

EIR

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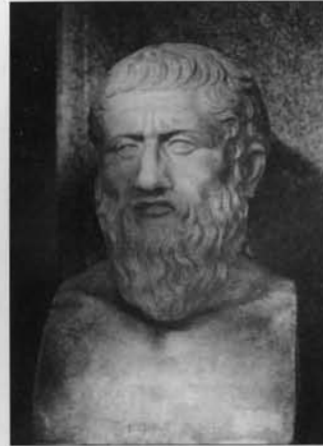
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From the Editor

This week's cover story centers on the French presidential election. Vying to succeed the 14-year President François Mitterrand are nine candidates, among them Prime Minister Edouard Balladur, Mayor of Paris Jacques Chirac, and Lionel Jospin, from Mitterrand's Socialist Party. But the media uproar in France and around the world is over a "dark horse" who surprised most pundits by clearing the constitutional hurdles to attain ballot status—*EIR's* longtime friend Jacques Cheminade.

The first round of the French Presidential polling will be over on April 23. But Cheminade's campaign is already making history. The sheer bulk and brazenness of slanders against him, require *EIR* to present the truth about his candidacy as a matter of public service.

Given the pace at which current history is corroborating the relevance of *EIR's* feature packages, you can't afford to miss a single issue. For instance:

- The March 17 cover story, "Prospects for Russian Economic Revival," a memorandum written by Lyndon LaRouche for presentation to the Russian Parliament, has now been run in substantial excerpts in the Russian press, as this authoritative alternative to the current policy continues to gain attention.

- The March 31 special report, "Terrorist International at Work—the Chiapas Case," showed how the one-worldist insurgencies that seek to destroy national sovereignty must be fought. This week's *International* articles from Peru and Mexico show how the method *EIR* spelled out, is working to deal serious setbacks to the oligarchy.

- On April 7, we ran Muriel Mirak-Weissbach's eyewitness reportage, "Is the World Bank Plotting Civil War in Palestine?" As of mid-April those warnings are being fully borne out by the vicious cycle of terrorist atrocities in Gaza and the Israeli reprisals, further tightening the economic noose around the territory.

The special report on the "Triple Entente" revival being plotted by Britain (March 24 issue) provides indispensable historical background for mastering what is at stake in the French vote; while last week's "The British Are Coming—with a Global Racist Plan" clarified the current strategic objectives of the British oligarchy.

Not only can you not afford to miss an *EIR*—but you probably know others who ought to begin reading it—*now*.

Nora Hamerman

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Correction: In last week's profile of Argentine leftist geopolitician Norberto Ceresole (p. 33), an editorial error ascribed to Ceresole the use of the term "National Army." In fact, it is Col. Mohamed Alí Seineldín and the nationalists who use the phrase.

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Ukraine Parliament rejects IMF privatization program

by Anthony K. Wikrent

On April 12, the Parliament of Ukraine rejected the privatization program mandated by the International Monetary Fund, a central element of the "reform" package demanded by the IMF, after weighing the arguments of minions of the international financial oligarchy on the one hand, and representatives of the Schiller Institute on the other.

Over the weekend of April 8-9, Schiller Institute representatives Dennis Small and Karl-Michael Vitt spoke at a three-day conference sponsored by the U.S. State Department's Agency for International Development and the University of Indiana, attended by 50 to 60 Ukrainian parliamentarians. Though it had been arranged beforehand that Small (the director of Ibero-American intelligence for *EIR*) and Vitt would speak, the conference coordinator, a former legislative liaison of the U.S. Department of Justice during the Bush administration, resorted to a series of tactics in an attempt to prevent the presentation. On Saturday afternoon, when Small made it to the rostrum, the Americans walked out.

The secret to success

A great pity, for stubbornly stupid Americans are in dire need of learning the simple facts of economics, and Small provided an ample supply of them. Small began by referring to the presentations of the speakers preceding him. "There are those who maintain that the neo-liberal economic policies of the International Monetary Fund are just what the doctor ordered for the economy of Ukraine and other nations emerging from under the yoke of communism. There are those who will argue that the so-called 'success stories' of Ibero-America prove that the policies of the IMF in fact work. There are even some who are trying to sell the smelly corpse of the 'Mexican economic miracle' to the credulous."

But, Small told the assembled parliamentarians, "there is

in fact not a single case in recorded history of successful economic development premised on IMF and neo-liberal economic policies." Moreover, he said, "every known case in modern history of actually successful economic development has occurred as a result of the more or less conscious application of neither Adam Smith liberalism nor of Karl Marxism, but of a third school of economic thought—that of cameralism or mercantilism. Cameralism springs from the philosophy and economic science of Gottfried Wilhelm Leibniz, and is responsible for the successful 18th- and 19th-century U.S. industrial capitalism, of the Meiji Restoration of Japan, and the postwar German economic miracle. The modern exponent of this school is the founder of *EIR* magazine, U.S. economist and former political prisoner Lyndon LaRouche," whom the Bush administration railroaded into prison.

Small then provided a sane definition of economic success: "a society's increasing ability to produce market baskets of necessary consumer and producer goods, for a growing population, and to do so with progressively smaller proportions of society's total labor. This can only be achieved by continuous scientific and technological advance, by substantial investments in great infrastructure projects, and by organizing national credit and monetary policies to facilitate such real, tangible physical economic growth."

Mexico committed suicide

Small showed how Mexico had committed economic suicide by slavishly implementing International Monetary Fund policies, beginning in 1981. While imports were drastically curtailed—cutting off supplies of vitally needed capital goods, such as machine tools, from advanced countries—anything that did not move and was not nailed down was

exported. This approach was mandated by the IMF in order to service the foreign debt, and reverse the trade deficit. But what actually happened, Small explained, was that Mexico's official foreign debt soared from a few billion dollars in 1980, to an expected \$265 billion by the end of this year. At the same time, real economic activity was destroyed. Bean production in Mexico has dropped 37% per capita; milk, 22%; steel, 27%. Overall consumer goods dropped 20%, while production of producer goods fell 27%.

The Mexican disaster has been repeated everywhere in Ibero-America that the IMF's policies have been applied, Small warned. "Ibero-America's total foreign debt in 1980 was \$257 billion. Over the course of the next 14 years, they paid \$417 billion in interest payments alone. . . . And yet at the end of that period, they owed more than at the beginning: \$547 billion. In other words, as you can see as clear as day, \$257 minus \$417 = \$547. That's what is called 'bankers' arithmetic.'

"The irony," Small noted, "is that the IMF and its apologists frequently argue their case on the grounds that if you liberalize, money will come pouring in to your country. Open your economy, they say, so we can ship in capital. But the door that is opened is the door through which capital leaves the country, not arrives. There is in every case net capital exports. . . ."

"In conclusion," Small said, "let me shock you with the fact that Ibero-American foreign debt is actually the slowest growing of any region of the world: It has been increasing at about 5.5% per year compared to a world average of 8%. The countries of Europe and Central Asia have a foreign debt which is among the fastest growing in the world, at 10.7% per year. This part of the world is also seeing bankers' arithmetic in action. The total debt of Europe and Central Asia was \$97 billion in 1980; over the next 14 years, \$192 billion in interest was paid, and at the end of this period \$403 billion was owed. At this rate, and with International Monetary Fund policies, this region is rapidly being transformed into Third World nations by the IMF.

"The solution to this crisis lies in the opposite direction from neo-liberal reforms. Sovereign nations must take measures to protect their physical economies, and ally among themselves to have the political muscle to do this. And such nations must also act immediately to bring about a new world monetary system to replace the IMF, a system premised on the principles of mercantilist physical economy."

Reportedly, during the entire three-day conference, there were only two times that the audience applauded: when Small spoke, and when Karl-Michael Vitt, the other representative of the Schiller Institute, spoke.

The critical role of the Schiller Institute

Three days later, on April 11, Small and Vitt gave an hour presentation on the IMF, the world financial and monetary crises, and LaRouche's proposed solutions, in a room in the

Parliament building, attended by some 40 people, including many parliamentarians. Following the presentation, 20 parliamentarians signed the open letter to President William Clinton demanding the exoneration of LaRouche (see article, p. 53). Just hours later, the Ukrainian Parliament voted to reject the IMF's privatization program. Some parliamentarians credited the presentations by the Schiller Institute as the critical element in mobilizing sufficient forces to reject the program.

The privatization program was a central demand of the International Monetary Fund for approving a \$1.8 billion loan for Ukraine extended the week before. The very morning before the anti-privatization vote, Ukraine Economics Minister Roman Shpek, in London for a meeting of the European Bank for Reconstruction and Development, assured Reuters, an international news service that functions as a mouthpiece for British intelligence, that "privatization is pivotal to Ukraine's program of economic reform, and intrinsic to the government's economic program." Shpek pointed to the \$1.8 billion IMF loan as proof that the issues of privatization and economic reform "had been discussed and resolved."

Thus, the legislative defeat of the privatization program stunned major Anglo-American financial media into silence. Reuters, the London *Financial Times*, and the *New York Times* had not reported the fact as of April 13. Only three sentences appeared in the April 12 *Wall Street Journal*.

The IMF's handiwork

Ukraine's rejection of IMF privatization is no surprise to *EIR's* readers, however. Last week's issue contained the remarks of Natalia Vitrenko, doctor of economic science and chairman of a subcommittee of the Ukrainian Parliament's Commission on Economic Policy, at a conference of the Schiller Institute in Washington, D.C. on March 29. Vitrenko discussed how, at first, she and many other Ukrainian scientists had supported the IMF policies they were advised to adopt. "But now, after four years of these reforms," Vitrenko said, "we can see what a tragedy they have brought for Ukraine.

"We have a four- and fivefold decline in production in the fundamental categories of goods. . . . The standard of living has declined 15 or 20 times over. Ninety-two percent of the population of Ukraine lives below the poverty line, while the parasitical part of society has in its hands 60% of the national income. . . . Out of 23 million in the workforce, 7 million are unemployed. . . . In four years, the average life expectancy has fallen by six years. . . ."

"This all can be attributed," Vitrenko concluded, "to the recommendations of the International Monetary Fund, since it is they who proposed to us, as the means of reform, to decontrol prices, to liberalize currency exchange, to deregulate foreign economic activity, and to have forced-march privatization."

Earth Day quacks push environmental 'global ethic'

by Marsha Freeman

"We are all pursuing self-destructive policies," and to change these will require changing people's "ethics," declared former U.S. senator and Earth Day founder Gaylord Nelson, in a speech on April 5. Nelson, who bragged that he had introduced the legislation in the early 1970s that led to the banning of the pesticide DDT, was the keynote speaker at a conference on "Understanding Earth: Retrospectives and Vision," held in celebration of the 25th anniversary of the pagan Earth Day "holiday." The conference, sponsored by the Environmental Research Institute of Michigan and held at the National Press Club in Washington, D.C., was dominated by top-level international green ghouls, many claiming how yet another aspect of man's activities was creating an impending catastrophe. The message was that the first principle of society must be protecting the Earth—not social progress, economic development, or even "sustainable development."

As *EIR* has documented (see issues of Oct. 28, 1994 and Jan. 13, 1995), the top-down controllers of the international environmentalist movement are the British oligarchy, and most notably Prince Philip, the founder of the World Wide Fund for Nature.

At the Washington conference, Nelson called for a massive education program to indoctrinate young children with his environmental "ethic," so they would police themselves and their parents, since "we can't have a policeman at every door." Without this ethic of protecting the Earth from man, no further progress will be made through more environmental laws, Nelson warned.

U.S. Interior Secretary Bruce Babbitt gave his support to such demands for self-policing. We have "passed through the exhortative phase and are now in the implementation phase [of enforcing environmental policies] that effects the daily lives of people. . . . We've scored the easy victories that didn't require large-scale engagement" on the part of the population, but now, environmental policy "will affect every citizen. The problem is in all of our lifestyles." It was relatively easy to bully companies, power plant owners, and

other large industrial polluters into meeting new environmental standards in the first phase, he explained. But now, he said, we are going to have to take on the average American who drives a car, likes to barbeque, and uses air conditioning in his automobile and home.

Babbitt scored the Republican advocates of the Contract with America, whom he said are running a "sneak attack rather than frontal assault" against environmental legislation, by proposing regulatory reform that would "effectively repeal these laws." The sponsors of this new environmental assault "don't want to confront the American people directly" with their agenda. This is a "small crowd of ideologues" who recast their anti-environmental issues with an anti-regulatory face, Babbitt said. This, after having stated that the "small crowd" of *environmental* ideologues was not going to be able to get support for their agenda from the American people, either.

Target: China

China, the largest nation in the world, in a region that the British are committed to destabilize politically and economically, was used by conference speakers as the leading example of how continued growth would overwhelm the world's resources, and threaten life as we know it, even in the United States. The president of the WorldWatch Institute, Lester Brown, said that his State of the World report for 1995 shows that we are "running into more and more of Earth's natural limits." These include the decline in the catch from fisheries, drops in water tables and underground aquifers worldwide, and a decline in the application of fertilizers because the productivity gains from their use has reached a limit.

Brown, who established WorldWatch in 1974 with support from the Rockefeller Brothers Fund, is the recipient of the 1990 World Wide Fund for Nature Gold Medal, the 1989 United Nations Environment Prize, and other mementos of appreciation for his ideas, including the one that the Earth has a natural "carrying capacity" which supposedly

Hoaxes refuted: There is no global warming

The Washington, D.C.-based George C. Marshall Institute on April 3 released a study, "The Global Warming Experiment," demonstrating that world temperature measurements show that computer model predictions of global warming are just full of hot air.

"The overwhelming evidence is that the computer models are not able to predict changes in global temperatures based on carbon dioxide levels," said Dr. Sallie Baliunas, the Harvard astrophysicist who authored the report.

Dr. Baliunas presented a chart of temperature records from the Arctic, where computer models predict the most warming to occur. The satellite data show that temperatures have gone down more than 0.5°C, and ground measurements show that they have gone down more than 2°C—exactly the opposite of what the models predicted.

A chart of ice core records presented by Baliunas showed that between 135,000 and 115,000 years ago, temperatures declined sharply, but the carbon dioxide concentration remained constant. Her conclusion is that there is *no correlation between CO₂ and temperature*, which is the fundamental tenet of the global warming

theory. Furthermore, the ice core record, if anything, shows that temperature increased first, followed later by an increase in CO₂, most likely as a result of increased vegetation.

Dr. Baliunas pointed out that the climate models cannot even account for the basic effects of water vapor and clouds. She noted the fact that over 90% of the greenhouse effect is determined by atmospheric water vapor, not carbon dioxide or other "greenhouse gases" produced by man. She said that if the actual role of water vapor is not even understood yet, how could anybody make a model of the atmosphere to predict future climate?

Dr. Baliunas agreed with the evidence that temperatures had increased half a degree in the past century, but said that most of the increase happened before World War II, and was well within the range of natural temperature variability.

She concluded that there was insufficient evidence to warrant any action to try to limit greenhouse gas emissions by the U.N. Climate Conference in Berlin, adding that the consequences of such policies to the world economy, particularly developing countries, would be devastating.

The Marshall Institute was founded in 1984 by several scientists who wanted to fight environmental irrationality with scientific evidence. The founders include Dr. Fred Seitz, former head of the National Academy of Sciences, and Dr. Robert Jastrow from the Goddard Institute for Space Studies.—*Rogelio Maduro*

places limits on the growth of the human population (actually, this idea was concocted, not by Lester Brown, but by the Venetian hoaxster Giammaria Ortes, in the 18th century).

Speaking as if there were no financial and political policies that have created these "natural" limits, Brown stated that there has been a "loss of momentum in the growth of food production," because since 1984, grain production has been growing worldwide at 1% per annum, but population is growing at 2% per annum. As an example, Brown zeroed in on China.

China "may become a massive food importer" by the turn of the century, Brown warned. This, because its 1.2 billion people are "moving up the food chain" (perhaps he thinks they are animals on a World Wide Fund for Nature preserve). The problem, claims Brown, is not that China cannot produce enough grain to feed its growing population and prevent famine; the problem is that economic growth in China is increasing the rate of consumption and demand for meat and other animal products, and this could "overwhelm world supplies."

Brown said that feeding a country that counts its people in billions rather than millions is virtually inconceivable. For example: the Chinese government has promulgated the goal of annual per capita egg consumption rising from an average of 100 in 1990 to 200 at the turn of the century—an enormous task. He recited a litany of statistics on how many hens that would mean (1.3 billion), how much grain those chickens would consume (24 million tons), and concluded that we may "find ourselves competing with the Chinese for *our own grain*." And, yes, they "can afford to import all of our grain." This year's trade surplus with the United States would allow China to import all of our grain for export, two times over.

In response to a question by a Chinese-American attendee, as to whether this means that China will have only two choices in the future—deliberate mass starvation of its own people, which has happened in the past, or going to war—Brown said China could mitigate the situation through increases in efficiency in water use, smaller families, and using bicycles and trains rather than reducing agricultural land to build roads.

In an article for the September/October 1994 issue of *WorldWatch* magazine, titled "Who Will Feed China?" Brown dismissed the use of alternatives such as fish protein to improve the diet of the Chinese, pointing to the "biological limits" of the world's major fisheries, as if the number of free-roaming buffalo in America limited the number of people able to live here for all time. For Lester Brown, there are no scientific breakthroughs that will prevent a malthusian war of each against all. (For a fuller analysis of Brown's article, see *EIR*, Nov. 25, 1994, "Malthusians Threaten China with the Food Weapon.")

More hoaxes and scare stories

Under the rubric of "retrospectives of key global environmental issues," looking back to the first Earth Day, 25 years ago, "scientists" promoting the best-known environmental scare stories made their appearance.

Dr. Susan Solomon, senior scientist at the Aeronomy Laboratory of the National Oceanic and Atmospheric Administration, presented charts and graphs to make her case that it is necessary to "heal the ozone layer." Banking on the ignorance of the audience, Solomon made absolute statements that she would not have been able to defend, had there been time for questions. For example, she stated that "the ozone hole opened in 1975," even though the seasonal thinning of the ozone layer had been observed by atmospheric scientists in the 1950s. "Volcanoes do not inject chlorine into the stratosphere to any significant degree," Solomon said with absolute assurance, while this has been disputed by volcanologists around the world.

While the banning of aerosol cans in the United States has supposedly helped, and, according to Solomon, we are "now seeing a slowing down, and this year the stop in the growth rate of chlorine in the atmosphere," she warned that the substitutes for the outlawed chlorofluorocarbons are "too similar to CFCs," so the problem has not been solved.

Dr. Robert Watson, Associate Director for Environment of the White House Office of Science and Technology Policy, and formerly top climate-hoax spokesman at NASA, spoke on climate change, by which he means global warming. Watson complained that the climate conventions that nations have agreed to have "no teeth" and are non-binding. "Interpreting the mandates is as much political as scientific," he said.

We should learn the lessons of the ozone hole, Watson said. We waited to discover the cause and effect relation between chlorine and ozone depletion before taking corrective action, and now it will take 40 years to regain the ozone layer. "If you do that for climate, it will take centuries" to fix it, because "these pollutants have such long lifetimes" in the atmosphere. It is "crucial to have action now."

Although he admitted that the half-degree increase measured in average global temperature over the past century is within the range of natural variation, he lied that "confi-

dence has grown in the last few years in modelling climate." (See box.)

Watson said that we must stop the use of energy sources and other industrial technologies that release so-called greenhouse gases, for the sake of the Third World, because "most changes will be in the tropical regions" and these countries "are least able to cope with them."

Watson tried to assure the audience that this did not mean that there should not be economic "development" in the Third World—energy efficiency and renewables such as solar and bio-fuels, and maybe hydrogen, "go hand-in-hand with economic growth," he said. These post-industrial schemes are the best option, for the advanced sector as well as the developing countries, he claimed.

Even 'sustainable development' is rejected

Thomas Lovejoy, counselor to the Secretary for Biodiversity and Environmental Affairs of the Smithsonian Institution, who coined the term "biodiversity," warned that people call all sorts of projects "sustainable development," but many of these projects would wipe out entire species. He said that a new organizing principle must be applied, that sustainable ecosystem management equals sustainable development. Otherwise, sustainable development will lead to a loss of biodiversity. The ecosystem comes first.

Lovejoy was echoed by Elizabeth Dowdeswell, secretary general and executive director of U.N. Environment Programs. Speaking by teleconference from Berlin, where the Framework Convention on Climate Change was taking place, Dowdeswell said that sustainable development "needs a reality check" to make sure it really does make the environment better. It is "not going to be technology that fixes" things, she said. You have to "look at the values people hold dear" and encourage "ethical and caring behavior for human needs."

After the 1992 U.N. Conference on Environment and Development (UNCED) in Rio de Janeiro, we "lulled ourselves into a false sense of security," Dowdeswell said. We must "find ways of extending the constituencies" for these programs, including in the developing countries.

The fact that there is resistance to the world dictatorship of a green "ethic" was reflected in remarks by Maurice Strong, who was the secretary general of the 1992 UNCED meeting. He described the process since Rio as a "mix of disappointments and progress." This, because in many cases, "governments are preoccupied with other pressures and haven't moved ahead." For example, at the meeting in Berlin, he said, we see a "recession of political will and budgetary austerity."

Most developing nations seem little concerned about conserving energy, a number of speakers observed. That is not exactly surprising, since they are facing a world financial blowout, with the real-life consequences of a collapsed world economy.

Do cow farts really cause global warming?

by Our Berlin Correspondent

The United Nations Climate Convention opened on March 28 in Berlin, in a snowstorm of near-blizzard proportions, to discuss the alleged threat of "global warming." As participants arrived from around the world, they were greeted by demonstrators from the Schiller Institute, and the inflatable yellow steer whose picture you see below. The steer was equipped with a sign that read, "Do you really think my farts are causing global warming? That's bullsh—t!" The demonstrators distributed an open letter from U.S. environmental scientist Dr. Hugh Elsasser, in which he outlined the scientific untenability of the global warming theory.

News media reports of the demonstration showed what

lengths the "free" press goes to, to cover up reality. The German Press Agency ran a retouched photo of the "environmental steer," in which he had been delicately turned into an "environmental cow." But it didn't end with a sex change: The caption accompanying the photo neatly turned the intent of the demonstration into its opposite.

The daily *Westdeutsche Allgemeine Zeitung* misreported: "Environmentalists demonstrated in front of the Berlin Congress Center where the Climate Conference is taking place. They want the "environmental cow finally to be pulled from the ice" (*die Kuh vom Eis bringen* is a German expression meaning to finally get something started). In order to maintain the deception, the text of the steer's signboards was air-brushed in the accompanying photo, to make it illegible.

The Schiller Institute responded by distributing a press release entitled "German Media Lie Like a Rug, and Touch Up Photos, Too!" "Environmental campaigns are intended to terrorize people into accepting financial deprivation and economic retrogression," the release declared. "Through such measures, the speculation-riddled financial system hopes to repair the holes through which the 'hot air' of derivatives and other fictitious values is escaping."

For a report on the agenda of the Berlin meeting, see *EIR*, March 10, p. 9.



Schiller Institute activists and friend demonstrate at the U.N. Climate Conference in Berlin.

Tractors roar against 'real' plan

by Lorenzo Carrasco

The biggest grain crop in Brazilian history—more than 80 million tons—which should be a reason for enthusiasm and celebrations among Brazilian farmers, incredible as it may seem, is turning into a nightmare threatening to bankrupt hundreds of thousands of farming units throughout the country and put 500,000 people out of work, because the prices at which the grain is sold on the national markets are lower than the minimum cost needed to uphold minimum farm profits.

The origin of this absurdity is the stupid, incompetent policy of monetary stabilization imposed in the country since July 1, 1994, when the present currency, the "real," was set up. In their zeal for artificially holding down inflation, the government based its Real Plan on two anchors which are sinking national production: first, artificially valuing the real against the dollar; and second, keeping the price of basic grains for human consumption equally artificially depressed, through reducing the tariffs on imports of these same grains, as well as by limiting money for purchasing the crop, by means of credit-tightening measures and an increase in the banks' reserve requirements. For example, the government freed up 7.5% less money for the 1994-95 harvest than last year, when the crop was 7 million tons smaller.

If this government stupidity were not already enough, the farming picture worsened as a result of the very high interest rates for farm credits, indexed to the Reference Rate—which from July 1994 to January 1995 increased by 22.45%—plus 11% interest, which caused, from July 1994-February 1995, an increase in farmer debt of more than 40%, while the variation in the market price was falling for some products as much as 20% (see Table 1).

Losses set to rise

For example, maize producers, who are the most affected, saw their debts go up by 44.9%, while their prices collapsed by 21.43%. Thus, the price they were being paid at the end of March for a 60-kilo sack was an average of 4.70 reals, and the minimum price was 6.32 reals. The situation for the soy producers is similar, and rice growers are hardly better off. The results of this situation will be felt with its full weight in the next growing season, which will suffer a rise in costs of approximately 35% owing, above all, to the increase in nitrogen fertilizers from \$210 to \$280 per ton.

If this situation does not change, the losses of farmers will be huge. For example, it is estimated that maize producers will lose more than \$1 billion in the sale of their production. Rice growers will be hit by losses of \$200 million.

The situation will tend to worsen because of the latest rises in interest rates which the government imposed to try to stop the massive capital flight out of Brazil. The raising of the real interest rate from 3.22% to 4.25% will have direct effects on the Reference Rate (RR) which is the indexer of all farm credits. For example, an average RR of 4% a month represents an annual cost of 60%, which, added to an annual interest rate of 11%, represents an annual financial burden on agriculture of more than 80%.

In the face of this situation, the president of the National Agricultural Confederation, Antonio Ernesto De Salvo, stated ironically, "The entities of the sector are not going to induce the producers to not pay their bank debts or to create problems of food supply for the country. With a 50% financing cost paid by the producer, insolvency in rural credit will not be induced—it will occur as a matter of course."

Researcher Fernando Homem de Melo, from the Foundation Institute for Economic Investigations of the University of São Paulo, and one of the most important authorities on agricultural questions in the country, calculates that the loss of profit in the farm sector as a whole will be at least \$4 billion, which will in turn have a huge effect on the consumption of manufactured goods, which will redound into an immediate industrial recession.

The problem will get more and more drastic as the crop begins to be harvested. According to farm leaders, barely 17% of production, equivalent to 13.8 million tons, is covered by minimum price supports, which have already been frozen since last July. But most farmers, those who have the other 83% of the remaining crop, will have to submit to the tortures of marketing their grain in a climate of abundant production but scarcity of consumers, which is an aberration in a country which has 40 million of its inhabitants on the brink of famine.

TABLE 1
Farm prices fall below minimum for survival

Product	Percent increase in agricultural debt*	Percent drop in market price*	Market price, March 1995**	Minimum price**
Irrigated rice	41.89	-2.89	8.50†	8.85†
Beans	48.89	-12.24	43.00	22.50
Maize	44.19	-21.43	4.70	6.32
Soybeans	44.19	-19.69	8.80	7.73
Wheat (ton)			135.00	144.61

* From July 1994 to February 1995

** Reals per 60 kg

† Reals per 50 kg

Source: National Confederation of Agriculture



A marketplace in São Paulo, Brazil. Thanks to the government's foolish policies, farmers are being driven into bankruptcy because their products are sold on the domestic markets at below the cost of production.

These are the farmers who went into debt outside the system of product-equivalence and have their debt corrected by the RR plus interest, up to a rate of 11% a month.

"Maybe we will have to defend ourselves in the courts," threatened the president of the Brazilian Rural Society, Roberto Rodrigues, in an editorial in the society's newsletter on April 2. "In the end, there exists a vast apparatus which protects us from those who do not obey the law. Article 187 of the Brazilian Constitution, for example, says expressly that agricultural policy shall be planned and executed taking especially into account, 'prices compatible with the costs of production and guaranteed markets.' "

Opening to famine

The nightmare of Brazil's farmers does not end here, because the government, besides sinking them with the "anchors" of its monetarist policy, is promoting a flood of imported grain which is either subsidized or comes from more productive economies. This was facilitated by the coming on line of the so-called Mercosur, which freed up imports from Argentina, promoting a criminal competition against the domestic producers of wheat, soybean, maize, dairy products, temperate-climate fruits, and cotton. For example, the cost of Argentine wheat is \$50-100 per ton, whereas the Brazilian farmer produces it at \$120-200 a ton. As for maize, Argentina produces it at \$50-90 per ton, while in Brazil it costs \$75-115 a ton to produce. This distortion is derived in part from the exchange policy which artificially devalued the dollar with respect to the real.

The case of wheat is even more drastic. In 1994, for

example, imports were at 5.3 million tons, when just 10 years back only 2 million tons were imported. In 1984-85, Brazil cultivated 2.6 million hectares and brought in a crop of 4.324 million tons. In 1993-94, the cultivated area had been reduced to 1.4 million hectares, and production to 2.126 million tons. Worse yet, Brazil is importing heavily subsidized wheat from the European Union, below the costs of production, saturating Brazil's capacity for grain storage.

As the farm leaders put it in a document delivered to President Fernando Henrique Cardoso on Feb. 13, 1995 in Campo Mourão, Paraná: "With respect to the exchange rates, the authorities insist on affirming that exports have fat to burn and can tolerate the discrepancy; this is not the case for the commodities which are suffering the influence of the subsidies war waged by the United States and the European Union. What is true, is that Brazil has turned into a net importer of cotton, barley, maize, rice, and wheat, precisely because of the exchange rate discrepancy and the favorable conditions of financing and interest offered by the grain and cereals exporters, who are applauding the attitude of Brazil and even get to the point of fighting for space, as is happening with Canada and the United States, quarreling over the Brazilian wheat market. Only one year ago, Brazil spent \$1.6 billion buying grains and cereals, on account of which the Treasury spends money for storage and freight of the domestic products. And 400,000 Brazilian jobs are lost."

Protests start

This public calamity, caused by the so-called monetary stability plan, has already given rise to a wave of protests

throughout Brazil. In mid-March, marches and tractorcades began in the states of Rio Grande do Sul, Paraná, Santa Catarina, and Mato Grosso do Sul.

In Paraná, the demonstrations involved the entire state. In the city of Pato Branco, 8,000 farmers occupied the streets, burning effigies of President Cardoso and his agriculture minister, José Eduardo Andrade Vieira, the boss of the Bamerindus bank, which is one of the country's biggest. In Guarapuava, in the same state, the protests engaged 5,000 farmers, 200 tractors, and 200 trucks.

In Santa Catarina, the biggest march took place in the city of Xanxerê, bringing together 6,000 farmers from 70 cities of the region. The local mayoralty allowed all its civil servants to participate in the demonstration, which was also supported by Gov. Paulo Alfonso and all of their federal representatives, including three senators and 16 deputies.

The anti-government rage was explained by the president of the Brazilian Rural Society, Roberto Rodrigues: "The government does not allocate resources to guarantee the policy of minimum prices and is also not indicating the warehouses to receive the crops. With this, the product-equivalence [a mechanism by which the farmers have their loans converted into values equivalent to a certain amount of the planted crop and pay their debts in money reckoned by this same amount] promised by the government remains in a vacuum, because the farmers have no place to take their products and hence to receive the authorized appraisal and to exchange it for the debts assumed with the Banco do Brasil."

Beyond this, Rodrigues said, "What makes this picture worse is the policy of reducing import quotas, which leaves the farmers in the lurch, having to compete with other countries' subsidized farmers. It is ironic that the warehouses which the government did not authorize to receive domestic farm production are brimming with the violent importation of foodstuffs. If there is no change in the government's farm policy, the serious consequences will make themselves felt in the next harvest."

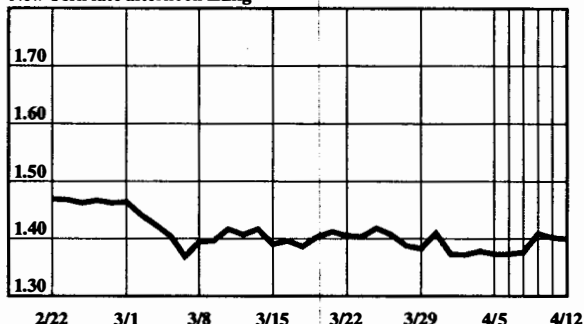
The president of the National Agricultural Confederation, Antonio De Salvo, also repudiates the government's policies. "The government is not complying with all of its promises to agriculture. They are not allocating the necessary resources to acquire the crops to guarantee minimum prices. The loss of confidence is disastrous, because it is holding back producers from investing. . . . What is happening with this, together with the indexation of credit, is that the debts are rising crazily and prices are collapsing, making it impossible to replace the costs of the harvest. This is a policy which is going to destabilize agriculture, provoking an increased rural exodus, joblessness, and bloating the major cities."

Even though the Brazilian press has ignored the explosive potential in the Brazilian countryside, the continuation of the present monetary policy could in a very short period of time touch off a reaction which will rock the political and institutional stability of Brazil.

Currency Rates

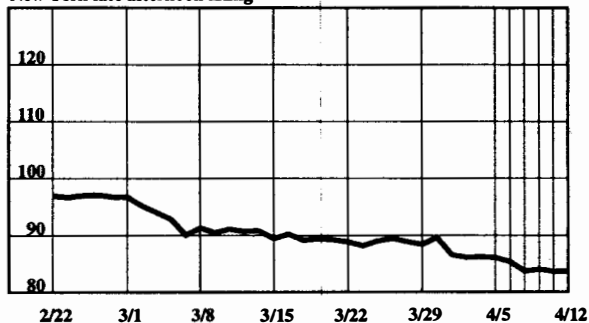
The dollar in deutschemarks

New York late afternoon fixing



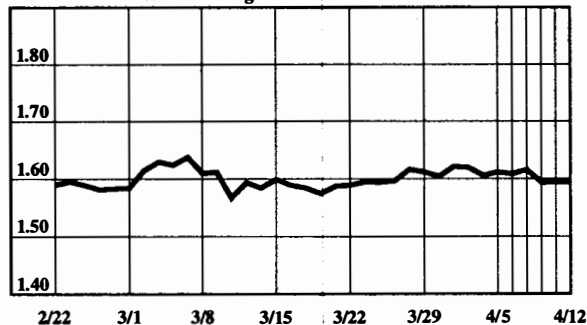
The dollar in yen

New York late afternoon fixing



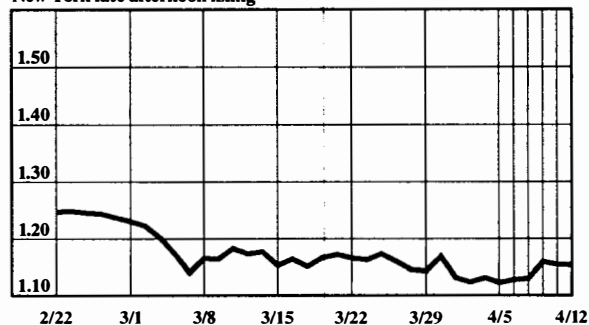
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Brand X proposals for financial reform: What is to be done?

by Marcia Merry Baker

The following is an adaptation of a review by Marcia Merry Baker of recent proposals for dealing with the disintegration of the international financial system, presented at a March 29 Washington, D.C. conference, "Economic Development in a Period of the Collapse of the Financial System," sponsored by the Schiller Institute.

Who says they know what to do about the financial and economic crisis? If you go by what you hear and read in Washington, D.C., you would think, almost no one. With some rare exceptions, no one is saying anything. But that isn't true.

Look at Europe, look at Japan. Just in the past month, many voices have been raised. For example, the finance minister of Japan, Masayoshi Takemura, addressed the Diet (parliament) on April 10, and said that the post-1971 floating exchange rate monetary system should be rethought. Besides making some of his own recommendations, he reported that "economists in several nations" are now studying ways to reform the monetary system.

There are many proposals coming forward from France, in particular, in the context of the Presidential election campaign. French President François Mitterrand, speaking at the U.N. Social Summit in Denmark in March, said, "Are we really going to let the world become a global market without any laws except those of the jungle? . . . Should we leave the world's destiny in the hands of those speculators who in a few hours can bring to nothing the work of millions of men and women?"

French Prime Minister Edouard Balladur also said in March that action is needed. "Every time there's trouble, people say, 'It's very serious, we have to do something about it.' And then life goes on. They say it wasn't so serious, 'We survived,' and they wait for the next shock. For me, my fear and my obsession is that one day the shock will be so severe that the prosperity of the world would suffer badly. So I would prefer that we prepare for the worst."

There are similar voices elsewhere in Europe, and from our own hemisphere, from Asia and Africa.

Most of the alarms have come about the time that the international speculative bubble started popping over the past year, and the losses and destruction are obvious, even to the

U.S. media—Orange County, Barings Bank, Mexico, Crédit Lyonnais, and others.

But even before these recent blowouts, there were a few warnings. On June 22, 1994, Roland Leuschel, of Bank Bruxelles-Lambert, said in the Paris daily *Le Monde*, "The countdown to the crash has begun. . . . We are today paying the price for the creation, during the last two years, notably in the United States, of the most significant financial bubble in human history."

LaRouche was right

This warning, and a few others, were cited by Lyndon LaRouche in a June 1994 policy statement [see *EIR*, June 24, 1994] entitled "The Coming Disintegration of Financial Markets," known otherwise as his "Ninth Forecast." Since its release, 900,000 copies of this document have circulated in the original English-language version, and thousands of copies in many translations.

In this document, LaRouche reviewed the nature of the financial bubble, in contrast to how an economy should function properly. Since then, he has stressed that a "Chapter 11"-style bankruptcy reorganization of the world monetary system, by the United States in concert with other nations, is necessary for reversing the process of disintegration and reviving the economy.

You now hear frequently from others, echoes of various formulations published by LaRouche to deal with the crisis. The single most dramatic example, is the proposal to tax derivatives speculation. On March 10, 1993, LaRouche proposed that the U.S. government place a 0.1% tax on all derivatives transactions, for the purposes of beginning to control and dry up this cancerous speculation, and to make way for other financial and economic emergency measures to revive the physical economy.

In early 1993, most congressional offices could not even tell you what derivatives were, let alone what you should do about them. But subsequently, Rep. Henry Gonzalez (D-Tex.), then-chairman of the House Banking Committee, held hearings and made speeches drawing attention to the danger of derivatives and other speculation.

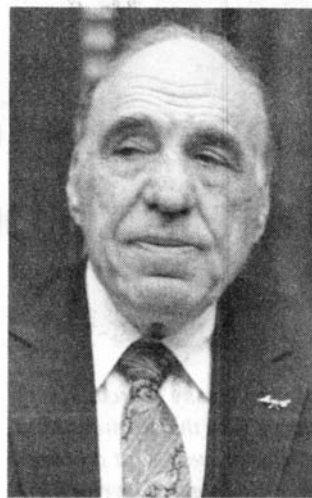
Representative Gonzalez himself introduced legislation in 1994 calling for a 0.1% tax on derivatives transactions.



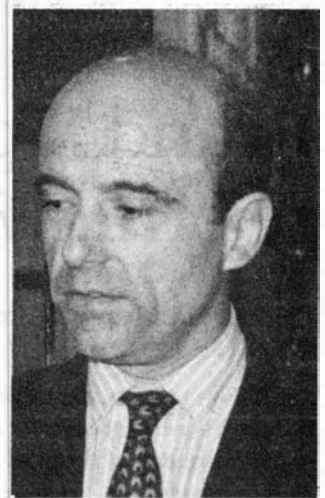
Helmut Schmidt



James Tobin



Henry Gonzalez



Alain Juppé

Now, more such bills have been introduced in the United States, and similar proposals have been made in France and other countries.

Thus, if you go back 25 years, there is a very short list, with Lyndon LaRouche most prominent, of those who forewarned of the dangers of the “bubble economy,” from about 1970 through 1993. In the last two years, you hear many more cries of alarm each week—at least if you are outside Washington.

What they say should be done

We will give here a summary picture of what people are saying should be done. This is relatively easy, because what those who are speaking out are saying, unfortunately, is very limited and easy to summarize. That is, most proposals are simple-minded.

We present a selection of these proposals on aspects of the financial breakdown crisis, grouped under three headings: currency chaos, derivatives blowouts, and national and institutional debt crisis.

The fourth category of proposals, which are development initiatives to deal with breakdown conditions of the physical economy of various regions, we will not include here, because they were summarized in the Jan. 1, 1995 special color issue of the *EIR*, and *EIR* news reports have followed since. Such initiatives include the Middle East Development Bank and multi-nation proposed infrastructure projects, as outlined at the Casablanca conference in November 1994.

What should be done?

There are broadly two camps: those who want to curb speculation and end what they often call “turbulence” in currencies; and those who oppose any such moves, in the name of protecting global “liquidity.” There is an estimated \$1 trillion a day in worldwide currency speculation at present, with about one-third of that centered in London. The

notional value of outstanding derivatives being traded globally has now reached \$45 trillion.

Those who defend this bubble in the name of “liquidity”—the U.S. Federal Reserve, the City of London and related circles—are, in fact, gasping for more hot air for their disintegrating bubble.

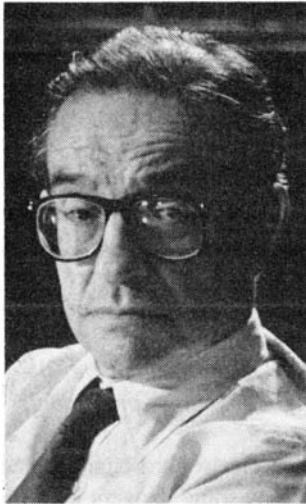
Otherwise, apart from the split between those for and against speculation, you will find proposals from both camps for putting the International Monetary Fund in charge of “reform” of the disintegrating financial system, despite the IMF’s role in bringing it down.

The glaring drawback of the well-taken proposals for countering the International Monetary Fund, and imposing currency stabilization measures, is the lack to-date of companion proposals to restore the functioning of the physical economy. The crisis conditions in Mexico, or the case of the shutdown of vital municipal services in Orange County, California (infrastructure maintenance, schools, health care) following financial breakdown, illustrate how essential are emergency economic measures, not just financial “reform.”

As of March, 15 out of the 50 U.S. states were reporting significant losses in derivatives by some agency or locality within their borders. Worldwide, reported municipal losses in derivatives add up to about \$10 billion.

The constituency exists in every nation for economic development-based financial reorganization proposals. Moreover, the opportunity now exists to put this on the official government agenda of nations. For example, at the end of April or in early May, there will be public hearings in the German parliament on the need to counter derivatives and other speculation.

The following compendium of “Brand X” proposals is presented as a reference for those mobilizing to force through the necessary changes before it is too late.



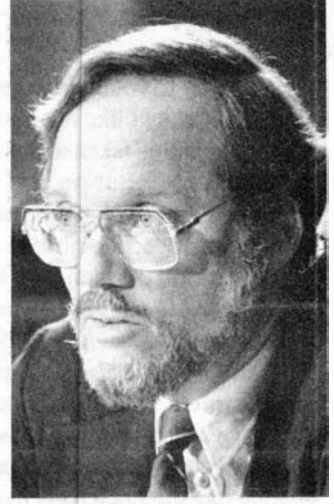
Alan Greenspan



Pope John Paul II



Alberto Fujimori



C. Fred Bergsten

Documentation

The following are selected recent comments addressed to aspects of the financial disintegration process.

I. Currency chaos

James Tobin, professor emeritus, Yale University, economics. Professor Tobin first put forward the view that foreign exchange speculation should be taxed in 1978. As of this year, there are many references to what is now called the "Tobin tax." From the Wall Street Journal, Dec. 22, 1992:

"An international tax should be levied on spot transactions in foreign exchange (including deliveries on futures contracts and options). . . . A 0.5% tax on currency transactions is equivalent to a four-percentage point difference in annual interest rates on three-month bills, a considerable deterrent to those contemplating a quick round trip to another currency."

Alain Juppé, foreign minister of France. The March 18, 1995 issue of the German daily Frankfurter Allgemeine Zeitung reported:

Minister Juppé told the March 18-19 meeting of European Union ministers in Carcassonne that a reform of the international currency system is now indispensable. Otherwise, every country in the world will be exposed to foreign exchange turbulence with all its dangerous consequences for the economy and society.

Edgar Meister, board of directors, Bundesbank (central bank of Germany). The following are excerpts from an interview with the German economic weekly Wirtschaftswoche

published on March 19, 1995:

"Any proposal to restrict purely speculative transactions should be studied seriously. There are, however, serious technical problems. It is often hard to distinguish between purely speculative transactions and those deals which are rather based on arbitrage or hedging purposes."

Andre Ouellet, foreign minister, Canada. Reuters report from Ottawa, March 14, 1995:

"The information I have received is that there is genuine interest on the part of many to discuss this" tax on currency transactions at the June 15-17 Group of Seven summit in Halifax. "The very fact that it would be on the agenda and that it would be discussed in Halifax [would be] an immense step forward."

Lionel Jospin, Socialist Party candidate for President of France. Winter 1995:

In his "Manifesto for France," he calls for a 0.1% tax on the movement of speculative capital, "which would not penalize investments for 10 years, only placements for 10 days," to dampen currency turbulence, and incidents such as the Barings bankruptcy.

Edouard Balladur, prime minister of France. As reported by Reuters, March 14, 1995:

Proposed:

- a new common, world currency standard (can be a basket of currencies, ECU-style);
- a system requiring dealers to make deposit payments when making currency trade, to slow short-term international money flows;
- "In a world which moves around hundreds of billions of dollars every day by computer, could we not invent rules of market organization that would make speculative gains less easy?"

Masayoshi Takemura, finance minister, Japan. From a speech to the Diet (parliament), as reported by Reuters,

April 10, 1995:

"In order to counter the current rapid appreciation of the yen, Japan would like to emphasize policy coordination and joint intervention taken together with other nations, especially the U.S. . . . But we also need to think whether we can leave the current exchange rate system as it is now." It should be noted that "economists in several nations" are studying ways to reform the monetary system.

Financial Times of London, "Economics Notebook," by Peter Norman, March 27, 1995:

"An Old Idea Comes Up for Airing," is the headline of this article, which ridicules attempts to control foreign exchange speculation. It ends with a quote from a German economist, "A tax on exchange transactions keeps reappearing like the Loch Ness monster. Forget it."

II. Derivatives blowout

Wendy Lee Gramm, *chairman (1988-93), Commodities Futures Trading Commission, wife of Sen. Phil Gramm (R-Tex.). From a commentary in the Sept. 8, 1993 Wall Street Journal:*

"[Derivatives are a] vibrant and valuable sector of the U.S. financial market. . . . Most important, if another major default or market shock occurs, we must all resist the urge to find scapegoats, or to over-regulate what we just do not understand."

Social Democratic Party, German Parliament, March 19, 1995:

A "Grand Motion" was put to Parliament for a debate on derivatives and their risks. Rudolf Scharping, SPD national chairman, signed it.

The debate is expected to take place in late April or early May.

Helmut Schmidt, *former chancellor, West Germany. From an article by Schmidt in the German weekly Die Zeit, March 10, 1995, entitled "Wild Bet at Any Price":*

Three "necessary steps" with regard to derivatives must be taken: First, parliaments, including the Bundestag, must hold special open public hearings on derivatives, "in order to expand, if necessary, the existing credit system-laws."

Second, "banking control authorities must intervene in every individual case, in which it seems to them that the internal control system of a bank (with respect to derivatives) is inadequate."

Third, "to all non-banks, the participation in abstract financial derivatives deals is to be legally forbidden." In conclusion, "this is not an alarm call, but an admonition to timely, precautionary action."

Inter-Action Council, Germany. This think-tank is associated with former Chancellor Helmut Schmidt. Discussion with a Council operative, March 14, 1995:

The "turmoil in the financial markets," e.g., the collapse of Barings Bank, shows that "bankruptcy reorganization" is necessary. We are working on a proposal for "taxing financial transactions—derivatives, foreign currency, forex bonds, securities. . . . The fallout would be to dry up speculation, but the purpose would be to fund things that are needed but for which there is no money. . . . Nobody has the relevant statistics . . . at a time when there are more than 1.5 million derivatives contracts being concluded every day."

Henry Gonzalez (D-Tex.), *U.S. representative, then-chairman of the House Banking Committee, press conference on March 28, 1994:*

The derivatives market is "an electronic Ponzi scheme that eventually is going to cause us some dangers because it's like an inverted pyramid. . . . What I'm thinking of is trying to see if we can get our prime responsible forces like the Fed and the Treasury . . . to bring about a worldwide consortium. . . . You could stop it overnight if you just imposed a one-tenth of 1% tax on those transactions."

Henry Gonzalez, *U.S. representative, Jan. 4, 1995, urging passage of the "Derivatives Safety and Soundness Supervision Act of 1995":*

This is a law designed to meet a need that "has been heightened due to such recent calamities as the Orange County bankruptcy." It calls for:

Federal agencies to collaborate to set standards for entities trading in derivatives.

Additional disclosures by traders.

Trading proscribed unless under a written "prudential" management plan.

Ed Markey (D-Mass.), *U.S. representative, ranking member of the Telecommunications and Finance Subcommittee of the House Commerce Committee, from a press briefing, Feb. 27, 1995:*

Representative Markey introduced legislation to regulate derivatives dealers, saying that the collapse of Barings Bank "underscores the risks inherent in failing to assure that regulators have adequate tools on hand to minimize the potential for OTC [over the counter] derivatives to contribute to a major disruption in the financial markets, either through excessive speculation and over-leveraging, or due to inadequate internal controls and risk management on the part of major derivatives dealers or end-users."

Markey said that his legislation is "aimed at providing a framework for improved supervision and regulation of previously unregulated dealers and assuring appropriate protections for their customers."

Alan Greenspan, *chairman, Federal Reserve Bank, Senate Committee on Banking hearing, Jan. 5, 1995:*

"Although the convenience and the low cost of using derivative instruments to meet portfolio objectives may have facilitated some investors reaching for more unconventional

and possibly riskier strategies, it would be a serious mistake to respond to these developments by singling out derivative instruments for special regulatory treatment."

John Laware, member, Federal Reserve Board of Governors, to a meeting of Connecticut bankers, as reported by Reuters, Jan. 25, 1995:

It is "extraordinarily important" that Congress not try to control the sale of derivatives in the United States. "We must keep Congress out of this. . . . Derivatives are the crown jewel of U.S. capital markets and it would be a grave mistake to try to outlaw them."

Laware said that congressional prohibition could force the export of the derivatives market "to London, Tokyo, or elsewhere."

Eddie George, chairman, Bank of England, remarks to the "Forex 94" conference, London, June 1994:

"Worries over derivatives are vastly exaggerated. What are to be feared more than derivatives are stable foreign exchange rates of any kind. The establishment of a single European currency would increase unemployment in Europe and could lead to waves of migration of unemployed people across the borders of EU [European Union] member states. Do not attempt to reestablish an international system of fixed exchange rates like Bretton Woods."

Federal Reserve Bank of New York, "Code of Conduct" for Derivatives Dealers, Feb. 22, 1995:

A "Wholesale Transactions Code of Conduct" was circulated to the 10th annual conference of the International Swaps and Derivatives Association, prepared by the New York Fed and others. It advised that counterparties should assume an "arm's length" relationship in the derivatives deals, and "communications between them and the brokers cannot be construed as investment advice."

Mary L. Schapiro, chairman, U.S. Commodity Futures Trading Corp., comments at the National Futures Industry Conference, Boca Raton, Florida, March 16, 1995:

Integrating national bankruptcy laws is needed to prevent "the freezing [of] margins and positions of solvent customers within insolvent firms," such as Barings. In that case, without such laws, "virtually 18 hours a day, we talked, cajoled and pressured foreign exchanges and regulators to transfer positions from various Barings accounts. . . . The delays encountered in transferring positions and funds had potentially significant systemic risk implications."

C. Fred Bergsten, former U.S. treasury secretary; director, Institute for International Economics. From remarks at the Bretton Woods 50th year conference, Madrid, Sept. 9, 1994:

"The International Monetary Fund of the 21st century should become the steward of a system of currency target zones that could evolve, over time, into an effective regime of macroeconomic policy coordination among at least the European Union, Japan, and the United States."

He urged creation of an International Monetary Fund "council" of ministerial-level Group of Seven officials to work with central banks and the IMF board to enforce new target zones.

U.N. Development Program Report, June 1994:

"A world central bank is essential for the 21st century—for sound macroeconomic management, for global financial stability and for assisting the economic expansion of the poorer nations. It would perform five functions:

- 1) stabilize global economic activity;
- 2) act as a lender of last resort to financial institutions;
- 3) calm financial markets when they become jittery or disorderly;
- 4) regulate financial institutions, particularly the deposit banks;
- 5) create and regulate new international liquidity."

III. National debt

Anthony Ani, finance minister of Nigeria, remarks during the U.N. Summit on Social Development in Copenhagen, Denmark, March 12, 1995:

Reschedule, interest-free, Nigeria's \$29 billion national debt over a 75-year period. Grant a 5-10-year moratorium on repayments.

Alberto Fujimori, President of Peru, remarks during the U.N. Summit on Social Development in Copenhagen, Denmark, March 12, 1995:

Lighten the burden on social development by pardoning a portion of foreign debt.

Jim Leach (R-Iowa), U.S. representative, chairman, House Banking and Financial Services Committee. Article by Leach in the Wall Street Journal, April 10, 1995:

"What is needed today is a Chapter 11 process for the global financial system, a technique to keep nation-states and their people from the impoverishing implications of insolvency, while at the same time avoiding problems of moral hazard for both borrowing countries and their creditors. . . . The International Monetary Fund is the most logical institution to be given the responsibility for administering such a code [Chapter 11] internationally."

Pope John Paul II, from "As the Third Millennium Draws Near," Nov. 14, 1994; printed in Inside the Vatican, January 1995:

"In the sabbatical [every 7th] year, in addition to the freeing of the slaves the Law also provided for the cancellation of all debts in accordance with precise regulation. And all this was to be done in honor of God. What was true for the sabbatical year was also true for the jubilee year, which fell every 50 years. In the jubilee year, however, the customs of the sabbatical year were broadened and celebrated with even greater solemnity" (emphasis in original).

Shadow of Mexico looms over Brazil

Brazilian reserves dropped by 25% since January, turning the government's boasting into desperation.

The insistence of President Fernando Henrique Cardoso and his economic team in marking Brazil's differences from the Mexican crisis, is directly proportional to the speed with which the Brazilian situation is every day looking more like the Mexican one. The administration's vaunting of \$40 billion in foreign reserves at the outset of the year, which led them to believe they were immune to any international crisis, turned into despair, as they noted, only one quarter later, a loss of 25% in the reserves, now down to below \$30 billion, with clear signs of greater losses in the short term.

The growing trade and balance of payments deficits due to capital flight out of financial markets, which had already forced the government to devalue its currency, the real, by 10% in early March, has now forced it to make a desperate U-turn in the policy of trade liberalization, raising from 20 to 70% the tariffs on auto imports and dozens of durable consumer goods which were flooding the country, endangering the very existence of national industry and millions of jobs. Although the government insists that the measure is temporary—it will only last one year, they say—the fact of having taken it is a hard blow to the trade opening launched five years ago under President Fernando Collor de Mello.

But this measure, positive in itself, does not change the government's program for dissolving the basic structure of the state and its productive enterprises, such as Vale de Rio Doce, a producer of iron ore, which it is still planning to privatize,

under the illusion that foreign investment will flood Brazil, resolving the balance of payments problem. With these assumptions, it will be incapable of defending the economy from the speculative pounding, which in turn reflects the world financial crisis.

Raising tariffs could reverse the trade deficit—projected at \$2 billion just in the first quarter—but will do nothing to stanch the financial bloodletting. For example, in March, the amount of capital leaving the country was \$4.371 billion, whereas only \$329.8 million came in, leaving a net loss of \$4.041 billion. For the quarter as a whole, the exit of capital reached \$14.540 billion against \$6.822 billion entering, leaving a \$7.710 billion gap. Most of this left after the March 6 devaluation.

To keep the loss from showing up on the books as even larger, the government used the ruse of stalling on payment of the \$1.3 billion in interest due in March on its foreign debt which would shown up as a net flight of resources in the order of \$9 billion in the first quarter. That, according to the government, could have led to a worse panic in the capital markets. With this move, the government claims to "dilute the impact of the flight of resources in the coming months," a source in the central bank told the newspaper *Gazeta Mercantil*.

Reality is that Brazil has to pay abroad this year \$24 billion in interest on foreign debt, royalties, dividends, freight, Eurobond maturities, and payments to international organizations. To counterbalance this outflow, the government hopes to take in \$7 billion—\$4 billion in foreign invest-

ment and \$3 billion from residents outside Brazil—which would leave the net loss around \$17 billion. With the new trade measures, the government is trying to create a surplus of more than \$5 billion, by trying to reduce the loss in currency to \$10-12 billion, placing the reserves at around \$20 billion. But this scenario will be hard to play out, mainly because a positive balance of foreign investment cannot be counted on. Indeed, the volume of flight in the speculative capital in the stock markets could grow.

But the similarity to the Mexican situation before the collapse on Dec. 20, 1994 does not end there. The government, in the illusion of stemming capital flight, is raising the interest rates at which it negotiates its paper on the local markets at the same time it is offering exchange guarantees on this paper. For example, it is trying to place \$12 billion in National Treasury Letters indexed to Dollars (LTN-D), the same idiocy which was implemented by the Carlos Salinas de Gortari government last year in Mexico, when it launched the Tesobonos scheme which ended up bankrupting Mexico.

To avoid bankruptcy, the government must not try to generate trade surpluses based on reducing internal consumption. Rather, it should focus on containing the gigantic financial bloodletting due to the service on internal and external debt.

The President must recognize the error he made when, as a senator, he mobilized against the debt moratorium decreed by Finance Minister Dilson Funaro in February 1987, alleging that this would isolate Brazil from international capital flows. In other words, he will have to recognize that his government program based on those assumptions is nothing but a dream which died before his first 100 days in office were out. The specter of the foreign debt is back.

Re-entering the nuclear power era

There is a renewed positive interest among Germans in exporting and using nuclear technology.

About a year ago, a few months before the general elections for parliament, the opposition Social Democrat Party (SPD) executive abruptly called an end to all intra-party debates about its anti-nuclear policy platform. This killed a number of initiatives from prominent Social Democrats who, after a 15-year "construction pause" in Germany's nuclear sector, wanted to discuss at least a limited program of building new nuclear power plants in order to guarantee the nation's energy supply into the next century.

Looking to get the ecologist vote that SPD chancellor candidate Rudolf Scharping needed to replace incumbent Chancellor Helmut Kohl (Christian Democratic Union, CDU), the SPD anxiously avoided anything that might signal changes in its 15-year anti-nuclear policy profile. It even broke off cross-party "national energy consensus talks" with the governing CDU.

The fact that Scharping failed to defeat Kohl in the October 1994 elections, meant that sooner or later, part of the SPD would return to the debate on nuclear technology. And indeed, the lobbying for atomic power and a return to the energy consensus talks with the CDU increased inside the party organization. But, once again, the anti-nuclear current won and voted down motions for altering the party's energy platform, at a session of the SPD parliamentary group in Bonn on March 14. The party reaffirmed its call for a total exit from nuclear technology in favor of increased state funding for "alternate energy sources such as solar technology."

The struggle is by no means over,

however, as was made clear two weeks later by Hermann Rappe, a senior member of the SPD parliamentary group and a longtime, now outgoing, national chairman of the chemical workers union.

At a union event in Hanover on March 28, Rappe charged those who run the SPD "energy policy" with gross "ignorance and arrogance," because they "not only want to determine, once and for all, what future generations should know, but even want to make sure that future generations will no longer have access to vital modern technologies."

The SPD platform would impose a 25-year limit on operation of nuclear power plants, which means that by the year 2010, all plants will have to be closed down—and no new ones have been built in Germany since 1978, under the impact of environmentalism.

Calling for a "future-oriented, fundamental outlook," Rappe urged a "responsible-minded preparation for the future" that will concentrate on research and development of "new concepts for nuclear reactors and nuclear waste storage."

Rappe's name has come up repeatedly in connection with emerging strong labor union support (especially among chemical and mining workers) for new "inherently safe" reactor types such as the gas-cooled High-Temperature Reactor, or the Enhanced Pressurized Water Reactor, a lightwater reactor which the joint Franco-German venture of the firms Framatome and Siemens is developing.

Rappe's pro-nuclear statement found an echo in remarks by Hans-Olaf Henkel, the national president of

the association of German industry (BDI) in an interview with *Stern*, a weekly notorious for its radical ecologism. The interviewer was surprised when Henkel voiced his pride over the fact that German industry is leading the world in nuclear technology, especially in the field of reactor safety. In the first open endorsement of atomic energy by a leading representative of German industry in almost 15 years, Henkel said that he profoundly disliked all the talk "about the threat of a climate catastrophe, without anybody even asking what nuclear technology can contribute to solve the problem."

"At present, there is construction going on at 60 nuclear power plant projects in 18 different countries," Henkel said, "and I consider it irresponsible if the one country that is proven to have the best mastery of nuclear technology from a safety standpoint, is told to exit from that."

If ecologists' plans to limit reactor operation to a maximum of 25 years, instead of the 40 years that is technically feasible, succeeded, Henkel declared, "a burden on German electricity consumers and taxpayers of about 240 billion deutschemarks" would be the price to pay.

Instead, Henkel said, Germans should "take part in the all-European development of a future reactor type," which they should ensure could be built in Germany from the year 2005 on. The interviewer reminded Henkel of the anti-nuclear orientation of the SPD which would block any such development. Rather than blaming the Social Democrats, Henkel said, "There are two currents in the SPD. . . . The supporters of the one current are slowly, I believe, realizing that the discussion about carbon dioxide is putting the question of nuclear technology back on the agenda, and this throughout the world. This is the current I am hoping for."

Business Briefs

China

North-South canal draws environmental opposition

The World Wide Fund for Nature (WWF), headed by Britain's Prince Philip, is opposing the planned North-South water diversion project in China, the *Hongkong Standard* reported on March 21.

The project was approved in March by government authorities. It will be a 1,242-kilometer waterway from Hubei province to Beijing, 30 meters wide and 7 meters deep. Fourteen billion cubic meters of water a year will be made available for agriculture and for urban water needs in Beijing and Tianjin, at a cost of \$6.5 billion. The worst drought of the century which is now hitting the north finally convinced Beijing to proceed with the long-planned project.

Dai Qing, an environmentalist, journalist, and dissident now in the United States, who leads the efforts against China's Three Gorges Dam, has called the North-South canal "a joke." The *Hongkong Standard* reported that "academics and environmentalists" have alleged that the canal will be a disaster for the 400 million people along the Yangtze River, who will suffer from water shortages, increased silting of the river, and similar problems.

Southeast Asia

Mekong River Commission formed

Senior officials from Thailand, Laos, Cambodia, and Vietnam signed an agreement on April 5 to set up the Mekong River Commission, an autonomous, intergovernmental organization, to promote "sustainable development and conservation," according to a statement released by the U.N. Development Program (UNDP) in early April. Priority areas for cooperation include hydroelectric power generation, irrigation, fisheries, tourism, and navigation.

The UNDP director for Asia and the Pacific, Nay Htun, congratulated the four countries on the agreement, saying it "captures the

new political environment" of the region. Environmentalist groups, such as the U.S.-based International Rivers Network, are already in an uproar that hydroelectric dams will threaten riparian peoples, forests, and wildlife.

Taiwan

North-south rail project gets government okay

The Taiwanese government in early April approved in principle a north-south high-speed rail project. The plan involves building a 330-kilometer track from Taipei, the capital, to the port of Kaosiung, a project that will cost \$16.5 billion and is to be completed by no later than the year 2003.

The Taiwanese parliament is expected to pass the budget for the first two years of the project during April.

The government has, however, not yet determined which train technology will be used. It is reported that Taiwan is considering either the TGV, produced by French companies, or the ICE, which is manufactured by German firms. Ostensibly, the use of maglev technology is not being considered.

Sweden

Government being pushed into draconian austerity

Following a dramatic collapse of the Swedish kroner in late March and early April, triggered by selling by Swedish multinational companies and banks, Finance Minister Persson issued a statement on behalf of the Socialist government of Ingvar Carlsson on March 30, to the effect that "everything is fine; the government is on schedule with its deficit reduction plan. We won't do more unless the financial markets force us to." The statement triggered a panic selloff in the kroner on March 31 and into the following week, forcing the government to reverse itself, stating that it would introduce supplemental budget cuts in the April 24 semi-annual budget revision of "between 10 and 50 billion kroner."

Carlsson, who currently rules with a single-party minority government, is being pressured by the Riksbank (central bank), banks, and industry to adopt the "Finnish model," creating a government of national austerity to make draconian spending cuts in order to control a public debt that will reach 100% of Gross Domestic Product in a few months at present rates. Unlike Italy, Sweden is highly dependent on short-term foreign borrowing in capital markets, leading some Scandinavian analysts to predict that, if there is no drastic policy change, "Sweden will become the Mexico of the European Union."

On April 5, Carlsson was offered a coalition partnership by the pro-austerity Center Party. The "Finnish Model" refers to the creation of a government of national unity to impose tax hikes of 30% (amid 20% unemployment in the country) to stop a free-fall of the currency—a case of curing the disease by killing the patient.

Industry

Bronfman moves out of DuPont, into MCA

Seagram Co. Ltd, a firm run by the Canadian Bronfman family interests, plans to sell back to DuPont Co. a 24.1% or more stake that Seagram holds in DuPont, which will raise \$8.8 billion before taxes, and to buy 80% of the movie and entertainment company MCA, Inc. from Matsushita Electric Industrial Company for \$7 billion, according to news reports on April 7. Matsushita acquired MCA, which is known for such Steven Spielberg films as "E.T.," "Jurassic Park," and "Schindler's List."

Matsushita paid \$6.6 billion for MCA, and its withdrawal might also signal that Sony, which has lost billions on Columbia Pictures Industries, will be withdrawing from there as well.

The repurchase of 156 million DuPont shares was for \$53 a share, far below the current market value of \$64.75. The deal leaves Seagram with 8.2 million shares (1.5%) of DuPont.

DuPont Vice Chairman John Krol said the impetus for the deal was mutual. "There were no issues that created this. They [Seagram] had another plan in mind for what they wanted to

do with their investment. . . . We were looking at buying back our stock anyway.”

The Bronfmans' role in DuPont has been under attack by Lewis Du Pont Smith, an heir to the DuPont fortune and an associate of Lyndon LaRouche. The Bronfmans helped orchestrate the ban on chlorofluorocarbons, which are especially critical for refrigeration and fire-fighting. Edgar M. Bronfman, Sr. is head of the World Jewish Congress, honorary vice chairman of the Anti-Defamation League (ADL), and head of the ADL Greater New York Appeal.

Meanwhile, Canadian securities regulators and Toronto Stock Exchange officials said on April 7 that they plan to investigate Seagram's lack of disclosure in the deals, Reuters reported. Stock Exchange officials are investigating insider trading. Seagram twice refused the Exchange's requests for information after rumors fueled stock price changes.

Infrastructure

Railway on southern Silk Road proposed in China

The construction of a railroad on the southern route of the Silk Road was proposed at the recent Chinese National People's Congress. Cheng Zhengning, a deputy from Yunnan province, proposed the China-Myanmar-India rail development from Tengchong, to be connected with the Myitkyina railway in Myanmar, and then into India. This rail connection between Baoshan in Yunnan province to Calcutta would be 2,100 kilometers, 6,000 km shorter than the water route through the Straits of Malacca.

The named route is the China-India Highway, called the Stilwell Highway, which is being constructed as a joint effort between China, Myanmar, and India. Cheng credits Sun Yat-sen as the first proponent of the rail line, which is now sometimes referred to as the China-Africa line.

Meanwhile, the Chinese People's Political Consultative Conference has called for moving up the planned rail connection between Nanjing, near the coast, and Xian, the ancient capital, passing through Jiangsu, Hubei, Henan, Anhui, and Shaanxi provinces. The route is desperately needed to link the coast with the interior more efficiently.

Trade

German companies sign deals with Indonesia

German companies announced on April 3 that they have signed billions of deutschemarks' worth of contracts with Indonesia. Indonesian President Suharto recently attended this year's Hanover Industrial Trade Fair. In the course of his trip to Germany, Suharto said he would discuss his latest proposal for a Yugoslav confederation to end the war in the Balkans with the Kohl government.

The contracts signed so far include a \$1.6 billion coal-fired power plant in East Java to Siemens AG, with British and Indonesian participation; a \$1.09 billion power plant contract to the Swiss-Swedish engineering firm ABB, with two U.S. partners; a \$506 million agreement with Deutsche Telekom and its mobile phone unit DeTeMobil; and a \$300 million cement plant deal with Krupp Polysius. Smaller contracts were also signed with Meyer-Werft to build two passenger ferries (\$79.9 million each), and a \$21.79 million engineering contract with Renk Ag.

South Africa

Government puts priority on rural water supply

The South African government "is standing by its priority to supply water to rural communities," Johannesburg TV reported in late March. "The minister of water affairs and forestry, Prof. Kader Asmal, on March 22 announced that a dam [costing] 180 million rand will be built in KwaZulu-Natal. The dam on the Mvoti Rivernorth of Glenville in the Stanger area will be completed at the end of 1998."

One-third of South Africans do not have access to clean water, and half of the population does not live under hygienic conditions.

Professor Asmal also announced a water conservation campaign. Until water projects can be built, "the aim is to reduce the water consumption of the privileged and to make it available to the needy," according to the broadcast.

Briefly

● **MEXICO'S** Laguna Verde nuclear plant will soon operate at full capacity (1,200 MW), according to Energy Secretary Ignacio Pichardo. It is the first time that a government official has discussed nuclear energy since President López Portillo's plan to build 20 nuclear plants was shelved in the early 1980s.

● **BRITISH BANKER** Sir Brian Pitman, chairman of Lloyds Bank, estimates that another 75,000 jobs in the U.K. banking sector will be eliminated, on top of 90,000 jobs lost in the banking sector since 1989.

● **INDIA** will export 2 million tons of wheat to China this year, the first time it has done so. China has been hit by drought in the north, floods in the central region, and ever-decreasing arable land along the coast. India has had a surplus food-grain production of over 10 million tons for several years.

● **A MENINGITIS** epidemic in the Sahel region in Africa has caused the deaths of more than 2,500 people, almost 2,000 of them in the impoverished state of Niger. The economic crisis in Niger is an indication that health care and immunization there are at an unusually low level.

● **A CANADIAN** bank could go the way of Barings Bank, John Palmer, superintendent of Canada's financial institutions, said on April 7, Associated Press reported. "The only way [regulators] can make sure it won't happen here is to post teams of derivatives experts, on a 24-hour-a-day basis, in every trading room of every Canadian financial institution across Canada and around the world. And even then, something might slip past us."

● **POLAND'S** biggest savings and loan bank, PKO BP, will no longer buy dollars from customers, *Gazeta Wyborcza* reported in early April. The Polish daily said that today everyone in Poland is eager to get rid of their dollars.

Jacques Cheminade campaigns for French nationhood

by Christine Bierre

After months of brutal factional warfare leading up to the first round of the French presidential elections on April 23, the Paris nomenklatura has apparently decided that Edouard Balladur, the current prime minister, will be defeated, and that Jacques Chirac, the head of France's nominally Gaullist party, the RPR, will be the next President. This, at least, is the line that the Paris media are trying to ram through.

In times of crisis, however, whatever the nomenklatura might decide is not of much importance; those very institutions can be swept away in a matter of days, just as we saw when the Berlin Wall came down, and, with it, 50 years of communism in eastern Europe. Indeed, even though most of the polls are giving Chirac a lead in the race, with Socialist Lionel Jospin coming in second, the same polls are reporting that more than 40% of the French population has not yet decided for whom to vote. There may still be surprises in store.

What are the issues at stake for France in the coming period? Most immediately, there is the problem of solving the severe unemployment problem. Fully unemployed persons are now in the range of 3.3 million, that is, more than 12% of the workforce. To this already disastrous figure one should add 2 million more who have make-work jobs and about 5 million who have part-time work with "flexible schedules." Counting both total and partial unemployment, nearly one out of every four French workers is unemployed.

Another major challenge for the incoming President will be to solve the crisis into which years of financial speculation have plunged the country. The case of the Crédit Lyonnais, the largest of the public sector banks, whose losses are in the range of 80 billion francs (approximately \$16 billion), is indicative of this process. The 200-300 billion francs (\$50 billion) debt accumulated by the real estate sector is another example of this same problem.

The third problem area which will define the new Presidency is the question of the future of Europe, and, especially, of who will be France's most important ally in the future. Will the Franco-German alliance, which has been the basis for



Jacques Cheminade on the campaign trail, April 1995. "Surprise candidate" Cheminade has stunned the media and the political nomenklatura by securing more than the 500 signatures of elected officials required to qualify for the Presidential race. A friend of Lyndon LaRouche and the only candidate who represents "the Party of France," his campaign has created a total uproar.

the prosperity and stability of Europe in the postwar period, be maintained? Or, will France orient toward a new Entente Cordiale with Great Britain, aimed mainly at weakening the position of Germany?

Behind these issues, however, the deeper question is this: Will the "Party of France," as Gen. Charles de Gaulle and others in French history have referred to it many times, will reemerge to ensure the sovereignty of the French nation, or will France continue its present decline and become a second-rate nation? The expression "*parti de la France*" refers to a tradition going as far back as Charlemagne, a conception redefined and improved by France's Renaissance King Louis XI (see box), which later tends to reappear in French history with figures such as Henri IV and his great minister Sully, with Jean-Baptiste Colbert, or with the group of scientists grouped around Lazare Carnot during the French Revolution and leading up to de Gaulle during this century.

The 'commonwealth' idea

Central to this tradition is the idea that the state has the responsibility for ensuring the "commonweal" of the entire population: It must protect the citizenry from looting by rapacious and unscrupulous financiers, protect the most humble of its citizens, and ensure equal opportunities to all. In this tradition, the state is responsible for creating an appropriate climate for productive investment and scientific research which benefits the nation as a whole, through its control of credit and by investing in large infrastructure projects. It is

from such policies, as well as from the commitment to high-quality public instruction for everybody in the country, that France derives its strength and its ability to be an independent nation.

Increasingly, since the death of Charles de Gaulle in 1970, France has been losing those essential values and turning more and more to the oligarchical financial practices which have been rampant in the Anglo-American part of the world for the past century. Under those influences, France has not only deregulated its financial system, breaking with the previous longstanding policy of a credit system that penalized speculation and favored productive investment, but it was the state-sector banks and companies that have often led the way into the craziest of the financial practices of the last 15 years. It is these orientations which have led to massive unemployment, to accumulation of a state debt nearing the 60% mark, as well as a public deficit in the order of 5% of Gross National Product.

Relative to these issues, where do the different candidates stand? Which way will France go during the next seven-year Presidency?

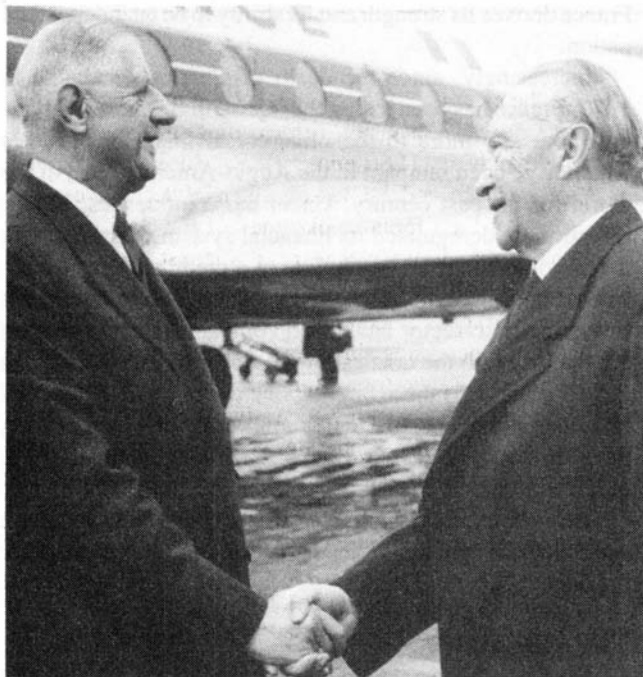
The candidates

While the factional fight which preceded the election was particularly brutal, as indicated by the series of scandals which broke out in the recent months, it is difficult to say to what extent this struggle involved the issues that are key to the survival of the nation.

Of all the candidates, there is no question that Edouard Balladur is the purest incarnation of the financial oligarchical view. Balladur's entourage is almost exclusively dominated by high-level monetarists and bankers, ranging from the heads of the Treasury and of the Bank of France (the central bank), to the leaders of top insurance and investment houses such as the UAP and Lazard Frères, as well as of heads of exclusive financial empires such as the Rothschild family and the Groupe Rivaud.

Among all the candidates, Balladur is the only one to have given his support to the idea that the cause of France's economic crisis is the "high wages" of the lower-income workers! Balladur appointed arch-monetarist Alain Minc to head a commission which produced a report along these lines, entitled "Challenges of the Year 2000."

In foreign policy, it is Balladur who broke with several time-honored Gaullist principles. He is to be blamed for the rapprochement between France and Great Britain, a renewed Entente Cordiale forged to the detriment of the Franco-German alliance (for a historical analysis of this policy, see *EIR*, March 24, "London Sets the Stage for a New Triple Entente"). Concerning France's allies in the Third World, the two years of Balladur in power will be recalled as those during which France dumped its longtime allies in Africa by devaluing the African franc (the CFA) and turning over the French-speaking African countries to the International Monetary Fund, measures which have plunged those coun-



Gen. Charles de Gaulle (left) with German Chancellor Konrad Adenauer, in Bonn in 1961 for the signing of the treaty reconciling the French and German peoples. Franco-German friendship must be a cornerstone of a new foreign policy for France, says Cheminade.

tries into despair.

Is there any serious opposition to these policies from the two other main candidates, Jacques Chirac, the president of the RPR, and Lionel Jospin, the candidate for the Socialist Party? Is there any sign of a return to power of the policies of the Party of France?

The potential for this is always present in France. But today, it can only be catalyzed by the ideas of the "surprise candidate," Jacques Cheminade, even though he is the candidate of a small party.

In their written and oral statements, both Chirac and Jospin have attacked the flight forward into speculation, with Jospin going as far as proposing a 0.1% tax on speculative products. These attacks are also occurring in the context of a more general outcry against speculation, picked up by the majority of the left-wing candidates and many media commentators.

Concerning social issues, Chirac has rejected Balladur's attempt to attack the poorest layers of the population, and, under the influence of the head of the National Assembly, Philip Seguin, has attempted to revive the social doctrine of Gaullism. It was he who first called for an increase in the real wages of workers by transferring some of the burden of social costs paid by employees, to the state. Almost every candidate then jumped on the bandwagon created by Chirac, competing with opportunistic fervor to see who could propose the highest wage increases, and leading to a situation in which all the candidates, including the racist Jean Marie Le Pen, are calling for an increase of the minimum wage. Oblivious to the financial crisis which has intensified so dramatically worldwide since the devaluation of the Mexican peso in December 1994, all the candidates, except Cheminade, are insisting that such marvelous wage increases will be made possible by the current "upswing" of the economy!

Most of these promises in the social domain—including promises to create millions of make-work jobs, to launch Marshall Plans to reconstruct the poor suburbs, and to build new homes for the poor—are to be discounted as pure demagoguery, typical of election campaigns. All the candidates know that the French people are fed up with the austerity that has been imposed over the last 14 years, fed up with unemployment, fed up with the overpricing of housing caused by real estate speculation, fed up with seeing the state bailing out the banks and the real estate companies, while not one sou is going into real production. Strikes have broken out throughout the country over the last weeks, in public transport, insurance, and industry, indicating the danger of a social explosion. Most candidates are therefore pandering to this ferment.

Could there be a rejection in foreign policy of the tendency toward an Entente Cordiale and a return to the Franco-German alliance? The three mainstream candidates all travelled to Germany to meet and negotiate with Chancellor Helmut Kohl the basis of a renewed Franco-German alliance for the next seven years. Chirac and Jospin's platforms are the

Louis XI's founding of the French nation

In an article published in *EIR* on Feb. 17, Lyndon LaRouche underlined the historical role of France's King Louis XI, who ruled from 1461 to 1483. "The principle," LaRouche wrote, "that every person is made in the image of God, was not introduced efficiently into the practice of statecraft until the mid-fifteenth-century Council of Florence and the subsequent establishment of the first modern nation-state, the commonwealth of France's King Louis XI. The notion of commonwealth introduced by Louis XI to France, is the beginning of the existence of the modern form of nation-state."

France in the fifteenth century had 14 feudal duchies and 94 major cities, which Louis XI unified on the basis of the common good. This "commonwealth" idea was conveyed in the slogan, "One law, one weight, one currency." The king also established one army.

In an article soon to be published in *New Federalist* newspaper, Pierre Beaudry documents Louis's crafting of the nation-state. One vital aspect was a tax policy for population growth, which Beaudry describes as "the first time in history that a policy of demographic growth had

been consciously implemented for the establishment of the nation-state."

"As a general policy," Beaudry writes, "Louis capitalized on the initiative of entrepreneurs and inventors, whom he protected, in agriculture as well as industry and commerce. He adopted protectionist and anti-dumping measures to protect grain growers or linen producers; exempted traders from provincial tariffs, while imposing tariffs on foreign merchandise; encouraged skilled labor from other countries to come into Dauphine and settle there with their families, guaranteeing them tax exemptions proportional to their productivity.

"The most significant political change that the king forced through was to bankrupt the feudal landed aristocracy with the creation and defense of industries throughout the 94 cities of France, and by opening trade with England, and treaty agreements with Genoa, Florence, Naples, Sicily, and Calabria. He guaranteed the expansion of industries by subsidizing the cities, including the medieval cities; such subsidies came from a tax (*la taille*) which was inversely proportional to the productivity of the earner. Accordingly, the feudal princes were taxed at a higher rate than the burghers, and the burghers higher than the city-dwellers. . . . Through the judicious use of taxes, both levying and exempting as the case may be, Louis was able to direct economic growth and development throughout the kingdom."

strongest in favor of maintaining the Franco-German alliance. Chirac surprised many by not mentioning once in his platform the need for reinforced cooperation with Great Britain. Quite the contrary, he called for a renewal of the Franco-American alliance, which, in the context of the current breakdown of the British-American "special relationship," would seem to align Chirac against the British. Jospin, whose support committee is headed by Jacques Delors and by Delors's daughter Martine Aubry, can hardly be suspected of harboring anti-German sentiment.

These are only tendencies, however, and very fragile ones. The artisan of the "new social policies" of Chirac is known to be Philip Seguin, whose sympathies for Britain were expressed most clearly in the biography he authored recently about Britain's favorite French catamite, Napoleon III. The Seguin group within the Chirac camp is also cohabitating with that of Alain Madelin, the French president of the Mont Pelerin Society, whose policies echo the anti-state ravings of the Conservative Revolution crowd in the United States.

Cheminade's impact

In this context, only the candidacy of Jacques Cheminade can possibly catalyze a reemergence of the Party of France.

Even as the election campaign began, the influence of Cheminade's policies was visible in the Chirac and Jospin camps. It is Cheminade and his friends who have been campaigning in recent years for a 0.1% tax on financial derivatives, well before any of the official spokesmen of the Socialist Party even knew what derivatives were. In the last two months of the campaign, Chirac called for the creation of a Middle East Common Market to cement the new Mideast peace accords, and called for increasing aid to Africa and the rest of the Third World; he even called for a Marshall Plan for the Paris suburbs. Such policies have long been advocated by Cheminade.

None of the other candidates, however, know how to realize those policies. None of them are aware of the fact that the international monetary system has to be put through bankruptcy proceedings, before it can move in the direction of policies of growth. None are willing to announce a crack-down on financial speculation, and moving toward a two-tier credit policy that would favor productive credit and penalize speculative capital.

An element which is central to evaluate the credibility of these presidential programs, is how they will deal with the Maastricht Treaty on European union. The three main parties are favorable to the treaty and to all its consequences: 1) the

maintenance of the autonomy statute for a central bank which is explicitly forbidden to extend credit for large-scale public projects; and 2) the return to a public deficit lower than 3.5% and of indebtedness of less than 60%, which would necessitate massive austerity budgets. All these criteria exclude the possibility of a Marshall Plan-type solution of great infrastructure projects in the east and in the south, to relaunch the productive economy.

A reemergence of the Party of France demands today a

President with the courage to defy the institutions of the financial markets, and to call, along with Germany, for the application of bankruptcy proceedings to the world financial system. It requires a rejection of the autonomy of the Bank of France, and abolishing the conditions which forbid that bank and other central banks in Europe from extending credit for large infrastructural projects, such as high-speed trains, nuclear power grids, and canals, in eastern Europe and toward the countries of the South.

Helga Zepp-LaRouche endorses Cheminade

Helga Zepp-LaRouche, the chairman of the Civil Rights Movement Solidarity in Germany, issued this statement on April 12:

In view of the strategic significance for Germany of the upcoming French presidential elections, which are occurring amid the continued disintegration of the world financial system, with wars raging around the globe, there is only one appropriate term to characterize the silence of the German media over “surprise candidate” Jacques Cheminade, and that term is: stupid arrogance. Because whether the media people like it or not, over the coming weeks, Jacques Cheminade’s participation in these elections—a status which he earned with the signatures of over 500 sitting mayors—has shifted the stage of the historic battle over a way out of the worldwide crisis, into France.

If we in Germany have learned anything from the history of the last two centuries, then it should be this: that without Franco-German friendship, based on positive principles, it is impossible to secure peace in Europe. That was the conclusion which de Gaulle and Adenauer, to name only two, drew when they signed the Franco-German Treaty in 1963.

Among the French presidential candidates, Jacques Cheminade is the only one who has made friendship between our two nations into a central feature of his program, whereas all the other candidates have acquiesced to various degrees in the model of the unsavory policies of an “Entente Cordiale” or a “Triple Entente”—as was recently demonstrated clearly enough in their attitudes toward the Serbian war of aggression against Croatia and Bosnia. Thanks to such attitudes, now once again we have come very close to the same dynamic which characterized the situation leading up to World War I.

Opposing this danger of a new Triple Entente, Che-



Helga Zepp-LaRouche with Jacques Cheminade.

minade represents the alliance among France, Germany, and America for the economic development of the Eurasian continent—a political vision which, thanks to President Clinton’s renunciation of the “special relationship” between Great Britain and the United States, especially with his speech in Berlin [in 1994], has become a great opportunity for a political turnaround.

It is precisely because that opportunity must become reality—because, for us in Germany and in all of Eurasia, peace and economic survival hinges upon it—that I give my wholehearted support to Jacques Cheminade’s presidential campaign. I do this also, because his policy of Franco-German cooperation in the economic development of the so-called Third World, in the spirit of Gottfried Leibniz, is the only policy that is morally acceptable.

Long live Franco-German friendship!

Probe of slanders of Cheminade leads to international 'Murder, Inc.'

by Jeffrey Steinberg

Some of the same foul operators who were implicated in the John F. Kennedy assassination, the destabilization of the France of President Charles de Gaulle, the kidnapping and murder of Moroccan opposition leader Mehdi Ben Barka, and the assassination of the Belgian Congo's Patrice Lumumba, are attempting to subvert the current French presidential elections.

The vehicle for this attempted intervention is a wild slander campaign against one of the nine certified presidential candidates, Jacques Cheminade, a longtime associate of American political economist Lyndon LaRouche. Cheminade sent shock waves through the French and British political establishments when he presented more than the 500 endorsements from mayors across France that were required to gain ballot status in the first round of the presidential vote, scheduled for April 23.

Even before the French National Election Board formally certified Cheminade's petitions and placed him on the ballot on April 7, there were clear signs that at least one high-ranking government official, Prime Minister Edouard Balladur's rabidly anti-American Interior Minister Charles Pasqua, were upset at the prospect of Cheminade being in the race. At a Cheminade press conference in the Bordeaux region on April 5, two Interior Ministry police showed up to "observe" the proceedings. In the past, Pasqua's ministry has served as a conduit for Bush-era U.S. Justice Department slanders against LaRouche, slanders that often originated with the Anti-Defamation League of B'nai B'rith (ADL) or the Cult Awareness Network, both U.S.-based groups heavily contaminated by organized crime. Pasqua is himself on the board of advisers of the ADL's French affiliate, LICRA.

Following the Cheminade certification, slanders began appearing in French news outlets, accusing both Cheminade and LaRouche of being "thieves" and "criminals."

A review of the background to those slanders churned up over 30 years of British-directed high treason against the French and American republics, and places Pasqua in bed with a crew of thieves, criminals, and spies.

The "theft" allegations trace back to an early-1990s effort to frame up Cheminade and prevent him from running in the 1995 presidential elections. In October 1986, a longtime supporter of the French branch of the Schiller Institute passed away. After her death, members of her family charged that she had been suffering from Alzheimer's disease during the period of her collaboration with the institute, and that she

had been coerced into making contributions.

Bypassing civil judicial avenues, the family made a criminal complaint, and an investigative magistrate was assigned to probe the complaint. After nearly two years, the magistrate recommended against prosecution, on the grounds that he had turned up no evidence of any kind of criminal misconduct on the part of the accused Schiller Institute officials. But the French prosecutor's office appealed against the magistrate's recommendations, and the case went to trial.

Because of the *sub judice* nature of the proceedings, few further details can be provided at this time; however, when the full details are released, it will be clear that the plaintiffs, along with key figures within the French media establishment, grossly violated French legal standards by spreading false information about the internal features of the case. It will also be clear that the original investigating magistrate's assessment—that there was no basis for criminal prosecution—was correct.

It can be said, in addition, that when the case went to trial in 1992, the deceased woman's relatives admitted under oath that she had continued to drive her own car in and out of Paris, and had managed her own financial affairs right up until the time of her final illness. Despite this testimony, on June 24, 1992, the 12th Chamber of the Paris Criminal Court found Cheminade and three other friends of LaRouche guilty of "theft." The court imposed stiff fines on Cheminade, Christine Bierre, François Bierre, and, and imposed suspended sentences of 13-15 months in jail. According to news accounts, the next stage in the case, which is before an appeals court, will be a hearing on May 9.

Lemarchand behind the scenes

The attorney who represented the family, the plaintiffs in the criminal case, Pascal Dewynter, is a longtime protégé and onetime law firm associate of one of the most pernicious figures in postwar French history, Paris lawyer Pierre Lemarchand. It is the Dewynter-Lemarchand connection that casts a clear light on the forces both inside and outside of France that are out to poison the Cheminade campaign.

Lemarchand was nominally one of the leading "insiders" in the camp of President Charles de Gaulle. His wife, Michelle LePercq, was the daughter of Emile LePercq, the interior minister in de Gaulle's 1944 provisional government.



Jacques Cheminade is interviewed by reporters after the official certification of his candidacy. The media are running a wild slander campaign against him, on orders from the top ranks of the international oligarchy.

When Emile LePercq died in a car crash, Mme. de Gaulle adopted Michelle as if she were her own daughter.

But Lemarchand exploited that “insider” position to fill the Gaullist ranks with an army of criminals and mercenaries who worked to destroy de Gaulle’s presidency through a series of high-profile scandals at crucial moments during the 1960s. In this respect, Lemarchand played a far more pernicious role in destroying General de Gaulle than did all of the Secret Army Organization hit squads that tried repeatedly throughout the early 1960s to assassinate the French President. Moreover, a profiling of the gangster apparatus built up by Lemarchand betrays numerous links to the very OAS anti-Gaullist apparatus he was ostensibly fighting.

Lemarchand was part of the rabidly anti-communist paramilitary group *Volontaires de l’Union Française* in the 1950s, during which time he consolidated long-standing contact with key figures in the French and French colonial underworld, a gangster apparatus centered out of Marseille and Tangiers with close ties to the international crime syndicate of Meyer Lansky et al. The Lansky organization in turn played an important, albeit subsumed role in British intelligence’s *Permindex* international derivative assassinations bureau—the apparatus implicated by New Orleans District Attorney Jim Garrison’s probe in the 1963 assassination of President Kennedy.

The ‘barbouze’

In 1961, when President de Gaulle launched his decolonization policy, beginning with Algeria, he was confronted

with an open insurrection by elements within the French military and security services, who created the Secret Army Organization (OAS), with backing from the British and from British-contaminated right-wing networks inside the U.S. intelligence services that were involved in the Kennedy assassination.

Lemarchand was brought in by de Gaulle’s Interior Minister Roger Frey to create a “Gaullist” counterforce to the OAS, which came to be known as the “barbouze” (“the bearded ones”). During a short period of time in the early 1960s, Lemarchand recruited 300 hoodlums and mercenaries, many of them his legal clients, to the *barbouze*. Among the Lemarchand recruits were Joe Attia, one of France’s top gangsters; Georges Figon; mercenary Julien Le Ny; and Christian David, later to become a heroin lord in the French Connection.

It was this gangster apparatus that delivered a devastating blow to President de Gaulle’s efforts to forge closer ties to West German Chancellor Konrad Adenauer by carrying out the Feb. 25, 1963 kidnapping of Colonel Argoud on the streets of Munich. It was one of several such actions carried out behind the back of General de Gaulle. Argoud was an OAS figure implicated in one of the failed assassination tries against the French President. The kidnapping, orchestrated by Attia on behalf of Lemarchand and the *barbouze*, blew up in the face of de Gaulle, and created deep strains in Franco-German ties—all to the benefit of London, which was at that moment desperate to bust up an emerging American-French-German-Vatican collaboration.

The Ben Barka affair

But by far the heaviest blow to President de Gaulle was delivered on Oct. 29, 1965, when a team of Lemarchand’s *barbouze* kidnapped Moroccan opposition leader Mehdi Ben Barka in Paris. Ben Barka was never seen alive again, and the scandal that ensued—one week before President de Gaulle’s announcement that he would run for reelection—marked the beginning of the end of Gaullism.

At the time of the Ben Barka kidnapping, the Moroccan opposition leader, who had personally received the Legion of Merit from General de Gaulle for his wartime activity in North Africa, was in secret negotiations with Morocco’s King Hassan to forge a national unity coalition. This was consistent with President de Gaulle’s decolonization initiatives in Francophone Africa. However, Moroccan Interior-Defense Minister Oufkir, along with Lemarchand, top SDECE (France’s equivalent of the CIA) officials, Frey, and several other French cabinet officials, had other plans.

Three of Lemarchand’s top *barbouze* recruits were indicted and eventually convicted of the Ben Barka kidnapping and presumed murder. They were all part of the Attia crime syndicate. One of Lemarchand’s clients and longtime personal friends, Georges Figon, who personally set up the abduction of Ben Barka, was murdered shortly after the kidnapping when he threatened to crack and spill the beans on the other conspirators. Figon’s assassination was apparently carried

out by Christian David, another Lemarchand recruit to the barbouze.

Due to political protection, Lemarchand was not himself indicted in the Ben Barka case. However, papers found in Figon's briefcase after his death showed that Lemarchand was deeply involved in the plot, and was probably the hands-on coordinator, according to several published accounts of the murder conspiracy. He was disbarred for three years for his involvement in the obstruction of the prosecution.

De Gaulle personally condemned Lemarchand, Frey, and top SDECE officials for the Ben Barka murder, and he charged that members of his own cabinet had "taken him for a fool."

But the damage was done. In the 1965 presidential elections, the Gaullists lost their majority in the National Assembly, and de Gaulle himself saw his popularity shrink. The 1965 elections helped launch the political career of François Mitterrand. The scandal surrounding the Ben Barka case lingered into early 1967, accelerating the death of Gaullism.

A prescient earlier warning

It is now known that in April 1961, President de Gaulle sent a confidential personal letter to President Kennedy, warning him that the same people who were behind the OAS had also betrayed the American President in the Bay of Pigs fiasco. It was a prescient warning, and the immediate consequence of the communiqué was a warming of relations between the two Presidents.

Just how prescient a warning it was may never be fully known. However, numerous details have come to light in the intervening decades that point to links between the OAS and both the Lemarchand barbouze networks and the Permindex apparatus that assassinated Kennedy.

One of the most bizarre leads suggesting much closer ties between Lemarchand's dirty networks and the killers of Kennedy centers around one of Lemarchand's most controversial clients, a Swiss-based arms and art dealer named Fernand Legros. According to published accounts, Legros was the homosexual lover of the late United Nations Secretary General Dag Hammarskjöld. Legros was scheduled to be a passenger aboard the plane that crashed and killed Hammarskjöld, but at the last moment, Legros cancelled his ticket, after receiving a phone call. A similar incident occurred in 1962, when Legros was again scheduled to be on a flight that crashed, killing Italy's ENI head Enrico Mattei, but cancelled out after receiving a phone call. Mattei was a key collaborator of de Gaulle and the Vatican in efforts to industrialize the Middle East and North Africa.

Legros was in Dallas, ostensibly selling art, the day that President Kennedy was assassinated. Likewise, he was in Paris "on business" the day that Ben Barka was abducted.

In 1972, French authorities abducted Legros in Brazil and brought him back to France to face charges of art forgery. In 1974, Henry Kissinger personally intervened, demanding Legros's immediate release and citing Legros's work for the CIA and his American citizenship which resulted from that

work. Kissinger wrote a letter demanding Legros's release as a "private citizen," although at the time he was serving as both national security adviser and secretary of state to President Nixon. The case against Legros was eventually dropped in 1977, after two crucial witnesses were murdered and others disappeared.

In addition to Lemarchand's links to Legros, evidence also surfaced during the 1975 Church Committee hearings in the U.S. Senate on the CIA that two of Lemarchand's key barbouze hit men, Joe Attia and Christian David, had also been on the payroll of the CIA. Both men were contracted to assassinate Congolese leader Patrice Lumumba (although other CIA-dispatched hit teams accomplished the murder).

The Permindex factor

There are many unanswered questions about the Lemarchand circles' links to the Kennedy assassination. Before his death several years ago, the American lawyer and Kennedy assassination researcher Bernard Fensterwald was pursuing leads on several French mercenaries who were in Dallas the day of the Kennedy killing. Lemarchand recruit and French Connection heroin trafficker Christian David was alleged to have intimate knowledge of the role of these French hit men; and documents still classified in the FBI and CIA archives could possibly shed further light on this aspect of the case.

Certain facts, however, are clear. New Orleans District Attorney Garrison established a hard chain of evidence linking the Montreal, Canada-based Permindex (Permanent Industrial Expositions) British intelligence front to the Kennedy assassination. Although Permindex board member and New Orleans World Trade Mart director Clay Shaw was acquitted of charges that he conspired to kill the President, crucial suppressed evidence showed that Shaw perjured himself to avoid conviction.

A Shaw conviction would have placed the Permindex organization under an international spotlight, not only for the Kennedy murder. In 1967, President de Gaulle had expelled Permindex from France, and French and Canadian newspapers had extensively documented Permindex's links to the OAS hit squads. Permindex funds had been laundered through another board member, the Houston-based Jean DeMenil of the Schlumberger Corp. DeMenil's wife, Dominique Schlumberger, was the heiress to the Franco-Swiss banking family that helped bankroll the political career of de Gaulle rival Mitterrand, and at one time held interests in the French leftist newspaper *Libération*.

The head of Permindex, Major Louis Mortimer Bloomfield, was British MI-5's liaison to J. Edgar Hoover and the FBI's Division V (foreign counterintelligence), and part of the Montreal-based Bronfman organized crime apparatus. Throughout the period of the Kennedy assassination and the destabilization of de Gaulle, Bloomfield was registered to practice law in Tangiers, the center of the French underworld and the base of operations of Lemarchand's barbouze compatriot and Ben Barka kidnapper, Joe Attia.

Profiles: the other eight candidates

by Emmanuel Grenier

Most unusual for a French presidential election, there are two candidates from the same party, the Rally for the Republic (RPR)—the party which purports to be in the tradition of Gen. Charles de Gaulle. Jacques Chirac has been the head of the party since 1976. It is he who pushed Edouard Balladur to become prime minister in 1993, after the RPR victory in the parliamentary elections. Chirac has the support of the political machine of the RPR, but Balladur has the support of the other right-wing party, the French Democratic Union (UDF), which favors the British free-trade system, the General Agreement on Tariffs and Trade (GATT), and the Maastricht Treaty of European Union. Balladur also has the support of Interior Minister Charles Pasqua, who belongs to the organized crime-linked networks of alcohol producer Paul Ricard. Pasqua, supposedly Chirac's best supporter, shifted his support to Balladur last year, giving as an explanation that Chirac was a loser.

Jacques Chirac (RPR): Twice prime minister (in 1974, with Valéry Giscard d'Estaing, and in 1986 with François Mitterrand), Chirac has never maintained a clear policy line. After being called a "social Gaullist" in the 1970s, and Thatcherite in the 1980s, he now vows to push again for "social policies." He claims



that he is out to defend the "real economy" from the "virtual economy" and to "put man back at the center of economic and social choices." But he will not commit himself to break with the international financial institutions, such as the International Monetary Fund, that are destroying the economy of France and other nations. In 1986, his agriculture minister, François Guillaume, proposed an interesting "Marshall Plan for Africa," but Chirac wanted to keep that project in the framework of the World Bank and of the International Monetary Fund. His record as a mayor of Paris reveals his real nature. His policy of giving a free hand to real estate speculators, to make Paris a second City of London, has resulted in the destruction of beautiful buildings dating back to the 19th century, and in a situation where Paris has now 3 million square meters of empty offices and more than 50,000 persons living in the

streets. Alain Madelain, a member of the Mont Pelerin Society, is the minister for enterprises in the current government and functions as Chirac's economic adviser. He is the main supporter of Chirac outside the RPR.

Edouard Balladur (RPR): This former adviser to President Georges Pompidou (President 1969-74) was also economics and finance minister from 1986 to 1988 in the government led by Chirac. His father was the president of the Ottoman Bank. A thoroughgoing anglophile, Balladur was responsible for bringing



England into the European Community, during his years in the Pompidou administration. Today, as the acting prime minister, his monetarist policy of a "strong franc" has led to disastrous results for the French industrial sector. Because he calls that recession a "recovery," he vows today not to change that policy, but on the contrary to continue it. Balladur tries to give himself an image as the "realist," explaining that there is no solution other than harsh measures, as opposed to Chirac, whom he accuses of demagoguery.

Lionel Jospin (Socialist Party): Although he is generally considered an honest man, among the successive scandal-ridden Mitterrand administrations, Jospin has had a very weak point: He refuses to address the fact that Socialist policies have made France a paradise for speculators, while destroying the physical economy. The policies of Pierre Bérégovoy—Mitterrand's last Socialist prime minister, who committed suicide in May 1993—were strictly monetarist and pro-free trade. Nevertheless, Jospin has acknowledged the danger of the financial derivatives markets and has spoken in favor of a proposal for taxing them. His official program includes a 0.1% tax on these markets. But the aim is *not* to destroy these speculative instruments. Rather, it is oriented toward the idea, circulated at the U.N.'s Social Summit in Copenhagen earlier this year, of using the proceeds from the tax to finance the U.N.'s world government operations.



Philippe de Villiers (Combat for Values): De Villiers is the operative of Anglo-French billionaire Sir Jimmy Goldsmith, with whom he took part in the last elections to the European Parliament. Along with Lord William Rees-Mogg, the foreign editor of the London *Times*, he proposes to create a European free-trade zone, letting the Third World die.

He has adopted an anti-GATT and anti-Maastricht stance to capitalize on populist rage against the austerity policies enforced by these institutions. He vows "to bring the Brussels [European Union] technocrats to heel," just as the populists in the United States are "fighting Washington." Like his mentor and money-bag Goldsmith, Villiers is a rabid opponent of nuclear energy and of state intervention in the economy. He supports the privatization of EDF, the French state-run electricity utility. He claims that the solution lies in a decentralized program of "regional economies."

Arlette Laguiller (Lutte Ouvrière—Workers' Struggle—Fourth International): A life-long employee of the bank Crédit Lyonnais, this Trotskyite is campaigning for the fourth time, with a program which has not changed much. This is the first time, however, that she has been promoted by the news media. Nobody has attacked the functioning of her party, which is a clandestine operation without an address. Given the decline of the Socialist Party and the relative stability of the Communist Party, Laguiller is expected to garner a higher vote than usual: She is given 5% in the polls, while she received only 1-2% of the vote in the last three elections.

Jean-Marie Le Pen (National Front): An avowed admirer of the fascist economic policies of Friedrich von Hayek, Le Pen is in the race to try to focus the anger of the French population against immigrants. Unemployment, drug smuggling, crime-ridden cities, lack of decent homes—everything is attributed to the immigrant population. France has 5 million immigrants, mainly of African origin, out of a population of 65 million, and 5 million French citizens are of foreign origin. Le Pen promises to "send 3 million people back home in seven years." He also wants to change the Constitution

written by his arch-enemy General de Gaulle in 1958, and to go "toward a Sixth Republic." He is also the proponent of radical free-trade measures, like "tax-free zones," and massive deregulation of public services. He never attacks the international financial institutions, and supported most of the policies of George Bush. Promoted by Mitterrand during the 1980s to steal some votes from the right-wing parties, Le Pen's star is now on the wane.

Robert Hue (Communist Party): Despite the collapse of communism in the Soviet Union and eastern Europe, the Communist Party machine is still very strong in France. They managed—barely—to maintain a parliamentary group in the National Assembly and the Senate. But they are losing, little by little, their strongholds in the cities and regions. After the death of the Soviet Union, the Communists changed their Stalinist program. Their vote is essentially a protest vote, as they propose nothing to solve the injustice they so vociferously denounce.

Dominique Voynet (Greens): The Green movement, which reached a high vote of 14% during the last regional elections in 1992, was then torn apart by warfare which erupted among its leaders. Divided into three groups, they are disappearing from the French political scene. Among the three, only Voynet managed to get enough signatures to run for the Presidency. Brice Lalonde, former environment minister in the Mitterrand administration, and Antoine Waechter, former presidential candidate for the Greens, had to drop out of the race. Voynet is presenting a program mixing radical Green environmentalist measures with extreme-left programs. She is promoting the standard litany of one-worldist themes and is very favorable to the United Nations.



Farmers demonstrate against the free-trade policies of the General Agreement on Tariffs and Trade (GATT) in Strasbourg, France, in December 1992. Some of the candidates in this election are trying to capitalize on ferment against GATT, while Edouard Balladur is a staunch supporter of the British system.

Cheminade's Program

'We must change the rules of the game'

We reproduce here in translation excerpts of the program issued by Jacques Cheminade. The program, like those of the other presidential candidates, has been mailed at government expense to the 40 million households of France's eligible voters.

This presidential election is taking place at a tragic moment in our history, in which we confront world financial cataclysm. This ought to provide the occasion for redefining the role of France, creating a basis for great projects to rebuild the world.

I am the candidate, the only candidate, committed to this purpose.

The other candidates are lying, or lying to themselves. I, on the contrary, begin from this fundamental reality: A speculative cancer is proliferating in the world and destroying the body of the economy. We are in the midst of a depression.

The question to ask—the question the other candidates do not ask—is the following: Can we put in place a viable economic system which will prevent the unraveling of the social fabric, the disintegration of our representative system of government, and the devolution into war of a world whose economy is contracting?

My answer is "yes." Yes, on condition that we do three things: Identify the enemy; fight for a new program, and organize a resistance against the enemy.

I. Identifying the enemy

People would have us believe that there exists a supreme entity called "markets," to which we must submit, because that is the natural state of society. Nothing could be further from the truth: The markets have a face. It is the face of the oligarchy, of the City of London and Wall Street, of the American Federal Reserve and the International Monetary Fund. The outposts of their policy domestically are the Treasury, the Banque de France, and the incestuous little world of finance, of cabinet ministers and the pen-pushing Court journalists. This financial dictatorship is the cause of the unemployment. To pretend to combat unemployment with-

out confronting this dictatorship is a fraud.

This dictatorship is also an intellectual one. It claims a monopoly over thought, and everywhere creates the obsession with gambling and speculation, and the lure of immediate gain, which are degrading and destroying human labor. The insane speculation in derivatives, the drug traffic, and the real estate casino are at the heart of this system.

I know that several years ago, you did not believe me. Now, with what is happening around the world today—the crash of Mexico, of Barings, of American cities—and here at home—the fall of Crédit Lyonnais, the morality revealed by the Tapie Affair or by the Grenoble administration—you know we cannot continue this way. Whoever does not start by attacking the enemy, condemns his country to impotence and to the loss of its soul, and delivers it over to ideologies of Blood and Soil and Race.

That is why we must change the rules of the game.

II. A new program for peace, growth, and jobs

France in the year 2000 is not a vision of misery, but an outlook of growth, of the launching of discoveries for the common good. We can and must think on a grand scale. . . .

For that, it is necessary to take up a great fight against injustice. France and Europe must enter the lists in two causes: the battle against poverty and unemployment, and the struggle for international peace. These two causes are indissolubly linked, because the driving force for peace can only be mutual economic development—and that is the only source of employment.

To establish the new rules of the game, I propose the following commitments:

- Eliminate the financial cancer and set in motion a new East-West and North-South Marshall Plan, redirecting money flows into infrastructure and production.
- To do this, we must put into orderly bankruptcy the agents of the international monetary and financial system who are already bankrupt in fact. In any case, the present system is in the process of foundering: We must act before the chaos of its collapse irrevocably ruins the economy.
- This approach presupposes that the state has retaken control of credit and the coining of money. France must spearhead a European effort to reestablish the initiative, the power, and the dignity of the state, which today are a laughingstock.
- A Franco-German alliance (on condition that such an alliance breaks with the monetarist control of the Bundesbank and the Banque de France) must constitute the point of departure for fighting this battle—it must do so by adopting common scientific, infrastructure, and industrial policies, and the

new Marshall Plan as the outlook and direction for Eurasia and Eurafrika. . . .

- A common defense based on the application of new physical principles, a space policy, and a massive effort in public health—man himself is the frontier of life—must lead to productive spinoffs in the civilian economy, with all their multiplier effects. We trace three paths into the future: long-distance action by way of, e.g., lasers, particle-beam weapons; the fight for life, in particular strengthening the immune system, and mastering the science of the life of the cell; and the production of energy at lower cost and without waste (controlled thermonuclear fusion and super-conductivity).

For the debate on “management,” we must substitute in our country once more a debate on ideas, a real debate on the goals of policy and politics. To do that, it is necessary that we be honest with ourselves and stop tolerating the intolerable, both in our foreign policy and our domestic policy.

Foreign policy

- Break our new *Entente Cordiale* with the City of London. We cannot pretend to be a republic at the same time that we strike a pact with an oligarchy which is ruining its own country. We cannot defend world peace and at the same time ally with the party of financial warfare.

- Stop our sinister complicity with the policy of genocide in Bosnia, masked by a “humanitarian” hypocrisy. Here I undertake a four-point commitment: lift the siege on the cities and towns of Bosnia—not only Sarajevo—including by force, if necessary; maintain the territorial integrity of Bosnia-Herzegovina; prevent the dismemberment of Croatia; and try those responsible for genocide. It is false to say that we have no military means for imposing a just peace, and unacceptable to permit ourselves to be blackmailed. . . . Finally, the essential thing: All the states of former Yugoslavia—including Serbia—would benefit from a European reconstruction. That is the dimension missing from the great projects of the Delors Plan.

- Put in place a commission of inquiry on Rwanda, to bring to light those people at home and abroad who are responsible for the genocide, notably English and French nationals.

- Redefine France’s policy in Algeria and Lebanon—in Algeria, by supporting the peace plan defined by the democratic forces and “Islamist” patriots; in Lebanon, in demanding an end to the double occupation, Syrian and Israeli.

- Redefine our African policy, from the perspective of a cooperative accord with the Mandela government to develop the entire continent, inasmuch as Mandela leads a country whose resources are sufficient to undertake this effort with us.

- Support with real financial assistance the Mideast

Peace Plan, mobilizing French technologies to relieve the shortage of usable water and to make the desert bloom.

Domestic policy

- With the European framework and the anti-monetarist foundations we have defined, and only with them, an increase in wages in France becomes not only possible, but necessary. It is absurd to say that it was inflated salaries which caused the unemployment! A Europe in which rates of unemployment and indebtedness grow simultaneously, in which the interest rates grow more rapidly than productivity, and in which the revenues of capital are decontrolled—untaxed—while those of labor are ground down, is a Europe which is being backed against the wall.

It is absurd to pretend that it is necessary to reduce social entitlements and retirement benefits, when the real cause of the “hole” in social security is the fact that, for 20 years, the total salaries of society, upon which the financing of social security depends, have been reduced. We have indeed been too generous—but too generous to financiers’ income! It is necessary, with a bold policy of renewed economic growth, to return to a social policy which provides housing, does not exclude people from its benefits, and provides aid to the family.

- National education must respect and heighten the creative powers of children, in enabling them to relive the great moments of our history and the great discoveries of our scholars and scientists. The effort of school and business must be coordinated so that this creative capacity nourishes the economy.

- We must put in place a real policy of land-use planning, and not a caricature of a policy. That means taking a cartographer’s approach to France—evaluating it by square kilometer, by household, and by inhabitant—an approach in which everything proceeds in the same spirit, if not in the same way.

- We must organize a renaissance in the countryside and, in the context of the new Marshall Plan, a new world food policy. It is insane for Europe to impose a policy of ploughing land under, when hundreds of millions of people need food.

- Yes, fiscal reform is necessary—but to favor productive investment and to tax the revenues of financier income, not to stop taxing most securities and to deregulate their operations. A single European country can’t do it? That’s true; if it tried, money and investment would simply go elsewhere. That’s why a policy involving all the member countries of the European Union . . . must carry out this reform, in a concerted effort.

In brief, the choice is simple: Do we want to continue to allow the financial bubble to inflate, and in so doing to destroy our social fabric, or do we want to do the opposite—invest in production and labor?

III. Recreating debate on ideas, arousing a Resistance

We must stop the drift toward a dictatorship of opinion, the bludgeonings of television, under the control of the "markets," and the generalized poll-taking, pollsters' mania. In a word, we must create free citizens for the common enterprise which alone can open the future to us.

My objective is to bring about a rebirth of representative democracy capable of reestablishing the principle of the participation of each in the elaboration of policies for all, giving each his part to play in the overall growth and experience of our time.

To do that, we need men of resolve, of daring, of foresight, who reject impotence and who reestablish, through their struggles, respect for policy.

I propose some exemplary ways for freeing ourselves from the misery of our civic life:

- Fighting against the ideology of immediate success, of the selection and survival of the fittest and the exclusion of the weakest, by enhancing the creative powers of all and rediscovering the harmony between the conscience of the individual and the common good;

- Defending our republican principle of secularism . . . by enrichment at school through contact with religious and humanist experience and tradition. The difference should inspire more curiosity than fear, if fundamental values are shared;

- Reestablishing the deliberative powers of the National Assembly and the Senate. . . ;

- Reinforcing the power of the judiciary in its legitimate functions, but not permitting it to go beyond them. We need citizens' justice, inasmuch as our system no longer respects the principle of equality before the law: Our system is too slow, too remote, too expensive, and too dependent on the state and the media. It is necessary to ensure the application of existing law and procedures . . . then reinforce the methods.

IV. Mobilization

I know that a tiny minority of Frenchmen, entrenched placeholders, accuse me of being an irresponsible utopian. I answer that, on the contrary, it is their figures and calculations which are worth nothing, absolutely nothing: A breath of crisis—an increase in interest rates or rates of exchange—is enough to wipe out all their value. To be utopian—that's to speechify on the bridge of the Titanic.

My commitment is to draw our country toward the most audacious choices, because today those are the most reasonable choices. It is thus that we may find once more, I hope, that enthusiasm which is love of beauty.

'Let's put space back on the horizon'

Jacques Cheminade is the only French presidential candidate promoting an ambitious space program. Europe should be part of a vast Moon-Mars project, he says, in a campaign pamphlet devoted to organizing support for such a program.

Exploring and colonizing space is one of the grand adventures for humanity that Jacques Cheminade proposes in his platform, both as a means of stimulating new discoveries and of overcoming the economic crisis here on Earth. The other candidates, when they are not ideologically anti-science, seek only immediate advantages in having access to space (telecommunications, industrialization in micro-gravity, etc.). They lack any long-term strategy for conquering and developing outer space, although only such an approach can awaken the enthusiasm of the population and get crowds of people pouring into the space centers today, just as they turned out en masse in the 1930s to meet Mermoz, Saint Exupéry, and other heroes of the first postal flights.

As Cheminade notes in the very beginning of his platform, only an economic policy free of monetarism and unbridled liberalism, could generate the resources necessary for an ambitious space program, an indispensable key to future growth. In times of austerity and crisis management such as we have now, it has no chance.

First of all, writes Cheminade, France would need to reestablish the momentum of the space program of the 1960s, when clearly defined medium- and long-term objectives served as a general orientation for all space activities and were maintained, in spite of temporary setbacks or the arguments of those for whom Europe was doomed to remain a minor actor in space. The Ariane rocket was the product of this voluntarist approach, which has since been lost.

In 1986, Europe adopted a four-point program in The Hague, which would have put the continent on an equal footing with the United States and the U.S.S.R. The program included the heavy launcher Ariane 5, the space plane Hermes, which would have insured European autonomy in manned flight and interventions into orbit, the APM Columbus module, which was to be hooked up to the future American space station, and the autonomous module MTFE as a first step toward a totally independent space station.

Since then, writes Cheminade, the programs were slashed one after the other, for financial reasons and because of a lack of coherence. Hermes and Columbus should have been presented, he argues, as the first indispensable steps

within a broader framework of an ambitious plan for conquering and industrializing the Moon and Mars. The absence of such a plan led the political leaders to adapt to what they conceived to be "financial realities."

The only remaining element from The Hague program is the Ariane 5, which survived because of its usefulness in launching commercial satellites. The consequences have been dramatic: the loss of 1,500 jobs for highly trained space engineers, the splitting up of teams that will never be rebuilt, an enormous lack of knowledge in key sectors, such as modelling hypersonic aerodynamics at Mach 25, heat-resistant ceramics at extremely high temperatures (up to 1,600°C), and experience with manned flight.

The next decisive point will be the European Space Agency conference which is to take place in October in Toulouse. France should insist that the decisions taken there not only keep open the European perspectives for manned flight, but also and especially redefine a long-term perspective to break with the present financial narrowness.

Immediate requirements

In the short term, Cheminade proposes that Europe should roll up her shirt sleeves and start to build:

- A heavy launcher more advanced than the Ariane 5, which is not able to carry the necessary amounts of tonnage for a serious effort at space exploration.

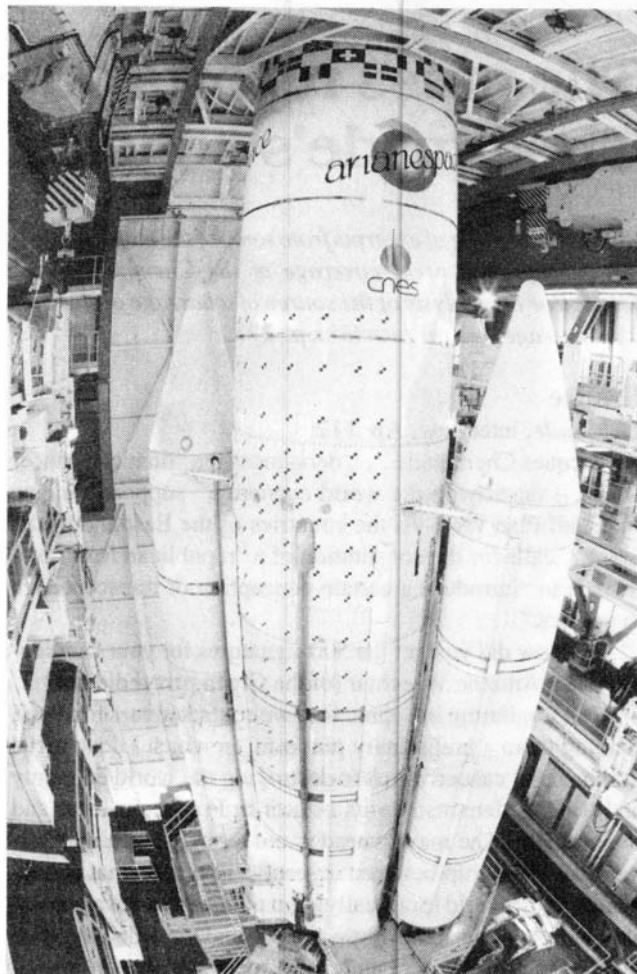
- Prototype engines based on new physical principles (methane, nuclear, ions, thermogenics). France should urgently go into the space nuclear sector, favoring nuclear thermal propulsion and nuclear electric.

- Orbiting space stations, of at least three types. First of all, automatic mini-stations which can serve as platforms for communications and as testing and training centers. Next, a true polytechnical center for research, education, and industrial production in micro-gravity should be set up. Tremendous leaps in productivity are to be expected in the science of materials (crystallography, metallurgy, electronics) and extraordinary progress will be accomplished in the life sciences, both pharmacology and chemistry. A third type of station, a bridgehead, should be associated with the multi-purpose station just described, to go from the Earth's immediate environs to interplanetary space.

- A third-generation space plane, fully recoverable, would give quick and regular access to low Earth orbit and could transport some tens of men and women to the space stations, as well as equipment.

Without the combination of these four factors, states Cheminade, Europe will not be in a position to industrialize the Moon and Mars.

Starting today, the European Space Agency member countries should commit themselves to investing in manned flight control at the very minimum 250 billion francs over 15 years (\$50 billion), which means for France 5 to 7 billion francs. As for the Moon and Mars program, the first step



The Ariane 4 rocket. The Ariane program was the product of the vigorous space program of the 1960s, whose momentum has now been lost. Cheminade is the only candidate calling for an ambitious space effort into the next century.

would require 350 billion francs over 20 years. This investment will not be lost; it will mean skilled jobs, new centers of production, and especially new technologies, which will transform the very structures of the economy (it has been calculated that for the American Apollo program, every dollar invested gave back \$10 to the economy).

Cheminade stresses the profound cultural changes that an ambitious science program would instigate, as opposed to the *no future* outlook of youth today:

"Knowing that we are preparing to conquer, to subdue, and to populate the unknown, challenges moral pessimism and instills in man a sense of creative optimism. In this sense, knowing that we can act to expand the limits of human science and actions while at the same time ensuring a decent standard of living for all of humanity, comes back to the same principle: Man is truly man when he strives to put his own action in harmony with the scientific and moral laws of the universe."

The press reports on Cheminade's policies

Here is a sampling of excerpts from some of the more interesting international press coverage of the Cheminade campaign. For an analysis of the source of a barrage of slanderous coverage, see the article on p. 27.

France

Le Monde, interview, April 12:

Jacques Cheminade . . . denounces the "financial cancer which is destroying the world economy," supports "a new Marshall Plan vis-à-vis the countries of the East and of the South," calls for the constitution of a "republican front" and intends to "introduce a certain conception of transcendence in politics." . . .

Q: How did you get the 500 signatures for your candidacy, when Antoine Waechter [of the Green party] did not?

JC: Beginning in September, we contacted rural mayors, sending them a preliminary platform, in which I denounced the financial cancer which is destroying the world economy and tried to demonstrate its effects in France on local and regional life. The mayors read it and thought there was perhaps a relationship between desertification and what is happening in the world [politically]. I explained that it was necessary to fight against this logic, for a policy in which the state takes control of currency and credit, to launch a new Marshall Plan vis-à-vis the countries of the East and the South. Many were interested in this approach. Little by little, I saw the signatures coming in. I increased my work at the grass roots, and I finally ended up with 556 commitments. I have always thought that, in a period of crisis, it would not be Paris notoriety which could change things.

Q: Are you on the left or the right?

JC: The left and the right have both pursued a monetarist policy which I reject. Personally, I think the terms left and right don't have any meaning, because of the [behavior of the] left or the right. We need a different policy. We need a "republican front" outside the extremisms which endlessly repeat their obsessions and monstrosities; but one cannot have this front if one harbors sympathies toward England and Louis-Napoleon Bonaparte. The Entente Cordiale with the British financial milieu is diametrically opposed to the republican front. This Entente Cordiale has dictated the policy that the Balladur government has followed, especially in Bosnia, where we have had an indefensible policy.

On the political chessboard, we need a front which brings together the tradition of humanist socialism represented by Jaurès, the tradition of . . . de Gaulle, and the tradition of social Christianity. These traditions have a common prin-

ciple: the idea that a voluntarist policy is possible to develop the human being, instead of sustaining the financial bubble. . . .

Le Figaro, "Jacques Cheminade Does Not Mince Words," April 12:

Publishing a picture of Cheminade holding a copy of his book on Jean Jaurès, the daily quotes him saying that it is the "financier-rentier who causes unemployment and no growth. We need to revive the system that prevailed under Louis XI and Colbert."

"More than 600 or 700 billion francs circulate on the financial markets, but only 0.1% corresponds to real production of goods. Money is chasing money," Cheminade explained, calling for "the international system of finance to be put through bankruptcy."

Advocating a strong role for the state in monetary affairs, and the return of the Banque de France to the role of a national bank that is not artificially independent from the government, Cheminade told the interviewer, adding that he would not rule out calling on his supporters to vote for Socialist Party candidate Lionel Jospin in the second round of voting, but only on the condition that Jospin put "a tiger in his tank."

Bosnia

Faris Nanic, secretary general, Party of Democratic Action (SDA) of Croatia; general manager, TWRA Press, Bosnian press agency based in Zagreb:

"The presidential elections in France are followed with great interest in Bosnia, due to the fact that the French policy toward Bosnia so far has been estimated negatively. It is widely considered that the French attitude has been very pro-Serb and that it has been mainly following the British line in the spirit of the so-called Entente Cordiale. In relation to that, people mention the year 1914 and the assassination of Archduke Ferdinand of Austria in Sarajevo, which sparked the first world war. Some coincidences with old alliances in Europe, on the basis of the so-called geopolitical interests and balance of power, are also noticed. One of the major remarks is that French policy also helped transform the Bosnian problem, first, from aggression to civil war, despite all relevant Security Council resolutions and international recognition of the state; second, from an eminently political problem to a humanitarian issue; and third, from the legal and political problem of the genocide committed against the Bosnian population into legally undefined ethnic cleansing. All this ends with maintaining the status quo which is: permanent occupation of more than 60% of Bosnian territory, continuing genocide, and preventing the victim of aggression from defending itself because the illegal arms embargo is maintained, which is supported by France, too.

"Therefore, the presidential candidacy of Mr. Jacques Cheminade has been received with sympathy, for he is the only candidate who included the problem of Bosnia in his presidential program, by proposing the only possible—the

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La campaña presidencial en Francia

Hoy se decide el futuro del candidato "porteño"

The New York Times

Exterior

Viernes 7 de abril de 1975

Nine on Ballot in French Presidential Vote

By The New York Times
 April 7 - Nine candidates were officially
 the ballot in the first

along with Jean-Marie Le Pen, whose extreme-right
 National Front is hostile to foreign immigration.
 Robert Hue, the Communist candidate, will also
 the list, along with Arlette Laguiller of the neo-

A 18 días de la elección presidencial

Un polémico argentino es candidato en Francia

Por Graciela Iglesias
 (Corresponsal de LA NACION)

Candidato Jacques Che-
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Por Graciela Iglesias
 (Corresponsal de LA NACION)

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 se abata en esta contienda es la

Para un trabajo similar de la agen-
 cia IPSO, colocó al jefe del gobierno
 al frente con un 24 %, seguido por el
 alcalde de París (22 %) y el candi-
 dato socialista (19 %).
 En esta tres veces en las cuales

Dans une campagne profonde
 Candidat à l'élection présidentielle, Jacques Cheminade qui se réclame de De
 Gaulle, Jaurès et Colbert visitait hier la minuscule commune de Blousson-Sérian,
 au fin fond de l'Astarac. Rencontre

JEAN-FRANÇOIS MOULIAN

Il a mis beaucoup plus de temps
 que prévu pour trouver, en
 lous conserian aux confins du
 sra et des Hautes-Pyrénées. Con-
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 ne résultat pour cette com-
 munes remotes. À 1802,
 a mairie se trouve affecté sur le
 neau le diplôme d'honneur dé-
 né à Blousson-Sérian pour son
 une remarquable 100 % de
 sponen aux élections



d'aménagement du territoire, se
 qui ne l'empêche de venir France
 lorsqu'on touche à l'immigration.
 Les références historiques de Jac-
 ques Cheminade sont diverses : il
 se réclame d'un De Gaulle social,
 revendique l'héritage de Jaurès et
 se déclare adepte d'un « colberti-
 sisme éclairé ». Il cite même les
 classes économiques du phéno-
 Lénine.

Cheminade's candidacy has attracted special interest in Argentina, the country of his birth. Shown here are headlines from La Nacion of Buenos Aires, and a sampling of other international coverage.

principal—solution. This solution should have strategic importance for the whole region of the Balkans. First of all, it advocates cessation of aggression on Bosnia and complicity in genocide by supporting the peace process which rewards the aggressors and perpetrators of genocide. This should be followed by organizing a fair trial of the responsible individuals, political and military figures. Secondly, it firmly supports preservation of the territorial integrity and sovereignty of Bosnia and demands that all states in the region of former Yugoslavia, including Serbia, be recognized and included into the future European reconstruction program, which is very important, for this is the only way to achieve the durable and just peace in the Balkans, i.e., in Europe."

Argentina

La Nacion, interview, "I Fight the Oligarchies Such as That of Minister Cavallo," April 12:

This interview, like other coverage in the Argentine press, stresses the fact that Cheminade was born in Argentina.

"Maybe it was in [the neighborhood of] Belgrano R during the '40s and '50s, where this unique candidate for the Elysée was raised, that he also learned to insert in his daily discourse this panoply of quotes from authors (de Gaulle, Jean Jaurès, Sarmiento, Colbert, Rabelais, and a long etcetera), with an art reminiscent of the Bible. . . .

"He also retains clear traces of the tango in his laments as a persecuted politician. 'The press (his aides said this also included La Nacion) treats me like a dog,' he often says.

"His themes are the battle against the 'savage liberalism' of the United States and his phobia against Great Britain, which he blames for the continuation of the war in the Balkans to keep Europe divided." Cheminade is also "allergic to the immigration policy of Charles Pasqua," the article says.

"I was born in a country where, to a certain extent, there is a complete mixture, a melting pot. One is the child of one's works and not, as Rabelais said, of the four legs that conceived one. One is the offspring of culture," says Cheminade. "When I walked in Buenos Aires, besides me there were Turks, Lebanese, and Jewish friends from Central Europe, who had sought refuge in Argentina."

As to his relations with Lyndon LaRouche: "I have known him since 1975. I feel close to what he stands for, not what the reporters claim. He is the enemy of the Anglo-American order. The man who said no to the policy of a British oligarchy that contaminated the United States—a policy which says that the poor should stay poor and that the only things that matter are the interests of the whites. That's the policy of [Argentine Finance Minister] Domingo Cavallo and of his predecessor Martinez de Hoz. LaRouche and I oppose the same thing, that is to say . . . the oligarchy. The hatred against LaRouche is because of the creative capacity he demonstrates. That is what the new Conservative Revolution in the United States—the new fascism, Gingrich, Cavallo's Republican friends—wants to hide, so as to impose a two-track world. . . ."

Great Britain

Financial Times, April 7:

"Jacques Cheminade, a former secretary general of the now defunct European Workers Party, is the complete unknown of the race, and there is still a possibility that France's constitutional council may question some of the endorsements he needs to qualify.

"This 53-year-old ex-Finance Ministry official says he is 'an enlightened Colbertist,' a reference to Louis XIV's minister who practiced massive state protection and subsidy for industry."

Peruvian voters choose Fujimori over U.N. stooge

by Sara Madueño

Peru's incumbent President Alberto Fujimori secured an overwhelming victory in presidential elections on April 9, sweeping almost 65% of the vote against 21% for his closest contender, former United Nations Secretary General Javier Pérez de Cuellar. The voting result is one of the harshest blows that the Peruvian people have ever dealt to the arrogant one-worldist oligarchy which has sought this nation's annihilation; it is also one of the best lessons in sovereignty, self-determination, and democracy.

Pérez de Cuellar, the oligarchy's best hope against Fujimori, is the epitome of the type of dictator whom they are hoping to impose on all nations. Better able to speak French than Spanish (because he had never even resided in Peru), Pérez currently sits on the international board of Prince Philip's World Wide Fund for Nature, and is honorary president of the Inter-American Dialogue, a Wall Street think-tank which promotes drug legalization for Ibero-America.

Pérez's agenda was to guarantee continuation of the International Monetary Fund's policies, drug legalization, and support for terrorists. He had pledged, for example, to entirely revamp the Peruvian justice system, and to review every trial of Shining Path terrorists, supposedly to see whether or not the terrorists' human rights had been violated.

The hysteria which Fujimori's victory has provoked among oligarchic circles was best reflected in a *New York Times* editorial on April 11. While acknowledging that the victory was "convincing," the *Times* whined that "it is not a great triumph for Peruvian democracy," because Fujimori "has continued to offend democracy" by protecting his military allies, "notorious for abuse of human rights." Nor were the *Times*'s backers elated by the fact that Fujimori's politi-

cal movement gained an absolute majority in the Congress, winning 65 out of a total of 120 seats in an election that foreign observers acknowledged was totally devoid of irregularities.

A vote against British-backed terrorism

Fujimori's response to a reporter during a press conference right after he learned of his victory April 9, points to why he has so enraged the international oligarchy, but also why so many Peruvians wanted him to stay on for a second term. Asked whether he will consider a "restructuring" of the country's Armed Forces, he said, "In my government, the Armed Forces have played a fundamental role in defeating the terrorism of Shining Path and the MRTA [Tupac Amaru Revolutionary Movement]. The entire nation must and should be grateful to our Armed Forces; they were the ones who freed us from this plague."

Above all, Fujimori emphasized, "we must thank the Joint Command led by Gen. Nicolás de Bari Hermosa Rios"—the individual most demonized by the international human rights lobby for launching the war against Shining Path. "What did the defenders of the terrorists' human rights want?" Fujimori asked. "Did they think that the Armed Forces shouldn't kill terrorists while combatting them? You ask me about the future role of the Armed Forces; aside from fighting what's left of terrorism, our Armed Forces will be strengthened to continue with the task of developing the country, just as the Military Engineers Battalions have been doing in building roads and infrastructure throughout the country, as well as carrying out their traditional mission of defending our territorial sovereignty." The latter is a clear

allusion to the recent border conflict with Ecuador.

In a political statement issued in March entitled "Why the Butcher of Baghdad Pérez de Cuellar wants to be President of Peru," the Ibero-American Solidarity Movement (MSIA), a coalition which shares the policy orientation of Lyndon LaRouche, warned that "the Peruvian people saw in [Pérez de Cuellar's] background, in his electoral message, and in the makeup of his congressional slate, the true intent of his campaign: to transform Peru into an outright pawn of the one-worldist financial oligarchy, in which ethnic separatism, multiculturalism, malthusianism, and unabashed liberalism would have been a central feature of his government's agenda."

The one-worldists launched Pérez's candidacy, the MSIA wrote, for the sole purpose of "destroying the civic-military alliance which acted on April 5, 1992 [in shutting down the corrupt Congress], and saved the country from the clutches of Shining Path's and the MRTA's trans-national narco-terrorism. This patriotic and sovereign decision was what temporarily disrupted the plans of these globalist financial forces, who were prepared to blow up the continent with a wave of ethnic, separatist, and Jacobin wars."

Attack on national sovereignty

As the MSIA statement revealed in detail, "Don Javier's" political movement is one in which dyed-in-the-wool Marxists, apologists for Shining Path, disguised liberation theologians, and other experts in subversion, coexist cheerfully with ultra-liberal free-market monetarists.

Pérez de Cuellar's candidacy was born in the heat of what the MSIA has identified as the "Plot to destroy the Armed Forces and nations of Ibero-America," launched by this same one-worldist oligarchy. It was the Woodrow Wilson Institute in Washington, D.C. which sponsored the founding of Peru's Democratic Forum on April 5, 1993, exactly one year to the day after Fujimori shut down the Congress. This was the entity which took charge of promoting Don Javier's candidacy locally. Immediately afterward, the National Endowment for Democracy (NED), the Inter-American Dialogue (IAD), and the North-South Institute of Miami all arrived on the scene to trumpet their doctrine of "limited sovereignty," which Pérez de Cuellar so ably defended while serving at the U.N., and to campaign on behalf of the "human rights" of terrorists. All this was done in the name of "democracy."

Certainly, these forces will never forgive Fujimori for exercising the right to defend Peru's sovereignty. The one-worldists wanted Peruvians to give up what they had won, by launching one of their most faithful servants as a candidate, and trying to sell the lie that Fujimori was a dictator and candidate of the rich, while Don Javier was the alleged guardian of democracy. Paradoxically, Fujimori received his most overwhelming voter support from among the poorest sectors of the population. Peru is a country in which there

is universal and obligatory suffrage, and in which more than 80% of Peruvians of voting age made use of that right in the recent election.

Nor was it just Pérez de Cuellar and his mentors who were taught a lesson. The erstwhile powerful political parties were demolished at the polls. APRA, the party of former President Alan García, failed to win even 5%, the minimum required to maintain its registration as a party.

Don't confuse democracy with party-ocracy

At the same April 9 press conference, President Fujimori questioned the traditional British concept of democracy based on "balance of power." To a reporter's question whether he considered himself a democrat or a dictator, Fujimori firmly replied, "I don't believe in that democracy which doesn't function, where there is no efficiency and the state doesn't function. . . . What we had in Peru was party-ocracy," not democracy, he said. "Was that democracy? . . . Is there democracy when in a country of vast resources, poor families have no water, sewer systems, or electricity?"

The only democracy which existed, Fujimori continued, was one which protected terrorist subversion and not only got used to living with it, but in some cases even colluded with it. These are the same democrats, he said, who talk so much now about free education, but in schools made of mud and straw. What the world doesn't know, the President reported, is that with the Military Engineers Battalions, the Fund for Construction and Development (Foncodes), and the aid of the private sector, the government has been inaugurating daily since 1994 three modern and fully equipped state-run educational centers; and soon there will be five daily.

This has been possible, he said, in large part due to private Japanese donations, although a small percentage of the public budget has also been allocated for this purpose. Discipline and a determination to get things done are fundamental for our country, the President emphasized. Some will confuse this with authoritarianism or dictatorship. But, he continued, the *principle* of authority is something very different, and must exist in order to have a functioning democracy.

Any Peruvian or foreign citizen who has lived in Peru for the past 12-15 years can confirm what this author asserts. More than 20 years of an International Monetary Fund (IMF) dictatorship, combined with 12 years of brutal and merciless warfare by the terrorists, climaxing with the corrupt and inefficient administration of Alan García (1985-90), had almost succeeded in achieving what Citibank president John Reed called for when he told the Brazilian magazine *Veja* in July 1990 that Peru, along with Bolivia, "would disappear as a nation."

From 1989 until early 1992, the city of Lima and the entire country were a replica of Beirut, with daily terrorist

attacks, indiscriminate murders, car-bombings, and kidnappings. People either left the country, if they could, or survived, paralyzed by terror, and in the case of the large majority, living in misery as well. The economy was completely paralyzed; no one in his right mind would risk investing in anything, knowing that it could be blown up by a Shining Path bomb at any time. Peasant populations living in the designated emergency zones migrated in huge numbers to the cities and, as a result, agriculture collapsed. Slums grew up in the cities which were unprepared for the influx.

This was the situation Fujimori faced when he took office in July 1990. With the country bankrupt, the burden of the debt left by Alan García's APRA government fell on the population, and, in a single month, inflation zoomed to over 7,000%. The results were predictable: It was in Peru that the cholera pandemic first broke out, spreading far and wide from there.

It was at this time that the then-U.N. Secretary General Javier Pérez de Cuellar offered his services to help the Fujimori government "reinsert" Peru into the disintegrating international financial system represented by the IMF. The "reinsertion" took place, but despite the IMF and its draconian measures, the defeat of terrorism, combined with the mobilization of the Military Engineers Battalions throughout Peru changed the face of the nation. Once again, there was peace, tranquility, and hope for the country's future, especially among young people.

The role of the Armed Forces

With minimal resources, the Military Engineers have completely rebuilt the entire national highway system. Not only had this not been maintained for the previous 20 years, but it had also suffered from terrorist attacks. At the same time, the country's electricity grid was upgraded.

Largely unbeknownst to the rest of the world, especially since November 1993, the Military Engineers also built roads to reach the most isolated communities of Peru's coastal, mountain, and jungle areas. Together with Foncodes, an agency depending directly on the Presidency, they are committed to building several other small infrastructure projects such as hydroelectric dams and irrigation facilities. As incredible as it may seem, with these small projects, many communities have been integrated into national life for the first time in Peru's republican history.

Now, medium-sized projects are also under way, some with private funds, both national and foreign, and others with public monies. This is the case with the San Gabán hydroelectric project in the southern province of Puno which, when completed, will guarantee the energy supply needed for this zone's industrial development. The modernization of the port of Callao has also begun, with the purpose of making it one of the most modern ports on this side of the South Pacific. The building of the Olmos-Marañón trans-

Andean tunnel, delayed for more than 30 years, has now also been relaunched. This project, under the direction of the Military Engineers, will permit the irrigation of the large Olmos desert on the country's northern coast.

There are many large projects on the agenda as well, such as transoceanic canals, large energy projects, nuclear plants, the national integrated railroad network, and others which the MSIA had proposed in its 1990 "Program for an Industrial Peru." The building of the southern transoceanic axis is already under way. Together with the building of the northern transoceanic axis, this implies not only the joining of the Atlantic and Pacific basins, but also the physical integration of the subcontinent which is crucial for its industrial development.

The ugly olympian

Upon learning of his defeat, Pérez didn't even have the diplomatic composure, supposedly his specialty, to graciously admit defeat.

All opinion polls, including those done by the non-governmental organization Transparencia, created and financed by the NED to oversee Don Javier's campaign, conclusively predicted his defeat. But the gods of Olympus first drove mad those whom they would destroy, and the arrogant Pérez de Cuellar, egged on by the media which supported him, led six other minor candidates in an attempt to halt the electoral process by claiming, just one day before the elections, that a gigantic fraud was planned, and insisting that the election be aborted.

The high point of this charade occurred at midnight on April 8, when "the seven dwarves" led by Don Javier threatened to resign their candidacies, and in a joint statement asked the secretary general of the Organization of American States (OAS), César Gaviria, who was in Peru as an election observer, to leave the country so as not to lend credibility to the alleged fraud. But Fujimori's overwhelming victory was so obvious that not even Gaviria could help out his friend.

The former U.N. secretary general's desperation was such, that at an improvised press conference that same night, he virtually called for a coup d'état, demanding that patriotic military officers "not permit fraud to be consummated."

Despite Fujimori's win, however, the one-worldists have by no means stopped their efforts to destroy Peru. The day after the elections, Carlos Tapia, one of the "repentant leftists" who had run on Pérez de Cuellar's congressional slate, mused in the daily *La República* that the "peasant self-defense militias" created to fight terrorism, could become an irregular army in a situation similar to Chiapas in Mexico. The same day, a television station run by the mayor of Lima and former presidential candidate against Fujimori, P. Ricardo Belmont, provided a forum for the rabidly anti-military and anti-Fujimori journalist César Hildebrandt, who put out the same line as Tapia about the possibility of a "new Chiapas" in Peru.

A spanner in the spokes of the EZLN'S urban machine

by Hugo López Ochoa and Gerardo Castillejas

The Mexican government has hurled a wrench into the works of the narco-terrorist Zapatista National Liberation Army (EZLN) by declaring bankrupt the semi-public bus company of Mexico City known as Route 100, and by ordering the dismantling of the Route 100 union (Sutaur), which was identified by *EIR* more than a year ago as the backbone of the EZLN's urban terrorist machine.

On April 8, the government declared the bus company in bankruptcy, seized its books, and arrested six leaders of Sutaur, which ran a joint financial trust with the company. The union leaders are charged with embezzlement, with figures ranging from \$1.5 to \$4 million. The top union official arrested was its lawyer and controller, Ricardo Barco, who is also the EZLN's lawyer. Barco is described by the April 11 *Los Angeles Times* as a leader of the Independent Proletarian Movement (MPI) "which organizes near daily anti-government marches in Mexico City." Says the *Times*, Barco "has also organized numerous marches in support of the Zapatistas." Back in 1992, Barco's MPI signed an ad in the daily *La Jornada* supporting the narco-terrorist Shining Path of Peru.

Two days after the government declared Route 100 bankrupt, the transportation secretary for Mexico City, Luis Miguel Moreno Gómez, was found dead with two bullet wounds in his chest. Although the official finding of the local attorney general was "suicide," Moreno Gómez's family adamantly denies it. Moreno Gómez had been identified by the press as the key individual in charge of the Route 100 embezzlement case.

The Camacho connection

Various Mexican journalists have identified the Route 100 union as one important source of financing for the EZLN, and Barco as the "liaison" between the EZLN and former Mexico City mayor and one-time presidential contender Manuel Camacho Solís. According to the daily *Unomásuno*, Route 100 could have been placed in bankruptcy at any time since 1989, but Camacho had kept the company alive to use as his "political arm."

EIR has repeatedly documented Camacho's role as an agent of the British Crown's plot to carve up the Mexican nation, most recently in a special March 31 report entitled "Terrorist International at Work: the Chiapas Model." A crucial step toward realizing their goal is the overthrow of Presi-

dent Ernesto Zedillo, which Camacho and his fellow conspirators hope to accomplish by mid-1995, forcing the establishment of a "transition government" as the EZLN has repeatedly demanded.

Last Feb. 17, just days after President Zedillo ordered the arrest of Rafael Sebastián Guillén Vicente (a.k.a. "Subcommander Marcos") and deployed the Mexican Army into zones occupied by the EZLN in Chiapas, Camacho had publicly threatened "an escalation of the conflict . . . starting with Mexico City." And in a secret meeting with Henry Kissinger, according to *El Día* correspondent Pablo Hiriart on March 3, Camacho declared, "Without a doubt, I am going to be President of Mexico."

One month later, on March 7, 1995, Camacho met with a sinister group at Apostol Santiago Street, No. 15, in the San Jerónimo Lidice neighborhood of Mexico City. The place: the home of writer Carlos Fuentes.

The other guests included:

- Porfirio Muñoz Ledo, president of the EZLN's electoral arm, the Party of the Democratic Revolution (PRD).

- Enrique González Pedrero, former governor of the PRI ruling party for Tabasco state. He has been repeatedly identified as the money-bags behind an operation to overthrow the current PRI governor of Tabasco, Roberto Madrazo Pintado, using the PRD as the instrument.

- Raúl Padilla, former rector of the University of Guadalajara. In that post, he slowly opened the university up to EZLN "Commander" Bishop Samuel Ruiz.

- Victor Flores Olea, former Mexican ambassador to the Soviet Union.

- Hector Aguilar Camín, leader of the group Nexos, the left-wing of the faction of the PRI ruling party led by the family of ex-President Carlos Salinas de Gortari.

- Federico Reyes Heróles, journalist and son of the most infamous British agent infiltrated into the PRI, Jesús Reyes Heróles.

- Adolfo Aguilar Zinser, a former adviser to ex-President Luis Echeverría and former adviser to the presidential campaign of PRD leader Cuauhtémoc Cárdenas.

- Jorge G. Castañeda, intimate friend of Sally Shelly Colby, wife of former CIA director William Colby. Castañeda is also Cárdenas's leading propagandist abroad.

In the days following their meeting, the members of this

group and Commander Samuel Ruiz launched an offensive to overturn the conditions for dialogue imposed on the EZLN by the government's mediating commission, known by its acronym Cocopa. Among those conditions were the government's insistence that the site of the talks be one of several proposed localities in Chiapas, and that the agenda be limited to state demands. The law imposed a deadline of April 10 to sit down to the negotiations, after which the suspended arrest warrants against the Zapatista leaders would be reactivated.

The Zapatista strategy was to demand that Mexico City itself serve as the site for the peace talks, as a means of putting the EZLN back on the national and international agenda. All of the international allies of the Zapatistas were brought into play, to up the pressure on the government. Had Zedillo yielded, Camacho's faction within the PRI, together with Cárdenas's PRD and "independent" narco-terrorist groups like Barco's MPI, would have mobilized their Jacobin hordes to descend on the capital city to receive "Marcos" and "Commander" Ruiz.

The international support networks

The following are just a sample of the pressure tactics employed by the Zapatistas and their support apparatus outside Mexico.

- Feb. 20. The EZLN sends messages via Internet about a supposed massacre in Chiapas carried out by the Mexican Army. "The hospital in neighboring Comitán is full of casualties," lies the electronic mail message.

- March 8. The Mexican press reports on the presence in Chiapas of a delegation from the pro-terrorist Greenpeace environmentalist movement. Greenpeace's Latin American director Beatriz Heredia demands the Army's withdrawal from the state to "avoid the destructive effects on the communities and the environment." One is forced to ask how soldiers are more polluting than rampaging narco-terrorists?

- March 24. Samuel Ruiz is re-launched as a candidate for the 1995 Nobel Peace Prize at the tenth annual "Oscar Arnulfo Romero" International Meeting of Theology of Liberation advocates, in El Salvador.

- March 27. A pilgrimage to Bishop Ruiz's cathedral at San Cristóbal de las Casas, Chiapas, on the occasion of the 450th anniversary of the arrival of Fray Bartolomé de las Casas to Mexico, provides an opportunity for red bishops from throughout the world and for leaders of human rights "non-governmental organizations" to meet in praise of Ruiz. Brazilian Bishop Pedro Casaldaliga refers to Chiapas as an "ecological reserve."

- March 29. A radio message from the Zapatistas is intercepted, urgently calling for more food and supplies. "It is necessary to ask for more support from the International Red Cross and from the human rights groups so that our movement doesn't die out."

- March 31. Gilberto Schlittler, United Nations representative in Mexico, announces that the U.N. is prepared to

lend its Mexico City offices for the talks with the Zapatistas, "as long as this is formally requested by the Mexican state." During a later visit to the Mexican-Guatemalan border, U.N. Secretary General Boutros Boutros-Ghali makes the same offer, through his personal representative in Guatemala.

- April 3-4. A European Ecumenical Mission arrives in Chiapas, headed by the pastor of the Lutheran Evangelical Church and representative of the World Council of Churches Philip Anderson. Their first act is to meet with Bishop Ruiz.

- April 5. Six hundred Honduran Indians march and demonstrate in support of the EZLN in front of the Mexican embassy in Tegucigalpa, Honduras.

- April 5. "Marcos" asks for the Basilica of Guadalupe, a Mexican holy shrine, as the site for dialogue with the Zedillo government. He is refused.

- April 9. The pro-Zapatista magazine *Proceso* publishes a special report on supposed human rights and constitutional violations on the part of the Mexican Armed Forces. The report includes so-called documentary evidence from Greenpeace on the alleged low-intensity operations carried out in Chiapas by the Army.

The counterattack

In order to corner the EZLN into acceding to the government's terms for dialogue, clearly the political protectors of the narco-terrorists have to be exposed: Manuel Camacho and the Salinas de Gortari family. On April 6, the PRI congressional bloc from Chiapas, headed by Congressman Walter León, called for an investigation into the role of former President Carlos Salinas and his brother Raúl—currently in jail accused of intellectual authorship of the assassination of PRI Secretary General José Francisco Ruiz Massieu—in financing the EZLN. León charged, "Former President Salinas and his brother Raúl, along with current Senator Hugo Andrés Araujo, were the ones who launched and financed the armed movement in Chiapas, with funds channeled through Pronasol," the Salinas government poverty apparatus.

On April 7, some 50 kilos of cocaine, weapons, and ammunition were seized in the Chiapas township of Ocosingo, which is at the entrance to the Lacandón jungle where the EZLN's terrorist cadre are ensconced. That same day, with foreknowledge of the Route 100 arrests, the EZLN issued a communiqué agreeing to immediate dialogue with the government—in Ocosingo.

The ball is now in the Zedillo government's court. As an editorial in the April 12 issue of *Siempre* magazine notes, now that the EZLN has been forced to accept the talks, the question to the government is, "Who are you going to sit down with?" *Siempre's* answer is that the true leaders of the Zapatista terrorists are Manuel Camacho and Raúl Salinas, and warns that they are merely stalling for time while they "silently prepare a coup against the government of President Zedillo."

Obituary: The Taoist hell of Joseph Needham, 1900-1995

by Michael Billington

On March 24, the 94-year-old British China scholar Joseph Needham passed on to his just rewards, acclaimed by an obituary in the British newspaper the *Independent* as “the Erasmus of the 20th century”—in fact, they gush, “a sober assessment suggests that with the passage of time, he will be recognized as a greater figure than the scholar from Rotterdam.” He is hailed as “one of the greatest scholars in this or any country, of this or any century.” The same newspaper calls his multi-volume *Science and Civilization in China* “perhaps the greatest work of scholarship by one person since Aristotle.”

The comparison to Erasmus is a sacrilege, and calling Needham a great scholar is equivalent to praising Hitler and Stalin as great statesmen. However, it is indeed reasonable to say that Needham succeeded in compiling in his major works as much nonsense and as much evil as did Aristotle. Since Needham continues to be viewed both in the West and in China—in the People’s Republic as well as in Taiwan—as one of the foremost experts on the comparative studies of Eastern and Western science and culture, it is imperative to mark his passing by reviewing his actual record—which should convince the credulous that Mr. Needham is now most likely sharing the eternal flames with his old friends Bertrand Russell, Mao Zedong, Julian Huxley, and other like-minded genocidalists of the 20th century. His lifelong devotion to communism in various forms will be seen as merely a coloration of his services for British intelligence in pursuit of the historic British policy of preventing the development of China as a strong, modern nation.

An autobiographical note is in order. As I began serving my first prison term in January 1989, I decided to devote my time and energies as a political prisoner to the history—past, present, and future—of Asia, an area of the world that has, since my school days, held a special interest for me. I soon discovered the crucial work of G.W. Leibniz, in collaboration with the Jesuit missionaries in China, in building a grand alliance between Europe and Asia, drawing on the extraordinary agreement between the ideas of the Christian Renaissance in the West and the Confucian traditions in China, especially those of the Neo-Confucian master Chu Hsi of the 12th century. I pledged to continue that work of Leibniz, in league with Lyndon LaRouche, for whom Leibniz had provided the primary inspiration for his own life’s work and

for his own scientific discoveries.

I began covering Chinese and Asian affairs as a journalist for *EIR*, while working through the classic works of Chinese antiquity. I shared with Leibniz the tremendous joy of discovery in reading the rich and cultured writings of Confucius and Mencius, and in confronting the enemies of Confucius among the Taoists and Legalists. I soon recognized that there were very close similarities between the fundamental divisions within Chinese philosophy and the parallel divisions in the West—i.e., on the one hand, the humanism of Plato and the Christian worldview of man as a creative being in the image of God, and, on the other hand, the Aristotelian view of man as a sensual beast, to be ruled over and controlled by an oligarchical order. As I began to study the works of Chu Hsi, I saw that his ideas reflected the discoveries of his contemporary St. Thomas Aquinas, and even pointed toward the great discoveries of Nicolaus of Cusa in 15th-century Europe, whose work launched the Golden Renaissance. Again, I found that Chu Hsi’s enemies amongst the Taoist and Buddhist sects—and especially the “pseudo-Confucian” Wang Yangming of the 16th century—were of the same “type” epistemologically as the Aristotelian sects associated with Venice, including the anti-Renaissance romanticism of the Enlightenment.

I wondered why this powerful truth about the universal nature of the great ideas of history had been lost or ignored (with only minor exceptions) since the time of Leibniz. The broad answer to this question lies in the history of Venice, but the 20th-century aspect can be largely accredited to the evil work of Needham, who, together with Bertrand Russell, served as the British Empire’s primary agents of ideological containment and destruction against China in the modern era.

‘The Needham Question’

Why did China, despite the fact that its economy and culture in many ways matched or excelled that of Europe before the 13th-century Mongul invasion, fail to develop modern science as it developed in Europe? This has come to be known as “The Needham Question” among China scholars, as it was the question Needham posed to himself in compiling the 16 volumes of his encyclopedic *Science and Civilization in China*. Needham did not really attempt to answer the question. Rather, he profiled Chinese history and



Joseph Needham in his younger days. "One of the most liberating aspects of the whole of my life," he said, "was when I went to China and found that a quarter of the human race doesn't find the need of believing in a benevolent and creative god."

thought in such a way as to assure that China remained incapable of rectifying the problem.

Needham acknowledged that the Confucian tradition was that of rational thought, based on the concept of man as fundamentally good, endowed by Heaven with certain virtues, the foremost being the love of truth (*jen*), whereas the opposite, Taoist tradition was one of mysticism, magic, and the belief that man is no more meaningful in the cosmic reality than a rock or a worm. And yet, Needham held Confucianism responsible for the retardation of science in China, while the great scientific developments of the earlier ages were credited to the alchemy of the Taoists!

Needham wrote: "Rationalism proved itself less favorable than mysticism to the progress of science. . . . Science and magic are in their earlier stages indistinguishable." He even admitted that this is the fundamental basis of the empirical method of the British: "Rational theology was anti-scientific, mystical theology proved to be pro-scientific. . . . Thus, the interest taken in the early Royal Society in what we now can see were magical claims." Taoists, like the alchemists in the West, launched "real science" through the empiricist, directionless mixing of chemicals in search of magic potions. Needham insisted that "modern science" was the result of such pure empiricist dabbling, coupled with the rejection of any search for reason in the universe, which he disdained as "metaphysics." He praised the Taoist guru Chuang Tzu for his "characteristic distaste for metaphysics; the ultimate beginning and the ultimate end are the Tao's

secret. All that man can do is to study and describe phenomena; it [Taoism] is indeed a profession of faith in natural science."

Needham was thus falsely portraying western science, at the same time that he was profiling the Chinese, with the intention of preventing any renewal of the 17th- and 18th-century efforts to unite the actual western scientific tradition of Plato, Cusanus, Johannes Kepler, and Leibniz with the scientific method discovered by the 12th-century Confucian sage Chu Hsi. It should be noted in this regard that Needham's work is referenced regularly by the British Royal Family's environmental mafia, as well as the terrorist apologists of the Liberation Theology variety, not only in regard to China per se, but as an "authority" on science and religion. Needham's overt embrace of Taoism against either Christianity or Confucianism serves as theoretical support for the anti-science and anti-human cult belief structures propounded by these New Age soldiers of the new feudalism.

The evidence is overwhelming that Needham did not simply wander into this work by chance, but was deployed by British intelligence to that purpose. Needham has been associated with Cambridge University for the last 70 years. He began his career as a biochemist in the circles of geneticist J.B.S. Haldane, Bertrand Russell, and Julian Huxley (with whom in 1945 he collaborated in the creation of Unesco, which from the outset was an occult-infested British intelligence nest within the United Nations Organization). He wrote extensively on the connection between biochemistry and embryology, and he and his biochemist wife, Dorothy Moyle, were both Fellows of the Royal Academy.

His own account of his dramatic shift into China studies in the middle of his career claims that a group of Chinese students at Cambridge so fascinated him that he gradually became preoccupied with all things Chinese. The truth lies more in the fact that Needham was a member of the Communist cell set up by British intelligence at Cambridge, which included J.B.S. Haldane, who doubled as editor of the Communist Party paper the *Daily Worker*. Needham was also an associate of Bertrand Russell and the Fabian Society circles around Beatrice and Sydney Webb. He was most likely appointed to the "China desk" by this Communist/Fabian network, with the assignment to establish links with Mao Zedong's Communist Party of China, following up on the work of Bertrand Russell, who had trained the emerging Chinese Communist leadership in the early 1920s. Needham did in fact become a dedicated friend of Mao's China and of Mao himself, defending the murderous regime even during the peak of the Cultural Revolution.

The most infamous incident of Needham's role in sponsoring Maoism came in 1952, toward the end of the Korean War (a war, it should be noted, instigated by the British to prevent any potential rapprochement between China and the United States, while draining the People's Republic of the strength needed to rebuild their economy, shattered after 100

years of colonialism and civil war). Mao called on his friend Needham to head a team of western “experts” to investigate the Chinese claim that the United States had used biological warfare agents against the North Koreans. Needham did the job and reported that the evidence was genuine, which earned him public ridicule in the West for his supposed “gullibility” before the Chinese Communists. His report succeeded, however, in further dividing Washington and Beijing, while firmly establishing Needham as a trustworthy friend of Mao. Needham was barred from entry to the United States for a period following that incident.

Besides being a Communist, Needham was also an Anglo-Catholic who served as a novice lay brother for two years, and considered entering the priesthood. But that should not be misinterpreted to mean that he was a Christian. Proudly calling himself a Taoist, Needham ended Volume 2 of his *Science and Civilization in China* with the following statement: “Modern science, since the time of LaPlace, has found it possible and even desirable to dispense completely with the hypothesis of a God as the basis for the laws of Nature, and has returned, in a sense, to the Taoist outlook. . . . This is what accounts for the strangely modern ring in so much of the writing of that great school.” It was on this atheistic basis that Needham condemned Confucianism in favor of Taoism. His favorite passage from the *Tao Te Ching* by Lao Tzu reads:

Heaven and Earth are without benevolence,
They treat the 10,000 things as straw dogs.
Nor is the Sage benevolent,
To him also are the hundred clans but straw dogs.

The Chinese word for “benevolence” here is “*jen*,” a term which in Confucianism carries a similar connotation to the term “*agapē*” in the New Testament (often translated as “charity,” referring to the love of God and love of mankind). Needham’s rejection of God and his rejection of the Confucian “*jen*” were, in his mind, not incompatible with his belonging to a Christian church, since, like Alice in Wonderland, words to Needham mean whatever he wants them to mean—or, as he liked to put it, words have different meanings in different contexts. Thus, Needham held as his “philosophy of life” that there are five distinct forms of human experience—religion, science, history, philosophy, and aesthetics—and, he said, “I don’t think there is any necessity to reconcile them.”

Leibniz and Chu Hsi

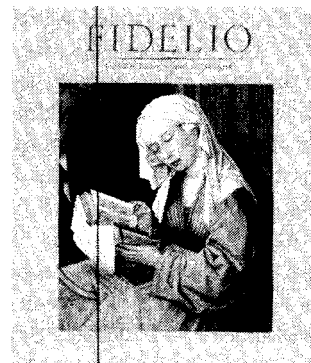
Needham’s most difficult challenge, and the subject of his most serious intellectual crime, was the necessity to explain the following question: If Taoism, alchemy, and empiricism were the sources of scientific discovery, how is it that the greatest leaps in scientific progress came as a result of the work of Leibniz in the West and Chu Hsi in the East, who

were profoundly Christian and Confucian (respectively), and resolutely anti-empiricist? Needham simply declared both of them to be the opposite of what they were. Leibniz, in his later life, Needham said, “went over to Lucretian-Cartesian mechanical materialism, a system of thought which had always tended, however disguised, to atheism.” Then Leibniz the “atheist” proposed his theory of monads, said Needham, which, he falsely asserts, portrays the world as a “vast living organism,” without the need of a God.

Chu Hsi is treated in a similar way. Chu Hsi, the preeminent leader of the Sung Dynasty Confucian Renaissance, propounded the concept of a universal principle (*Li*), such that all created things reflect the principle of the Creator, while man’s nature is defined by this universal principle, as made manifest in the creative power of the mind. Leibniz recognized in this a view similar to the Christian concept of man created in the image of God, and as closely parallel to his own monadology. Needham, however, praises Chu Hsi as a Taoist! He ignores both Chu Hsi’s repeated denunciations of Taoism and his extensive development of the concept of “*jen*” as the essence of the universal principle connecting man with Heaven. In fact, Needham argues that Chu Hsi did not really mean “principle” by the Chinese term “*Li*,” but merely meant the “organization” of the material world. Chu Hsi, too, becomes an atheist! Needham told *Scientific Ameri-*

For further reading

Michael Billington, who is serving a hideous 77-year sentence in Virginia state prison as a result of the political railroad against Lyndon LaRouche and his associates, has, during his incarceration, published several groundbreaking articles in the quarterly journal *Fidelio*. In the Fall 1994 issue, he wrote “The Taoist Perversion of Twentieth-Century Science,” which includes a lengthy discussion of “Joseph Needham: Ideological Triple Agent.” Of related interest is “Toward the Ecumenical Unity of East and West,” in the Summer 1993 *Fidelio*.



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can magazine in 1992, "One of the most liberating aspects of the whole of my life was when I went to China and found that a quarter of the human race doesn't find the need of believing in a benevolent and creative god." This must not be seen as merely an observation by Mr. Needham, but as a statement of his intended policy and program for the Chinese.

One humorous note: Needham is renowned for the thorough nature of his scholarship, with extensive cross references and documentation of his facts, including prolific and erudite footnotes. However, he often hides within this method his intentional use of overt lies. Two classic examples emerged from his falsehoods regarding the beliefs of Chu Hsi and Leibniz. To portray Chu Hsi as a synthesizer of Taoism and Confucianism, he had to explain Chu Hsi's repeated and virulent attacks on every aspect of Taoism. Needham's footnote: "In Chu Hsi's writings there are polemics against the Taoist conceptions of the word [*Tao*], which rested on complete misunderstandings of Lao-tzu [the founder of Taoism]." Needham's "synthesizer" knew nothing of the essence of his subject! In the case of Leibniz, Needham contended that what Leibniz really meant by his monads was physical "organisms" (just as Chu Hsi's *Li* really meant "organization"). This hardly fit with the definition of monads in the very first sentence of Leibniz's *Monadology*, which states that a monad is a simple substance "which has no parts." Needham's footnote: "It is at first sight disturbing to find that monads are defined as without parts, but Leibniz used the word 'parts' in a rather special way." This "special way" was certainly beyond Needham's ken.

Needham has continued to be honored not only by the People's Republic of China (which only last year made him one of the first foreigners to become a Fellow of the Chinese Academy of Science), but also by Taiwan and other Chinese communities. While serving as Master of Gonville and Caius College at Cambridge, Needham created and ran the Needham Research Center, with funds provided by a revealing assortment of sponsors: the Singapore banker Tan Chin Tuan, Hongkong tycoon K.P. Tin, the Kresge Foundation in the United States, and the Beijing government. Beijing should note carefully the praise bestowed by one of Needham's Cambridge associates in the October 1986 journal *The World and I*, who wrote: "Some become legends in their lifetimes, their toils honored by foreign peoples before their own recognize them: Clive of India, Lawrence of Arabia, and Mountbatten of Burma spring easily to mind. Needham of China now must be added, and only time can hail his achievement as the greatest of all." Those Chinese who are monitoring the continuing British efforts to divide and destroy China will certainly be aware of the evil done by Clive, Lawrence, and, especially, Mountbatten, in the service of the British Empire. Overturning the distorted profile of both the East and the West which Needham fashioned in the service of that same Empire will be a worthy and necessary contribution to China's future, and to the rest of us as well.

British scandal could signal end of Thatcher politics forever

by Dean Andromidas

A scandal hitting a British Conservative Party minister could signal the sinking of the government of British Prime Minister John Major, along with the political apparatus that has supported Tory politics for the last 20 years. The scandal is targeting Jonathan William Aitken, the chief secretary of the treasury who could become the 20th minister in the Major cabinet forced to resign because of scandals. Aitken is the grandnephew of Lord Beaverbrook, the famous Canadian-born British press baron and mouthpiece of the British Empire. The accusations range from illegal arms deals with Iran and Iraq, to questionable relations with Saudi princes, Middle Eastern arms dealers, and shady businessmen.

While scandals of this nature, particularly when they hit those who deserve it, can be greatly appreciated, this and others hitting the Major government must be seen in the context of the strategic and political fight raging between the Clinton administration and the British elites. The latter are starting to realize that the Major government and much of the Tory apparatus cultivated over the last 20 years, no longer serve their interests. This scandal goes to the heart of that apparatus.

Dining with Kissinger

The scandal broke on March 29, when the *Independent*, a London liberal daily, ran an article linking Aitken to illegal arms deals between Britain and Iran and Iraq while he served on the board of directors of the British Manufacturing and Research Company (BIMARC). News of the scandal reached Aitken via his personal fax, interrupting a private dinner. His guest was Henry Kissinger, who was in London for a conference at the Royal Institute of International Affairs (Chatham House). Also at that dinner was Defense Minister Malcolm Rifkind, Foreign Secretary Douglas Hurd, and Allen Clark, a hard-core Thatcherite who, as a former industry minister, played a key role in selling British arms to Iran and Iraq. This was followed by articles in the *Guardian*, a daily which traditionally speaks for the Labor Party, detailing Aitken's ties to the Saudi royal family, particularly Prince Mohammed Bin Fahd, son of King Fahd. These connections included Saudi deal-maker Wafic Said, the man who broker-

ed the \$30 billion Anglo-Saudi arms deal which also made Margaret Thatcher's son, Mark, a millionaire. These press articles were followed by a film aired on Britain's Granada TV.

Aitken's response was to sue for libel. He took the unusual step of holding a press conference, with the full support of Prime Minister Major, at the headquarters of the Conservative Party. He issued a press statement pledging to defend himself with the "simple sword of truth" and the "trustworthy shield of British fair play." Only the Hollinger Corp.'s *Daily Telegraph*, better known as the "Torygraph," came to his defense, while other media pointed out the obvious links between Aitken's misfortunes and those of Prime Minister Major.

Who is Jonathan Aitken?

If the threads of this scandal are followed up, they will lead directly to the international apparatus that has implemented British strategic policy over the last 20 years. It is an apparatus that leads to Kissinger, George Bush, the Iran-Contra crowd, and the Entente Cordiale faction in France. It is the network that destroyed Africa, engineered the Iran-Iraq war, and launched the Persian Gulf war. It is instrumental in maintaining the genocidal embargo against Iraq, and seeks to destroy the Middle East peace process. It is also a network that had been tailored for Cold War politics and American right-wing Republican administrations.

As the grandnephew of Lord Beaverbrook, Aitken is in the sterling tradition of the Round Table of the British Empire's Cecil Rhodes. This grouping is also known as the Suez faction. As head of Express Newspapers Ltd., Aitken's infamous ancestor was the mouthpiece of the imperial faction. As a Canadian and Winston Churchill's wartime minister of supply, Lord Beaverbrook worked closely with Argus Corp., the British intelligence and Canadian-based company that channelled American military equipment to wartime Britain. After the war, the latter would leave the weapons business to become the Hollinger Corp. and create a press empire that would soon eclipse that of Beaverbrook. Under Conrad Black, the Hollinger Corp. acquired the *Daily Telegraph* and became the mouthpiece of the empire under Margaret Thatcher. Aitken made a similar transformation, going from journalism to the selling of weapons.

The current scandal has two interrelated tracks. One is his directorship of BMARC in 1988-90. An artillery and munitions producer, BMARC was part of the so-called "explosives cartel" that was selling massive amounts of munitions to both Iran and Iraq. It included such firms as Dynamit Nobel of Sweden and Great Britain, PRB of Belgium, and Wasegchemie of Germany. Working in conjunction with Bush's Iran-Contra apparatus and the East German Secret Service, the Stasi, this network sold billions of dollars of munitions to both Iran and Iraq. Many of these deals were financed by Midland Bank, Banca Nazionale del Lavoro, and

many others. This is a track that leads directly to George Bush, Henry Kissinger, and Margaret Thatcher.

The second track is Aitken's relationship with the Saudi royal family, which has spanned the better part of two decades. The press has concentrated on his relationship with Prince Mohammed Bin Fahd. This relationship is mediated through Syrian-born Saudi deal-maker Wafic Said. The latter was said to be the man who clinched the \$30 billion Yamamah arms deal between Saudi Arabia and Great Britain, despite the fact that Saudi Arabia traditionally buys its most important weapons systems from the United States. That deal could have only been clinched with the blessing of the U.S. President, George Bush. Said was not only a guest of Thatcher at 10 Downing Street, but brought the prime minister's son, Mark, into the deal. The multimillion-dollar commission turned the young Thatcher from a less than competent bookkeeper into a multi-millionaire businessman. Mark soon moved to Dallas, Texas. His business practices in Bush country not only earned him millions more, but a criminal indictment involving former business partners.

After Aitken's dinner in honor of Kissinger, another dinner took place, including not only Kissinger, but Wafic Said as well. According to London sources, it was a "working dinner" aimed at planning how to ensure that the Yamamah arms deal, which is not even half-completed, is not cancelled. This is a very real possibility, given the changes in Washington and the financial instability of the Saudi regime.

Circle Pinay

Aitken is part of the "Suez" faction. This is best seen in his membership in the Circle Pinay, also known as the Circle Violet. It was founded in 1951 by Antoine Pinay, a former French prime minister who died recently at the age of 104. A politician in the tradition of the Entente Cordiale, Pinay very much opposed the Franco-German orientation of Charles de Gaulle. Aitken's close friend, Thatcher loyalist, and former minister Allen Clark recounts in his memoirs how the group convened a meeting in Oman in 1990 just prior to the Gulf war. In addition to Aitken, those in attendance included Julian Amery, another close associate of Aitken who is a key Tory and British intelligence insider with decades of experience in the Middle East and the Balkans, and Nicholas Elliott, a former officer of British intelligence's MI-6 who later worked for Tiny Rowland's Lonrho Corp. In the 1980s, Elliott circulated slanders against Lyndon H. LaRouche.

The Circle also included such people as Archduke Otto Von Hapsburg, former claimant to the throne of the Austro-Hungarian Empire and founding chairman of the West European Union; Robert Moss, a British spook who turned the Washington-based Heritage foundation into a British intelligence school for the brainwashing of U.S. officials; CIA spook Brian Crozier; and former Italian Prime Minister Giulio Andreotti.

International Intelligence

Boutros-Ghali humbled on Central American tour

U.N. Secretary General Boutros-Ghali seemed to run into trouble everywhere he went during his would-be triumphal spring tour of the U.N.'s colonies in Central America, EIRNS concluded from Reuter news wires and *New York Times* reportage.

In Honduras, Boutros-Ghali's first stop on March 31, a baggage cart ran into his private plane, severing part of the wing. His itinerary in El Salvador April 1 had to be changed to eliminate any road travel inside the country, after the government advised him they had detected a plot to blow him up, along with his entourage. Flying into Guatemala, due to an unexplained "navigation error," his plane landed at a remote military airport, far from the country's international airport in Guatemala City where the Foreign Ministry officials and red carpet were waiting.

Then, as he ate with the President at the presidential palace on April 2, a bomb went off two blocks away, and "foreign diplomats" insisted to the press that the bombing had something to do with the celebrated visitor.

Say end to Iraq embargo will benefit Israel

Lifting the U.N. embargo on Iraq will greatly benefit Israel, said retired U.S. Marine Corps Gen. Joseph Hoar, who replaced Gen. Norman Schwartzkopf as commander-in-chief of the Central Command (which includes Southwest Asia and the "area in which Desert Storm occurred," according to a Pentagon spokesman), it was reported on April 7 by the Arabic daily *Asharq Alawsat*, which said that Hoar's comments were made on April 6 in an interview with Israeli Army radio.

Hoar said that the sanctions imposed on Iraq and the policy of isolating the country have failed to achieve their announced objective of overthrowing Saddam Hussein's regime. Instead, there is a growing "anti-

American" emotion in an entire Iraqi generation.

Asharq Alawsat reported that Hoar also commented that "Israel will make great economic and political gains from having peace with Iraq," including "an oil pipeline" extending from Iraq to the port of Haifa in Israel.

Opening the ring of isolation around Iraq will also help to contain Iran, Hoar claimed. *Asharq Alawsat* referred to a report that appeared in the Israeli paper *Haaretz*.

On April 13, 1993 Hoar was interviewed by Qatar's *al-Sharq* newspaper, and was quoted then as saying that Washington would restore ties with Iraq if it met Gulf war-related U.N. resolutions.

British want betrayer of Bosnia as NATO chief

A German newspaper confirmed rumors that the British government wants Lord David Owen, the architect of the betrayal of Bosnia, to become the new political chief of NATO, on the same day that Bosnian Prime Minister Haris Silajdzic made his strongest charges to date that western governments are accomplices in genocide against his people.

According to the April 6 edition of the German *Frankfurter Allgemeine Zeitung*, British Prime Minister John Major proposed to U.S. President Clinton that David Owen replace NATO Secretary-General Willy Claes, who is under pressure in Belgium to resign over his role in the 1988 Agusta corruption affair.

Meanwhile, Silajdzic, in an interview with *Le Monde* on April 6, seemed to take direct aim at Owen, the former European Community "peace mediator" for the Balkans, when he charged that the persistence of western governments in not admitting they made a mistake in imposing the arms embargo against Bosnia three years ago means that they have a "deliberate policy. Bosnia was supposed to die." This is not an attitude of "neutrality," as is often claimed: "The arms embargo has contributed to killing 200,000 people. The international com-

munity, the democratic governments, all those who have insisted on imposing this embargo, are accomplices in genocide."

Silajdzic said that maintenance of the "status quo" only "ratifies conquests realized by force. . . . The international community has helped Serbia kill us. . . . The international community has shown itself to be naked." The prevailing attitude in European chancelleries is to "contain the conflict, at least until the next election," he warned, but "the virus of fascism and violence cannot be contained. . . . East-West relations have been replaced by the law of the strongest."

Arafat: Stop terrorism by economic development

In an interview in the April 10 issue of *Corriere della Sera*, the nationally circulated Italian daily, Yasser Arafat said that economic development is the only way to stop terrorism—mirroring the judgment expressed in *EIR*'s feature on Gaza (April 7, 1995 issue).

The PLO chairman gave the interview to correspondent Lorenzo Cremonesi during a meeting with former Italian Premier Giulio Andreotti, who was traveling to Israel, Syria, and Jordan.

To the question "How do you stop Islamic terrorists?" Arafat replied: "We must improve the Palestinian economic situation: poverty feeds extremists." Arafat also "had an annoyed gesture in commenting on the requests from donor countries, which insist that only 'transparency' of PLO budgets could guarantee the delivery of promised aid. 'Well, they forget that we Palestinians have built the economies of a large part of the Arab world, and now [they] come here with all these preconditions and stupid slogans against our people. As far as I am concerned, funds could be directly managed by the United Nations.' "

In the same interview, Arafat hinted, "In the Hamas safehouse which exploded last week in the middle of Gaza, we found a lot of weapons from the Israeli army. It is like crazy OAS elements in the French Army

during the Algerian war. It is obvious that a close collaboration exists between radical groupings in the two camps."

British use prostitutes to profile Chinese

The London *Sunday Times*, the mouthpiece of the oligarchy's secretive and ultra-powerful Club of the Isles, revealed on April 9 that over the years, the British Special Branch in Hongkong has used prostitutes to profile anti-British Chinese officials who visit the colony. "It is claimed the purpose was to intimidate the officials [into] staying away from Hongkong if they were deemed troublesome or 'anti-British.'"

A former Special Branch officer was quoted saying that they would blackmail the Chinese officials with their dossiers, and keep them away from Hongkong. The Special Branch, which is officially being dismantled, "became one of the largest undercover police operations in the world," according to the *Times*. The paper reports that 800 Chinese officials were "listed" for surveillance. Among those were Zhou Nan and Xu Jiatur, directors of the New China News Agency, China's de facto embassy in Hongkong.

War escalates in Tajikistan

At least one component of the "Thirty Years War" scenario in Asia, described in the last issue of *EIR*, has escalated significantly since the article was written: the violence on the Tajikistan-Afghanistan border.

According to statements of the Russian Border Guards' Command, based in the Tajik capital of Dushanbe, as carried by Itar-Tass news wire, the escalation began on April 7 when over 200 Tajik rebels crossed from Afghanistan into the mountainous Gornyi-Badakhshan region of southeast Tajikistan. They killed at least 23 Russian troops and wounded dozens in three days of battles and skirmishes.

Itar-Tass quoted General Chechulin,

commander of the 15,000 Russian Border Guards based near the Tajik-Afghan border, saying that the attacks were "well-planned, well-conducted, large-scale" actions by the armed Tajik opposition. He gave his view that the aim of the attacks was to reestablish a strong guerrilla presence in the mountain region of southeast Tajikistan, and from there begin to move into the central part of the republic.

Chechulin implied that these attacks were timed to sabotage the peace talks between the Tajik government and opposition spokesmen, slated for the following week-end in Moscow.

Algeria presents 'reform' plan to get IMF loan

Algerian Foreign Minister Muhammed Salih Dembri said on April 7 that his government will present to the International Monetary Fund a \$33 billion, three-year plan of economic reforms which will enable Algeria to enter the "market economy," the Arabic daily *Asharq Alawsat* reported April 8. Dembri asserted, in a press conference in London following a seminar at Chatham House, that presidential elections will be held by the end of 1995 as planned by the government, and that security issues in Algeria are under control of the government.

"Therefore, the Algerian crisis is coming to a close," he added. Dembri characterized the security policy of the Algerian government by saying that security policies in Algeria are fully committed to international human rights conventions and are being closely observed by organizations such as Amnesty International and the International Organization for Human Rights. He denied having any discussions with British Foreign Secretary Douglas Hurd about Algerian domestic affairs, saying they only discussed promotion of economic and political relations.

While Dembri was meeting with Hurd, on April 7 in London, Algeria's creditor banks reached an agreement on rescheduling the country's \$4.5 billion commercial debt with Algeria's commercial banks.

● **JOHN MAJOR'S** recent visit to Washington was a flop, wrote London *Times* columnist James Adams on April 9 in his "Inside Washington" column. The columnist, tied to elite circles which would like to be rid of the inept Tory prime minister, confided that "the British embassy had been trying to find some symbolic way whereby the two men could show publicly that they really liked each other—a political necessity, even if a lie."

● **TERRORISTS** from Hamas Militants and Islamic Jihad carried out two suicide bombings April 9 against an Israeli civilian bus and army patrol jeep near settlements in the PLO-ruled Gaza strip. PLO chairman Yasser Arafat, quoted in *Al-Arab*, called the bombers "enemies of peace attempting with their Israeli counterparts to stop the wheel of peace" and charged they are funded in part from the U.S., Iran, and Kuwait.

● **MISEREOR**, the German Catholic aid agency, did not fund the Zapatista terrorist "liberation army" in Chiapas, said the German Embassy's press attaché in Mexico City on April 6 at a press conference with two visiting German parliamentarians, it was reported in *El Nacional*. But he did not deny that nearly 3 million marks went to "Red Bishop" Samuel Ruiz's Human Rights Center, a pivot of ideological training of the insurgency (see *EIR* Special Report on Chiapas, March 31, 1995).

● **BRITISH MI-5** intelligence agents foiled a plot by Irish Republican Army hard-liners to assassinate Sinn Fein President Gerry Adams in Ireland in January, the London *Observer* newspaper claimed on April 8.

● **THE TURKISH** government announced on April 8, in a news conference in Diyarbakir, that it had completed the withdrawal of 3,000 of the 35,000 troops it sent into northern Iraq.

Clinton draws new battle lines against Gingrich gang

by Edward Spannaus

Amidst the fanfare of Newt Gingrich and his band of glassy-eyed followers celebrating the conclusion of their first 100 days of the new Congress, President Clinton was delivering a markedly different message in an address to the American Society of Newspaper Editors in Dallas. In this speech, delivered on April 7, the President said that in the first 100 days, the initiative may have been with the House of Representatives; but now, "in the second 100 days and beyond, our mission together must be to decide which of these House proposals should be adopted, which should be modified, and which should be stopped."

Although the "100 days" didn't technically end until April 13, House Republicans, led by Speaker of the House "Robespierre" Gingrich, were celebrating a week early with a rally on April 7, followed by Gingrich's nationwide televised address on April 8. But the celebrations were certainly premature, in more ways than one. As House Chief of Staff Leon Panetta aptly put it, there was "a lot of press action, a lot of PR, a lot of hype."

In fact, the only measures of the Republicans' "Contract with America" agenda which were actually adopted into law, were those few relatively noncontroversial matters which were supported by Democrats and by the Clinton administration. The two big-ticket items—the proposed constitutional amendments for office term limits, and the Balanced Budget Amendment—were voted down in the House and Senate respectively. And it is widely expected that the hard-core "Contract" items, such as welfare, tax cuts, and legal and regulatory reform, will be substantially modified in the Senate.

Asked for his assessment of the "100 days" during an interview on April 5, *EIR*'s founding editor Lyndon LaRouche said that Gingrich and Sen. Phil Gramm (R-Tex.)

certainly did not achieve their objectives. "They've made a little wreckage, they've caused distractions. . . . But what they've done in net, is they've sounded the alarm; and the Minutemen around the country are beginning to stand up in various constituencies, and they're going to mobilize to wipe this thing out, come the next election. And the effects of that will be seen as a process, not just at election time in 1996; but we're going to see it over the coming months, into the fall. We're going to see there's a big movement, coming up in these United States, which is going to get rid of everything that looks like, talks like, or smells like 'Contract with America.' And I think *that's* the plus side of the story."

The effect of this can already be seen, as the battleground on the "Contract" legislation now shifts to the Senate. Phil Gramm is demanding that the Senate pass the House bills virtually unchanged, but this simply is not going to happen. Sen. Robert Dole (R-Kan.)—like Gramm, an announced presidential candidate—is expected to take a much more cautious approach, as will many Republicans on the Senate side.

Drawing the Line

And now, to add another impediment to passage of the Gramm-Gingrich package, the Senate is working under a series of explicit veto threats from President Clinton. In his April 7 Dallas speech, Clinton, perhaps emboldened by rising public skepticism and opposition to the GOP agenda, for the first time laid out exactly which items are acceptable and which are unacceptable, which measures he can live with, and which ones he will veto if they remain in their present form.

The President described his own responsibility in this situation as being "to lead the quiet, reasoned forces of both parties in both houses to sift through the rhetoric, and decide what is really best for America."

Alluding to the populist demagoguery of the Gingrich-Gramm gang, Clinton remarked that the country has often been spurred on "by purist, reformist, populist agendas which articulated grievances and proposed radical departures," but that these initiatives have then been shaped by Presidents "who incorporated what was good, smoothed out what was rough, and discarded what would hurt."

"I was not elected President to pile up a stack of vetoes," Clinton declared. "I was elected President to change the direction of America." He then appealed to Republicans and to Democrats alike to keep the momentum for change going, and "not to allow the energy and longing for change now to be dissipated amid a partisan clutter of accusations."

Clinton then drew a series of lines in the sand as to where he stands on the current proposed legislation, which can be fairly summarized as follows:

- **Taxes:** Clinton said the GOP's proposed \$200 billion tax cut is a "fantasy," which we can't afford and can't pass. A realistic cut would be somewhere around a third of that, he said. He charged that the Republican plan is weighted heavily toward benefitting the wealthy, who, he said, have done very well in "the new global economy," whereas the middle class has suffered stagnant incomes and needs the benefits the most. Half of the American people "are working for the same or lower incomes than they were making 15 years ago," the President pointed out.

- **Welfare:** While saying he supports welfare reform, Clinton said the current House bill focuses too much on cutting costs, and that it punishes young children for the sins of their parents. "I think that's wrong," he said. "Rich or poor, black, white or brown, in or out of wedlock, a baby is a baby, a child is a child. It's part of our future, and we have an obligation to those children not to punish them for something over which they had absolutely no control."

- **Cutting the deficit:** "There are cuts I can't live with," said the President, and he identified some of these as cuts in education, immunization, school lunches, nutrition programs, and the like. The Republicans "want the poor in this country to bear the burden of two-thirds of their supposed cuts—their proposed cuts—and only get 5% of the benefit of the tax cuts." Clinton said that the rescission package (cuts from the current budget) passed by the House was "completely unacceptable," but that he would sign the \$16 billion rescission bill passed by the Senate, if the House agrees to the Senate version and it is submitted to him.

- **Regulatory reform:** The President said his administration is committed to changing "the culture of regulation that has dominated our country for a long time." But, he declared: "If the Republicans send me a bill that would let unsafe planes fly, or contaminated meat be sold, or contaminated water continue to find its way into city water systems, I will veto it."

- **Legal reform:** Clinton will veto any bill with a "loser pays" rule for civil suits, which would put justice out of the

reach of ordinary people, and which he compared to the poll tax which used to be used to keep blacks and poor people from voting. He said that a \$250,000 ceiling for punitive damages will not have a significant deterrent effect on giant multinational corporations.

- **Crime:** Clinton emphasized his support for much of the crime bill as passed by the House, but said that if the Republicans try to repeal the commitment to 100,000 police in last year's crime bill, or repeal the assault weapons ban, he will veto the current crime bill.

- **Environment:** While stressing his own commitment to environmental protection, Clinton declared: "I cannot and I will not compromise any clean water, any clean air, and protection against toxic waste. The environment cannot protect itself. And if it requires a presidential veto to protect it, then that's what I'll provide." He also promised to veto the House-passed requirement for specific levels of compensation to property owners, saying that if such a law were on the books in the states, "then local governments would completely have to give up zoning or be bankrupt every time they tried to change a zoning law."

- **Peacekeeping:** Clinton will veto the National Security Revitalization Act as passed by the House.

Following his enumeration of possible vetoes, the President discussed areas of his own agenda which he wants to promote, including health care reform, the minimum wage, and education.

The FDR Legacy

The President followed up his April 7 Dallas speech with an address at ceremonies commemorating the death of President Franklin Delano Roosevelt, which were held in Warm Springs, Georgia on April 12. Here, President Clinton evoked FDR's memory to illustrate the positive role of the federal government, and the widespread benefits to the citizenry which accrued from Roosevelt's bold initiatives during the New Deal, including such matters as rural electrification, jobs programs, and social security.

FDR's first job, said Clinton, was to put America back to work. Today, he said, Americans are back to work, but are insecure, and for many their living standards have actually fallen over the past 15 years.

In the decades following World War II, Clinton noted, the whole country grew together. "Nothing like it had ever been seen before. Every income group, every racial group, all were improving their standing, and growing together, not growing apart." But this began to change around 20 years ago, Clinton continued, and the inequality among working people got worse. Today many people ask: "If there's an economic recovery, why haven't I felt it?"

On that score, the President has identified the crucial problem facing his administration. But, other than the absolutely necessary efforts to hold the line against the Gramm-Gingrich gang, he has not yet identified a solution.

Brits lash out at Clinton for ending 'special relationship'

by Scott Thompson

Instead of their usual sleazy attacks upon President Bill Clinton, the British press and some of their Bush-league pals in the United States have recently launched a broader verbal assault against the United States as a whole, denouncing the "ingrateful colony" for abandoning its loyalty to "all things British."

The tone of nastiness and hysteria emanating from these City of London and Anglophile quarters suggests that there is growing recognition among the "friends of Windsor" that the break in the Anglo-American special relationship goes beyond President Clinton's personal animus toward British Prime Minister John Major, and reflects a more far-reaching re-thinking of U.S. foreign and economic policy.

We excerpt below some of the press smears of recent weeks:

Robert Zoellick, "*Mother Country No More, Britain is Still Special*," *the Wall Street Journal*, April 8. Zoellick was an undersecretary of state and White House deputy chief of staff in the Bush administration:

... Commentators are again burying the special relationship. Rumors about strained personal ties between leaders, frictions over the Irish question and frustrations over Bosnia have roused writers on both sides of the Atlantic. ... It is fair to ask: Does the special relationship still matter? ...

The special relationship ... has upended Viscount Palmerston's caution: Nations can have perpetual friends and allies as well as interests. ... [But] if the special relationship seems to be fraying, the U.S. should be examining whether it is signaling clear and constant purpose.

"Britain and U.S. Hope Major Visit Will Heal Rifts," *the London Independent*, April 3, by Donald MacIntyre and Rupert Cornwell:

Anthony Lake, President Clinton's national security adviser, acknowledged at the weekend that anti-Americanism and criticism of Mr. Clinton were rife in Britain. ... "We see the press articles, I acknowledge it exists and we don't like it," Mr. Lake told a group of British correspondents on the eve of Mr. Major's visit. "We don't like it for two

reasons: one, it's nasty; and second, it's wrong."

"Friends in London," *the Wall Street Journal*, March 31, "*Review & Outlook*" editorial:

Wednesday's conference at the Royal Institute of International Affairs on Britain's global role was a strangely instructive event for anyone trying to figure out how London's view of itself and the world is developing these days. ... The Clinton team ... believes that "for better or worse," in the words of one senior U.S. diplomat, Germany is and will increasingly be the key decision-maker in Europe. Some in Washington have gone so far as to promote the idea of dumping close ties with Britain to opt instead for close ties with Germany. ...

Henry Kissinger, who attended the Chatham House bash, was correct to point out the sometimes negative impact of the Clinton administration's foreign policy. He highlighted in particular that the idea of anointing Germany as Europe's leader is a bad one—bad for Germany and bad for Europe. What's more, Germany doesn't want this role. ... Mr. Kissinger also wisely urged Britain to remain a player in the EU [European Union]. ... In other words, the EU needs Britain's Euro-skepticism.

The Clinton administration should consider the points raised by Mr. Kissinger. ... Instead of passing over Britain to consult with the EU (another name for Germany to the Clintonites) or lumbering into the middle of delicate matters like the Northern Ireland peace process, the Clinton administration should show how much it values having a strategic ally like Britain in Europe.

"The United States Is No Friend of Britain," *London Sunday Telegraph*, March 19, by John Charmley, who says, "*America helped end the Empire and is now scuppering the United Kingdom.*"

The good thing about Mr. Clinton shaking the blood-stained paw of Gerry Adams last week is that it might finally destroy one of the most pernicious and damaging myths of recent British history—the notion that there is a special relationship between Britain and the United States.

Every concession made to America since 1940 has been justified by the claim that what was happening was not surrender but skillful harnessing of American power to our own uses: America's part in the Second World War and the Cold War seemed to prove the point. But the reality is that America has used her power ruthlessly to help dismantle the British Empire, both by direct action as at the time of Suez and by indirect action through the United Nations and the encouragement of every nationalist rabble-rouser (such as Gerry Adams) who shouted loudly enough. ...

As if this were not enough, the Americans have also taken the opportunity to erode British sovereignty and the unity of the United Kingdom itself, first by pressing us to join the United States of Europe, and now by pressing a hapless British government to sell our Unionist allies down the river with undue haste.

The drumbeat for Lyndon LaRouche's exoneration thunders worldwide

by Marianna Wertz

The exoneration of American statesman and economist Lyndon LaRouche was the subject of an international mobilization of hundreds of letters, faxes, phone calls, and telegrams to the U.S. Congress, President Clinton, and Secretary of State Warren Christopher on April 5, which was declared International Exoneration Day by branches of the Schiller Institute around the world. Particularly targeted for this message were the chairmen and ranking minority members of the Senate and House Judiciary committees, on whom the Schiller Institute has called to hold hearings on the issue: Sen. Orrin Hatch (R-Utah), Sen. Joseph Biden (D-Del.), Rep. Henry Hyde (R-Ill.), and Rep. John Conyers (D-Mich.).

In addition, rallies and demonstrations calling for LaRouche's exoneration were sponsored by Schiller Institute chapters in cities around the world, including Richmond, Pittsburgh, San Francisco, Los Angeles, Cleveland, Columbus, Philadelphia, Seattle, Houston, Montreal, Berlin, Bonn, and Mexico City.

The drumbeat of support for exonerating LaRouche has been growing increasingly since his release on parole in January 1994, after serving five years as a political prisoner of the Bush administration.

Hundreds of officials join the call

On March 15, the Schiller Institute published a full-page advertisement in the *Washington Post*, the text of which was an Open Letter to President William Clinton calling on him, Attorney General Janet Reno, and the U.S. Congress to "take any and all measures necessary to ensure the full and immediate exoneration of Lyndon LaRouche" (see *EIR*, March 24). The statement carried the endorsement of nearly 500 government and elected officials from around the world, including 19 former U.S. congressmen and more than 250 state legislators from 40 states. Dozens of current and former parliamentarians and congressmen from Europe, Ibero-America, Asia, Africa, the Middle East, and Australia also signed the Open Letter, and were among the hundreds of constituency leaders who mobilized letters on April 5 as well.

The subsequent international circulation of that statement, and the effect of the worldwide mobilization on International Exoneration Day, have begun to open the floodgates on the issue of support for LaRouche's exoneration. On April

10, the Schiller Institute announced that an additional 29 elected officials from the Republic of China on Taiwan have endorsed the call for LaRouche's exoneration, including 28 current members of the Legislative Yuan (Congress). The signers represent all three major parties on the island—Kuomintang, Chin Tang, and Ming Jing Tang.

On April 12, the Schiller Institute announced that 20 Ukrainian Members of Parliament signed the statement, after an address by Dennis Small, one of LaRouche's co-defendants and *EIR*'s director of Ibero-American intelligence. Small was invited to Ukraine by members of the Ukrainian Parliament who had visited Washington in March at the invitation of the Schiller Institute (see *EIR* April 14, for the report on the speech by Ukrainian Member of Parliament Natalia Vitrenko).

Congressional hearings

Leading into April 5, the Schiller Institute mobilized a delegation of elected officials from 10 states which descended on Capitol Hill during the week of March 27-31, to demand that the political prosecution of LaRouche and his associates be included in upcoming hearings on misconduct by the Department of Justice (DOJ).

The Senate Judiciary Committee has already begun the process of taking testimony in oversight hearings on DOJ misconduct in the cases of the Waco massacre and the massacre of Randy Weaver's family. The House of Representatives, with the support of Speaker Newt Gingrich (R-Ga.), plans to take up the same issue after its spring recess, probably in mid-May or slightly later.

The legislators who visited Washington took the position that to limit the hearings to the Weaver and Waco cases, which came to their grisly conclusions under the Clinton administration, would mean that the hearings would become a partisan effort against the Attorney General. Since the misconduct in those cases reflects a pattern going back years, it is that entire pattern—well established under the Bush-Reagan administrations—that must be investigated, and the investigation must include the LaRouche case as well.

"Our position is that these hearings should include the LaRouche case, or they should not take place," emphasized Dr. Debra Hanania-Freeman, the leader of the lobbying effort. "Hearings that exclude DOJ misconduct in targeting

LaRouche and others, like black elected officials, would be fraudulent. The role of the Judiciary Committee is not to destabilize the administration by proceeding in a blatantly partisan way, but to look into the systemic problems in the department.”

Delivering the message

The elected officials who went to deliver the message on exoneration in Washington came from 10 states: Kentucky, Michigan, Mississippi, Nebraska, North Dakota, South Carolina, South Dakota, Tennessee, Utah, and West Virginia. The message they delivered was clear and well-documented. The evidence that the federal prosecution always knew that LaRouche and his co-defendants were innocent is on file in the federal district court in Richmond, Virginia. And there has been testimony from legal experts internationally, documenting the notorious prosecutorial misconduct in the LaRouche case.

The lobbyists cited the latest legal ruling which pointed up the prosecutorial misconduct—the Feb. 16 decision vacating the New York State convictions of three LaRouche associates. In that opinion, New York State Supreme Court Judge Stephen G. Crane found that the conduct of New York and federal government agents “raises an inference of a conspiracy to lay low these defendants at any cost both here and in Virginia.”

The officials also cited other statements testifying to the massive judicial misconduct, which had also appeared as a featured box in the March 15 *Washington Post* advertisement. These included a 1988 ruling by U.S. District Court Judge Robert Keeton of Boston, which found “institutional and systemic prosecutorial misconduct” during the Boston-based federal trial against LaRouche and associates; a 1989 ruling by U.S. Bankruptcy Judge Martin V.B. Bostetter finding that federal officials had acted in “objective bad faith” in bankrupting three companies run by LaRouche associates; and a statement by former U.S. Attorney General Ramsey Clark saying that, viewed in context, the LaRouche case “represented a broader range of deliberate cunning and systematic misconduct over a longer period of time utilizing the power of the federal government than any other prosecution by the U.S. government in my time or to my knowledge.”

Ibero-America mobilizes

There was a particularly extensive political mobilization for the International Exoneration Day in Ibero-America, according to the Schiller Institute spokesman. Dennis Small was interviewed live on the morning “Revista 110” television news and commentary program in the Dominican Republic, outlining the case in detail and calling on citizens of that nation to take up the cause as their own. The interviewer, Dr. Julio Hazim, also urged LaRouche’s exoneration, saying that it is very important that LaRouche’s ideas be known and discussed in the Dominican Republic.

LaRouche himself delivered a televised address to the people of the Dominican Republic on April 5, through an eight-minute videotape which was aired every two hours on two national television channels.

In Argentina, officials of the United States embassy in Buenos Aires gave a cordial reception to a delegation of prominent Argentinians who were pressing for the exoneration. The meeting took place on April 6, according to a statement issued by Cong. Antonio Achem, one of the members of the delegation. Significantly, it occurred while former U.S. Secretary of State Henry Kissinger, an avowed enemy of LaRouche who played an instrumental role in his unjust incarceration, was in Argentina, and shortly after former President George Bush, whose administration railroaded LaRouche into jail, had left the country following a visit to Argentine President Carlos Menem.

In his official statement on the meeting, Congressman Achem gave the following account, beginning with his demand for “the full exoneration of Lyndon LaRouche,” whom he characterized “as a political prisoner of the government” of the United States. Achem, the release said, “was part of a delegation led by the private secretary to former President Arturo Frondizi, Carlos González, which also included, among others, Cong. Orlando Gallo. The delegation was received by the Embassy’s minister-counsellor, Ronald Godard. During the meeting, it was stressed that there is concern because of the accusations against LaRouche, a Democratic Party figure who was a Presidential candidate in 1984 and 1988, against whom charges were brought regarding fundraising for his campaign, which, according to Achem, was deemed a conspiracy against the system ruling the northern nation, [a system] which is being imposed on the countries of the Third World.

“The meeting also served to analyze issues relating to the economic situation, the foreign debt, and the recently approved Patent Law,” Achem stated.

The San Juan legislator said that “during the visit it also came up that we are facing international economic bankruptcy because debtors cannot meet the payments on an illegitimate foreign debt. . . . All of this has been foreseen by LaRouche and this could have been the main reason for his persecution, since he is confronting the structure of financial power within the United States.”

In Mexico City, a press conference on the exoneration issue was well attended, and an address to 700 high-school students and teachers in Guadalajara, in the state of Jalisco, highlighted the large-scale activities in Mexico on April 5. LaRouche is a household name in Mexico in the wake of his accurate forecast of, and proposals to reverse the ongoing economic crisis affecting that nation and all of Ibero-America.

The Schiller Institute has announced plans to run another full-page Open Letter to the President on April 27 in the *Richmond Times-Dispatch*.

Christian Coalition, ADL kiss and make up

by Jeff Steinberg and Scott Thompson

On April 3 and 4, the Anti-Defamation League of B'nai B'rith held its annual National Commission meeting in Washington, D.C. at the Mayflower Hotel, and the apparent highlight of the affair was a speech by Christian Coalition executive director Ralph Reed. Both the *New York Times* and the *Washington Post* covered the Reed appearance, describing it as an "olive branch" to the ADL, following a year of heated rhetoric between the ADL and the Christian right. ADL National Director Abe Foxman described Reed's speech, in which he admitted that some in the Christian right are anti-Semitic and insensitive to the suffering of the Jews over the centuries, as "a miracle."

There is obviously something rotten afoot. One clue to the sudden repair of ties between the Anti-Defamation League and the Pat Robertson apparatus appeared on the back page of the March 31, 1995 issue of *Forward*, a Zionist neo-conservative weekly newspaper in New York City. The Christian Coalition bought a full-page advertisement to publish a letter from Reed to Senate Majority Leader Robert Dole (R-Kan.), which gave the Christian Coalition's full support to efforts to relocate the U.S. Embassy in Israel from Tel Aviv to Jerusalem.

This "hot button" issue is one surefire way to bust up the Israeli-Palestinian negotiations for peace in the Middle East. Reed's letter referenced a recent statement issued by some Christian leaders urging the Clinton administration to take up the issue of a Palestinian right to a presence in Jerusalem.

Reed countered: "The call for a 'shared city' encourages some among the Palestinians to persist in unrealistic expectations regarding Jerusalem and it undermines the confidence of the people of Israel that they can take risks for peace because no Israeli government could ever repartition or abridge Israeli sovereignty in Jerusalem."

Rebuilding Solomon's Temple

The Christian Coalition letter from Reed to Senator Dole endorsing the move of the U.S. Embassy from Tel Aviv to Jerusalem constitutes de facto support for "the Temple Mount crazies," an unholy combination of Christians and Jews who are prepared to resort to terrorism to fulfill the Biblical prophecy to rebuild the Temple of Solomon on

Jerusalem's Temple Mount—on top of what is today one of the holiest places in Islam, the site of the Dome of the Rock and Al-Aqsa mosque.

Jewish Defense League members linked to the Anti-Defamation League have already been caught transporting explosives up the Temple Mount to blow up these shrines. Should the United States move its embassy from Tel Aviv to Jerusalem, it would give "the Temple Mount crazies" far greater leverage to demand control over the Temple Mount.

Prof. Charlie Dyer of the Dallas Theological Society, which is central to this "Armageddonist plot," confirmed on April 11 to a Washington, D.C. journalist that the Christian Coalition call "would help resolve sovereignty over Temple Mount favorably."

It was Israeli butcher Gen. Ariel Sharon who first conceived in the early-1980s of forming an alliance with the Christian right of the "Christian Coalition" variety, as part of his plan to annex the Occupied Territories. Sharon and his associates began reaching out to the Christian right. This layer became key allies of the plot to blow up the Dome of the Rock and Al-Aqsa mosque to rebuild Solomon's Temple on the Mount.

Bringing on Armageddon

According to the twisted theology of the nominally Christian proponents of the Temple Mount scheme, the rebuilding of the temple would bring about the battle of Armageddon, followed by the Second Coming of Christ. Equally important in their fanatic vision, is the takeover by Israel of the Occupied Territories, *Eretz Yisrael*, which the Temple Mount crazies believe must be accomplished before the Biblical prophecy of all Jews returning to Israel would occur, as a step toward the Second Coming. Thus, the Christian right "Armageddonists" became a major new force in the West Bank settlement schemes, pouring in money and volunteers. In return, the Likud party in Israel sanctioned the building of a "Christian embassy" in Jerusalem.

In November 1982, the Anti-Defamation League and other agencies organized a tour in the United States for Prime Minister Menachem Begin, during which he spent most of his time consolidating the Christian right to this cause. Begin's trip was largely successful, and now, through the recent ADL-Christian Coalition "peace treaty," this coalition has been reestablished as an explicit anti-peace bloc.

A spokesman for Christian Coalition Executive Director Reed told a Washington-based journalist that the "coalition has not yet taken a position on the rebuilding of Solomon's Temple. In fact, Ralph Reed may not be up to speed on the issue."

However, the spokesman confirmed that Reed had proposed moving the U.S. Embassy from Tel Aviv to Jerusalem in order "to help preserve the peace of the settlers there against Palestinian terrorism."

Venice, not so glorious upon closer inspection

by Nora Hamerman

The Glory of Venice: Art in the Eighteenth Century

Edited by Jane Martineau and Andrew Robison
Yale University Press, New Haven and London,
1994

527 pages, illus., with bibliography; \$55
hardbound, \$39.95 softbound.

Temporal coincidence may be about the weakest form of causality, although it is frequently resorted to, by ambitious politicians and sloppy journalists. Thus, “it stopped raining,” or, the Berlin Wall fell “during my administration,” therefore “I take credit for this positive change”—if I am George Bush, for example. It was not much more convincing when Andrew Robison, the otherwise punctilious curator of the exhibition “The Glory of Venice”—seen late last year at the Royal Academy of Arts in London and on view Jan. 29-April 23 at the Washington, D.C. National Gallery of Art—told the press that the exhibition of Venetian paintings, prints, and drawings of the 18th century is related to the American founding fathers, who, like Venice, he alleged, exemplified the thinking of the Enlightenment. It’s just not so.

But the exhibition is worth seeing, for two somewhat contrary reasons. One is that viewing such a broad range of the art of Venice at the time when the treacherous “republic” was at its nadir of overt political power but at its zenith of cultural hegemony (and hence of covert political power) is bound to offer valuable lessons regarding the manner and means of cultural warfare and subversion practiced by Venice’s latter-day oligarchist pupils today centered in the City of London.

The second reason, which will be developed in the last part of this review, is that there were indeed real artists in Venice, particularly among those individuals who had a gift for penetrating into the bizarre mix of comedy and tragedy which surrounded Venice, and often among those who were the less famous in their own day.

Just to set the record straight: The “Serenissima Repubblica” of Venice in its waning days, before it fell to the invading Napoleonic army in 1797, was coincident in time, but opposite in intention, to the noble experiment of founding the American Republic. One crucial example can be cited:

The principles embodied in the preamble to the U.S. Constitution, to “form a more perfect Union” and “to promote the general welfare,” were in polemical opposition to the imperial looting programs of the British East India Company masquerading as “free trade,” whose ideologues such as Adam Smith were straight plagiarists of the Venetian 18th-century proto-“game theorist,” Giammaria Ortes, who pioneered such anti-human ideas as the earth’s “limited carrying capacity” and “overpopulation.”

What was Venice?

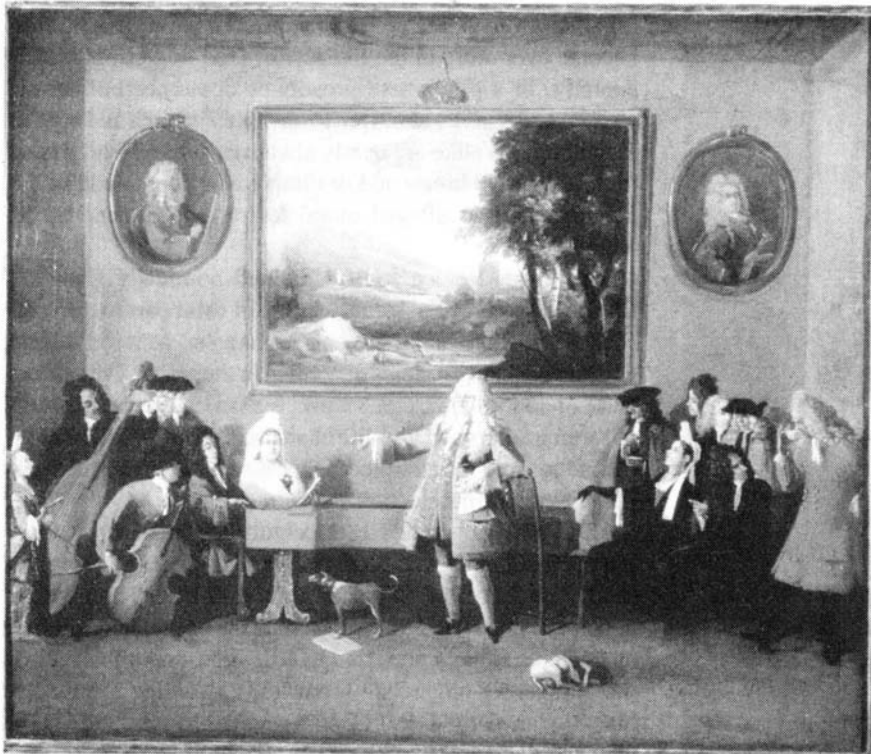
A number of articles in *EIR*, *New Federalist*, and *Fidelio* magazine over recent years have developed the image of Venice—which is often presented as a second center of the Renaissance after Florence—as a capital of the world oligarchy which took on all the characteristics of oriental despotism from the Babylonian and Byzantine empires and never really became part of western civilization.

From Webster Tarpley’s Nov. 18, 1994 article in *EIR*, entitled “Venice’s War against Western Civilization,” we take the following succinct description of the Venetian oligarchist mentality: “Oligarchs identify wealth purely in money terms, and practice usury, monetarism, and looting at the expense of technological advancement and physical production. Oligarchs have always been associated with the arbitrary rejection of true scientific discovery and scientific method in favor of open anti-science or more subtle obscurantist pseudo-science. . . . The oligarchy has constantly stressed race and racial characteristics, often as a means for justifying slavery.”

Tarpley explained: “A pillar of the oligarchical system is the family fortune, or *fondo*, as it is called in Italian. The continuity of the family fortune which earns money through usury and looting is often more important than the biological continuity across generations of the family that owns the fortune. In Venice, the largest *fondo* was the endowment of the Basilica of St. Mark, which was closely associated with the Venetian state treasury, and which absorbed the family fortunes of nobles who died without heirs.”

By sometime in the early 16th century, the oligarchs who ruled Venice had determined they could not directly destroy the greatest fruits of the Golden Renaissance which had spread from Florence in the second half of the 15th century—modern science, and the modern nation-state—and therefore, they determined to *undermine* these from within.

As Tarpley put it in “Palmerston’s London During the 1850s, a Tour of the Human, Multicultural Zoo” (*EIR*, April 15, 1994), from the early 16th century onward, “Venice was a cancer consciously planning its own metastasis. From their lagoon, the Venetians chose a swamp and an island facing the North Atlantic—Holland and the British Isles. Here the hegemonic *Giovani* party would relocate their family fortunes, their *fondi*, and their characteristic epistemology. France was also colonized, but the main bets were placed



"The Opera Rehearsal," painted in London by Marco Ricci, c. 1609. (Private collection, U.S.A.)

further north."

Tarpley further explained this in "How the Dead Souls of Venice Corrupted Science," (*EIR*, Sept. 23, 1994). There were three consecutive important groups of "Venetian dead souls" who attempted to suffocate scientific discovery by "using formalism and the fetishism of authoritative professional opinion." The first were active in the first part of the 1500s, the second group opposed Johannes Kepler in the early 1600s, and the third group, around Antonio Conti and Giammaria Ortes in the early 1700s, coincides with the paintings exhibited in the London-Washington show.

The apotheosis of the occultist magician Sir Isaac Newton as a "great scientist" which is almost universally accepted today—despite the fact that his only "achievement" was a distorted cribbing from Kepler—was arranged, as Tarpley shows, by Antonio Conti of Venice, who succeeded in shaping a network of French Anglophiles and posed himself as a "mediator" in the polemic over the calculus then raging between Newton and the great German economist, physicist, and philosopher Leibniz, when in fact he was a total partisan of Newton's reductionist views.

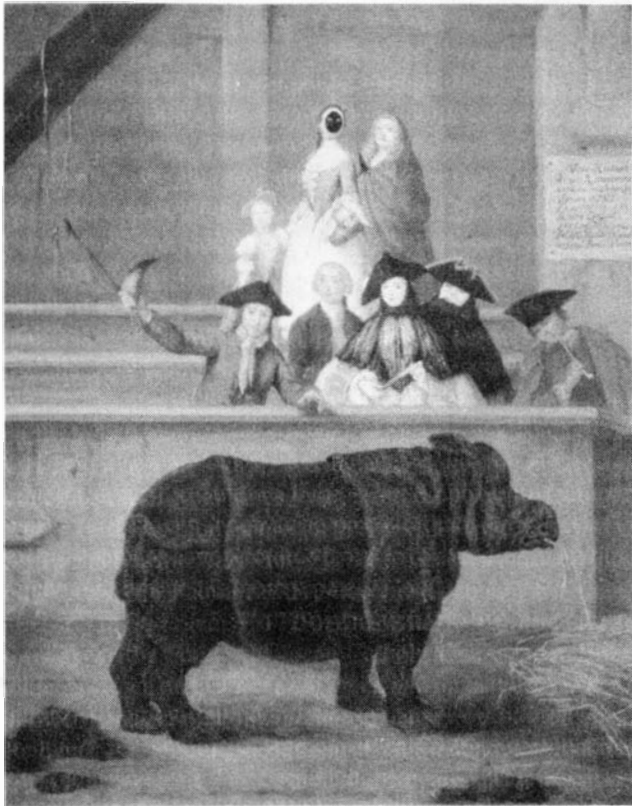
Then there was Algarotti, another Venetian in Conti's circles who wrote, in Italian, *Newtonian Philosophy for Ladies*. Algarotti was a close friend of the most celebrated French libertine, Voltaire, whose short novel *Candide*, was a "distillation of Venetian cultural pessimism expressed as a raving attack on Leibniz, through the vicious caricature Dr. Pangloss." Algarotti was also involved in forming the homosexual harem around British ally Frederick the Great of Prussia,

who made Algarotti his court chamberlain at the palace of Sanssouci in Potsdam.

Compare Venice with the real Renaissance

Keeping all of the above in mind as background, it was most instructive that there was an overlap of six weeks between another major show at the National Gallery, the one dedicated to Italian Renaissance Architecture, and the Venice show. The visitor who studied the magnificent models of St. Peter's, the Cathedral of Florence, and the Cathedral of Pavia, dating from the mid-1400s to the end of the 1500s, and then walked to the other wing of the West Building to see the Venice show, would have been struck by how much of the stylistic forms of the Renaissance were metamorphosed, yet still recognizable, two centuries later in the Venetian art.

The famous Venetian "view" paintings seem to capture many of the architectural forms which Brunelleschi, Bramante, Michelangelo, and others had rediscovered and recast from Greco-Roman antiquity, and to bathe them in the brilliant light for which Venetian art has long been famous. By comparison with French imitations of the same era (let alone the Impressionist School of a century later) these pictures have, undeniably, much to charm the eye and even to appeal to the intellect. But it is when one studies the treatment of the human figure, and human relations within "history paintings," which from the 1300s onward were always the pivot of Italian art, that a startling insight is gained into the Venetian version of the Renaissance. Saints, or ancient heroes, when



"The Rhinoceros," 1751, by Pietro Longhi. (Ca' Rezzonico, Venice)

they appeared in paintings of the original Renaissance, are shown undertaking significant deeds within appropriately beautiful settings. Typically for the cycles of Bible stories and saints' lives in the 15th-century Renaissance, it is only in the final painting of the mural cycle that we encounter the hero in ecstasy, contemplating his or her own death and transport to the purely spiritual realm. The mystical state which the saint attains is always affirmed as an important reality, but it is "earned" and truly continuous with his self-transformation and constant growth of character seen in his earthly actions.

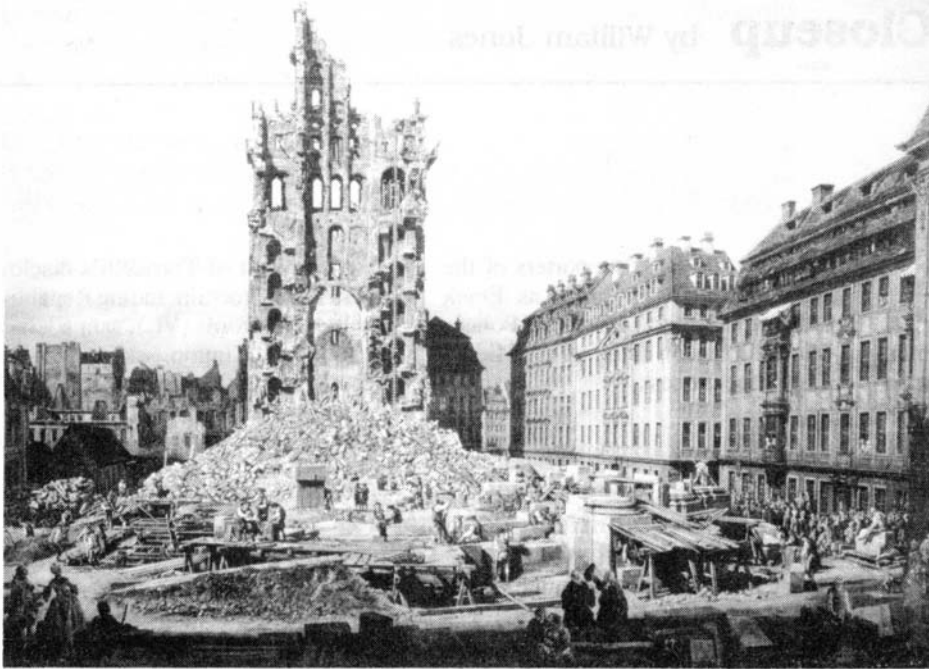
In Venetian art, all these intermediate steps are ruled out or turned into mere incidentals in the spectacle of martyrdom or ecstasy, as the paintings by Piazzetta, one of the featured artists in the exhibit, especially show ("Virgin and Child Appearing to St. Philip Neri," 1725; "Guardian Angel with St. Anthony of Padua and St. Gaetano Thiene," 1727; and "Ecstasy of St. Francis," 1729). This is not merely because in the wake of the Council of Trent, Catholic Church authorities clamped down on the range of legend and fantasy artists were allowed to use in weaving narratives of the lives of the saints. Rather, it is a genuine subversion and ultimate reversal of the Christian-humanist message of the Renaissance, in which man, born in the image of God with the potential to create in

imitation of the Creator, strives through his own actions to become ever more in the likeness of God as well. Not accidentally, in a city where prostitutes outnumbered married women and nuns by about ten to one, holy women and mythological figures alike are nearly always portrayed with a good deal of exposed breast and/or dimpled derriere to add titillation to whatever alleged moral lesson is contained in the picture.

Although Venice itself remained nominally Catholic, Christianity played a distant second or third part to the Reasons of the State in the City of the Lagoon, as it did largely in the Protestant satrapies of Venice in the north, Amsterdam and London. In Piazzetta's work, his famous genre paintings of fortune tellers and low-life characters blend almost without distinction into the altarpieces, because both share a preoccupation with the momentary sensation.

The most celebrated 18th-century Venetian artist on an international scale was Giovanni Battista Tiepolo, renowned as a "great decorator." Tiepolo's pictures share the sensationalism of Piazzetta, but instead of semi-bestialized low-life characters, Tiepolo preferred to turn almost all of his figures into simpering oligarchs. A particularly telling example is his "St. James the Great Conquering the Moors" (1749), in which the conquered "Moor" is shown as a black African slave, a rather explicit acknowledgment of Venice's role in establishing the black African slave trade two centuries earlier. But for all his tremendous celebrity, then and now, it is only slightly exaggerated to observe that all of Tiepolo's vast output—like airline food—looks and tastes alike.

The exhibit offers a multitude of examples of how Venice "metastitized" into northern Europe, particularly into Great Britain, then building its world empire on the Venetian model of looting and exploitation: Among these, is a picture which is the combined effort of three famous Venetian artists, Canaletto, Piazzetta, and Cimaroli (1726), the "Allegorical Tomb of John, Lord Somers," or the hilariously titled "Allegorical Tomb of Admiral Sir Cloudisley Shovell" by Marco and Sebastiano Ricci (1725). Likewise, one of Piazzetta's most elegantly illustrated books is *Il Newtonianismo per le Dame, ovvero dialoghi sopra la luce e i colori*, the aforementioned *Newtonian Philosophy for Ladies*, published by one of the most famous Venetian publishers, Giambattista Pasquali. The catalog entry recounts, "The author simplified Newton's scientific theories of light and discussed the existence of mechanical laws governing the celestial bodies; the fact that it was first published anonymously and with the place of publication falsely given as Naples, whereas it was probably published in Venice or Padua, may have been a precautionary measure to avoid Venetian censorship in a city that still defended the belief in the divine nature of the celestial world." Publisher Pasquali, described as a shrewd businessman, was a close friend of Consul Smith, the English consul who fostered the close relations between Venetian art and British aristocratic collectors.



"Ruins of the Kreuzkirche," 1765, by Bernardo Bellotto. (Dresden, Staatliche Kunstsammlungen)

But irony also intrudes

This is not to say that everything in this show is merely sensationalist propaganda for the Venetian world-outlook. Two artists who conformed less and stood in the shadow of their more successful relatives, stand out for a more thoughtful contribution to the history of art and thought. One is the nephew of the famous view-painter Antonio Canaletto, Bernardo Bellotto, who also went by the name "Canaletto." It seems to be the view of the exhibit's curators that Bellotto surpassed his uncle in depth of feeling and originality, and this is a view with which this reviewer concurs. Bellotto left Venice to travel widely throughout northern Italy and northern Europe, adopting a somber palette which is distinctively his own. His picture of "The Ruins of the Kreuzkirche in Dresden" (1765) is shocking for its almost photographic realism, and at first glance one might think it depicts Dresden after the World War II firebombing.

Giandomenico Tiepolo, the son of the famous decorator, added a touch of melancholy irony to his drawings, paintings, and etchings which often surpass the productions of the slapdash father. His 24 etchings of the "Flight into Egypt" were certainly influenced by Rembrandt, not only in the technique of using black and white to achieve an incredible coloristic range of shades, but also in his imaginative creation of sub-episodes and sidelights of the bare Biblical narrative, reminiscent of Rembrandt's treatment of the story of Tobias.

Then there is Pietro Longhi, who specialized in the small narrative genre scenes which were often painted by other Venetian artists as a sideline. Longhi's insights into Venetian hypocrisy are delicate and ironical, as in the most famous of his pictures, featured in the Washington show, of masked

Venetian aristocrats viewing a rhinoceros.

A number of other genre paintings are witty documents of Venetian practices and ideology. The view painter Francesco Guardi gives a peek into the sinister environment of the gambling casinos where Giannaria Ortes developed his theories of statistical chance and probability, "The Ridotto," 1754-58, which corresponds in date precisely to Ortes's first writings.

Much earlier, Marco Ricci, a Venetian artist who traveled with his more famous relative Sebastiano Ricci to England in 1712-16, left a memorable image of an opera rehearsal in London from the days when opera was dominated by male castrati sopranos, one of Venice's leading exports of the day. The influence of Venice on musical life in Europe, particularly in Vienna and throughout the German-speaking countries as well as in England, can hardly be overestimated. Mozart's Italian librettist, Lorenzo da Ponte, was also Venetian, which affords something of an explanation of the immoral features of *Don Giovanni* which later perplexed Beethoven. Curator Robison pointed out that Sebastiano Ricci's picture, "The Punishment of Cupid" (1706-07), is typical of the Venetian/Enlightenment mentality, in that Cupid, shown being whipped and plucked by winged avengers after he abandons Psyche, is allowed to enjoy his illicit pleasures but that ultimately justice is done, as in the dénouement of the Mozart opera *Don Giovanni*, where the libertine hero is taken to hell after seeming to get away with everything until the end of the opera. One can't help suspecting that for Venice, which managed to maintain significant cultural influence long after the demise of the Republic in 1797, the pleasures still seem more important than the pain—especially if the pain can be passed along to others.

D'Amato calls for trade boycott of Iran

Alleging that Iran has placed chemical weapons in the Strait of Hormuz, Anti-Defamation League-henchman Sen. Alfonse D'Amato (R-N.Y.), together with Rep. Peter King (R-N.Y.), introduced legislation on March 27 that would place sanctions on foreign companies that trade with Iran. The measure was immediately endorsed by the American-Israeli Public Affairs Committee (AIPAC) as part of its own "Plan of Action" against Iran.

According to the *Washington Post*, the legislation would "prohibit the U.S. government from doing business with any corporation anywhere that does business with Iran, ban any U.S. exports by or to such a company, and prohibit the importation into the United States of any goods produced by a company doing oil business with Iran or selling Iran goods with a potential military use." The United States is Iran's largest trading partner.

Earlier this year, D'Amato had introduced legislation calling for a total trade embargo between the United States and Iran. The new legislation is also intended to muscle foreign companies to impose an embargo on Iran or else suffer the risk of being blocked from trading with the United States.

"Simply put," said D'Amato in a statement put out by his office, "a foreign corporation or person will have to choose between trade with the United States or trade with Iran."

The measure is also meant to pressure the Clinton administration to take harsher measures against Iran. In mid-March, the administration put a stop to a major oil deal with Iran planned by Conoco. Later, it attempted to thwart a Russian deal with Iran around the development of nuclear energy. The moves against Iran are being

hailed by the U.S. supporters of the Israeli Likud party, such as Frank Gaffney's Center for Security Policy, who are intent on derailing the Middle East peace process.

Torricelli committee assignment threatened

House Intelligence Committee Chairman Larry Combest (R-Tex.) has threatened to throw Robert Torricelli (D-N.J.) off the committee for Torricelli's alleged public disclosures of CIA covert operations, saying that they violate a House secrecy oath and, possibly, the oath taken by members of the committee not to reveal information they learn from the committee.

The House "secrecy oath" was introduced in the 104th Congress under House Speaker Newt Gingrich (R-Ga.). It bars legislators from revealing classified information.

Torricelli disclosed information about a paid CIA informant's involvement in two murders in Guatemala. He wrote a letter to President Clinton about the incident, and Clinton ordered a government-wide investigation into the matter. Torricelli also went public with the information at a press conference in the House Radio and Television Gallery on April 7. Torricelli said that he did not receive any of the information from intelligence panel briefings and therefore did not violate the oath he took as a committee member.

With regard to the newly instituted "secrecy oath," Torricelli said that there was a clear conflict between a House oath to protect classified data, and his oath of office to uphold the Constitution. Secrecy oaths were "not designed to shield unlawful behavior," he said.

As a result of Torricelli's disclosures, 12 senators, including Republican James Jeffords (Vt.), sent a letter to President Clinton asking him to move to secure and review for selective declassification "all U.S. government records pertaining to human rights cases in Guatemala."

Senate approves largest spending cuts in years

The Senate on April 6 unanimously passed the largest spending cuts in recent years. Although the legislation is indicative of the "slash and burn" mentality now prevalent on Capitol Hill, the bill is less destructive than its House counterpart.

A final compromise worked out between Majority Leader Bob Dole (R-Kan.) and Minority Leader Tom Daschle (D-S.D.) restored \$834.7 million for education reform, the national service, drug-free schools, housing modernization, Head Start, Indian housing, and child nutrition programs. The Senate version also leaves intact a \$1.3 billion annual federal subsidy that helps poor people pay their utility bills that had been eliminated in the House version.

The amounts restored in the bill are small, but were praised by Democrats for their symbolic value. The bill also retains a commitment to give Jordan \$275 million in promised debt relief, the elimination of which in the House bill put an additional strain on the Mideast peace process.

The Clinton administration lobbied hard to get the debt relief restored by the Senate after it had been eliminated by the House. The Senate compromise will again face a fight when it goes to conference. "The House is not going to simply roll over and take

whatever they have done," House Appropriations Committee Chairman Bob Livingston (R-La.) told the *Washington Post*.

Republicans try to derail Mexico rescue package

A provision sponsored by Rep. Christopher Cox (R-Calif.) aimed at unraveling the Clinton administration's financial aid package to Mexico, was appended to the defense spending bill on April 4 and passed by a House-Senate conference committee on a voice vote. The measure declares that no loan, credit, guarantee, or currency swap could be made to Mexico until the President certifies that he has provided documents required by a March 1 House resolution.

The March 1 request for documentation came in reaction to President Clinton's tapping, in the face of congressional opposition to any Mexican aid package, the little-known Treasury Department currency stabilization fund to finance the package. Although the administration had said that it would comply and send the House the requested documents, Spencer Bachus (R-Ala.), chairman of the House Banking Subcommittee on Oversight, complained that the administration was responding too slowly. Therefore, the House upped the ante with this added legislation.

"Now is the wrong time for Congress to be taking actions that could have the effect of disturbing financial markets when confidence should be strengthening," warned Treasury Secretary Robert Rubin in response to the measure. Rubin said his department was providing the required records and would be "able to certify" that documents were provided.

Sen. Alfonse D'Amato (R-N.Y.) has also introduced legislation that would limit the use of the Treasury Department's currency stabilization fund to \$5 billion to any one country in a single year.

Simpson targets AARP in finance investigation

Sen. Alan Simpson (R-Wyo.), chairman of the Senate Finance Subcommittee on Social Security, announced on April 7 that he and his staff were investigating the American Association of Retired Persons (AARP) and examining that organization's accounting records, hiring practices, and financial interests.

Simpson's targeting of the AARP is widely viewed as a prelude to Republican attempts to "put Social Security on the table" for cuts in an attempt to balance the budget.

The AARP is a powerful voice for retired people, most of them recipients of Social Security. If Simpson were successful in seriously damaging AARP's ability to function, it would be much easier for him and his Conservative Revolution cronies to gut Social Security as a part of their "deficit reduction" insanity. Up until now, Social Security has been considered sacrosanct by the budget-cutters, but the spokesmen of the Conservative Revolution have made it clear that they intend it for massive cuts.

"They're a huge cash-flow operation," the *New York Times* quoted Simpson as saying. Some "33 million people paying \$8 dues, bound together by a common love of airline discounts and automobile discounts and pharmacy discounts, and they haven't the slightest idea what the organization is asking for."

Simpson has refused to meet with AARP leaders to discuss his alleged concerns. Simpson also complained that AARP's demand for long-term health care for all Americans would "truly bring the country to its knees."

'Tax cut for the rich' pushed in the Senate

Senate Republicans on April 6 promised to press for a package of tax cuts similar to that passed by the House. Led by Presidential "hopeless" Phil Gramm (R-Tex.), conservative Republicans want to follow in the wake of their House counterparts and grease the palms of their wealthy constituents.

"I think this tax cut will strengthen the economy," Gramm whined. A Senate measure would also include a \$500 per child tax credit as a sop to the "middle class," as well as a considerable reduction in the capital gains tax.

Passage of such a measure in the Senate will, however, not be as easy as it was in the House, where frenzy over the Contract with America has well-nigh destroyed any ability by Republicans to weigh the consequences of their actions. Tax cuts are opposed by the two chairmen of the Senate Finance and Budget Committees, Bob Packwood (R-Ore.) and Pete Domenici (R-N.M.), respectively. More interested in instituting an "austerity regime" that can "balance the budget," Packwood and Domenici aren't keen on putting any money into a new tax cut.

Majority Leader Bob Dole (R-Kan.), who has announced his campaign for President, and Whip Trent Lott (R-Miss.), are, however, committed to passing a substantial tax cut this year.

National News

Toffler attacks Clinton in Brazil

British-run fascist Alvin Toffler, who personally recruited U.S. House Speaker Newt Gingrich (R-Ga.) as one of his "Future Shock" troops, denounced President William Clinton during a recent junket to Brazil. In an interview on April 7 with the daily *O Globo*, Toffler raved, "I believe that Clinton is immature, is surrounded by too-young people, doesn't know how to govern, and is corrupt."

Toffler advocates the shift from a "Second Wave" society, in which agriculture and manufacturing predominate, to a "Third Wave" or "information age" society in which agriculture and industry are superseded by communications technologies. Ironically, Toffler was in Rio de Janeiro for a conference of the Executive Forum of Manufacturing Organizations, sponsored by IBM's Brazil affiliate.

"The Republicans face a curious political dilemma," Toffler claimed. "If they investigate the corrupt past of Clinton, they can destroy him. In that case, they would have to confront [Vice President] Al Gore. Gore is clean, smart, better than Clinton, meaning a big threat to the Republicans."

Contract with America blasted on R&D cuts

Rep. George Brown (D-Calif.), the ranking Democrat on the House Science Committee, is "extremely unhappy" with the Republican majority's proposed 30% cut in federal spending on research and development over the next five years. "My own party does not put a very high priority on R&D" either, Brown said at a press roundtable on April 4, but "the Republicans consider applied research the work of the devil."

Concerning the Republicans' claim that private industry will pick up the tab, Brown said, "American private corporations will continue spending less and less" on science, and focus only on product research.

Asked if the Contract with America's proposed tax break will free up private money for research and development, Brown responded, "It never has before." He described the various tax cut proposals as "political gimmicks," and said he would not vote for any of them.

Brown began his meeting with the press by stating that he was surprised that reporters even showed up, because he has "little ability to create news anymore"—expressing the frustration of many mainstream Democrats at the bipartisan insanity gripping the current Congress. Brown stressed the necessity of a vision for the future of science and the nation, adding that he "never felt more of an urgency of expressing it than today."

New scandal washes over Whitewater prosecutor

Whitewater special prosecutor Kenneth Starr is moonlighting as an appellate lawyer for the British-owned Brown and Williamson Tobacco Co., according to an item reported on April 5 in the *Washington Post*.

The *Washington Post* said that "a legal eyebrow or two was raised recently" when it was learned that Starr will be arguing a case before Judge David Sentelle in May.

It was Judge Sentelle himself who headed the panel which dumped former Whitewater special prosecutor Robert Fiske last August and replaced him with Starr. Fiske's removal followed Sentelle's luncheon meeting with North Carolina Republican senators Jesse Helms and Lauch Faircloth, both rabid Clinton-haters.

Despite supervising dozens of lawyers and over 100 FBI agents investigating alleged leads to cooked-up allegations against President Clinton, Starr has managed to keep time free to further represent British interests. The *Washington Post* reported that Starr has entered an appearance to argue an appeal filed in the D.C. Court of Appeals by Brown and Williamson, a subsidiary of British-American Tobacco.

Headquartered in London and now known as BAT Industries, BAT's board of directors includes Lord Cairns (also of S.G.

Warburg), Lord Armstrong, and Clayton Yeutter, secretary of agriculture in George Bush's administration.

U.S. anti-nuclear plotter used British psywar plan

The leading figure in developing the 1970s campaign to destroy the U.S. nuclear industry credits Britain's chief of psychological warfare during World War II for his inspiration, according to a recent issue of the *World Rainforest Report*.

The journal, published by the Rainforest Action Center in Lismore, Australia, is one of the most widely circulated propaganda publications for Prince Philip's eco-terrorist apparatus.

The cover feature reprints the entirety of a speech given in the 1970s by U.S. psychological-warfare specialist David Comey, paying tribute to R.H.S. Crossman for the black propaganda strategy against nuclear power in the United States. According to Comey, Crossman "was the senior British officer in charge of Allied psychological warfare in Europe during the Second World War. Almost universally, he is regarded as the leading propagandist of that period."

Comey, who said he studied psychological warfare under Crossman, cited a British leader saying, "I would say that most, if not all, of what the Americans learned about psychological warfare they learned from Dick Crossman."

Comey's speech was originally printed by Friends of the Earth in 1980.

FBI official censured in Weaver massacre

The Department of Justice has censured Larry Potts, recently named to the number-two post at the Federal Bureau of Investigation (FBI), for his role in the August 1992 Randy Weaver shootout in Idaho, which left Weaver's wife and son and one federal agent dead, and a Weaver family associate injured. Potts was censured on April 5 in a

Briefly

● **THE IRS** has now joined the "Get Clinton" task force, according to *New York Post* columnist John Crudele. Crudele claimed on April 3 that the IRS is investigating whether Arkansas businessmen were given loans from the Arkansas Development Finance Authority, in return for kickbacks to then-Gov. Bill Clinton's election campaigns.

● **WALL STREET** austerity-monger Peter Peterson declared, in a *New York Times* commentary on April 9, "Fiscal control requires cost-cutting reforms across all major entitlement programs," and "it simply can't be done" without cutting Social Security, which he claims is "frighteningly unsustainable."

● **ROBERT MCNAMARA** now claims he regrets the Vietnam War. In his memoir *In Retrospect: The Tragedy and Lessons of Vietnam*, McNamara writes that he and his colleagues "were wrong, terribly wrong," about the war. McNamara claims he wrote the book because "I have grown sick at heart witnessing the cynicism and even contempt with which so many people view our political institutions and leaders."

● **GEORGE BUSH** will address Citibank-sponsored conferences in Hanoi and Ho Chi Minh City, Vietnam in September 1995. He would be the first U.S. President to visit Vietnam since Lyndon Johnson in 1966. His press agent claimed that Bush "doesn't really have a political agenda in going there."

● **AT&T** has been granted permission to offer long-distance service between the United States and North Korea. The Federal Communications Commission recently approved the proposal, following the Clinton administration's January decision to ease sanctions on Pyongyang.

● **JACK KEMP** has been named by House Speaker Newt Gingrich (R-Ga.) and Senate Majority Leader Bob Dole (R-Kan.) to head a study of the "flat tax" and "economic growth."

letter from Deputy Attorney General Jamie Gorelick.

Gorelick also issued letters of censure to the FBI, to the U.S. Marshal's Service, and to the U.S. Attorney in Idaho, all of whom were criticized for their handling of the 11-day siege and for the shootings. Gorelick issued her censure letter to Potts on the basis of a 542-page Department of Justice report on the incident.

Potts was censured for issuing "rules of engagement" to agents on the scene, saying that FBI sharpshooters "could and should" use deadly force against anyone at the scene carrying a weapon.

Potts denied that he ever issued the order, which Gorelick described as possibly unconstitutional. Two senior FBI agents at the scene, however, including the head of the Bureau's hostage rescue team, said they spoke with Potts an hour before the Vicky Weaver murder and received the explicit new rules of engagement.

FBI agents are only allowed to use deadly force when there is an immediate threat to their lives.

Gerry Spence, Randy Weaver's attorney, sharply criticized the Gorelick letter in an interview on April 5 with Associated Press: "She finds everybody did everything wrong under the supervision of Potts, who is going to be the number two man in the FBI, but the result is nobody is prosecuted and nobody goes to jail. It is very frightening if the FBI can get away with killing by decree, and that's what's being glossed over here."

Anti-Islamic propagandist puffs terrorist threat

Steve Emerson, producer of the recent Public Broadcasting System propaganda documentary "Jihad in America," recently used the U.S. Congress as yet another forum to demonize Muslims and Arabs in the United States and abroad. Emerson appeared as the lead witness at a hearing on April 5 of the House International Relations Committee on "The Threat of Islamic Extremism In Africa."

Emerson, a former correspondent for

U.S. News and World Report who also worked for Cable News Network (CNN), is connected with the Israeli Mossad, and is also believed to have ties to the U.S. military.

Emerson started off by claiming that he and his colleagues have collected "more than 150,000 documents, records, videos, tapes, manuscripts, and publications, and reports" which solely deal with the issue of "radical Islamic fundamentalism."

Emerson attacked nearly all Islamic institutions operating in the United States for "sponsoring terrorist activities abroad," and did not even spare the charity organizations which send money to the orphans and the needy in Palestine.

One-third of U.S. schools need extensive repair

In the first national survey of the physical condition of schools in the United States conducted since 1965, the General Accounting Office has found that one-third of them require "extensive repair or replacement of one or more buildings." The total cost of upgrading the facilities to a satisfactory condition is estimated at \$112 billion.

Almost 60% of U.S. schools have one major building in disrepair, which needs "to be extensively repaired, overhauled, or replaced." About half of U.S. schools report having at least one unsatisfactory environmental condition, such as poor ventilation, heating, or lighting, or inadequate physical security.

Many school officials told General Accounting Office surveyors that their districts have been forced to defer "vital maintenance or repair expenditures from year to year due to lack of funds."

On top of \$101.2 billion to repair and upgrade school facilities, an additional \$10.7 billion is projected to meet federal mandates, such as providing or improving access for handicapped individuals. This includes \$2.4 billion for removal of asbestos insulation, a supposed health threat wildly exaggerated in the U.S. news media generally.

The hand behind terrorism

While attention has been focussed on the March 20 poison gas attack in Japan, it is instructive to recognize how the activities of Greenpeace are operating in tandem with the international media coverage centering on the Aum Supreme Truth sect as the leading suspects in the subway terror. Both operations aim to create the maximum chaos and destabilization within Japan and in Asia generally.

Who is the puppet-master? In last week's *EIR* (p. 36), we pointed to growing evidence that the British oligarchy bears ultimate responsibility for the acts of "blind terrorism" perpetrated in Tokyo.

In the case of Greenpeace, we have extensively documented the role of Prince Philip and the oligarchic planning committee known as the Club of the Isles. It is the Windsor family, on behalf of an international oligarchy, which is at the center of operations intended to destroy the nation-state (see *EIR*, Oct. 28, 1994, "The Coming Fall of the House of Windsor").

Japan is now a target of the environmentalist movement worldwide, according to the propaganda issued by the environmentalist groups themselves. Not only is the Japanese nuclear industry under attack, but also logging and mining operations, and chemical and fishing industries. In the eyes of the puppet-masters, the Japanese have committed a serious sin: They have so far been unwilling to destroy their physical economy at the same rate as has occurred in Prince Philip's base of operations in the British Isles.

Mitsubishi has been singled out for attack by the Greens as far afield as the Amazon, the United States, Canada, Siberia, Australia, New Guinea, and Indonesia. Its plants have been sabotaged, and terrorism has included bombings of its plant and equipment.

While many environmentalist groups are involved in such terrorist acts, the unique thing about Greenpeace is the paramilitary nature of its operations. For example, in January and February, it deployed ships and helicopters against the Japanese shipping fleet. The group's major focus, however, has been against Japanese reprocessing of plutonium fuel. Greenpeace's ship *MV Solo* is currently tracking a shipment of plutonium waste on its still-undisclosed route

from a French reprocessing plant to its country of origin, Japan.

When we reflect upon the kind of mentality evidenced by the puppet-masters who deploy groups such as Greenpeace, we visualize the face of the man who said of himself: "In the event that I am reincarnated, I would like to return as a deadly virus, in order to contribute something to solve overpopulation." These are Prince Philip's sentiments, as stated in his 1986 Foreword to Fleur Cowles's book *People as Animals*.

Every time we read of innocent people being massacred, we must reflect on the deeper issues involved and the true face of evil. We are involved in a life-and-death struggle, indeed, a war. The use of the weapon of seemingly aimless terror, such as that used in the poison-gas incident, or the more targeted violence against ships carrying plutonium, is not an instance of isolated violence, and certainly not a sociological phenomenon. Rather, it is irregular warfare being waged against the nation-state.

Japan, along with China and other nations, is being targeted for fear that it will line up in the American camp, at a time when the international financial system is disintegrating and decisions must be made about a new world financial system.

The real target of the oligarchs who are running this war is civilization itself. They hope that by orchestrating a chaotic environment in which "random," unprovoked violence becomes the norm, they can impose their will and replace the republican nation-state.

They cannot be allowed to reverse the great achievement of the Renaissance, which created a Christian civilization based upon the nation-state. A first step in defeating terrorism is to recognize that, while terrorists must be identified and stopped, terrorism itself will only be wiped out when we have defeated the evil force exemplified by the British monarchy resident in London. A small group of oligarchs cannot defeat an organized force of men and women who know that they are defending not only their homes, but the very civilization which allows us to realize our purpose here on earth, as men and women created in the living image of God.

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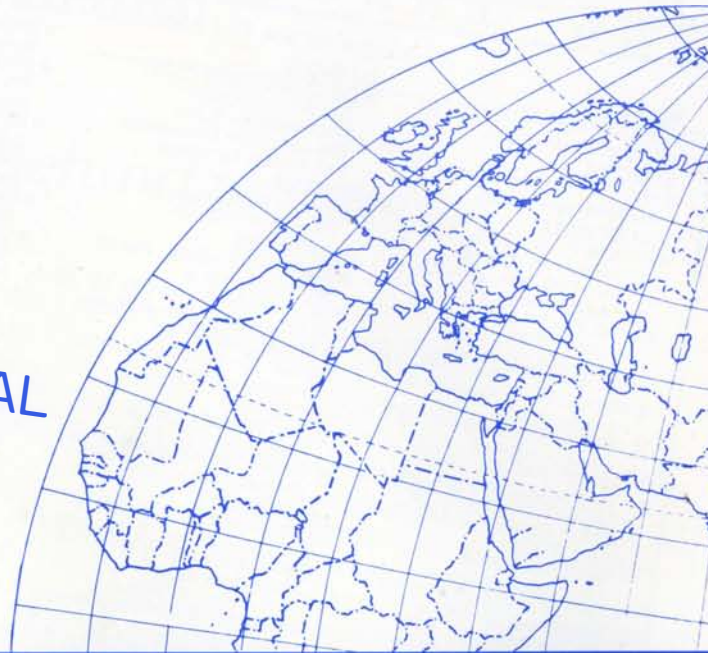
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