the Mideast.

### 'Investment in peace'?

On Sept. 20, 1993, the World Bank released its *Developing the Occupied Territories: An Investment in Peace*, a six-volume series laying out its vision of Palestinian development. As *EIR* analyzed the report in an article printed on Oct. 22, 1993 (p. 9), the World Bank recommended that Israel and a future Palestinian state:

*Use no state-directed credit:* Neither nation must ever carry out the type of state-directed "dirigist" credit policies required to agriculturally and industrially develop the region, according to the World Bank.

"International experience," the report asserted, "indicates that differentiated patterns of protection, activist industrial policy or public channelling of money into unviable enterprises via the financial system too frequently lead to economic disaster." In reality, the contrary has always been shown to be true (e.g., the historical cases of the United States and Japan).

"Economies that have prospered in the past," the study continues, "have relied primarily on the private sector, working in undistorted markets, as the primary engine of economic growth."

*Abandon attempts to achieve food self-sufficiency:* Increased food production through developing new sources of water would not be allowed. "Diminishing water resources throughout the region will constrain the development of the agricultural sector," the report read, "with

future growth limited to high-value export crops catering to niche markets." In other words, grow oranges, asparagus, and cut-flowers for Europe, but do not grow staples like rice and beans for one's own population.

*No industry, but a service economy:* The World Bank opposed heavy industry. "Given the paucity of industrial raw materials and the small market size, heavy industry is unlikely to be a major contributor to future growth," the report advised. "Instead, skill-based, light and medium-sized industries would appear to be more promising."

Associated with creating such light industries were plans to create "free-trade zones." Demanding open trade relations between Israel and the Arab states, the report stated that "a possible approach to consider would be a free-trade area with Israel, linked with a significant opening of trade to Jordan and Egypt," i.e., that Israeli-owned Palestinian sweat-shops assemble cheap radios for export to neighboring Arab states. "Above all," the report continued, "the economy of the West Bank and Gaza is likely to remain mainly a service-oriented economy with an important contribution made by the tourism sector."

*Rationalize and privatize:* The study emphasized the supposed need for rationalizing and privatizing "inefficient" government sectors that have "poor performance," and criticized *existing* health care for providing "costly, high-technology, hospital-based care."

In this respect, the report claimed that the Occupied Territories are blessed with a relative lack of government involvement in the economy, since, after all, the territories are occupied. The territories do not have a "bloated bureaucracy nor any loss-making public enterprise. . . . Free from these legacies, public policy can, therefore, focus on structural reform." In short, the Palestinians could have genocidal "structural reforms" imposed on them without even having a state, or even the crushing external debt typically used to enforce such policies.

However, there is a point of view which must be understood: The Palestinians postponed the fate of Jerusalem for five years. The question is, what will happen during these five years? Is it better for Jordan to continue to carry on its duties in preserving the Islamic places or not? The replacement for the Jordanians are not the Palestinians. So it is in the interest of the Palestinians to tell the Jordanians, "Okay, go ahead, continue your activities and services until we take over in the future." If they took over the sovereignty of Jerusalem, there is no problem, because they are free to tell everyone what he can or cannot do. But if they don't get Jerusalem back—which is a possibility—then it is better to have something Islamic and Arab in Jerusalem, which Jordan is doing. So there is a feeling that the king feels responsible for Jerusalem until the Palestinians take over. If they take

over, he has no problem to withdraw and to deliver the authority to the Palestinian al Waqf [the religious authority responsible for Islamic holy sites]. But if not, then the Islamic places should continue under Islamic rule and the king says he is doing it on behalf of all the Islamic nations.

**EIR:** Why do you think the PNA announced it would take over administration of the Islamic institutions?

**Fanek:** The reason behind that is competition: The PLO fears that Jordan has ambitions to recover the West Bank and annex it to Jordan, or unite it, or whatever, and Arafat wants a Palestinian state. I myself support Arafat in seeking a Palestinian state and I tell him all the Jordanians support a Palestinian state and that there's no possibility that Jordan would go back to what it was before 1967. He should be assured that

this competition is bad for both parties. Maybe the only beneficiaries are the Israelis. If we compete as to who would be closer to the Israelis, that's bad for both of us. But we have to admit, there's a problem at the level of leadership, between the Palestinians and Jordan.

**EIR:** What is your assessment of the population's view of the peace process in Jordan?

**Fanek:** I think even the opposition agreed that the majority of the people support the king in his move. I think that the Jordanian people would not have supported the peace process, had it not been pushed strongly by the king himself. So the king used his own popularity, his political weight for the peace process, and succeeded. So most of the Jordanians are ready to go along with him because he made a decision. But without that, the popularity of the peace process would have been less, and it could diminish over time, if no results are coming forth. People are complaining and are disappointed that the peace process is slow and is not giving fruits. If that continues to the end of the year, if 80% are for peace now, that would go down, I don't know how much, but the peace operation could lose ground over time if no results are seen or felt.

**EIR:** Do you see a breakthrough coming with Syria?

**Fanek:** I think the Syrians have been ready since the very beginning. The question is whether the Israelis are ready to move or not. In order for the Israelis to delay the process with Syria, they make things more difficult. They ask for conditions that they know cannot be accepted. But the Syrians are ready for full peace, economically and politically. [Syrian President] Hafez Assad told the new Syrian parliament that he knows there are requirements for peace—he means normalization—that he is ready to comply with. But the Israelis have not said yet that they are ready to withdraw from the Golan Heights; they say they will withdraw *in* the Golan Heights. Playing with words does not help. They should say they are ready to withdraw from the Golan Heights and that they recognize Syrian sovereignty over that piece of land. Then they can talk about gradual withdrawal, about conditions, about American presence, etc. That all is negotiable, provided they say they are ready to withdraw according to a timetable and to recognize Syrian sovereignty.

**EIR:** Peres said in an interview to a Jordanian paper that he would "not touch the existing settlements."

**Fanek:** That's a prescription for not reaching a peace treaty, because the Syrians will not accept less than full withdrawal. If they want to leave the settlements under Syrian rule, it's up to them, but I don't think the settlers would like to stay there. The Syrian Jews left Syria although they were nationals there. So they wouldn't stay in the Golan Heights under Syrian rule. And without Syrian rule, there is no peace. No one can ask the Syrians to make peace with Israel while their land is occupied.

---

## Interview: Mohammed Nazzal

---

# Hamas opposition still opposes the accord

*Mr. Mohammed Nazzal is a leader of the Hamas movement of Palestinians opposed to the PLO. He was interviewed by Muriel Mirak-Weissbach in Amman, Jordan, on Sept. 19, 1994.*

**EIR:** What is your overall assessment of the situation, particularly in the Gaza Strip, one year after the Gaza-Jericho accords?

**Nazzal:** As you know, we were against this Gaza-Jericho accord, because we thought (and still think) that this agreement is against Palestinian aspirations. We are against the accord because we don't think it solves our problems. After one year, we can say the Hamas stand is right and the stand of others is wrong.

Because this accord in practice proves that it will not give the Palestinians anything. If you consider the economic situation in the Gaza Strip, where the accord is implemented now, you can say that the situation is very bad. If you consider the Israeli troops, they made a redeployment, they are still in the Gaza Strip.

Still there are settlements and the settlers, so what's the difference?

**EIR:** What about the projects, for schools, housing, and so forth?

**Nazzal:** There's nothing. The only thing the Palestinian Authority did was to clean up the city. There is nothing. There are no projects, because they are waiting for the donors' money, and what can the donors give the Palestinian Authority?

Suppose they give them money, they will give them salaries for policemen and employees. But I don't think there is a possibility to make projects.

**EIR:** You have not been to Gaza.

**Nazzal:** Me? No. But we have our brothers there, reports coming from there, so we know the situation very well.

**EIR:** Thirty million dollars were recently disbursed for proj-

ects in Gaza, not for police salaries.

**Nazzal:** We don't know. We make evaluations on the basis of what we see, not on what lies in the future. We don't know what will happen in the future.

**EIR:** What about the transfer of authority to the Palestinians, the control over education, etc.?

**Nazzal:** There were education programs before. But, you know, the main thing we are struggling for, what the Palestine Liberation Organization was struggling for, was freedom and independence. Did they get freedom? Did they get independence? The Palestinians were not struggling for money, but for these things.

**EIR:** One year ago, you said Hamas would resist the accord with armed means, continuing the Intifada. Now, your position has changed. Can you explain this change?

**Nazzal:** I told you that the resistance would continue and it has. There is no Intifada in the Gaza Strip because, of course, it is a new situation. But we still have operations, we are still resisting, so nobody can tell Hamas or anyone else to stop these operations.

**EIR:** What is your new position on participation in the Palestinian National Authority, on the upcoming elections?

**Nazzal:** Hamas will not participate in the Palestinian Authority. We rejected an offer from Yasser Arafat. As for elections, in principle, we support general elections. But what is the problem of these elections? They will not be political elections to elect a Palestinian leadership, they will elect a council to be part of this accord.

The reference [sic] of this authority will be Yitzhak Rabin. You can say the actual leader of this authority will be Rabin. This is the point.

**EIR:** Hamas will not take part in the elections, then.

**Nazzal:** I don't think Hamas will participate.

**EIR:** Will you call for a boycott of the elections?

**Nazzal:** It is possible that we will call for a boycott, or that we will leave the Palestinians to decide for themselves whether to participate or not. But Hamas will not participate with candidates.

**EIR:** The elections are scheduled for December.

**Nazzal:** Nobody knows. They promised elections many times, but postponed them. I don't think they can do it. We have only three months. It's very difficult for them to do it. They will have to hold them in Gaza and the West Bank, but the Palestinian Authority has no power in the West Bank. They [the Israelis] didn't transfer the facilities and rule in the West Bank.

So do you think they [the Palestinians] can hold elections in the West Bank? If they hold them in Gaza in three months,

they will not be for Palestinians because there are Palestinians also in the West Bank. I think they will postpone the elections.

**EIR:** What is the correlation of forces between Hamas and the Palestinian Authority?

**Nazzal:** There are two powers in the Gaza Strip and West Bank: the Palestinian Authority and its supporters (of course most of the Fatah people support the Authority), and Hamas. There is a balance between two powers. If there were free, general elections and Hamas participated, I think Hamas would win.

**EIR:** What kinds of activities is Hamas involved in otherwise?

**Nazzal:** Hamas has many activities in the social and humanitarian field, in education. It is a comprehensive movement, in all community areas. This is why the popularity of Hamas is increasing.

We have credibility among the Palestinians because they see us working for them and supporting the poor people. We have universities, we have charitable associations—all these give us credibility.

**EIR:** How do you support these activities financially?

**Nazzal:** These activities do not belong to Hamas, officially. The associations get money from donations, locally and from outside. They have investments. There are many means to support these activities.

**EIR:** What outside groups support you?

**Nazzal:** Businessmen, merchants, Palestinians, Arabs, Muslims, many people see this not only as a local cause. Many Palestinians think this is their cause. Arabs, Muslims, even some other people who believe in liberation for the human being, for independence for Palestinians.

**EIR:** What is your situation here in Jordan? You had some problems with the authorities here.

**Nazzal:** Here in Jordan, of course, we are not a Jordanian party. So we are not working under Jordanian rules, under the constitution. We have no movement here. We are symbols, representatives of Hamas, but we have no organization in Jordan.

**EIR:** Why did the Jordanian authorities withdraw your passports?

**Nazzal:** At the time, Rabin was under pressure domestically to act against Hamas. Rabin was in a critical position among Israelis, and tried to deflect the internal crisis by an external crisis. They held a political conference in Israel, where they said it was not good to let the Hamas leaders, like me, talk or threaten the security of Israel. But now the situation is good. We got our passports back.

## British psychiatry: from eugenics to assassination

by Anton Chaitkin

A behavior control research project was begun in the 1950s, coordinated by the British psychological warfare unit called the Tavistock Institute, with the Scottish Rite Masons, the Central Intelligence Agency, and other British, U.S., Canadian, and United Nations agencies. The project became famous in the 1970s under a CIA code name, "MK-Ultra." Its notoriety for brainwashing by drugs, hypnosis, electroshock, and other tortures caused many books to be written about the project, and the U.S. Senate conducted hearings which exposed many of its abusive features. President Gerald Ford appointed a commission headed by Vice President Nelson Rockefeller, to correct the CIA's misconduct. There was a widespread anti-establishment view at the time, that here was the fox appointed to guard the hen house.

The intelligence agencies offered a public rationale for the project: the need to counteract and compete with the mind-control capabilities of the communists. This was largely based on the fact that U.S. personnel held prisoner by the enemy in the Korean War had signed false confessions of crimes, and some had defected to North Korea, the apparent result of brainwashing.

*The Manchurian Candidate*, a 1959 book which was made into a popular movie in 1962, reflected this rationale. It told the story of a communist plot to use a U.S. soldier brainwashed in Manchuria as a zombie-assassin, to kill the leading U.S. presidential candidate. A central theme of MK-Ultra was to attempt to control the human mind in a similar way.

Threatened and accomplished assassination of political leaders has become increasingly frequent in public life since the 1960s. Just since the 1992 election campaign, for example, President Bill Clinton has been the target of at least 15 assassination threats. Many of these would-be killers, and many of the assassins of past years, had been in destructive psychiatric programs, or were members of psychiatrically manipulated cults. The present threats are the more meaningful, in the context of the British-led Whitewater scandal directed against the presidency.



Past leading figures of the British-backed psychological warfare department: (from left) Brig. Gen. Dr. John Rawlings Rees, first president of the World Federation for Mental Health and director of the Tavistock Institute; Dr. Ernst Rüdin, Swiss psychiatrist who headed the Rockefeller-sponsored Kaiser Wilhelm Institute in Munich; Dr. Nathan Kline, research psychiatrist at Columbia University.

It is long past time for a thorough public inquiry into the assassination epidemic, whereby its relationship to the official project to *create assassins* would be fully explored. A great obstacle to clear thinking in this area has been the assumption that the U.S. government would not sponsor programs for the murder of American leaders. This logical assumption misses the point, that the overall project, including "MK-Ultra," has been foreign-sponsored and anti-American in its purposes.

We shall outline here the British background of this deeply criminal enterprise, with its roots in the political and psychiatric movement called eugenics.

### 1909-13: the buildup to World War I

John D. Rockefeller created the family-run **Rockefeller Foundation**, in parallel with the birth of the British-inspired Federal Reserve, the Internal Revenue Service, and the Federal Bureau of Investigation. In 1909-13 and subsequent years, Rockefeller transferred blocs of the family-owned Standard Oil Co. worth more than \$300 million to the account of the foundation under its trustees who were family members, and their employees.

Thus was established a global instrument for radical social change, using American money and British strategy.

John D. Rockefeller had begun his oil business in the 1860s with British capital. The family's relationship to the British Empire a half-century later was centered in the person of John D.'s brother **William Rockefeller**, the president of

Standard Oil of New York (later Mobil) and the founder of National City Bank (later Citibank).

In 1911, brother William employed, in a private capacity through his elite social club, a high-ranking British secret intelligence service officer named Claude Dansey. As the United States prepared to ally itself in World War I with its old enemy Britain, Dansey personally reorganized the U.S. Army intelligence service into an adjunct of the British secret service. Dansey's loyal U.S. follower, **Gen. Marlborough Churchill** (a distant relative of Britain's Winston Churchill) soon became director of U.S. military intelligence. After World War I, General Churchill headed up the "Black Chamber," a New York-based espionage group serving the State Department, the U.S. Army, and private New York financiers loyal to Great Britain. This same General Churchill would soon launch a medical research organization, the Macy Foundation, for the Rockefellers and British intelligence.

### 1920s: the pre-Hitler era in Germany

The Rockefeller Foundation poured money into the occupied German republic for a medical specialty known as *psychiatric genetics*. This field applied to psychiatry the concepts of eugenics (otherwise known as race purification, race hygiene, or race betterment) developed in London's Galton Laboratory and its offshoot Eugenics Societies in England and America.

The Rockefeller Foundation created, and foundation ex-

ecutives thenceforth continuously directed, the Kaiser Wilhelm Institute for Psychiatry in Munich (before Rockefeller sponsorship, it was known as the Kraepelin Institute), and the Kaiser Wilhelm Institute for Anthropology, Eugenics, and Human Heredity. The Rockefellers' chief in both these institutions was the fascist Swiss psychiatrist **Ernst Rüdin**, assisted by his protégés, Rockefeller functionaries **Otmar Freiherr von Verschuer** and **Franz J. Kallmann**.

A British medical historian friendly to the Rockefellers recently explained how the family was introduced into this field in Germany:<sup>1</sup>

The foundation's "German centers combined the search for organic signs of mental illness with eugenic projects. . . . The [Kraepelin] institute had initially been endowed with 11 million marks, contributed by Gustav Krupp von Bohlen und Halbach [head of the Krupp steel and arms family] and James Loeb [Paul Warburg's brother-in-law], an expatriate American of the Kuhn-Loeb banking family. Loeb mobilized his American-Jewish friends to support the institute," and they invited the foundation to reorganize and expand the Munich enterprise. Loeb also continued financing the institute.

Loeb's relatives, the Warburgs, owners of Kuhn Loeb bank, were the intimate banking partners of William Rockefeller. Together with him they had set up the Harriman family in big business, using capital supplied by the British royal family's personal banker, Sir Ernst Cassell. The

three families, Rockefeller, Warburg, and Harriman, together with British Crown agencies, jointly sponsored much of the social engineering enterprise we shall describe here.

The Rockefeller Foundation made an initial grant of \$2.5 million in 1925 to the Psychiatric Institute in Munich, gave it \$325,000 for a new building in 1928, and continuously sponsored the institute and its Nazi chief Rüdin through the Hitler era. The foundation paid for a 1930-35 anthropological survey of the "eugenically worthwhile population" by Nazi eugenicists Rüdin, Verschuer, Eugen Fischer, and others.

### 1930: a New Age in psychiatry

Rockefeller family psychologists and race purification experts created a medical research financing conduit, the **Josiah Macy, Jr. Foundation**, directed by former Black Chamber and military intelligence chief Gen. Marlborough Churchill. The Macy group would manage London's most

advanced experiments in mind-control and social engineering.

### 1932: Rüdin heads Eugenics Federation

The British-led eugenics movement met at the American Museum of Natural History in New York City, and designated the Rockefellers' Dr. Ernst Rüdin as the president of the worldwide Eugenics Federation. The eugenics movement at the time called for the killing or sterilization of people whose heredity made them a public burden or a national scapegoat.

### Mid-1930s: Nazi eugenics in practice

Adolf Hitler was given Germany's chancellorship in 1933, and was soon absolute dictator. **Montagu Norman**, the occultist governor of the Bank of England, propped up Hitler's credit, arranged the armament of Nazi Germany, and guided the strategies of Hitler's powerful supporters—the Rockefellers, Warburgs, and Harrimans.

Only a few months after the meeting at the American Museum of Natural History, the Rockefeller-Rüdin apparatus became a section of the Nazi state. The regime appointed Rüdin head of the Racial Hygiene Society. Rüdin and his staff, as part of the Task Force of Heredity Experts chaired by SS chief Heinrich Himmler, drew up the sterilization law. Described as an American model law, it was adopted in July 1933 and proudly printed in the September 1933 *Eugenical News* (U.S.A.), with Hitler's signature. The Rockefeller group drew up other race laws, based, as was the sterilization law, on existing statutes from the Commonwealth of Virginia. Otmar Verschuer and his assistant Dr. Josef Mengele together wrote reports for special courts which enforced Rüdin's racial purity law against the illegal cohabitation of Aryans and non-Aryans.

The "T4" unit of the Hitler Chancery, based on psychiatrists led by Rüdin and his staff, cooperated in creating propaganda films to sell mercy-killing (euthanasia) to German citizens. The public reacted antagonistically: Hitler had to withdraw a tear-jerker right-to-die film from the movie theaters. The proper groundwork had not yet been laid.

### 1934: The Freemasons study madness

The **Scottish Rite of Freemasonry** joined the Rockefellers in sponsoring psychiatric genetics beginning in 1934, under the rubric of research into dementia praecox (schizophrenia).

The highest level of U.S. masonry, the Scottish Rite was the instrument through which the British Crown had reestablished the loyalty of American masons after the American Revolution. The northern section of the Rite had rallied the Copperheads against Abraham Lincoln's Civil War efforts, aiding the Rite's southern chief Albert Pike in secession and in other British white supremacy projects, such as the Ku Klux Klan.

For your  
reference  
files

1. "The Rockefeller Foundation and German Biomedical Sciences, 1920-1940: Educational Philanthropy to International Science Policy," by Paul Weindling in the book *Science, Politics and the Public Good: Essays in Honour of Margaret Gowing*, London, Macmillan Press, 1988.





Author Anton Chaitkin addresses a rally at the statue of KKK founder Gen. Albert Pike in Washington, D.C. To his right, in beret, is Rev. James Bevel, who, with Chaitkin, is leading a national fight demanding the removal of the statue. Inset: Chaitkin is arrested in November 1992 and charged, along with Reverend Bevel, with "statue climbing." The two were sentenced to seven days in prison.



For eugenics, the British royal family itself was the Rite's point of reference. The **Duke of Connaught**, son of Queen Victoria and brother of King Edward VII, had been grand master of the United Grand Lodge of England since 1901. American masonic leaders referred to the duke as "grand master of the Mother Grand Lodge of Masons of the World."

The son of a German father (Victoria's husband, the Coburg Prince Albert), the Duke of Connaught was deeply involved in German affairs and was a patron of Britain's "New Dark Ages" ultra-racialist elite group based in South Africa. Late in 1932, negotiations for Hitler's takeover of Germany took place at the home of Joachim von Ribbentrop, who, as a traveling teenager, had been adopted into the household of the Duke of Connaught. Ribbentrop then became the head of Hitler's foreign intelligence service. As Hitler's ambassador to England, Ribbentrop worked in tandem with the leadership of the clique which employed Hitler as a British surrogate to smash up Europe: the masonic grand master duke and his nephew, the openly Nazi Edward VIII; Bank of England Governor Montagu Norman; and Lord Halifax, Neville Chamberlain's foreign minister.

### 1936-38: Columbia University's chamber of horrors

In 1936, the Scottish Rite's Field Representative of Research on Dementia Praecox, Dr. Nolan D. C. Lewis, director of the **New York State Psychiatric Institute**, reported to

the Scottish Rite Northern Supreme Council "on the progress of the 14 research projects being financed by the Supreme Council." Scottish Rite strategist **Winfred Overholser**, the superintendent of St. Elizabeth's Hospital, a federal mental hospital in Washington D.C., provided overall leadership for the Rite's psychiatric research.

Though these projects are shrouded in mystery, one of them with particularly gruesome results has come to light.

The study of hereditary degeneracy was proceeding in the Rockefeller Foundation's German enclaves when it hit a snag. Psychiatrist Franz J. Kallmann, protégé of Nazi race science chief Ernst Rüdin, was forced to leave his job—Kallmann was "half-Jewish." This was a big blow for Kallmann, who had proved his Nazi credentials at the International Congress for Population Science in Berlin in 1935. At that British-led meeting hosted by Hitler's Interior Ministry, Kallmann had argued for the sterilization of *even the apparently healthy relatives* of schizophrenics, along with the schizophrenics themselves, to securely eliminate all the defective germ plasm.

Without missing a step, Kallmann emigrated to America and became director of research in the New York State Psychiatric Institute, attached to Columbia University in Manhattan. The Scottish Rite's Dr. Lewis was the director of the institute.

Kallmann simply continued in New York the Nazi propaganda work he had been doing for Rockefeller in Germany.

The Scottish Rite of Freemasonry paid Kallmann to conduct a study of over 1,000 cases of schizophrenia, in order to assert the claim that the mental disorder was inherited. Kallmann's study was published simultaneously in the United States and Nazi Germany in 1938.

In the preface, Kallmann thanked the Scottish Rite and his mentor Rüdin. He called schizophrenics a "source of maladjusted crooks . . . and the lowest types of criminal offenders. Even the faithful believer in liberty . . . would be happier without those." He declared sarcastically, "I am reluctant to admit the necessity of different eugenic programs for democratic and fascistic communities. . . . There are neither biological nor sociological differences between a democratic and a totalitarian schizophrenic."

Kallmann's scholarly American study was used by the Nazi government's T4 unit as a part of its pretext to begin in 1939 the murder of mental patients and various other "defective" people, many or most of them children. Lethal gas and lethal injections were used to kill 200-250,000 under this program, in which the staffs for a broader program of mass murder were desensitized and trained.

### **1939-40: the deal for Auschwitz**

The German chemical company IG Farben and Rockefeller's Standard Oil of New Jersey were effectively a single firm, merged in hundreds of cartel arrangements. IG Farben was led, up until 1937 by the Warburg family, Rockefeller's partners in banking and in the design of Nazi German eugenics.

Following the Nazi invasion of Poland in September 1939, Britain and Germany declared war on each other and World War II began. But later that month, Standard Oil executives flew to the Netherlands on a British Royal Air Force bomber and met with IG Farben executives. Standard Oil pledged to keep the merger with IG Farben going even if the United States entered the war. This was exposed in 1942 by Sen. Harry Truman's investigating committee, and President Franklin Roosevelt took hundreds of legal measures during the war to counter the Standard Oil-IG Farben cartel's supply operation for the enemy war machine.

In 1940-41, IG Farben built a gigantic factory at Auschwitz in Poland, to utilize the Standard Oil-IG Farben patents with concentration camp slave labor to make gasoline from coal. The SS guarded the Jewish and other inmates and selected for killing those who were unfit for IG Farben slave labor. Standard-Germany President Emil Helfferich testified after the war that Standard Oil funds helped pay for the SS guards at Auschwitz.

On March 26, 1940, six months after the Standard Oil-IG Farben meeting, European Rockefeller Foundation official Daniel O'Brian wrote to the foundation's chief medical officer Alan Gregg that "it would be unfortunate if it was chosen to stop research which has no relation to war issues." The

"non-war-related" research continued. *The Rockefeller Foundation defends its record by claiming that its funding of Nazi German programs during World War II was limited to psychiatric research.*

### **1943: research in Nazi-occupied Poland**

In 1943, Otmar Verschuer's assistant Josef Mengele was made medical commandant of Auschwitz.

As wartime director of Rockefeller's Kaiser Wilhelm Institute for Anthropology, Eugenics, and Human Heredity in Berlin, Verschuer secured funds for Mengele's experiments at Auschwitz from the German Research Council. Verschuer wrote a progress report to the council: "My co-researcher in this research is my assistant, the anthropologist and physician Mengele. He is serving as Hauptsturmführer and camp doctor in the concentration camp Auschwitz. . . . With the permission of the Reichsführer SS Himmler, anthropological research is being undertaken on the various racial groups in the concentration camps and blood samples will be sent to my laboratory for investigation."

Mengele prowled the railroad cars coming into Auschwitz, looking for twin children—a favorite research subject of Frankenstein-type psychiatric geneticists. On arrival at Mengele's experimental station, twins filled out "a detailed questionnaire from the Kaiser Wilhelm Institute." There were daily drawings of blood for Verschuer's "specific protein" research. Needles were injected into eyes for work on eye color. There were experimental blood transfusions and experimental infections. Organs and limbs were removed, sometimes without anesthetics. Sex changes were attempted. Females were sterilized, males were castrated. Thousands were murdered, and their organs, eyeballs, heads, and limbs were sent to Verschuer and the Rockefeller group at the Kaiser Wilhelm Institute.

After the war, Mengele was a famous target of Nazi-hunters pursuing him to South America. But his boss, Verschuer, was regarded in a different light: He was a high-level Rockefeller operative.

In 1946, Verschuer wrote to the Bureau of Human Heredity in London, asking for help in continuing his "scientific research." In 1947, the Bureau of Human Heredity moved from London to Copenhagen, and Verschuer moved to Denmark to join the British group there. The new Danish building for this group was erected with Rockefeller money. The first International Congress in Human Genetics following World War II was held at this Danish institute in 1956.

Dr. Kallmann helped save Verschuer by testifying at his denazification proceedings. Kallmann, a director of the American Eugenics Society, became an icon at the New York State Psychiatric Institute, which remains to this day a nest of the Eugenics Society. With Verschuer and other Nazi notables, Dr. Kallmann also created the American Society of Human Genetics, which organized the "Human Genome



Margaret Mead, the anthropologist who was president of the World Federation for Mental Health during the heyday of the MK-Ultra project.

Project”—a current \$3 billion physical multiculturalism effort.

### 1943: research in North America

With the war on, the Rockefeller Foundation and the Canadian military joined their psychiatric forces. Canadian Army medical director Dr. George Brock Chisholm had been trained as a psychiatrist at the **Tavistock Psychiatric Clinic** in London, and Tavistock—the British Crown’s central mind-bending agency—was a major Rockefeller Foundation beneficiary.

In 1943, the Rockefeller Foundation created the Allen Memorial Institute at McGill University in Montreal. Eugenics-oriented psychiatrist **Donald Ewen Cameron**, a Scottish immigrant to the United States, was placed in charge of the institute’s psychiatry. Experiments in coercive interrogation and brainwashing would be conducted at Allen Institute under the auspices of the Canadian military, the Rockefeller Foundation, and the **U.S. Central Intelligence Agency**. Dr. Cameron’s “terminal” use of electric shock as a brain-burning torture, psychosurgery, and brainwashing with drugs and hypnosis would make the Canadian program the most famous aspect of the CIA’s MK-Ultra.

Meanwhile, in Washington, D.C., a new odor, that of

marijuana, could be detected inside St. Elizabeth’s Hospital in Washington, D.C. (St. Elizabeth’s is the mental hospital where presidential assailants or other federal cases are kept.) The superintendent, Scottish Rite chief psychiatrist Winfred Overholser, was in 1943 the chairman of the misnamed “truth drug” committee for the Office of Strategic Services (OSS). The criminal underworld was systematically being brought into official but secret joint activities with the government, under the pretext of fighting fascism.

Overholser’s crew administered the hallucinogen mescaline to various test subjects. Then in the spring of 1943, they perfected the right mix of marijuana and tobacco to produce a “state of irresponsibility” in the subject.

The official OSS story is that New York mafia hitman August Del Gracio began smoking Overholser’s “joints” on May 27, 1943, in order to loosen his tongue. Federal agents were thus supposedly to learn the inside secrets of drug trafficking—but not to stop it. This was part of an ongoing federal program, which organized crime czar Meyer Lansky boasts (in his authorized biography) that he personally arranged. Mafia thugs were brought in to work in Naval Intelligence offices, and jointly with U.S. agents in U.S. ports and shipping, to more effectively intimidate our national enemies.

Former CIA staff member John Marks writes in *The Search for the Manchurian Candidate* that Overholser’s working group included counterintelligence agents inside the Manhattan Project atomic bomb project, and the FBI, which was under the direction of Dr. Overholser’s Scottish Rite comrade, FBI director J. Edgar Hoover. The Overholser group gave marijuana to U.S. soldiers at Army bases throughout the country, supposedly to aid in the search for subversives.

Later, during the 1950s and 1960s, the strategists of the MK-Ultra project would utilize the same channels of influence with U.S. security agencies to let them transform a generation of youth into dope users.

### 1944-48: after Nazism, the International Congress on Mental Health

In 1944, with the concentration camps in full swing and Europe burning, Montagu Norman resigned from the Bank of England. He immediately began a new project, ironically related to his own repeated mental breakdowns and hospitalizations. Norman organized the **British National Association for Mental Health**. In its formative stages the group was based at Thorpe Lodge, Norman’s London home, where he had met with Nazi Economics Minister Hjalmar Schacht to plan the Hitler regime’s 1930s budgets.

Montagu Norman’s Bank of England assistant Otto Niemeyer was made treasurer of the National Association of Mental Health. Niemeyer’s niece, Mary Appleby, became general secretary of the association. She previously worked

in the German Section of the British Foreign Office.

The president of Norman's association was to be Richard Austen ("RAB") Butler. He had been deputy foreign minister to Lord Halifax and the spokesman in the British Parliament for the pro-Nazi policy. The chairman of the association was to be Lord Halifax's son-in-law, the Earl of Feversham. The vice chairman was Lord Montagu Norman's wife, eugenics activist Priscilla Reyntiens Worsthorne Norman.

Norman's British group would soon expand and to take over management of the world psychiatric profession.

When the war ended, the exposure and punishment of those responsible for the Nazi barbarities was a rather delicate matter. Dr. Donald Ewen Cameron interrupted his Canadian brain butchery to go help the British Crown's Tavistock psychological warfare unit evaluate the sanity of Nazi official Rudolph Hess. Cameron's unique insights into the Nazi mentality had made him a valued part of a secret wartime psychiatric committee in Washington to assess the trends in the Nazi leadership's thinking. Cameron now testified as an expert at the Nuremberg war crimes trials. His old OSS colleague **Allen Dulles**, later the CIA director, was reportedly pleased by Cameron's suggestion that each surviving German over the age of 12 should be given electroshock treatment to burn out remaining vestiges of Nazism.

That part of the Nuremberg Code dealing with scientific research was drafted by Boston psychiatrist Leo Alexander; he soon afterward joined with Auschwitz experimental mastermind Otmar Verschuer in Franz Kallmann's American Society of Human Genetics.

In 1948, Montagu Norman's National Association for Mental Health gathered the world psychiatric and psychological leaders together at an **International Congress on Mental Health** at the United Kingdom's Ministry of Health in London. At this congress, a **World Federation for Mental Health** was formed, to run the planet's psychological services. Lady Norman, the hostess of the congress, was named to the executive board. Norman picked as president of the World Federation the chief of the British military's psychological warfare department, Tavistock Institute chief **Brig. Gen. Dr. John Rawlings Rees**.

In connection with the founding of the World Federation for Mental Health, a New York agent of Montagu Norman named Clarence G. Michalis was made chairman of the board of the Josiah Macy, Jr. Foundation. That foundation, in turn, would pay for much of what the World Federation and Tavistock were to do to the United States—supplying dope and otherwise subverting western ideals. The Macy Foundation's chief medical officer, Dr. Frank Fremont-Smith, would be the permanent co-director of the World Federation with J.R. Rees.

The technical coordinator of the U.S. delegation to the 1948 congress, Nina Ridenour, later wrote in *Mental Health in the United States: A Fifty Year History*, that "the World Federation for Mental Health . . . had been created upon

the recommendation of the United Nations' **World Health Organization** and **Unesco**, because they needed a non-governmental [i.e., not accountable to any check of law or constitution—ed.] mental health organization with which they could cooperate."

Ridenour alluded to the fact that the British psychological warfare executive had itself created the heart of the U.N. apparatus:

"Having official consultative status with the United Nations and several of its specialized agencies, the World Federation for Mental Health is in a position to influence some of the U.N.'s decisions and some aspects of its program. The two U.N. agencies with which the World Federation works most closely are the World Health Organization (WHO) and the United Nations Educational, Scientific and Cultural Organization (Unesco).

"The first director of WHO, and indeed quite literally its 'creator,' was a prominent Canadian psychiatrist, Brock Chisholm, M.D., formerly director general of the Canadian Army Medical Services. Since its inception, WHO has made significant contributions to world mental health through the reports of its various Expert Committees; through some of its other special reports, such as the notable monograph *Mental Health and Maternal Care* by [Tavistock's] John Bowlby, M.D.; and through the widespread activities of its Mental Health Division, of which the British psychiatrist Ronald C. Hargreaves was the first director."

Unesco's partnership with Rees was guided by Unesco's founding secretary general, eugenics strategist **Sir Julian Huxley**, and by Unesco social sciences chief Dr. Otto Klineberg, a Tavistock-affiliated psychologist specializing in the supposedly racial characteristics of the American Negro.

The congress, which in effect founded the modern "mental health" profession, brought together one of the most exotic collection of enemies of humanity in recent centuries. Its vice presidents included:

**Prof. Cyril Burt:** Tavistock psychiatrist, eugenics activist, a leader of the "psychical research" movement (seances, ESP, ghosts), who was notorious for fraudulent "twins" research;

**Dr. Hugh Chrichton-Miller:** founder of the Tavistock Clinic; vice president of the C.G. Jung Institute in Zurich; vice president, National Association for Mental Health;

**Dame Evelyn Fox:** a longtime leader of the British eugenics movement (Lady Norman was a disciple of Dame Evelyn);

**Sir David Henderson:** psychiatrist in London, Munich, and New York; author of *Psychiatry and Race Betterment*;

**Lord Thomas Jeeves Horder:** president of the Eugenics Society of Great Britain; president of the Family Planning Association; president of the Anglo-Soviet Public Relations Association; former physician to King Edward VIII;

**Carl G. Jung:** occultist; psychiatrist to Montagu Norman, Paul Mellon, and the Dulles family; representative of

German psychiatry under the Nazis, co-editor of the Nazis' *Journal for Psychotherapy*;

**Dr. Winfred Overholser:** representative of the Scottish Rite Masons; chairman of the American delegation to the International Congress on Mental Health;

**Alan Ker Stout:** University of Sydney, Australia, philosophy professor, president of the New South Wales Film Society, officer of Unesco for films;

**Dr. Alfred Frank Tredgold:** member of Britain's Ministry of Health Committee on Sterilization and a leading expert on mental defectives.

The congress was run by the host British "National Association," whose patron was the Duchess of Kent, widow of the Grand Master of Masons (1939-42) and mother of the Grand Master of Masons (1967 to the present), and whose vice presidents were eugenics and masonic officials.

The general conference at the congress was on the subject of *guilt*, including the crucial plenary session on alleged German collective guilt for the crimes of Nazism.

The first speaker was **Margaret Mead**, anthropologist, occultist, who would be president of the World Federation for Mental Health in 1956 and 1957, during the MK-Ultra crimes.

The "Chairman for Discussion" of this plenary was Scottish Rite strategist Winfred Overholser. In his opening remarks, Overholser said: "I understand that a vocal minority in the press does not agree with the wisdom of having such a meeting, but we feel there is great hope for the future if the principles of mental hygiene can be translated into terms of international action."

## 1950s: MK-Ultra

The outrages perpetrated by Ewen Cameron became the most notorious aspect of the postwar Anglo-American mind-control program. Cameron had trained at the Royal Mental Hospital in Glasgow, under eugenicist Sir David Henderson, and founded the Canadian branch of his friend John R. Rees's World Federation for Mental Health. In the various member countries and subdivisions, these channels of British intelligence operations are known as the national, provincial, or state **Mental Health Associations**. Cameron was also elected president of the Canadian, American, and world psychiatric associations. He became famous after the CIA was sued by some survivors of his work—because the CIA had financed the tortures.

Cameron would drug his victims to sleep for weeks on end, waking them daily only to administer violent electric shocks to the brain. He used the British Page-Russell electroconvulsive method, an initial one-second shock, then five to nine additional shocks, administered while the patient was in seizure. But he increased the normal voltage and the number of sequences from one to two or three times per day. Patients lost all or part of their memories, and some lost the ability to control their bodily functions and to speak. At least one

patient was reduced almost to a vegetable; then Cameron had the cognitive centers of her brain surgically cut apart, while keeping her alive. Some subjects were deposited permanently in institutions for the hopelessly insane.

For the CIA, Cameron tested the South American poison called curare, which kills a victim while simulating natural heart failure. But Cameron claims to have used it only in non-lethal doses to further immobilize his subjects while they were kept in sensory deprivation tortures for as long as 65 days. Then they would be given lysergic acid diethylamide (LSD) for "programmable" hallucinations.

When the subject was sufficiently devastated, Cameron and his assistant, a veteran of the British Royal Signals Corps, would begin "Psychic Driving": Through a loud-speaker hidden under the pillow, or through unremovable earphones, they would play a tape over and over again to burn certain phrases into what was left of the victim's memory.

The CIA was found to have financed these horrors, as well as ghastly experiments in other locations, using a front called the Society for the Study of Human Ecology. (The society gave a grant for a study of the effects of circumcision on young Turkish boys, the grantees to be in Istanbul, studying five to seven year olds and their problems with their genitals. It is claimed that this was intended to give a cover to the CIA front as a real academic organization.)

## The question of sponsorship

But the authorship of this enterprise cannot reasonably be assigned to the CIA, per se. Even before we review other agencies' direct involvement, we must understand that the CIA chief during MK-Ultra, Allen Dulles, was thoroughly attached to British Empire geopolitical aims.

Introduced to British spies by his uncle Robert Lansing, Woodrow Wilson's secretary of state, Dulles had had a strong personal identification since childhood with the British Secret Intelligence Service. The Dulles family's upper class-status in America began when ancestor William Dulles arrived in South Carolina from India. With a fortune made in India by providing financial and security services for the British East India Company army, he bought a slave plantation which the family held through the American Civil War. The family's mental life was always that of the British Empire and its American colonial subordinates.

Allen Dulles's main corporate activity was as a director of the J. Henry Schroder banking company in London, a prime instrument in Montagu Norman's nazification of Germany. As partners in the Sullivan and Cromwell firm, Allen Dulles and his brother John Foster Dulles represented the Rockefeller-Harriman-Warburg combination, IG Farben, and virtually every other Nazi corporate organization that danced on London's marionette strings.

It was disclosed that for MK-Ultra, particularly for the experimental use and distribution of LSD, the CIA operated through another front, the Josiah Macy, Jr. Foundation. But

the geometry of the “front” really worked the other way around. The Macy Foundation represented the British psychological warfare executive, as extended into U.S. and related institutions. In the midst of launching MK-Ultra, during 1954-55, the Macy Foundation’s medical director Frank Fremont-Smith was president of British General Rees’s World Federation of Mental Health. Under Rees as the director, the two together “made a journey to a number of countries in Asia and Africa to establish contacts and seek ways in which the organization may extend its activities in those regions.”

Through official military and intelligence conferences over which it presided, and through various informal and secret operations, the Macy Foundation directed the spread of LSD by U.S. agencies during the 1950s.

The Macy Foundation’s chief LSD executive, **Harold Abramson**, was a psychiatric researcher at Columbia University and at the eugenics center in Cold Spring Harbor, Long Island, New York. It was Abramson who first “turned on” Frank Fremont-Smith. Abramson also gave LSD for the first time to British anthropologist Gregory Bateson, sometime husband of Margaret Mead. Then in 1959, Bateson gave LSD to Beat poet Alan Ginsburg at Stanford University, under controlled experimental conditions. Following this, Dr. Leo Hollister at Stanford gave LSD to mental patient turned author Ken Kesey and others, and thus it was said to have spread “out of the CIA’s realm.”

### **Masonic ‘charity’**

Other parts of the U.S. government participated in the project exposed as MK-Ultra.

The Army Chemical Center paid for LSD and related drug brainwashing experiments by **Dr. Paul Hoch**. Along with Nazi eugenics leader Franz Kallmann, Hoch co-directed the research at Columbia University’s New York State Psychiatric Institute. Dr. Hoch was a member of the American Eugenics Society, in Kallmann’s eugenics cell at the institute. Hoch was simultaneously appointed State Mental Hygiene Commissioner by New York Gov. Averell Harriman, and was reappointed by the next governor, Nelson Rockefeller.

Dr. Hoch’s forced injections of a mescaline derivative brought about the 1953 death of New York tennis player Harold Blauer. Hoch’s colleague Dr. James Cattell later told investigators, “We didn’t know whether it was dog piss or what it was we were giving him.” When Hoch died, British brain butcher Ewen Cameron directed his funeral.

Dr. Hoch, a Scottish Rite masonic strategist, worked with Dr. Kallman under the direction of Scottish Rite Freemasonry’s Field Representative of Research on Dementia Praecox, Dr. Nolan D.C. Lewis, the superintendent of the New York State Psychiatric Institute.

As the Ku Klux Klan has been the defining project for the Scottish Rite’s Southern Jurisdiction, the Rite’s Northern Jurisdiction left its official mark on the world through MK-Ultra—its most important “charity.” Much of the psychiatric

dirty work, though, has been done inside the Rite’s KKK-spawning Southern Jurisdiction, which includes all southern states and everything west of the Mississippi River.

**Robert Hanna Felix**, 33rd degree mason, was a director of the Scottish Rite’s psychiatric research. He ran a spectacularly lawless brainwashing establishment. The exposure of the MK-Ultra scandal revealed that the CIA had funded one Dr. Harris Isbell to carry out barbarous experiments using slave subjects, nearly all of them black drug addicts, at the **Addiction Research Center** in Lexington, Kentucky. Isbell was the director of the center from the 1940s until 1963. His boss was masonic master psychiatrist Felix, who founded the **National Institute of Mental Health** and was NIMH director from 1949 to 1964. The Lexington facility had been Dr. Felix’s personal project since he had been its clinical director in the 1930s, and he put it under the jurisdiction of the NIMH.

The Felix-Isbell slave experiments involved LSD and a wide variety of other hallucinogens and exotic poisons. In one case, seven prisoners were kept hallucinating on LSD for 77 consecutive days.

The torture at Lexington followed the pattern developed by Cameron in Montreal: Drug-induced sleep was interrupted by electroconvulsive shock. Cooperative subjects were rewarded with shots of heroin or any other drug of their choice. And for mental health, the masonic administration encouraged the prisoners to participate in synthetic religious and political cults.

Felix’s program was not simply to make humans into controllable beasts, but to decentralize the zombie-manufacturing. A 1993 report to the Scottish Rite Supreme Council by its current psychiatric research director, Steven Matthyse, explains:

“Thirty years ago, a massive program began, which has continued unabated to this day: the deinstitutionalization of the mentally ill. . . . My predecessor as research director of the Schizophrenia Research Program, Dr. Robert H. Felix, 33 Degree, Gourgas medalist and the founding director of the National Institute of Mental Health, was one of the chief architects of this program. ‘We are entering a new era,’ he wrote, ‘of community-centered, comprehensive psychiatric care.’ . . . Dr. Felix predicted that, in 25 years, ‘State mental hospitals as we know them would no longer exist.’ He was right. . . . During the years from 1955 to 1992, the state mental hospital census went down by 82%.”

The strategists of MK-Ultra succeeded in moving the mentally ill out of costly mental hospitals, onto the streets, where they now constitute a large proportion of America’s homeless. We shall now see what kind of “community-centered psychiatric care” these strategists did in fact implement, as Britain’s MK-Ultra poured drugs into the country and worked to fabricate the drug-sex youth culture.

**Seymour Solomon Kety** was both an executive of the Scottish Rite’s psychiatry experiments, and a Scottish Rite-

funded clinical experimenter. He was chief of NIMH clinical sciences from 1957 through 1967, and continued as the NIMH “senior scientist” into the 1990s. A close associate of the Kallmann Nazi-eugenics cell at Columbia, Kety was a national director of the American Eugenics Society, under its 1980s name, the Society for the Study of Social Biology.

Kety helped lead the masons’ U.S. agency, the NIMH, beyond the Kentucky experiments, to the brink of Hell.

### **Manchuria in California?**

As Carol Greene has demonstrated in her 1992 book *Mörder aus der Retorte: Der Fall Charles Manson, (Test-Tube Murder: The Case of Charles Manson)* **Charles Manson**, before he committed mass murder, was himself an NIMH “research subject.”

Manson was released from a California prison in March 1967. He was required by law to report regularly to a parole officer named Roger Smith, who was based at the Haight-Ashbury Medical Clinic in San Francisco. This was an NIMH project designed to observe and in effect supervise the first large-scale drug addiction of white teenagers, thousands of whom were the clinic’s clients.

Clinic director David E. Smith was also the publisher of the *Journal of Psychedelic Drugs*, and a leading national advocate for the legalized use of narcotics. Within the clinic arrangement, Charles Manson’s parole officer was officially commissioned to scientifically investigate the effects that various kinds drugs had on addicts served by the NIMH clinic.

David Smith also collaborated with another NIMH project: a behavioral study of children in communes. He was an expert on the breeding of violent anti-social characters in the mind-crushing environment of the hippie or cult commune.

Parole officer Roger Smith remained on Manson’s case after he was no longer his parole officer, as an adviser and observer of the increasingly insane man.

Charles Manson took up with a British-origin satanic killer cult called **The Process—Church of the Final Judgment**, a spin-off from Scientology. When he started with The Process is not clear, but there are some reports that it was in that summer of 1967. Its British founders had put the U.S. headquarters of the cult into the Haight-Ashbury section, two blocks from where Manson was living, and they recruited from among the “flower children” for the jobs of drug-running, assassination, and race riots. **David Berkowitz**, convicted in the New York “Son of Sam” serial murders, was an initiate of The Process.

Manson is most widely known for his communal Family, which carried out the satanic Tate-LaBianca murders. But here we note that Lynette “Squeaky” Fromme, who became the head of the Family after Manson was arrested in October 1969, was herself imprisoned for the 1975 attempted assassination of U.S. President Gerald Ford. Another associate of the Manson Family, Sarah Jane Moore, was also imprisoned

for a failed assassination attempt on President Ford. Had either been successful, Nelson Rockefeller would have become President.

There is a certain psychiatric agency, the **American Family Foundation**, which exists officially to guard the public from injurious cults. AFF is the mother organization for the so-called **Cult Awareness Network** (CAN).

**Dr. Louis Jolyon West** is a director of AFF. An expert in brainwashing for the Air Force and the CIA, West first achieved fame from his MK-Ultra feat—he injected LSD-25 into an elephant and killed it. West researched “the psychology of dissociated states” for the CIA, using LSD and hypnosis. His friend **Aldous Huxley** suggested to Dr. West during an MK-Ultra experiment that West hypnotize his subjects prior to administering LSD, in order to give them “post-hypnotic suggestions aimed at orienting the drug-induced experience in some desired direction.”

Dr. West was called upon by the government to examine Jack Ruby, who had killed Lee Harvey Oswald before Oswald could stand trial for his alleged role in the assassination of President John Kennedy. West declared Ruby to be in a “paranoid state manifested by delusions, visual and auditory hallucinations, and suicidal impulses.” Ruby was convicted in 1964, but conveniently died in 1967 while awaiting what could have been a revealing re-trial.

Dr. West lived in Haight-Ashbury during the summer of 1967, to study the hippies.

In the 1970s, West became famous again for his plans to create a Center for the Study and Reduction of Violence. Its staff was to investigate the genetics and biochemistry of their prisoners, including “hyperkinetic children,” whose every motion would be electronically monitored by Orwellian guards. Though backed by Gov. Ronald Reagan, the plan was defeated.

**Rabbi Maurice Davis** is another “expert” guarding America from cults as a director of the American Family Foundation. Davis worked at the NIMH Lexington Addiction Research Center as a chaplain, serving the slave victims of the MK-Ultra drug experiments as they were brought into cult participation. Rabbi Davis then moved to Indianapolis and sponsored the career of **Rev. Jim Jones**, whose followers were murdered with poisoned Kool-Aid in Guyana.

The bulk of the start-up financing for the American Family Foundation was channelled through a New York law firm running two funding satellites of the Josiah Macy, Jr. Foundation. The same law firm was the legal representative of The Process—Church of the Final Judgment.

The Process Church employs neo-Nazi themes, as do other British-origin movements such as the Satanists associated with California’s Anton Lavey and Col. Michael Aquino. Charles Manson’s swastika tattoo attests to this. Many of the psychotic potential presidential assassins have been “neo-Nazis.” These include Ronald Reagan’s deeply brainwashed assailant John Hinckley, and some of those who have threat-

ened President Clinton.

To help turn up the possible source for this curious zombie pattern, we review the case of NIMH leader Seymour Kety—as of recent report the chairman of the Professional Advisory Section of the Scottish Rite Masons' Schizophrenia Research program. This is the Dr. Kety who, with his NIMH predecessor Dr. Felix, helped shape the programs that made Charles Manson a satanic beast.

A Scottish Rite brochure reports on the meetings of the Rite's Grand Commander and Supreme Council with their psychiatrists to plan for the future. The brochure explains that Dr. Kety "can trace his interest in the genetics of schizophrenia to a report by Dr. Franz Kallmann at one of these meetings years ago. Dr. Kety's own genetic studies have become landmarks in the field, as the first convincing demonstration of an inherited factor." Not the first, perhaps, because Kallmann provided Adolf Hitler with "convincing" pretexts to exterminate mental patients.

### The official assassination program

The ambiguous rationale for the MK-Ultra program was the search for the Manchurian Candidate: to study, emulate, and counterbalance communist programs which brainwash people who could be dangerous to our national security. These programs were secret, and masses of MK-Ultra records were destroyed. But some aspects of the program's direct testing have been divulged.

CIA executive Morse Allen worked at creating killers under hypnosis on and around Feb. 19, 1954. The CIA planned early in 1954 to hypnotize a man they considered disposable, to get him to make an assassination attempt, be arrested for attempted murder, and be "thereby disposed of." A CIA hypnosis study was done by Alden Sears at the University of Minnesota and was moved by Sears to the University of Denver, Colorado. Sears worked to answer the question, "Could a hypnotist induce a totally separate personality?"

CIA counterintelligence chief **James Jesus Angleton**, a leader of the British intelligence faction in the American intelligence community, established three goals for the hypnosis program: 1) to induce hypnosis very rapidly in unwitting subjects; 2) to create durable amnesia; and 3) to implant durable and operationally useful post-hypnotic suggestion. A test of rapid hypnosis took place in July 1963. The counterintelligence staff in Washington, D.C. asked the CIA station in Mexico City to find a suitable candidate for a rapid induction experiment. The station proposed a low-level agent, whom the Soviets had apparently doubled. A counterintelligence man flew in from Washington and a hypnotic consultant arrived from California. The experiment was said to have misfired.

According to CIA hypnosis expert Milton Klein, creating a hypnotized "patsy" is easier than making a totally controlled Manchurian Candidate. The patsy can be induced by hypnosis to do things which later show up as circumstantial

evidence that will get him falsely blamed for a crime. Klein has claimed he can create a patsy in three months; a full-scale Manchurian Candidate takes six months.

### The strange deaths of Frank Olson and Philip Graham

An important part of the MK-Ultra story was the violent death of Dr. Frank Olson.

In November 1953, the project's CIA personnel gave LSD to Olson, an executive of the Army Chemical Corps' Special Operations Division, without warning him. Olson became psychotic and paranoid, so the agency took Olson to New York to see Harold Abramson, the British Crown's LSD pusher, who had "top secret" CIA clearance. When Abramson was no help, Olson agreed to enter **Chestnut Lodge**, a Rockville, Maryland sanitarium whose psychiatrists were in Abramson's category for the security of the MK-Ultra project—"top secret" cleared. But the night before he was to enter Chestnut Lodge, Olson allegedly jumped to his death from a hotel window. Olson's death eventually became a scandal which helped break open of the entire MK-Ultra scandal.

A decade later, President John F. Kennedy was pressing ahead with the Apollo space program, which he promised would put a man on the Moon within a decade. Philip Graham, the owner/publisher of the *Washington Post* and *Newsweek*, met as an adviser and friend every week with the President and his brother, Attorney General Bobby Kennedy. Graham was an ardent champion and strategist of the space program, and of the President's policy of achieving peace by developing overwhelming technological superiority. Graham wrote a *Newsweek* column defending French President Charles de Gaulle and attacking Britain and elements in the U.S. government who took the British line. Graham's wife Katharine and her Anglophile family despised and mocked Kennedy's emphasis on progress, and demanded U.S. disarmament. Graham separated from his wife and sued for divorce.

In January 1963, Graham delivered a speech to a national publishers' meeting in Arizona, attacking the news media as toadies and sycophants. Leslie Farber, a New Age psychiatrist from MK-Ultra's Chestnut Lodge, flew out on a military jet. Graham was wrestled to the ground, drugged into a stupor, and flown back to Maryland, where his wife had obtained a court order for his commitment to Chestnut Lodge. He was apparently released after 10 days or so. In June 1963, Graham was somehow put back into Chestnut Lodge. On Aug. 3, he was released into the custody of his estranged wife. That afternoon, he was found shot to death. His will was declared void on the grounds of insanity, and his widow, Katharine Graham, gained control of the *Washington Post* and *Newsweek*.

Three months later, President Kennedy was assassinated. The *Washington Post*, the main newspaper in the national



capital, did not pursue the question of who had murdered the U.S. President, but left it to the Warren Commission to decide.

### The assassins' goals

Back in 1961, at the height of MK-Ultra, the NIMH, led by masonic high priest Robert Felix, had created an elite group of biologists, behavioral psychologists, chemists, pharmacologists, neuropsychologists, and psychiatrists. This 150-member **American College of Neuropsychopharmacology** comprised many of most important MK-Ultra participants.

An inner group of the college, the Study Group for the Effects of Psychotropic Drugs on Normal Humans, held a conference in 1967 to outline the desired course for the United States to the year 2000.

This conference was reported on by two MK-Ultra leaders: **Dr. Wayne O. Evans**, director of the U.S. Army Military Stress Laboratory in Natick, Massachusetts; and **Nathan Kline**, a eugenics fanatic and research psychiatrist for Columbia University, who had set up voodoo-oriented psychological clinics in Haiti in conjunction with "Papa Doc" Duvalier.

The preface to the Evans-Kline report said the group "concluded that the present breadth of drug use may be almost trivial when we compare it to the possible numbers of chemical substances that will be available for the control of selective aspects of man's life in the year 2000. . . .

"The American culture . . . [is] moving toward a 'sensate society.' . . . A greater emphasis is being placed on sensory experience and less upon rational or work-oriented philosophies. Such a philosophical view, coupled with the means to separate sexual behavior from reproduction or disease, will undoubtedly enhance sexual freedom. . . .

"It seems . . . obvious that the youth of today are no longer afraid of either drugs or sex. Again, the philosophers and spokesmen for the avant-garde advocate the personal sensory experience as the *raison d'être* of the coming generation. Finally, we are moving into an age in which meaningful work will be possible only for a minority: In such an age, chemical aphrodisiacs may be accepted as a commonplace means to occupy one's time. It will be interesting to see if the public morality of the next 30 years will change as much as it has in the last 30.

"If we accept the position that human mood, motivation, and emotion are reflections of a neurochemical state of the brain, then drugs can provide a simple, rapid, expedient means to produce any desired neurochemical state that we wish.

"The sooner that we cease to confuse scientific and moral statements about drug use, the sooner we can rationally consider the types of neurochemical states that we wish to be able to provide for people."

This is the historical thinking of the British strategists who want to destroy the U.S. presidency and the American republic. And this is the criminal apparatus with which they have equipped themselves to do it.

## For further reading

Samuel Harrison Baynard, Jr., *History of the Supreme Council, 33 Degree, Ancient and Accepted Scottish Rite of Freemasonry, Northern Jurisdiction of the United States of America*, Vol. II, Boston, 1938, published by the Supreme Council.

*The Campaigner*, April 1974: L. Marcus, "The Real CIA—The Rockefellers' Fascist Establishment," and M. Minnicino, "Low Intensity Operations: The Reesian Theory of War." May 1974: Peter Cuskie, "The Shaping of the Anglo-American SS by War," and Richard Freeman, "Rockefeller's Fascist Labor Policies." Photocopies available from Ben Franklin Booksellers, Inc., 1-800-453-4108.

Anton Chaitkin, "Franklin Witnesses Implicate FBI and U.S. Elites in Torture and Murder of Children," *The New Federalist*, Dec. 13, 1993.

Anton Chaitkin, "Cairo Population Conference Repeats 1932 Nazi Planning Meeting," *EIR*, April 29, 1994.

Franz J. Kallmann, *The Genetics of Schizophrenia: A Study of Heredity and Reproduction in the Families of 1087 Schizophrenics*, New York: 1938.

Stefan Kuhl, *The Nazi Connection: Eugenics, American Racism and German National Socialism*, New York: Oxford University Press, 1993.

Lyndon H. LaRouche, Jr. and Anton Chaitkin, *Bring Down the Pike Statue Now: Why the KKK National Monument Must Fall*, 1993, published by *The New Federalist*, P.O. Box 889, Leesburg, Va. 22075.

Bernhard Schreiber, *The Men Behind Hitler: A German Warning to the World*, France: La Hay-Mureaux, ca. 1975), English edition supplied by H. and P. Tadeusz, 369 Edgewere Road, London W2. A copy of this book is held by Union College Library, Syracuse, N. Y.

Jeffrey Steinberg, "30 Years of Menticide," *EIR*, Oct. 6, Oct. 20, and Nov. 3, 1989.

Webster Tarpley and Anton Chaitkin, *George Bush: The Unauthorized Biography*, Washington, D.C.: EIR, 1992, consult especially chapters 1-4.

Carol White and Brian Lantz, "Satan's Helpers: Nazi Doctors in America," *EIR*, Oct. 6, 1989.

## Plague spreads in India beyond Surat epicenter

by Ramtanu Maitra and Susan Maitra

Pneumonic plague, the Black Death of the 14th century, which is spread airborne like the common cold, broke out in India's west coast city of Surat in Gujarat state on Sept. 15, causing panic and provoking global media attention. By Sept. 27, more than 300,000 terrified migrant workers had fled the slums of Surat, returning home to points across India. Several individuals were being tested for plague in India's financial center of Bombay, 160 miles south of Surat, and in the capital of New Delhi, 600 miles to the north, and in the states of Rajasthan, Madhya Pradesh, and as far as Calcutta on the east coast, 950 miles away in West Bengal.

In fact, the first case of bubonic plague, which is transmitted by fleas found on rodents, had shown up at least 40 days earlier, in the nearby Beed district village of Mamla in Maharashtra state. Deaths in Surat and Maharashtra are as high as 500, not the much lower official count, as of Sept. 27.

As of that date, the rapid spread of the highly contagious pneumonic strain had somewhat waned in Surat itself, due to a belated mobilization to administer tetracycline, which effectively kills plague bacillus, to the city's residents. Delhi authorities have also finally geared up a national mobilization to supply 40 million capsules of tetracycline and other antibiotics widely.

However, Dr. K.K. Dutta, director of the National Institute of Communicable Diseases (NICD), warned Sept. 27 that since the incubation period of pneumonic plague is four to five days, "similar satellite outbreaks" can occur elsewhere. If India's infrastructure and sanitation systems were anywhere near decent levels, it would be possible to stop the outbreak of plague with antibiotics. This, however, is not the case, and no complacency is warranted.

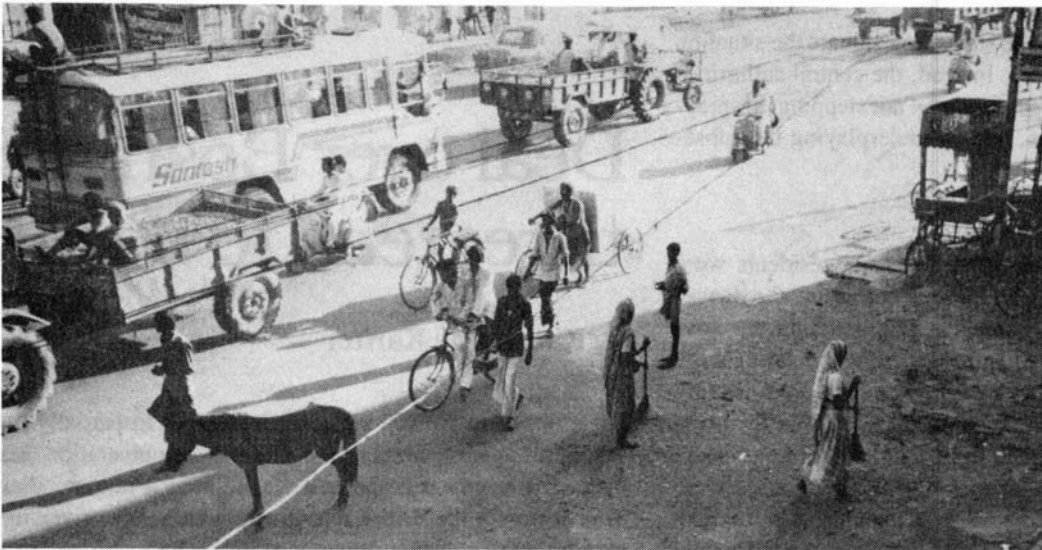
The authorities have come under serious attacks for their

complete lack of action between Sept. 15-26. Their abject failure to control the plague within the city limits of Surat and to impose any quarantine at all led to thousands of infected carriers boarding long-distance trains and buses, infecting many others who were nowhere near Surat. In Surat itself, a large number of private clinics were closed, after the doctors and nurses fled their stations. The failure of the government and local authorities to ensure treatment to the affected was the primary reason patients fled hospitals.

In Mamla, where the plague began, it has not spread as rapidly (as yet) as in Surat, but continues to claim new victims. On Sept. 28, the NICD announced there were 333 registered cases of plague in Maharashtra, of which 117 were pneumonic, and 603 cases in Surat. The authorities are mum about the linkage between the Mamla area and Surat cases. NICD's Dr. Dutta, told newsmen that he does not rule out that a carrier from the Mamla area may have taken the bacillus to Surat.

### WHO suppresses the facts

The outbreak can be directly blamed on the U.N. World Health Organization (WHO), the first U.N. organization launched personally by Tavistock Institute founder John Rawlings Rees in order to use world health procedures to control and reduce global population (see *Feature*). Despite repeated warnings by Dr. Dutta and the NICD that last year's major earthquake in Maharashtra (which killed 10,000 persons) would mean a resurgence of plague, the WHO and the Indian Health Ministry insisted that plague had been eradicated in India, and no testing or insecticide spraying was necessary. Plague has been contained in India since 1966, the last time there were any cases, by the crucial program of monitoring, in which there are periodic tests of rodents and



*A dilapidated city in India, where unsanitary conditions and huge garbage dumps compete with industrial growth: breeding grounds for the spread of disease, unless emergency measures are taken.*

fleas. But under WHO urging, the Health Ministry stopped the monitoring in Maharashtra in 1987, and this was never recommenced—although plague has been known all along to be endemic in the neighboring states of Karnataka, Andhra Pradesh, and Tamil Nadu.

Since 1989, the national Plague Surveillance Unit (PSU) has been routinely notifying the government of increased seropositivity of the rats in these three states, and had advised that adjoining Maharashtra and Himachal Pradesh should also be brought under surveillance. Until very recently, neither the NICD, nor the state governments, nor New Delhi took any heed or countermeasures. District and health authorities admit now that the signs of plague were all there. In Mamlu, the rat population had grown significantly, the area was swarming with fleas, and cases of rat fall—the death of large numbers of rats, which is also considered the final warning before the disease breaks out among humans—were noted.

When the experts of the PSU rushed into Beed, they did not have to search for cases of bubonic plague, in which a victim even without undergoing treatment, has a 70% chance of surviving. But the containment of the bad news coming out of Beed by the health authorities was so complete that Maharashtra Chief Minister Sharad Pawar, in one report, claims that he came to know of plague breaking out in Maharashtra only on Sept. 12, more than five weeks after the first cases in Mamlu were indentified. The containment gave over into panic on Sept. 15, when the pneumonic plague from Surat was reported.

### **Why the WHO likes squalor**

Surat, known for diamond polishing and spinning silk thread, is everything that can be associated with urban degeneration. Controlled by the mafia and smugglers, the old city contains a population that is three times greater than its dilapidated, infrastructure can support. Because of the nature of

contract labor work, the city is flush with money and migrant workers, and overall decay and lack of sanitation. Surat is not, however, an isolated case of dilapidation: All along the route from Ahmedabad to Bombay, where a number of growing cities are cluttered, unsanitary conditions and huge garbage dumps compete with industrial growth. There is a serious shortage of water all around this area, and dreaded diseases such as dengue, typhoid, cholera, and jaundice have become routine occurrences along this trench. Both the 1993 earthquake, and this year's intense monsoon floods which have left shantytowns in Gujarat and Maharashtra states under 10 feet of water, had the effect of displacing large numbers of plague-bearing rodents, and killing large numbers of cows and other animals. Most of the carcasses, as well as many of those of the people buried by the earthquake, were simply left to rot, and the fleas to seek new human hosts.

Despite vast health hazards over a large area, WHO epidemiologist Giordano Torrigiani expressed confidence to a reporter Sept. 27 that he believes the Indian government has found all the cases in Surat and has administered tetracycline to everyone who may have had contact with a sick person—a claim that Indian authorities would not make. Torrigiani went on to blame India's high population growth rate for such disease outbreaks: "China had a very aggressive policy as you know, but in India it's a very difficult problem to tackle," he said.

Despite the malthusian axe-grinding of Torrigiani, the fact remains that a grave, if not deliberate, mistake has been made, and both the Indian government and the WHO are equally responsible for it. Neither Maharashtra, nor Gujarat, nor any number of other states, for that matter, are anywhere near being free of the rat fleas that cause bubonic plague, and over the years, this has become evident from what the Plague Surveillance Unit experts saw and reported. Moreover, the PSU reports indicate that the rat-flea infestation was on the rise for a long while, and that scant care was taken by the

authorities, in Delhi or in the states, to evaluate the situation and take adequate measures. Instead, the central authorities allowed the situation to deteriorate by not stepping up spraying in the suspected areas, and by underplaying the subsequent findings.

### **Cure is the best prevention**

Once it became evident that the Surat residents were fleeing to places far and near, thereby enhancing the danger of spreading the disease among a large population, the government announced a state of emergency, which brought the Rapid Action Force to prevent Surat residents from leaving the city. Local authorities, such as in Delhi, told the press that those who are coming in from Surat would be checked for plague infection, but in real life these promises were found wanting. Reports of house-to-house checks in Bombay to ensure that no one had come in contact with infected people from Surat were similarly found to be highly exaggerated. Meanwhile, fresh suspected cases have shown up in such distant states from Gujarat as West Bengal.

The one area where the government has geared up is in the production of tetracycline and other antibiotics, such as gentamicin and streptomycin, which also work well in treating plague infection. The public sector pharmaceuticals manufacturer IDPL, based in Rishikesh, has already released some 40 million tetracycline capsules, and is geared up to release 1.5 million more every other day. The Maharashtra government is reportedly drawing up plans to spray the entire state with insecticides as measures to contain the plague have failed. Authorities have indicated that the fumigation of Maharashtra would require 26,000 metric tons of insecticide, costing about 216.6 million rupees—a small price, no doubt, to save human lives and assure foreign investors that all will be well in the future.

This leads to the obvious question of why was the spraying not done before? Dr. Mira Shiva, head of the public policy division of the Voluntary Health Association of India, a nongovernmental organization, claims that the budgets of premier institutes of public health and hygiene have been slashed over the years with the sole purpose of satisfying the International Monetary Fund-World Bank demand to reduce budget deficits. Planned expenditure on health has been gradually reduced from 3% of the planned outlay to 1.8%. In addition, gradual privatization of health facilities had been encouraged. The failure of the private hospitals to respond at the time of crisis was seen in Surat, and six private clinics whose medical personnel had abandoned them were burned down by irate crowds there.

Despite the cuts in the public health expenditure, and the diversion of funds into family planning by the Union Health Ministry to satisfy the U.N. agencies, India's budget deficits remained high and inflation remained high. In addition, India is now feared as a plague-endemic country, and that should be of great concern to those who are wooing foreign investors.

# Deal over Bosnia by threatens to be fatal

by Katharine Kanter

By agreeing in the last week of September to partially lift sanctions against Serbia, the Clinton administration has opened in central Europe and the Balkans a new window of opportunity for British maneuvers which may, given the extraordinary strategic importance of the Balkans, lead to a chain of crises the administration might not withstand.

The U.S. administration, which also made an about-face on its decision to raise the arms embargo against Bosnia unilaterally on Oct. 15, has not yet decided whether it is strong enough to go for a head-on confrontation with the British over International Monetary Fund policy towards Russia. Therefore, its attitude toward Russia is condemned to be giving with the one hand, what is promptly taken away by the IMF with the other, while making political concessions to what is perceived to be the pro-Serbian "hardliners" in Russia as a sweetener to the IMF pill.

For the United States, this may seem a small, "time-saving" sacrifice to make. But to Bosnia, and to the whole of central Europe, it may spell doom.

### **There is no Milosevic-Karadzic split**

The premise upon which the lifting of the sanctions against Serbia was based, were statements—and they are nothing more than that—by Serbian President Slobodan Milosevic, claiming that he has ordered the border between Serbia and Bosnia to be sealed, as a sign that Serbia is in favor of the London Contact Group's "peace" plan for Bosnia, and has therefore ceased to support the war effort by "renegade" Serbian forces inside Bosnia. Those forces, led by Radovan Karadzic, President of the self-styled Serbian Republic of Bosnia, have showily spurned the Contact Group plan on the basis that it proposes that the Bosnian Serbs, who have seized 70% of Bosnian territory, remain with "only" 50% of Bosnia.

Over September, a campaign has been run through the international press to convince the western public that the border is indeed sealed, and that there is real political division, even hatred, between the Milosevic and Karadzic camps.

This is nothing but a dog-and-pony show, orchestrated by Great Britain's David Lord Owen and Foreign Secretary Douglas Hurd; Milosevic, who is in fact the "true and only begotten" of the Greater Serbia military onslaught, gets to

# U.S., Russia to Europe

play the “good guy” vis-à-vis western public opinion, while Karadzic struts his stuff as the “bad guy” who has rejected the Contact Group’s generous offer to carve Bosnia up into pieces and toss the biggest chunk to Serbia.

All of Milosevic’s statements to the effect that the border is sealed, are pure and simple lies. The border is not sealed; when in Washington the week of Sept. 7, Bosnian Army Commander Rasim Delic presented to the relevant American officials further, material proof of what the United States already well knew from NATO aerial photography and ground intelligence sources: Men and materiel continue to pour over the border from Serbia. For example, on Sept. 15, U.N. officials admitted that “hundreds” of Serbian helicopter flights had been detected at the northern borders of Bosnia—50 to 100 sorties each night.

According to the press briefing of the Bosnian Embassy in London, the Serbians maintain pontoon bridges near Zvornik, dismantled during the day, whilst the U.N. “monitors” stand there taking their tea and cakes, which pontoons are reassembled during the night while the monitors are all tucked up into their silken sheets.

As for these U.N. monitors, whose mission is supposedly to prevent anything save “humanitarian” supplies from crossing into the Bosnian Serb camp, well, we are essentially dealing with an unarmed bunch of 130 clowns, each one of whom is tailed by a Yugoslavian policeman and a so-called “translator”! General Bo Pellnas of Sweden, heading the U.N. team, whose main function seems to be to gently pat the Serbians’ shiny fur, said he wanted to avoid using the word “monitor,” because “this is a very, very civilian operation.”

Western public opinion has, of course, been confused by all this, the more so, as Bosnian President Alija Izetbegovic emerged from the Security Council session last weekend and said that he now would accept the arms embargo against Bosnia remaining in force for another six months. No, the Bosnians, who, although they have no anti-aircraft and no heavy weaponry, are getting infantry materiel in quantity and from a number of sources, and have not decided they would enjoy losing the war.

The Bosnians have simply read the obvious political signals. The lamentable fact that the United States is not, at this

juncture, willing to break with the consensus policies of the British-run Contact Group, means that the Croatian government, pressured by the IMF (which has demanded that 19 factories, all vital to the war effort, be closed), and heeding hysterical warnings from the German ambassador to Zagreb, is afraid to crawl out onto a limb without U.S. support.

Thus, Croatia will not presently put into effect the military accords with Bosnia that were decided upon almost a year ago. But, unless the Croatian armed forces be actively engaged at her side, it is doubtful that Bosnia alone will be mighty enough to recapture her occupied territories from a far better armed and numerically superior invading force.

Furthermore, were the arms embargo to be raised against Bosnia within the actual Russian-American political configuration—i.e., unless the United States were suddenly to offer Russia as a counterweight something as big, as substantial as a complete break with the IMF—within days Russia and Serbia would fall upon Bosnia like a sledgehammer. Bosnia needs six months’ lead time to bring in heavy weapons and to train men to use them, before mounting a major counter-offensive. Without the full and absolute commitment of the United States, such a move is bound to fail.

## Let us not forget: This is mass murder

In spite of the Clinton administration’s unexpected and skillful moves in North Korea, Cuba, and Ireland, this latest debacle over Bosnia has put us back, strategically, to Square One: We have not gained time by making concessions to the British over Serbia; rather, we have *lost* time in a game whose upshot could be continental war. And we have lost precious time for several million people whose lives hang by a thread.

Thanks to the British propaganda effort for Serbia, there is a virtual news blackout as to the latest wave of ethnic cleansing in Bosnia. Thousands of Muslims and Croats have been driven out of Banja Luka and Bjelina in the month of September, while Bihac, Velika Ladusa, Cazin, and Buzim have been constantly shelled from the U.N.-“monitored” areas of occupied Croatia.

Nor do we know what, if any, food and medicine is getting in to the people of Bosnia, since the supply routes are controlled by British and French Unprofor troops. On Sept. 26, the UNHCR office in Zagreb said that all convoys through Serbian-occupied parts of Bosnia would be stopped, and Sarajevo Airport was closed again due to shelling of relief flights. The capital has no electricity, and therefore virtually no water, because the pumps cannot function. The “Kosovo” hospital has no water supply. There is no fresh food available, and the dried and canned food stocks are down to a fortnight’s reserve.

Within the next month, temperatures will drop below freezing at night in many parts of this mountainous country. This is the third winter of war in Bosnia, and, unless the United States decide to take decisive action, how many will never see the spring of 1995 is a moot point.

# Dangers of U.S. Haiti occupation emerge

by Cynthia Rush

When President Bill Clinton sought a last-minute diplomatic solution to the Haitian crisis on Sept. 18, he sidestepped the trap he had inherited from former President George Bush. Bush and his British backers had hoped to lock Clinton into acceptance of a United Nations-led dictatorship in Haiti which would both destroy that nation's Armed Forces and eliminate all vestiges of national sovereignty. But by underscoring that U.S. troops occupying Haiti would cooperate with Haitian military and police to pave the way for the return of deposed President Jean-Bertrand Aristide, and by initially deemphasizing the need to disarm the military, Clinton threw Aristide's one-worldist entourage off balance.

Those who control the mentally unstable former Haitian President quickly recovered, however, and now the dangers implicit in having 15,000 U.S. troops "peacefully" occupy Haiti have visibly emerged. Through a series of provocations staged by Aristide's supporters inside Haiti, U.S. forces are being thrust more and more into a policing role—in some areas practically constituting the government—while the international media justify mob violence by saying that Haitians are just "freely expressing themselves" after three years of "brutalization" by military "thugs and torturers."

Thus the stage has been set for smashing Haiti's Armed Forces through abrogation of the seven-point accord worked out Sept. 18 between former President Jimmy Carter and Haitian Army commander Gen. Raoul Cédras and Army Chief of Staff Gen. Philippe Biamby. That agreement states that Haitian military leaders will step down once the Parliament approves a broad amnesty for all members of the military and police; but it establishes an outside date of Oct. 15 for their departure even if the amnesty is not passed by then. If Aristide's backers succeed in overturning the accord, then Clinton will find himself dragged in the direction of imposing colonial rule—something Haitians bitterly recall from the U.S.'s 1915-34 occupation—and increasingly tied to the insane policy outlook of the pro-terrorist Aristide. This is what he had tried to avoid with the Sept. 18 agreement.

## What kind of amnesty?

In his speech before the United Nations Sept. 26, Clinton announced the unilateral lifting of most U.S. sanctions against Haiti, with the exception of those levied against the

600 top military and pro-military elites who helped to oust Aristide in the September 1991 coup. The U.S. expects to circulate a resolution at the U.N. calling for lifting the global embargo against Haiti, to be enacted upon Aristide's return.

Easing restrictions on Haiti's devastated economy and starving people may help in the short term. But the central issue affecting Haiti's future stability is the broad amnesty promised in the Sept. 18 accord. Aristide's sabotage of a similar amnesty last year caused the collapse of the Governors' Island agreement, and now his U.S. backers, including Bush holdovers in the State Department, are activated either to ensure its defeat, or to define it so narrowly that Cédras and other military leaders would be forced to leave the country rather than face prosecution. Cédras has repeatedly said that he has no intention of leaving Haiti, and has been mentioned as a possible presidential candidate in 1995 elections.

When in the spirit of the Carter agreement Haitian President Emile Jonassaint convened a special session of the Parliament to vote on an amnesty, the State Department responded that the "illegitimate" President was not authorized to make such a call, and that only Aristide could do so. On Sept. 25, clearly under U.S. pressure, Aristide did convene the special session for Sept. 28, but one day later, U.S. embassy spokesman Stan Schraeger reported in Port-au-Prince that American troops would prevent pro-military legislators from participating in the debate because they had been elected in "illegal" elections last January. U.S. troops will also protect 11 pro-Aristide legislators who returned from exile for the session, as well as another 13 who have been in hiding in Haiti. As the Jonassaint government charged Sept. 26, the exclusion of pro-military lawmakers is a breach of the Carter accord and an "intolerable interference" into Haiti's internal affairs.

If a broad amnesty is not passed, the mob violence which Aristide's supporters in the Lavalas movement have begun to direct against Haitian military and police will escalate. Emboldened by the incident they provoked in the northern city of Cap Haitien in which U.S. Marines gunned down 11 Haitian policemen, these mobs have been running amok, trashing police stations and barracks and looting food warehouses. Making clear that the military is the target, when a Port-au-Prince police station known as the "Cafeteria" was taken over by U.S. military troops, a large Lavalas crowd stood by screaming, "Those are the criminals. . . . It's not the Lavalas that has a problem now, it's the Army."

But as one Haitian soldier put it, "Destroy us, and you destroy the last institution still standing here. . . . I just don't think the Americans know what they're dealing with here right now." On Sept. 30, the third anniversary of the coup, as many as 30,000 Aristide supporters are expected to take to the streets in Port-au-Prince. While Aristide is reportedly urging his followers to observe that date in a "religious" manner, Pentagon officials are said to fear a new outbreak of mob violence.

# Geopoliticians compete at the Asian Games

by Cho Wen-pin

In August, Taiwan officials announced that Lee Teng-hui, President of the Republic of China, had accepted an invitation extended earlier this summer by Kuwait's Sheikh Ahmad al-Fahad, president of the Olympic Council of Asia, to go to Hiroshima to attend the Asian Games. Almost immediately, the Foreign Affairs Ministry of the People's Republic of China (P.R.C.) warned Tokyo that "there would be political troubles at the games" if Lee were allowed to attend the opening ceremonies.

Lee was later forced to drop the visit.

Yet, Taipei presses on; it will send other ranking officials, such as Vice Prime Minister Hsu Li-teh, to Japan, simply to defy Beijing as well as to announce to the world a new round of the independence movement. In recent years, Taiwan, under the presidency of Lee Teng-hui, has been on an all-out offensive—from buying political influence in small countries around the world, to sending officials to international events—to gain international recognition, defying the claim to Taiwan which the P.R.C. asserts, and opposing some nationalists on the island who still hold the dream of reunifying the country under the Three Principles of Dr. Sun Yat-sen.

Almost immediately after this Taiwan-born President took over, he started a pragmatic foreign policy campaign to reach out to the world beyond the handful of nations that have kept diplomatic relations with the Republic of China when most nations flipped to recognize Beijing beginning in the 1970s. His "dollar diplomacy" has bought him some U.N. votes from Central American countries; his "holiday diplomacy" has taken him to golf courses in Southeast Asian countries; and his presidential invitations extend to those who want to split China once again into new warring states.

## Partners of President Lee

The independence movement has run concurrently with an environmentalist movement, which has almost killed the fourth nuclear power plant on the island, and an indigenous movement, which is campaigning to eliminate in Taiwan the Mandarin language (spoken by 1 billion people). Furthermore, the movement, spearheaded by the Democratic Progressive Party, is encouraged by Trilateralists from Japan, Europe, and America, as seen in the 1994 Annual Report on China from the Trilateral Commission; by the International Institute of Strategic Studies (IISS); and "concerned" members of the Foreign Affairs Committee in London, who give

so-called friendly advice that Taiwan should replace Hong-kong in case factions in Beijing take a harder line against the biggest financial center in Asia.

In the United States, on the other hand, geopoliticians associated with groups such as the New York Council on Foreign Relations and the Heritage Foundation have for years encouraged Taipei to get into an arms race with Beijing, and spend its huge foreign reserves buying F-16 jet fighters from the United States and Mirage 2000 planes from France.

Their strategy indirectly causes sharp increases in Beijing's military budget—which, in turn, disturbs neighboring countries, particularly the P.R.C.'s eastern and southern neighbors. The fact that in recent years Beijing has sent an unprecedented number of high-ranking delegations to these nations indicates that China has to assuage these countries if peace and collaboration are to be had; these nations are considered necessary to develop Asia and the Eurasian continent as a whole.

Beyond balance-of-power politics, figures such as Gerald Segal, the Asia hand for the IISS, openly call for splitting China—a policy which is also implied in the printed record of the Feb. 8, 1994 session of the Foreign Affairs Committee of the British House of Commons. On July 8, a few days before he was invited to afternoon tea in Lee's presidential office, Segal wrote an article in the *International Herald Tribune* headlined, "The Taiwanese Need Help as They Edge Toward Sovereignty." Segal suggested to Lee: "As in the case of Hongkong, Taiwan is an important trading partner for China, and Beijing has grown cautious about damaging its economic interests. So it may be that China will quietly tolerate Taipei's creeping toward de facto sovereignty."

## Free trade will not make you free

So, from the think-tanks of Britain comes the classic remedy: "Free Trade Will Make You Free." But that idea was proved false by Abraham Lincoln, who was forced to fight a war—a lesson Lee Teng-hui, a Ph.D. from Cornell University, should have learned.

However, while chatting with Segal and IISS Director John Chipman, and asking British intelligence for help to get Taiwan a U.N. seat, President Lee forgot more basic facts: In 1945, it was Winston Churchill, from Britain's U.N. Security Council seat, who refused to recognize the Republic of China under Chiang Kai-shek's leadership; later, it was President Chiang Kai-shek, who by then was the only one alive among the five founding signers of the U.N. Charter, who had the guts to instruct his ambassador to the U.N. to leave the General Assembly conference hall, accepting this humiliation imposed by Mao Zedong and Henry Kissinger in order to save a great country from being split.

While there is no future for China if it is reunified under the communist system, it is, nevertheless, almost equally fatal for Taiwan to hinge its own future on geopoliticians from London, Washington, and Tokyo.

# Zepp-LaRouche calls for recovery program

"We have now reached the banks of the river which divides the past of the post-industrial utopia from the future of growth, prosperity, and the well-being of all humanity. Now it is high time to cross the river together!" Helga Zepp-LaRouche told 500 German industrialists in the keynote address to the Nordbau, the largest construction fair in northern Germany, in the city of Neumünster on Sept. 14. The bridge over the river lies in investment in infrastructure, facilitated by the issuance of government credits, she said. "This is the prescribed path to economic recovery."

Zepp-LaRouche's address, which kicked off the final leg of her campaign for federal chancellor in the Oct. 16 elections on the slate of the Civil Rights Movement Solidarity party, was warmly received. The fact that she delivered the keynote raised eyebrows, and the hackles of political opponents, because it is usually given by a candidate of one of the major parties. The Schleswig-Holstein daily *Holsteinischer Courier* headlined its favorable front-page coverage, "Production instead of Speculation."

Mrs. Zepp-LaRouche assured her audience that the problems in the economy "are not the result of an unavoidable natural catastrophe; they are the consequence of misguided government policies." She located the "downward trend" in the adoption of "a new malthusian doctrine of 'post-industrial economic policy'" by the Harold Wilson government in Britain in 1964, which "began to spread in the United States and on the European continent. As a result of this policy, the British pound collapsed, the dollar followed in March 1968, and the Bretton Woods accords broke down altogether in August 1971. From 1971 on, total production of physical goods worldwide, measured per capita and per square kilometer, has collapsed."

The collapse hit the so-called developing sector; then, in the mid-1970s, came the oil-price increases; and finally, the collapse in the developing sector began to pull down the export-dependent economies of the industrialized nations, she said. "In 1979, when Paul Volcker became chairman of the Federal Reserve System, a further reduction occurred in the rate of investment in infrastructure and agro-industrial production. Ever-wilder financial speculation took over the world economy, so that today the biggest speculative bubble in the history of the financial markets has supplanted produc-

tion of real goods practically everywhere in the world."

"Governments no longer have any other choice than to change the policies which have led to the spiral of collapse in productive investment. The anti-technological malthusian policy of a post-industrial utopia has exposed itself as a catastrophic failure; no economy on earth could survive a continuation of this policy," she said.

## Positive new developments

Despite the assertion by her electoral opponent Chancellor Helmut Kohl, that there is no *Patentrezept* (cure-all) for the economy, Zepp-LaRouche said that the discussion which has begun about the necessity of great infrastructure projects among U.S. President Bill Clinton, Kohl, and European Commission President Jacques Delors, "are a heartening indicator that at least some people in responsible positions are seriously looking for ways to overcome the mistakes of the past period."

"An array of development concepts has been placed on the table," she said, including Delors's "White Paper" and the "Paris-Berlin-Vienna Productive Triangle" proposal put forward in 1989 by her husband, Lyndon LaRouche. Construction of the Transrapid magnetic levitation fast rail from Hamburg to Berlin, and "China's serious efforts to build rail corridors on the 'Silk Road' across Asia to Europe, are also part of the current re-thinking of economic policy."

Zepp-LaRouche invited her audience to examine a series of maps showing the differences in infrastructure—canals, waterways, railroads, production and distribution of energy, land improvements, density of hospitals, medical care, physicians—from the time of Charlemagne to the present, between western Europe and the remainder of Eurasia, with the physical output of agricultural and industrial goods per capita and per square kilometer. "These comparisons show clearly that the economic growth of the past took place because we invested at the outset in basic economic infrastructure. . . . I believe that most of the population . . . has not really received an explanation of why investment in large-scale infrastructure projects represents an absolute, indispensable prerequisite for solving every economic and social problem in the entire world," she said.

Zepp-LaRouche asked how probable such a change of policy direction would be: In brief, what are President Clinton's chances of success? And, will it be possible to overcome the strong resistance against financing great projects?

Despite Clinton's enemies in London and in the circles around former President Bush, "he has special constitutional powers and . . . great personal authority as the head of state of the world's leading superpower," she said. "As for the second question, the most significant resistance to growth-oriented policies comes from extremely powerful financial interests which control many influential institutions on this planet. . . . These circles base their political power on the giant speculative bubble which is now about to collapse."



# Black Classical artists tour Germany to spread beauty, combat racism

by Stephan Marienfeld and John Sigerson

During the second week of September, the German political party Civil Rights Movement Solidarity and the Schiller Institute jointly held six concerts—in Munich, Oberursel, Düsseldorf, Potsdam, Eisenach, and Hanstedt, in commemoration of the great black American singer Marian Anderson, who passed away in April of last year. The concert series was convincing proof of how a cultural policy based on reason can promote an urgently needed cultural renaissance. Artists from the American civil rights movement played and sang Classical arias, songs, and spirituals, and brought to life Marian Anderson's spirit and soul.

But just as the American civil rights movement was born in struggle against evil and ignorance, so, too, this concert series had to triumph against forces in the drug-rock-sex counterculture who actively sought to cancel it, using a stockpot of old slanders cooked up by the former East German security police, the Stasi. The assaults were successfully beaten back, thanks to the dignity and beauty radiated by the performers and organizers of the concert tour. It is this aspect of the tour which perhaps gives it a significance ranging far beyond Germany's own borders.

"What made up that incomparable magic which Marian Anderson radiated? She was what the poet Friedrich Schiller described as a 'beautiful soul,'" wrote Helga Zepp-LaRouche, the lead candidate of the Civil Rights Movement Solidarity slate, in her greetings to the concert-goers. Marian Anderson was indeed a beautiful soul: She radiated morality, and with her extraordinary voice, she expressed both beauty and truth.

Dennis Speed, coordinator of the movement to establish a Marian Anderson Music Conservatory, emphasized that Marian Anderson's struggle against the cultural pessimism upon which all racism feeds, must be continued worldwide. He called for the employment of Classical music as the most appropriate tool in this fight against injustice, since, if beauty is implanted in the hearts of men, ugliness will disappear from the soul of its own accord. In this spirit, Rev. James Cokley from New York City opened the concert by singing "The Lord's Prayer" in his big tenor voice with baritone shades; and from then on, joy was the order of the evening. The lyric soprano Detra Battle, with her beautiful, youthfully light voice, which also has a round, dark core in the high register; the powerful, dramatic mezzo-soprano Elvira Green;

the sonorous, warm bass voice of Aaron Gooding, who has a clean mastery of all dynamic shadings; and their piano accompanists Sylvia Olden Lee and Dr. Raymond Jackson—were all rewarded with storms of applause.

With Mozart's "Porgi amor" from his opera *Le Nozze di Figaro* (Battle), Donizetti's "O mio Fernando" from *La Favorita* (Green), Verdi's "Ella giammai m'amò" from *Don Carlo* (Gooding), and the delightful duet "La ci darem la mano" from Mozart's opera *Don Giovanni* (Battle, Gooding), the artists demonstrated great ability to portray characters, and the most beautiful Italian bel canto singing blossomed forth. They also adorned the first part of the concert with lieder by Johannes Brahms, such as the Cologne-dialect joke "Och Moder, ich well en Ding han" (Battle); the passionate lied "Meine Liebe ist grün," the sad "Immer leiser wird mein Schlummer," the perky "Wie froh und frisch" from the "Schöne Magelone" cycle (Green); and the introspective paintings "Der Tod, das ist die kühle Nacht" and "Mainacht" (Gooding). All these lieder appeared as cast from one mold, despite, or rather, precisely because of the pianistically and vocally freer treatment of the transitional passages. With insightful poetic shaping and singing phrasing—not mere fidelity to textual clarity—the artists successfully conveyed the musical metaphors of each lied, and stirred the listeners' hearts.

The pianist Dr. Raymond Jackson, professor at Howard University and an expert on the piano compositions of black composers, performed an Adagio in F minor by Chevalier de St. Georges (1739-1799), who was the son of the French governor of Guadeloupe by his native mother, and who had enjoyed all the advantages of an education at the court of Louis XVI. Chevalier de St. Georges played violin, composed symphonies, string quartets, and piano pieces which are considered to be in the style of Haydn and Mozart.

Jackson also included Franz Schubert's Impromptu in G-flat major, because it is such a song-like piano piece, in which the piano functions both as a singing voice and its own accompaniment.

## Spirituals and the American art-song

The second portion of the concert was exclusively dedicated to American Negro spirituals. A special spotlight was put on the two spirituals "Sometimes I Feel Like a Motherless Child" (Green) and "Deep River" (Gooding), each of which

was followed by a piano composition containing the same musical material, by Samuel Coleridge Taylor (1875-1912). As Dr. Jackson explained, Taylor, the son of an African father and an English mother, was moved by his great love for Negro spirituals and African folk music, to rework these melodies as piano pieces—just as Brahms and other leading European composers did with their own folk melodies.

With such spirituals as “I Want Jesus to Walk With Me,” “Ride on Jesus” (Battle), “There Is a Balm in Gilead” (Cokley), “Oh, What a Beautiful City” (Green), “Come On Board” (Gooding), and “He’s Got the Whole World in His Hands” (all), the audience was put on intimate terms with America’s musical tradition, of which Antonin Dvořak said: “These beautiful and varied songs are the products of the land. They are American. In the Negro songs, I find all that is necessary for a significant and excellent musical school. They are pathetic, tender, passionate, melancholy, solemn, religious, risqué, funny, happy.”

The artists from the American civil rights movement brought the great, successful, heart-to-heart movement of Dr. Martin Luther King into the realm of everyone’s personal experience, and in doing so, they showed the connection between real politics and Classical culture. Schiller’s admonition to artists—“Man’s dignity is given into your hand. Keep it well! It sinks with you, and with you it will rise up,” was heeded with great dignity by these African-American artists.

### Counterculture is beaten back

The concert series caused a marked shift in some German establishment layers’ public estimation of the work of the Schiller Institute, whose chairman, Helga Zepp-LaRouche, is currently running in the elections to replace Helmut Kohl as federal chancellor. The Munich-based *Süddeutsche Zeitung*, which up to now has heaped nothing but scorn upon anyone and anything associated with Mrs. Zepp-LaRouche or her husband Lyndon LaRouche, gave prominent coverage to the artists. The following day, the *Taunus Zeitung* gave similar laudatory coverage of the Oberursel concert.

But the situation was quite different in Eisenach, a former East German city which also happens to be the birthplace of Johann Sebastian Bach. Here, a front consisting of two counterculture parties—Alliance 90 and the Green party—mounted a public effort to force the concert’s cancellation, peddling worn-out slanders about the Schiller Institute being “right-wing radicals” and a “youth cult,” and directly pressuring the mayor of Eisenach to intervene and shut the concert down. Fortunately, the mayor, reflecting the growing public sense of frustration and disgust with the whole environmentalist gaggle, not only refused to bend to the pressure, but sent his own delegate to the concert.

The Eisenach concert was a success—but one would have never known it from the next day’s press reports! The *Mitteldeutsche Allgemeine* ran a short item entitled “Concert Provokes Protests,” which did not even mention what kind of



Rev. James Cokley, American operatic tenor and civil rights leader, has been traveling to the German East to support the cause of freedom and human rights there, since the fall of the Berlin Wall in 1989.

concert it was, much less who the performers were. The *Thüringer Allgemeine*, while giving a more accurate report, made sure to also quote a Green member of parliament terming the Schiller Institute’s stand against racism “misleading propaganda.” And when a reporter from the *Eisenacher Presse* submitted a laudatory article on the concert to his editor, the editor peremptorily threw it out and substituted a slander-filled note.

Undaunted, the organizers of the concert put into motion a wave of protest letters to these newspapers. Organizer Lynne Speed confronted the editor of the *Eisenacher Presse*, telling him, “Just imagine you come to the United States, and an American paper writes that you’re a Nazi Skinhead, and you can’t defend yourself. How would you feel? Don’t you think the artists will get the impression that black people aren’t welcome in Eisenach?”

The editors of the *Eisenacher Presse* must have been sorely stung by her rebuke, because the very next day, not one, but two articles appeared, one titled “Institute Rejects Extremism Slander,” and the other the suppressed review of the concert itself. The first article contained a remarkable passage about the newspaper’s call to the Verfassungsschutz, the German agency responsible for protecting the Constitution. The Verfassungsschutz “has no evidence that the Schiller Institute or the Civil Rights Movement Solidarity are against the Constitution,” the paper reports. “Since the mid-1970s, the organization and its successor organizations have no longer appeared in the Verfassungsschutz report [on extremism]. At that time, the organization was considered not right-wing extremist, but rather left-wing extremist. A spokesman said: If you are politically exotic, it does not mean that you are an enemy of the Constitution.”

# Thirteen armies hold maneuvers in Poland

by Dean Andromidas and Michael Liebig

Between Sept 12 and 17, a significant event took place in Poznan, Poland: a joint military exercise involving soldiers from Poland, the U.S.A., Germany, Italy, Great Britain, Netherlands, the Czech Republic, Slovakia, Denmark, Lithuania, Romania, Bulgaria, and Ukraine. The significance of the exercise lay not in the narrowly military but, rather, in the political domain.

It must be admitted at once, that the jointly conducted training for "United Nations units" in the Biedrusko military region (20 km north of Poznan) is highly questionable from the military, political, and moral standpoint. The fundamental problem of the U.N. troops' shameful show of "impartiality" toward aggressor and victim alike in former Yugoslavia was by no means unnoticed by many of the 1,100 troops who took part.

Many officers as well as enlisted men in Biedrusko know the situation in the Balkans from firsthand experience. But even among the many journalists present, otherwise distinguished by the typical cynicism of their calling, the effects of a "Yugoslavia shock" were often marked.

## Reflects new U.S. policy

For all that, the "Cooperative Bridge" maneuver must be seen as politically positive. In it, the fact that the Clinton administration is supporting a "Paris-Bonn/Berlin-Warsaw stability strip" in security policy found expression. In this sense, the Poznan maneuver is an aspect of the shift in foreign policy line toward Europe which Clinton had put forward during his visits to France, Italy, Poland, and Germany this past June and July.

It is obvious that the United States emphatically wants to advance the stability of Poland and the further consolidation of German-Polish cooperation. Great Britain played only a marginal role in Poznan. The United States, Poland, and Germany wanted to negate any anti-Russian alignment; therefore, one week earlier, joint American-Russian maneuvers took place east of Moscow.

## Polish-America role

The planning of the exercises and their realization within two months lay essentially in the hands of the United States, Poland and Gen. Helge Hansen (a German general who is NATO commander in Central Europe). Originally, only a

smaller bilateral American-Polish maneuver had been envisaged. The "staging" of the maneuvers undoubtedly depended on the many American soldiers of Polish origin who still are fluent in Polish.

The visible presence of German Bundeswehr troops and their equipment in Poznan and in the Biedrusko military region can probably only be compared with the Bundeswehr's first exercise in France in the early 1960s. It is already impressive when the soldiers of the different nations exchange their AK-47s, M-16s, or G-3 assault weapons and then hold shooting exercises. With regard to the similarity of camouflage uniforms and helmets, a striking closeness is visible between eastern and western Europe.

The atmosphere between the soldiers participating in the exercises was indeed one of comradeship. The main problem in the effort is the language barrier, especially among the common soldiers, which was marked in the course of the exercises in the five partially mixed companies. In personal conversations with Polish and German soldiers it became clear that they got along in a truly comradely, open, and unrigid fashion, and even resolved their language problems by "improvising" over their evening beer.

## 'Partnership for Peace' is still fuzzy

The Polish exercises took place in the framework of the "Partnership for Peace" between NATO and the 22 states of the former communist sphere. Neither the exercises themselves, nor the statements of the many participating military and political leaders, contributed toward a clarification of the content of the fuzzy construct of the PFP. The main outlines of PFP seem to be that no one can say exactly what it actually means, and so everyone can interpret it according to his own fashion.

The Polish side, starting with Prime Minister Waldemar Pawlak, made it directly and unmistakably clear that the fastest possible entry into NATO is an overriding goal of Polish foreign policy and that the PFP is viewed as a superfluous and at best short-term transitional phenomenon. Polish Defense Minister Piotr Kolodziejczak expressed appreciation for German support for this Polish position, for, unlike the other western powers, in Germany's case, there was no gap between word and deed.

After his visit to Biedrusko, German Defense Minister Volker R  he flew to Neubrandenburg, where the partnership of the 12th Division of the Bundeswehr with the 13th Polish Division from Szczecin was established. Beyond the problem of the PFP, the stability of Europe depends in any case decisively on the further consolidation of a Paris-Bonn/Berlin-Warsaw "strip" and its reinforcement by the United States.

This is not just a security policy but, above all, a question of economics and infrastructure. As a further development, so to speak, of the Poznan maneuvers in October in southern France, there will be a joint maneuver of the German-French Brigade with Polish soldiers.

# Leibniz and Europe

---

*Renate Müller de Paoli reports on 'The Art of Invention and Renaissance': the Sixth International Leibniz Congress, convened in Hanover on July 18-23.*

*We are grateful to Edward Carl for translating this article, which first appeared in the newspaper Neue Solidarität, from the original German.*

If today the name “Leibniz” awakens more than just the image associated with the advertising trademark of a cookie maker—but rather brings to mind for many citizens the greatest universal genius of the 17th century, Gottfried Wilhelm Leibniz, the philosopher, mathematician, physicist, historian, jurist, economic scientist, and statesman—for this we owe a debt to, among others, the Leibniz Society founded 30 years ago in the German city of Hanover.

Indeed, Leibniz can reasonably be considered Hanover’s most outstanding citizen, since he spent the last 40 years of his life there until his death in 1716, even if the narrow constraints of the Guelph court often led him to wish he were living “in London or in Paris.”

Participants from 27 countries attended the July conference to deliberate on the Leibnizian “Grand Design” for Europe, by which he intended to guide Europe beyond the gruesome destruction and depopulation it had suffered during the Thirty Years’ War, and into economic prosperity and a durable and harmonious new order. The theme and the historical timing could not have been better chosen, since our present time is convulsed by such multidimensional crises that the parallels to Leibniz’s time in the 17th century forcefully impose themselves upon the mind.

Questions such as: “What would Leibniz say to Europe today?” or “What will Europe look like 250 years hence?” arise clearly and intelligibly in this context. Many guests, particularly those from eastern European countries, hoped and expected that examining Leibniz’s thinking and proposals would spark concrete ideas for solutions to the problems they confront in the aftermath of the crumbling of Marxism-Leninism. One representative from Romania, responding to a German speaker, brought up this point: “Aren’t we facing the same questions today as were posed 300 years ago? Don’t we merely have to transplant Leibniz’s concepts and thereby put the crowning touch upon his work?”

In his introductory remarks, even the Hanover University president sharply attacked the violation of Leibniz’s principle of *theoria cum praxi* (“theory together with practice”) in current science policy. He polemically denounced the prevalent cost-benefit analysis thinking and demanded “strategic decisions for the promotion of science,” in order to check the “suicidal” trend against basic research while becoming more and more intensely outcome-oriented instead. His underlying argument referred to Leibniz’s invention of the infinitesimal calculus, “without which no scientific-technological progress would have been possible during the last 300 years.”

In Leibniz’s thinking, his multivarious proposals for building up a Europe-wide network of scientific academies formed the decisive foundation for a genuine new European order. In doing so, he directed his attention especially toward Russia, that giant in the European continent’s East. Through written memoranda and two personal meetings, he sought to influence the young Czar Peter the Great into building up Russia into one of the most prosperous nations scientifically, culturally, and economically, a plan which could especially be facilitated by means of the land route to China. He often complained of the shortsightedness of the nobility, who “so very poorly recognized the most urgently pressing tasks,” namely, “the launching of large-scale development assistance toward Russia to be financed by them.”

What he had in mind was “to introduce into the environment surrounding the czar a mathematically and technologically educated man.” In August Hermann Francke, a Pietist and the founder of the Francke Foundations, the Halle orphanage, and the closely affiliated reform school academies, Leibniz found an important partner for a dialogue on his “Reconstruction East” project. Both, in turn, kept in contact with Heinrich Wilhelm Ludolf, the first German Slavic specialist and the publisher of a *Grammatica Russica*. Francke promoted the teaching of the Russian language in his reform academies—not only in order to be able to allow well-educated Russian speakers to act as development advisers for Russia—but also in the hope of educating young Russians in his academies, too.

In 1698, Francke established the Oriental Studies Program (*Collegium Orientale*), and the teaching of the Chinese language was initiated in its language program. Apparently, Leibniz thoroughly acquainted himself with the Francke Academy model, as shown by his 1716 memorandum on the "Improvement of the Arts and Sciences in the Russian Realm." In this writing, he stipulates the development of academies which were intended to be simultaneously Virtue, Philology, and Art Academies.

The founding of the University of Moscow by Mikhail Lomonosov in 1755, that of Kazan in 1804, Kharkov in 1804, and of St. Petersburg in 1819, are important realizations of the Leibnizian proposals, along with the Great Siberian Expedition of 1730, the extensive, ordered development in the area of shipbuilding, and the development of navigable waterways. These achievements were reported to the Hanover Congress by two representatives from Moscow.

Since Leibniz always kept "the benefit of the entire human species" before his eyes and, further, effected his "Passion and Delight in the Commonweal," he presented the czar with a proposal to convoke a conference in Moscow with participation of all the religious confessions. Leibniz saw the necessity of an ecumenical dialogue that might lead to the possibility of a reunion of all the confessions following the horrors of more than 30 years of raging religious warfare and as a critical moral-ethical basis for a practicable, durable peace in Europe. For all his efforts, however, the outbreak of the Russo-Swedish War brought these initiatives to naught.

Within his endeavor to construct an *harmonia universalis* (in modern rendering: a new, just world economic order), Leibniz also included the gigantic Chinese empire. Through intensive correspondence with Jesuit missionaries, he sought to develop within his mind a precise picture of the Chinese culture, language, and infrastructure. He even cherished the desire to build up his house in Hanover as a staging ground for Chinese missionary work. Certainly his "evangelical language" (*Missionarsprache*) is nothing other than the "scientific truth" that he sought to propagate: namely, knowledge of the universe, the investigation and understanding of the natural-law ordering of our universe. "Knowledge of the universe," however, is equivalent to "knowledge of God," and, accordingly, in Leibniz's words, "science is equivalent to service to God," as one participant from East Asia at the Congress emphasized. In contrast to the British empiricist John Locke, Leibniz addressed the capacity in man for creative reason. Hence, Leibniz also insisted upon a scientific foundation of knowledge for every deliberative process and procedure of action.

A speaker from the United States characterized Leibniz's recognition that justice could be nothing other than "the love of the wise," *caritas sapientis*, as being the most significant contribution to politics overall. Economic policy is certainly the best yardstick of how far this principle extends into poli-

cy. However, Leibniz's memoranda—on establishing manufacturing; on the promotion of the Silesian linen industry; the planting of mulberry trees for silk production; the founding of a royal college of mining to promote mining technology research in the realm; the introduction of fire casualty insurance; the establishment of a fire insurance bureau, the proceeds of which "would make it possible to assist and give further support to our subjects, preserve them from disasters, and promote their livelihood"—these many memoranda were unfortunately only mentioned in passing.

Leibniz himself always regarded economic science as the most important of the sciences, since through this scientific knowledge becomes concretely realized, and humanity is given the possibility of imitating the order of creation. For Leibniz, accordingly, economic progress is always directly coupled to that capacity of man, the "spiritual-intellectual monad" (*Geistmonade*), to continuously further develop his creative potential, such that the continuity of scientific-technological progress will never be interrupted. Scientific development is, therefore, necessarily dependent upon the *ars inveniendi*, the "Art of Invention."

The real aspiration in the life of Gottfried Wilhelm Leibniz was always the perfection of this *ars inveniendi*. This also becomes intelligible from a hitherto unknown source—thoughts which Leibniz wrote down during his sojourn in Vienna.

Starting in 1668, Leibniz attempted to present his conceptions to Emperor Leopold in Vienna. Four times, he had made great efforts to no avail, until the emperor finally granted him an audience in October of that year. Leibniz utilized this personal discussion to directly confront the emperor with the greatest challenge with respect to statecraft, which lies in promoting, for the sake of the survival of the human species, the vitally necessary art of invention. The key to this would be a *characteristica universalis*, that is, a method whereby not just the different fields of mathematics (analysis, algebra, combinatorial analysis, differential calculus, and so on), but in general all relationships "of which one has an intelligible concept may be brought to an exact character, and so enable calculation just as with numbers." To this would be subsumed "a universal language which one could learn in 14 days."

Leibniz concludes: "I confess that I desire to realize this concept more than any other to the lasting benefit of the human species, for it is the key to everything, which the human understanding might be capable of accomplishing." Unfortunately, Leibniz was not able to consummate this life-long pursuit that he so longed for.

Since Leibniz's time, this challenge, to create such an ABC of the "Art of Discovery," of hypothesis formation, still stands. For this reason no other question during the entire Leibniz Congress was as relevant as the one raised by a guest from Katowice, Poland: "When is the new Leibniz coming?"

# International Intelligence

---

## ***Israel says Iran is getting nuclear bomb***

Iran is about eight years away from having a nuclear bomb, Israeli Army intelligence chief Maj. Gen. Uri Saguy said on Sept. 19. "It is possible to assume that if, on the one hand, the process will not be accelerated or, on the other hand, foiled, Iran . . . in a period of some eight years, will be in a situation in which it has a military nuclear capability," he said.

Saguy told Army Radio that "painstaking, behind-the-scenes intelligence work" was underpinning "very comprehensive diplomatic efforts" aimed to prevent Iran from acquiring a nuclear arsenal. "All these elements come together as a mutual interest of Israel and, I am happy to say, other nations, to try to foil or delay as much as possible Iran becoming a nuclear nation," he said, without naming the countries.

---

## ***Russian missile corps has its electricity cut***

The electricity supply was cut off to Russia's strategic nuclear missile command on Sept. 21, in an incident that might have jeopardized Russian national security, according to military leaders. Russian Prime Minister Viktor Chernomyrdin vowed to punish the "brainless clerks" who did this, ostensibly in retaliation for the military's failure to pay its electricity bills. Said Chernomyrdin: "The person guilty of this outrage will be punished today."

Strategic missile forces Commander Igor Sergeyev stated that if officers had not switched on a back-up power system, control of the former Soviet Union's nuclear weapons arsenal could have been "considerably complicated. . . . There are no words in the Russian language, even unprintable ones, to describe what happened. You cannot even imagine how much switching off the electricity threatened the security of the country."

The action was taken by Mosenergo, the Moscow energy authority, which was owed

50 billion rubles by the military.

The London *Independent* said that the incident would likely be discussed by Russian President Boris Yeltsin during his visits to Britain and the United States at the end of September.

---

## ***Rutskoy will challenge Yeltsin for presidency***

Gen. Aleksandr Rutskoy has been nominated as a candidate to challenge Boris Yeltsin for the Russian presidency. This was decided at a gathering of opposition forces in Kaliningrad, a Russian enclave on the Baltic Sea, on Sept. 17-18. The opposition movement promised to hold a larger gathering in October, to choose a "shadow cabinet" to replace Yeltsin's team. Rutskoy was arrested last October, following the Yeltsin-ordered storming of the Russian Parliament.

According to the London *Daily Telegraph*, the Russian government is apprehensive that Rutskoy and his allies will try to exploit the social unrest likely to break out this winter, as hundreds of thousands more Russians become unemployed. To prevent this, Yeltsin's team is "asking the International Monetary Fund to provide up to 12 billion pounds-sterling in aid, which would help set up a social security network and pay pressing debts to farmers, industry, and the health service," writes the *Telegraph*, adding that it is very unlikely that the IMF will be forthcoming with such money.

---

## ***U.N. eases sanctions against Serbia***

The U.N. Security Council eased sanctions against the rump Yugoslav state in a vote on Sept. 23, suspending for 100 days the bans on air travel, and cultural and sporting ties in the former Yugoslav republics of Serbia and Montenegro. It goes into force only after Secretary General Boutros Boutros-Ghali receives a report from the border monitors that Serbia is banning all but the delivery of humanitarian supplies to the Bosnian Serbs. The vote to ease sanctions was 11-2,

with 2 abstentions. Pakistan and Djibouti voted "no," and Nigeria and Rwanda abstained.

A second resolution prevents travel by Bosnian Serb political and military leaders and bans commercial dealings with areas controlled by Bosnian Serbs. A third resolution, condemning the Serbs for driving thousands of Muslims out of their homes in Banja Luka and other areas, was adopted unanimously.

At least 10 ambassadors from Muslim nations strongly opposed the easing of sanctions, telling the Security Council that Belgrade was being rewarded for fomenting the Bosnian war. "The resolution lacks balance," said Bosnia's U.N. Ambassador Muhamed Sacirbey. "For while it seeks to reward those who now have admitted to at least complicity in crimes and war-making, the victim is not assisted."

The Arab League on Sept. 24 said that it regretted the U.N. resolution. Adnan Omran, the League's assistant secretary general, told reporters that the decision damaged the credibility of the council, which recently extended sanctions against League member Libya.

---

## ***Voltaire's birthday celebrated in Oxford***

England's Voltaire Foundation held an international congress in Oxford beginning Sept. 28, to commemorate the 300th anniversary of the birth of François Voltaire, the most famous philosopher of the French Enlightenment. As *EIR* reported in a feature article by Webster Tarpley (Sept. 23, 1994, "How the Dead Souls of Venice Corrupted Science"), Voltaire was an agent of Venetian intelligence operative Antonio Conti, and played a major role in promoting the cult of pseudo-scientist Isaac Newton.

The London *Daily Telegraph* reported the news of the anniversary celebration on Sept. 22, pointing out that Voltaire's birthday "might have gone almost unnoticed in Paris had it not been for the British."

The Oxford conference was jointly co-sponsored by the universities of Oxford and Paris. According to the *Telegraph's* pre-

## Briefly

conference report, more than 200 French academics were scheduled to fly Britain for two days of discussions and "learned junketing," including a concert by "the Orchestra of the Age of Enlightenment." There is to be a follow-up festivity, with extensive British participation, in Paris.

The event is receiving the "high patronage" of French President François Mitterrand, French Prime Minister Edouard Balladur (who spent his summer vacation reading several biographies of Voltaire), and British Prime Minister John Major, according to the *Telegraph*.

The Voltaire Foundation was created by Thomas Besterman, who came to Britain from Poland in 1915 and edited the entire correspondence of Voltaire (20,000 letters) twice. He procured these documents from the Voltaire Institute in the writer's home in Geneva, Switzerland, after a bitter fight with that institute.

### **Hunger striker demands end to Iraq embargo**

Bernard Cornut, a French civil engineer and former official of the U.N.'s Food and Agriculture Organization (FAO), began a hunger strike on Sept. 10, to put pressure on the French government to review its policy regarding the embargo against Iraq.

Cornut, who has participated in various international campaigns to lift the embargo, began his strike just as the U.N. Security Council was meeting to renew the four-year-old blockade against Iraq. Despite the fact that Russia, France, and China have repeatedly urged the Security Council to ease the embargo, the United Kingdom and United States have consistently led the permanent five Security Council members to maintain the genocidal sanctions.

Russia, China, and France have an economic interest in lifting the embargo. Russia signed a \$10 billion trade deal with Iraq on Sept. 10, and France's oil firms have signed agreements for exploration and development of Iraqi oil.

The Committee to Save the Children in Iraq, an international group formed in 1991 by several

non-governmental organizations in order to coordinate humanitarian projects, is supporting Cornut's hunger strike. The committee issued a statement urging others to extend their solidarity. "French Foreign Minister Juppé is reportedly ready to meet with Iraqi Deputy Prime Minister Tariq Aziz," the statement said. "Now is the time for France to break the stranglehold of the Sanctions Committee. Now, too, is the time for U.S. President Clinton to honor his pre-election pledge to lift the genocidal embargo."

### **Former Uganda President addresses EIR seminar**

Godfrey Binaisa, the former President of Uganda, addressed an *EIR* seminar in Washington, D.C. on Sept. 22. He told the history of the Hutu-Tutsi conflict in Rwanda, and how it had been created by the Belgians. He showed how the "Rwandan civil war" was actually a war of aggression by the Ugandan Army, whose top officers are the sons of Rwandan refugees who now comprise the Rwandan Patriotic Front.

Binaisa, who is a well-known figure among Africans, also decried the call for tribunals against genocide in Rwanda, stating that such tribunals would be a farce if Ugandan President Yoweri Museveni and his sponsor and boss, British Overseas Development Minister Lady Lynda Chalker, were not in the dock. He also called upon Africans to "wake up" and see what is being done to the continent by the British. He called for the dismantling of the International Monetary Fund and World Bank and their replacement with a Hamiltonian system of banking in Africa.

*EIR* Asia Editor Linda de Hoyos also spoke, stating that an independent *EIR* investigation had confirmed the former President's charges against Chalker and Museveni. She warned about the operations now ongoing against Nigeria, noting that Nigerian "democracy leader" Abiola had been a funder of Museveni. However, she said, at the core of the Rwandan catastrophe is the ideology of the British royal family, specifically that of Prince Philip, chairman of the World Wide Fund for Nature.

● **ALMOST 90%** of the non-Serbian population in northern and eastern Bosnia has been expelled or killed by the Serbs, according to the U.N. High Commission on Refugees. Of the 837,000 citizens—mostly Bosnian Muslims—who lived in those regions before 1991, roughly 80,000 are still there, and expulsions are continuing.

● **TAJIKISTAN'S** Russian-controlled government and rebels signed an agreement on Sept. 18, according to which both sides would cease hostilities until Nov. 5. The agreement will go into effect after the deployment of a "U.N. control mechanism" on the border between Tajikistan and Afghanistan. The agreement allows the opposition to take part in the Nov. 6 presidential elections and a referendum on a new constitution.

● **DOUGLAS HURD**, the British foreign secretary, is leading a British propaganda offensive against Sinn Féin leader Gerry Adams in the United States, the London *Guardian* reported on Sept. 22. Hurd is attending the U.N. General Assembly in New York.

● **HELGA ZEPP-LAROCHE**, chancellor candidate of the Civil Rights Movement Solidarity, addressed the German nation on Sept. 22, in a brief television advertisement which focused on the need for a worldwide economic reconstruction program. "We need the economic integration of the Eurasian continent," she said, "for example, the construction of a land bridge along the old Silk Route, as far as China and South and Southeast Asia."

● **QUEEN ELIZABETH'S** visit to Russia in October will be "historic and unique," said Russian President Boris Yeltsin on Sept. 25 during a visit to London. A well-informed Moscow source told *EIR* that "there are many in Britain who are promoting the idea of a new entente with Russia."

## Clinton-Yeltsin summit sidesteps the real issue

by Mel Klenetsky

On Sept. 28, U.S. President Bill Clinton and Russian President Boris Yeltsin completed their third summit and fifth meeting. Both leaders characterized their meeting as productive, warm, and furthering a very rapid process of normalizing relations between the two countries. But the issue of the International Monetary Fund (IMF) and its efforts to inject a new round of shock therapy into Russia will be of greater importance for the future relations of the United States and Russia than the areas of discussion presented in the Clinton-Yeltsin joint press conference after the summit.

Last autumn, Strobe Talbott, now deputy secretary of state, and Vice President Al Gore visited Russia and challenged the IMF shock therapy (drastic withdrawal of price supports and subsidies and radical privatization), by calling for "less shock" and "more therapy." The IMF and its backers in the Thatcher-Bush networks were outraged and demanded that the IMF program be backed to the hilt, regardless of the political consequences for Russia.

Since then, President Clinton has increasingly drawn the wrath of the Canadian-based Hollinger Corp., an international newspaper chain and British intelligence asset, which has run a campaign to oust Clinton from the U.S. presidency, through their flagship newspapers, the London *Daily Telegraph* and *Sunday Telegraph*. What particularly enraged these forces is that Clinton has the potential of breaking with the IMF shock therapy for Russia.

Last July in Bonn, Clinton called for Germany to play a leadership role in Europe, especially in the emerging relations with Russia. Clinton called for a new special partnership between the United States and Germany, especially in working on opening up East-West relations. This drove the *Telegraph* crowd wild.

During that same trip to Germany, the President's praise of the Delors White Paper, a program of infrastructure devel-

opment that included railroad building programs that would connect Paris, Berlin, Warsaw, and Moscow, represented another potential nail in the coffin of the IMF and British policy. The plan of Jacques Delors, the outgoing president of the European Commission, is hated by the pro-British, pro-IMF forces in Europe.

### Queering the Delors plan

Sources indicate that two methods will be used to undermine the Delors projects. One will be financial. Since state-level funding is required for large-scale projects, by insisting on private funding as the only permissible form of project financing, the Delors plan can be poisoned. Secondly, Britain's Prince Philip has increased the activity of the World Wide Fund for Nature. This WWF will try to set up game and forest preserves in areas where rail links would have to pass through.

Queen Elizabeth II's visit to Moscow and St. Petersburg, scheduled for Oct. 17-20, should be seen in this context. British sources report that her arrival will likely coincide with efforts by certain influential Russians to formally "restitute and reconsecrate" the former Romanov dynasty. The sources confirmed that the activity of Prince Philip's WWF is "not what it seems to be, it is really a . . . new form of neo-colonialism, under the cover of protecting animals."

Currently the IMF has offered Russia a \$9 billion loan program if they implement a new round of shock therapy. The IMF is asking Russia to reduce its inflation rate from the current level of 5% per month, down from last year's level of 20% per month, to a level of half a percent per month. Already crippled, if Russia submits to the new round of IMF austerity the country will plunge into ungovernable chaos.

In 1994, Yeltsin and Prime Minister Viktor Chernomyrdin, have abandoned the more extreme forms of former Prime



Minister Yegor Gaidar's shock therapy regime, which reduced Russian industry by more than 50% in the 1991-93 period, but they kept to a modified IMF program. The results: Industrial production in the first half of 1994 dropped by 26%. Productivity in machine building dropped 44.9%, in the chemical and petrochemical industries 35.4%, and in light industry 41.1%.

The main reasons for the slump were the sharp cutbacks in the defense sector and state investment programs. General Kuznetsov complained in September that 95% of the military-industrial complex was not functional and the military was receiving a little more than 50% of its already totally inadequate allocation. Troops are going without pay. One strategic weapons facility even had its electricity shut off.

### The IMF issue is key

One of the bilateral economic deals between the United States and Russia is a \$250 million loan guarantee for jet engine maker Pratt and Whitney to work with Russian and German partners to redesign a Russian aerospace engine. Other trade deals worked out involve oil and gas exploration, automobile production, aerospace, and telecommunications. The size of these projects is minimal, but they could define a different direction, in contrast to the IMF asset-stripping, shock-therapy prescriptions. State and private sector-supported approaches coherent with the Delors plan, such as LaRouche's European Triangle program, are the only alternative.

Physical economist and presidential pre-candidate Lyndon LaRouche, on the "EIR Talks" radio show of Sept. 28, commented on the new IMF proposals for Russia: "The purpose of the proposal is, essentially, to destroy Russia's economy, and to destroy Russia so that it shall never rise again; that was the real intent of the policy which Mrs. Thatcher enunciated, and which George Bush, her stooge, followed on."

LaRouche continued, "This is classic British geopolitical policy," which "caused two world wars in this century. In the first case, the British organized a conflict in Europe, including the Balkan wars, which led to World War I. In the second case, the British forced into power in Germany their temporary protégé, Adolf Hitler, because the Anglo-Americans were the occupying powers in Germany and controlled the money and controlled the industrialists, and were able . . . to topple the von Schleicher government with the help of the Social Democracy, which helped to bring Hitler into power." LaRouche added, "The British saw Hitler as ensuring that Germany and Russia would go to war down the pike. That was their purpose: to arm Germany for a war with Russia, to have another war in Europe which would eliminate the danger that economic development on the continent of Eurasia would build a force which would challenge British world domination by British influence.

"The same thing is going on now. They're trying to destroy Germany. . . . They have also been trying to destroy Russia and eastern Europe. Eastern Europe's levels of pro-

duction are down to 30% or less of what they were in 1989. A similar situation already exists in Russia, in Ukraine. They're now saying, 'Do more.' The military and its friends are saying, 'We will not put up with more of this.' So, the Anglo-Americans who are supporting this IMF policy, are driving the Russians up against the wall."

### Queen Lear

"The powers that are running these policies . . . are mad," said LaRouche. "They're sitting on a system which is as doomed to fall as were the Lombard debt structures of the middle of the 14th century. This system globally, this monetary and financial system, is on the brink of collapse. . . . It is said, of course, that 'whom the gods would destroy, they first drive mad'; and if you doubt the veracity of that aphorism, you have to look at the British monarchy—'Queen Lear'—going to Moscow in an effort to revive the Romanov dynasty, and the IMF going for another round of shock therapy in eastern Europe."

LaRouche has described the derivatives-driven world financial crisis and the IMF-induced crisis in Russia as the two most important areas for determining future global strategic and East-West developments. LaRouche sees two factions. One is the British and the Bush League. "The other side is not necessarily Clinton supporters, but forces around the world who are looking at President Clinton as a man who might offer an alternative.' Hence, "in France, in Germany, throughout continental Europe . . . the hot issue is: Are you going to go with the British, or are you thinking perhaps of trying to work with Clinton on a development policy which includes the word 'grow'? . . . So, the 'grow' people, which include Jacques Delors of France . . . which include those Germans such as Kohl . . . which include Russians and Chinese and others who are looking to see if, *possibly*, the Clinton administration will move in this direction.

"That's the way the world divides, in terms of power. You're either with Clinton, or you're with the other side. Not because Clinton is an assured winner, not because he's assuredly going to stick with the right policy, but because, to many people around the world, he seems to be the only visible alternative to the *absolute hell* which we would go into, if the policies of Thatcher and George Bush were to continue on auto-pilot as they are pretty much doing up to the present time."

Clinton and Yeltsin agreed on moving up weapon reductions for START II and eliminating the Jackson-Vanik Amendment which limited exports to Russia. They failed to agree on Bosnia and Nagorno-Karabakh, and compromised somewhat on Russian weapon sales to Iran. According to LaRouche, President Clinton correctly has an institutional rather than a personal relation with the Russian leadership. Unlike Bush, who backed Gorbachov and then Yeltsin, Clinton backs Russia and its institutions, not a particular leader. Crucial to the future of this more rational, institutional, relation is the IMF issue.

# Virginia truth barrage shocks Oliver North's campaign

by Nancy Spannaus

The political campaign of George Bush's flunkey Oliver North was hit with a shock on Sept. 29, when more than 200,000 leaflets on his record of running cocaine into the United States through the Contra operation hit the Northern Virginia-Washington, D.C. area. The fact that the major Virginia media, including the *Washington Post* and network television, has refused to expose major elements of North's criminal record, has left most voters in the dark about why the controversial former National Security Council official is morally unfit for public office. The "truth squad" distribution of leaflets by the Defeat that Son-of-a-Bush Committee brought an immediate positive response from many who have been waiting for an in-depth offensive against the multimillionaire candidate.

The leaflet distribution was especially called for in light of the deliberate press blackout of the scandals against North. The SOB Committee has begun a \$10,000 per week radio ad campaign, but has met with the refusal of major Washington, D.C. media to air the straight, informational spots. A media-press tour by former Drug Enforcement Administration (DEA) agent Celerino Castillo, who has direct evidence of North's role with drug-running, was also largely blacked out by the media. (*EIR* published an explosive interview with Castillo in our Sept. 23 issue.)

The first indications are that the combination of the mass leafleting and the appearance of Castillo, who filed DEA reports from 1985 onward about Contra drug running, has alarmed the North campaign. North himself has so far confined his responses to the charges of drug running, which have come from former candidate and former governor L. Douglas Wilder as well as the SOB Committee, to monosyllabic dismissals. The self-proclaimed hero declined to respond to a challenge by Castillo that he meet him in Richmond on Sept. 29, and "look me in the eye and tell me it didn't happen." But North's supporters bombarded calls into SOB headquarters and into a radio interview show where Castillo was documenting his evidence, shrieking that the former DEA agent was a "LaRouche agent."

## Will North respond?

Reached for comment on Sept. 30, North's correspondence director Joe Mertz responded to Castillo's challenge as follows: "The charges are erroneous, unfounded, and our

lawyers are looking into these charges."

If North intends to sue Castillo, he will meet someone very well prepared. The 12-year DEA veteran has been keeping a record of his reports, as well as pictures and other documentation, ever since he was posted to Central America in 1985. He has been seeking to get an investigation of his evidence from that time forward, and succeeded at various times in getting national news stories on CNN and "A Current Affair." Each time the story begins to make national news, the clamp comes down.

At this press conference in Richmond on Sept. 29, Castillo stressed that North has never been investigated for the charges of Contra drug-running, and that he is minimally guilty of violating the Federal Narcotics Law, by refusing to report his knowledge of narcotics being run by the Contra pilots. Castillo recounted his attempts to get an investigation by special prosecutor Lawrence Walsh's office on the Iran-Contra affair, and the failure of the Kerry Committee on Drugs, Law Enforcement, and Foreign Policy to interview him on his evidence. He also blamed his own former employer, the DEA, for maintaining the coverup.

Castillo also shocked the journalists present by revealing that North was actually the subject of a DEA investigation as late as 1991—when North's use of drug-traffickers in operations around the Philippines resulted in the opening of case file GF-GD-91-9139. He added that there was a U.S. Customs agent named Richard Rivera who would confirm his story on Contra drug running, and numerous other DEA agents who, if subpoenaed, would also testify to support his charges.

Castillo has written a book called *Powder Burns: Cocaine, Contras, and the Drug War*.

## Where is the other opposition?

North is opposed by two candidates on the ballot, incumbent Democrat Chuck Robb and independent Republican Marshall Coleman. So far, however, the two have hardly laid a glove on North. North's slight lead in the polls may not mean much, but he certainly has been the only candidate to mobilize effective forces on the ground up to this point.

The Virginia Democratic Party just began to produce anti-North literature at its statewide meeting on Sept. 24. But, pleading poverty, the party chairman indicated that their

Truth Kit about North would not be mass produced. Many local party leaders, especially in the African-American community, are extremely worried about lack of an effective counterattack.

Coleman, whose campaign is sponsored by Virginia's senior Republican senator, John Warner, currently is credited with 18% in the polls. His radio ad campaign has been scurrilous against both North and Robb (without using their names), but not very extensive.

---

## The SOB Committee's leaflet

---

*We reproduce here the text of the mass leaflet which is being circulated in Virginia:*

Do you think Ollie North is a "conservative" who promotes family values? Do you believe him when he says he's an "outsider" persecuted by the Washington crowd? If you do, *you're wrong!*

A massive *cover-up* of North's real activities as a National Security Council staffer has created a myth of Ollie North that has no correspondence to reality. What the *Washington Post*, *WTOP*, and the *Washington Times* won't tell you, we at the Defeat that Son-of-a-Bush Committee must.

We present here crucial elements of the documentary evidence on just one part of North's record of crime—his oversight of massive cocaine-trafficking into the United States in the Contra supply operation. From the public record alone, there is sufficient evidence to indict North as a drug kingpin—the center of a conspiracy to import illegal drugs into our country, and into the veins of our youth.

North's involvement in drug-trafficking is not the only crime that disqualifies him to be in the U.S. Senate. But it is a damning one—and one that North is lying about to the present day.

### The evidence

Due to the corrupt deals around the Iran-Contra affair, North was *never* investigated for the *systematic drug trafficking* he carried out as part of the Contra operation. Nonetheless, the following evidence has come to light:

- Hangars 4 and 5 at the Ilopango Airport in El Salvador, the hangars allocated to the Contra operation under Bush intimate Felix Rodriguez, were found to be frequented by planes carrying cocaine. (Sources: Kerry Committee Report on Drugs, Law Enforcement and Foreign Policy; *Compromised* by Terry Reed; *Powder Burns* by former DEA agent Celerino Castillo)

- According to Castillo, who was in charge of DEA El Salvador operations at the time, "when we finally got the names of all the pilots who were involved, we ran it through our computers, and it was revealed that every single one of them was documented as a narcotics trafficker." (Sources:

*Powder Burns*; Castillo Interview in *EIR*, Sept. 23, 1994)

- The bank accounts established by Oliver North for Contra supply operations were used to make payments to companies run by notorious drug-traffickers and drug money launderers. Among them were SETCO Air, run by Honduran cocaine kingpin Juan Ramón Matta Ballesteros, and Amalgamated Commercial Enterprises, run by Panamanian drug-money launderer Steve Samos. (Source: Kerry Committee report, 1988)

- North's Contra operation worked with a network of Miami cocaine-traffickers, such as Francisco Chanes and Frank Castro, who provided drug monies to the Contras. (Source: Miami Police Department report, 1984; Kerry Committee report)

- An Aug. 9, 1985 entry in North's own notebook read as follows: "Honduran DC-6 which is being used for runs out of New Orleans is probably being used for drug runs into U.S." The plane was owned by known drug trafficker Matta Ballesteros.

- Jack Blum, an investigator for the Kerry Committee, told Congress on Feb. 11, 1987 that the Contras moved drugs "not by the pound, not by the bag, but by the ton, by the cargo planeload."

### Time to act

This is only the tip of the iceberg on Ollie North's drug-trafficking, not to mention other crimes. Lyndon LaRouche's associates were exposing these crimes as early as 1986. But investigations of North were quashed then, and they're still being quashed now.

Sure, North didn't act on his own. He reported to then vice-president George Bush, he worked intimately with Henry Kissinger, and he continues to do so today. His demagogic, lying candidacy is part of a Bush machine offensive to retake the country for their drug-banker friends and others. They are providing the funds for a massive national machine, built on lies as to what North is all about.

Ollie North didn't lie to Congress in order to protect President Reagan. He lied to protect the individual who was in charge of the secret government operations which had been set up by National Security Decision Directives 2 and 3: Vice President George Bush. No wonder Reagan was "pretty steamed" about North's statements, and that NSC head Robert McFarlane, who has documented Bush's knowledge of the Iran-Contra operations, calls North a "degenerate liar."

Nor did North lie because he wanted to fight communism and save lives. He gave his drug millions to communist weapons dealers, who were murderers. His Contras' drug runs into the U.S. cost untold lives.

Ollie North is a son-of-a-Bush and he must be stopped. A fuller dossier on his record is contained in a 32-page pamphlet put out by the SOB Committee, and more information is being made available all the time. Call today to get pamphlets, get bumper stickers, and give money to get the truth out!

# Study of incarceration indicts U.S. 'culture'

by Marianna Wertz

A report released in September by The Sentencing Project, a Washington, D.C. think-tank, on "The International Use of Incarceration, 1992-93," points to the central role of the "cultural attitudes of a society" in the widely disparate lengths of incarceration internationally, with post-communist Russia and the United States in the lead.

As can be seen in **Figure 1**, the rates of incarceration can be broken down into two groups: The first includes post-communist Russia, the United States, and South Africa (under apartheid); the second includes everybody else. To begin to explain this sentencing discrepancy, the report gives the following background on U.S. rates:

- U.S. incarceration rates have increased by 22%, from 426 per 100,000 in 1989 to 519 per 100,000 for 1992-93, which is five to eight times the rate of Canada and most European nations.

- With a total of 1.3 million inmates, at an estimated annual cost of \$20,000 each, the national cost of imprisonment in the United States is approximately \$26.8 billion.

- The rate of incarceration for African-Americans is a major component: For males and females combined, it is 1,947 per 100,000, compared to 306 for whites, and blacks comprise nearly 50% of all inmates in U.S. prisons and jails—626,207—compared to 658,233 whites, despite their comprising less than 20% of the general population. More black males are incarcerated in the United States than are enrolled in higher education (583,000 versus 537,000).

It is not that there is more crime in the United States. The report refutes this. It states: "A comprehensive survey of victimization rates in the industrialized world conducted by the Dutch Ministry of Justice [in 1992] documented that rates of property crime and some assaultive crimes in the U.S. are not significantly different than in many comparable nations."

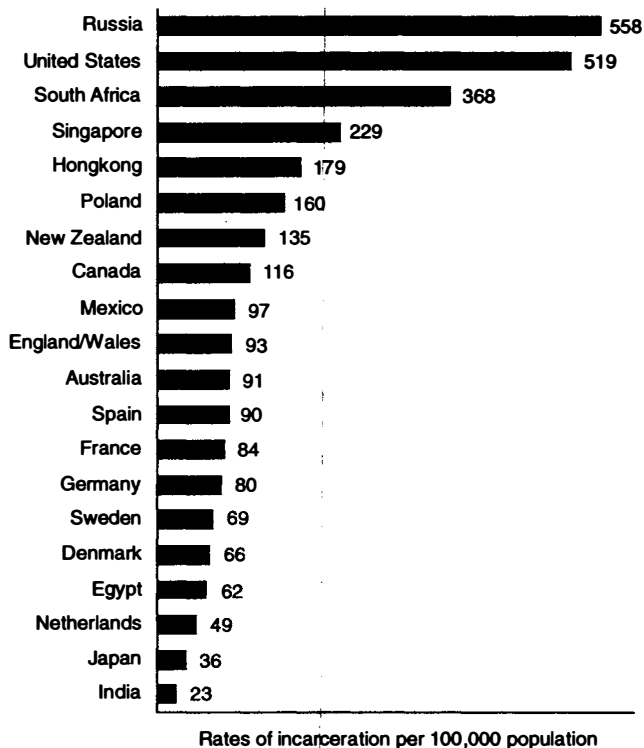
What The Sentencing Project found, instead, is that U.S. sentences are disproportionately longer for the same crime than in western European nations, and that a combination of skyrocketing drug-offense incarcerations and fixed-term sentencing are the main culprits. For instance, for every 1,000 arrests, the commitment rate to state prison has increased 447% for drugs from 1980 to 1992.

"The most substantial explanation" for these facts, "lies in the cultural attitudes of a society; that is, what most people would consider the 'right' punishment." Quoting research by Wilkins and Pease (in *Crime and Justice: A Review of*

*Research*, 1993), they report, "a society's penal climate or its relative punitiveness is linked to its relative egalitarianism: The greater a society's tolerance of inequality, the more extreme the scale of punishment utilized." Thus, such nations as the United States and South Africa, where racial divisions are strong and where a greater disparity of wealth exists than in most other industrialized nations, "will be more likely to display harsher cultural attitudes toward sentencing policy than a nation with a broader social welfare system."

The Russian case is most interesting in this regard. Russia leapt over the United States to lead the list of incarceration rates only after the fall of communism—at least assuming, as the report does, that official Soviet statistics bore some relationship to reality. *EIR* has reported on the rise of mafia-based crime in Russia since 1989 (see Sept. 9, 1994 for the most recent report). The Sentencing Project finds, "As the country moves toward a market economy, the social disruption and loss of a limited social 'safety net' for some may contribute to high crime rates." If it is the "free enterprise" culture that has led the United States and Russia to incarcerate so many of their citizens it is time to re-think that culture. As The Sentencing Project concludes, "if a society is committed to lowering its rate of incarceration, either on fiscal or moral grounds, an overall reevaluation of cultural attitudes and values that determine sentencing policy needs to be initiated."

**FIGURE 1**  
**Incarceration rates for selected nations**



Source: The Sentencing Project

\* Figures are unavailable for China, Cuba, and Saudi Arabia.

# U.S. must rise above the 'requiem' for Clinton's health care reform

by Linda Everett

Just one year after President Bill Clinton urged Congress and the country to enact his comprehensive health care reform proposal, Senate Majority Leader George Mitchell (D-Me.) reluctantly announced on Sept. 26 that it was impossible to pass either a scaled-back version of health reform, or even one that assures coverage for 10 million uninsured children, because congressional Republicans had made it clear that "they would oppose *any* health care bill this year, modest or not, bipartisan or not." President Clinton responded with a statement regretting the stalemate, but vowing, "We are not giving up on our mission to cover every American and to control health care cost."

Mitchell, who had earlier declined a Supreme Court appointment in order to focus his attention on the reform effort, said that the turning point for his decision came during a meeting at the White House the week before: "When the Republican leaders of the House and the Senate told President Clinton, in my presence, that they would oppose any type of health care legislation this year, and then went on to state that not only would they oppose any health care legislation, but that, if an attempt was made to pass it, they would try to kill other, unrelated legislation which they otherwise might have supported, that clearly endangered every aspect of the legislation agenda and, in effect, placed other important measures in the position of being held hostage to health care legislation."

"The events in the last week are unprecedented in the history of the Senate and the history of our nation," Mitchell said. "We've not had a situation, to the best of the knowledge of the Senate historian and the Senate parliamentarian and others . . . in which we had a filibuster on trying to take a bill to conference." He said there is now a Republican policy in place "to block anything and everything, no matter what." Since Mitchell's announcement, the Republicans tried to put the blame on the American people, not the GOP, for killing health care reform. House Minority Whip Newt Gingrich (R-Ga.) boasted, "We take responsibility for having defeated a big-government, big-bureaucracy, big-tax health plan that the American people repudiated." Gingrich claims that he is sorry that Congress has lost two years, rather than passing some good incremental reforms.

But, the fact is that the Republicans themselves had even retreated from their own reform proposals. And, while sena-

tors such as Harris Wofford (D-Pa.) were calling for passing some kind of incremental reform or a "first step" that Congress can expand upon later, the Republicans repudiated the most minimal incremental proposal such as the one made by Sen. Tom Harkin (D-Iowa).

## The Harkin and Chafee proposals

In his proposal, "Covering Our Nation's Kids: A Downpayment of Health Care," Harkin calls for expanding health care coverage for the 8-10 million currently uninsured children, because "they should not have to wait while we debate the best way to reform the entire system." While it's difficult to assess the proposal from the three-page summary, it has several useful provisions, and, unfortunately, like all proposals coming from the Hill, it has severe limitations and problems, including using Medicare cuts for its funding. The proposal calls for making subsidies available for eligible families to purchase private insurance coverage. Unlike Republican mandates, no co-payments or deductibles will be allowed for any preventive services for children and pregnant women. Other provisions allow the self-employed to fully deduct the cost of health care coverage from their taxes; provide for long-term care for the elderly and disabled; and limit exclusions for pre-existing conditions by insurers to six months, with no lifetime limits on benefits. Funding would come from increased cigarette and tobacco taxes and Medicare cuts.

In September, Mitchell had repeatedly stated that there was agreement with much of Sen. John Chafee's (R-R.I.) "Mainstream" proposal, which had already had the bipartisan support of some 20 senators. It's hard to believe that American popular opinion defeated the efforts at health care reform, as Gingrich claimed, since several congressional sources told *EIR* that the original proposal's most controversial elements had been intentionally left out of the circulating 31-page summary. Mainstream was also an "incremental" proposal which David Durenberger (R-Minn.) characterized favorably as taking care of deficit reduction and efficiency, and moving on from there later. Chafee's original health reform plan calls for a \$100 billion deficit reduction over 10 years and a rapid phaseout of the Medicaid program. People living in poverty are promised vouchers to buy private insurance, but, at the same time, the plan's "fiscally responsible" fail-safe mechanism would automatically delay phase-in of

vouchers whenever a budget deficit looms.

The “incremental” proposal was seen as the last hope for compromise before Congress adjourned in mid-October. Republicans, including Senate Minority Leader Bob Dole (R-Kans.), originally supported it. In fact, the Chafee plan reportedly utilized several financing mechanisms from Dole’s own proposal, including radically cutting Medicaid Disproportionate Share (DSH) payments to hospitals that serve large uninsured populations. Also to be cut was the Medicaid program that assured the screening and treatment

---

*The Commerce Department reports that 25% or about 60 million Americans had a lapse in their health insurance coverage during a 32-month period between 1990 and 1992: The likelihood of a lapse in coverage increases dramatically for those who are jobless, living in poverty, or receiving public assistance.*

---

for millions of indigent infants, toddlers, and children, many of whom are chronically ill and disabled. Combined, these programs make up between 40% and 70% of revenues that public and children’s hospitals depend upon. Another \$400 billion in Medicare and Medicaid cuts are triggered in 2004 if 92% of Americans are not insured. For good reason, Representatives McDermott (D-Wash.) condemned the plan, saying it would devastate public hospitals and set the country back 30 years in terms of entitlements. It’s not now known how much Mitchell amended the basic tenets of the plan, but some form of the Chafee plan is to be introduced when Congress returns in January.

### **The Hill-Burton litmus test**

What’s clear is that none of these plans either recognizes or is committed to the program necessary to address the vast and desperate needs of 110 million uninsured and underinsured Americans, let alone the present and future health care needs of the nation as a whole. If Americans are to vote on what health care plan they want at the polls this November, as Sen. Phil Gramm (R-Tex.) has proposed, they will have to ask what are the principle and premise behind these bills. Compare today’s bipartisan fixation on using health care reform to somehow reduce the budget deficit to \$100 billion—at a great cost of human life—with the 1946 Hill-Burton mandate to produce the medical facilities and staff necessary to assure a national capability to provide adequate health

care. The Hill-Burton Act, which defined a national health care policy to provide universal care, established the per capita standard of how many doctors, hospital beds, and medical facilities were necessary to deliver adequate services (see *EIR*, July 29, 1994).

Why have most Americans forgotten about Hill-Burton? What Americans think they know about health care reform comes from one austerity-minded source or another—thus the need for the “Hill-Burton litmus test.” Contrary to Republican claims, the major force in deciding the defeat of health care reform was the health delivery and insurance companies, and not the American people. Most people have heard that the insurance companies reportedly paid \$25 million for television advertising to manipulate public views on health care reform. But, even the journalists who cover health care issues often accept “contributions” of as much as \$10-20,000 from insurers, managed-care, and pharmaceutical firms for making public speeches, according to the May issue of the *American Journalism Review*.

Republican or Democratic labels on reform bills are no guide, either. A new report by Citizen Action, a consumer group, shows that for the first 19 months of the current election cycle, the health and insurance businesses spent over \$46 million on congressional campaign contributions. For instance, Sens. Phil Gramm and Dave Durenberger were among the biggest moneyraisers from the health and insurance businesses, raising over \$1 million each over the last 15 years. Bob Packwood (R-Oreg.) recently gloated, “We’ve killed health care reform: Now we’ve got to make sure our fingerprints are not on it.” Well, then, maybe the fingerprints belong to the health and insurance companies who contributed \$1,032,193 to Packwood between 1974 and 1994. These businesses, which are the primary opponents of comprehensive health care reform, currently have a \$19 million war chest to persuade congressional candidates of their views.

Finally, consider the National Governors’ Association (NGA), which has demanded carte blanche from the federal government in crafting state reform of health care and the Medicaid program. The NGA brings together public and private policymakers “to share resources, experience, [and] to provide financial support” to the NGA’s Center for Policy Research. Who are the policymakers? The same major insurance and managed-care cartels and pharmaceutical firms that stand to profit from state reforms; their policies have wreaked chaos and loss of life in some states where *their* reforms were implemented already. Among the contributors are Aetna, Blue Cross of California, Ciba, Cigna Corp., Glaxo Inc., Golden Rule Insurance, Johnson and Johnson, Prudential Insurance Co. of America, Travelers, Mass Mutual Life Insurance, Blue Cross/Blue Shield, Health Trust, Lederle Labs, and United HealthCare Corp.

### **Insurance reforms: whose benefits?**

Insurance reform is another issue Americans will also have to look at: In *EIR*’s review of the original Chafee Mainstream

plan, it was noted that the so-called insurance reforms could have been written by the health insurers themselves. Chafee did receive over \$359,884 in contributions from pharmaceutical, health, and insurance political action committees in the last 19 months. And so, Chafee's plan not only allows the insurers to impose those infamous six-month waiting periods for pre-existing medical conditions, but also allows a family to be clobbered with a new six-month waiting period *every time* it suffers a three-month lapse in insurance coverage.

How likely is it that you might lose coverage for three months? And, how many Americans would be affected by this single provision? In a March 1994 release of its study, the U.S. Department of Commerce reports that *25% or about 60 million Americans* had a lapse in their health insurance coverage during a 32-month period between 1990 and 1992: The likelihood of a lapse in coverage increases dramatically under certain conditions: Up to 38% of those who were jobless for one month or more had lapses in coverage, as did 52% of those whose income fell below the poverty line for one month, and 47% of those who participated at some point in major assistance programs, such as Social Security Income, food stamps, or housing assistance.

Another report by Families U.S.A. estimates that some 2.25 million Americans lose their health coverage every month. Some are later able to recover, but not without facing increased economic hurdles. The Clinton administration cites 1 million Americans as losing their insurance monthly.

What about those pre-existing conditions? According to a 1992 Citizen Fund report (based on a 1989 federal survey), one in three Americans, or an estimated 81 million people, have at least one pre-existing condition. Currently, they face a series of predicaments, including paying as much as 50-70% more in health insurance than those with no known medical problem. Insurers often drop such enrollees outright or force them off a plan by rapidly escalating the cost of premiums. If uninsured, those with a pre-existing condition face a daunting task of finding a new insurer. Bare-bones policies offer low premiums, but families must pay as much as \$10,000 in deductibles, and the benefits are often capped annually and carry extremely low lifetime limits. Frequently, only the costliest plan provides the medical coverage they need. And, anyone seeking treatment for the pre-existing condition may be forced to wait from six months to two years before being eligible for coverage.

The Chafee proposal would not allow insurers to deny coverage because of a pre-existing condition, but there's another snag. Chafee's plan preempts most state laws restricting health maintenance organizations (HMOs) or insurance companies. This means HMOs and insurers can restrict the number or type of physicians they'll allow to practice in their plans. An insurance plan may "cover" a service, just as it may "cover" a preexisting condition, but it doesn't have to provide the specialist capable of treating the problem in your area. You may need a cardiologist, but if your plan refuses to sign one up in your geographical area (even though there may be many willing to

participate in the plan), either you travel at some inconvenience and cost to be treated by your plan's physician; or, you are treated at significant additional cost by a local cardiologist outside your plan. Or, you go untreated.

Under Chafee's original plan, HMOs can dictate if and when a patient is allowed to see a specialist. His Federal Health Commission is prohibited from specifying what provider types (doctors, nurses, aides) will deliver services, a provision which destroys the most fundamental national medical standards.

This nation deserves better. Americans can produce a better universal health care system, using the principles behind Hill-Burton Act to guide us.

## The minority had a veto

*From Senate Majority Leader George J. Mitchell's Sept. 26 statement regarding health care legislation in the 103rd Congress. Emphasis is his.*

President Clinton and the Democratic Congress . . . [have] made a strong effort to reform the existing health insurance system so that every American could afford private health coverage as good as that which covers Senators and Members of Congress.

The President made this effort a high priority. First Lady Hillary Rodham Clinton devoted thousands of hours to it. Many members of Congress, mostly Democrats, but including some courageous Republicans, worked to develop reforms in our health care system. We welcomed a President who supported our work on health reform.

Most Americans like our health care system, but they know the health *insurance* system needs fixing. Too many families have lost insurance because a child got cancer or a father lost his job. Too many families can't afford to pay \$300 or \$400 a month if the place they work doesn't provide insurance. I believe all Americans have a right to affordable, high-quality health care.

Unfortunately, the overwhelming majority of our Republican colleagues do not agree. Under the rules of the Senate, a minority can obstruct the majority. This is what happened to comprehensive health insurance reform. . . .

Although the Republicans are in the minority in the Congress, in the Senate, they're a minority with a veto. Therefore, it is clear that health insurance reform can not be enacted this year.

# National News

## Babbitt makes religious attack on U.S. farmers

According to Kathleen Marquardt, of Putting People First, Interior Secretary Bruce Babbitt spouted pagan Earth worship against U.S. farmers in a recent address to the Humane Society of the United States. "I grew up in a rural tradition which," the former Arizona governor said, "which, for all of its strengths, was uniquely thoughtless in the treatment of animals and to the extent to which the human spirit and human compassion is a factor in our relationship with the rest of Creation."

He continued: "Ultimately there isn't a chance of persuading people, civilizations, and countries to take biodiversity seriously unless they first understand, from the depths of the human spirit, the need to relate to Creation, to be sensitive to the realities of suffering and mistreatment, and to have a larger, holistic, spiritual view of what Creation is about." Babbitt concluded: "We must protect those laws and at the same time start to think even more broadly about how we preserve space on this planet. The problem is a land-use planning issue, an environmental issue, and a spiritual issue."

## Pentagon announces new strategic doctrine

As part of a 10-month study of the U.S. nuclear force, the Pentagon is abandoning the posture of Mutually Assured Destruction (MAD) for a new strategy of Mutual Assured Safety, Defense Secretary William Perry announced on Sept. 22. Perry said the new strategy was to "lead" in making weapons safer, and "hedge" against the failure of reform in Moscow. "By leading, I mean providing a leadership for further and continuing reductions in nuclear weapons so that we could get the benefits of the savings that would be achieved by that," Perry said, adding: "But at the same time we also want to hedge—hedge against a reversal of reform in Russia, a return to an authoritative

military regime hostile to the United States and still armed with 25,000 nuclear weapons."

Nuclear force reductions include:

- Reducing the number of nuclear-missile submarines from 18 to 14, fitting all the submarines with D-5 missiles, and keeping two strategic submarine bases, at Kings Bay, Georgia and Bangor, Washington.

- Cutting the B-52 bomber force by 28 aircraft to 66; eliminating the B-1 as a nuclear bomber and producing no more than 20 B-2 bombers for nuclear missions.

- Maintaining three wings of Minuteman III intercontinental ballistic missiles with a total of 450 to 500 missiles with single warheads.

- Tactical nuclear weapons capabilities will be maintained by a fleet of F-15 and F-16 jets, but nuclear arms and the capability to use them will be eliminated for all Navy ships, except attack submarines, which will remain capable of launching nuclear Tomahawk cruise missiles.

## Report blasts CIA handling of Ames spy case

The draft report by CIA Inspector General Frederick Hitz rakes the agency's leadership over the coals for failing to notice highly suspicious activity by confessed spy Aldrich Ames over a nine-year period, according to the Sept. 24 *Washington Post*. The draft report, still classified, was read by *Post* reporter Walter Pincus.

According to his front-page story, Ames handed the Soviet and, later Russian, secret services, 55 U.S. and allied secret intelligence operations over to Moscow, as well as the identities of 35 western spies. The bulk of the 400-page report blames the agency's failure to catch Ames early on, on the "almost complete indifference of senior CIA supervisors" to the devastating losses of their on-the-ground operations inside the Soviet bloc, and the need to launch a serious internal "mole hunt."

According to the Pincus account, after Ames was arrested, the FBI reviewed their files of surveillance photos of the Soviet Embassy in Washington, and found that

Ames had made a series of unauthorized visits there as far back as the mid-1980s. Immediately after each of these visits, according to bank records also obtained by the FBI recently, Ames made a large cash deposit into his accounts.

## Ray continues bid for trial in King killing

The Sept. 24 issue of the *Los Angeles Times* ran a major article on the bid of James Earl Ray to be tried for the April 4, 1968 murder of Martin Luther King in Memphis, Tennessee. Ray, who cites new evidence proving his innocence, pleaded guilty 25 years ago after being threatened with the death sentence if he insisted on a jury trial. Ray's bid has received backing from several of King's close associates.

The article cited charges by William Pepper, Ray's London-based attorney, that "there was a broad-based conspiracy kill King," highlighting the statements of a black Memphis woman, Betty Spates, that her former white lover Lloyd Jowers was involved in the murder. The *Times* continued that Pepper "contends the plot involved the Mafia and possible FBI agents and Memphis police. He accuses the authorities of a coverup."

The article noted that the FBI had planted media stories in an attempt to ensure that King stayed at the Lorraine Hotel in Memphis, as well as the fact that the Memphis police security detail assigned to him had been pulled back, and various shifts in the FBI/local police detail spying on King in the days leading up to April 4.

## George Bush descends on reunified Germany

Former President George Bush descended on Germany to receive full military honors on Sept. 26 in Bonn "for his role in German reunification four years ago," according to Associated Press. He is expected to meet with Chancellor Helmut Kohl. AP says that Germans "credit Bush with recognizing early that East and West Germany would reuni-



## Briefly

fy after the collapse of eastern European communism in 1989.”

In fact, before the collapse of the Berlin Wall, Bush acted as a flunkey for Britain's Prime Minister Margaret Thatcher, who later boasted in her autobiography of her efforts to obstruct reunification. After the Wall fell on Nov. 9, 1989, Bush was notoriously lukewarm to reunification, and, although he visited Germany, never went to reunified Berlin as President.

He was in Berlin on Sept. 25 to deliver a speech at the celebration of the 20th anniversary of the Aspen Institute's Berlin branch, where he obliquely criticized President Clinton's foreign policy: “We must lead—not in a way that appears to vacillate, to stop and start . . . weak policies encourage aggressors.” In his 35-minute speech, Bush regurgitated the “clash of civilizations” thesis of Harvard's Samuel Huntington, calling on western nations to support Turkey as a “modern” model for the Islamic world, in opposition to Iran's “fundamentalist” model.

### New York health services amputated at the knees

Dr. Bruce Siegel, the head of New York's Health and Hospital Corporation (HHC), which oversees New York City's 11 municipally owned hospitals and many of its clinics, announced recently that he will cut the HHC's budget by one-tenth, lay off 3,000 nurses, aides, and health workers, and close down 352 hospital beds, all, he claimed in order to save money.

Siegel said he will close what he described as a \$356 million gap in HHC's \$3.6 billion budget. But what he is really doing is fulfilling the program of the insurance companies which threatened and cajoled Mayor Rudolf Giuliani into announcing that he will “privatize” the city's municipal hospitals, either by selling them outright to for-profit companies, or turning over their managements to be run on a for-profit basis. This would mean bringing in the so-called managed-care policies, administered by health maintenance organizations (HMOs). Siegel admitted as much, saying, “We have

a huge amount of staffing. Lots of very senior nurses, lots of aides, lots of techs, and that makes it difficult for us to get contracts with HMOs. They look at this staff . . . and say ‘forget it.’ ”

In recent years, the deaths in New York City from AIDS, tuberculosis, illegal drug overdose, and hepatitis have skyrocketed in the austerity climate. Yet Siegel announced that he plans “potentially hundreds” of layoffs at Harlem Hospital, including closing many of the hospital's 732 beds. Siegel is also planning cuts at Bellevue, one of New York's largest and busiest hospitals.

### Treasury probes money laundering on Wall St.

A front-page article in the Wall Street Journal on Sept. 21 revealed that the Treasury Department's Customs Service and IRS have seized over \$10 million from the accounts of Wall Street brokerages Merrill Lynch, Dean Witter, Paine Webber, Prudential, Bear Stearns, and others, charging that the funds are drug profits.

According to U.S. Customs official Bob Van Etten, head of the service's New York City office, a loophole in the 1970 Bank Secrecy Act has allowed drug traffickers to wire transfer enormous sums into accounts at the major brokerage houses and turn over handsome profits. This loophole in the act was featured prominently in *EIR's* 1978 book *Dope, Inc.* In July 1992, Treasury launched “Operation El Dorado,” specifically targeting Wall Street's large brokerage houses. There are now reportedly sealed indictments in the federal courts in Manhattan and Brooklyn targeting clients of some of these brokerage houses, but officials also admit that some brokers are being targeted for racketeering violations.

A separate article cited a recent case in which two employees of American Express International bank were convicted in Brownsville, Texas of “willful blindness”: they had continued to launder tens of millions of dollars from a Mexican gas station owner, after becoming aware that the money was coming from the drug cartels.

● **A SAN FRANCISCO** federal judge refused to extradite IRA member James Joseph Smyth to Northern Ireland, under a provision in the British-U.S. extradition treaty allowing a court to refuse extradition if the defendant would be “punished, detained or restricted in his personal liberty by reason of his race, religion, nationality or political opinions.”

● **293 ORGANIZATIONS** appealed to the Senate not to ratify the Biodiversity Treaty, in an open letter in September. “How can the Senate possibly ratify a document that calls for the eradications of undefined ‘alien species’ which may include cows, horses, sheep, chickens, and virtually all livestock?” The groups signing the letter include timber, mining, farmers, cattlemen, wise use, and scientific organizations.

● **MAJOR SCIENCE** grants have been made to two large black universities in Virginia, Hampton and Norfolk State. Hampton received \$1.6 million for a three-year research project into thermonuclear fusion. Norfolk received \$10 million for a materials research lab, the largest grant in the history of the university, which will use high-technology laser spectroscopes.

● **ROBERT EVANS**, the Hollywood producer, told a *Chicago Tribune* interviewer about his “kiss and tell” book *The Kid Stays in the Picture*, that Henry Kissinger “was basically a brilliant professor, but besides that he was like a child. He was so naive, I supplied sophistication, and he took me into the White House, right into the Oval Office. We spoke every day on the phone for one full decade, from 1970 to 1980.”

● **GERRY ADAMS** credited the U.S. civil rights movement and Martin Luther King with inspiring the Northern Ireland nationalists in his meeting with Rosa Parks in Detroit on Sept. 27. Parks's refusal to give up her seat on a bus to a white man in 1955, he said, “sent a message of how one person's action can start a whole mass movement.”

## Editorial

### *Who will be next?*

It is ironic that the official death—at least for this year—of the Clinton Health Bill coincided with horror stories of the spread of bubonic plague and its more deadly variant, pneumonic plague, in India. Whether the situation in India will go out of control remains in doubt, because of the failure of the Indian government to take emergency measures to limit the spread of the disease by already-infected people. In any event, plague has already hit the population-dense cities of Bombay and New Delhi.

The World Health Organization bears a heavy responsibility in this situation. While Indian health officials were warning of the plague potential as early as last year, the WHO encouraged the Indian government to cut back on preventive measures. K.K. Dutta of India's National Institute for Communicable Diseases warned last year that the major earthquake in Maharashtra state would precipitate a resurgence of plague. The threat was compounded by later massive flooding in the area. As a result, plague-infected fleas traveled from their normal animal hosts to people.

The disease hit the city of Surat, with a population of 2 million, which is not in Maharashtra but attracts a migrant population of diamond workers from the nearby rural area. These workers live under terrible conditions, sleeping in the same factory buildings where they work.

Even now, in the face of impending catastrophe, the WHO maintains its stance that there is no danger of spread of this dread disease. Plague is not only endemic in India, but in fact it has taken hold among rodents in the U.S. western states, and is known to be spreading east. Here it is various restrictions imposed by environmentalist groups which threaten timely control of the plague bacteria.

A potentially tragic element of the present situation is that the Indian government appears to be prioritizing panic control over disease control; and they are downplaying the seriousness of the situation not only to their own population and also to U.S. State Department officials who have offered to airlift medication to India. The disease can be cured by timely administration of the antibiotic tetracycline, which the Indian govern-

ment claims they have in sufficient quantity. Unfortunately, similar claims by government officials that they are conducting emergency fumigation and widely distributing tetracycline are disputed by people on the spot.

Malthusian circles have been quick to respond to the situation by smugly reiterating the phony argument that population growth breeds disease. It is the case that all over the world, cutbacks in the use of pesticides, and other necessary public health measures, coupled with cutbacks in the delivery of medical treatment to the sick, are creating the conditions in which we can see a cascade of plague-like diseases which run ahead of society's ability to control them. One instance of this is the interrelationship between AIDS and tuberculosis which appears to have furthered the development of antibiotic-resistant strains of the TB bacteria.

The right to medical care should surely be recognized as one of the most fundamental of human rights; yet the opposite is the case. As we have seen in the Cairo Conference preliminary documents, the malthusians would deny the right of people to medical care except on a pay-as-you-go basis. Moreover, in Bangladesh, it has been shown that aggressive population control has been carried out at the *cost* of any primary health services.

The reality of the present situation even in the United States is little better, as Richard Freeman documented in last week's cover story. Medical facilities have been cut back to the point where in many poor areas, services no longer exist to which people can turn in emergency situations.

The moral and political bankruptcy of the recent debate over passage of an expanded health care bill is a case in point. As Freeman has documented, not that long ago, universal medical care for all was considered a fundamental human right in the city of New York; today, facilities have been cut back to the point where patients are left to die in grossly overcrowded emergency rooms.

There is a funny thing about bacteria—they do not recognize class lines, national borders, nor any other form of segregation.

# SEE LAROCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted.

## ALASKA

- ANCHORAGE—ACTV Ch. 40  
Wednesdays—9 p.m.

## ARKANSAS

- FAYETTEVILLE—Ch. 8  
Wednesdays—12 Midnight

## ARIZONA

- PHOENIX—Dimension Ch. 22  
Wednesdays—1 p.m.

## CALIFORNIA

- DOWNEY—Conti. Ch. 51  
Thursdays—9:30 p.m.
- E. SAN FDO. VALLEY—Ch. 25  
Saturdays—1:30 p.m.
- LANC./PALMDALE—Ch. 3  
Sundays—1:30 p.m.
- MARIN COUNTY—Ch. 31  
Mondays—5:30 p.m.
- MODESTO—Access Ch. 5  
Fridays—3 p.m.
- MOUNTAIN VIEW—Ch. 30  
Tuesdays—11 p.m.
- ORANGE COUNTY—Ch. 3  
Fridays—evening
- PASADENA—Ch. 56  
Tuesdays—2 & 6 p.m.
- SACRAMENTO—Ch. 18  
2nd & 4th Weds.—10 p.m.
- SAN DIEGO—  
Cox Cable Ch. 24  
Saturdays—12 Noon
- SAN FRANCISCO—Ch. 53  
Fridays—6:30 p.m.
- SANTA ANA—Ch. 53  
Tuesdays—6:30 p.m.
- W. SAN FDO. VALLEY—Ch. 27  
Thursdays—6:30 p.m.

## COLORADO

- DENVER—DCTV Ch. 57  
Wednesdays—11 p.m.  
Fridays—7 p.m.

## DISTRICT OF COLUMBIA

- WASHINGTON—DCTV Ch. 25  
Sundays—12 Noon

## FLORIDA

- PASCO COUNTY—Ch. 31  
Tuesdays—8:30 p.m. à

## GEORGIA

- ATLANTA—Ch. 12  
Fridays—1:30 p.m.

## IDAHO

- MOSCOW—Ch. 37  
(Check Readerboard)

## ILLINOIS

- CHICAGO—CATN Ch. 21  
Wed., Oct. 12—10 p.m.  
Tues., Oct. 18—10 p.m.  
Tues., Oct. 25—8:30 p.m.  
Mon., Oct. 31—10 p.m.

## INDIANA

- SOUTH BEND—Ch. 31  
Thursdays—10 p.m.

## LOUISIANA

- MONROE—Ch. 38  
Mon.—7 pm; Fri.—6 pm

## MARYLAND

- BALTIMORE—BCAC Ch. 42  
Mondays—9 p.m.
- MONTGOMERY—MCTV Ch. 49  
Tue.—11 pm, Thu.—2:30 pm
- WESTMINSTER—CCTV Ch. 19  
Tuesdays—3 p.m.

## MASSACHUSETTS

- BOSTON—BNN Ch. 3  
Saturdays—12 Noon

## MICHIGAN

- CENTERLINE—Ch. 34  
Tuesdays—7:30 p.m.
- TRENTON—TCI Ch. 44  
Wednesdays—2:30 p.m.

## MINNESOTA

- EDEN PRAIRIE—Ch. 33  
Wed.—5:30 pm, Sun.—3:30 pm
- MINNEAPOLIS—Ch. 32  
*EIR World News*  
Saturdays—9:30 p.m.
- MINNEAPOLIS (NW Suburbs)  
Northwest Comm. TV—Ch. 33  
Mon.—7 pm; Tue.—7 am & 2 pm
- ST. LOUIS PARK—Ch. 33  
*EIR World News*  
Friday through Monday  
3 p.m., 11 p.m., 7 a.m.

- ST. PAUL—Ch. 33  
*EIR World News*  
Mondays—8 p.m.

## MISSOURI

- ST. LOUIS—Ch. 22  
Wednesdays—5 p.m.

## NEW YORK

- BRONX—BronxNet Ch. 70  
Saturdays—6 pm
- BROOKHAVEN—(E. Suffolk)  
TCI 1 Flash or Ch. 99  
Wednesdays—5 p.m.
- BUFFALO—BCAM Ch. 18  
Wednesdays—11 p.m.
- CATSKILL—Mid-Hudson  
Community Channel—Ch. 10  
Wednesdays—3 p.m.
- HUDSON VALLEY—Ch. 6  
2nd Sunday monthly—2 p.m.
- ITHACA—Pegasys Ch. 57  
Tue. & Fri.—8 pm; Wed.—5 pm
- MANHATTAN—MNN Ch. 34  
1st & 3rd Sun. monthly—9 am
- MONTVALE/MAHWAH—Ch. 14  
Wednesdays—5:30 p.m.
- NASSAU—Cablevision Ch. 25  
*A Dialog with LaRouche, Pt. 1*  
Sat., Oct. 15—8:30 p.m.
- OSSINING—Continental  
Southern Westchester Ch. 19  
Rockland County Ch. 26  
1st & 3rd Sundays—4 p.m.
- POUGHKEEPSIE—Ch. 3  
1st & 2nd Fridays—4 p.m.
- QUEENS—QPTV Ch. 56  
Saturdays—3 p.m.
- ROCHESTER—GRC Ch. 15  
Fri.—10:30 pm, Mon.—7 pm
- ROCKLAND—P.A. Ch. 27  
Wednesdays—5:30 p.m.
- SCHENECTADY—P.A. Ch. 11  
Fridays—5:30 p.m.
- STATEN ISL.—CTV Ch. 24  
Weds.—11 p.m., Sat.—8 a.m.
- SUFFOLK, L.I.—Ch. 25  
2nd & 4th Mondays—10 p.m.
- SYRACUSE—Adelphia Ch. 3  
Fridays—4 p.m.

## SYRACUSE (Suburbs)

- NewChannels Cable—Ch. 13  
1st & 2nd Sat. monthly—3 p.m.
- UTICA—Harron Ch. 3  
Thursdays—6:30 p.m.
- WEBSTER—GRC Ch. 12  
Wednesdays—9:30 p.m.
- YONKERS—Ch. 37  
Fridays—4 p.m.

## OREGON

- PORTLAND—Access  
Tuesdays—6 p.m. (Ch. 27)  
Thursdays—3 p.m. (Ch. 33)

## PENNSYLVANIA

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

## TEXAS

- AUSTIN—ACTV Ch. 10 & 16  
(call station for times)
- DALLAS—Access Ch. 23-B  
Mon.—2 pm; Fri.—11:30 am
- EL PASO—Paragon Ch. 15  
Thursdays—10:30 p.m.
- HOUSTON—PAC  
Mondays thru Oct. 10—5 p.m.

## VIRGINIA

- ARLINGTON—ACT Ch. 33  
Sun.—1 pm, Mon.—6:30 pm  
Tuesdays—12 Midnight  
Wednesdays—12 Noon
- BLACKSBURG—WTOB Ch. 2  
Mondays—7 p.m.
- FAIRFAX—FCAC Ch. 10  
Tuesdays—12 Noon  
Thurs.—7 pm, Sat.—10 am
- LOUDOUN COUNTY—Ch. 3  
Thursday s-8 p.m.
- MANASSAS—Ch. 64  
Tuesdays—8 p.m.

## WASHINGTON

- SEATTLE—Access Ch. 29  
Mondays—11:30 am
- SPOKANE—Cox Ch. 25  
Saturdays—7:30 p.m.
- TRI-CITIES—TCI Ch. 13  
Mondays—11:30 a.m.  
Tue.—6:30 pm; Thu.—8:30 pm

If you are interested in getting these programs on your local cable TV station, please call Charles Notley at (703) 777-9451.

# Executive Intelligence Review

U.S., Canada and Mexico only

- 1 year . . . . . \$396
- 6 months . . . . . \$225
- 3 months . . . . . \$125

## Foreign Rates

- 1 year . . . . . \$490
- 6 months . . . . . \$265
- 3 months . . . . . \$145

I would like to subscribe to *Executive Intelligence Review* for

- 1year  6 months  3 months

I enclose \$\_\_\_\_\_ check or money order

Please charge my  MasterCard  Visa

Card No. \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

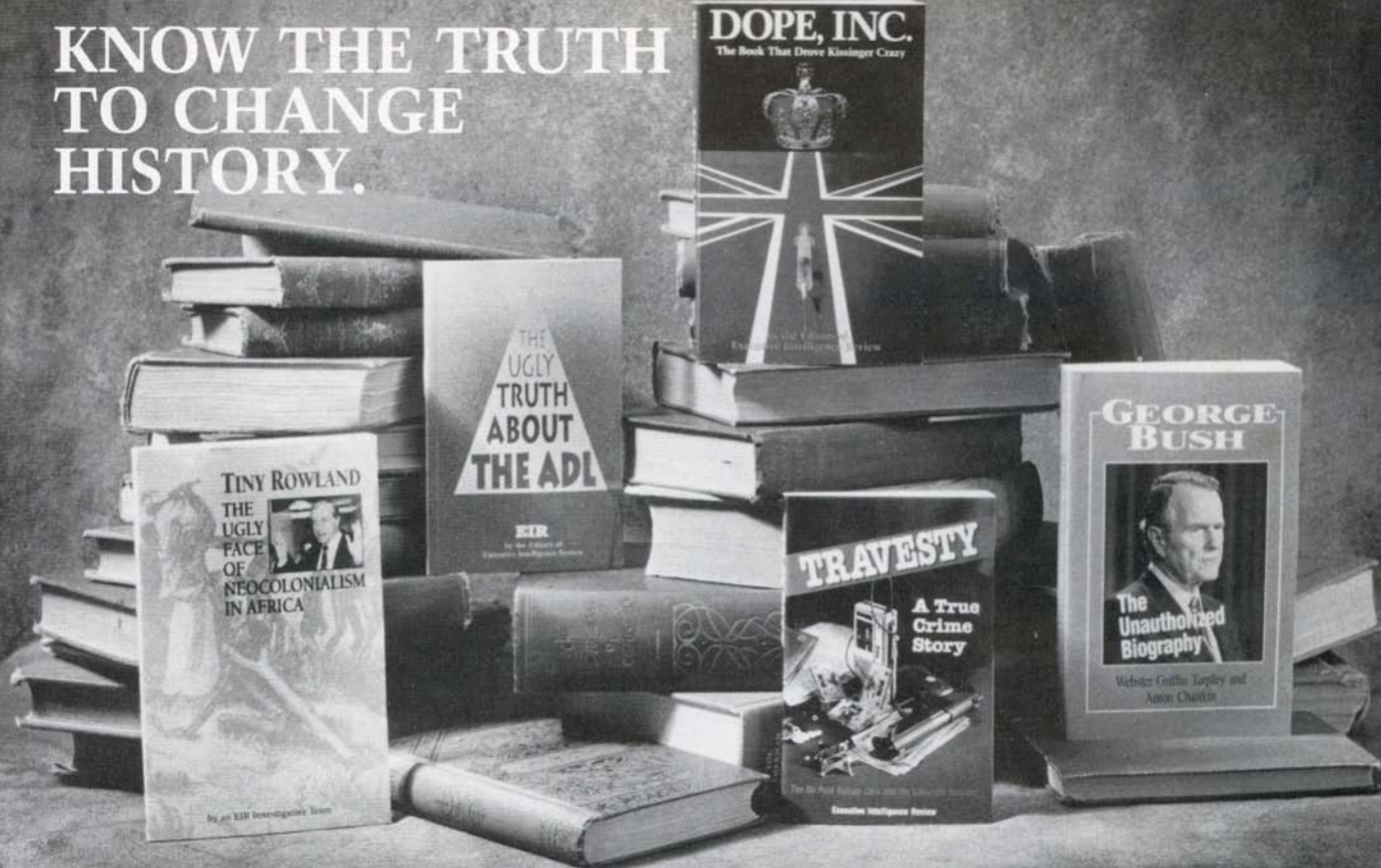
Phone ( ) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Make checks payable to EIR News Service Inc.,  
P.O. Box 17390, Washington, D.C. 20041-0390.

# KNOW THE TRUTH TO CHANGE HISTORY.



## Recent titles by EIR editors

**Dope, Inc.: The Book that Drove Kissinger Crazy**, by an EIR Investigative Team (1992). Third edition of the book commissioned by Lyndon LaRouche in 1978 that dared to name the names of the people "above suspicion" who use the world drug traffic to keep their hold on political power. The cash revenues of the narcotics cartel have doubled every five years and now exceed \$1 trillion annually—while the legitimate economy plunges into depression. 667 pages, illustrated, index. \$16.

**George Bush: The Unauthorized Biography**, by Webster G. Tarpley and Anton Chaitkin (1992). Bush was voted out, but his policies, and even his top aides, seem to persist in power. Why? This detailed biography of the ex-President by two distinguished historians, tells the inside story of power in the United States in this century. 633 pages, illustrated, index. \$20.

**The Ugly Truth About the Anti-Defamation League**, by the Editors of EIR (1992). How a freemasonic front group for organized crime, masquerading as a Jewish civil rights organization, became the leading dirty-tricks arm of the liberal Anglo-American establishment in the U.S. government, Congress, and judicial system. 142 pages, index. \$7.

**Travesty, A True Crime Story: The Du Pont Kidnap case and the LaRouche Railroad**, by an EIR Investigative Team (1993). A millionaire socialite is put on trial, along with thugs-for-hire from the Cult Awareness Network, for conspiring to kidnap his 36-year-old son, an heir to the Du Pont fortune—just to stop him from practicing his political beliefs. This riveting story of the trial and the shocking acquittal is based on court records. 248 pages, illustrated, index. \$12.

**The Civil War and the American System** by Allen Salisbury. The "Civil War" which was in fact a battle between the American System of economics and the British System of free trade. Today that battle continues, over the British-inspired NAFTA and GATT agreements, whose purpose is to drive down American living standards and loot the nations of the Third World on behalf of Anglo-American financial institutions. 440 pages. \$15.

Call (703) 777-3661 or  
Toll-Free (800) 453-4108.

**Ben Franklin Booksellers, Inc.**  
107 South King Street  
Leesburg, Virginia 22075

	No.	Total
	copies	
Please send me:		
<b>Dope, Inc.</b> \$16.	_____	_____
<b>George Bush</b> \$20	_____	_____
<b>Ugly Truth About ADL</b> \$7	_____	_____
<b>Travesty</b> \$12	_____	_____
<b>Civil War</b> \$15	_____	_____
<b>Set of Five Books</b> \$58.50	_____	_____
<b>Subtotal</b>	_____	_____
<b>Sales Tax</b> (Va. residents add 4.5%)	_____	_____
<b>Shipping</b> (\$3.50 for 1 book, \$ .50 each additional book)	_____	_____
<b>TOTAL</b>	_____	_____

Enclosed is my check or money order,  
payable to BenFranklin Booksellers, Inc.

Charge my  Mastercard  Visa

No. \_\_\_\_\_

Expir. Date \_\_\_\_\_

Signature \_\_\_\_\_