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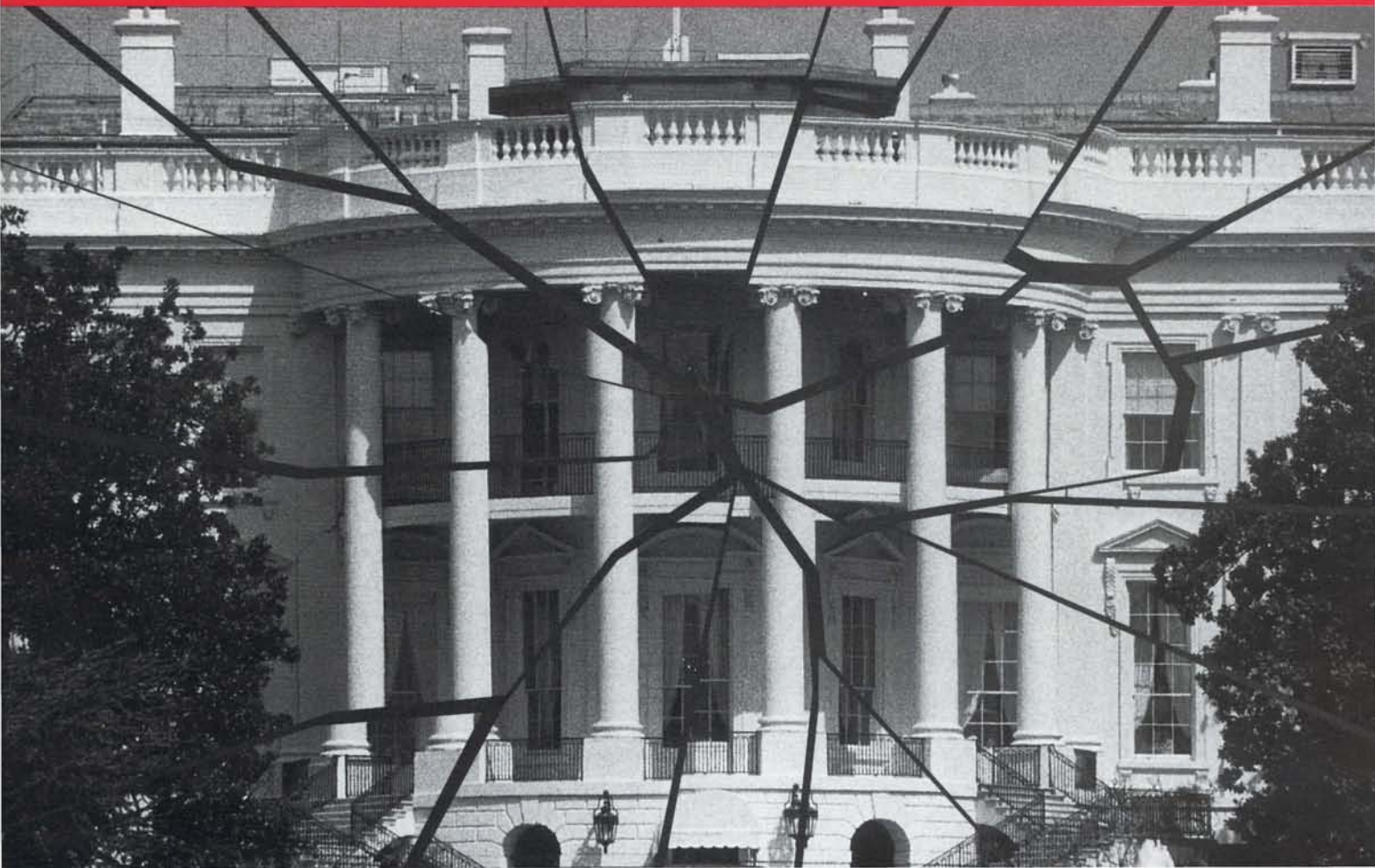
Executive Intelligence Review

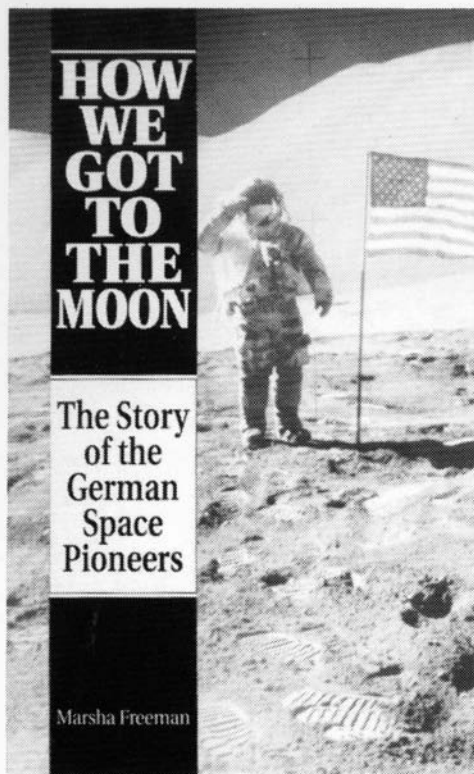
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British demand dictatorship for the crash
The dynamics of the global economic breakdown
CELAM urges integration for Ibero-America

**International terrorism
targets the United States**





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European Headquarters: Executive Intelligence Review
Nachrichtenagentur GmbH, Postfach 2308,
D-65013 Wiesbaden, Otto von Guericke Ring 3, D-65205
Wiesbaden, Federal Republic of Germany
Tel: (6122) 9160. Executive Directors: Anno Hellenbroich,
Michael Liebig

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

In Mexico: *EIR*, Francisco Díaz Covarrubias 54 A-3
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From the Editor

Five years ago in the April 27, 1990 issue of *EIR*, a feature article posed the question, "Is the British Oligarchy Preparing to Balkanize the U.S.?" Author Webster G. Tarpley warned that a scenario for the breakup of Canada into several separate countries, promoted by the *Washington Post*, heralded "the balkanization, separation, and partition of the United States itself, in an orgy of secessions, confederations, enclaves, and exclaves—all conducted under the financial dictatorship of the supranational monetarist institutions typified by the U.S.-Canada Free Trade Act and the proposed North American Common Market."

Tarpley wrote at that time, that "indications were multiplying that, 125 years after the end of the secession crisis of the American Civil War and the assassination of Abraham Lincoln, the pro-Soviet British oligarchy is preparing an attempt to break up the federal Union that Lincoln had saved. The Canadian events, as Lyndon LaRouche pointed out, appear destined to spread the 'bacillus of separatism' into the United States, with the included option of 'carving up' and 'feudalizing' this country."

One month after that *EIR* analysis was written, Prince Philip of Edinburgh showed up on American shores, in May 1990, as if to confirm in person the British Crown's backing for the division and reconquest of the colonies, under "environmentalist" pretexts (see p. 18). And in April 1995, exactly five years after the *EIR* feature, the Oklahoma City bombing of the Murrah Federal Building brought the plan—with its "left" and "right" components carefully fostered and manipulated over the intervening period—much closer to fruition.

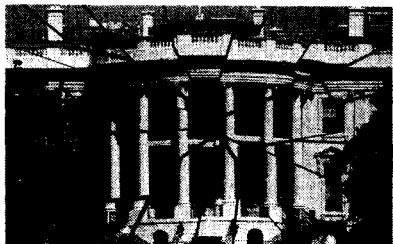
This establishes *EIR*'s unique authority on the topic of our latest *Special Report*. The package published in this issue assembles the evidence upon which the only competent hypothesis regarding the Oklahoma incident can be based: that it was an act of international terrorism with political-strategic objectives at a far higher level than may be perceived by the direct perpetrators.

Read Lyndon H. LaRouche, Jr.'s article, "The Dynamics of the Global Economic Breakdown," to understand why the British are so desperate about regaining the financial and political power which is slipping through their fingers.

Nora Hamerman

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Special Report



The British have the White House and the American Republic in the crosshairs.

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Correction: In our issue of May 19, an error appeared in the article on "Theory of Ice Ages, Not 'Global Warming,' Predicts Melting of Antarctic Ice Shelf." The last sentence in the first column on p. 10 should read: "Summer in the Southern Hemisphere has been occurring very near the point of closest approach to the Sun for over a millennium."

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An act of international terrorism

by Lyndon H. LaRouche, Jr.

The following was written on May 18.

Virtually identical studies reported to this news service by three authoritative sources, indicate, that the mass-murderous blast which destroyed the Oklahoma City Federal building, on April 19, 1995, was not simply a large "fertilizer bomb," but a shaped charge designed and placed with a degree of sophistication beyond the capability of any of the suspects touted by the British major news media and their "American cousins." Those engineering studies of the effects of the blast upon the building's structure, indicate that the agency which prepared and designed the shaped charge and its placement were at a level above ordinary Special Forces training, the level of military intelligence specialists, or higher.

That report is consistent with this news service's own acquired expertise in investigating international terrorist incidents, during the course of the 1970s and 1980s. Frequently, the famous terrorist groups featured in the news media's reports were either nonexistent, or were only a screen behind which professional intelligence agencies operated.

In our 1970s experience, that was the case in Wilfrid Boese's predicted role in the "Entebbe" hijacking. That was also the case in the 1978 kidnap-assassination of Italy's former Prime Minister, and Henry Kissinger adversary, Aldo Moro. That has been the case in our continuing investigation of the Feb. 28, 1986 assassination of Sweden's Prime Minister Olof Palme, which worked conspicuously to the benefit of the Iran-Contra international weapons-traffickers of the 1985-86 period. That was the case, to the advantage of the policies of the government of Britain's Prime Minister Margaret Thatcher, in the Nov. 29, 1989 assassination of Deutsche Bank chief Alfred Herrhausen; in his case, and that of the murder of Detlev Rohwedder (the head of the Treuhand agency responsible for East German state industries in the newly reunified Germany), the news media insisted, without a shred of evidence, that Herrhausen was assassinated by a no-longer-existent Baader-Meinhof Gang.



"Look at the Oklahoma bombing through the eyes of a law-enforcement investigator," says Lyndon LaRouche. Pictured: Onlookers came for a final look at the bombed-out Alfred P. Murrah Federal Building in Oklahoma City, on May 22, the day before the building was imploded by authorities.

In the present case, the Oklahoma mass-murder, it is not this newsweekly's function, to suggest either the complicity, or innocence of any among the putative suspects detained or sought for questioning; that, we leave to the relevant authorities to discover. Our concern is that we undo some of the damage wrought by another "usual list of suspected perpetrators," the leading, usually lying, popular news-media of the U.S.A. and western Europe.

In virtually every case of international terrorism we investigated during the 1970s and 1980s, large portions of the international news-media played an indispensable part in bringing about the relative political success of the crime. The culpable complicity of that news media, today, in the Oklahoma case, as earlier, whether through folly or culpability, is centered in spreading the myth that terrorism is to be explained away as "a sociological phenomenon."

We ask the reader to attempt to look at the Oklahoma bombing, for a moment, through the eyes of a law-enforcement investigator.

Suppose you were such a detective, and your assignment were to assist in the apprehension and conviction of a presently unknown perpetrator who killed several bystanders during his commission of attempted armed robbery of a convenience store. On the basis of that information, what are you seeking: a suspected killer, or a suspect in an armed robbery? Until evidence impels you to consider a different construction of the case, you will be tracking armed-robbery suspects.

Similarly, in the Oklahoma case, what you would be investigating, is not a matter to be investigated as simply a

"bombing." It is a case in which all of the principal leads indicate that the bombing was done in the course of execution of a distinctly different quality of crime: *an act of international terrorism*. The most important clues you have been given so far, are three. The first is the scientific experts' information that this was a sophisticated bombing, beyond the capabilities of the kinds of ex-military found among the "militias." The second is the involvement of a top-ranking member of the British oligarchy, Lord William Rees-Mogg, both in pre-orchestrating the political environment in which the bombing occurred, and in a malicious attempt to exploit the mass-murderous incident, against the President of the United States, after the bombing had occurred. The third is massive documentation that the strata to which Lord Rees-Mogg has pointed as his suggested list of suspects for the bombing, have been, like Rush Limbaugh and Rev. Jerry Falwell, for nearly two years the open tools of the British establishment in its attempt to destroy President Bill Clinton.

Those three pieces of evidence are unique to this case, of course; but, they represent a pattern of evidence which fits only one known classification of crime: *a case of international terrorism*.

Of what is Lord Rees-Mogg guilty?

The conduct of Lord William Rees-Mogg, both before and after the Oklahoma terrorist bombing, expresses what the Nineteenth Century would have regarded as a virtual state of imminent general warfare between the British monarchy and the President of the United States.

In this report

What is really behind the most shocking act of terrorism in American history? In these pages, *EIR* assembles its own investigative report, commissioned by Lyndon H. LaRouche, Jr. and compiled by a research team led by Kathy Klenetsky and Jeffrey Steinberg, assisted by Anton Chaitkin, Charles Tuttle, and Scott Thompson.

Introduction: An act of international terrorism. By Lyndon H. LaRouche, Jr.

I. Documentation: British propagandists shaped the climate

a. *Propagandists of the Oklahoma deed.* Profiles of British intelligence “journalists” Lord William Rees-Mogg and Ambrose Evans-Pritchard

b. *Chronology of the deed.* How the propaganda was unfolded before and after the April 19 bombing in Oklahoma City, for a calculated political effect

c. *Chronology of irregular warfare.* Two and a half years of an escalating strategy of tension have hammered the United States since the eve of William Clinton’s election in 1992

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II. The British royals plot to balkanize the United States. Those who say that the dissolution of the United States is “inevitable,” have spared no effort in bringing this about. A documentary report on who is shaping the scenarios for nine separate nations in North America, and how they manipulate their pawns

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d. *‘Resist, revolt, and rebuild.’* Llewellyn Rockwell of the Von Mises Institute

e. *The wise use movement: How populists are turned into traitors.* Ron Arnold of The Center for the Defense of Free Enterprise, author Wayne Hage, and financial consultant Steven Hanke

There is no real mystery as to the issues of this conflict; as avowed British foreign-service agent Henry A. Kissinger seems never to tire of explaining: The issues of the wartime conflict between Prime Minister Winston Churchill and President Franklin Roosevelt are the continuing source of chronic, occasionally mortal, quarrels between London and the United States since the U.S. War of Independence. Those are the issues between Lord Rees-Mogg and Kissinger, on the one side, today, and President Clinton and his supporters, on the other side.

Today, as in every time of open quarrels between the United States and Britain, since 1776, London relies largely upon its base of anti-U.S.A. operations in nearby Canada, and those U.S. citizens who walk in the footsteps of the British intelligence service’s Tory assets of 1776-83, and of the treasonous “Hartford Convention” of 1814. Today, the broadest political mass base of Britain’s organized anti-Clinton collaborators inside the U.S.A., is located in a network of British intelligence operations deployed under the cover of the Mont Pelerin Society and such Mont Pelerin Society offshoots as the Washington, D.C.-based Heritage Foundation, the National Taxpayer’s Union of Rees-Mogg and James Dale Davidson, and the London-steered *American Spectator* magazine. This network, directed under the cover of Britain’s Mont Pelerin Society, is recognized as the radical “neo-conservatives” assembled around Speaker of the House Newt(on) Gingrich’s “Contract with America,” Presidential candidates Phil Gramm, and would-be “kingmaker” George Bush’s current favorite candidate, California’s Pete Wilson. The relevant “neo-conservative” talk-show hosts, such as Rush Limbaugh, and their network of native populists turned anti-Clinton fanatics, are the street-level assets of the London-coordinated “neo-conservative” network.

The British public figures most visibly involved in directing the U.S. neo-conservatives and their populist fellow-travellers against the U.S. Constitution, as well as the Clinton Presidency, include Lord William Rees-Mogg; Canada-based press baron Conrad Black’s Washington-based correspondent Ambrose Evans-Pritchard; Sir Peregrine Worsthorne, the politically ever-faithful stepson of the British banker who ordered that his protégé Adolf Hitler be brought to power in 1933 Germany; and the weekly *American Spectator* rag. As *EIR* has documented these facts, the common aims of these British controllers of the U.S. “neo-conservative” ferment, are the destruction of the U.S. Federal Constitution, the permanent destruction of the United States as an agro-industrial nation-state, and the revival of the pre-1865 British plan for dismemberment of the United States itself into a divided pack of squabbling petty tyrannies, perpetually at war with one another.

The reason for the mouth-foaming vehemence of London’s bitter hatred against President Clinton is not far to find. The reason is found in the presently accelerating, and inevitable collapse of that worldwide, International Monetary Fund (IMF)-centered monetary system on which the British financier oligarchy bases what are often called, eu-

phemistically, Britain's "invisible earnings." Symptomatically, two of the British royal family's financially key banking representatives, were put up for auction: Barings and the London Warburg bank. Of more profound significance for the British oligarchy at large, is the ongoing liquidation of Lloyd's of London. The entire global monetary and financial system on which the British oligarchy's power depends, is doomed for early destruction, and this thought has lately reached the mind's eye of the leading British oligarchs with startlingly painful brightness.

Ignore those Wall Street Yuppie nitwits who dream that they can blow the "derivatives" bubble forever. The end of the present global monetary and financial system is very near. There are only two alternatives. Either leading governments, including that of the United States, act together to put the bankrupt, present IMF system into financial-bankruptcy reorganization, and create a new system of national banking to replace it, or the whole shebang goes beyond a mere general financial collapse, into the kind of chaos which struck occupied Weimar Germany during the 1922-23 interval. The London oligarchy would much prefer the chaos, hoping that they might regain their global influence and power in that state of chaos.

With former Prime Minister Thatcher's lackey, George Bush, or "weak-minded neo-conservatives" such as Phil Gramm and Pete Wilson, as President, the London oligarchy would have little to fear from the virtually decapitated hulk of these United States. President Clinton worries them; he might be the U.S. President who finished the incompleting work of President George Washington, and ended the British financier oligarchy's rule of the world forever.

Under these strategic circumstances, its former financial power almost destroyed, the British oligarchy continues financial warfare against the United States, as Clausewitz might have put the point, "by other means." Thus, we have entered a period of escalating international terrorism on a previously unknown scale and intensity. Whatever military-intelligence-type capability is discovered to have been used to bring about the Oklahoma bombing as such, we know in what strategic interest this act of surrogate warfare was conducted against the United States and its people.

In the meantime, do not be duped into buying a used-car without the motor. Also, do not be duped by the popular news-media or so-called "experts" of the TV talk-show and "magazine" features. This act of terrorism was not a "sociological phenomenon." The only motivations which are relevant, are not those of the poor dupes who might have been used to conduct the act, but, rather, the motives of those foreign power interests, on whose behalf those contemptible "hit-men" were deployed.

Let the relevant law-enforcement and counterintelligence teams track the accomplices in this bombing, and bring them to justice. Let the rest of us not forget what enemy of the United States has orchestrated and willfully exploited strategically this virtual act of war against the people and government of the United States.

I. Documentation

British propagandists shaped the climate

by Jeffrey Steinberg

The Oklahoma City bombing of the Murrah Federal Building on April 19, as an act of international terrorism, had a twofold political objective: the destabilization and paralysis of the United States government; and the spread of chaos, fear, and anti-federal government rage in the American public. To achieve those ends, the political authors of the crime needed to create the appropriate climate prior to the atrocity, and to exploit reactions to the bombing afterward.

While no evidence has yet linked intelligence agents of the British royal House of Windsor or its allied Club of the Isles directly to the Oklahoma bombing, some leading agents of the Club are thoroughly implicated in shaping the environment before and after the explosion so as to maximize its political impact. We present that evidence in the first section of this report.

To summarize what is documented in the profiles and chronology below: By no later than December 1994, one of the two leading British propagandists directing the assault on the U.S. Presidency, had begun regularly featuring the rise of the populist militias as a theme in his Clinton-bashing propaganda. The second of the two, has been overseeing an effort to spread anti-U.S. government paranoia among American populists and self-styled militiamen since no later than early March 1995.

These two figures, Lord William Rees-Mogg and Ambrose Evans-Pritchard, fraudulently built up the militias as a "major" political phenomenon. Then, following the April 19 attack, they set up the militias to "take the fall" for a bombing that they had neither the capability nor the motive to carry out. The British "journalists" were cheered on, throughout this episode, by the Anti-Defamation League of B'nai B'rith (ADL), a U.S.-based spy agency with longstanding ties to London, as well as several ADL offshoots and collaborators, including Morris Dees's Southern Poverty Law Center, Chip Berlet's Political Research Associates of Cambridge, Massachusetts, and the Chicago-based Cult Awareness Network (CAN). The ADL and CAN were deeply involved in the Waco, Texas fiasco of February-April 1993—frequently portrayed in the media as the "trigger" for the Oklahoma bombing—because they were active in providing government agencies with disinformation aimed



Ambrose Evans-Pritchard: gathers and spreads sleaze for the British intelligence service.

at provoking the confrontation that eventually claimed the lives of over 80 people, including law enforcement officers and members of the Branch Davidian sect.

Militia 'patsies'

U.S. military intelligence sources have told *EIR* that ever since Vietnam, it has been understood that any kind of terrorist action that targets civilian populations is certain to have a backfire effect. Based on this, the Pentagon sources are convinced that the Oklahoma bombing would have served no useful purpose for any domestic group attempting to protest against President Clinton or the federal government. These sources insisted that the authors of the attack were out to harm the American people, as well as the Clinton administration. They observed that the so-called militias possessed neither the technical skills nor the motive for carrying out the Oklahoma City massacre.

This is not to say that these grassroots groups deserve a clean bill of mental health. These rank-and-file populists have, since the Clinton inauguration, manifested a severe blindspot regarding American history, to the point of harboring delusions directly contrary to historical fact. As a result, they have pathologically blacked out the potential of President Clinton's strong opposition to British policy on crucial international fronts, while seizing on a series of less central issues as pretexts for working themselves into a lather against the White House and its current occupant. Like ethnic populations profiled and manipulated into internecine and self-

destructive warfare by the satraps of some ancient empire, they have been drawn into the City of London's anti-Clinton frenzy, often inviting the leading anti-American foreign agents and American traitors into their ranks. "Good feelings" or "good intentions" are no excuse for acting on the basis of stupidity; and ignorance of history—at a moment when the United States is in a life-and-death struggle with its enemy of 200 years, the oligarchy behind the British Crown—paves the road to treason.

The susceptibility of the populist militias to manipulation by British agents and fellow-travelers, as well as Bush-league "asteroid" American intelligence networks often allied with London, over the period since January 1993, has set the populist militias up as the prime suspects in the Oklahoma bombing. The image of thousands of "Lee Harvey Oswalds" playing wargames in the American hinterlands in camouflage fatigues is perhaps sufficiently ludicrous to allow one to assess this sophisticated British propaganda and terror campaign. How London has played the militias for fools will be the subject of a forthcoming *EIR* report; here, we focus on the British propagandists themselves.

Propagandists of the Oklahoma deed

by Scott Thompson

Two prominent British intelligence agents, one a current member of the House of Lords, stand out as the central figures in the propaganda offensive against the Clinton Presidency since no later than June 1993. And since last December, both **Ambrose Evans-Pritchard** and **Lord William Rees-Mogg** have also been instrumental in building the climate *before the fact* for the terrorist atrocity in Oklahoma City. Following the April 19, 1995 bombing, both men continued to play a pivotal role in shaping media perceptions to achieve the maximum political damage to the United States—and to the Clinton Presidency in particular.

Rees-Mogg and Evans-Pritchard have not been acting alone. James Adams, the Washington, D.C. bureau chief of the *Sunday Times* of London, has been a booster of the strategy of tension targeting the United States and Japan. The Anti-Defamation League of B'nai B'rith (ADL) and a string of front groups directed through their United Nations Plaza headquarters have been kicking in to the effort. Notable neo-conservative mouthpieces like the *American Spectator*, evangelist Rev. Jerry Falwell, and talk-show host Rush Limbaugh, have also been prominently involved.

All of these outfits on the U.S. side of the Atlantic, *EIR's* investigations indicate, have been deployed directly or indirectly through the personal activities of Rees-Mogg,

Evans-Pritchard, and Evans-Pritchard's boss, Hollinger Corp. head Conrad Black. Thus, any serious probe of the before and after "propaganda of the deed" ought necessarily to start with these two British subjects.

A 'redneck' in a redcoat

Lord William Rees-Mogg is about as unlikely a figure to capture the hearts and minds of the "America First" populists as one can imagine. Yet, as co-publisher of *Strategic Investment* monthly newsletter, Rees-Mogg enjoys an extraordinary reach into the country's heartland. *Strategic Investment*, which is co-published by National Taxpayers Union president James Dale Davidson, is widely circulated through subscription and through fax "networking" by Christian broadcasters linked to Falwell and fellow televangelist Pat Robertson, and by factions of the National Rifle Association. Every year, Rees-Mogg produces a paperback book with a title like *Blood in the Streets* and *The Great Reckoning*. The books go out en masse as advertising for the newsletter and for Lord Rees-Mogg's own brand of neo-conservative yahooism.

For all this effort to appeal to a jingoistic brand of American patriotism, Rees-Mogg is one of the premier propagandists for a hostile foreign power whose aim, even after more than 200 years, is to defeat the United States: the British Crown and the super-secret Club of the Isles. After working at the *Financial Times* from 1952 to 1960, he was hired by the London *Sunday Times*, becoming editor of the *Times* in 1967-81. Among his other jobs was vice-chairman of the board of governors of the British Broadcasting Corp. (BBC), the most important global propaganda arm of the House of Windsor, in 1981-86. From 1986 until 1993, he was vice-chairman of the Board of Standards Council, which supervises the entire British media. He still writes a weekly column for the London *Times*, in which he consistently advocates a form of post-modernist "Third Wave" feudalism, in which 95% of the population is treated like slaves or worse.

Most recently, he has been cited by *Times* of London columnist and the *American Spectator* editor Sir Peregrine Worsthorne as Britain's leading advocate of a return to totalitarian rule to deal with the pending global financial crisis (see article, p. 62).

Second generation British spy

Rees-Mogg's collaborator and underling in the current America-bashing propaganda wars is a second-generation British Secret Intelligence Service asset who works in the Washington, D.C. bureau of the *Sunday Telegraph*, the flagship publication of the Hollinger Corp. Ambrose Evans-Pritchard came to work for Hollinger after a stint in Mexico and Central America with the *Spectator*, a magazine owned by Hollinger, and later, as a correspondent for *The Economist*.

In a series of interviews with *EIR* in February 1994, Evans-Pritchard boasted that he had always worked closely with the British SIS station chief wherever he was assigned as a "journalist." During the mid-1980s, at the height of the Nicaraguan covert war, Evans-Pritchard maintained close links to both the Sandinista regime and the U.S.-sponsored Contra rebels.

In 1986, by his own account, he managed to get into the Ayacucho, Peru stronghold of the ruthless narco-terrorist killer band, Shining Path, spending a week at one of their cocaine laboratories before safely returning to Lima.

In January 1994, he returned to the Central American region, visiting the southern Mexican state of Chiapas to deliver strong editorial support to the Zapatista rebels involved in a foreign-sponsored armed destabilization of the Mexican federal government. Swinging the wrecking ball of such insurgencies against Mexico was an important flank in the Club of the Isles' priority project: the destruction of Mexico's neighbor to the north, the United States.

Ambrose Evans-Pritchard's "journalistic" credentials came via his father, Edward Evans-Pritchard, one of Britain's preeminent cultural anthropologists. Edward Evans-Pritchard went to work for British intelligence during World War II in the Horn of Africa, recruiting indigenous tribes to work for the British. After World War II, he stayed in Africa, working for Brigadier General Frank Kitson in Kenya on the "mau mau" campaign. The fruits of the senior Evans-Pritchard's work in the Horn are being reaped today: The "nilotic" tribe that he brought into the services of Her Majesty are now the core of John Garang's separatist operation in southern Sudan.

The propaganda offensive, before and after April 19

What follows is a timeline of selected quotes from British and British-inspired propaganda to the purpose of advertising a coming terrorist atrocity in America, and then milking the Oklahoma City bombing after it happened for maximum advantage to Britain's strategic aims, of discrediting the United States government and dismembering the nation-state. Because these writings appeared in publications for specialized audiences or in the British press, they are not well known to the general U.S. public.

The buildup, October-April

October 1994: The Anti-Defamation League of B'nai B'rith (ADL) issues a 28 page Fact Finding Report, "Armed and Dangerous: Militias Take Aim at the Federal Government." The report consists largely of state-by-state profiles

of militia groups, drawn from the ADL's vast army of informants, private investigators, and law enforcement "moles," some of whom are suspected to have been infiltrated into the militias as agents provocateurs.

The report begins: "Bands of armed right-wing militants, most calling themselves 'militias,' are cropping up across America. . . . The aims of these militias, often bellicosely stated, involve laying the groundwork for massive resistance to the federal government and its law enforcement agencies as well as opposition to gun control. In the view of many such extremists, numbering in the thousands, America's government is the enemy, now widening its authoritarian control and planning warfare against the citizenry. . . ."

"They are also obsessed with the role of government in two recent events—the Branch Davidian confrontation in Waco and the Randy Weaver siege in Idaho—which they interpret as signs of impending tyranny. The answer, say these extremists, is ultimately, necessarily, paramilitary resistance."

Dec. 4, 1994: Ambrose Evans-Pritchard writes in the *Sunday Telegraph* "Patriot Games Turn Deadly: Illegal U.S. Militias Threaten Rule of Washington," datelined Dallas, Texas:

"Like other militias around the country, the TCM [Texas Constitutional Militia] is growing at phenomenal speed. It began earlier this year, holding its first 'muster' at the Alamo on April 19. Seven months later, it already has 32 counties under arms. . . ."

"The enemy is the federal government. It is accused of trying to disarm the American people through gun-control legislation. . . ."

"Training is done by a team of former Green Berets and Navy Seals. It includes survival techniques and urban and rural guerilla warfare. . . ."

"But they are not passive either. One of their aims is to provide protection for 'whistle blowers' and journalists investigating corruption and human rights abuses. Their network serves as an information highway for the underground. . . ."

"The main purpose of the movement, its members claim, is deterrence. Every time the federal government oversteps its authority, it will have to consider the possibility of armed opposition. And if it tries another Waco, it will have a minor war on its hands. . . . A large number of [Texas] police officers, sheriffs and reserve guardsmen are secret members of the militia. The army cannot be counted on either. Behind the Texas Constitutional Militia there are layers of paramilitary groups that tap into the U.S. military complex. . . . Secretly there is much else besides. The most serious force appears to be Big Star One, a division-sized network in north Texas, Oklahoma and New Mexico that includes serving officers of the U.S. military. . . . Among their senior commanders are officers from the U.S. artillery base at Fort Sill, Oklahoma,

and the Shepherd Air Force base in Texas. Weaponry has been leaking like a sieve from U.S. armories. The clandestine division has conducted exercises in west Texas using mortars and grenade launchers.

"The Anti-Defamation League, an influential Jewish organization in New York, has published a report on the militias around the U.S. . . . It argues that most of them are fringe malcontents from the Aryan Nation and other white supremacist or neo-Nazi organizations with an anti-semitic bias. . . ."

"Nobody knows the strength of the militias across the country. The American press has been caught off guard, seriously misjudging the dynamism and scale of the movement.

"In effect, the militias are the shock troops and enforcement arm of the 1994 American Revolution. If the Republicans betray their promise and fail to restore 'constitutional' government, these people could take matters into their own hands."

Feb. 19, 1995: Ambrose Evans-Pritchard writes in the *Sunday Telegraph*, "West Driven Wild by 'Meddling' Congress," datelined Challis, Idaho.

"If some Americans are to be believed, it is the most serious rebellion against Washington since the defeat of the Confederacy in 1865. The hegemony of the U.S. federal government is being challenged in every western state from Idaho to Arizona.

"The 'War of the West,' as it has already been called—has been peaceful so far, but armed citizen militias are organizing spontaneously across the region. There have been dramatic skirmishes at county level. Nye County, Nevada has warned federal agents that they face a \$500 fine and a year in the county jail if they violate the rights of any resident. . . ."

"The state governments have been more cautious, but they too are beginning to organize a coherent resistance. The rallying point is the 10th Amendment, which stipulates that all powers not specifically allocated to Washington are reserved by the separate states. . . ."

"The state to watch, however, is the rugged vastness of Idaho. Slow to anger, the people have acquiesced quietly over the past 30 years as the East Coast elite imposed its alien values. . . . But the actions of the U.S. authorities over the past two years have finally set off a peasants' revolt. It is about freedom and the right to bear arms. . . . It is also about the struggle to earn a living in a land targeted by the environmental movement—and its allies in the Clinton Administration. . . ."

"Samuel Sherrwood, head of the U.S. Militia Association in Blackfoot, Idaho, claims that militia units have now been formed in half of the state's 44 counties. . . . 'We're ready to look the federal government in the eye,' said Mr. Sherrwood. 'We want a bloodless revolution, but if the

bureaucrats won't listen we'll give them a civil war to think about.' ”

March 22, 1995: article in Rees-Mogg's *Strategic Investment*, "Behind the Lines—Waco2," by Jack Wheeler:

"The slaughter of dozens of women and children in Waco by government stormtroopers under the command of Field Marshal Reno may pale in comparison to what has been planned for late March: a nationwide BATF/FBI assault on private militias as the prelude to a possible declaration of martial law throughout the United States. All leaves and vacations have been canceled for BATF/FBI personnel, and for various State Police and National Guards such as California's. The Army's infamous Joint Task Force Six (which did the training for Waco) has been training BATF jackbooters with Bradley Assault Vehicles at Ft. Bliss, Texas. Government agents provocateurs are set to plant fully automatic and heavy weapons, like rocket launchers, on the property of militia leaders. Every militia in the country—and there are dozens, many of which are well-armed and well-led by former or even active-duty officers—is on a state of Red Alert. Should Reno be stupid enough to actually attack them militarily, there is going to be a lot of blood.

"The establishment media is programmed to immediately thereafter thunderously bellow for nationwide gun confiscation and even martial law. The Senate Armed Forces Committee has been alerted and is questioning key Defense and Justice people behind closed doors. Hopefully, Reno's Waco2 can be stopped in time. But that it was plotted in the first place should be a sobering lesson as to what a horrifying extent liberalism, the political philosophy of the administration and the Democratic Party, has been converted into a close cousin of fascism."

April 19, 1995: Article in *Strategic Investment*, "Behind the Lines—Waco Spared," by Jack Wheeler:

"At 10:30 in the morning, Friday, March 24, an official from the NRA [National Rifle Association] called to tell me: 'All indications are the BATF/FBI raid on the militias is still on. The Rapid Response Center at Ft. Bragg, for example, is on a two-hour alert. The raids are scheduled to begin at 4:00 tomorrow morning.' Two to three days earlier, the March issue of *SI* had arrived to subscribers, and this column, entitled 'Waco2' and warning of the impending attack, was soon posted at several locations on the Internet. Word quickly spread throughout talk radio; all day Friday, I did radio interviews around the country, in which I advised militia leaders not to be home Saturday or Sunday morning. Just before five in the afternoon, with less than 12 hours to go, the NRA called again: 'Bragg and other military installations are off alert; with the element of surprise so clearly lost, the raid has been called off, at least for now.' Thanks, we were told, to the efforts of *Strategic Investment* and others, a lot of bloodshed may have been averted. This was a subterranean drama, not a word of which was printed

in the liberal mainstream press. To all *SI* readers who played a role in preventing an entire score of government atrocities, thank you."

After the Oklahoma bombing

April 21, 1995: Article in the *London Guardian*.

Tory Members of Parliament, "still resentful at the U.S. Administration's red carpet welcome for Gerry Adams, the Sinn Fein president, in Washington last month, responded to the Oklahoma bomb outrage by claiming that it had taught the Americans a lesson."

According to the *Guardian*, one Tory MP, David Wiltshire, wrote to U.S. Ambassador William Crowe demanding that "as a consequence of your tragedy," the U.S. government must "rethink its feting of apologists for terrorism in Northern Ireland."

The same British elation had been voiced following the World Trade Center bombing of February 1993, when *Daily Telegraph* writer Frank Johnson had gloated: "One good thing might come out of it. It might teach Mr. Clinton that terrorism is no longer something which happens in other countries, and about which it is therefore safe for American Presidents and presidential candidates to posture. . . . He might give up posturing about Northern Ireland."

April 23, 1995: An article appears in the *Sunday Telegraph*, "Militias Prepare to Resist FBI Attack" by Ambrose Evans-Pritchard and Hugh Davies.

"American militias are drawing up battle plans to protect themselves from a nationwide crackdown by federal authorities after one of their number was charged with causing the Oklahoma bomb blast. Timothy James McVeigh, 27, whose militia code name was 'the Mad Bomber,' appeared in court at Tinker Air Force Base, Oklahoma City.

"On a nightly intelligence report, broadcast to all militias on short-wave radio, the commanders of the 'Second Continental Army' warned members to be prepared to defend their leaders. 'We are actively stockpiling rice, beans and ammunition and we are preparing for the worst,' said Ross Hullett, commander of the Oklahoma Citizens Militia."

April 23, 1995: *Sunday Telegraph* article, "A Holy War, Home Grown," by Ambrose Evans-Pritchard:

"First they blamed the Muslims. A Who's Who of terrorism experts passed through the TV studios telling us that the Oklahoma bomb had an unmistakable Islamic signature. No matter that it was made of fertilizer mixed with diesel fuel, a bomb technique taught in every commando handbook. Minds had been made up. . . . Then on Thursday afternoon the FBI officer in charge of the investigation appeared in Oklahoma City and made the announcement that stunned the world. . . . These were Americans. The United States, it appeared, had a home-grown terrorist movement, a Baader-Meinhof Gang of its own, and one so depraved that it would blow up a federal building with an infant day-care center on the second

floor at 9:02 in the morning. . . .

"This culture of paranoia can easily become a breeding ground for all kinds of destructive pathologies. . . . The citizens' militias are public, but there are a large number of clandestine groups operating in the background. Some appear to have access to surplus equipment from National Guard armories. . . .

"The Anti-Defamation League estimates the numbers of the militia at a few thousand nationwide. This is a gross under-estimate. . . . It is probably fair to say that the numbers have reached 60,000 to 80,000 by now, with a larger network of sympathizers who have attended the odd meeting. It could turn into a force of several hundred thousand very quickly, if provoked. . . .

"Talking to them, it is clear that many no longer accept the legitimacy of the U.S. federal government. . . .

"Many militia leaders now believe that there was another bomb inside the building, which they think must have been planted by the 'Feds.' They are already talking about the Oklahoma bombing as the new 'Reichstag Fire,' a dastardly plot to justify repression."

April 30, 1995: An article runs in the *Sunday Times* of London, "Warlords Come to America," by Simon Sebag Montefiore:

"It is the great irony of the new world order that warlordism has come to America, the land of the victors of the Cold War, as well as to the land of the vanquished. . . . Clinton, the 'anti-Christ' Commander-in-Chief who avoided 'Nam,' is not going to beat the phenomenon by criticizing shock jocks on talk radio. He must face up to the fact that whatever the letter of the Constitution, there are now warlord armies loose in the Midwest. Dare he disarm them?"

April 30, 1995: An article in the *Sunday Telegraph* is "The British Are Coming, Says The Apple Pie Home Guard," by Ambrose Evans-Pritchard:

"Urban, suburban, rural and even Internet myths abound in America. As the millennium nears, the pamphlets, whispered rumors and e-mail theories will grow ever more peculiar. But one consistent theme that has taken deep root in parts of the U.S. militia movement, is of a British agenda—aimed squarely at subverting the American way.

"So far, nobody seems willing to blame the Queen outright for the Oklahoma bombing; but the hand of the Royal Family is seen at work everywhere. The agents of Her Majesty, for example, are said to be driving down the value of the dollar and creating chaos so that The New World Order can be established in time for the deadline of the year 2,000.

"A crisis has to be manufactured. The U.N. secret police, under the control of MI6, needs a pretext to seize power in the United States. Then it can begin the task of rounding up American patriots for detention in camps run by the Federal Emergency Management Agency.

"President Clinton works for the British. So did President

Bush, of course. . . .

"Cultural anthropologists say that this millennialist concern with a New World Order is a symptom of a society under extreme stress, perhaps one headed towards disintegration. It is puzzling that the British should be considered the villains of the piece.

"If white separatism was really the dominant character of the militia—as the media keeps repeating—it would make more sense if the phobia was directed against the Japanese or the Chinese who are emerging as powerful players on the world stage. It all has something to do with the mythology of the American Revolution, the inspiration for the militias' most radical wing.

"Curious, but gratifying in a way, too. It is nice to know that somebody still thinks we count."

May 17, 1995: An article in Rees-Mogg's *Strategic Investment* is entitled, "Behind the Lines—Encrypt Now," by Jack Wheeler:

"Leftist ideologues permeating the media, the Democratic Party and the Clinton administration—spearheaded by Little Willie himself—wasted no time in taking partisan political advantage of the terrorist bombing in Oklahoma City. Thus, it is common now to hear the bombing referred to as 'Clinton's Reichstag.'

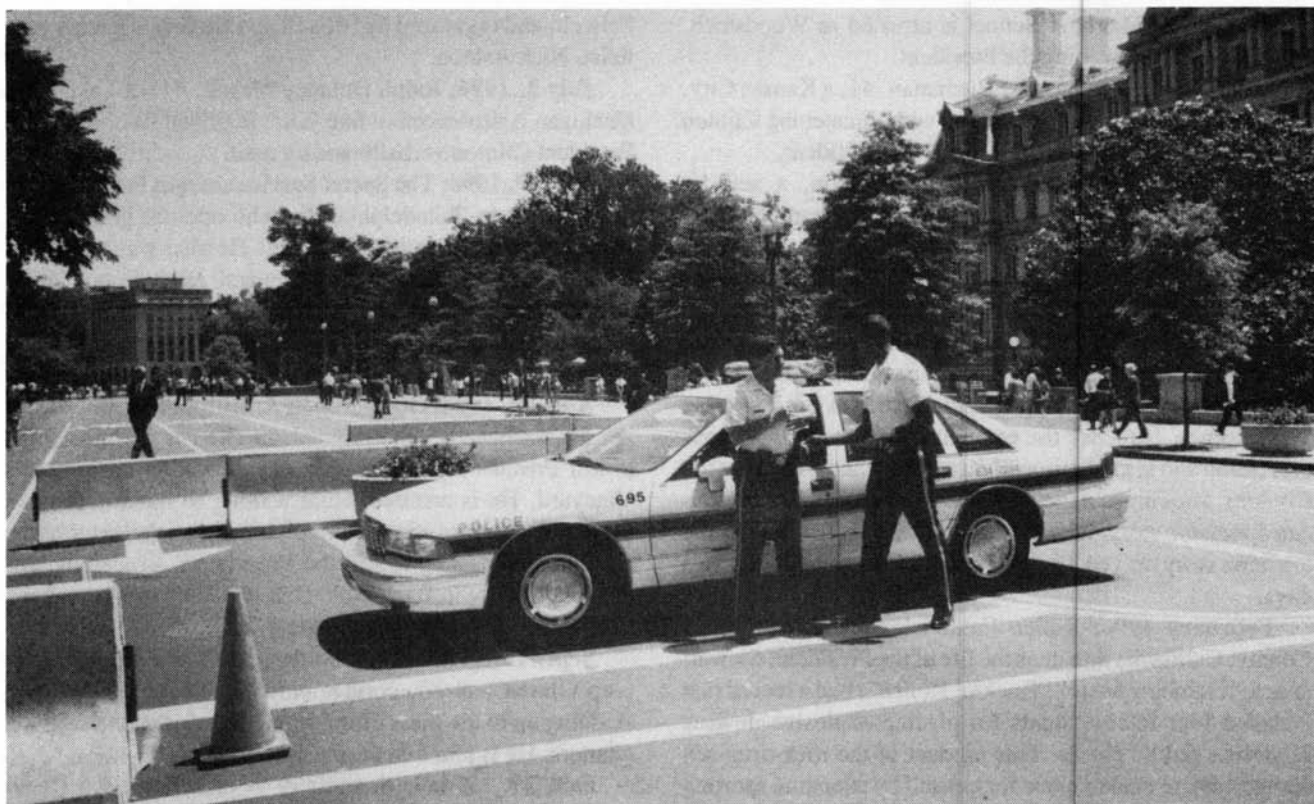
"The level of fear and alienation towards the federals felt by so many Americans has caused them to suspect Clinton somehow ordered the bombing himself. Bill Clinton is a corrupt politician but he is not a monster. No, he is merely seizing the opportunity, using a horrible tragedy to smear his opponents as 'extremists' and expand federal power. One thing I urge you all to do to protect yourself from the coming assault on every American's privacy is to encrypt your data."

Chronology of irregular warfare

Since shortly before William Clinton was inaugurated President of the United States in January 1993, the country has been hit by an unprecedented "strategy of tension." The effect has been to keep the Office of the Presidency in constant turmoil and to shatter the normal fabric of life for Americans, especially through acts of "blind terrorism."

The pattern, as in the European and especially Italian "strategy of tension" of the 1970s, involves devastating acts of violence by political groups which may be labeled as "extreme left" or "extreme right," which kill and maim large numbers of innocent civilians without warning and for no logical motive. This is coupled with attempts on the lives of leading political figures.

This pattern has been consistently accompanied by gloat-



Monday, May 22, 1995: Pennsylvania Avenue in front of the White House is permanently sealed off to vehicle traffic.

ing coverage in the major British newspapers. Within days of the World Trade Center bombing, British newspapers wondered aloud whether President Clinton had “learned his lesson,” and would cease interfering in British policies in Northern Ireland and in the Balkans. The same rhetoric echoed within hours of the Oklahoma City bombing, when Conservative Members of Parliament expressed satisfaction that President Clinton had gotten his just desserts for inviting Irish Sinn Fein leader Gerry Adams to the White House.

What follows is a timeline of events, beginning shortly before Clinton’s election in November 1992.

Oct. 20, 1992: Gary Steven Foster, 41, a Chicago man on anti-psychotic medication, is arrested for threatening Clinton as the candidate campaigns in the city.

Oct. 22, 1992: Edward Carroll, 43, of Nevada is indicted for threatening Clinton. The former Marine had a history of mental problems.

Jan. 25, 1993: A gunman alleged to be the Pakistani Mir Amal Kanzi kills two CIA agents and wounds three others by shooting at cars waiting to enter the CIA headquarters during morning rush hour. Kanzi escapes to Pakistan or Afghanistan.

Feb. 25, 1993: Michael Bernard Shields, 28, a Virginia Beach, Virginia gun dealer, is ordered to undergo psychiatric evaluation for threatening to kill Clinton. Shields was initially under suspicion for selling weapons to West Virginia white

supremacist William Pierce, author of *The Turner Diaries*.

Feb. 26, 1993: A truck bomb explodes in the basement of one of the World Trade Center buildings. Four people are killed, and hundreds are injured. The plot has subsequently been blamed on Islamic followers of Egyptian Sheikh Omar Abdul-Rahman, and a trial is still under way.

Feb. 28, 1993: One hundred Bureau of Alcohol, Tobacco, and Firearms agents, supported by three helicopters, raid the Waco, Texas headquarters of the Branch Davidian sect to deliver warrants for possible gun violations. In the ensuing 45-minute gun battle, four ATF agents are killed, as well as at least three Branch Davidians, including a two-year-old child. The whole incident had been set up by false information fed by the Cult Awareness Network (CAN) and the Anti-Defamation League of B’nai B’rith (ADL).

February 1993: Larry Peoples of Biloxi, Mississippi makes a threat in a letter to President Clinton after listening to the populist TV host Rush Limbaugh. Peoples is arrested by the FBI in December 1993, but not until after he had bought a pistol and a ticket to Washington, D.C.

April 19, 1993: The FBI leads a full-scale assault on the Waco compound with tanks, and after the compound catches fire there are no survivors among the Branch Davidian men, women, and children.

The senior Justice Department official advising just-confirmed Attorney General Janet Reno is Mark Richard.

July 1993: Matthew Bennet is arrested in Woodstock, New York for threatening the President.

Oct. 15, 1993: James Lee Buchanan, 41, a Kansas City, Missouri mental patient, is charged with threatening Clinton after telling police he intended to kill the President.

November 1993: Ralph Dulaney Mason, a self-described member of the Branch Davidians, threatens the President.

Dec. 13, 1993: David Craig Davis, 33, of Great Falls, Montana is arrested for threatening to kill the President.

December 1993: The December edition of the *American Spectator*, which has some British personnel overlapping the Hollinger Corp.'s Telegraph PLC (such as Sir Peregrine Worsthorne), launches the campaign of fomenting various corruption and sexual misconduct media scandals against the Clintons sometimes called "Whitewater-gate." The *American Spectator* story dubbed "Troopergate" is featured as the top news story on Ted Turner's Cable News Network for two days.

February 1994: Rollen Frederick Stewart of Orange County, California threatens the life of the President. Stewart (a.k.a. "Rainbow Man," "Rockin' Rollen") had a record that included four felony counts for placing explosive devices in various public places. This product of the rock-drug-sex counterculture made a name for himself by attending sporting events wearing a multi-colored wig and waving a sign citing a Biblical passage.

Feb. 21, 1994: Matthew Thomas sends a death threat via computer to President Clinton's confidential E-mail address at the White House. He will be arrested some months later.

Feb. 23, 1994: Ronald Gene Barbour, 45, is arrested at a psychiatric hospital in Orlando, Florida for threatening the life of the President. He is accused of stalking the President along Clinton's Washington jogging route. Barbour is armed at the time, but never gets close enough to the President to shoot.

April 3, 1994: Michael Mower, 36, of Dayton, Ohio kills his mother and himself at a motel where he is staying after wounding two law-enforcement agents investigating his threats on the President. Mower began shooting after a Secret Service agent and three deputies went to the motel at 3 p.m. At 6 p.m., a SWAT team will return and find Mower and his mother dead.

May 11, 1994: Larry Nichols of Little Rock, Arkansas is videotaped at the Boulder Patriots meeting, which is part of the Colorado militia, waving a large-caliber gun and threatening to have a showdown at the "OK Corral" in Washington, D.C. with President Clinton. Nichols, who worked in the Mena, Arkansas branch of the Contra drug- and gun-running network run by Oliver North and Vice President George Bush, had told *Telegraph* reporter Ambrose Evans-Pritchard that he would "destroy" Clinton for having him fired from his state job. Nichols's appearance in Boulder is part of a nationwide tour, sponsored by evangelist Jerry

Falwell, and organized by Falwell and Nichols's British publicist, Nick Ashton.

July 2, 1994: Ralph Dulaney Mason, 44, of Lake City, Michigan is sentenced to five years in prison for threatening President Clinton verbally and by mail.

July 19, 1994: The Secret Service charges Paul Walling, 46, a suburban Philadelphia man who opposes gun control, with threatening President Clinton. He also was alleged to have wanted to kill Attorney General Janet Reno. When police arrest Walling, they find he has acquired two dozen weapons. All are loaded, and some have military rounds in them.

Aug. 30, 1994: Glenn Robert Armstrong, 26, of Uxbridge, Massachusetts, is arraigned on charges of threatening to kill President Clinton, who is vacationing on Martha's Vineyard. He is arrested while waiting to board a ferry to Martha's Vineyard after reportedly telling a ticket reservation clerk he was "going to kill the President." Armstrong will plead not guilty in Barnstable District Court and be ordered to undergo 20 days of psychiatric evaluation.

Sept. 12, 1994: Frank Corder, piloting a stolen single-prop Cessna aircraft, crashes onto the White House lawn, skidding up to the press office which is underneath the living quarters. He is killed in the crash.

Oct. 29, 1994: U.S. military veteran Francisco Duran sprays the White House with semi-automatic, assault weapon fire before being arrested by police. He will subsequently be convicted of attempting to kill the President along with other lesser charges.

Dec. 12, 1994: Several high-powered rifle shots are fired at the south windows of the White House from a distance of several hundred yards. Police will later search overseas for a suspect.

March 22, 1995: William Rees-Mogg's newsletter *Strategic Investment* prints a story claiming that President Clinton and Attorney General Janet Reno are about to launch a nationwide crackdown on militias, framing up leaders on phony weapons charges. The move, the newsletter claims, is preparatory to a declaration of martial law.

April 19, 1995: A shaped-charge truck bomb explodes at the Murrah Federal Building in downtown Oklahoma City, Oklahoma, killing 165 employees and citizens.

May 22, 1995: President Clinton, following a recommendation of the Secret Service, permanently seals off the two-block stretch of Pennsylvania Avenue in front of the White House to cars, trucks, and buses.

May 23, 1995: Leland William Modjeski scales the southeast White House fence carrying a handgun, setting off several alarms as he walks toward the back of the White House. He was wrestled to the ground by Secret Service officer Scott Giambattista, who discovers a small-caliber revolver. A second Secret Service agent fires, hitting the suspect and Giambattista; neither is seriously hurt.

LaRouche's British enemies behind assault on Clinton

by Jeffrey Steinberg

In the early summer of 1978, Lyndon LaRouche was the target of simultaneously released slanderous documents issued by the Heritage Foundation and the Anti-Defamation League of B'nai B'rith (ADL). Both writings drew heavily upon previous slanders from such sources as William F. Buckley's *National Review*, CIA defector Philip Agee's *Counterspy* magazine, the *New York Times*, and the *Washington Post*. The ADL smear sheet initiated the knowingly false charge that LaRouche and his associates were anti-Semitic, while the Heritage Foundation "Institution Analysis" emphasized equally scurrilous charges that LaRouche was working for the East German state security services and the KGB. In all other respects, the two documents were indistinguishable.

In response to the coordinated attacks, associates of LaRouche, in preparation for possible legal action, began an investigation into the ADL and Heritage Foundation, as well as the Rockford College Institute, whose Washington, D.C. resident scholar, Francis Watson, had penned the Heritage diatribe. That investigation revealed the guiding hand of British intelligence and the British royal family behind both slanders.

Today, the same institutions that united against Lyndon LaRouche in 1978 are in the forefront of the assault against the U.S. Presidency. Beyond the scandal-mongering against the First Family, the Clintons have received numerous death threats, and there have been serious attempts against the President's life, including four assaults on the White House. Networks under the direction of the Heritage Foundation and the Rockford Institute have been implementing the non-stop smear campaign against Mr. and Mrs. Clinton, while playing a pivotal role in the avowedly Jacobin "Conservative Revolution" to overturn the U.S. Constitution and realize Britain's 200-year dream of balkanizing and recolonizing the United States.

The ADL, too, has played a significant hand in the assault on the Presidency, by overtly working to wreck the Middle East peace process, while also playing an important propaganda role in building up the so-called militias as the "fall

guys' for the Oklahoma City bombing of April 19, 1995. These circumstances make a review of *EIR*'s original 1978 investigation of these groups timely.

The strategic setting

The spring-summer 1978 attacks against LaRouche came at a turning point in world economic and monetary affairs. At conferences in Bremen and Bonn, West Germany, that year, leaders of the industrialized world took up proposals for a new global economic order echoing those first spelled out by Lyndon LaRouche in March 1975 at a press conference in Bonn. After touring the Middle East and conferring with top officials of Arab governments, as well as Israel, LaRouche had introduced a plan for an International Development Bank to replace the discredited International Monetary Fund and World Bank. LaRouche's IDB would restore a gold-backed monetary system, and create a new credit-issuing fund to launch great infrastructure projects on every continent.

LaRouche's proposal not only promised to bring about the greatest era of prosperity and peace in modern history. By including the Soviet Union and the Comecon in the new IDB, the LaRouche plan would have peacefully ended the Cold War and Communism, some 15 years earlier than the U.S.S.R.'s eventual collapse. The IDB proposal of 1975 foreshadowed LaRouche's later work, beginning in 1977, to formulate what became known as the Strategic Defense Initiative (SDI). LaRouche's 1975 Middle East trip had helped plant the seeds of an economic solution to that long-manipulated regional conflict, now finally reflected in aspects of the Clinton-Rabin-Arafat plan.

The LaRouche IDB initiative back in 1975 set off alarm bells in London, and British agent of influence Henry Kissinger was dispatched to quash LaRouche's efforts to win support for the plan from Third World governments, according to eyewitness accounts and evidence later released under the U.S. Freedom of Information Act. Kissinger's thuggery was, however, only temporarily successful. Interest in a new gold-backed monetary arrangement spread among policy shapers in West Germany, France, and Italy.

The British response was a wave of assassinations. In the spring of 1977, while traveling in West Germany, LaRouche was warned by both German and American security services that his name had appeared on a Baader-Meinhof Red Army Faction (RAF) hit list. By the summer of 1977, two men on the list, banker Jürgen Ponto and industrialist Hanns-Martin Schleyer, had been assassinated. The Second Generation RAF, which was involved in the Ponto and Schleyer killings, was a product of British intelligence covert psychological warfare operations in West Germany, centered in the British Occupation Zone, in particular, the Heidelberg Mental Patients Collective, a London Tavistock Institute (British military psychological warfare) project.

Early in 1978, with interest in the IDB concept still not



Canon Edward N. West at the Cathedral of St. John the Divine, in 1978 confirmed that the British establishment was the common source for both the ADL and Heritage Foundation slanders of LaRouche.

fully contained, new plans were hatched in London to deal with “the LaRouche problem.” By this point in time, LaRouche’s IDB proposal had been presented to senior officials in every government in the world, and in every major financial institution. One senior Swiss banker personally admitted to LaRouche that the IDB was a workable solution to the pending global financial crisis, but that the international financial establishment would never permit it to happen.

The City of London devised a disinformation campaign so that an attack on LaRouche would not be linked to the fight over the global monetary system, but could be attributed to his purported “anti-Semitic” or “pro-Soviet” views. Without that political “spin,” there was a credible danger that LaRouche’s elimination could accelerate the push to implement his plan. The British oligarchy wanted LaRouche dead, but they wanted his ideas buried along with him. This linkage between advance propaganda work, creating a climate conducive to the desired political effect, and major acts of international terrorism, including “derivative assassinations,” has direct bearing on London’s present drive to eliminate President Clinton.

Terrorists struck again in spring 1978, kidnapping and eventually murdering Italy’s Christian Democratic party leader Aldo Moro. At the time of his murder, ostensibly by Red Brigades terrorists, Moro was moving to create a stable Italian government through the “historical compromise” with the Italian Communist Party which was opposed by both

London and Moscow. Four years later, in 1982, Moro’s widow publicly named Henry Kissinger as the man who threatened the life of the Italian leader shortly before his kidnap-murder. A shaken Kissinger showed up within 24 hours of the Moro family allegations at a press conference in Paris to blame the Italian charges against him on Lyndon LaRouche!

When the Bremen and Bonn conferences went ahead in the spring of 1978 with preliminary plans to break London’s stranglehold over world finance, through the creation of a European Monetary System, the seed-crystal for a new global monetary arrangement, the action plan already designed against LaRouche was set in motion.

Heritage Foundation and ADL

First, the Club of the Isles, the 150-year-old network that draws together all of the leading royal and princely houses of Europe under Windsor direction, held a series of planning meetings in Britain. The preliminary meeting took place in December 1977, and involved Evelyn de Rothschild, director of N.M. Rothschild and chairman of *The Economist* (employer of Heritage Foundation director Robert Moss); Lord Harlech (formerly Sir David Ormsby-Gore) of the Cecil family, a longtime intimate of Henry Kissinger and one-time British ambassador to the United States; Liberal Party leader David Steel; and Conservative Party Chairman William Whitelaw, among others.

A month before the Heritage and ADL slanders were released, a second meeting took place in Brighton, England under the rubric of a group called “Aims for Industry,” which purported to mobilize the intelligence services of the West in a new “anti-communist” crusade to defend the free market system—i.e., the Windsor-Club of the Isles apparatus. Attending the session, along with a number of American corporate chairmen, were Club of the Isles representatives from Imperial Chemical Industries, S.G. Warburg, and other City of London banks. The meeting was chaired by Admiral LeBailey, the former head of the British Secret Intelligence Service (SIS).

This apparatus took over the Heritage Foundation, beginning in 1975, transforming it from a hip-pocket think-tank for Colorado beer magnate Joseph Coors into a Washington outpost for the Tory apparatus surrounding Margaret Thatcher. The wave of Tory infiltrators began with Sir Julian Amery, a Balliol College, Oxford crony of Evelyn de Rothschild, who joined the policy board that year. He recruited Winston Churchill III; Robert Moss; Edwin Fuelner, a Mont Pelerin Society member and graduate of the London School of Economics; LSE self-professed Fabian socialist Stuart Butler; and Oxford graduate Robert L. Schuettinger, a close confidant of Mont Pelerin Society patron Otto von Hapsburg.

The Rockford College Institute had already been gobbled up by the Tories. Rockford’s board included Barbara Schon-

feld, who was the Minister of the Exchequer in Margaret Thatcher's "Shadow Cabinet." Rockford was the official American sister organization to the London Centre for Policy Studies, headed by Sir Keith Joseph, official speech writer for Thatcher, Mont Pelerin Society member, and soon-to-be board member of Heritage's *Policy Review* journal.

Released on June 30, 1978, the Heritage Foundation's 24-page slander against Lyndon LaRouche, authored by Francis M. Watson, Research Associate of Rockford College Institute, was distributed to every American Fortune 500 company, and every major Wall Street banking and brokerage house. Watson embarked on a whirlwind tour of U.S. major cities and then, on to London and Paris.

Henry Simon Bloch, a director of Warburg Pincus, the American branch of S.G. Warburg, confided to one undercover investigator that he had received the Heritage document, and had been told that "LaRouche will get the Malcolm X treatment." Bloch had been personally alerted to the "LaRouche danger" by Arthur Ross, a onetime British intelligence station chief in New York City, at the time a business partner of Hollinger Corp. chairman Conrad Black, and investment counsellor to Rothschild family first cousin Sir James Goldsmith.

By early autumn, the Heritage Foundation-Rockford document was in international circulation. At an October 1978 conference of the Mont Pelerin Society in Hong Kong, Heritage Foundation director Ed Fuelner recruited the entire apparatus of the Mont Pelerin Society, a radical oligarchist "free-market" economic think-tank, to conduct global intelligence and counter-operations against LaRouche and his associates.

The second shoe is dropped

In July 1978, the Anti-Defamation League of B'nai B'rith (ADL) released its own "Fact Finding" report, branding LaRouche an anti-Semite and a dangerous right-winger. Although this was apparently an opposite "spin" to the "communist" flavor of the Heritage piece, an interview with Francis Watson in September 1978 produced the recommendation that the caller contact the ADL to get more information on the LaRouche group.

The common source of the two documents was confirmed by the Canon of the Episcopal Archdiocese of New York and the chaplain of the Sovereign Military and Hospitaler Order of St. John of Jerusalem, Knights of Malta, a chivalric order run by the Club of the Isles and the House of Windsor. In a Dec. 9, 1978 interview, Canon Edward West told two visitors to his cavernous basement study at the Cathedral of St. John the Divine that the British elites would not get directly involved in the effort against LaRouche. Rather, "we have our Jewish friends in the Anti-Defamation League deal with Mr. LaRouche and his organization."

Indeed, while the Heritage report was circulating inside the board rooms of the Fortune 500, the ADL, always an



Irwin Suall, then head of the ADL's Fact-Finding Division in New York City in 1978, the year the ADL issued its lying report against LaRouche.

interface between the City of London Establishment and the gangster underworld, was seizing the "low road." ADL National Commission member Robert Morgenthau, the District Attorney of Manhattan; ADL National Commission member Max Fisher, a onetime member of the Meyer Lansky-allied Purple Gang, now a "respected" Detroit businessman; and ADL Honorary Vice Chairman Edgar Bronfman, heir to the Seagram whiskey fortune (a spawn of a Prohibition era bootlegging operation known as the Bronfman Gang), all put gutter-level assets into action, stalking LaRouche during a Midwest tour, in which LaRouche had been scheduled to discuss the recent breakthroughs at Bremen and Bonn with American business and labor leaders. Among the gangs unleashed against LaRouche were the Communist Labor Party and the Jewish Defense League.

After a series of near-miss attacks in Detroit and Chicago, LaRouche commissioned an all-out effort to identify the apparatus that had placed him in its cross-hairs. It was in large measure as the result of his naming the names of the "citizens above suspicion" behind the slander and physical threats, especially in such locations as the bestselling exposé book *Dope, Inc.*, released in December 1978, that the Club of the Isles temporarily backed off from their murderous plans. The lesson should be carefully noted by the professional security and law enforcement officials responsible for the safety of the President of the United States, and for the probe of the Oklahoma City bombing.

II. The British royals plot to balkanize the United States

by Kathleen Klenetsky

Fewer than two weeks after the bombing of the federal building in Oklahoma City, the *Washington Post* published a commentary linking the incident to the eventual disintegration of the United States. Written prior to the bombing by William Lind, currently affiliated with the Conservative Revolution-linked Free Congress Foundation in Washington and formerly a close associate of Newt Gingrich in the congressional Military Reform Caucus, the piece foretold of the "inevitable" dissolution of the United States, complete with a second, and far more bloody, Civil War, caused by a process of polarization triggered by the growing powers of the federal government and its liberal policies.

An editors' note preceding the article, which was run under the headline "Understanding Oklahoma," claimed that it reflected the extreme anti-government views held by members of the militia movement and other "military groups scattered around the country, some of whom advocate armed resistance to the federal government and all it represents."

The decision by the *Post's* editors to run an article predicting the dissolution of the United States, as an analysis of the political implications of the Oklahoma bombing, provides further evidence that the incident wasn't the random handiwork of some homegrown survivalist lunatics, but, rather, was the opening salvo in a war to dismember the United States, directed from the highest levels of the British oligarchy.

While Lind described his article as a "futuristic fantasy," the brutal fact is that the continued existence of the United States as a nation-state today stands in grave danger. Under the guiding hand of the British oligarchy, which has never abandoned its desire to undo the American Revolution and bring its former colonies back under its boot, various anarchic forces have been unleashed to shatter the central institutions of U.S. government and society. Unless the British are exposed and forced to back down, Oklahoma City will be just the beginning of the breakdown of the "last, best hope of mankind."

Prince Philip orders breakup of the U.S.

The British goal of balkanizing the United States into a morass of small, economically backward, and politically impotent states, continuously embroiled in squabbles with each other, was publicly expressed by the British monarchy's

Royal Consort Prince Philip during a visit to Washington, D.C. in May 1990, where he attended an international conference on religion and ecology cosponsored by the North American Congress on Religion and Ecology (NACRE) and the World Wildlife Fund. The WWF is a branch of the World Wide Fund for Nature, the leading international oligarchical environmentalist organization which, at the time, was headed by Prince Philip. Its global war on population and industrial growth, and national sovereignty, was documented in an Oct. 28, 1994 *EIR Special Report*, "The Coming Fall of the House of Windsor."

At a press conference at the National Press Club on May 18, 1990, Prince Philip issued a virtual declaration of war against the United States as a sovereign nation-state.

The United States should be divided up into "bioregions," the prince asserted, and ecologically-oriented religious groups should lead the way. "The idea," he explained, "is that religious communities in a given bio-region, such as the Mississippi River system, might combine together to plan programs of environmental action based upon a common ecological situation."

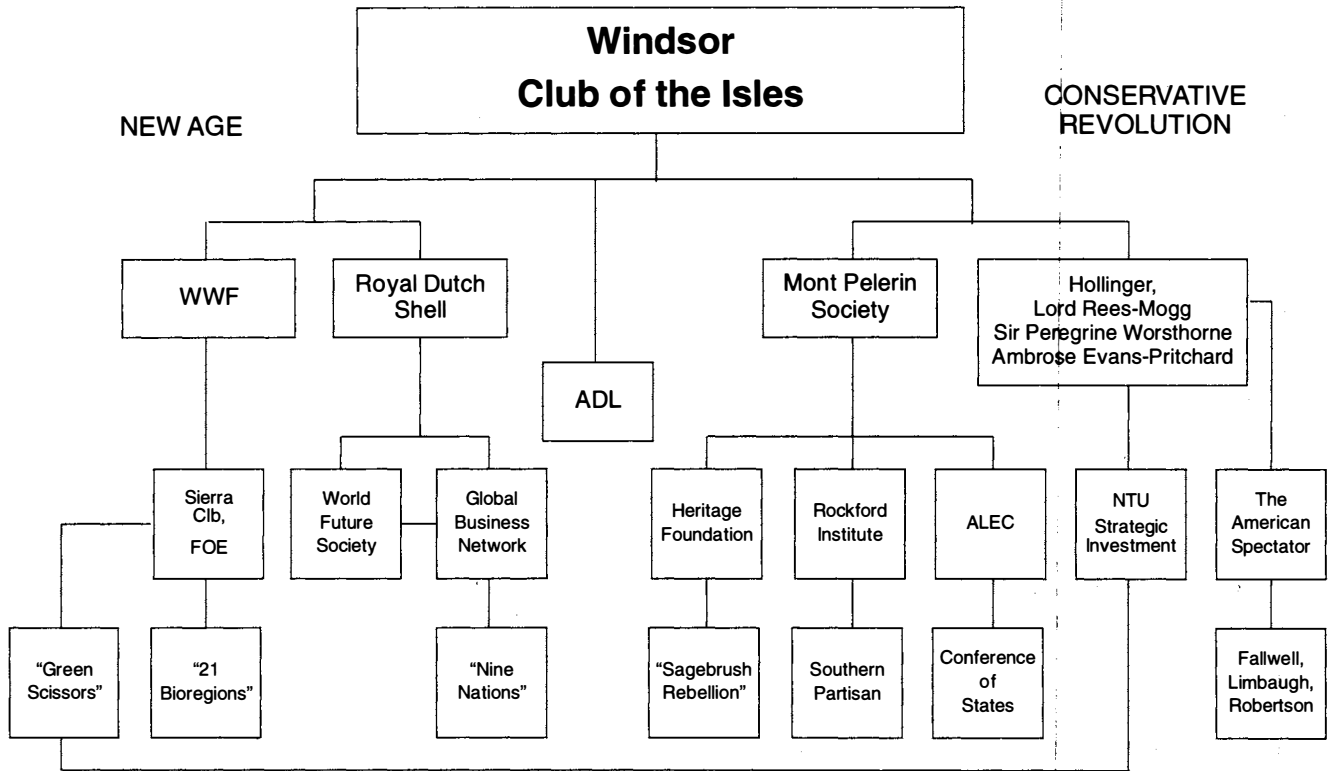
The Duke of Edinburgh then assaulted the Judeo-Christian underpinnings of the United States and other western countries. Praising the concept of "local" religions, Philip blasted "what might be termed the 'revealed' religions" for having attempted "to draw people away from what they have seen as the pagan worship of natural phenomena. It is now apparent," he went on, "that the ecological pragmatism of the so-called pagan religions, such as that of the American Indians, the Polynesians and the Australian Aborigines, was a great deal more realistic in terms of conservation ethics than the more intellectual monotheistic philosophies of the revealed religions."

Philip followed up this diatribe the next day, with a vituperative attack on what the oligarchy despises most about the United States: its foundational commitment to economic growth, predicated on advances in science and technology and the development of the creative powers of its citizens. Addressing an audience at the Washington Cathedral, which had played host to the religion and ecology conference, Philip said:

"Over hundreds of thousands of years, human societies had to learn to live within the limits of the natural resources

FIGURE 1

Windsors' Fifth Column in America



at their disposal. What we call 'primitive' societies are living under those restraints to the present day; until, that is, the children of the growth societies move in to exploit their resources for immediate gain and to promise them the fruits of their growth philosophy. . . .

"It is as if we were in the grip of an adolescent culture [which] seems to have rejected all the hard-learned lessons of previous generations. Faith, mythology, symbolism, taboos and simple first-hand experience are treated as old-fashioned and irrelevant. Instant gratification of the material and physical desires is the justification for economic growth and yet more growth.

"The trouble is that the industrial and then the scientific revolutions have not only changed the material environment, they have also changed human perceptions. Knowledge and power and the staggering success of applied science and technology appear to have influenced western culture to believe that humanity has complete control of the planet.

"Economic development and growth are the gods today and the cornucopia of benefits has blinded people to the rules that have governed life on earth since the very beginning. . . .

"So long as people perceive constantly rising material standards of living and increasing population as the criteria of successful existence, so long as they ignore the inevitable consequences of their self-indulgence, science and technolo-

gy will be exploited to pander to this selfish philosophy."

The center cannot hold

In the five years since Philip's remarks, operations designed to tear the United States apart have proliferated wildly.

While a number of key U.S. environmental organizations, such as the Sierra Club, have indeed responded to Philip's admonition by putting the creation of bioregions at the top of their organizing agenda, many other, seemingly disparate, options for bringing about the dissolution of the United States have been put into high gear by forces operating under British control.

Not the least of these is the Conservative Revolution of Newt Gingrich, et al., who are campaigning to place such severe limitations on the powers of the federal government that it would, practically speaking, cease to exist. Some elements of the Conservative Revolution, such as Llewelyn Rockwell of the Ludwig von Mises Institute in Auburn, Alabama, have gone so far as to call for outright secession, explicitly using the British-backed Confederacy as a model.

Meanwhile, proponents of political "chaos theory," such as the University of Toronto's Thomas Homer-Dixon, confidently predict that nation-states, including the United States, will soon begin to disintegrate under the pressure of

ethnic and religious rivalries, excessive immigration, and alleged overpopulation and resource depletion, while other political and economic theorists plug the notion of a borderless world in which economic regions, transcending existing political borders, will supersede the nation-state.

Although these scenarios differ in their particulars, and may seem, on the surface, to be antithetical, they have two crucial elements in common: They all seek the dissolution of the United States, and they all have a common parentage, the British monarchy, which has carefully tailored various balkanization stratagems to appeal to different segments of the U.S. population. Thus, transnational bioregions are sold to the radical ecology gaggle, and states' rights to self-styled populists and conservatives—with both converging on Britain's goal of dismantling the United States.

It would be a dangerous mistake to view these scenarios as purely hypothetical. In addition to the Oklahoma City bombing, one need only look at the growth of various secessionist movements within the country over the past few years to realize that the British oligarchy is deadly serious about balkanizing the United States.

For example, movements advocating outright secession from the Union exist in Hawaii and Alaska, while in Sacramento, a proposed ballot referendum that would have divided California into three separate states was approved by a State Assembly committee in 1993, although it subsequently failed in the State Senate. Its chief sponsor, former Assemblyman Stan Statham, has set up a "Three Californias" foundation to pursue the idea further. In New York, a proposal to separate the state into two independent entities is gathering force, while in the Midwest, 19 counties in western Kansas are fighting to withdraw from the state in a battle over school taxes.

The British have devised a number of options for balkanizing the United States, some of which are reviewed below:

Out of one, many: the Washington Post's 'Nine Nations'

In 1981, *Washington Post* reporter Joel Garreau published a widely publicized book which treated the United States as already in the throes of disintegration. Garreau has since gone on to become the chief spokesman for the Royal Dutch Shell-sponsored Global Business Network, a San Francisco-based Fortune 500 environmental organization.

Entitled *The Nine Nations of North America*, Garreau's work claimed that the United States not only did not, but *could not*, function as a unified nation-state. It was far too diverse, economically, ideologically, ethnically, etc., to do so.

Garreau argued that the United States, Canada, and Mexico actually consisted of nine different nations (see **Figure 2**), among them, Ecotopia, including northern California, Oregon, and Washington, along with far western Canada and

Alaska; MexAmerica, encompassing the rest of California, parts of Arizona and Texas, and a large chunk of Mexico; the Empty Quarter, stretching across west-central Canada, down through the western states (which is where the militia movement has recently taken root); Dixie; New England, etc.

The precise details of the map of the new "nine nations" are of less significance than Garreau's principal theme, which was that the United States was a political fiction which was becoming increasingly impossible to sustain. Not only was the country undergoing an inevitable process of political fragmentation, according to Garreau's script, but the resulting "nine nations" were doomed to a future history of constant infighting.

"Forget the pious wisdom you've been handed about North America," Garreau urged at the outset of the book. "Forget about the borders dividing the United States, Canada, and Mexico, those pale barriers so thoroughly porous to money, immigrants, and ideas. . . . Consider, instead, the way North America really works. It is Nine Nations. Each has its capital and its distinctive web of power and influence. A few are allies, but many are adversaries. . . . These nations look different, feel different, and sound different from each other, and few of their boundaries match the political lines drawn on current maps."

The body of Garreau's book consisted of profiles of each of the nine nations (e.g., New England is impoverished but civilized), with the aim of demonstrating that sectional differences among them were so great, that they could never function effectively as one country. "Each of these Nine Nations has a different future," wrote Garreau. For example, "The two Pacific nations that divide California . . . are openly antagonistic. They're as antithetical as sunshine and rain. . . . San Francisco and Los Angeles are not just two cities. They represent two value structures. Indeed, they are capitals of two different nations—Los Angeles the capital of MexAmerica, and San Francisco that of Ecotopia. So viewed, Sacramento becomes less the capital of anything terribly important than it is merely a border town between hostile forces."

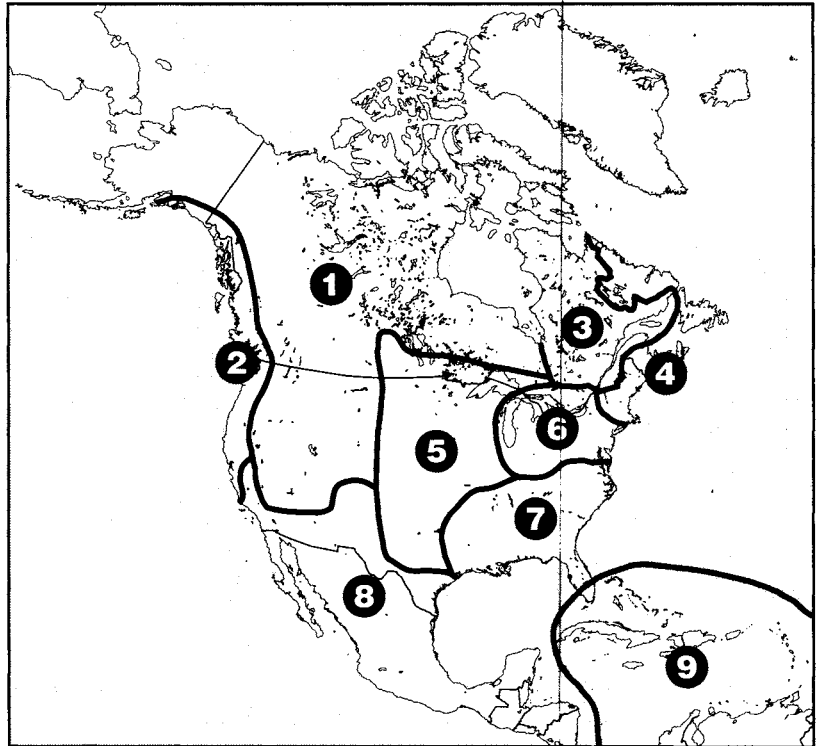
"The more self-assured each of these Nine Nations becomes," Garreau asserted, "the less willing it is to be dictated to by outsiders who show no interest in sharing—or even understanding—local values. *This hinders a search for continentwide answers to political questions.* As resources and opportunities are dispersed, each nation, at least theoretically, becomes increasingly capable of solving its own problems at its own level. . . . Increased sophistication may lead to the decline of marginal continental differences. (The classic southern drawl is on the wane, for example.) But it emphasizes the real, enduring, and basic economic and social differences of each region, manifested in attitudes toward everything from nuclear power to unions to abortion" (emphasis added).

Given that "common sense" would dictate that the *Wash-*

FIGURE 2

'Nine nations' of North America

- 1 Empty Quarter
- 2 Ecotopia
- 3 Quebec
- 4 New England
- 5 Bread Basket
- 6 Foundries
- 7 Dixie
- 8 Mexamerica
- 9 The Islands



ington Post (Garreau's employer, and the editor of which, Ben Bradlee, backed Garreau's project to the hilt) has little in common with the Gingrich gaggle, it is particularly enlightening to see that what Garreau had to say about the federal government almost 15 years ago, differs little from the violent bias of today's Conservative Revolutionists. In the Preface to *Nine Nations*, Garreau cited an unidentified University of Texas professor, who believed that North America should "fly apart."

"I'll pass on what he likes about the Nine Nations," Garreau wrote. "He thinks it shows that if Washington, D.C. were to slide into the Potomac tomorrow under the weight of its many burdens and crises, the result would be okay. The future would not be chaos; it would be a shift. North America would not suddenly look around to discover a strange and alien world. It would see a collection of healthy, powerful constituent parts that we've known all our lives—like Dixie. He sees Nine Nations as a resilient response of a tough people reaffirming their self-reliance. It's not that social contracts are dissolving; it's just that the new ones are being born.

"What he's saying, essentially, is that our values are separable from our regimes. We can preserve what is important to us, no matter what violence is done to the federal system, and the sooner we recognize that, the more confident of our future we'll be."

If that sounds familiar, it should; it could have been written by Phil Gramm, Newt Gingrich, or any one of their lunatic allies.

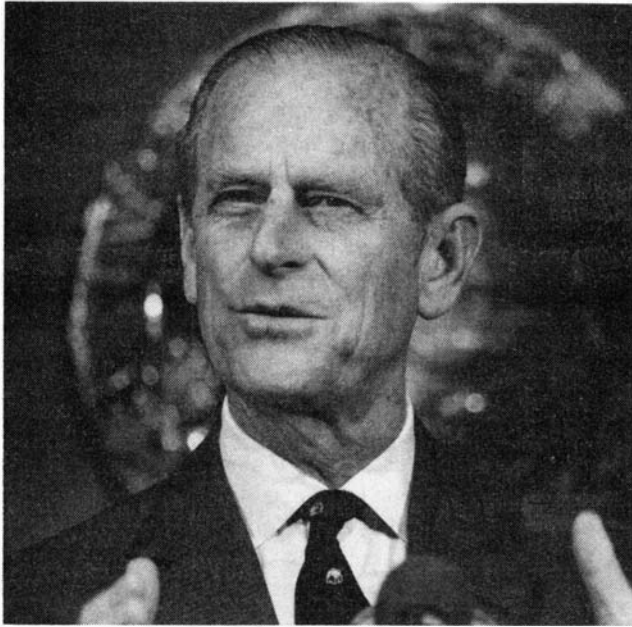
Breaking up the 'monster state'

Garreau's *Nine Nations* was deemed to be out of the mainstream of political thought when it first appeared. But within little more than a decade, books purveying the theme that the United States is breaking up, had begun to flood the bookstores.

One of the most important of these broadsides against the continued existence of the United States came from the pen of George Kennan, the former State Department Soviet hand who had long inhabited the higher reaches of the Anglophile faction of the U.S. policymaking establishment.

Kennan's memoirs, *Around the Cragged Hill*, published shortly after Bill Clinton's election as President, heaped venom on nearly every aspect of the United States, from its "addiction" to automobiles, to the decline of the "servant class." But what Kennan hated most about his country was its size.

"We are," he wrote, "if territory and population be looked at together, one of the great countries of the world—a *monster country*, one might say, along with such others as China, India, the recent Soviet Union, and Brazil. And there is a real question as to whether 'bigness' in a body politic is not an evil in itself, quite aside from the policies pursued in its name. . . . Excessive size in a country results unavoidably in a diminished sensitivity of its laws and regulations to the particular needs, traditional, ethnic, cultural, linguistic, and the like, of individual localities and communities. The tendency, in great countries, is to take recourse to sweeping



Prince Philip at the National Press Club in Washington on May 18, 1990 preached that the United States should be carved up into "bioregions" where "religious communities . . . might combine together to plan programs of environmental action."

solutions, applying across the board to all elements of the population. . . . Particularly is this true in the United States" (emphasis added).

Kennan went on: "There is a further quality of greatness of size in a country that deserves mention here. One might define it as the hubris of inordinate size. It is a certain lack of modesty in the national self-image of the great state—a feeling that the nation's role in the world must be equivalent to its physical size, with the consequent relative tendency to overweening pretensions and ambitions."

Quoting, approvingly, his former boss, Washington diplomat Bill Bullitt's comment that mankind is a "skin disease of the Earth," Kennan asserted that the United States is not only too big and too powerful, it has too many people, as well. "There is an optimal balance, dependent on the manner of man's life, between the density of human population and the tolerances of nature. This balance, in the case of the United States, would seem to me to have been surpassed when the American population reached, at a very maximum, 200 million people, and perhaps a good deal less."

Kennan's "solution" to the problem posed by the "monster" United States was to shatter it into 12 constituent republics, onto which would devolve most of the functions and powers currently held by the federal government.

"It is under the influence of these views about the disadvantages of 'bigness' that I have often diverted myself, and puzzled my friends, by wondering how it would be if our country, while retaining certain of the rudiments of a federal government, were to be decentralized into something like a

dozen constituent republics, absorbing not only the powers of the existing states but a considerable part of those of the present federal establishment," Kennan wrote. "I could conceive of something like nine of these republics—let us say, New England; the Middle Atlantic states; the Middle West; the Northwest (from Wisconsin to the Northwest, and down the Pacific coast to central California); the Southwest (including southern California and Hawaii); Texas (by itself); the Old South; Florida (perhaps including Puerto Rico); and Alaska; plus three great self-governing urban regions, those of New York, Chicago, and Los Angeles—a total of twelve constituent entities. To these entities I would accord a larger part of the present federal powers that one might suspect—large enough, in fact, to make most people gasp."

Kennan admitted that such an arrangement would indeed result in "many new complexities and not a few inefficiencies." But, in a truly bizarre note, he claimed that this would be all to the good. "[A] case might be made, I think, for the thesis that *nothing is more greatly to be feared, in the realm of governmental theory, than the effort to create governmental systems that are logical, uncomplicated, efficient, and vast in scope. That is not the way people themselves are constructed; and a governmental system that strived too hard for these apparent advantages would be bound to do violence to people's deepest needs*" (emphasis added).

Kennan also acknowledged that his proposal was designed to accelerate the centrifugal tendencies already at work. "If sectional differences have indeed been weakened by these forces [of modernism]," he wrote, "they might be reinvigorated, stimulated, and encouraged by the sort of decentralization I have suggested."

Echoing Prince Philip's May 1990 attack on economic growth, Kennan demanded an end to economic development in the United States, urging that it become a "static society."

"I react skeptically . . . to the ideal of economic growth that preoccupies so intensively almost all thoughts on economic problems in the United States. . . . Why growth? The assumption that without constant growth a national economy could not be what it was supposed to be—could not, that is, serve the purposes of society that it was meant to serve—seems to me to be without substantiation. . . . Would there not be something diseased, something cancerous, something open-ended and unstable, about an economy that had to be constantly growing to be seen as adequate to national needs?"

"Of course, to the extent that population grows, the economy has to grow with it, since there will obviously be more mouths to feed, more bodies to clothe, more shelters to be provided. But I can think of no place in the Western world or in other regions where population *ought* to be growing. If the preservation of this planet as a suitable habitat for civilization is the overriding imperative of our time, and if population growth is itself the greatest threat we face to the intactness of that habitat, then why should we wish to see further growth of this nature?"

“And what, after all, is wrong with a physically static society?”

To govern what was left of federal institutions, Kennan proposed setting up an unelected Council of State. “The federal government requires . . . the presence at its side of a permanent, non-political advisory body—one that permits the tapping of the greatest sources of wisdom and experience that the private citizenry of the country can provide. It also seems evident that the meeting of this need would require an institutional innovation of a wholly unusual nature, quite devoid of precedent in the national experience.”

Kennan explained that the Council of State would be a “permanent body” whose members would be “persons of high distinction.” Its “task would be confined to telling the country, including the politicians what ought to be done in the long-term interests of American society.”

Kennan’s book was a big hit in Britain, where it was praised to the skies by the London *Financial Times*, among other media outlets.

Global government and the region state: an end to nations

Variants on Kennan’s theme abound: Just one example is Yale professor (and British subject) Paul Kennedy’s latest opus. Published in 1993, *Preparing for the Twenty-First Century* declared that nation-states are rapidly becoming “anachronistic.” Global changes, such as the growth of international finance, multinational corporations, international terrorism, and narcotics networks, et al., “call into question the usefulness of the nation-state itself. The key autonomous actor in political and international affairs for the past few centuries appears not just to be losing its control and integrity, but to be the *wrong sort* of unit to handle the newer circumstances. For some problems, it is too large to operate effectively; for others, it is too small. In consequence, there are pressures for a ‘relocation of authority’ both upward and downward, creating structures that might respond better to today’s and tomorrow’s forces for change” (emphasis in original).

Kennedy predicted that such supranational organizations as the United Nations and the International Monetary Fund, along with emerging regional institutions, such as the North American Free Trade Agreement, would increasingly become the repositories of this “upward” “relocation of authority,” while the “downward” trend would be represented by such phenomena as individual American states, “often frustrated by the lack of interest shown by the federal government,” opening their own trade missions in foreign countries.

This development, Kennedy acknowledged, “carries with it the risk of national disintegration.”

The Spring 1993 issue of *Foreign Affairs*, the journal of the Anglophile New York Council on Foreign Relations (CFR), carried two articles that expanded on this particular aspect of *Preparing*.

“California’s Foreign Policy,” authored by James Goldsborough of the *San Diego Union-Tribune*, termed California the world’s “eighth-largest nation,” and asserted that the state is “so big, and its problems so immense, that it needs its own foreign policy.” The decline in federal largesse, especially the draconian reductions in defense spending, left California no choice but to act “like an independent nation,” especially in the area of foreign policy and international trade.

The accompanying article, “The Rise of the Region State,” by Kenichi Ohmae, chairman of the offices of McKinsey & Co. in Japan, carried the theme. Beginning with the declaration that “the nation state has become an unnatural, even dysfunctional unit for organizing human activity and managing economic endeavor in a borderless world,” the article insisted that “region states” are the wave of the future. According to Ohmae, these region states may develop within existing nations, such as northern Italy or Catalonia, or may transcend existing political borders, as with San Diego and Tijuana, or Hongkong and southern China.

Ohmae declared flat out that the United States, “in economic terms has never been a single nation.” Instead, he claimed, in an echo of Garreau’s *Nine Nations*, “it is a collection of region states: northern and southern California, the ‘power corridor’ along the East Coast between Boston and Washington, the Northeast, the Midwest, the Sun Belt, and so on.”

Ohmae maintained that national governments should give free rein to region states in the realm of economic affairs, including trade and investment, while retaining control only over “foreign policy, security and defense,” and monetary policies.

Foreign Affairs’ publication of the Ohmae and Goldsborough articles reflects an intense involvement by the CFR in promoting the notion that the nation-state is obsolete. In 1991, the CFR conducted a project on “A Changing World Order,” under the chairmanship of Elliot Richardson, and with the participation of Henry Kissinger, Sen. Daniel Patrick Moynihan (D-N.Y.), and current U.S. Ambassador Thomas Pickering, which explored “alternatives” to the nation-state. Out of the project came a book by Gidon Gotlieb, *Nation Against State*, which contended that the nation-state as a political form is incapable of addressing such crises as in former Yugoslavia, Northern Ireland, etc.

The Gotlieb book was dedicated to the Arthur Ross Foundation of New York City, a family fund that has always done the British Crown’s bidding in America. Investment banker and philanthropist Arthur Ross is a longstanding business partner and close personal friend of Hollinger Corp.’s Conrad Black; Ross was the gatekeeper for Sir Jimmy Goldsmith’s move into the American corporate world; and, according to eyewitness accounts, Ross served for years as a key British intelligence figure in New York, receiving daily hand-written instructions from British economic warfare and propaganda

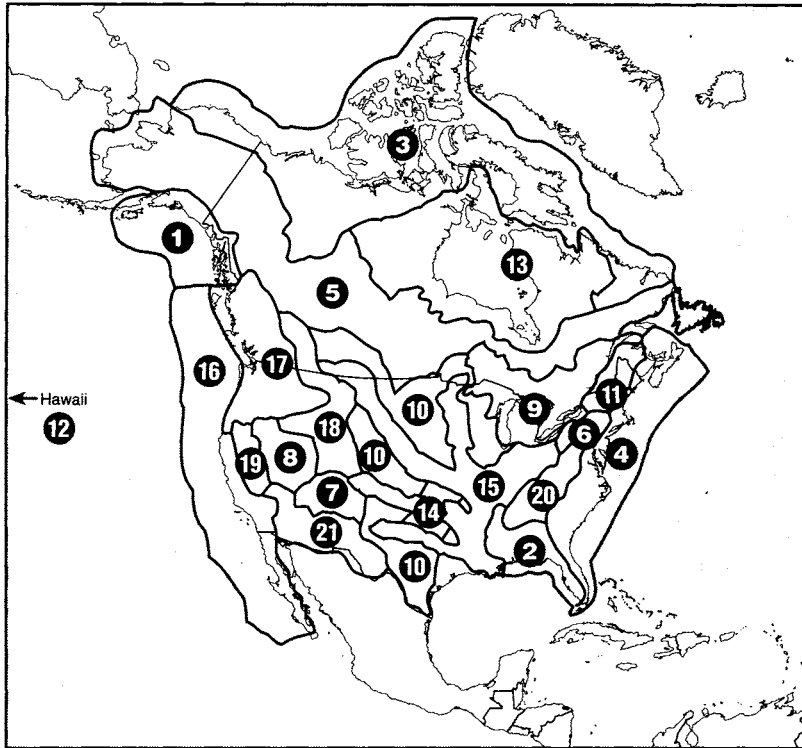


FIGURE 3

Prince Philip's 21 ecoregions

1. Alaska Rainforest
2. American Southeast
3. Arctic
4. Atlantic Coast
5. Boreal Forest
6. Central Appalachia
7. Colorado Plateau
8. Great Basin/High Desert
9. Great Lakes
10. Great North American Prairie
11. Great Northern Forest
12. Hawaii
13. Hudson Bay/James Bay Watershed
14. Interior Highlands
15. Mississippi Basin
16. Pacific Coast
17. Pacific Northwest
18. Rocky Mountains
19. Sierra Nevada
20. Southern Appalachian Highlands
21. Southwest Deserts

czar Lord Beaverbrook, that were delivered by British consular officers.

Bio-perversity: another bust-up scenario

Prince Philip's beloved bioregions have become a "hot" item among American eco-nuts since his 1990 declaration at the Washington NACRE conference. Just last year, the Sierra Club, one of the largest and most politically influential environmental organizations in the United States, launched a massive project designed to carve up Canada and the United States into 21 ecoregions (another name for bioregions).

The Sierra Club's Critical Ecoregions Program was described at length in the March/April 1994 issue of the organization's magazine, *Sierra*. An introduction, headlined "Beyond the Boundaries," stated bluntly that the concept of "ecoregions" is incompatible with the nation-state. "Environmental problems are best addressed in the context of broad geographic areas defined by natural features rather than by political boundaries and borders," it asserted. The 21 ecoregions defined by the club's program "won't correspond to the common divisions—towns, counties, states, provinces—comprehensible to bureaucrats and politicians."

The introduction further declared that the Sierra Club "has wholeheartedly embraced ecoregionalism as a context for our work during the coming decades, and has devoted significant energy to recasting the maps of the United States and Canada in this new light. . . . We are moving beyond political boundaries, back to our ecological roots."

The Sierra Club has established task forces for each of the 21 ecoregions (these include the Sierra Nevada, Alaska Rainforest, the Atlantic Coast, etc.; see Figure 3), which are busily working up various initiatives to concretely define each ecoregion. Each task force has adopted an action agenda, which generally includes implementing laws or regulations that would set aside for "conservation purposes" huge tracts of land or water in its respective ecoregion.

For example, the agenda for the Pacific Coast ecoregion, which extends from Baja California up through British Columbia, calls for establishing "new wilderness areas in places such as Northern California's King Range and new marine sanctuaries at Santa Monica Bay and in Washington's San Juan Islands," while also banning oil and gas leasing along the entire Pacific Coast.

The agenda for the Colorado Plateau area demands shifting the region's economy "away from resource exploitation [i.e., mining] to sustainable development;" enacting new legislation to "protect 5 million roadless acres in Utah" and pressing for "BLM [Bureau of Land Management] wilderness areas in Colorado and New Mexico;" as well as reforming the U.S. Department of Agriculture Wildlife Services Program "to prevent the wholesale slaughter of livestock predators"—in other words, give free rein to coyotes and wolves to destroy cattle and sheep herds.

As these examples show, the real objective of the Sierra Club's Critical Ecoregions Program is to slam the brakes on economic development in huge chunks of the United

States—as per Prince Philip’s diatribe against growth—while at the same time furthering the British plot to balkanize the country.

The new Confederacy

Advocates of balkanizing the United States are not confined to the environmentalist fringe. An equally perfervid commitment to breaking up the nation can be found among the extreme anti-big-government crowd represented by Gingrich, Sen. Phil Gramm (R-Tex.), and their fellow Conservative Revolutionists. It should be pointed out here that, despite superficial appearances, the radical environmentalists have much in common with the radical right-wingers—witness Gingrich’s support for the Endangered Species Act, for example. Also, early this year, the National Taxpayers Union, an organization founded and directed by James Dale Davidson, business partner of Lord William Rees-Mogg, stunned many traditional conservatives by sponsoring a joint press conference with the Sierra Club and Friends of the Earth to release a study, “Green Scissors,” which called for the shutdown of every dirigist, high-technology program still run by the feder-

al government. A few months later, the Heritage Foundation, the chief Washington, D.C. outpost for the Club of the Isles’ Mont Pelerin Society, released its own blueprint for the take-down of the federal government, which was nearly identical to a simultaneously released study by the International Resource Institute, a leading ecologist think-tank.

One of the clearest cases in point of the “green and brown alliance” to bust up the United States, is the Rockford Institute. Located in Illinois, Rockford has functioned as one of the major bases for the Mont Pelerin Society’s operations in the United States—as well as for the notion that the United States can no longer exist in its present form.

The February 1993 issue of *Chronicles*, a monthly magazine published under Rockford’s banner, trumpeted this conclusion via a feature article by its editor, Thomas Fleming. Fleming has subsequently earned high praise from Ambrose Evans-Pritchard of the *Sunday Telegraph*, who has emerged as one of the British oligarchy’s main propaganda mouthpieces deployed against President Clinton (see article, p. 8).

Entitled “A League of Our Own,” the article focused on the Lega Lombarda (Lombard League) and related political

Neo-Confederates urge violence, secessionism

On Dec. 10, 1994, speaking at the annual convention of the American Legislative Exchange Council (ALEC), Gun Owners of America President Larry Pratt delivered a blood-curdling call for a secessionist insurrection against the U.S. government.

Pratt, who is a close ally of the London *Sunday Telegraph*’s leading Clinton-hater, Ambrose Evans-Pritchard, urged the gathering of mostly Republican state legislators to form private paramilitary groups, “without the permission of the central government.” Pratt made the preposterous claim that such militias could defeat the U.S. Army: “You have to remember that the biggest complaint that the British had was that the colonial militias had more modern weapons than they did, and that is why they lost engagements. . . . And if you look at recent history, regular forces have been defeated by militias, like in Afghanistan, and in Somalia.”

As early as 1985, Pratt’s group, then called the Gun Owners Foundation, had sponsored a symposium on “The Militia in 20th-Century America,” advocating the formation of private armed citizens groups.

Pratt’s strong words at the ALEC session were seconded by Mont Pelerin Society ideologue Walter Wil-

liams, an economics professor at George Mason University and the alter-ego of talk-radio host Rush Limbaugh (Williams is frequently the stand-in for Limbaugh on the radio). Williams told the ALEC audience: “We should first, peaceably petition the Congress, but if that does not work, we must be prepared to secede. . . . Whenever I say that, people argue, ‘but, the last effort ended in bloody failure.’ And I reply: ‘Well, that was the second attempt—who knows what will happen on the third try?’ ”

ALEC was the perfect forum for these anti-constitutional ideas; it has been the driving force behind the Conference of the States, a rump Constitutional Convention that would have the states usurp the power to override any action by the federal government. The group advocates “devolution” of the federal government (see article, p. 72).

ALEC was founded in 1973, simultaneous with the Heritage Foundation. It is the grassroots arm of the Conservative Revolution against the American System. Its principal source of funding is British-American tobacco, whisky, and gambling casino interests, and Royal Dutch Shell Oil Company. In recent years, ALEC has also been bankrolled by Corrections Corp. of America, the nation’s leading private prisons company. In fact, when Pratt delivered his call for armed insurrection against the U.S. Army, former Attorney General William Barr was seated next to him at the podium. Barr has been traveling around the South advocating the privatization of prisons.

—Leo F. Scanlon

movements in Italy, whose main goal was to dismember Italy into several independent regions.

Praising the League, Fleming called for the establishment of a similar political movement in the United States. "There are only two alternatives for this continental empire *that has never been a real nation*: either we find the means to decentralize decision-making and restore authority to the old institutions of family and town and country (and even state), or else we lapse into a multifaceted civil war of blacks against Hispanics against whites against blacks against Jews" (emphasis added).

"The revolution," Fleming continued, "cannot be made overnight, and the first step would be the creation of a movement devoted to the long-range goals of political devolution, privatization (ours is not a free enterprise system), protection of the national interest in matters of immigration, trade, and foreign policy, and the reassertion of our old cultural identities as a European . . . and Christian nation. . . ."

"If there is no movement or party willing to embrace a Leghist [Lombard League] program," Fleming concluded, "then one needs to be formed, and if that is impossible, my advice is to stockpile ammunition and invest in bullet-proof doors and shutters."

Fleming's advocacy of a political party dedicated to the dissolution of the Union was nothing new. Previously, he had been a founder of the *Southern Partisan*, a magazine openly committed to the values of the ante-bellum South and the Confederacy.

In an August 1992 memorial to Confederate President Jefferson Davis, Fleming declared: "The [Civil] War was lost, but not the cause for which the war was fought. So long as any American cherishes some spark of liberty and some attachment to his native soil, so long as Southerners remember who they are and what their people did, the principles of 1860 will be kept alive."

Fleming was quoted in the *Washington Times's Insight* magazine dated July 19, 1992, stating that what he likes best about the South is its resemblance to the Middle Ages. The Middle Ages were "gritty and dirty with people fighting for what they believed in on a day-to-day level. The thing I love about medieval politics was that it was people in the street rioting day-to-day."

In the same location, Fleming praised the Italian Mafia, claiming that it "represents a more civilized form of existence than America does."

Fleming is not content simply to write in favor of the disintegration of the United States. In March 1993, he hosted a Rockford-sponsored conference, "The New American Politics Meets the New Europe: A Search for Shared Values and Goals," in Chicago, underwritten by the Earhart Foundation, which brought together U.S. and European academics and activists committed to the devolution of federal authority. Among those attending were Alain de Benoist, leader of France's New Right; Donald Warren of Oakland University

in Michigan; Carlo Ruzza, professor of sociology at the University of Surrey in Great Britain; and Paul Piccone, editor of the New Left journal *Telos*.

Piccone's presence was of particular interest—and further underscores that no matter what their superficial political profile, the bioregionalists, New Left local control advocates, right-wing anti-big government layers, et al. are working toward the same British-dictated objective of balkanizing the United States.

Notorious for his ties to Italian terrorism in the 1960s and 1970s, Piccone published an article in the Winter 1991-92 issue of *Telos* which, like Fleming's *Chronicles* piece, lauded the Lombard League as the political model for the post-nation-state era.

"The rise and growth of a plethora of autonomist movements in search of concrete alternatives to the central state constitute one of the main new political realities at the dawn of the 21st Century," Piccone asserted. "Almost every nation-state today . . . is confronted with major internal crises of national unity. Even in the U.S., which still bears the scars of a bloody Civil War fought precisely on this issue, Alaska's governor has been talking openly about 'secession,' Northern California has called for a referendum concerning autonomy for the rest of the state, and the boroughs of Staten Island and Queens are threatening to break away from the rest of an increasingly unmanageable New York City—and there is even talk of creating transnational macro-regions such as Cascadia, including a significant chunk of the U.S. Northwest regions and Canada's British Columbia."

Directing his attention to the Lombard League per se, Piccone commented that its decision to broaden its appeal by becoming the Lega Nord (Northern League), rather than remaining a local Lombardy entity, showed that its "post-modern populist organizational strategy has succeeded in providing a concrete alternative to the ruling political class."

Furthermore, the League's successes pointed to the gradual destruction of the Europe of the nations, and its replacement by a Europe of the regions, which would be a "federation *across and beyond*—rather than *on the basis of*—national lines. . . . If and when it will be time to think seriously about this 'Europe of the regions,' " Piccone stated, "Italy's Northern League may well provide the model" (emphasis in original).

This "Europe of the regions" concept was the cornerstone of the post-World War II rebirth of the Conservative Revolution. Count Richard Coudenhove-Kalergi, the wartime ally of Nazi Finance Minister Hjalmar Schacht, formed the Pan European Union to peddle this modern form of feudalism even before the guns of World War II fell silent; and Coudenhove-Kalergi's efforts were heartily endorsed by Mont Pelier Society founder Friedrich von Hayek.

The Rockford Institute is just one of many bastions of the Conservative Revolution which openly advocates "states' rights" or other "conservative" methods of dismembering the

United States. Llewellyn Rockwell, president of the Ludwig von Mises Institute and a member of the Rockford Institute's Main Street Committee, openly espouses the revival of the Confederacy. In the June 1992 issue of *The Free Market*, the von Mises Institute's newsletter, Rockwell penned a column entitled "Secede?" in which he made the case for secession.

"When a famous conservative told me ten years ago that 'the U.S. is too big,' and only 'breaking it up into 35 different countries' would preserve a free and decent society, I was shocked. Today, leaving aside the exact number of successor states, I wonder if he wasn't right."

Charging that the U.S. "central government gets more tyrannical and expensive by the day," Rockwell answered his rhetorical question, "Is it time to think about bidding it adieu?" in the affirmative: "As long as the states are held under the federal thumb," he argued, "they will never be able to experiment with free markets. . . . Is secession the only

hope for restoring freedom of all sorts? Perhaps, if we are not content indefinitely to be a 'tractable people.' "

The same issue of *The Free Market* contained a front-page article praising the Confederate Constitution.

The Hoover Institution—part of the same Stanford University complex linked to Garreau's Global Business Network—can also be counted among the secessionist or proto-secessionist conspirators. For example, one of its senior fellows, Angelo Codevilla, a former high-placed aide to several Republican senators in Washington, has been enthusiastically promoting Italy's Northern League, and, like Fleming, prescribing a similar "solution" for America's political ills. Codevilla penned a commentary in the Aug. 10, 1993 *Wall Street Journal* praising the League for being a "responsible and sophisticated" "anti-government group," which embodies "the average citizen's growing disgust with big government."

Thatcher operatives push breakup of the U.S.A.

The Council on Self-Determination and Federalism, a British-inspired group which advises Virginia's Gov. George Allen (R), is promoting the destruction of the federal government and the breakup of the Union, using concepts last advanced by the most radical slaveowner-secessionists at the outbreak of the American Civil War. Former British Prime Minister Margaret Thatcher is personally represented on the Council.

The Council was created in November 1994. Its format and much of its rhetoric were devised by the American Legislative Exchange Council (ALEC), a pro-secessionist lobbying group financed to a large extent by the Bronfman's Seagrams company and other liquor companies, gambling interests, and the prison-privatization/convict-labor lobby.

William Barr is a key spokesman and policymaker of ALEC. Barr worked for George Bush at the Central Intelligence Agency, and President Bush later appointed Barr U.S. Attorney General.

Barr was head of Governor Allen's commission to abolish parole in Virginia; Barr proposed to make prison inmates virtual slaves under private corporate control. His schemes are now being implemented in Virginia and other southern states.

Barr's law partner at the Shaw, Pittman, Potts and Trowbridge law firm in Washington, D.C., Charles Cooper, is co-chairman of the Council on Self-Determination and Federalism. Barr's former law partner at the law firm

and former chief spokesman at the Department of Justice, Paul McNulty, is another member of the Council, while serving as counsel to the crime subcommittee of the House Judiciary Committee.

David Bovenizer, a Virginia publicist for Patrick Buchanan and William F. Buckley, chairs the communication committee of the Council. In an interview, Bovenizer told *EIR* that in U.S. strategic thinking, Abraham Lincoln is "the problem." Bovenizer said the forced abolition of slavery was something that could not be done legally. He asserted that the United States is "impossible" as a nation; only the states are real societies, and that the outlook of the Council is no different from that of the secessionists of 1860.

Other members of the Council say they aim for states to have the power to nullify federal laws. This was a right claimed by radicals for the state of South Carolina, which almost led to civil war in 1832.

Following the 1994 inauguration of Margaret Thatcher as chancellor of the College of William and Mary in Williamsburg, the Council was kicked off at a nationwide Republican governors' conference in November at Williamsburg. That conference issued the "Williamsburg Resolves" statement for states' rights against the federal U.S. structure. Thatcher met privately with Governor Allen, and addressed a joint session of the Virginia legislature on anti-federal government themes, while lawmakers waved British flags.

Alexandra Warfield Davis, Thatcher's personal representative in the United States, was appointed to the Council at its founding. She coordinates Lady Thatcher's American activities from the Thatcher Foundation office in Washington, D.C.—Anton Chaitkin

In a subsequent interview with a journalist, Codevilla warned that the United States would dissolve as a nation as a result of populist anti-big-government sentiments, if action were not taken quickly to drastically reduce the size of the central government. "The development of such phenomena as the Lega implies the dissolution of the nation state, not just of centralized government," Codevilla asserted. "I would love to see Italy, Germany, the U.S. remain as countries. But unless there is an orderly process of strictly reducing the powers of government, the anti-statist revolt will lead to political disintegration.

"I see the same process of disintegration that's going on in Europe, happening in the U.S.," he continued. "We are very likely to see something like the Lega arise here—not necessarily the same exact form, but sharing the same essence—the rejection of government. People will soon start to realize that the Constitution no longer has any force, that the Supreme Court has become the tool of the state, rather than the defender of the Constitution. How things will turn out depends on [how] the anti-government sentiments of the population are shaped. I believe that the measures we should take include reducing the powers of the Supreme Court, radically cutting taxes, eliminating racial quotas, privatizing the schools via vouchers, introducing a flat tax, and taking the 10th Amendment seriously. All these would have the effect of drastically reducing the powers of the central government."

Codevilla also endorsed the proposed California referendum that would have divided the state in three: "As far as I'm concerned, the more states the merrier. The smaller the government, the closer it is to the people."

The 'Lebanonization' recipe

Another British-authored scenario for the dismemberment of the United States is the "Lebanonization" option, in which the country disintegrates under the pressures of exploding non-white, non-western immigration.

That is the theme of *Alien Nation*, a new book by former British subject Peter Brimelow. Brimelow's "Lebanonization" thesis is predicated on the view, not only racist but simply untrue, that the United States "melting pot" cannot, under any circumstances, absorb the wave of mostly Third World immigrants which has come into the United States as a result of the 1965 rewrite of American immigration laws, because, unlike previous waves of immigrants, they share nothing in common with the cultural, racial, and social traditions of their adopted country.

Hailed by the leaders of the Conservative Revolution, as well as by the the major anti-immigration organizations, such as the outright nativist Federation for American Immigration Reform (FAIR), Brimelow's *Alien Nation* gleefully forecasts that the United States will fracture unless it tries to recapture its traditional British WASP cultural and demographic profile by terminating the hordes of Third World immigrants pouring over its borders, legally and illegally.

The United States is in the grip of an "ethnic revolution,"

Brimelow asserts, the consequences of which could be the "snuffing out of the American nation—like a candle in a gale." The explosion of Third World immigration and the growth of minority enclaves is driving white Americans from whole states and regions, and creating "communities as different from one another as any in the civilized world. They will verge on being separate nations."

Brimelow predicts that the very existence of these different communities will call into question the need for the U.S. government, by raising the "classic problem of federalism: Why should any one of them submit in a larger political unit to the majority when it shares nothing with that majority? Particularly if the community is being visibly taxed for others' benefit.

"All large political units will have difficulty containing these contradictions," he adds. "This will begin locally (State Island trying to leave New York City), proceed to the state level (the northern counties trying to leave California) . . . and eventually could appear nationally (the Pacific Northwest going off with an independent British Columbia and Alberta?)."

It is important to note here that, Brimelow's contentions notwithstanding, America has indeed functioned as a melting pot, and quite successfully for the most part. Therefore, for the "Lebanonization" scenario envisioned by *Alien Nation* to become "live," would require the deliberate stirring up of ethnic and racial tensions. That, of course, is something at which the British are past masters; and the massive publicity accorded Brimelow's book signals that the British are preparing to trigger Lebanon-style ethnic strife within the United States. In fact, *Alien Nation's* racial fear-mongering is itself designed to help ignite the ethnic and cultural polarization the book predicts.

That is reinforced by Brimelow's pedigree: In addition to the fact that he was a British, then Canadian, subject before emigrating to the United States, Brimelow actively participates in the international networks behind both the Conservative Revolution, as well as the British-directed attacks on President Clinton.

A rabid free trader who favors across-the-board privatization and virtual elimination of government involvement in the economic and social life of its citizens, Brimelow is part of the Mont Pelerin Society apparatus in North America, enjoying strong backing from the Vancouver-based Fraser Institute, an offshoot of the Mont Pelerin's Atlas Foundation.

Conrad Black: Brimelow's primary backer

Brimelow's primary backer, however, is the leading publicist for the international oligarchy's Club of the Isles: Conrad Black, chief of the Hollinger Corp. *EIR* has documented that Black is one of the masterminds of the vicious slander campaign against President Clinton which the British have mounted to destroy his administration.

Not only is Black cited in all of Brimelow's books and articles as an avid supporter. Black has been identified as a

leading financial angel for the English-only movement, which was founded in the United States and Canada to fuel religious, ethnic, and racial tensions. Through the Canada-based Northern Foundation, which lists Brimelow as its honorary chairman, the British-born "economist" maintains close working ties to a North America-wide string of anti-immigrant racist groups. *Alien Nation* follows up on a theme Brimelow developed in his 1986 book, *The Patriot Game*, which called for the integration of Canada and the United States under an "English only" loose confederation.

At the same time that he serves as the scion of a string of rabidly racist and secessionist causes, Conrad Black also enjoys the status of charter membership in Prince Philip's 1001 Nature Trust, the funding and policy-shaping arm of the WWF. If anyone personifies the convergence of the ecological-New Age with the Conservative Revolution, it is Conrad Black.

Black's frontman Brimelow, who is referred to as "the redneck in the nice suit," is a fully integrated figure in the British financial establishment. A transplant to Canada who now lives in New York City, Brimelow graduated from the University of Sussex (an offshoot of the London Tavistock Institute) and received an MBA from Stanford University; he worked for a prominent Canadian securities brokerage house and has been an editor at the *Financial Post* (a joint venture of Hollinger and the *Financial Times*), *Macleans* magazine, *Barrons*, *Fortune*, and *Forbes*, where he is currently a senior editor under Mont Pelerin affiliated Malcolm Forbes, Jr.

Not surprisingly, Brimelow's U.S. networks include the Hoover Institution as well as the Rockford Institute; Brimelow has attended several of the latter's functions, and wrote an article for the June 1993 "Bosnia, U.S.A." cover story of Rockford's *Chronicles* which previewed *Alien Nation*. Another contributor to the cover story was Garrett Hardin, the infamous "lifeboat ethics" advocate and a board member of FAIR. His article called on Americans to become "rational" about immigration by disowning the "appalling advice of Emma Lazarus" in her poem ("Give us your tired, your poor, your huddled masses . . .") inscribed on the base of the Statue of Liberty.

Brimelow has ties to various nativist, anti-immigrant groups, both in Canada and the United States, among them, "U.S. English." One of that organization's leading officials, Dr. John Tanton, was embroiled in controversy in 1989 when a memo he wrote in 1986, predicting that apartheid would become inevitable in California by 2030 if non-white immigration continued, was leaked to the press. A past president of Zero Population Growth, Tanton was one of the founders of FAIR (with which Brimelow is also affiliated). In the 1980s, FAIR received \$370,000 from the pro-eugenics Pioneer Fund, which has financed research purporting to prove a positive link between race and criminality, and race and intelligence (i.e., blacks are crooks and stupid to boot).

Since the publication of *Alien Nation*, Brimelow has won praise from the *Sunday Telegraph's* chief Clinton-basher,

'Resist, revolt, and rebuild'

Llewellyn Rockwell, president of the Von Mises Institute in Auburn, Alabama, is one of the leading Mont Pelerin Society ideologues and operatives in the United States today. Ludwig von Mises, a founder of the Austrian School of Economics in the early twentieth century, was a mentor and lifelong collaborator of Mont Pelerin founder Friedrich von Hayek.

In the May 1995 issue of the *Rothbard-Rockwell Report*, published well after the Oklahoma City bombing, Rockwell wrote a signed article entitled "Resist, Revolt, and Rebuild." It began with the following Jacobin-like, provocative call to arms: "The essence of government is coercion. It is also, as Washington, D.C. has shown us, arbitrary and capricious confiscation of property without due process, the shooting of innocent political dissidents, and the mass burning of civilians.

"If we want to regain our liberty, we have to do much more than limit the government we have. We must alter it fundamentally, with severe institutional, demographic, and geographic limits on its ability to coerce."

Rockwell continued: "Gingrich and Clinton are co-managers of the world's biggest government running the world's most elaborate central plan, and we need to think about real change to reduce it to rubble."

Rockwell echoed Karl Marx in positing a kind of post-industrial, class warfare: "There is always a conflict of interest between the rulers and ruled, because the rulers are not productive. They live off the productivity of others. Whether through taxes, inflation, borrowing, or the spoils of war, the rulers are moochers. The state and groups connected to it live at others' expense, while those unconnected to the state are productive but see the fruits of their labors confiscated. That's why the growth of the state creates a conflict of interest in society, which only grows worse once it begins."

Ambrose Evans-Pritchard, and, more recently, from GOP Presidential candidate Pat Buchanan, another admirer of the Confederacy.

Pure chaos

Closely linked to Brimelow's Lebanonization prescription, is the increasingly influential "chaos" school of political science, whose leading practitioner, Thomas F. Homer-Dix-

on, operates out of the University of Toronto.

The chaos theory garnered wide currency when the *Atlantic Monthly* devoted its February 1994 cover story to it under the title, "The Coming Anarchy." Written by Robert Kaplan, the story detailed a world falling inexorably into chaos: "Nations break up under the tidal flow of refugees from environmental and social disaster. As borders crumble, another type of boundary is erected—a wall of disease. Wars are fought over scarce resources, especially water, and war itself becomes continuous with crime, as armed bands of stateless marauders clash with the private security forces of the elites."

Although devoted primarily to the devolving situation in the Third World, the article warned that the United States would also be adversely affected by these trends. Garreau's *The Nine Nations of North America* "is more relevant now than when it was published, in 1981," Kaplan commented in the *Atlantic Monthly*.

"Indeed, it is not clear that the United States will survive the next century in exactly its present form," he wrote. "Because America is a multi-ethnic society, the nation-state has always been more fragile here than it is in more homogeneous societies like Germany and Japan. . . . 'Patriotism' will become increasingly regional as people in Alberta and Montana discover that they have far more in common with each other than they do with Ottawa or Washington, and Spanish-speakers in the Southwest discover a greater commonality with Mexico City."

Under the rubric of "Environmental Scarcities, State Capacity and Civil Violence," the "chaos theory" has become the focus of an ambitious project run jointly by the American Academy of Arts and Sciences and the Peace and Conflict Studies Program at the University of Toronto. The project, directed by Homer-Dixon, has received financial support from the Rockefeller Foundation and the Pew Charitable Trusts.

It would be wrong to presume that the United States is—as the Brimelows, Garreaus, and Prince Philips of the world propagandize—on the verge of bustup, chaos, and devolution. However, their written words serve as a testimonial to their commitment to hasten the day when the British Crown's 220-year dream of recolonize the United States becomes a reality.

In the short-term, this drive to throw the United States into racial, ethnic, religious, and regional chaos is very real. The Oklahoma City bombing can only be understood in the context of these secessionist rumblings from the Club of the Isles and the House of Windsor. So long as the British stir up such propaganda with the aim of instigating violent gang warfare against the federal government and the U.S. Constitution—whether it be in the form of radical ecologists or would-be Conservative Revolutionists-in-patriots'-clothing—the security of the United States will be jeopardized, the danger of new incidents of international terrorism on U.S. soil will continue, and the threat level against President Clinton will remain grave.

The Wise Use Movement

How populists are turned into traitors

by Anton Chaitkin

Operatives of British intelligence and international banking are meddling dangerously in the United States through the so-called Wise Use movement. They are promoting a confrontation pitting ranchers and others, especially in Nye County, Nevada, in a legal battle and potential manipulated violence against the U.S. government. These same British overlords who *run the environmentalists* are playing upon real grievances of citizens of the western United States long victimized by environmentalist antigrowth tyranny.

The "wise use" concept stems from the deceptive initiatives of the Anglophile U.S. President Theodore Roosevelt and his chief forester, Gifford Pinchot, to bring programs designed by the British Empire in India, into the United States disguised as a "conservative" alternative to environmentalist paganism.

Roosevelt and Pinchot claimed to sponsor the "wise use," or conservation, of resources rather than their total lockup, as the radicals wanted. Roosevelt then shut down settlement, froze western land, overturned Abraham Lincoln's program of government-subsidized railroad building, and ended Lincoln's government grants for homes, farms, colleges, factories, and mines.

Working in close cooperation with Britain's King Edward VII, Roosevelt used his newly formed Federal Bureau of Investigation to arrest prodevelopment westerners, including congressmen.

The Rangelands storm

Ron Arnold, who heads the Center for the Defense of Free Enterprise in Washington state, has now revived the Roosevelt-Pinchot "wise use" theme. It has the effect of steering Americans away from the fight for a policy of technological progress and into the trap of fighting against the authority of the U.S. government.

A book published in 1989 by Arnold's Free Enterprise Press, *Storm Over Rangelands: Private Rights in Federal Lands*, circulates among credulous people as the "bible" of this movement. It well illustrates this dirty British intelligence game. In the name of protecting private property from too much government, the book sets up the very concept of the United States of America as the enemy of the Americans! It attacks the federal Union, taking the standpoint of the

southern slaveowners' Confederacy. Using British lies about American history, the author attacks the American Revolution's commitment to national industrial and technological progress as a violation of "rights" that it says are derived from feudalism. The book violently assails the U.S. preference for human rights over *usury*.

The author of *Storm Over Rangelands*, Wayne Hage, is a resident of Nye County, Nevada, where county authorities have announced that U.S. laws have no local effect.

In the book's preface, Hage thanks "the intellectual leader of the privatization movement of the 1980s," Steven Hanke, for stimulating the start of the movement. Arnold confirms that Hanke is credited with coining the word "privatization," which is synonymous with the Wise Use initiative.

Hanke: British bankers' guru

Hanke has rare credentials as the guru of a "radical anti-government" movement. He is a consultant to British and allied bankers, with his business headquarters in Canada. He is a close collaborator of Margaret Thatcher's chief economic adviser, Sir Alan A. Walters, with whom he has coauthored several books. For a short time, Hanke served the George Bush faction of the Ronald Reagan administration as an expert on "privatization."

Hanke is an advocate of a bankers' dictatorship over the nations of the world, and of sweeping away laws that would interfere with the speculative plundering, gambling, and drug-pushing forms of finance. In this strategy, the International Monetary Fund and the United Nations are to police each country to wipe out national sovereignty.

As one of the world's leading spokesmen for imposing "currency boards" over developing countries, the mode of bankers' dictatorship practiced by the British Empire over its colonies, Hanke has been much quoted recently demanding this solution for such nations as Mexico.

Hanke teaches about financial derivatives (super-speculative bets on which banks and governments now have \$30 trillion outstanding at risk) at Johns Hopkins University, and he writes columns for *Forbes* magazine defending derivatives speculation from the threat of regulation. He draws his inspiration from the late British-based Austrian fascist Friedrich von Hayek.

In the Confederate tradition

Hanke, and the other designers of the "Wise Use" movement, would destroy the United States faster than the Greens could do, by breaking up the government and the Union, without which there is no development of technology.

In *Storm Over Rangelands*, the defense of the American Union is portrayed as a contemptible trick by the free North to impose its "particular political persuasion." When the Civil War came, writes Hage, "Nevada found itself saddled with Union war objectives." Following in this Confederate

tradition, today's Nevadans are supposed to throw off this unwelcome bondage of American citizenship.

Storm Over Rangelands attacks Lincoln's Homestead Act as a trick, and attacks all U.S. infrastructure initiatives. There is the 1841 law that, according to the book, "donated 500,000 acres of public lands directly to nine western states and promised the same gift to all new states that might be admitted into the Union. . . . Proceeds [from sale of the lands to settlers] were to be ' . . . applied to objects of internal improvement, namely: roads, railways, bridges, canals, and improvements of water courses, and draining of swamps.' " Hage calls this law "anti-western sectionalism"!

The book attacks the nationalist Whig Party, which "saw government as an active instrument of progress and improvement. . . . Their rhetoric was anti-Western. . . ." Even President Thomas Jefferson is ridiculed, as a sellout of the no-government cause, because he signed "the Ohio Enabling Act of 1802 into law . . . [to] create the state of Ohio, committing [his] and all future administrations to contracting internal improvements within the states."

Rewriting American history

British atheist philosopher John Locke, who wrote the original feudal constitution of American slave colony South Carolina, is falsely portrayed as the father of American law. Hage's book applauds Locke's insistence that the *usurer's* concept of property rights—including slave "property"—takes precedence over human rights or national sovereignty, even when the Declaration of Independence rejects this notion.

U.S. President John Adams, a nationalist, is presented dishonestly as a supposed advocate of these concepts. Claiming that "during revolutionary times John Adams saw private property as the most important single foundation of human liberty," Hage rips from its context an Adams phrase, that property should be as sacred as the laws of God. Hage gives it the opposite meaning from Adams's actual writing, from which the reader is diverted by a false footnote citation.

In the actual Adams text (see *Works of John Adams* [Cambridge, Mass.: Little Brown, 1851, Vol. 6, p. 9 and preceding pages]) Adams condemns anarchical mob leaders and calls for a strong, central, national government as the only guardian of the people's liberties and property. Adams warns specifically about the dangerously flawed person who looks out for his own narrow self-interest and doesn't care a whit about the fate of the nation.

The low point of this British offensive against American nationality is the book's complaint that throughout U.S. history, Americans have stigmatized *speculators* as morally inferior to *settlers*, viewing them in the same way that they view the difference between Satan and Christ. This is supposedly a deliberate plot by the North to squelch the development of the West. According to the Hayek-Hanke-Hage doctrine, speculators are the same as ordinary settlers.

The immediate threat of a derivatives collapse

by John Hoefle

This speech was delivered on May 17 to a conference of the Schiller Institute in Washington, D.C. on "The Global Financial Crisis: To Be or Not To Be."

We are on the eve of the worst financial collapse in six centuries, a collapse which will devastate the world in which we live, and cause many among us to wonder how we let such a thing happen, why we didn't stop it when we had a chance.

The trigger for this global financial disintegration will be the derivatives market, which has grown like wildfire over the past few years, in a frenzy of gambling, and gambling with borrowed money at that (**Figure 1**).

The notional value of world derivatives has grown from \$1 trillion at the end of 1986, to some \$45 trillion at the end of 1994. Not even the drug trade, which is growing at a rate of 25% a year, has grown that fast.

As fast as the derivatives bubble has grown, it is collapsing even faster. Just the losses which have been reported, add up to over \$35 billion, and the losses which get reported are just the tip of the iceberg (**Figure 2**).

Nearly all the major players in the derivatives markets, including the big commercial banks, investment banks, hedge funds, mutual funds, and others, invest on margin, meaning they only put up a small portion of the purchase price of the derivatives they buy, and allow the institutions to which they sell derivatives to do the same.

This leverage allows them to buy and sell derivatives far beyond their ability to pay. The rationale behind this is that since they can always sell the derivative to someone else, their risk is only the difference between what they paid and what they can sell it for.

If I buy a \$1 million derivative on margin for \$10,000—1%—then sell it for \$11,000, I make a \$1,000 profit without ever having to come up with the \$1 million. If the price goes down, and I sell it for \$9,000, then I lose \$1,000. This is the way the derivatives players figure their risks.

This process works, after a fashion. As long as there is someone out there who wants to buy your derivatives for something near what you paid for them, you can survive. Should the price drop below what you can afford to cover, you go bankrupt, but the market itself survives. But what happens to this pyramid scheme when there are no buyers?

When there are no buyers, everyone who holds derivatives is suddenly liable for the face amount: Your \$10,000 has bought you \$1 million of debt, which you can't pay. You're broke, and therefore your creditors are broke, because you can't cover your debts to them. What erupts, is a chain-reaction collapse. The leverage which allowed the bubble to expand so rapidly, changes to *reverse leverage*, and the system disintegrates, virtually overnight.

This is the situation we are rapidly approaching.

Since the bankruptcy of Orange County, California last December, the global derivatives market has begun to implode. Within weeks, the Mexican financial system crashed, propped up by the promise of \$52 billion in rescue funds.

At the end of February, Barings Bank, one of the crown jewels of the British Empire, failed; another of those jewels, the Anglo-Venetian S.G. Warburg, is in the process of being bailed out by Swiss Bank Corp. Lloyd's of London, which insured the British Empire in more ways than one, is mortally wounded. Crédit Lyonnais, the biggest bank in the world outside Japan, has required repeated bailouts by the French government. Two huge Japanese banks are merging to form

FIGURE 1

World derivatives growth

(trillions \$)

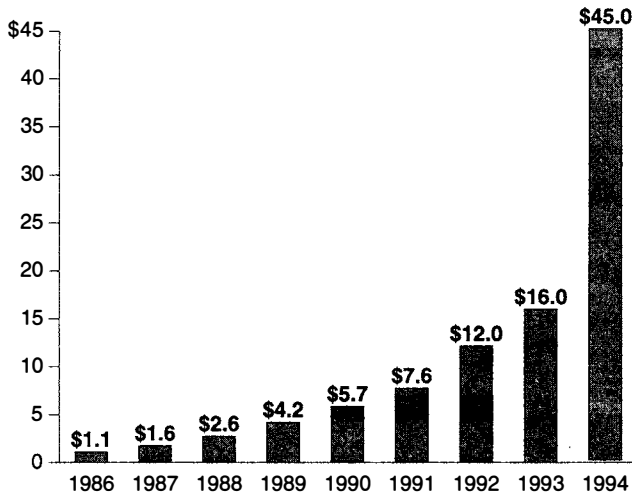
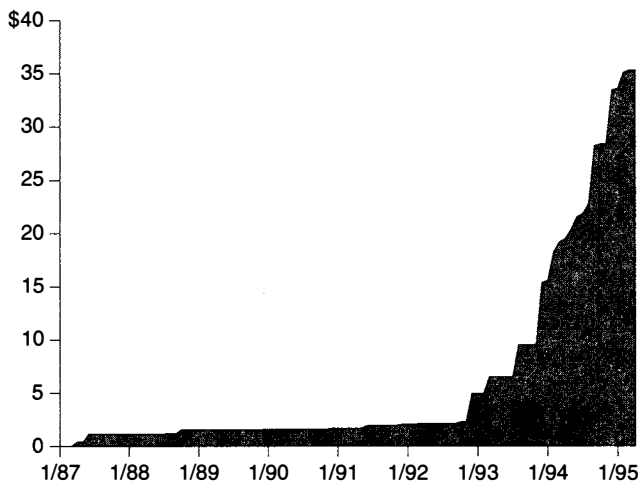


FIGURE 2

World derivatives losses

(cumulative total, billions \$)



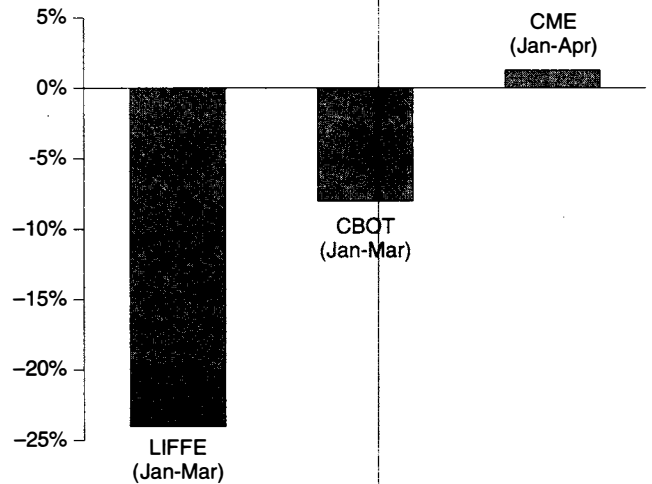
the world's largest bank, hoping they can ride out the growing storm. In New York, the investment banks are suffering, and the rumors grow that a major New York commercial bank has gone under, its doors kept open only by a massive federal life-support action.

During the first three months of 1995, the volume of trading on the London International Financial Futures and Options Exchange (LIFFE), which has set trading records for 12 successive years, dropped 24% compared to the first three months of 1994 (Figure 3). During the first quarter,

FIGURE 3

Derivatives trading volumes

(percent change between 1994 and 1995)



LIFFE had only one day in which 1 million or more trades were conducted, compared to 12 such days in the same period last year. The decline continued into April, when only 8 million futures and options were traded, a 35% decline from a year earlier.

The Chicago Board of Trade experienced an 8% drop in trading in the first quarter, compared to the same period in 1994. Trading in Treasury bond futures, the CBOT's largest contract, dropped 7% during the same period.

Trading on the Chicago Mercantile Exchange increased 12% during the first quarter over the first quarter of last year, but fell far short of the 54% growth experienced during 1994. The bulk of the progress occurred in January, when trading was up 37% over the year before. Year-to-year growth fell to 6% in February, and to just 0.3% in March. The bottom fell out in April, when trading volume fell to its lowest level since December 1993. Trading volume was down 39% from March, and 29% over April 1994, cutting the January-to-April increase to just 1%.

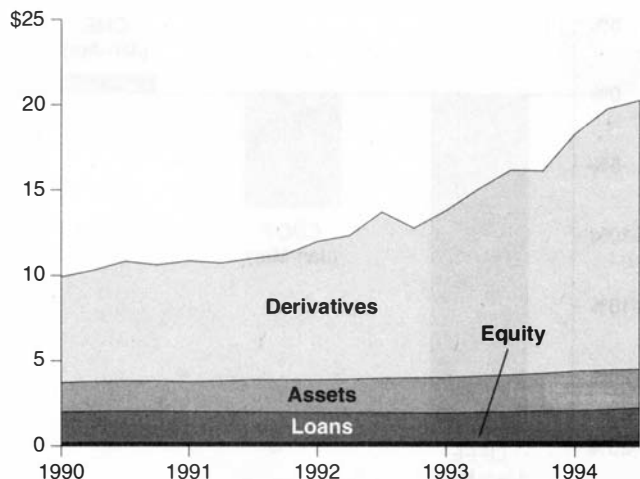
One effect of this trading decline, is that some brokers in the City of London and in Chicago have stopped trading, and others have cut back their trading staffs. The traders who remain, are working for smaller commissions, as the firms fight over what business is left.

The decline on the listed exchanges is significant, and provides a glimpse of what is under way, but the bulk of derivatives trading is done in what is called the over-the-counter market, directly between the big banks, investment houses, and other players. While the figures for the first quarter of 1995 are not yet available, there are signs that the explosive growth of OTC derivatives trading has also come to an end.

FIGURE 4

U.S. banks are addicted to derivatives

(trillions \$)



The derivatives holdings by U.S. banks, as reported by the Federal Deposit Insurance Corp., grew by \$3.9 trillion in 1994, but more than half of that growth occurred in the first quarter alone (Figure 4).

The total amount of derivatives held by U.S. banks grew just over \$2 trillion—17%—in the first quarter, followed by an increase of \$1.4 trillion—10%—in the second quarter. Growth slowed dramatically to \$446 billion—3%—in the third quarter, and to just \$5 billion—0.03%—in the fourth quarter.

It would not be at all surprising to see that derivatives have declined, when the first quarter statistics are released. But even if the bankers manage to put it off another quarter or two, the writing is on the wall.

Some 85% of these derivatives holdings are concentrated in seven banks: Citicorp, Chemical, J.P. Morgan, Chase Manhattan, Bankers Trust, BankAmerica, and First Chicago (Figure 5). As you can see, the derivatives exposures at these banks dwarf their assets, and make them extremely vulnerable to any drop in the derivatives markets.

One effect of these derivatives problems can be seen in the trading revenues of the top seven money center trading banks (Figure 6). These seven banks reported gross trading revenues of \$3.9 billion in 1994, a decline of \$4.4 billion—53%—from the record \$8.3 billion in trading revenue reported in 1993, and the lowest such total since 1989.

For the fourth quarter of 1994, these seven banks reported trading revenues of \$584 million, a 54% drop from the \$1,409 million reported in the third quarter.

The high point for trading revenue was the second quarter of 1993, when the banks reported \$2,246 million. For the first quarter of 1995, trading revenue increased to \$868 million, a

FIGURE 5

They're not banks anymore

(trillions \$)

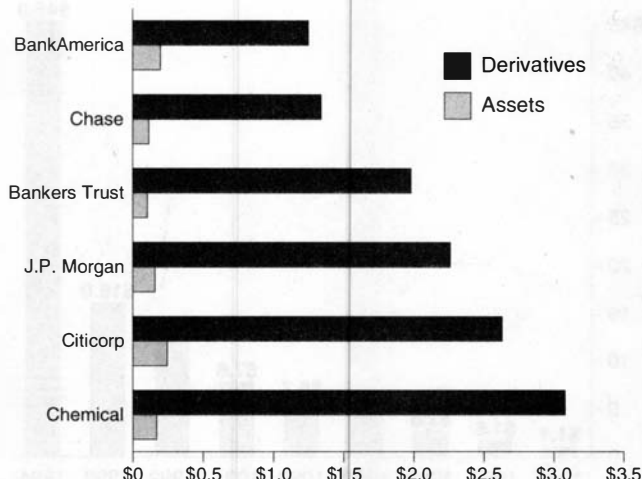
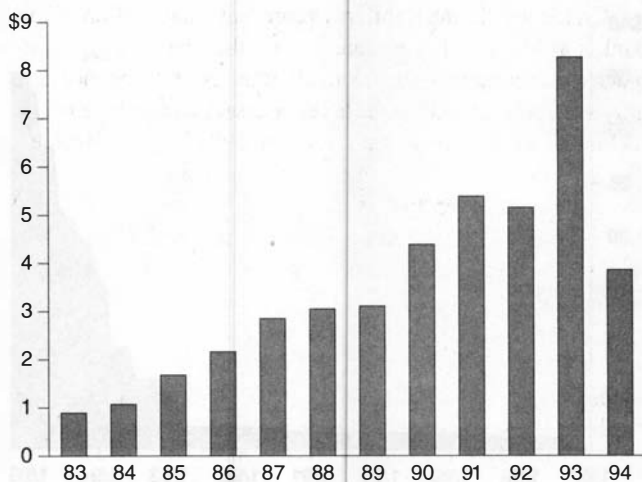


FIGURE 6

Top seven banks' gross trading revenue

(billions \$)



54% increase over the fourth quarter of 1994, but well below the \$1,515 million average quarterly level in 1993 and 1994.

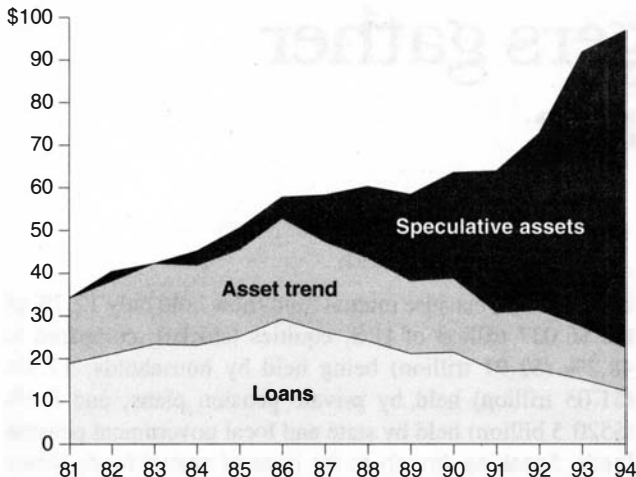
The bulk of the first quarter trading revenue—72%—came from just two banks, Citicorp and J.P. Morgan. The big loser was Bankers Trust, which suffered a trading loss of \$78 million, compared to an average trading revenue gain of \$264 million a quarter in 1993 and 1994.

Let's take a closer look at Bankers Trust which, until recently, has been the poster boy of the derivatives market. Bankers Trust is a bank in name only, having transformed

FIGURE 7

Bankers Trust loans and assets

(units)



itself into a trading house. **Figure 7** shows this clearly. In 1981, more than half of the bank's assets were loans; by 1994, loans made up only about one-fifth of the bank's assets.

On the graph, the light gray represents that portion of the bank's assets which are loans, while the medium gray and black areas combined represent all other assets. The medium gray section shows what the level of assets would have been, had the ratio of loans to total assets in 1981 been maintained for the entire period, while the black section shows the increase in assets over that level.

As you can see, Bankers Trust abandoned traditional banking, and rushed headlong into speculation. Having chosen to live by speculation, it will now die by speculation.

Figure 8 shows the relative volumes of Bankers Trust's stockholders' equity, balance-sheet assets, and off-balance-sheet derivatives holdings. The little black square in the bottom left hand corner is the equity, or net worth of the bank.

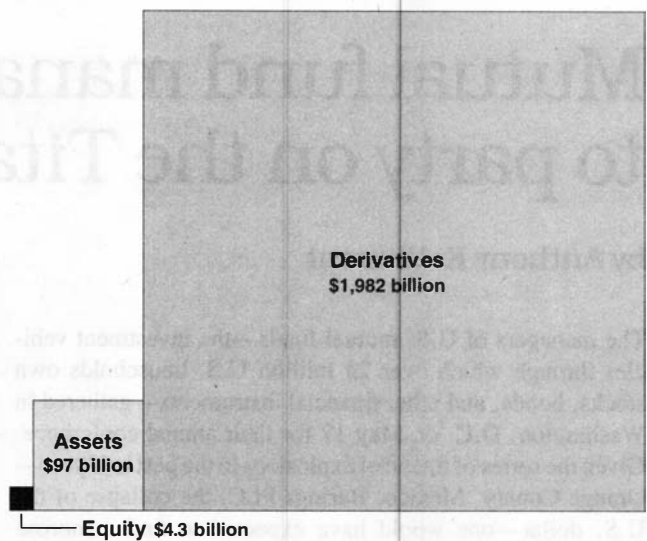
At \$4.3 billion, Bankers Trust's equity capital is 4.4% of its assets, and only 0.2% of its derivatives, while its assets are just 5% of its derivatives. A loss of just 0.2% of its total derivatives holdings, would be enough to wipe the bank out completely.

Such a drop has, in fact, already occurred. Our estimate is that the recent devaluation of the dollar—the currency in which some 60% of the world's derivatives are denominated—combined with the reverse leverage from the \$35 billion in losses already recorded, has knocked out between \$5 trillion and \$9 trillion of the derivatives bubble, or between 10% and 20% of the entire thing.

This is what got Barings and Warburg, and this is what

FIGURE 8

Bankers Trust New York Corp., 1994



will get the rest. False accounting may keep the doors open for a while longer, but the damage is real, and growing.

Take another look at **Figure 8**. Imagine that instead of showing the relationship between the bank's financial numbers, it shows the relationship between a man with cancer, and his malignant tumor. That gives you a pretty good idea of the state of the speculative bubble, and why this bubble cannot continue.

The financial experts would have you believe that they can manage their way out of the crisis, which is like a doctor telling a patient with a 500-pound tumor that he will be fine, as long as he watches his diet and gets some exercise. The truth is, unless the tumor is removed, the patient is doomed.

The global financial system is coming down. No government, no banker, no power on earth can stop that from happening. If it blows without any controls, which is what we're starting to see, the result will be disintegration, chaos, and death, a total breakdown of the fabric of society.

This is precisely what happened six centuries ago, when a devastating financial crash led to the collapse of the physical economy. One of the results of that collapse was the Black Death, which wiped out half the population of Europe.

In closing, what must be understood, is that this process of collapse has already begun. Africa is a good example of how it works: So much money has been sucked out of Africa to feed the bubble, that the continent is dying.

What is happening in Africa today, is what will soon happen to the rest of the world, unless there is a dramatic change in economic policy. When you've seen what the collapse has done to Africa, why wait to see what it will do to the rest of the world?

Mutual fund managers gather to party on the Titanic

by Anthony K. Wikrent

The managers of U.S. mutual funds—the investment vehicles through which over 25 million U.S. households own stocks, bonds, and other financial instruments—gathered in Washington, D.C. on May 17 for their annual conference. Given the series of financial explosions in the past half year—Orange County, Mexico, Barings PLC, the collapse of the U.S. dollar—one would have expected to find a morose mood among the money managers. If the international financial system is the *Titanic* after hitting the iceberg, the discussion should be focused on the best ways of getting as many people as possible into the lifeboats, right?

Wrong. The mood was positively upbeat, with attendees gleefully listening to speakers predicting a coming golden age for their “industry,” as aging baby-boomers scramble to store up riches for their retirement.

Stunning growth

The Investment Company Institute represents the companies that manage the nearly 5,000 mutual funds in the United States. A mutual fund is a company that manages a pool of investments on behalf of a large number of individuals and institutions. In 1970, there were only 361 mutual funds in the United States, with \$47.6 billion in assets. By 1980, there were 564 mutual funds, with assets of \$95 billion. The financial deregulation of the 1980s brought a period of explosive growth: By 1990, there were 3,105 mutual funds with \$1,066.9 billion (\$1.07 trillion) in assets. As of March 31, 1995, according to ICI statistics, U.S. mutual funds assets had swelled to \$2.3 trillion, of which 41% of this were in stock funds, 31% in bond funds, and 28% in money market funds.

This stunning growth has spurred discussion and concern in some circles about the shift in the U.S. financial system, from dominance by commercial banks, to dominance by mutual funds. Since the Federal Reserve—indeed, almost the entirety of the federal financial regulatory apparatus—has forged regulatory tools to effect policy through the banking system, it is unclear how effectively policy can be implemented if a large portion of financial assets are held by mutual funds, rather than commercial or investment banks.

The ICI argues that there is really not much to be con-

cerned about, because mutual funds now hold only 12.7% of the \$6.037 trillion of U.S. equities (stocks), compared to 48.2% (\$2.91 trillion) being held by households, 17.3% (\$1.05 trillion) held by private pension plans, and 8.6% (\$520.5 billion) held by state and local government pension funds. Speaking directly to the issue of mutual funds versus banks, the ICI argues that, “at year-end 1994, total assets of mutual funds were \$2.16 trillion versus \$2.46 trillion of commercial bank deposits. However, it is more meaningful to compare total bank assets of \$4.16 trillion (including securities managed by trust departments) to total mutual fund assets. Bank deposits are more similar to money market mutual funds, which had assets at year-end of \$611 billion.”

The top money managers

Nonetheless, the fact remains that mutual funds represent a significant portion of the U.S. financial system. As the ICI boasts in its *Fact Book*, “By pooling the financial resources of thousands of shareholders . . . investors gain access to the expertise of the country’s *top money managers*” (emphasis added). It was thus startling to find at the ICI conference a complete lack of concern over recent financial developments. For example, derivatives—the instruments which helped drive Orange County into bankruptcy, and are blamed for causing the obliteration of Barings—were a primary topic on the agenda. But the focus of attention was not on losses incurred, or minimizing the damage caused by derivatives, but on ensuring that there was adequate *disclosure* of derivatives holdings by mutual funds, so that the discomfort and surprise of investors could be minimized.

Very few people at the ICI conference even acknowledge there is a financial crisis. One of the few is with the accounting firm Coopers & Lybrand, and he mentioned that one of the fastest-growing operations his firm now has, is a special consulting group set up to advise companies on how to measure the risk from their holdings of derivatives, and how to reduce that risk—sometimes by buying more derivatives, but more often by unwinding the positions held, or by identifying other, offsetting positions already held but not previously figured into the total derivatives portfolio.

“These guys aren’t going to admit they’re holding deriva-

tives now, after all the bad publicity," he said, referring to the mutual fund managers in attendance. "Even if they didn't lose money, it's not something they want to talk about."

The more typical response to an interlocutor bringing up the topic of financial crises, was that of a senior manager for Merrill Lynch, who runs a number of "proprietary funds." When told of the series of recent statements made by leading figures in Europe and Japan, warning of the need to begin abandoning floating exchange rates, he replied that there was no problem at all, that there were just a few "small messes that need to be cleaned up," and that these would be taken care of in due course as the issue of disclosure is worked through. When told about some of the recent proposals for a tax on financial transactions, he replied, "Taxes are never the best way to deal with something."

This nonchalance in the face of clear disaster was particularly striking, given the nearly 100% recognition of the work of Lyndon LaRouche, the American System physical economist who has accurately warned of each major devolution of the financial and monetary systems for the past few decades. Another person from Merrill Lynch at first claimed not to be familiar with LaRouche, but when shown the August 1994 pamphlet featuring "LaRouche's 9th Forecast: The Coming Disintegration of the Financial Markets," he exclaimed in disgust, "He's been saying that for 25 years. Look at you: You're well-clothed; you're well-fed. Where's the crash?" When asked, "What about Africa or Latin America?" the Merrill Lynch manager fled.

A manager of four funds for Warburg Pincus, one of two people who claimed not to be familiar with LaRouche, dismissed any talk of systemic crises, saying, "It's a good economy," and everything will work out in the end. "I've seen four crashes, and we're still standing here," he declared.

A manager for Keystone funds replied, "Get the Japanese to open their markets! That'll save the exchange rate," then ran off.

Baby-boomer boom expected

The opening speaker of the ICI conference was Ken Dychtwald, author of a recent book, *Age Wave*, on the massive demographic shifts caused by the baby boom. Dychtwald began by observing that the average lifespan has quadrupled in just the past few hundred years. Before this century, he said, very few people actually lived long enough to retire. He then reminded the audience that the baby boomers are now in their 40s, and are beginning to think seriously about saving for retirement. On this basis, Dychtwald predicted that the mutual fund industry was about to experience a boom.

Dychtwald mentioned that unlike previous generations, there is growing anxiety among the baby boomers that they and their children will be less financially secure than the baby boomers' parents, but made no mention of the underlying policies of post-industrialization and depopulation that are

driving the collapse of the economy. Dychtwald, in fact, never so much as intimated that the economy or financial system was collapsing, or in trouble, other than this reference to growing anxiety over financial security.

The featured speaker on the second day was Colin Powell, the retired chairman of the U.S. Joint Chiefs of Staff. Powell delivered a "feel-good" pep talk on the international role of the United States, focusing on how it had won the Cold War, then won the Persian Gulf war. Most interestingly, however, was that Powell began with an apologetic explanation for the knighthood he accepted from Queen Elizabeth. Noting that U.S. public servants, especially military officers, are proscribed from accepting such honors by the U.S. Constitution, Powell argued that his knighthood was "honorary," and in no way required him to shift loyalty from the United States to the British crown. He joked about the expectations of regal splendor that such a knighthood excites, and stated that he did not have such expectations for an honorary knighthood: "Unfortunately, that is not the case with Lady Powell," he concluded.

Powell fielded questions afterward, and was asked if he would run for President. He replied that he wanted to have some role in public service, but that he had no passion for politics, and did not even know which party he belonged in. But he left the question unanswered, by saying he first wanted to finish writing his memoirs, and then he would decide what to do next.

Another questioner referred to his characterization of young people in the military as being part of the American family, and asked whether he supported the Contract with America. Powell replied that he had seen first hand that government is "inherently inefficient," and that he was learning that private business was much better at deciding how to use an "incremental dollar." But, he was very uncomfortable with the social provisions of the contract, and how people with problems, who genuinely need help, are treated in the contract as "second class citizens." "We don't yet have a level playing field in America," Powell flatly declared, implying strong disagreement with calls to dismantle affirmative action programs and other civil rights legacies.

In response to another question, Powell lashed out strongly against the cultural degradation of the news and entertainment media. "I don't blame the editors or the TV studios," he declared. "I blame you and me. We have to stop demanding this filth."

The lunch speaker following Powell was political commentator and humorist Mark Shields, of CNN. Shields played up Bush's achievement in pulling together an international coalition to fight the Gulf war, for which Bush received a 91% approval rating in public polls. "No other President has come close to that, not even Ronald Reagan," Shields observed. "So Bush comes back after the Gulf war, with this 91% approval rating, and goes before the American people. And he tells the American people, 'I want a capital gains tax

cut.' And most people said, 'Say what?' Fifty-one percent of the American people stopped listening to him at that point, because they figured he had no idea of what their everyday concerns were."

The gasps of surprise, anger, and anguish were almost audible. A cut in the capital gains tax is a holy sacrament for this crowd.

Shields then explained what he thought of Clinton by telling a tale of how General von Moltke divided the German officer corps into four parts, to determine who would become general officers. First, were the mentally not-so-bright, and the physically lazy. They were content to get three meals a day. Second, were the mentally not-so-bright, and the physically energetic. These were the most dangerous—they require constant adult supervision. Third, are the mentally smart, and the physically energetic. They are the perfect staff officers, because they keep everything orderly and neat, and can tell you the complete detailed history of any proposal they ever dealt with. Fourth, were the mentally smart, but physically lazy. These are the ones that Moltke selected to become general officers, because they always figure out how to get the most accomplished with the least effort.

Conflict with British not discussed

"Bill Clinton is in the third category," Shields concluded. "Clinton has yet to make the distinction between what's interesting, and what's important."

No mention at all was made of the fact that the world monetary and financial systems are in the process of disintegrating, or that the oligarchical Club of the Isles forces centered on the City of London are rushing to crush the institution of the nation-state. Because if the physical economy is to be saved from the sinking monetary *Titanic*, then the political rule of the Club of the Isles must be eliminated—and only sovereign nation-states can do that. This is why a shooting war has literally broken out between Clinton and the British establishment. This is the most important fact of our era, yet not one of the supposed smartest money managers in the United States, or the speakers hired to entertain them, saw fit to discuss it.

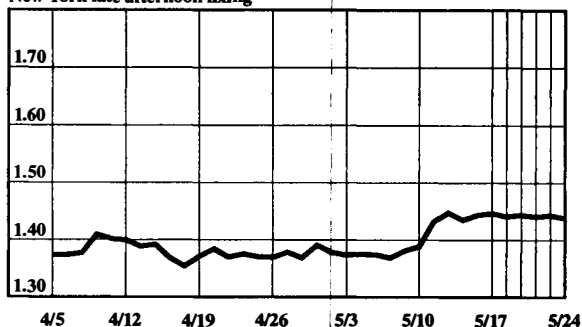
Reality simply was not a major concern of the ICI conference. A founding member of Wechsler & Partners Inc., a New York City-based outfit that performs public relations work for mutual funds, observed, "I was here last year, and it was a love fest. Then I realized that 1994 was the worst year ever for the mutual fund industry. So, I came here expecting to find a lot of the concern you're talking about, but I'm just not picking it up. [Such concern over financial developments] wasn't present last year, and it's not present this time."

The party on the *Titanic* is still going strong. Those jarring collisions of the past few months? "Oh, those," reply the exuberant revelers. "Well, the ship's still afloat, isn't it? Stop worrying! Here, want a drink?"

Currency Rates

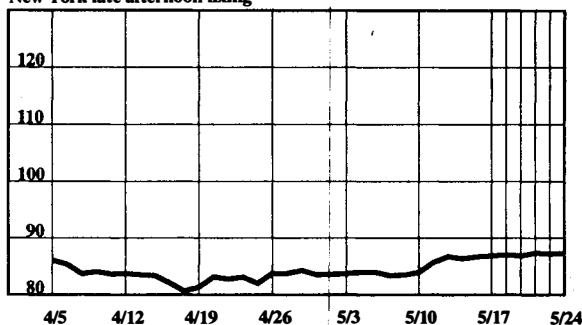
The dollar in deutschemarks

New York late afternoon fixing



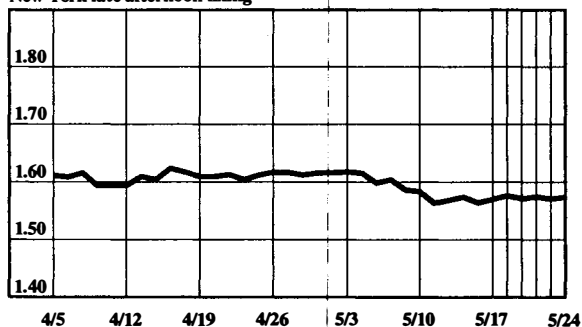
The dollar in yen

New York late afternoon fixing



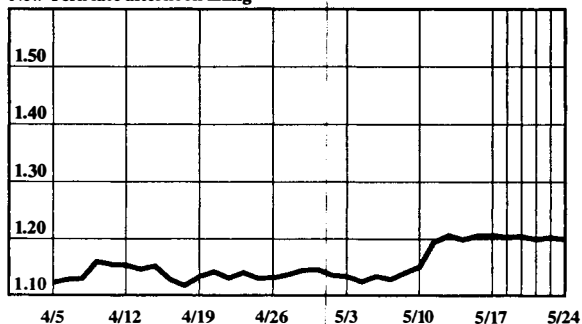
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Resistance to IMF grows in Peru

Businessmen are stepping forward to denounce the IMF and the failure of its "model" in Mexico.

The new "letter of intent" that the International Monetary Fund (IMF) seeks to impose on Peru has triggered such resistance inside the country, that even an important sector of the business community is now in open rebellion against that institution. In its May 16 editorial, the business daily *Síntesis* told President Alberto Fujimori that "there is no hurry for Peru to sign the letter of intent," because the measures the IMF would impose only "are advantageous to the IMF, which at the present time has lost face because of the bankruptcy of its model in Mexico. We must not forget that the IMF's objective is a cheap dollar and the weakening of the country's industrial capabilities."

Inside the government, there are also ongoing battles on this question, and according to several newspaper accounts, changes in the cabinet are imminent as a result.

After 20 years of genocidal austerity imposed by the Fund, a new "economic package" forced on Peru from that quarter could prove the death blow to the economy. The IMF is demanding, among other things, an increase in the general sales tax from 18% to 21%, an increase in the price of oil, further reductions in tariffs, cutbacks in investment in public works, a hike in interest rates, and further shrinkage in the money supply.

The argument being offered by the IMF mission in Peru is that, because the Peruvian Gross National Product grew 12.7% in 1994, its economy is now "overheated" and must be "cooled off" with a 4.5% reduction in GNP growth. Should the IMF have

its way, its latest austerity measures would kill any hope of an economic recovery after 20 years of enforced austerity and a narco-terrorist war that was on the verge of destroying the nation.

This time, however, the controlled environment (in which any attempted criticism of the Fund has been forbidden as a thought-crime) has been shattered. The only other voice in the past five years which has dared take on the IMF is *Solidaridad Iberoamericana*, the newspaper of the Ibero-American Solidarity Movement.

In its May 17 editorial, *Síntesis* said that the IMF's demands "deny us the possibility of industrial development. All of its measures are dedicated to continuing to cut off opportunities to the business sector and preventing its ability to compete."

Síntesis correctly emphasized that the IMF "model" collapsed with the Mexican crisis, and now "the IMF no longer has a coherent model to apply." It said that the IMF expects a "Mexican-style" crisis in Peru, and therefore it "is concentrating on [demanding] a cool-down of the economy, along with a contraction in demand." The paper estimated that the country will reach a growth rate of 4.5% in 1995, "which will mean braking production."

Síntesis also rejected IMF pressure to sign a Brady debt reorganization plan, saying, "It is not to Peru's advantage at this time, since it would leave the government without maneuvering room against any possible imbalance in foreign exchange." Appar-

ently, *Síntesis* shares the view of U.S. economist Lyndon LaRouche, that a disintegration of the international financial markets could be imminent.

This rebellion occurs at the same time that the IMF and City of London are nervous that the Peruvian government might break with them. On April 25, leftist Mirko Lauer wrote in the daily *La República* that "it would appear that Fujimori wants to begin to free himself from aspects of the IMF-World Bank pressures. . . . The intention of the IMF and World Bank is to keep Fujimori as an asset stripper and debt collector. . . . Fujimori is no longer very committed to that role, and now, neither are a portion of the armed institutions."

Lauer said that Fujimori's decision to postpone privatization of Peru's oil and electricity monopolies immediately after his reelection "sounds like a declaration of independence from the IMF and World Bank." One week later, the London *Economist* revealed its nervousness about Fujimori in an editorial entitled "Caudillos by Consent."

Although it is not yet clear what Fujimori will do, this is the best possible moment for a complete break with the IMF. Reelected with 64.4% of the vote, Fujimori has widespread backing. With the defeat of the narco-terrorist Shining Path, Peru has peace and political stability within reach, but all this could slip through its fingers if it does not reverse the conditions of extreme poverty caused by IMF conditionalities, which will leave Peru exposed to the British strategy of creating "a new Chiapas" in Peru.

It is no surprise that attacks against Fujimori are increasing from ultraliberal sectors of the country, just as the President has announced plans to restructure his cabinet and to launch "a second era" of growth when his new term begins on July 28.

Business Briefs

Petroleum

Azeri-Iran oil swaps possible, says Aliyev

Azerbaijan President Heidar Aliyev said that it is still possible for the first crude oil produced by the Azerbaijan International Operating Co. (AIOC) to be exported through the Persian Gulf in a swap deal with Iran, in an interview with *Petroleum Argus*, the Ettelaat-Iranian news agency reported on May 17. He also listed several projects for possible collaboration with Iran, including an agreement currently being negotiated to construct a gas pipeline to the Nakhichevan enclave, and joint construction of an oil refinery and a hydroelectric power plant.

Aliyev maintained that it is possible to satisfy all interests, including those of Iran, Russia, and the United States. He confirmed that the exclusion of the National Iranian Oil Co. from the AIOC \$8 billion deal led by U.S. oil firms, was due to protests from Washington. Azerbaijan had little choice but to go along, Aliyev argued.

The means and route for export of crude oil, which is due to begin within 15 months, remains a problem for the landlocked state. Aliyev refused to confirm speculation that such an export agreement with Iran could be reached in June.

Great Britain

A former industrial nation, says paper

Great Britain is a former industrial nation, the German daily *Frankfurter Allgemeine Zeitung* said in an editorial in its economic section on May 20. British industry in the year 1880 controlled 40% of the world market, compared to 7% today. This looks rather miserable, and so is the state of industry in Britain, the paper commented. Ironically, on the 50th anniversary of the end of the war, the British have to concede that they won the war but lost the peace.

Not being able to capitalize on the postwar impulse of the Marshall Plan, the British never really invested in key industrial sectors, such as chemicals, machine tools, and electrical engineering, as did the Japanese and Germans, the paper said. Rather, they invested in capital-intensive, military-related sectors, in which they had to compete with the Americans but without having the resources to do so successfully in the long run.

Then, the Thatcher era, with its fixation on privatization and deregulation, its ideology of promoting financial and other services as an alleged alternative to industry, did a lot more to ruin the British economy. Now, with the disasters at Barings, Warburg, and Lloyd's, the British are in a state of paranoia about the prospect of being taken over by foreigners.

Europe

Hasten high-speed rail planning, cities say

Municipalities from France, Germany, Austria, and Hungary, including representatives from Strasbourg, Nancy, Karlsruhe, Stuttgart, Ulm, Augsburg, Munich, Salzburg, Vienna, and Budapest, called for an acceleration of the planning process for a southern high-speed rail route, in a conference in Munich at the beginning of the week of May 15.

The municipal initiative, "Mainline for Europe," welcomes the European Union's plans for completing the TGV-ICE (the French and German high-speed rail systems, respectively) link into southern Germany through Strasbourg by the year 2002, but wants an acceleration of the decision process for the extension of this link to Stuttgart and Munich, and on from there to Vienna and Budapest. According to the original plans discussed some years ago, the extension was scheduled to be completed by no later than the year 2004. Present EU plans and delays on the German side of the planning process would postpone the completion of this extension by another five years, if there is no acceleration.

At the conference, Karlsruhe Lord Mayor Gerhard Seiler referred to a recent study by

the International Union of Train Companies, which forecast an increase of commodity transport by rail from the current 13.9% of all goods transported, to 21% by the year 2010, provided that high-speed train connections that pose a realistic alternative to transport by highway are available by then. Overall rail transport capacities will increase by 73% over the next 15 years, according to this study.

In a related initiative, Austrian members of the European Parliament are calling for the EU's Trans-European Network (TEN) program to be extended to the railway grid of Austria, to upgrade rail travel there to 160 kilometers per hour in the first phase, and then to speeds of 250 km per hour. The first meeting of the Austrian members of the European Parliament with EU Commissioner for Transport Neil Kinnock took place in Brussels on May 17.

North Africa

Europe must aid the Maghreb, says Delors

Former European Union Commission President Jacques Delors called for visibly increased EU economic support of the Maghreb states in North Africa, in a speech at the Free University of Berlin on May 17, according to German press accounts.

Delors, who had come to Berlin to receive an award from the municipality for his active support of German reunification in 1990, said that false alternatives, between an increased engagement of the EU in Europe's East and one in North Africa, should not be posed. Upgraded support for the Maghreb should not lead to a slowing of the economic integration of the East into the EU, he said.

Delors said that it should be possible, with the right commitment, to have 27 member states in an expanded and functioning EU by no later than the year 2005.

Delors identified Britain as the leading voice for those who have opposed and obstructed the functioning of the EU. Against that background, he endorsed a multi-tiered system through the formation of a group of

governments committed to accelerating the EU process, and recommended that majority rule replace the current system, in which a single government can hamstring the EU by use of the veto.

Health

Researchers link IMF policies to AIDS spread

The International Monetary Fund (IMF) and World Bank have created social and economic forces that may have contributed to the spread of the human immunodeficiency virus (HIV, which causes AIDS) in developing nations, researchers said on May 18, Reuters reported.

Peter Lurie, a researcher at the University of California at San Francisco's Center for AIDS Prevention Studies and lead author of an article in the May 18 issue of the scientific journal *AIDS*, said that by the year 2000, some 90% of HIV infections will have occurred in developing countries. "HIV prevention efforts in these countries have focused on changing the risk behavior of individuals, often overlooking socioeconomic factors that have contributed to the spread of HIV," he said. "If we are serious about stemming this global epidemic, everything, including these 'sacred cow' economic programs, will have to be on the table."

In the article, the authors proposed requiring "AIDS impact reports" for future IMF and World Bank loans, assessing what impact they would have on the spread of AIDS. Eighty-nine developing countries entered into 566 structural adjustment programs between 1980 and 1991, and Lurie says these programs may have created conditions favoring the spread of HIV. In many cases, the programs have undermined the social fabric of developing countries, promoting behaviors that place citizens at increased risk, he said.

Unfortunately, instead of attacking the crucial point that it is the IMF conditionalities which have spread poverty and lower the standard of living, which U.S. economist

Lyndon LaRouche has charged contribute to the spread of known diseases and create the conditions for the appearance of new ones, Lurie suggested that structural adjustment programs may help increase HIV transmission by "emphasizing exports and thereby promoting urbanization." Apparently influenced by the idea of sexual transmission of the virus, rather than it being a marker of poverty, he cited how male migrant workers may leave a single sexual partner in the countryside for multiple casual partners in the city.

Africa

Electricity grid project on agenda

A meeting of the Egyptian Electricity Agency and an international group of experts from the United States, France, and Italy on a project for an electricity grid for Africa began in Cairo the week of May 22. According to the May 15 *Al-Hayat*, the focus of discussion was to be on a report prepared by the French Electricity Agency and a German company.

The study was sponsored and financed by the African Bank in the form of a \$5 million grant. Egyptian Electricity Minister Mahir Abadha told reporters that the study was conducted on the recommendation of leaders of the African Contact Group (Egypt, Zaire, Central Africa, Chad, and Sudan) during their meeting in Zaire last year. Abadha added that ministers from these countries will meet in July to plan the programs to carry out the project, especially as a number of "international finance establishments" have agreed in principle to provide the necessary investments for the projects.

The study, which lasted one year, Abadha said, "emphasized the importance of the project because it promotes the exploitation of the river rapids and water falls in Africa generally and in Zaire in particular for the purpose of power generation." The electricity expected to be produced would amount to 60,000 megawatts, which is about 12 times the power generated by the Aswan High Dam.

Briefly

● **UKRAINE** is planning to buy \$1 billion of oil annually from Dubai, *Asharq Alawsat* reported on May 18. Ukraine does not have enough hard currency to cover the deal, and is considering bartering its steel, machinery, sunflower oil, and textiles.

● **CHINA** has won a contract to build a subway in Teheran, the capital of Iran, and a 27-mile electrified railway between Teheran and the town of Karaj, Reuters reported on May 20. The projects will cost \$573 million, according to Xinhua news agency.

● **RUSSIA'S** Spektr space research laboratory, which is carrying scientific equipment for the Mir space station, was launched from the Baikonur cosmodrome on May 20, officials in Moscow said. Two more space walks scheduled for May were to prepare Mir for the docking of Spektr in about 10 days and the arrival in June of the U.S. shuttle Atlantis.

● **ONE MILLION** Iraqis who depend on U.N. handouts are in danger of starvation, Viktor Wahlroos, deputy U.N. coordinator in Iraq, told Reuters on May 17. "The civilian population of Iraq is at risk. Our food storages are empty. There is nothing, nothing. . . . And nothing is in the pipeline," he said.

● **THE HOLLINGER** Corp. board of directors has voted down Conrad Black's offer to purchase 41% more of Telegraph PLC, so that it could be transferred to his American Publishing Co., the May 17 *New York Post* reported. Apparently, the revolt was led by N.M. Rothschild & Sons, Ltd., i.e., Sir Evelyn de Rothschild.

● **LI KA-SHING**, who has made huge profits investing in China, is moving his capital out of the colony of Hongkong, and depositing much of it in the Cayman Islands, while the fight between Beijing and Hongkong Gov. Chris Patten is on-going, Reuters reported on May 20.

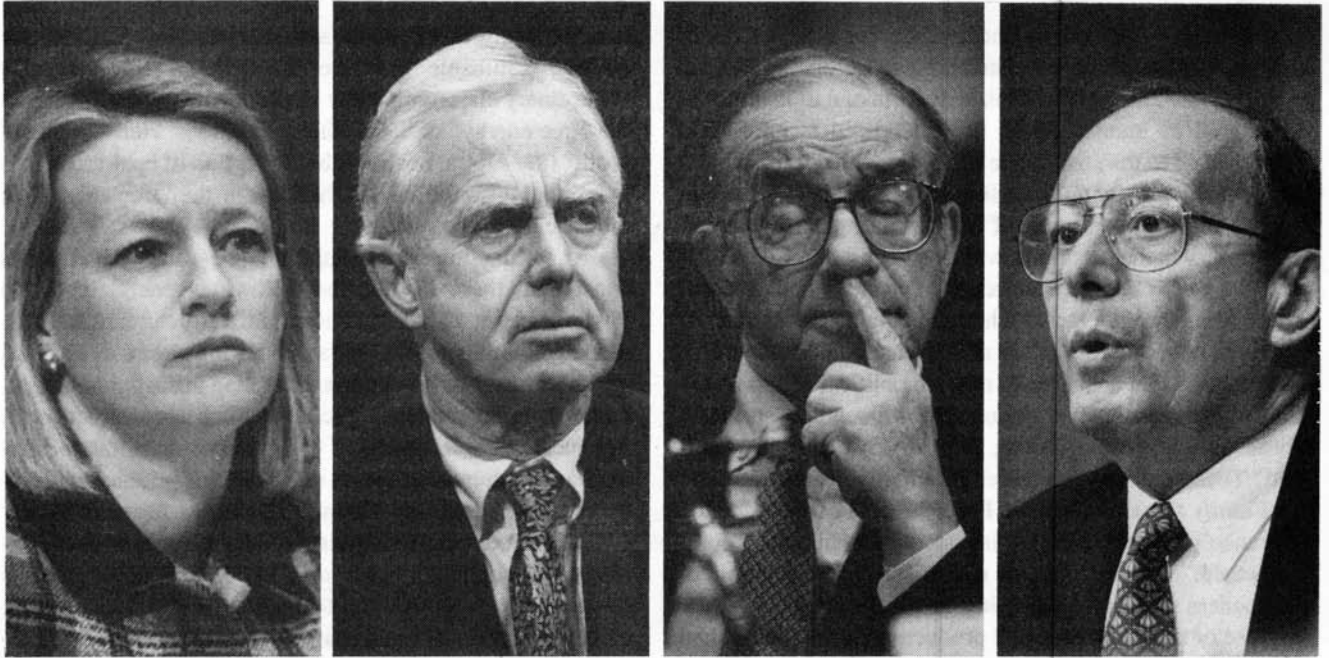
The dynamics of the global economic breakdown

by Lyndon H. LaRouche, Jr.

It is impossible to represent any political-economy competently, unless every existing national economy, and also that of the world as a whole, is understood as a process of dynamic interaction among axiomatically distinct types of political-economic processes, the which are as distinct from one another as the different species which interact within a jungle habitat.¹ The failure of financial authorities and others to comprehend this issue, is key to the fact that governments, as well as leading monetary and financial institutions, in their blindness to this scientific issue, have mis-led the world to the very brink of the greatest economic collapse in modern history.

The corollary of the ontological paradox defined by Plato's **Parmenides**, is that any single element of an array described as a "Many," can exist, both simultaneously and efficiently, as a phenomenon of two or more mutually exclusive axiomatic systems. The meaning of that fact is supplied, not by the individual phenomenon as such, but, rather, by the "One" which subsumes the "Many" of

1. The model of reference for our employment of the term "axiomatic," here, and throughout this report, is formal (i.e., deductive) Euclidean geometry. All of the allowed propositions of such a system form a deductive lattice-work of theorems (e.g., a "theorem-lattice"), provided each is not inconsistent with any among the set of axioms and postulates underlying each and all theorems of that lattice. That set of underlying, axiomatic assumptions represents, thus, what Plato defines as a *species* of deductive system. The Euclidean type is also one of the lower forms of what Plato defines as an *hypothesis*. "Hypothesis" also signifies a fundamental discovery in science: i.e., the replacement of one set of axioms by another set—a new hypothesis, defining thus an absolute formal discontinuity between the first axiomatic system (theorem-lattice) and its successor. As Bernhard Riemann emphasized ("*Die Unterscheidung, welche Newton zwischen Bewegungsgesetzen oder Axiomen unter Hypothesen macht, scheint mir nicht haltbar. . . .*" **Werke** [New York: Dover Publications, Inc., 1953], p. 525): Newton spoke falsely when he wrote "*hypotheses non fingo*," his entire system rests upon hypothetical assumptions, either copied from Sarpi-Galileo, or arbitrarily supplied by himself. As Riemann notes, at least one axiom within Newton's system, respecting motion and inertia, is untenable.



The blindness of the financial "authorities" to the issues of scientific method has brought the world to the brink of economic collapse. Shown here are participants in a Jan. 5, 1995 hearing of the Senate Banking, Housing, and Urban Affairs Committee, on the issue of financial derivatives. Left to right: Mary Schapiro, chairman of the Commodity Futures Trading Commission; Arthur Levitt, chairman of the Securities and Exchange Commission; Federal Reserve Board Chairman Alan Greenspan; Sen. Alfonse D'Amato (R-N.Y.), chairman of the committee.

which that individual phenomenon is perceived, axiomatic-ally, to be a member.²

The manner in which this problem presents itself in the domain of economy, should prompt us to think, comparatively, of the broadly analogous, anomalous relationship in the interaction of non-living and living processes generally. A related topic might be the study of effectively interacting processes on the respectively macroscopic, sub-atomic, and astrophysical scale.

This notion, just stated, is the required, rigorous approach to correction of the prevalent, worldwide occurrence of *fallacy of composition* in today's economic analysis and forecasting.³

2. Plato, **Parmenides**, in **Plato: Cratylus, Parmenides, Greater Hippias, Lesser Hippias**, trans. by H.N. Fowler, Loeb Classical Library (Cambridge: Harvard University Press, 1926).

3. The famous example of "fallacy of composition" is "man is a featherless biped." For example: fallacy of composition is a principal means used by politically motivated Federal and state prosecutions in bringing about, fraudulently, criminal conviction of innocent defendants. For example: In **U.S.A. vs. LaRouche, et al., 1988 (Eastern District of Virginia: Cr. No. 88-00243-A)**, in addition to the prosecutors' heavy reliance upon their own lying and subornation of perjury, the most notable trick employed to achieve fallacy of composition was a fraudulent *in limine* ruling, which suppressed precisely that evidence which would have shown that it was the prosecution, rather than the defendants, which had perpetrated each and all of the offenses with which the defendants were charged. Relative to the fraudulent "man is a featherless biped": Man is the only creature which has the manifest ability to change willfully its own characteristic behavior as a species: Any defini-

Significantly, according to this rule of scientific method, any event in the U.S. economy today, is both an individual phenomenon within the axiomatic domain of the monetary system, and, simultaneously, in that physical-economic process which lies axiomatic-ally, outside the monetary process's theorem-lattice.

The most effective way in which to address the complications which arise from such coincidences, is to begin from the standpoint of the relevant, conflicting axiomatics. In this approach, before examining the statistical arrays presented, one must first define the process as an interaction among the relevant, mutually exclusive axiomatic systems represented. Only after that task has been completed, should the statistical array be analyzed.

Summary review: axiomatics of political-economy

Begin our consideration of interaction of axiomatic-ally mutually exclusive systems, with a summary review of the mutually exclusive species of modern political-economic doctrine and practice.

What is known as "modern political economy," grew out of the A.D. 1461 accession of France's King Louis XI to become the founder of the first modern, sovereign nation-state. The reforms in statecraft pioneered under Louis XI,

tion of man which does not include the facts bearing upon that uniqueness of our species, is a fallacy of composition.

revolutionized human existence, producing a new form of society, which had never existed prior to Europe's Fifteenth Century. The emergence of this new form of national economy, based on state ordering of generalized technological progress, led to the emergence of modern European civilization as the dominant political force on this planet. All subsequently influential currents of thought on modern political-economy, whether cohering with, or opposed to Louis XI's reforms, were obliged to address that phenomenon of "macro-economic profit," the which is a distinguishing characteristic of the durable form of all modern national economies.

The principal doctrines of modern political-economy are divided, axiomatically, among five influential "species." These "species" are assorted, in turn, between two "families." These may be represented summarily, as follows.

Family #1: Cameralism. From the time of the accession of France's Louis XI, and the introduction of his new, "commonwealth" form of modern nation-state, the emphasis of the modern statecraft following in his footsteps, was the increase of the well-being and productivity of the individual and family household, per capita of labor-force, per household, and per unit of land-area utilized. The spectacular success of France's national economy under Louis XI's "commonwealth" policies, is exemplary. This view of required political-economic practice, was a characteristic feature of a branch of studies in statecraft known as "cameralism."

During the most recent three centuries, there has been but one "species" of this axiomatic "family." That species emerged during the late Seventeenth Century, as the impact of Leibniz's revolutionary application of his principles of a science of physical economy to the cameralist statecraft of France's great minister, Jean-Baptiste Colbert. The characteristic outgrowth of the combined influence of Colbert and Leibniz, is known as the "*American System of political-economy*," as associated with such names as U.S. Treasury Secretary Alexander Hamilton, Mathew Carey, and Friedrich List.

This axiomatic "species" of political-economy is best represented by aid of this writer's own original discoveries, dating from work of the 1948-52 interval; this resulted in a more advanced version of Leibniz's original *science of physical economy*.⁴

Using a modern classroom's language, the elements of consumption of *those* specific qualities of physical goods and services which are functionally essential for maintaining the current rate of "macroeconomic" profit-potential, may be described as "the energy of the system" of that political economy taken as a whole. The increase of the output of those

specific qualities of goods and services, in excess of the currently estimable "energy of the system," represents what the ordinary classroom today would identify conveniently as the "free energy" of the productive process. Hence, "rate of profit" (per capita, per household, per unit of land-area used) is typified descriptively as the ratio of the "free energy" to the "energy of the system."

As to functionally essential qualities of physical goods consumed, these include the following general types. 1) Physical goods: a) Basic economic infrastructure; b) Agricultural and mining goods; c) Manufacturing goods; d) Physical goods of forms of production other than infrastructure, agriculture, mining, and manufacturing, such as construction. 2) Services, or "soft" forms of basic economic infrastructure: a) Classical-humanist forms of content of primary and secondary education, and Classical-humanist forms of higher education (excluding positivist pseudo-sciences such as sociology, anthropology, behaviorist psychology, and "political science"); b) Scientific and technological progress as such; c) Those aspects of health-care which are essential to maintaining and improving the demographic characteristics of health and longevity of the population and its households.⁵

Other categories of services, to the degree they are essential to the functioning of the modern form of nation-state, are treated as "general overhead," and are properly limited in relative quantity by a strict sense of how much of this should be allowed, as distinct from excessive growth of sales, bureaucratic, and non-essential "service" functions in the private and public sectors.

The key to maintenance and growth of the scale and rate of profit is energy-intensive, capital-intensive modes of investment in scientific, technological, and related cultural progress. The correlative of this, from the time of France's Louis XI, is the introduction of the Classical-humanist methods of secondary education as the basis for bringing children and adolescents, including orphans and offspring of economically poor households, into a secondary-educational program which tends to foster the production of geniuses.

One may sum up the result: The source of the not-entropic growth of a successful form of modern nation-state's political economy, is the nurture and expression of that creative potential of the individual person which otherwise sets the human species axiomatically apart from, and above all other species.

Family #2: "Profit" as a Metaphysical Secretion of an Epiphenomenalist Principle of Formal Logic. The first

5. The relevant measurements consider not only the ratio of "free energy" to "energy of the system." The level of "energy of the system," per capita (of potential labor-force), per family household, and per unit of land-area employed (e.g., per square kilometer), must be taken into account. The power, usable-water throughput, and ton-miles/hour of freight (all considered per capita, per household, and per unit of land-area), which correspond to that level of technology, must also be considered. It is man's willful change in society's relationship to nature, which is the subject of our measure of effective productivity.

4. See Lyndon H. LaRouche, Jr., "On LaRouche's Discovery," *Fidelio*, Spring 1994. On the application of that discovery to political-economy, see his introductory textbook, *So, You Wish to Learn All About Economics?* (New York: New Benjamin Franklin House, 1984) and his *The Science of Christian Economy* (Washington, D.C.: Schiller Institute, 1991).

influential attempts at a theory of political-economy contrary to the cameralist practice of Louis XI, Colbert, and Leibniz, emerged beginning the early Eighteenth Century. Each of the “species” of political-economy of this axiomatic family-type, is commonly characterized by the attempt to explain the appearance of “macroeconomic” profit according to the notion of *epiphenomena* outlined in Aristotle’s frankly hysterical **Metaphysics**.

Until the appearance of the *systems analysis* dogma of John Von Neumann, during the late 1930s, there were but three notable “species” of this family. In order of their appearance, they are a) the pro-feudalist *Physiocratic* dogma of France’s Dr. François Quesnay, b) the pro-financier-nobility dogma of the British East India Company’s Haileybury school, typified by Adam Smith’s **Wealth of Nations**, and c) the dogma which Karl Marx’s **Capital** derived from an axiomatic change in the dogmas of both the Physiocratic and Haileybury schools of political-economy.

The additional, fourth species of this same family emerged during the most recent several decades. The axiomatic innovations in the Haileybury school introduced by John Von Neumann (“systems analysis”) and Prof. Norbert Wiener (“information theory”), have become the political-economic dogma of the “Third Wave” cult, as typified by Britain’s Lord William Rees-Mogg, Alvin Toffler, and U.S. Speaker of the House of Representatives Newt(on) Gingrich.

Quesnay, a French asset of the Venice intelligence service, and an ideological spokesman for France’s neo-feudal, chronically treasonous, anglophile *Fronde* tradition, insisted that profit is an epiphenomenon of the “Bounty of Nature,” which is asserted to be God’s gift to that class of feudal landowners to whom God has given their property-title. Smith copies—virtually plagiarizes—the French Physiocrats Quesnay and Turgot, for the most part; he copies blindly and faithfully, Quesnay’s feudal dogma of *laissez-faire* as “free trade;” but, he changes the axiomatic definition of the source of the epiphenomenon of profit, from the feudalists’ “Bounty of Nature,” to the London, Venice-modelled, financier-nobility’s tribute from the “Bounty of Trade.” Karl Marx shifts the epiphenomenon axiomatically, to the labor of the proletariat; Frederick Engels goes so far as to attribute technology to epiphenomena of the mechanics of the opposable thumb. The contemporary followers of Von Neumann and Wiener, such as Toffler, Rees-Mogg, and Gingrich, shift the axiomatically attributed source of profit, axiomatically, to the epiphenomena of modern mechanistic gas-theory, Wiener’s gas-theory-based dogma of “information.”

Within each of the two, mutually exclusive “families” of modern political-economy, each species is distinguished from the others by some included difference in axiom. The respective “families” are distinguished from one another by a difference in method of defining the axiomatic principles underlying a theorem-lattice. In Plato’s method, for example, the set of axioms which underlies any species of theorem-

lattice, would be identified as an *hypothesis*; the difference in method which renders “families” of such “species” mutually exclusive, would be identified as a matter of *higher hypothesis*.

The interaction of individual phenomena common to systems of mutually exclusive axiomatic quality, must be viewed in this light. The key to mastering that challenge in terms such as those of modern mathematical physics, is implicitly provided in Bernhard Riemann’s 1854 habilitation dissertation, “On The Hypotheses Which Underlie Geometry.”⁶

The British versus U.S.A. System

The simultaneous increase of a society’s per-capita “energy of the system,” and also a persistence, or even a rise in the ratio of “free energy” to “energy of the system,” is a clear “violation” of what are loosely described as the three “Laws” of Clausius-Kelvin thermodynamics. This aspect of modern European civilization is but a more conspicuous expression of the historical fact, of the not-entropic rise of mankind’s potential relative population-density, in a manner impossible among inferior species. That is a crucial fact of the matter which must be addressed, as a precondition for any competent examination of modern systems and doctrines of political-economy.

The academically formal difficulties thus presented are more readily overcome by a reference to the Nineteenth-Century origins of modern, positivist versions of taught thermodynamics. The manner in which Clausius, Grassmann, and Kelvin concocted this mechanistic interpretation of Sadi Carnot’s work, is aptly indicated by their fellow-ideologue James C. Maxwell. Maxwell was chided for using, unacknowledged, the discoveries of such predecessors as Wilhelm Weber and Bernhard Riemann. To this, he replied in a letter, that he had suppressed the fact of his plagiarism, which he considered justified by his faction’s refusal to recognize the existence of any physical geometries “but our own.” The arbitrary claim of “universal entropy” arose during the Nineteenth Century, in the manner indicated by Maxwell’s response. *That claim rests absolutely upon the validity of an arbitrary, axiomatic assumption imposed upon the mathematics employed by Clausius, Grassmann, Kelvin, Helmholtz, Maxwell, et al., in arbitrary counterposition to the greatest mathematicians and physicists of that century, such as Gauss, Weber, and Riemann.*

Clausius and Kelvin placed themselves in an absurd position, by arguing, implicitly, that their opinion is the epiphenomenon of a “not-entropic” process, human existence, a

6. *Über die Hypothesen, welche der Geometrie zu Grunde liegen*, Bernhard Riemanns gesammelte mathematische Werke (New York: Dover Publications, Inc. [reprint of original Tübner 1902 edition], 1953), pp. 272-287. Riemann should be read in his own, Platonic terms, disregarding the “spin-doctored” commentaries of authorities antagonistic to Riemann’s principle, from the pro-Hegel Prof. Felix Klein, on down.

process which that opinion decrees could not possibly exist.⁷

As long as we remain distant from those extremes of scale called microphysics and astrophysics, we remain in a (macro-scale) domain which either belongs to phenomena attributable to the senses, or nearly so. In this middle range of observation and ontological judgment, we distinguish three interacting families of axiomatically distinct species: *non-living*, *living*, and *cognitive*. Among these three, the second, the type known as living processes, is not-entropic relative to the characteristic entropy attributed to non-living process. Relative to all other types of living processes, the human higher cognitive processes stand in the same relationship to other living processes as do living processes generally to non-living phenomena of that macro-scale which is actually or implicitly the domain of sense-perceptions.

The substrate of the interactions between living and non-living processes, is the participation of ostensibly inorganic and other non-living (e.g., organic) material within the processes essential to the continued existence of living processes. Similarly, the cognitive processes of man subsume all living processes, and therefore, also, non-living ones.⁸ The coupling of axiomatically living to axiomatically non-living processes, as that link may be represented by the share of an individual phenomenon common to both, illustrates the class of analogous problem which confronts us in examining the coupling of an entropic monetary-financial process to a lawfully not-entropic physical-economic process.

At this moment, all of the nations of the world are dominated by an international regime which is expressed through the agency of the International Monetary Fund. Although the IMF is an institution of United Nations Organization (e.g., world government), it functions as a publicly chartered private corporation, which is in fact a joint-stock-company of the central banking systems of leading powers. These central banks are themselves publicly chartered, but privately held joint-stock companies, which represent leading banks and

related financial institutions of their respective nations. The entire system of central banking, the interest which the IMF actually represents, is constructed according to the principles of international monetary and financial practice associated with the London-centered international financier oligarchy. That oligarchy is itself a class of financiers modelled upon the financial nobility of pre-1798, medieval and modern Venice.

This system is a purely entropic one, in which profit appears only in the forms of usury. In other words, the Venice system of usury as profit, belongs to the type which Von Neumann et al. identify as a “zero-sum game”: One man’s meal is another man’s stomach.

As a matter of contrast, a modern physical economy is implicitly a not-entropic process, in which “macro-economic” profit occurs as “free energy” of a system in which the ratio of “free energy” to “energy of the system” is, modally, always positive. In that latter system, usury, including that of Venice-style monetary-financier practices, appears solely a parasitical form, an exacted tribute equal to a needless increase in the percentile of the total economy devoted to merely redundant, or intrinsically useless forms of “general overhead expense.”

In all systems of *Family #2*—Quesnay, Smith, Marx, and Von Neumann—profit exists, in fact of practice, only as the looting of either other nations, or of a subordinated large class of persons, or a combination of both. The looting is done by a ruling class, an oligarchy—e.g., feudal aristocracy, London-style financier-merchant nobility, proletarian dictatorship, an “information technocracy”—which imposes and maintains a de facto political dictatorship over both subordinated classes and nations. For all political-economies of this “Family,” profit exists only as something extracted by means of usury.

For example, in Volume I of his four-volume **Capital**, and in other places in that four-volume text, Karl Marx states explicitly, that he is leaving out of account the “technological composition of capitals,” and the effect of technological progress generally. As a theory of the political-economy of social-reproduction, Marx’s entire system breaks down, and becomes, in fact, a theory of profit through usury. This ontological blunder of assumption underlying his **Capital** as a whole, is an important factor in connection with what proved to have been the fatal flaw of the Soviet economic system, the reliance upon what leading Soviet economist Ye. Preobrazhensky had termed “socialist primitive accumulation”: the basing of the growth of the Soviet economy as a whole upon the looting of nature, slave labor, and subject nations.⁹

9. This fatal practice of Soviet “primitive accumulation” may be attributed in part to the costs of military expenditures; more significant, is the high rate of technological progress expressed by the leading edge of the Soviet military-industrial complex, in contrast to the technological sluggishness of the non-military sector, and the lack of the large-scale infrastructure wanted to transform the vastness of the low-population-density Soviet Union into a competitively viable economy. The relevant point here, is that the Soviet system did not accept either the principles of Leibnizian physical economy,

7. The writer has adopted the term “not-entropic,” to avoid the cultish use of the term “negentropy” by Prof. Norbert Wiener and his devotees. Wiener, a radical positivist, decrees that “information” in development and communication of ideas, including scientific discoveries of principle, is only an analog for electronic codes transmitted through a medium. On the basis of this assumption, Wiener argues that the gas-theory mathematics of Ludwig Boltzmann’s H-theorem applies to the assessment of the idea-content of human communications. To this effect, he employs a less-noticed, included feature of Boltzmann’s derivation of his famous H-theorem, the statistical possibility of temporary, local reversals of entropy; Wiener seizes upon this for his assignment of meaning to the term “negative entropy,” or “negentropy.” Out of the popularization of Wiener’s blunder, by the Massachusetts Institute of Technology’s Research Lab of Electronics and elsewhere, the popularized dogmas of combined “information theory,” “systems analysis,” and Korsch-Stalin-Carnap-Russell-Harris-Chomsky “linguistics” have proliferated.

8. We are leaving out of account, as not immediately relevant for this discussion, the suspected sub-atomic, optical-biophysical changes distinguishing inorganic materials participating in living processes, from the same materials encountered in non-living organic material.

As for the usurious model of doctrine and practice of the British economy, had it not existed, for more than two centuries, chiefly as a voracious parasite among nations, it could not have continued long to exist at all.

The pseudo-scientific assertion of some zero-growth ideologues today, that man's relationship to the universe at large is intrinsically entropic, is consistent, as a theory of usury, with the various forms of oligarchical society which are intrinsic to each and all *Family #2* political-economic dogmas. Only political-economies of *Family #1* type are premised functionally upon a not-entropic generation of relative "free energy."

Money and economy: temporary 'peaceful coexistence'

All competent discussion of the principles of modern economy must begin with attention to a revolution which emerged within Fifteenth-Century Europe. As has been stated in the pages of **EIR** repeatedly, prior to the Fifteenth-Century emergence of a never-previously existing form of society, the modern nation-state, more than 95% of all mankind, in all cultures, had lived as virtual human cattle, in juridical conditions comparable, at best, to serfdom, slavery, or even worse. A brief restatement of that point here, sets the stage for examining the somewhat complex axiomatic heritage which political-economy has acquired during the recent five-and-a-half centuries to date.

An explosive improvement in the condition of man under modern European civilization, began with the complex of developments centered around the A.D. 1438-41 Council of Ferrara-Florence, and the consequent establishment of France in the new form of a "commonwealth," under Louis XI, the new form of sovereign nation-state republic which is the predecessor of our own U.S. Federal Republic of 1789. Inspired, in significant part, by the program of secondary education developed by the Brotherhood of the Common Life, Louis XI's France used the fostering of the creative powers of both orphans and boys from poor strata of the population, as a means of increasing the percentile of the total population capable of assimilating and generating fundamental discoveries of principle in science, Classical art-forms, and technology.

This twofold revolution, the reestablishment of the shattered Catholic Church under the leadership of great figures such as Cardinal Nicolaus of Cusa and Pope Pius II, and the establishment of Louis XI's new-model France as a direct outgrowth of the Council of Florence, redefined the factional division of forces within European civilization and beyond.

or the superiority of the American System of political-economy to the British. Marx's fanatical defense of the "scientific" merit of British political-economy, in his attacks upon the American System of Friedrich List and Henry C. Carey, typify the issue. It was this doctrinal heritage of Marx's anti-scientific anglophilia, which has permeated the socialist movement generally, and which was a conspicuous feature of relevant Soviet official dogma.

On the one side, was the emergence of a modern form of sovereign nation-state republic; on the opposing side, the old, usurious forces of the oligarchical tradition, represented chiefly by the financier nobility of Venice, which had emerged, since the beginning of the millennium, as the traditional capital of usurious practices within medieval Europe. Thus, began a five-centuries-long conflict between the forces of good (the modern nation-state republic) and evil (the oligarchical heritage of Venice), which has not been resolved to the present date.

Since the middle of the Eighteenth Century, the paradigm of that conflict between good and evil forms of government, has become the conflict between the American System of political-economy—of Benjamin Franklin, George Washington, Alexander Hamilton, John Quincy Adams, and Abraham Lincoln—and the British monarchy. Britain's domination of the oligarchical forces of this planet, is the crucial issue of the present, systemic breakdown crisis of the world's interconnected monetary and financial systems. This set of circumstances did not come about all at once; knowledge of the history of this development is indispensable for understanding the functioning of the system today. On this account, we summarize the most essential, relevant points identified in earlier editions of **EIR**.

During the Fifteenth and Sixteenth Centuries, the leading opposition to the combined policies of the Council of Florence and of Louis XI's France came from both the Venice-centered financier nobility and the feudal aristocracy. The anti-nation-state alliance of the French feudal aristocrats with Venice, during the course of the Sixteenth, Seventeenth, and Eighteenth Centuries, is typical of the interplay among the sundry opponents of the Council of Florence. The feudalist Clement Prince Metternich's Holy Alliance of 1815-48, is typical of the same type of alliance, then against the influence of the American Revolution, between financier-nobility London and feudal-aristocratic forces of Russia, Austria-Hungary, and elsewhere.

Ultimately, there emerged today's alignments within the oligarchical adversaries of the modern sovereign nation-state institutions: Since the London-directed, Mazzini revolutions of 1848-70, the aristocratic remnants of the Holy Roman Empire and Holy Alliance have been either destroyed through successive revolutions and wars, or assimilated under the leadership of the financier-nobility power centered in the Anglo-Dutch monarchies.

Today, the only significant forces within European civilization, in Europe and the Americas, most notably, are the imperilled heritage of the anti-British, American System of political-economy, and that London-centered oligarchical reaction, the latter which are the heirs of the Venetian, Haileybury tradition of Adam Smith, as represented today by the arch-conspiratorial, fascistic Mont Pelerin Society.

The inability of the oligarchy to destroy the new form of national political-economy, combined with the failure of the new form of political-economy to crush its adversary, the

Venice-led oligarchical parasite, established a tragic symbiosis between the two, axiomatically opposed forms of political-economy. In this arrangement, the feudal relics, as long as their power persisted, functioned essentially as auxiliaries of the Venetian, financier-nobility-led faction.¹⁰ Until an extremely radical form of cultural-paradigm shift was introduced, during the interval 1964-72, the financier-nobility was unable to check decisively the impulses of the modern industrialized nation-state, and the political forces of the nation-state-interest were, overall, corrupted into accepting a continued symbiosis with the Venetian parasite and that parasite's superimposed monetary-financial system. In this fashion, the two axiomatically incompatible systems, the American System and the British model of oligarchical central banking, assumed their symbiotic form.

The secret of this prolonged symbiosis is located chiefly in the domain of military and related elements of strategic power.

Until the so-called Pugwash agreements to "Mutual and Assured (thermonuclear) Destruction" (MAD), reached between Moscow and Washington in the aftermath of the 1962 "Cuba Missiles Crisis," London's own designs for maintaining its world-domination depended upon balance-of-power conflicts among London's more powerful rivals. The effect of the 1962-63 agreements reached, partly through the mediation of Bertrand Russell, assured the Anglo-American establishment, notably strategic "utopians" such as National Security Adviser McGeorge Bundy and Secretary of Defense Robert Strange McNamara, that only limited, surrogate warfare was now possible between the two superpowers. In the view of that assessment, the utopian faction within the Western Alliance assumed dominance over all policy-shaping, and used that dominance to introduce a fundamental shift in policy: the "post-industrial" and "rock-drug-sex counterculture" shift of the 1964-72 interval.¹¹

From the completion of the scientifically revolutionary cupola of the Florence Cathedral, through the realization of Gottfried Leibniz's design for an industrial development based upon heat-powered machinery, the process leading from the Council of Florence through the emergence and development of the industrialized sovereign nation-state defined an interdependency between per-capita productivity on the one side, and fire-power and mobility of military forces

on the other. Thus, from the dissolution of the anti-Venice League of Cambrai, in A.D. 1610, Venice, and later London, maintained its oligarchical power in the face of superior forces, by playing one or more of its adversaries into "balance-of-power" wars against one another. Copying Venice before it, London relied upon establishing its island position as a global financial and maritime power, and playing the second-ranking of its adversaries against the first-ranking.

As long as Britain's power depended upon such "balance of power" warfare, it was impossible to evade altogether the strategic importance of continued productive investment in scientific and technological progress, in basic economic infrastructure, agriculture, mining, manufacturing, construction, and general educational and health policies. As long as the national interests were unwilling to free themselves of the London parasite, the nations were subjected to a division of authority, under which arrangement the national interests developed the physical economy, but the British and allied financier-oligarchical interests controlled the monetary and financial order in the world. Once London and its principal agents were persuaded that "MAD" agreements had eliminated the hazard of general warfare among leading powers, the long-standing tacit agreement between the economic and financier interests was broken: "Post-industrial utopianism" has dominated, increasingly, the trends in world economy and politics, since the assassination of U.S. President John F. Kennedy.

Accordingly, the present worldwide monetary and financial crisis represents chiefly the cumulative impact of two historical legacies from this present century: the 1901-63 policy of commitment to investment in scientific and technological progress, as the means for increasing the productive powers of labor; and, the 1964-95 efforts, to waste and ultimately destroy the agro-industrial-infrastructure base of the modern sovereign nation-state.¹²

This symbiosis, however unwholesome, could be expressed as a relatively peaceful form of relationship between parasite and host, during those moments the physical economy, the host, could produce a greater margin of "macro-economic" profit than was being consumed, as an "income-stream," by the parasite, the superimposed monetary-financial system. Prior to the 1964-72 change, during significant periods, whose duration might be a decade or more, the peace continued, before it was interrupted yet once again, by the social and political effects of so-called cyclical convulsions. Usually, after a period of economic depression, the relative peace was resumed for another decade or so.

The "devil in the detail" of that unwholesome peace between the parasite and host, is the inherent tendency of Venetian-style monetary and financial processes to create fictitious

10. The case of Venice's financing the Habsburg Holy Roman Emperor, Charles V, through the Fuggers, is an example of this Venetian financier-nobility's domination over the European feudal aristocracy.

11. One of the typical "markers" for the beginning of that shift was the 1964 publication of a report, **The Triple Revolution**, issued by the Ford Foundation-backed Center for the Study of Democratic Institutions. Following the Ford Foundation-orchestrated events of 1968, the post-industrial shift was effectively completed with such events of 1972 as the post-1971 international monetary conference establishing the speculator's paradise called the "floating exchange-rate" monetary order, and the post-election unleashing of the prepared "Watergate" assault on the institution of the U.S. Presidency.

12. It is not required that we document the details of this history here. Only the Rip Van Winkles who went into uninterrupted sleep about Oct. 31, 1963, are not familiar with the 1963-95 countercultural shift as the leading fact of contemporary life.



Nurses march on Washington, March 31, 1995, protesting the gutting of medical services. LaRouche writes, "The paradigm-shift which emerged out of the 1964-72 transition to a 'post-industrial utopia,' impelled the world economy into something quite different than a new cyclical crisis: into the kind of collapse associated with a general breakdown crisis."

forms of financial capital. It is on this point, this phenomenon, that there appear most clearly and simply the axiomatic differences between the real modern economy of agro-industrial capital and the monetary-financial system of the rentier parasites. In the industrial system, the relative value of any form of capital is determined as the incurred social cost of reproducing a replacement with new real capital of a quality equal to or better than that replaced. In the rentier domain, the matter is quite different; a purely fictitious form of nominal capital may be created by assigning a "market-price" to an income-stream; this is accomplished by selling the title to that expected income-stream at that nominal price: "financial leverage."

Through this parasitical mode of creating fictitious capital, "financial leverage," the total nominal capital of such a "mixed economy" may skyrocket far above the actual capital-values of the real economy. To the degree, this burgeoning mass of parasitical fictitious capital seizes control of sections of real estate and the productive sector itself, the result is the so-called "business cycle." However, after the bankrupting of sufficient volumes of the purely fictitious capital, the release of new volumes of agro-industrial production credit, combined with some technology-driver as stimulant, would mobilize a general recovery.

The paradigm-shift which emerged out of the 1964-72 transition to a "post-industrial utopia," impelled the world economy into something quite different than a new cyclical crisis: into the kind of collapse associated with a general breakdown crisis. A glance toward the statistical reports of EIR's John Hoefle, Anthony Wikrent, Christopher White, and their colleagues shows us some of the most crucial of the relevant facts.

Look at this distinction in "macro-economic" terms. In

the pre-1964 form of symbiosis between the two axiomatically distinct systems, the revenues of financial capital were derived, in net, from a portion of the operating profit of agro-industrial production as a whole. Through the mechanisms of industrial banking, and related modes of credit-flow into the productive sector of the economy, finance-capital maintained and enhanced its gross revenue, without significantly increasing its share of the operating profit of that productive sector. That was the precondition for the "peaceful coexistence" of the host and its rentier parasite.

Increase capital-intensity in an energy-intensive mode, and, all the while, maintain and build up extensive works in water-management, in power generation and distribution, in integrated modern transport and warehousing systems, in better communications, in improved public primary, secondary, and higher education, in investments in generating scientific and technological progress, and in improving the longevity and productivity of the population through improved health-care. These were, and are still, the preconditions for increasing the net, "macro-economic" productive powers of labor. That is the only way in which the Federal budget could ever be balanced. Those were the watch-words of progress and prosperity, which made the United States of America the world's most awesome economic success, prior to the 1964-72 cultural-paradigm shift.

Look at the results of Christopher White's expressing the official statistics in terms of market-baskets of consumption and production, per capita, per household, and per unit of land-area utilized (Figures 1 and 2). Since the high-point of about 1967-69, the standard of consumption for households, by category of productively employed wage-earner, has collapsed continuously. That is, if we measure the beans and bacon, clothing, housing, quality of education, and so forth,

FIGURE 1

Changes in U.S. population densities

(percent of 1967 level)

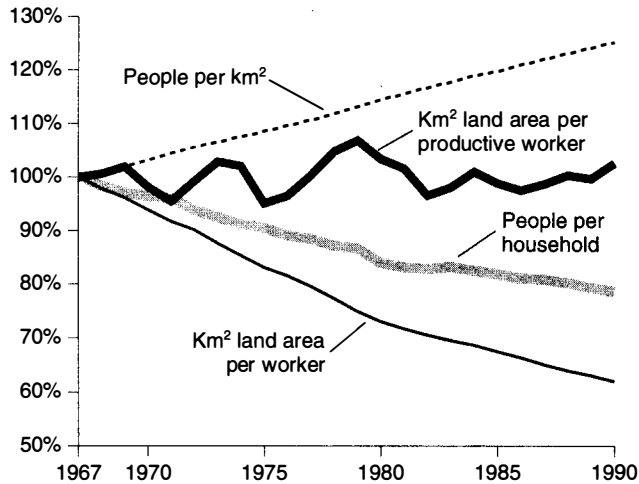
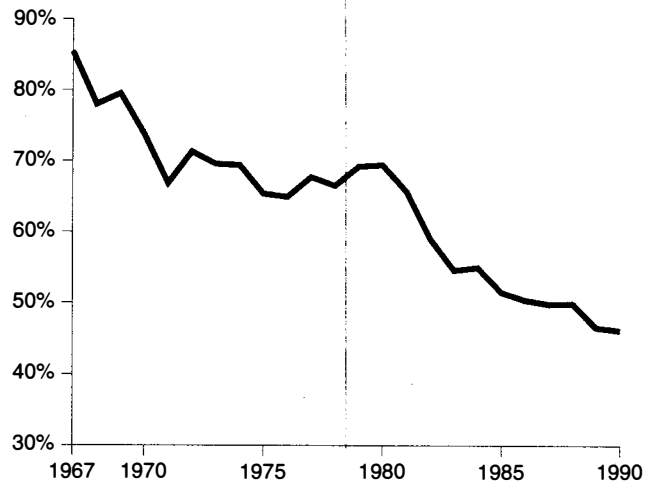


FIGURE 2

Employment of operatives as percentage of actual requirement



which that wage-earner's income may purchase, the American employed in productive occupations has become poorer and poorer during the course of the recent 25 years to date. The per-capita productivity of the total U.S. labor-force, as measured in the contents of the same market-baskets of combined household and agro-industrial consumptions, has also been declining over the same period. In fact, as measured in real, rather than financial terms, the U.S. economy has been operating at a net loss over the past 25 years.

However, during that same 25 years, since 1970-71, the U.S. financial economy has grown, approximately hyperbolically, over the same period the real economy has been in an accelerating collapse. The \$64 trillions question: Is this a mere statistical coincidence, or is the cause of growth of financial aggregates also the cause for the collapse of the real economy? Is the continued existence of *Family #2*, the entropic Adam Smith model, the cause for the spiral of collapse of the *Family #1* process, the real economy? Has the "Adam Smith model" become the malignant cancer which must be removed soon, if the host, the real economy, is to survive?

The answer is, "Yes." The growing size of the income-stream, from the real economy, upon which the parasite depends to survive, is the margin by which the rate of collapse is increased in the already negative-profit real economy. The fact that the survival of the speculative financial bubble of fictitious capital depends upon destroying the same real economy upon which the existence of the bubble depends, demonstrates that the present crisis is a systemic one, not a mere financial collapse, but a general breakdown crisis, leading toward the disintegration of existing monetary and financial institutions.

The peace between the parasite and host is now a thing of the past, forever.

The lack of peace, is a state of war. This war is not an abstract one; it is an actual war between the British monarchy, the political embodiment of the global parasite, on the one side, and the leading real-economy of the world, the United States, on the other. The power of the London-centered international oligarchy is chiefly its domination of the world through the financial power gathered around the International Monetary Fund and World Bank. That financial political power of the London-centered oligarchy, is being destroyed by this collapse: the distress of the London Warburg banking house, and the collapse of Barings and Lloyd's, typify the ongoing destruction of the majority of the financial pillars of the British monarchy itself. In this case, the "continuation of politics by other means" signifies, as we see, more and more, day by day, the shift from political-financial means, to such "other means" as the London-orchestrated Balkan wars and the escalation of international terrorism, even into the United States itself.

Why most taught 'economics' is a fraud

The fraud inhering in the taught economics of virtually all university classrooms today, reflects a series of ultimately related but distinct blunders of underlying assumption. These frauds not only dominate the university classroom; they are the frauds permeating the work of most Nobel Prize for Economics recipients. They have had a disastrous effect through their hegemony in the policymaking of governmental and leading private economic institutions throughout most of the world today.

Some of the blunders, in axiom and method, underlying



Friends of Lyndon LaRouche, members of the Civil Rights Movement Solidarity, campaign in a state election in North Rhine-Westphalia, Germany, August 1995. The poster reads: "Down with Asininity! Economic Construction, Not Financial Collapse."

those teachings, are special to the empiricist "social science" upon which taught economics, including Von Neumann's "systems analysis," is explicitly based. Others are adopted from the influence of the Hobbes-Locke doctrine of "human nature" upon the gnostic theological assumptions underlying the mechanistic mathematical physics of Galileo Galilei, René Descartes, Isaac Newton, LaPlace, Clausius-Kelvin, Helmholtz, and the modern radical positivists. To understand the present problem adequately, take a moment to dissect those principal such influences responsible for the pervasive incompetence of virtually everything taught as "economics" in the university classroom today.¹³

The common root of these hoaxes is the continuing influence, today, of the savagely incompetent, pro-oligarchical counter-method, which Aristotle developed, in his hysterical effort to discredit, and eradicate the scientific method of the recently deceased Plato.¹⁴ Taken in its whole, as a social and

political phenomenon, the British oligarchy of today, is a typical product of this Aristotelean heritage.

However, the Aristotelean heritage of the British monarchy, is of a special sub-type: the "neo-Aristotelean" followers of the majority faction within late-Sixteenth-, Seventeenth-, and Eighteenth-Centuries' Venice, the faction of Paolo Sarpi, the faction which created the Anglo-Dutch monarchy. Sarpi, the actual founder of modern, neo-Aristotelean empiricism and its positivist outgrowth, was the patron of such signal figures of England's early Seventeenth Century as Francis Bacon and Galileo Galilei; Thomas Hobbes was a shared asset of Bacon and Galileo. René Descartes is of the same genre, as are all of the British, French, and Austro-Hungarian empiricists, positivists, and existentialists, down through the present day's university classrooms.¹⁵

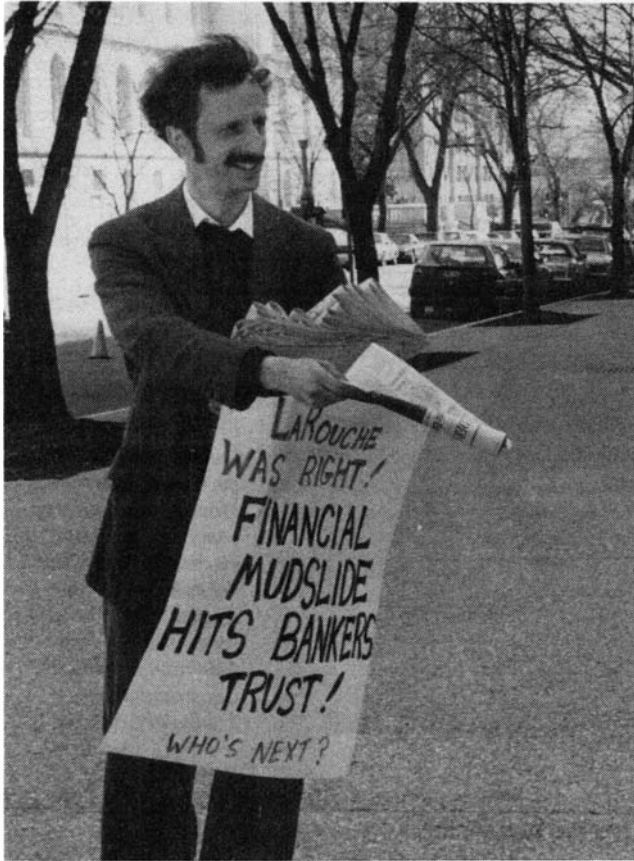
That dogma of British empiricism is the source of the principal, explicit fraud of virtually all generally accepted, "quackademic" varieties of today's university-classroom economics today.¹⁶ The center of that fraud, is the irrational-

13. On Galileo, et al., see Lyndon H. LaRouche, Jr., " 'Structures of Sin' Still Rule the Nations," *EIR*, April 28, 1995, pp. 46-56.

14. During the period from Solon's anti-oligarchical, anti-usury reforms at Athens, through and beyond the death of Plato, the fundamental issue at the birth of European civilization, was the conflict between the republican principle of Solon, Socrates, and Plato, versus the Persian/oligarchical "model" of the Babylonian Empire continued under the Achaemenid dynasty. Aristotle, a trained sophist, and protégé and spy of both King Philip of Macedon and Isocrates' School of Rhetoric at Athens, was an adherent of the oligarchical method. This advocacy is demonstrated most luridly in his *Ethics* and his *Politics*, and his writings on metaphysics and method generally.

15. See, LaRouche, " 'Structures of Sin' . . . ," *op. cit.*

16. The author and his associates first employed the neologism "quackademic" in post-August 15th 1971, to designate generally accepted classroom economics of that time (and, still today). The occasion for use of this neologism, then, was the Aug. 15-16, 1971 breakdown of the Bretton Woods monetary system: which every leading U.S. economist, excepting this writer, had proclaimed to be impossible. At that time, in response to this writer's charges on this account, a senior Keynesian economist, Distinguished Professor Abba Lerner, was selected as the champion, to defend the economics profession against this writer's charges of pervasive academic and other professional incompetence in this field. In the conclusion



Organizing on the streets of Washington, D.C., March 1995, for Lyndon LaRouche's economic recovery program, and against the "quackademic" economists.

ist teaching, that economic policies must be determined by "the market."

Had modern Europe and North America tolerated that nonsense-demand during earlier centuries, the world would still be less than 400 millions poor souls, over 90% wallowing in the impoverished, brutish illiteracy of serfdom or worse. Mankind would never have escaped from the murderous bonds of feudal servitude, Venetian usury, and even such more inhuman conditions of bestiality as Aztec rule. If we follow in the policies of Mont Pelerin Society ideologies, such as Newt Gingrich's "Contract with America," or irrationalist fanatics such as Sen. Phil Gramm, we shall rediscover the utopian conditions of pre-A.D. 1400 feudalism and barbarism, all too soon.

of that public debate, on New York City's Queens College campus, Lerner blurted out a confession of the accuracy of this writer's charges, that liberal economists would now move to promote fascistic forms of austerity against developing nations and others, modelled upon the practice of Nazi Economics Minister Hjalmar Schacht. Now, the post-1987 acceleration of the speculative avalanche in "derivatives," creates an analogous situation for most Nobel-Prize-winning and other professional economists; once again, most of them have been exposed by events, as "quackademics."

All of today's generally accepted university-classroom economics dogma, purports to explain the secrets of the not-entropic growth of the modern agro-industrial nation-state economy, from the standpoint of the ruling axiomatic assumptions of an entropic, linear system of pairwise truck-and-barter, all conducted under a regime of Venice-modelled system of usury. To define a putative model of modern society, these fellows borrow shamelessly, as the principal axiom of their systems, the same *laissez-faire* which Dr. Quesnay concocted to prescribe the non-interference of both government and urban institutions contrary to the empyreal prudence of the class of parasites known as feudal aristocrats. That is the same *laissez-faire* which Adam Smith plagiarized from Quesnay, as what today's victims of the mass-murderous IMF might fairly and bitterly describe as Smith's universal snake-oil remedy, "free trade."¹⁷

All of today's "quackademic" economists premise their views and method upon one or another species from among *Family #2* theorem-lattices: e.g., treat "macroeconomic" profit as an epiphenomenon of a "Bounty of Nature," or "Bounty of Trade," and so on. To wit: They deny the existence of an efficient expression of an individual's human creative powers of reason. So-called "information theory" and "systems analysis" are only more extreme, and much cruder than the celebrated German empiricist Immanuel Kant on this point.¹⁸ The issue is as old as the reductionist Eleatic

17. Compare "Structures of Sin' . . ." *op. cit.*, pp. 49-50, 53-56, on Bernard Mandeville, Adam Smith, and Galileo Galilei. Mandeville's 1725 "Private Vices, Public Benefits" gives away the secret of *laissez-faire*, "free trade," and the modern "Chaos Theory" of Ilya Prigogine, et al. Mandeville is also echoing Thomas Hobbes and John Locke: the argument that the random, pairwise interaction of evil individual impulses and acts converges asymptotically upon the production of the public good. Smith underscores this by explicitly advocating his employer's, the British East India Company's destruction of peoples, such as those of China, through traffic in opium, just as his devotee, Prof. Milton Friedman, has endorsed that drug-epidemic which has made the U.S. population (according to U.S. government reports of convictions and incarcerations) the most criminally inclined population of any nation upon this planet today. Might we not thus suspect that Mandeville's dogma—along with the "chaos theory" of Hobbes, Locke, and Adam Smith—might have been savagely disproven by the failure of Milton Friedman's little experiment?

18. Since most recent university teaching on the subject of Kant and his work is virtually illiterate, the following footnote on the historical position, and present-day relevance of Kant's doctrines, is supplied. Kant, born in 1724, became, approximately 1740-44, a collateral asset of the networks of Venice's spy-master Abbot Antonio Conti, closely tied to Conti's networks within Frederick the Great's anti-Leibniz Berlin Academy (Academy member Gotthold Lessing was a rare exception among Conti's anti-Leibniz crew of Maupertuis, Voltaire, Algarotti, Euler, et al.). The most notable early influence upon Kant during the early period was the influential specialist in bowdlerized, Aristotelean interpretations of Leibniz, the Newton devotee Christian Wolff. After that, he was strongly influenced by another product of the Conti-Voltaire network of salons, the pathetic Jean-Jacques Rousseau. During the middle of the 1760s through the middle of the 1770s, Kant became a devotee of empiricist David Hume. As Kant emphasizes in his apologia, the 1783 *Prolegomena to a Future Metaphysic*, his 1781 *Critique of Pure Reason* was a break, not with the young Hume, but the aged

school's attack on Pythagoras,¹⁹ Aristotle's attacks upon Plato, and Kant's attacks upon Leibniz. In their radical expression, these attacks insist that valid *ideas*, as Plato defines ideas, do not exist, apart from those derived from sense-certainty. In the alternative, like Kant in his own "Critiques," the notable opponents of Plato, Nicolaus of Cusa,²⁰ Leonardo da Vinci, Johannes Kepler, and of Gottfried Leibniz, have always insisted that if "intuitions" of such ideas might exist, new creations of that sort cannot be objects of intelligible foreknowledge.

All of these modern opponents of science were followers of Venice's teachers of Aristoteleism. They are divided into two groupings, the first, the earlier, "stay south" grouping of Pietro Pomponazzi, Gasparo Contarini, Francesco Zorzi, et al., and the "strike north" Venice faction of the founders of British empiricism and, later, Kantianism, Paolo Sarpi, et al. This continuing, ancient dispute respecting the existence and nature of *ideas*, is, axiomatically, the crucial practical issue of political-economy today.

During the recent months, the present writer has adopted the famous measurement of the length of the Earth's meridian by Plato Academy member and Archimedes contemporary, Eratosthenes,²¹ as the model pedagogy which might be used for demonstrating to secondary pupils, among others, the

Hume who had turned from early-Eighteenth-Century empiricism, to what became known as "Nineteenth-Century British philosophical radicalism," the radical empiricism of Adam Smith, Jeremy Bentham et al. Kant remained a mid-Eighteenth-Century empiricist to the end of his life (e.g., his 1790 *Critique of Judgment*). The rampant philosophical irrationalism of his last "Critique" became the virtual "bible" of the Nineteenth-Century German Romantic movement, of Karl Savigny, Franz Liszt, Richard Wagner, and other prophets of Twentieth-Century conservative-fascist currents in existentialism. For a prophetic insight into Kant, and Kant's fascistic tendencies, see Heinrich Heine, *The Romantic School* (1835), and *On the History of Religion and Philosophy in Germany* (1835). It was the radical positivism growing largely out of Nineteenth-Century "neo-Kantian" Romanticism, which turns up as the crucial axiomatic feature of both Prof. Norbert Wiener's pathetic "information theory," and the axiomatically correlated "systems analysis" of John Von Neumann.

19. I.e., according to Plato. See his *Parmenides*.

20. The principal attacks upon Cardinal Nicolaus of Cusa, since those of the reductionist Wenck, have been focussed against Cusa's use of Socratic method (e.g., *De docta ignorantia*=*On Learned Ignorance*) to found modern science. The forerunner of British empiricism was the relatively wide circulation in England of Venice agent Francesco Zorzi's attack, *Harmonia Mundi*, on Cusa's method of *docta ignorantia*. Cusa, in addition to being the leading agent of the Vatican in bringing about the 1438-41 Council of Ferrara-Florence, was the most important influence upon the development of modern science, via such self-avowed students of his work as Luca Pacioli, Leonardo da Vinci, and Johannes Kepler. (An English translation of Wenck's attack and Cusa's response is found in *Nicholas of Cusa's Debate With John Wenck*, Jasper Hopkins, trans. [Minneapolis, Minn.: The Arthur J. Banning Press, 1984.]

21. See *Greek Mathematical Works*, Ivor Thomas, trans. (London: Harvard University Press/William Heineman, Ltd., 1941), Vol. II, pp. 266-273. Eratosthenes' construction is being replicated currently in Europe, as a demonstration experiment for use in secondary-level educational programs.

existence of Platonic "ideas." The relevant features of that measurement, are, summarily, as follows.

Suppose that two somewhat distant locations in ancient, Ptolemaic Egypt, Alexandria and Syene (Aswan), lie upon the same, astronomically determined North-South line, a common meridian. Measure the distance along that common line between the two points. Then, construct two duplicate sundials, as follows (**Figure 3**). Construct a hemispherical shell. In the "South Pole" of this shell, pointing (by aid of a plumb-bob) to the center of the Earth, insert a straight stick, along the extended line implicitly defined by the plumb-bob. Around the inside rim of the hemisphere, mark off gradations; at the points the Earth's meridian will intersect the rim of that hemisphere, draw the half of a great circle passing through the South Pole of the hemisphere; mark points of gradation along this line. Set one of these hemispheres in place in Syene, the other in Alexandria.

As each of the two sundials shows high noon, measure the angle which the stick's shadow casts along the semi-circle passing through the South Pole. Observe, then, that the angle of the shadow cast in Alexandria differs from the angle of the shadow cast in Syene. Given the fact that the distance between the South Poles of the two sundials is known, and the respective angles of the shadows, the estimated polar diameter of the Earth—to an accuracy within approximately 50 miles—follows, without trigonometry, by construction.

In the usual case such an experiment were presented, the most crucial lesson to be learned would be brushed over without attention. What must not be brushed over, is this: *How was it possible, that Eratosthenes could have measured, with such remarkable relative accuracy, a curvature of the Earth which no man was to have seen until 2,200 years later?* What Eratosthenes did observe with his senses, was not the curvature of the Earth, but, rather, an anomalous difference in two sense-perceptions: the difference in the angles cast by the respective shadows. Once that later qualification is made, we have defined the point at which we depart the realm of what is no more than useful engineering, to enter the realm of science.

All science, as distinct from the valuable, although inferior realm of engineering, is defined, not by ideas associated within sense-perception, but, rather, by the ideas which are generated by anomalies which appear to destroy the authority of sense-perception as such.

Consider related cases from the scientific achievements of Plato's Academy and its collaborators. Consider the case, that, before Eratosthenes' discoveries, at an earlier point during the Third Century B.C., Aristarchus had demonstrated that the Earth orbits the Sun—although, from the Second Century A.D., until Nicolaus of Cusa, Copernicus, and Kepler, official Europe is reputed to have believed the deliberate, Aristotelean fraud perpetrated by Claudius Ptolemy, the lying assertion that the universe orbited the Earth. Con-

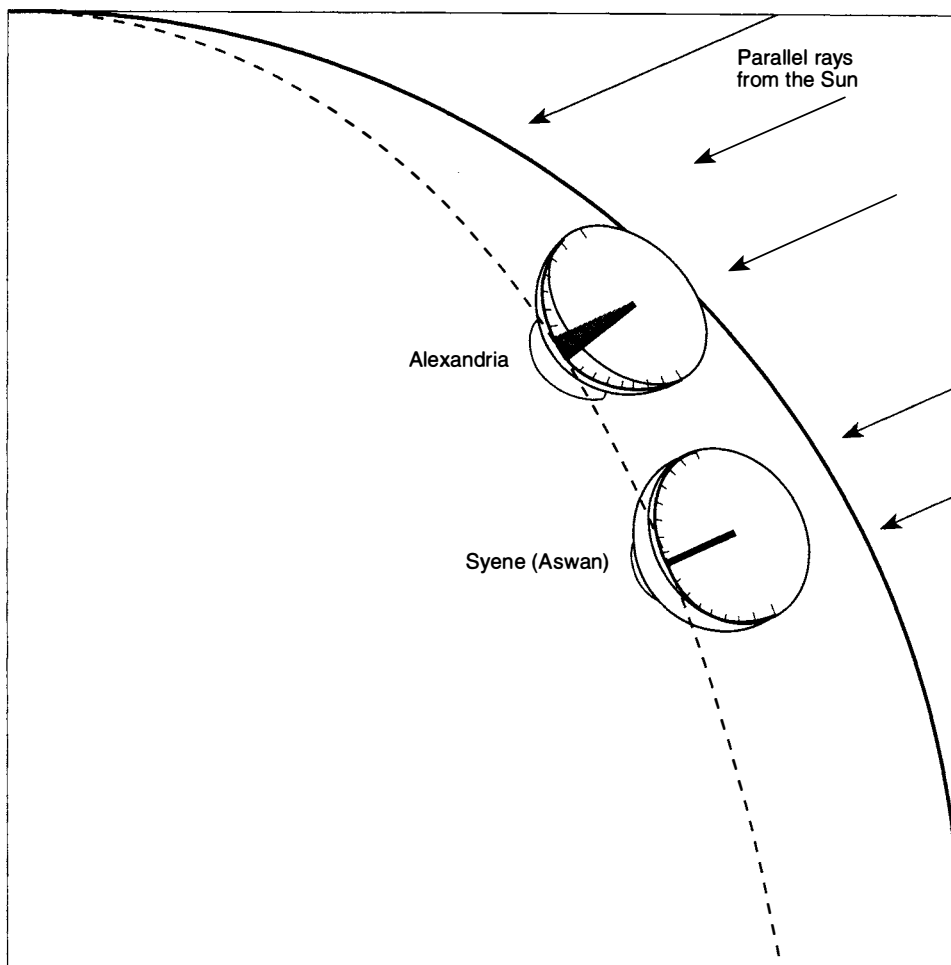


FIGURE 3

Eratosthenes' method for measuring the size of the Earth

In the Third Century B.C., Eratosthenes measured the circumference of the Earth with an accuracy of about 50 miles, even though nobody would see the curvature of the Earth until 2,200 years later. In this illustration of his method, two hemispherical sundials are placed on approximately a meridian circle, in Alexandria and Syene (Aswan), at noon on the day of the summer solstice. The gnomon in the center of each sundial is constructed to be the same length as the radius of the hemisphere; it points straight to the center of the Earth. Eratosthenes found that the gnomon made no shadow in Syene, but a shadow of 7.2° in Alexandria. He also knew the distance between the two cities to be about 490 miles. This allowed him to calculate that the Earth's circumference is about 24,500 miles.

sider the approximate measurement of the distance between the Earth and the Moon, by Eratosthenes, and others, when no man had seen that distance with his senses. These examples each and all typify the fact that every scientific discovery of principle, from before Thales, through to the present time, involves the generation of an *idea*, in Plato's sense of "idea," an idea which is derived from anti-Aristotelean, *anti-empiricist* cognition of an anomaly among sense-perceptions, which contradicts naive sense-perception. All scientific ideas, and the crucial ideas of Classical forms of art, are of this Platonic quality.

The principles of political-economy are of this efficient quality. By "efficient," one should signify that these are ideas which are the cause of mankind's increase of society's power over nature, per capita, per household, and per unit-area of land employed. It is these ideas which are the efficient agency through which the average productive powers of labor are increased. This is the efficient means, by which the output of human activity of societies as a whole exceeds the input required to generate and sustain that activity. This is the source of not-entropy in economy, the source of sustainable, and also rising rates of "macro-economic" profit.

Education and profit

The secret of the great advance in society which erupted during Europe's Fifteenth Century, is that impulse toward universal education typified by the Brotherhood of the Common Life, and adopted by Louis XI's France as a cornerstone-policy of the modern sovereign nation-state. This achievement was based not upon the goal of making just any form of education universal, but, rather, what is known among scholars as the Classical-humanist mode of education, as best typified by the policies of Friedrich Schiller and his follower, Prussia's famous education minister, Wilhelm von Humboldt. The Humboldt model of gymnasium as a secondary institution, is the best example of the kind of policy of universal education required for a future citizen of a prosperous modern sovereign nation-state republic. At this point in our presentation, the most crucial features of that educational policy, as they bear upon the product of profit, may be stated briefly, as follows.

We begin with the direct impact of scientific progress upon the "macro-economic" profitability of national economies. After that, we identify the relevance of education in Classical art-forms to the same effect.

The principles of a Classical-humanist form of scientific education are summarized as follows. The distinction of this form of science-education, is that it demands that currently prevalent “textbook” and other “blab-school” methods of education be abandoned, in favor of the proposition, that the pupil has no actual knowledge, except to the degree that the pupil has reexperienced the act of an original scientific or artistic discovery of principle, within his or her own mental processes. The function of the teachers is to prepare the pupils for each such experience, within a succession of such experiences, which may be fairly described as arranged in the sequence of “necessary predecessor,” “necessary successor.”

In the language of formal mathematical physics, the state of consistent knowledge, prior to discovery of a superior principle, is represented by an open-ended theorem-lattice. That lattice is premised upon a set of stated or implied formal axioms, which, taken as an integrated set, constitute what Plato defines as an *hypothesis*. The validated, newly discovered, higher principle, defines a new, relatively superior *hypothesis*. No theorem of the first hypothesis is consistent with any theorem of the second hypothesis; this formal inconsistency is otherwise recognizable as a *singularity* of the general form otherwise associated with a “mathematical discontinuity.” That singularity, which is of the smallest possible non-zero magnitude, corresponds to the event which causes the supersession of the first by the second hypothesis, the mental-creative act of both the original discovery, and the replication of that original act of discovery by the pupil.

The realized benefit of rudimentary competence in mathematics (for example) achieved by means of successive replications of original discoveries of principle, is the ability to think “transfinitely.”²² Instead of thinking of the elements of a theorem-lattice, or kindred array of many elements, one at a time, in sequence: One learns to think implicitly, and efficiently, of the entire, open-ended array, by thinking of the hypothesis which underlies the existence of all possible members of that array. It may be fairly said, that that pupil has made the initial transition to thinking “axiomatically.”

Through the successive replication of original discoveries in that way, the pupil acquires a still-higher level of knowledge, above the level of simply “thinking axiomatically.” Through this kind of mental experience, repeated many times, the pupil is confronted with the fact, that underlying a succession of demonstrably valid historical discoveries of principle, there is an associated, implied *method of discovery*, corresponding to Plato’s notion of an *higher hypothesis*. This is the level of thinking which Johannes Kepler, for example, identifies by his notion of a governing principle of *Reason* in the laws of the universe.²³

22. This is the sense of “transfinite” employed by Georg Cantor.

23. As distinct from the Sarpi-Galileo-Newton notion of mechanical “causality.” See Lyndon H. LaRouche, Jr., “The Fraud of Algebraic Causality,” *Fidelio*, Winter 1994.

This acquired level of transfinite thinking²⁴ which enables the pupil to render intelligible the notion of localized process-interaction among different axiomatic systems, is the level required for making intelligible the crucial characteristics of modern economies, or for rendering comprehensible an historical process of revolutionary scientific discoveries of principle.

To the degree that the action of thought of an individual person incorporates an accumulation of a relatively greater number of axiomatic-revolutionary discoveries, we may say that the density of discontinuities per interval of action is increased. This is not merely verbal action, but also efficient action by the individual upon nature, and so forth. These phenomena are located in the Platonic quality of non-empiricist “ideas,” within such ideas as “efficient ideas.”

The accumulation of knowledge in this form, through all of the many things which are transmitted to the infant and child as a “cultural heritage,” is the correlative of those increases in mankind’s potential relative population-density which set the individual member of the human species absolutely apart from, and absolutely above the members of all other species. This is the quality which is responsible for the increase of the human population, and its demographic parameters of life-expectancy, health, and productivity, orders of magnitude above the “aboriginal food-gathering” potential attributable to higher apes.

This notion of increase of the density of such discontinuities per interval of mental action, is the formal correlative of the not-entropy of political economy. This is the source of “macro-economic” profit. This is the origin of the capability of the ratio of “free energy” to “energy of the system,” to remain constant or to rise, while the “energy of the system,” per capita, per household, and per unit of land-area utilized, increases.

The origin of this benefit is not limited to science education, or any part of education as such, but, nonetheless, Classical-humanist education, as we have described it here, thus far, is paradigmatic of all of those developments within society which bring about the desired, not-entropic result. It is the increase of the ration of the educated strata of society, from less than 5% of the population, in the direction of universal, Classical-humanist modes of education of the young, which accounts both for the explosion of growth of productivity, and for the general improvement in the condition of humanity, unleashed by the Fifteenth-Century Council of Florence and Louis XI’s France.

As soon as the principle of “efficient knowledge” is formulated in such Classical-humanist terms, we ought to recognize, and quickly, that there is an inhering fraud in today’s popular use of the terms “objective science” and “scientific

24. This higher quality of “transfiniteness,” is what Georg Cantor associates with Plato’s notion of a *Becoming*, as distinct from the higher ontological state of Cantor’s *Absolute* or Plato’s *Good*.

objectivity.” Those uses of “objective” flow from Aristotle and his co-religionists among the modern materialists, empiricists, and positivists.²⁵ They signify acceptance of the popularized delusion, that valid ideas are limited to the objects one may presume to be reflected as sense-perceptions. The fact—the relevant anomaly—is, that were science “objective” in the sense the materialists and empiricists prescribe, the living human population of this planet never would have exceeded the several millions individuals imputable to an “aboriginal” collection of ape-like food-gatherers.

The case of Classical-humanist science-education underlines the fact that valid scientific knowledge is essentially subjective. Science pertains to those ideas which meet two essential requirements: that they are not reflections of sense-perceptions as such, but, rather, arise as creative solutions to stubborn anomalies in sense-perception; it is also required, secondly, that their superior efficiency is demonstrable in social practice. The general form of the latter requirement is, that the demographic characteristics of populations be improved, and that the potential relative population-density of mankind is implicitly increased, relative to the surface of our home planet. These ideas occur as products of a uniquely-human creative potential of the individual mind, and are governed by a still-higher quality of idea, above ordinary hypothesis, higher hypothesis, or scientific method.

The case for the Classical art-forms (poetry, drama, music, plastic fine arts), is of a related form. In art, the place of singularities in science education is taken by *metaphor*. The principles of creative discovery in Classical fine art are the same as for valid discovery of superior principles in science.

It is the combination of the two, Classical-humanist modes of scientific education, and Classical-humanist education in the fine arts, which defines the roundly developed young personality of a good modern culture, the suitable citizen of a sovereign nation-state republic.

It is the subjective qualities of developed powers of creative discovery in science and fine arts, which define both areas of knowledge: knowledge is not “objective”; it is “subjective.”

The essential lesson of the whole experience of modern European civilization, in both its rise, 1461-1963, and its recent slide toward collapse, 1964-95, is that the essential investment, upon which the “macro-economic” profitability, and even the bare survival of modern nations depends, is investment in the development and utilization of the creative powers of the individual person, as we have described that creativity summarily, here. There is no possible equilibrium-state in an economy; to maintain not-entropic progress of society, even its mere survival, the process of not-entropic development through the fruits of creative-mental discovery, must continue. Heraclitus observed, “Nothing is constant, but change.” “Change” is not-entropic development.

25. Is not atheism (or Thomas Huxley’s “agnosticism”) also a religion?

The interaction

Against the elements of background so arrayed, let us restate and analyze the crucial decision presently confronting the governments of the world’s nations today.

Beginning with tremors of a coming financial “mudslide,” in 1992, there has been a remorseless, hyperbolic growth in the numbers and severity of bankruptcies and near-bankruptcies associated with the threatened bursting of a global bubble of financial speculation in so-called “derivatives.”²⁶ By early 1995, the “mudslide” had become mammoth in scale, a global epidemic. The policy-question posed by the latter developments is fairly summed up by those now preparing their participation in the coming Halifax monetary conference: “It is a global epidemic! Does the collapse represent a set of administrative blunders, or is it a systemic crisis which augurs the early end of the international monetary system in its present institutional form?”

The answer is, the ongoing collapse is the onrush of an inevitable end of the present form of global monetary and financial system. No mere improvement in administration or administrative procedures would have any significant benefit. There is no solution, but that at least several leading governments take the initiative in putting the existing monetary system into financial-bankruptcy reorganization, to clear the way for the prompt establishment of a new international credit system, one based upon the precedent of the highly successful national banking established under the administration of U.S. President George Washington.

If that bankruptcy-reform is not made relatively soon, the existing system will disintegrate in a global echo of the 1922-23 disintegration of the monetary system of Weimar Germany. The “virus” which would then obliterate the present global monetary and financial order, was endemic to the system even before 1963. However, as the Franklin Roosevelt war-time mobilization demonstrated, as long as the potential for resuming net physical growth in the agro-industrial sectors of physical production existed, it were possible to revive a virtually comatose monetary and financial system, through the combined current and prediscountable, future real profits of agriculture, industry, and infrastructure-building.

From the standpoint of comparison to the 1931-45 U.S. economy, we have reached the present stage, at which no such recovery of the monetary and financial system would be possible: The difference is, for the greater part of 30 years, and emphatically the past 25, we have allowed the destruction of the nation’s physical-productive capacity and skilled labor-force to go much too far, for too long. The accumulated financial debts of the world could never be repaid under the existing system, or anything like it. To survive, we must scrap the sick system, and begin over once again.

26. See John Hoefle, “Derivatives: The Last Gasp of the Speculative Bubble,” *EIR*, April 14, 1995.

It will do our opponents no good to argue against this picture. Either the system will be reformed radically, in bankruptcy, along the lines I have indicated, or the system will disintegrate. There is no way in which the opponents of that radical reform could win the argument. Here, we are addressing a different aspect of the problem. "Objectively," as some might say, the successful reorganization of the world's economy is within reach; there is no technical reason it should not succeed, provided the indicated changes in axiomatic policies are made. The danger to be considered, is that, even after the dying present system has gone bankrupt, the mental habits—the axiomatic assumptions—associated with the departed system will persist. For that reason, it is of vital strategic interest to every nation of the world, the United States included, that the reputations of today's generally accepted university-classroom economics doctrines be destroyed.

In conclusion, therefore, we summarize the method of thinking about political-economy which must be rejected, and what must be affirmed in its place. The contrast between the Eighteenth Century's so-called "Robinson-Crusoe model," the linear, entropic method, as resurrected by John Von Neumann and Oskar Morgenstern for their 1943 **Theory of Games and Economic Behavior**²⁷, versus the scientific method exemplified by Bernhard Riemann's 1854 habilitation dissertation, "On the Hypotheses Which Underlie Geometry," which we referenced here, earlier.

As if emulating the opening chapters of Karl Marx's four-volume **Capital**, Von Neumann and Morgenstern introduce the fictional image of Robinson Crusoe and Friday, as the idealized "cell-form" of their entire system of economic values. There is nothing intrinsically human in Von Neumann's and Morgenstern's ideal economic man, barring such superficial aping as a bit of crude tool-making, barter, and casino gambling. There is no rational basis for the choices in the trade between Robinson and Friday; there are only varying relative intensities of desires. All is an n -person game involving m varieties of articles traded and consumed, in varying degrees of absolute or relative finitude: Begin with a two-person game, and proceed from there. Apparently, nothing is involved which can not be presented for mathematical solutions as a system of simultaneous linear inequalities. The system is intrinsically entropic.

Modern systems analysis is, arguably, conceptually cruder than many among its notable predecessors, but, in principle, it exemplifies all **Family #2** species. These entropic "models" are in stunning contrast to Riemann's principle of hypothesis, the principle which bears directly upon the crucial fact of physical economy.

Riemann's habilitation dissertation does not define a geometry in the ordinary sense. Rather, classroom Euclidean geometry is not a true reflection of the physical space-time

in which we live, nor is it a direct reflection of the evidence taken by our visual apparatus. Euclidean geometry is a construction of the naive imagination. In classroom Euclidean geometry, we merely imagine that space-time is extended without limit, and in perfect continuity, in the directions of backwards-forward, side-to-side, and up-down in space, and backwards-forwards in time: This is not true in vision, for example, in which space is harmonically ordered, and is not perfectly continuous in any sense of direction. Riemann addresses the point, that if we attempt to impose the results of validated discoveries in physics upon the Euclidean image of space-time, we are presented with some provocative, and very useful anomalies. This may be summed up in the following way, for our purposes here.

The human mind may imagine many things which we do not know from prior experience. Some of these imagined ideas prove to be states which can be discovered, or induced in nature; more cannot. The significant, valid imaginations of this sort are discoveries of the type which the referenced Eratosthenes experiment illustrates. They are discoveries of physical principle which contradict earlier conceptions of physical space-time, but which nonetheless prove to be valid. Discoveries of this type demand a change in hypothesis. The interesting thing to discover, then, is: What method of discovery (e.g., "Family" of discoveries) subsumes the relevant series of valid crucial discoveries of this valid type?

What then, is the result of the attempt to correct our notion of geometry in a way which reflects this notion? That is the general idea one should associate with the term "Riemannian geometries" in particular, or "non-Euclidean geometry" in general. This is the form of geometry which lies beyond the bounds of all ordinary notions of a formalist mathematics; this is the appropriate geometry for a valid idea of "physical space-time." This is the appropriate geometry for representing the physical-space-time of a not-entropic physical-economic process.

In this physical-economic "geometry," our attention is focussed upon the interaction of physical-economic processes which are defined as axiomatically mutually exclusive: a succession of interacting economic "geometries" which act upon one another in such a fashion as to raise the state of the subject economy from a relatively lower to a relatively higher degree of not-entropy. The paradigm for this interaction is the Classical-humanist method in education: the development, in the individual, of the creative power for assimilating and generating (Platonic qualities of) ideas which represent valid creative discoveries of physical and artistic principle. It is the transmission of those ideas, in that manner, which is the concrete form of the interaction to which we have just referred here: It is called otherwise, the fostering of scientific and artistic progress in both the generation and efficient assimilation to practice of valid discoveries of higher principle.

The difference is: It is no mere epiphenomenon of bad metaphysics: It is real, and intelligibly so.

27. Third edition (Princeton, N.J.: Princeton University Press, 1953).

British demand dictatorship to manage financial crisis

by Mark Burdman

Among leading elements of the British oligarchy, it is no secret that the global financial system that has existed over the past decades, and on which British influence over international events is largely based, is collapsing. The past months have seen the crash of Barings Bank, the progressive downfall of Lloyd's insurance and Warburg merchant bank, and the discrediting of the Bank of England. Meanwhile, other storm-clouds are appearing. Amid the onrushing calamity, certain British spokesmen are now openly calling for the imposition of dictatorships across the western world, in order to crush resistance to the fascist austerity that they perceive as necessary, and to maintain their power amidst the process of disintegration.

On May 21, Sir Peregrine Worsthorpe, senior commentator at the London *Sunday Telegraph*, called for a "form of authoritarian politics" that would allow for "cruel belt-tightening [and] bitter medicines to be forced down the throats of body politics." The location and author are both most appropriate. The weekly is the mouthpiece of the Toronto, Canada-based Hollinger Corp., the media conglomerate owned by Canadian tycoon Conrad Black that has orchestrated the international efforts of the past 18 months to bring down President Bill Clinton and to destabilize the U.S. Presidency.

For Worsthorpe, advocacy of dictatorship runs in the family. His stepfather, the late Sir Montagu Norman, was the Bank of England chief who was instrumental in installing Adolf Hitler in power in Germany.

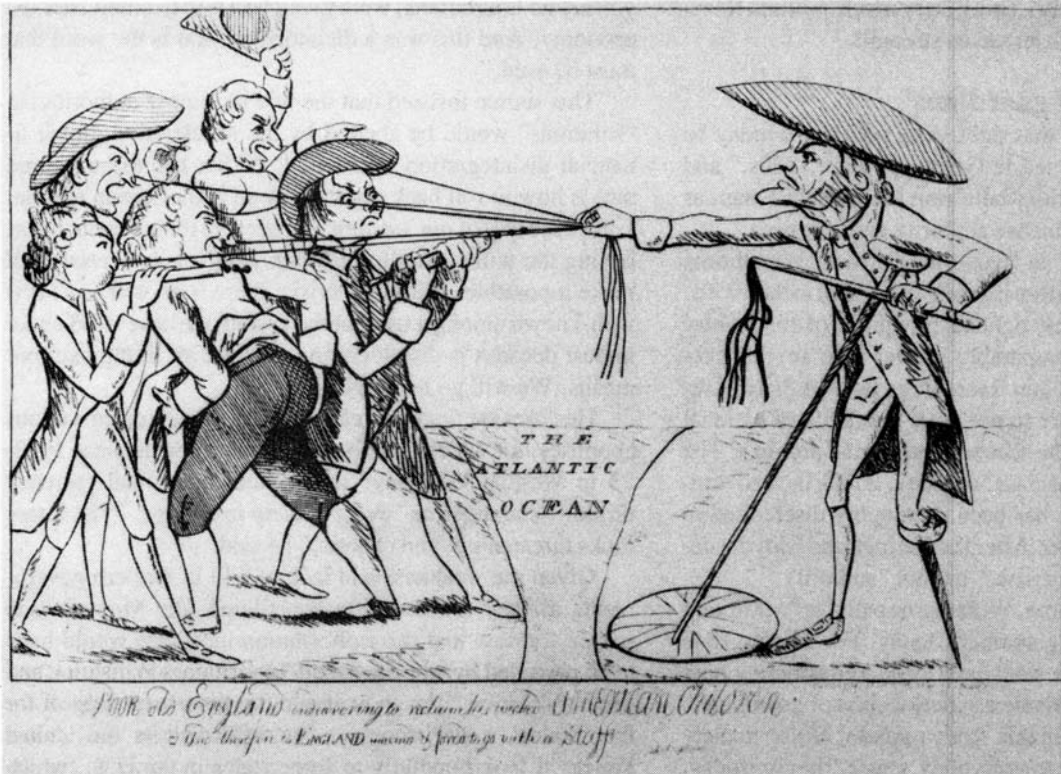
Worsthorpe's support for dictatorship reflects the debates going on in the upper echelons of the Club of the Isles, the secretive oligarchical grouping headed by Britain's Prince Philip. The "necessity" for authoritarian regimes is also a theme being pushed by the Mont Pelerin Society, the conceptual command-center for "liberal free market" fanatics. Set

up in 1947 with the sponsorship of Britain's Winston Churchill and his coterie, the society promotes the ideas of the late Friedrich von Hayek of Austria. It and its U.S. clones (Heritage Foundation, Cato Institute, etc.) provide the notions that later pop out of the mouths of such knaves as U.S. Speaker of the House Newt Gingrich (R-Ga.), Sen. Phil Gramm (R-Tex.), and their "Conservative Revolution" cohorts.

Especially since their last semi-annual meeting in Cannes, France last year, the Mont Pelerinites have been discussing what they think to be the central "paradox" of current times, what they euphemistically refer to as the "dilemma of democracy": that radical measures to "roll back the state" and destroy vital state-supported infrastructure projects and social services, will require authoritarian means to implement. In other words, these loudmouthed advocates of "freedom" are the world's worst fascists! Mont Pelerin sources acknowledge that this issue has become all the more urgent, in view of the accelerating disintegration of the financial and political systems that have been hegemonic over the past decades.

'Authoritarian guts' needed

Worsthorpe's May 21 column took the stylistic form of a dialogue with his British co-thinker Lord William Rees-Mogg, the former editor of the London *Times* who is a mouthpiece for the Club of the Isles and one of the most important media orchestrators of the campaign to bring down President Clinton. In a piece entitled "The Right-Wing Path to Oppression," Worsthorpe favorably cited Rees-Mogg's recent articles advocating giant cuts in public expenditure and radical moves to roll back the state, and praised Gingrich for pushing such policies in the United States. But Worsthorpe criticized



This 1777 cartoon depicts “poor old England endeavoring to reclaim wicked American children.” The British oligarchy has never given up its desire to bring the upstart Americans to heel; today, Sir Peregrine Worsthorne, who has helped orchestrate the assault on President Clinton, calls for “authoritarian politics” to force through austerity in the United States and other nations.

Rees-Mogg for not explicitly acknowledging that such measures would require an “authoritarian” regime. Worsthorne could not hide his sympathy for dictatorship, but attributed these ideas to Rees-Mogg, as a means of putting the matter of authoritarianism on the agenda, without seeming to be the author of the proposal.

Worsthorne is not mistaken in stating that Rees-Mogg’s hidden agenda is to impose dictatorships throughout western societies; that is exactly Rees-Mogg’s intent. In a Jan. 5 *Times* piece entitled “It’s the Elite Who Matter,” he called for phasing out universal public education, as no longer required for an emerging “information” society, in which 95% of the population would be ruled by an “elite class” of 5%, and in which Britain would reign supreme by its capabilities in “finances” and “tax havens.” Indeed, such a neo-feudalist society would require dictatorial forms of rule, to crush the opposition that would inevitably erupt.

Worsthorne began his May 21 article: “People who argue—and some of the wisest in the land, like William Rees-Mogg, most convincingly do—that the only future for this country, and for the Western world as a whole, is to take a veritable axe to the social services, not excluding those aimed at ameliorating the material condition of the underclass, never seem to spell out . . . the political price, in terms of loss of freedom, that might have to be paid for such economic realism. For while it is certainly true that rigorous and sometimes cruel belt-tightening—particularly for the relatively

defenseless—will be required . . . it is also true that today’s democratic body politics are unlikely to be able to swallow such bitter medicine without a desperate struggle. Just how desperate, nobody can be sure. But the possibility cannot be ruled out that the bitter medicines will have to be *forced* down the throat of body politics” (emphasis in original).

He went on: “Those who argue that the politics of the next decades, truly ‘modern’ politics, must not flinch from taking an axe to the welfare state, should also, if they are honest, go on to warn that these truly modern politics may also have to take an axe to many of our democratic freedoms.” In other words, this may mean “having to fall back on a form of authoritarian politics.” In the face of radical policies of “liberalization” and “privatization,” a “frightened electoral majority” will emerge, that will *not* want these policies implemented in a “democratic” way that would ensure the rights of minorities who would be thrown on the scrap heap. Instead, it will demand a regime with “the authoritarian guts to ride roughshod over these minorities.”

For Britain, an authoritarian regime “tough-minded enough to enforce the necessarily painful reforms through” would be “the lesser evil” compared to other alternatives, Worsthorne said. “Better, therefore, to get the misery over now, rather than postpone the evil day, by which time the country would have become insolvent, resulting in even higher levels of unemployment and even more social demoralization. Since the pain has to be suffered some time . . .

why not get it over quickly? This is very much William Rees-Mogg's argument, and I can see its strength."

'A superior class of guardians'

Worsthorne advised that right-wing politicians today be "mindful of what happened in Germany in the 1930s," and praised his stepfather, Hitler-admiring Montagu Norman, as "a towering figure of immense authority and charisma."

The central "defect" in Rees-Mogg's case, Worsthorne indicated, is that the situation is *much worse* than in the 1930s. For one, "the degree of belt-tightening required of this country . . . is going to be incomparably greater than anything required in the 1930s. William Rees-Mogg talks blithely of reducing public expenditure to not more than 25% of national income." This ties into the second, and related problem: The "political and managerial class" of today, unlike the "governing class" of the 1930s, has been thoroughly discredited in the eyes of the population. After the Barings and Lloyd's debacles, there is still "expertise," but not "authority."

To resolve this dilemma, Worsthorne calls for "a different class of ruler to anything available today. For the first time for 50 years or more, we shall have to start considering how to educate, train and motivate a superior class of guardians." What will then emerge, in this "truly modern, elitist" society of the future, "will not be to everybody's taste," he concludes.

'Roll back the state by an authoritarian regime'

Worsthorne's argument was enthusiastically greeted by a chief Mont Pelerin Society ideologue of Central European origin. In a May 23 discussion, he asserted, "This is a well-known argument. Democracies foster weaker governments, and there is no majority for measures to roll back the state. This introduces the paradox, of needing some kind of strong government, precisely to roll back the state. We have definitely been discussing this idea, in recent times, in the Mont Pelerin Society. . . . It is the problem of the 'dilemma of democracy.' Worsthorne is basically right, in seeing authoritarianism as needed. The problem is to figure out exactly what we mean by the word 'authoritarianism.'" He praised Worsthorne's recommendation that a "class of guardians" be nurtured that could enact "dictatorial powers" for dismantling the current state structures.

The source cited the recent writings of Anthony de Jasay, a Mont Pelerin propagandist who authored a piece entitled "For an Autocracy Which Is Not Interventionist." He said, "We have to find a way to have an authoritarianism, which keeps out of economic life, and sticks to the classical role of the state, for protection and security, and nothing else." A first-approximation model of what were necessary, has historically been provided by Chile's General Pinochet, with his "Chicago Boys" group of economic "liberalizers": "Pinochet understood, as a military man, that his role was purely that, to keep order, and so on. The Chicago Boys, who I can assure

you are no libertarians, were given free rein to administer the economy. And this was a dictatorship; that is the word that must be used."

This source insisted that the will to impose authoritarian "solutions" would be abetted by the accelerating global financial disintegration. He stated: "What has to be figured out, is how to roll back the state by an authoritarian regime. I don't see any of our western societies, in their current form, having the will to do this. *Probably only a deep crisis* will make it possible. Without a crisis, there is no will. . . . It is well-known amongst us, that the system we have lived under in past decades is disintegrating. We are all living over our means. We will go into crisis."

He foresaw financial catastrophes occurring in various countries, for which there has been no precedent since 1922-23 in Weimar Germany, with indebtedness and currency turmoil "endangering" every society in Europe. "The future looks threatening, and chaotic," he said.

Given the weakness and lack of will in western governments as they are currently constituted, the Mont Pelerin source foresaw that the authoritarian measures would have to be preceded by what he called "drastic regionalization and decentralization." As an example, he expressed support for the "states' rights"-secessionism offensive in the United States. "I look hopefully to some states in the U.S., which are capable of taking the actions on their own. Remember, the United States was once conceived as a confederation of sovereign states," he said.

This, of course, is a paean to the pre-U.S. Constitution "Articles of Confederation." Had they prevailed, the new nation would never have survived. This is exactly what the Mont Pelerinites would prefer.

Take away the right to vote!

One proposal being circulated by this Mont Pelerin source, which shows how committed such creatures are to "freedom," is that the right to vote should be *taken away* from anybody who is receiving state monies, whether it be pensioners, the poor, professors at state universities, public workers, or others.

He complained: "Our democracies are self-destructive. The way they operate, destroys the free market, which thereby destroys the preconditions for democracy itself. There is no viable system possible based on an unqualified franchise. If the majority is dependent on state money to survive, how can you expect them to support rolling back the state? My recommendation, is that there be no active voting rights for people whose existence is dependent on tax monies. Public service workers, for example, should not have voting rights, because it's obvious how they will vote on such concerns. The same for professors on the state payroll."

This is yet another indication of what the future holds for 95% of humanity, under the policies of the British oligarchs and their Mont Pelerin Society vultures.

Chirac's cabinet: The battle is on

by Dana S. Scanlon

What direction France will take in the battle over the control of economic and foreign policy, was settled neither by the election of Gaullist party leader Jacques Chirac as President of the Republic, nor by the May 17 announcement of his cabinet. All the contradictions that were apparent during Chirac's campaign against his chief opponent from the Gaullist party—and the top choice of the “free market” forces led by the City of London—Edouard Balladur, were maintained in his new cabinet.

The new government will be headed by Alain Juppé, who, as foreign minister in the cabinet of exiting Prime Minister Balladur, was the architect of France's disastrous policy in the Balkans war, to associate France with British policy there. Juppé has acted, at least in that arena, as a pillar of the Franco-British Entente Cordiale, whose first run in the early 1900s brought about World War I. Prime Minister Juppé heads a mega-cabinet composed of 26 ministers, 2 minister-delegates, and 14 state secretaries. Other notables in the cabinet include:

- Jacques Toubon, a longtime Chirac loyalist, as justice minister (the number-two cabinet position);
- Hervé de Charette, close to former President Valéry Giscard d'Estaing, as foreign affairs minister;
- Jean-Louis Debré, son of veteran Gaullist leader Michel Debré, as minister of interior;
- Alain Madelin, the head of the monetarist Mont Pelerin Society in France, as minister of economics and finance.

Though not unexpected, the appointment of Madelin is a blow to all those who held to the illusion that Chirac would immediately make good on his many campaign promises to make social policy—that is, fighting unemployment through state spending to revive the economy—into his top priority. Madelin's closest associates are the leaders of the so-called free market school of economics, and the architects of the economic shock therapy policies that have devastated eastern Europe.

Coexisting with Madelin and others who hold the key portfolios, are a series of newly created posts aimed at organizing an economic upswing. Such an upswing is hardly possible without breaking with cancerous speculation (defended as a legitimate source of profit by Madelin and company) that is eating away at the French economy. There is

a Ministry of Economic Development and Planning, as well as a Ministry for Equipment, Transport, and Infrastructure. On the social side, there is also a Housing Ministry and a Ministry for Integration and Against Marginalization (“marginalization” means the homeless, unemployed, underemployed, and so on).

Not represented in the new cabinet is Philippe Seguin, the voice of Chirac's “Social Gaullist” policies and president of the National Assembly, France's parliament in which Chirac's party has a significant majority. On May 14, just before the new cabinet was announced, Seguin, in an interview on the TV program *Sept sur Sept*, declared that “today, the main objective is the fight against unemployment. When we succeed in reducing unemployment, then we can expect a reduction of deficits and a strong currency.” Seguin scored the Maastricht Treaty's call for a joint European currency as an impossibility given the need to make fighting unemployment, and not budget cutting, the priority. He repeated his attacks against the independence of the Bank of France, warning that “we will have to determine what are the responsibilities of governments and of central banks.”

Not exactly fire-breathing attacks, but significant enough when the push is to force France into “reassuring the markets” by wielding the government-cutting and budget-cutting axe à la Newt Gingrich. In fact, days before the elections, financiers in the City of London threatened to unleash a wave of speculative attacks against the franc if Chirac were elected.

The unnamed *éminence grise* of the campaign against the financial power of London and the Entente Cordiale is Jacques Cheminade, the surprise ninth candidate of the Presidential campaign. Cheminade, a former official of the Ministry of Economics and Finance during the 1970s and early 1980s, is a collaborator of U.S. economist Lyndon LaRouche, and stunned the political nomenclatura of the country by qualifying as a Presidential candidate. Cheminade made breaking the power wielded by the City of London over France's (and Europe's) dwindling economic base into the battle-horse of his campaign. Despite enormous efforts to vilify him, Cheminade was able, in scores of live TV and radio interviews, as well as his own official spots, to keep this issue center-stage.

How much this kind of advice will be heeded remains an open question. But despite the apparent supremacy in the cabinet of the friends of finance, which way Chirac will turn has yet to be determined. That he will have to make a decision is certain. For, in addition to the systemic crisis affecting the French economy, he will sooner or later have to confront one of two potential crises. If he carries out the policies demanded by the “markets,” the risks of social upheaval are enormous, given the populist promises he made during his campaign. If he breaks with the markets, he will have to face the wrath of the speculators, who will be certain to demand a pound of his political flesh.

CELAM urges a just economic order and integration for Ibero-America

by Carlos Méndez

The 25th Ordinary Assembly of the Latin American Bishops Council (CELAM), held in Mexico on May 1-7, dealt an important, if not final, defeat to the Heideggerian Theology of Liberation, whose hosts mobilized in support of Samuel Ruiz, the bishop of San Cristóbal de las Casas, Chiapas who is the real "commander" behind the narco-terrorist Zapatista insurgency in Mexico. The "liberationists" had hoped to impose one of their own as the next president of CELAM, but failed. Elected to the post instead was the archbishop of Tegucigalpa, Honduras, Oscar Andrés Rodríguez Madariaga.

Monsignor Rodríguez Madariaga came out openly against Theology of Liberation, as did also the direct representatives of the Vatican at the Ibero-American assembly, in particular Cardinal Bernardin Gantin, president of the Pontifical Commission for Latin America. The defeat of Theology of Liberation in Mexico means, among other things, that CELAM is now in a position to significantly contribute, "in communion and faith with the Holy See," to carrying out Pope John Paul II's call to help in the realization of the economic integration of Ibero-America and to create a new and more just international economic order.

Contributing to this process is the fact that the "liberationists" have also suffered a defeat in Brazil, where the newly elected president of the Brazilian National Bishops Conference (CNBB), the largest in Ibero-America, is Don Lucas Moreira Neves, cardinal primate of Brazil and archbishop of Salvador, Bahía. Among other things, Don Lucas Moreira Neves is one of the bishops who has been most outspoken for a more just international economic order. In April 1994, he urged that Christianity celebrate its second millennium by forgiving the debt of the Third World's poorest countries (see *Documentation*).

In his call, Cardinal Moreira Neves was only emphasizing what Pope John Paul II has already said. In referring to the Jubilee of the Year 2000, the pope declared that the occasion should be seized upon to pardon the debts of debtor nations, as the Jews used to do during the years of the Jubilee. Similarly, the pope has insisted that it is necessary to battle the destructive role of what he called "the structures of sin," an image necessarily evoked by institutions such as the International Monetary Fund. The pope has also convoked a Synod of the Americas, which in the near future will gather

together all the bishops of North, Central, and South America, and the Caribbean; the pope has doubtless included the economic question on its agenda.

Against economic injustice

In their message, "Latin America: Rise and Walk" (see *Documentation*), the new leaders of CELAM refer to the injustice caused by the international economic institutions, and state that "the origin of these evils is doubtless to be found in the heart of man and in the unjust systems which emerge from sin. We denounce, as one of the principal causes of such inequality, 'economism,' that is, the reification of the forces of the market and of the power of money, forgetting that the economy should be at the service of man, and not the reverse."

In early May, the new president of CELAM, Tegucigalpa Archbishop Oscar Andrés Rodríguez Maradiaga, declared in Mexico City that "if the decade of the '80s was considered lost for Latin America, the '90s can be seen as worse for the countries of the region, with greater impoverishment caused by the hasty adoption of neo-liberal schemes which, by their genetic makeup, breed inequity." He further charged that "the international institutions are applying economic adjustment programs that asphyxiate our peoples. . . . Despite the obvious failure of such adjustments, the institutions insisted on forging governments to adopt them and, in some places, as in Honduras, we are already in the second round."

In his recent encyclical *Evangelium Vitae*, Pope John Paul II charged that there is "a conspiracy against life," and that one of its most obvious elements is that "the same economic models often adopted by States, including because of influences and conditionalities of an international nature . . . produce and favor situations of injustice and violence in which the human life of entire populations is degraded and harmed."

In the section "Toward a Third Millennium" of their Message, the new CELAM leaders commit themselves to work with two initiatives of Pope John Paul II, his convocation to the Great Jubilee of the Year 2000 and the Synod of the Americas.

The Synod of the Americas

Regarding the Synod of the Americas, Pope John Paul II

told the CELAM bishops that “we already see it on the horizon” (see *Documentation*).

The first time that the pope spoke of this synod was on Oct. 12, 1992, at the opening of the General Conference of Latin American Bishops held in Santo Domingo. Addressing himself to the bishops gathered there, the pope said that “this General Conference should consider the opportunity that, in the not too distant future, a meeting of representatives of bishops councils from across the American continent could be held—which could have the character of a Synod—in which, within the framework of the new evangelization and as an expression of episcopal communion, the relative problems of justice and solidarity among all the nations of America could be addressed.”

In his speech, John Paul II also said that “solutions of a global nature must be sought, establishing a true economy of communion and participation of goods, both in the international and national order. Toward this end, one factor that could notably contribute to overcoming these pressing problems that today affect this continent is Latin American integration.”

Integration: a challenge for CELAM

The pope has recently referred on several occasions to the integration of Ibero-America. On May 4, upon receiving the new ambassador to the Vatican from Venezuela, Alberto Vollmer, Pope John Paul II said that the church “wants to collaborate in the integration of sister nations, helping them to overcome their nationalist vices and promoting fertile dialogue which, beyond the particularisms of a historic community, can facilitate a universal opening to persons and peoples.” This role of the church, the pope emphasized, is especially directed to those peoples “stamped with the same history, the same customs, the same religious faith, all of which are among the most deep-rooted and valuable experiences of the Venezuelan people.”

During an early May press conference in Mexico City, Monsignor Rodríguez Maradiaga said that only with the real, and not just the “poetic,” integration of this part of the hemisphere could the nations of Ibero-America achieve integral development. He said that the role of the bishops and laymen is to work intensively for the real integration of Ibero-America, and to inculcate the Gospel in politics and economics.

This is one of the great challenges to CELAM, he said, adding that “to seek common lines [of action] is not difficult, because our entire continent is overwhelmed with this very serious economic problem; and it is not simply a matter of the foreign debt, but also of the structural economic adjustments imposed by the international credit institutions which have greatly impoverished our peoples. . . . God grant that united, and with the courage and valor to make the necessary changes, we will surpass this moment and be what we should be: a great Latin American people.”

Documentation

Synod of the Americas is on the horizon

The following are excerpts from a letter sent by Pope John Paul II on April 16 to the then-president of the Latin American Bishops Council (CELAM), Cardinal Nicolás de Jesús López Rodríguez, archbishop of Santo Domingo, Dominican Republic.

1. The joyful celebration of the 40th anniversary of the creation of the Latin American Bishops Council provides me the happy opportunity to address myself once again, with special pastoral concern, to the *pilgrim Churches of Latin America and to their Bishops*.

The memory of the Quincentenary celebrations of the beginning of the evangelization of these lands is alive in my heart as Universal Shepherd, as it is in the hearts of every Shepherd of this “Continent of Hope.” We commemorated that historic event in 1992 in Santo Domingo, with the General Conference of the Latin American Bishops. . . .

As the lasting fruit of the first conference held July 25-Aug. 4, 1955, the Latin American Bishops Council (CELAM) was born, “an organization of contact, reflection, collaboration and service for the Bishop Conferences of Latin America.”

My predecessor Pope Pius XII “benevolently” approved the formation of that providential organization and, in 1958, further created the Pontifical Commission for Latin America, which was entrusted with the job . . . of “efficiently helping the Latin American Bishops Council through the most opportune pastoral means.”

. . . At the end of the last century, in 1899, the Latin American Plenary Council—convoked by my predecessor Pope Leo XIII and held in Rome—constituted “the primary foundation for the development of an ecclesiastical and spiritual life on the continent,” as affirmed by the cardinals and bishops who met in the Rio Conference. That historic Ecumenical Council, whose hundredth anniversary we will celebrate in just a few years, prepared the Churches of Latin America for the new times. But it was to be the General Conference of the Latin American Bishops . . . which paved the way of the new *Evangelization of the Continent*. . . .

. . . The entire Church is ready to enter the third millennium of Christianity with renewed spirit, such that it can more fully participate in the grace that flows from the paschal mystery. The Latin American Church is called, by reason of the great number of its members and by the effective action

of its evangelizers, to bear a special role and responsibility in this task.

. . . We already see on the horizon the future *Synod of the Americas* to which I referred in my Apostolic Letter on the Jubilee of the Year 2000. It will be an *evangelizing event* to take on the challenges which, at the end of this century, will face the Latin American churches, which will be getting ready to enter the third millennium of the Christian era.

4. CELAM, with its program "to serve and integrate" in *communion and faith* with the Holy See, has an important role to play in this *hopeful but difficult* moment. . . .

'Latin America: Rise and walk'

The following are excerpts from the Message of the XXV Ordinary Assembly of CELAM to the Churches and Peoples of Latin America and the Caribbean, entitled "Latin America: Rise and Walk," held in Mexico City on May 1-7, 1995.

Signs of death

5. But also present in our thoughts and in our prayers have been the undeserved sufferings of the great majority of brothers and sisters who day in and day out fight to survive in this world, so lacking in solidarity.

6. We want to say it out loud: We cannot remain indifferent to such signs of death that appear everywhere: extreme poverty, growing unemployment, uncontrollable violence and such forms of corruption and impunity that millions of families are sinking in anguish and pain. In their desperation, many opt to emigrate in search of new horizons but all too frequently find only rejection and frustration.

7. The origin of these evils is doubtless to be found in the heart of man and in the unjust systems which emerge from sin. We denounce, as one of the principal causes of such inequality, "economism," that is, the reification of the forces of the market and of the power of money, forgetting that the economy should be at the service of man, and not the reverse. . . .

Toward the Third Millennium

11. During these days of profound communion in work and prayer, we have heard about the state of affairs of all of our churches; we have reviewed the project and the structure of CELAM, approving reforms to its statutes; we have prepared recommendations and programs for its immediate future; and we have chosen the bishops who, with generous spirit of service, will lead this body of ecclesiastical communion. . . .

13. Two other initiatives of the Vicar of Christ should encourage our apostolic passion on the dawn of the Third Millennium: his convocation of the *Great Jubilee of the Year 2000* and the *Synod of the Americas*, which in the near future will gather, under the presidency of the pope, all the bishops of North, Central, and South America and the Caribbean. . . .

A step forward in the Brazilian church

by Silvia Palacios

The May 15 election to the presidency of the Brazilian National Bishops Conference (CNBB) of the cardinal primate of Brazil, Don Lucas Moreira Neves, has opened up a new phase in the history of the Catholic Church, not only in Brazil but throughout Ibero-America. Upon assuming his new post, Cardinal Moreira Neves stated that he intends to "be an artisan of unity" within the church.

Although Pope John Paul II's recent nominations for bishop have been deliberately undermining the church's more radical Theology of Liberation faction, the election of Moreira Neves was a surprise for many, and a harsh blow to the radicals. As one respected student of the Brazilian Catholic Church said to *EIR*, "It was so unexpected that it can only be considered an act of the Holy Spirit." As for its universal significance, he added, "this will mean for our continent what the election of Karol Wojtyla to the papacy meant for the former communist nations."

This is quite true. Cardinal Moreira Neves is a very prominent figure in the Vatican and, according to reliable sources, is close to the pope and to Cardinal Joseph Ratzinger. In advocating a more just international economic order and defense of cultural values, he has stood out as a leader on behalf of humanity's most important causes.

War against satanism

A few years ago, the cardinal declared war on the media for disseminating the "New Age" counterculture. In January 1993, he took on Brazilian television magnate Roberto Marinho, owner of the *O Globo* media empire, over coverage of the ritual satanic murder of Brazilian soap opera actress Daniela Pérez. At the time, the cardinal issued his famous *J'Accuse*, a virtual manifesto that detailed, step by step, the nature of the poison put out on television that turns citizens into "idiots." At the same time, in an interview published in the Jan. 24, 1993 *Jornal do Brasil*, the cardinal reported, "I've visited more than 60 countries and in none of them have I seen television programming as destructive as Brazil's."

Similarly, in his own diocese of El Salvador, Cardinal Moreira Neves has confronted the syncretic "religion" of the Afro-Brazilian cults. After participating in the Special Assembly of the Synod of African Bishops in April 1994, he commented that Christianity should celebrate its second millennium with a worthy act such as pardoning the debts of the poorest Third World nations.

The election of the cardinal to the CNBB presidency, which includes the greatest number of Catholic bishops in the world after that of the United States, and the election of Bishop Raimundo Damasceno to the post of secretary general, is a major setback to the plans of the Theology of Liberation faction of the Catholic Church to force the resignation of the pope, part of an effort to seize control of the papacy for itself. This strategy was clearly expressed by Brazilian Cardinal Aloisio Lorscheider, a leading "liberationist," who in a "slip of the tongue" claimed that Pope John Paul II was gravely ill with irreversible cancer; at the time, it was Cardinal Moreira Neves who categorically denied it.

That episode was perhaps the beginning of the end for the Brazilian liberationists, who were overconfident of being able to continue their control over the CNBB that they had exercised for the past 24 years. However, as can be seen in the violent reactions against Cardinal Moreira Neves's election to the presidency of the CNBB, the battle is by no means over.

On the day the CNBB's new president was chosen, then-president Bishop Luciano Mendez de Almeida, recently defeated in his bid for the presidency of the Latin American Bishops Council (CELAM), prohibited circulation among the gathered bishops of the day's newspapers, because the majority of the media was already nervously predicting Cardinal Moreira Neves's election. When his election was

indeed confirmed, newspapers such as *Folha de São Paulo* were openly appalled at the fact that the Brazilian church would have an ally of Pope John Paul II as its spokesman. Also stunned was Bishop Pedro Casaldaliga, a Marxist fanatic and ally of both Fidel Castro and of the "Red Bishop" of Chiapas, Mexico, Samuel Ruiz, who protested that "Don Lucas has personal relations with the pope and Don Damasceno was chosen by the papal nuncio."

Such is the arrogance of the liberationists that one of theirs, Bishop of Volta Redonda Waldir Calheiros, a known sponsor of the Workers Party and its affiliated labor federation CUT, had the nerve to publicly comment that "they may have changed the body of the car, but the motor remains the same." His reference to the "motor" has to do with the liberationists' eagerness to control the Pastoral Bishops Commission within the CNBB. In fact, they have already managed to impose Bishop Marcelo Carneiro in the post dealing with laymen. The bishop is one of the oldest allies of Mexican Bishop Samuel Ruiz, since the 1970s, when they met in New York under the protection of the Maryknoll order.

With Cardinal Moreira Neves at the helm of the CNBB, it can be expected that the most fanatic leaders of Brazil's Theology of Liberation will undertake more radical actions, drawing on the pastoral "base communities" under their control as well as on elements of the Workers Party and pro-terrorist Landless Movement.

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Book Reviews

Why *did* the Irish save civilization?

by Paul Gallagher

How the Irish Saved Civilization

by Thomas Cahill

Doubleday & Co., New York, 1995

229 pages, \$22.50

This unusual book merits an unusual summary comment: It is worth reading, despite its complete misstatement of the fundamentals of the cultural history of Western civilization.

Its subject matter was suppressed completely for 500 years, from the 12th-century Norman/English invasions and forced “religious reforms” of Ireland, until the 17th century. Then it became a subject of scholarship in the Catholic Church until the mid-19th century, when it once again disappeared under the worldwide image of the degradation of Ireland. The subject is that the path through which Christianity saved civilization from the devastation and collapse of the Roman Empire, was the “Irish” monastery movement which flourished roughly from 450-850 A.D. During most of those 400 years, Ireland was the generative center of cultural progress in Europe.

Cahill, who had a Jesuit education, is basing himself upon that 17th-19th-century Catholic scholarship about the “Irish saints”; he understands the subject far less well than those earlier authors did. But those sources are not known to the great majority of educated citizens, and their authors assumed their readers’ knowledge of Latin. Cahill provides lively English translations of both Latin and Irish, and he includes some very interesting illustrations, particularly of the books produced by the Irish monastic scriptoria. In fact, the real focus of this short book is those scriptoria, and it might have been called *How the Irish Saved the Books of Western Civilization*.

The first illustrations show the opening pages of the Lindisfarne Gospel, an illustrated codex produced at the Irish-led monastery of Lindisfarne shortly after 600 A.D. The large, ornately illustrated Greek letters “Chi Rho Iota” (the first three letters of the word Christou—“of Christ”—

the beginning of the Gospel of St. Matthew) lead to the beautifully painted second page in Latin. Most readers are at least aware of this work of art, but what will surprise them is the small script under the Latin words: a translation to Old English, which (along with Welsh) had then just begun to be written, by virtue of the educational work of the Irish monks. In the Book of Kells, the vernacular translation is Irish, which had become a written language even earlier (around 550 A.D.) by the agency of this same movement of monks, who developed a new alphabet combining Greek with Latin characters; and several new scripts or styles of handwriting for the purpose. Cahill provides illustrations of them: Irish majuscule (the first upper- and lower-case printing); Irish minuscule (the first cursive handwriting); *Hesperia Famina* (a conceptual shorthand). These spread through monasteries all over Europe founded by the Irish monks, and still formed the basis for typefaces, with the advent of printing presses 1,000 years later.

This writing and reading in vernacular languages, of Greek, Roman, and Christian Classical works, was the basis of an extraordinary Europe-wide educational process under the direction of Irish-founded monasteries, a precursor of the 15th-century Golden Renaissance. But aside from its books and scriptoria, Cahill discusses this teaching movement very little. He does give a very indicative quotation from the famous English scholar and historian, the Venerable Bede, in the early seventh century: “Many of the nobles of the English nation and lesser men also as numerous as bees had set out thither [to Ireland], either for the grace of sacred learning or a more austere life. And some of them dedicated themselves faithfully to the monastic life; others rejoiced rather to give themselves to learning, going about from one master’s cell to another. All these the Irish willingly received, and saw to it to supply them with food day by day, without cost, and books for their studies, free of charge.”

Bede was describing a free, Classical education available to young men and women of all stations in life—most of them being educated, not for a monastic life, but for a return to secular life—at monastery schools which numbered in the hundreds in Europe by 700 A.D., all under the impulse of the Irish monastery movement. By that year, perhaps 250,000 persons, of the 4.5 million population of Gaul (modern France, Belgium, Switzerland, Austria, and the Rhine region of Germany) were teachers, students, or lay brothers and sisters of these schools. Two hundred years earlier, in the rubble of the Roman Empire, there had been almost no such schools in Europe, and “the libraries, like tombs, were closed forever.”

The saints themselves

But to every historian of this period comes the question, “Why? By what generating principle were these extraordinary services to the progress of human civilization

achieved?" In dealing with St. Patrick, St. Columba, St. Columban, and the other pioneer missionaries of this movement, Cahill is completely off base. At the core of his history is the attempt to counterpose St. Augustine and St. Patrick as polar opposites, and to describe the Platonist St. Augustine thus: "The doctrine he has enunciated will echo down the ages in the cruelest infamies. . . . Augustine, father of many firsts, is also father of the Inquisition. . . . Mary, mother of celibate clerics who have turned their back on human love, would have presented Augustine with the perfect heavenly projection of his domineering mother."

This suffices to describe what sort of modern New Age Catholic Mr. Cahill is (and he is the author of *Jesus' Little Instruction Book*, from which the saints preserve us!). He adds to it statements which he does not even attempt to support: "Patrick himself probably never heard of Augustine, and if he did hear of him he undoubtedly never read him." And this leads him to an absurd belittling of his own subject: "Though the Irish succeeded in transcribing the works of the ancient philosophers, they could not really understand them. . . ."

The few historical certainties of the life of St. Patrick are not incidents or miracles, but conceptual signs of the nature of the Christian concept of man as *imago viva Dei*, in the living image of God. His mission to the Irish, around 430, was the first to barbarians outside Roman law, as Cahill observes. It succeeded in a way that no Christian mission had before, converting an entire national population in less than a century; but it based itself upon the work of those beachheads of Augustinian Christianity by which St. Patrick was trained: the movement of St. Ambrose and St. Augustine around Milan in the fourth century, and the networks of St. Martin of Tours (France) in the early fifth century. St. Patrick and his great successors Columba and Columban were the leaders of a Christian missionary movement focused on the Augustinian concept of the Trinity, as expressed by St. Augustine and by Pope St. Leo the Great (441-451). This moment was unique in a post-Roman world in which "Christian" leadership otherwise was in heretical denial of the divinity of Christ—that is, of the Trinity of God. In Christianity, the divinity of Christ and the sacredness of human life, *imago viva Dei*, are the same concept, inseparable. This was the uniqueness of the Irish monastery movement, which spread so far, so fast, and with such results for human progress—from St. Patrick's foundations.

Cahill wants rather to tell his readers that St. Patrick fits the false stereotype created by malicious Norman/British writers since the 12th century: the magical, Druidic "Celtic Christian," indifferent to the pope and careless of rigorous Roman Catholicism. "In this tradition, there is also a sensuous reveling in the splendors of the created world. . . . I think it likely that, had Augustine read the 'Breastplate,' he would have sniffed heresy." ("St. Patrick's Breastplate," his famous prayer, written in Irish, is a hymn to the Trinity.)

Cahill is saying that the Irish monastic movement was Aristotelian, anti-Platonic, religiously concerned with the "reality" of sense perceptions, rather than ideas or any intelligible truth about God; and that its prodigious production of books and libraries expressed merely a fascination with the written word, not a religious mission. Though Cahill wants to glorify such a "Celtic Christianity," it is still the same thing vilified by Bernard of Clairvaux and by the Norman invaders of Henry II in 1172: the "heretical and unbecomable beliefs" of "the mere Irish." The author even winds up quoting, on the lack of chastity in Irish monasteries, the Norman scholastic toady of Henry II, Geraldus Cambrensis, who may be called the grandfather of all British slanderers of the Irish.

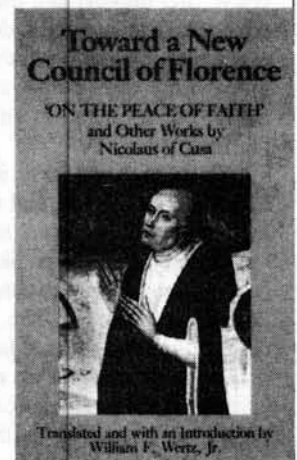
So where Cahill had started out to debunk the British denigration of Irish cultural and intellectual history, his own New Age cultural axioms bring him to support those British slanders. He wanted to show that the Irish monks preserved the intellectual works of Classical culture from obliteration by the Roman imperial catastrophe, and he succeeded in giving many graphic details of this achievement. But he also wanted to claim that the movement which did this despised the "intellectual" qualities of the greatest Platonic intellectual leader of the church, St. Augustine. A more humorous publisher might market this book as a mystery story: Why, then, with what motive, did they do it?

Toward a New Council of Florence

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

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

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Henry Morgenthau's green children

Radical ecologists may soon enter the state government of Germany's industrial heartland.

The elections for state parliament on May 14 in the states of Bremen and North Rhine-Westphalia (NRW) ended in a disaster: The radical-ecologist Green party doubled its vote, gaining third-party status with 13% in Bremen and 10% in NRW. In both states, the Greens and the Social Democratic Party (SPD) together have a majority, which enables them to form "red-green" coalition governments. The opposition Christian Democratic Union's (CDU) only chance to rule is if it forms a "grand coalition" with the SPD, because the liberal Free Democratic Party (FDP), its coalition partner also in the federal government of Chancellor Helmut Kohl in Bonn, failed to pass the mandatory 5% hurdle to reenter the two state parliaments.

A majority of the SPD in both states is committed to forming "red-green" coalitions, meaning that NRW, the biggest and most-populated of the 16 states, the industrial powerhouse of the nation in the "Ruhr region," may soon be governed on the basis of a radical anti-industrial platform.

The Green position is that there be no more highway and other public infrastructure projects, no allegedly "polluting" industries like chemical production, and no investments in the coal-mining sector. The Greens are calling for drastic speed limits on cars and additional taxes on energy consumption to fund radical ecologist projects. The SPD will inevitably make substantial concessions to a Green coalition partner, and, for the first time since the infamous 1944 plan of U.S. Treasury Secretary Henry Morgenthau, the Ruhr region is

threatened with deindustrialization and a substantial loss of jobs. For Germany, this would have the same effect as a major banking crash.

Moreover, the fact that the FDP has now lost parliamentary status in 11 out of 16 states over the past two years, means that the party is turning, as voters put it, into a "thing without underbelly." Sooner or later, Kohl will find it difficult to explain why he keeps a party in his coalition that no longer exists.

The FDP national party chairman, Foreign Minister Klaus Kinkel, resigned from the party chair after the May 14 election debacle, in an attempt to control the damage.

Kohl's coalition may break apart over the FDP crisis, and if that happens, he only has the options of a "grand coalition" with the SPD to keep the nation governable, or to hold early elections, which could result in a "red-green" majority. The other, unlikely alternative is for Kohl to rule with a minority government with case-by-case majorities until the next scheduled elections in 1998.

All these scenarios have a flaw, namely, that they neglect the possibility of bigger disruptions in the economic-financial sphere or other catastrophes that force new principles onto the political agenda. A banking crash or a series of bigger industrial collapses fueling unemployment, could become the trigger for the political elites to put the emergency first and the ecology last, to form a "grand coalition" between the two biggest parties, the SPD and the CDU, or an "all-party consensus" that would be determined by the SPD and the CDU.

Even natural catastrophes could trigger a similar development. The flood along the Rhine River at the beginning of this year hurt ecologism in the Netherlands, and opened the door for dike improvements and other infrastructure programs that the Greens there had blocked for 20 years. Anti-greenie sentiments also emerged in the German regions along the Rhine, and in late February provoked a scandal in Bremen, which at that time was governed by a three-party coalition of SPD, Greens, and FDP: It was discovered that Ralph Fuecks, the Green minister of environmental affairs, had decreed that an area originally designed for small enterprises become an ecology protection zone from which all economic activity was to be banned.

This collapsed the coalition and, because the SPD refused to take a clear position against the Greens, led to a split-off from the SPD. A new party, Work for Bremen (AFB), was formed on the basis of an anti-Green platform, and on May 14 received 10% of the vote. The results for the AFB, which largely came at the expense of the SPD, have caused a fierce debate inside the SPD on whether another coalition with the Greens was really desirable, whether it wouldn't lead to more desertions. And indeed, a strong minority of Social Democrats in Bremen is calling for a "grand coalition" with the CDU.

In NRW, the SPD may decide for a coalition with the Greens, but a "red-green" alliance will threaten erosion of SPD constituencies, especially among the mining, chemical, and steel workers whose jobs are threatened by radical ecologist programs. Indicative of broader opposition, mining workers union chairman Hans Berger has already threatened to stage a "march of 100,000 miners" on Düsseldorf, the state capital.

Kissinger's 'special relationship'

Brazil is a battlefield between British geopolitics and the possibility of Ibero-American integration.

In the space of 30 days, São Paulo was the site of two events that were contradictory and even mutually exclusive, as far as Brazil's foreign policy is concerned.

The first of these concerned the visit by former U.S. Secretary of State Henry Kissinger, and the trail of pestilence he left behind him at the private gathering in April of the Brazilian chapter of the Council of Latin American Businessmen. It was here that he proposed to revive the "special relationship" between Brazil and the United States, modeled on the U.S. relationship with Great Britain, to ensure effective control of the Western Hemisphere.

Speaking more candidly than he often does in his articles for the international press, Kissinger reported, "when I was here, it was in 1975 as secretary of state; we signed an agreement in which we announced, not to the enthusiasm of your neighbors, a special relationship between Brazil and the United States, which in our mind, was similar to the special relationship we had with Great Britain. . . . What we meant [was] that on important issues, before we did anything on a Western Hemisphere basis, we would consult with Brazil. And that, to the maximum extent possible, we would try to coordinate our foreign policies, and economic policies to a lesser extent, with those of Brazil. It was a formally signed document, which I suppose still technically exists, though it has not been observed all that much in recent years."

With this "special relationship" in

mind, Kissinger continued, "I have repeatedly argued that the next creative phase of the United States foreign policy should be to create a Western Hemisphere economic system and Western Hemisphere trading system. And I therefore strongly supported NAFTA [North American Free Trade Agreement] when it was out for ratification. . . . Now, under the impact of the Mexican crisis, I don't believe that the United States can go forward with NAFTA for the next two years. . . . So, obviously what is going to happen is that the Mercosur [Southern Cone Common Market] will develop faster in these next few years than NAFTA." Kissinger implies here that the Mercosur must operate according to the norms of economic globalization.

It is clear that this British geopolitical view was what guided Brazilian President Fernando Henrique Cardoso's recent trips to the United States and England, which occurred immediately after Kissinger's visit to Brazil. Cardoso met privately with the former secretary of state at the latter's home in New York.

It was also in São Paulo during the second week of May, that an opposing view of Brazil's role was put forward in the "Mercosur-Venezuela Seminar" sponsored by the Venezuelan embassy in Brazil, the Latin American Parliament, and with at least the tacit approval of Brazil's Foreign Ministry. During the event, it was announced that President Cardoso will make a state visit to Venezuela on the occasion of that country's Independence Day celebration on July 5.

This will be the first time that a foreign head of state has been invited to participate in Venezuela's Independence Day celebration, and on that date, Cardoso and Venezuelan President Rafael Caldera will launch one of the most ambitious efforts ever to achieve the economic integration of the Ibero-American continent. Among the projects to be announced is the electrical interconnection of the two countries, including plans to build hydroelectric plants in the basins of the Orinoco and Amazon rivers—plans opposed by the Anglo-American ecology apparatus. Also to be announced is the formation of a new binational oil firm, Petro-America, joining the two nations' state oil companies, PDVSA and Petrobras.

This is undoubtedly why Brazilian Foreign Minister Luiz Felipe Lampraia stated during the seminar at the Venezuelan embassy that "we have arrived at a point of political will and technical and financial viability, to be able to effectively contemplate a series of projects for the integration of highways, energy, and trade in fuel and technologies, which constitute not only economic integration but a much deeper one as well."

In support of this view, Venezuela's ambassador to Brazil, Alfredo Toro Hardy, authored an article in the Caracas daily *El Universal* attacking the economic globalization so strongly defended by Kissinger. "The crisis of Mexico and the case of Barings Bank have sowed profound doubts about the relevance of the globalizing process," he wrote. "Those [countries] which today assume the gigantic costs of economic reconversion at the service of a globalized economy, may very quickly be left with no floor under their feet. . . . To gamble or bet your future on globalization, is as absurd as it is unnecessary. This is a matter of common sense."

International Intelligence

Cholera exploding in Mexico again

Cholera is exploding in Mexico again, according to the director general of Epidemiology of the Health Ministry, Roberto Tapia Conyer, quoted in *Reforma*, by Jorge Reyes on May 20. In July 1991, when the disease was spreading throughout Ibero-America, an outbreak occurred in Mexico. But according to Tapia Conyer, in each month since January of this year, there has been a steady increase in the number of cases reported: 58 in January, 119 in February, 379 in March, 433 in April, and 748 cases so far in May, bringing the national total to 1,713. Each month the number of cases has tripled.

In May, 507 cases were reported between the 12th and 18th of the month, representing a 40% increase of the total for the year so far! Given the destruction of the economy and corresponding living and sanitation standards wrought by the International Monetary Fund's programs, the figure can be expected to zoom.

The southeastern state of Chiapas is the state with the highest incidence of cholera, coherent with the economic devastation it has suffered since the Zapatista "Liberation Army" began their insurgency in January 1994.

Iraq wants better ties with neighbors

In an interview with the Arabic daily *Al-Hayat* given in New York and published on May 19, Iraqi Foreign Minister Mohamed Said Alshahaf said: "Iraq's foreign policy is based on encouraging the best relations with the Arab countries and the Gulf states without exception." He specifically referred to Iraqi-Iranian relations, saying that Iraq rejects the so-called "rehabilitation" of Iraq to play once again the role of safety zone between Iran and the rich Gulf states, and emphasized that the two countries are serious in their pursuit to normalize relations

despite the "heavy heritage of distrust and negative aspects left by the eight-year war."

U.S. Defense Secretary William Perry, during a press conference in the Council on Foreign Relations headquarters in New York, replied to a question by *Al-Hayat* on Iraq's relation to the Gulf states saying: "I do not think that we in the U.S. should lecture our friends in the Gulf on the dialogues they might have with Iraq. Iraq is their neighbor, and they have their own views on the best ways to bring Iraq back to the group of nations with which we can have good relations."

Perry stressed the U.S. policy of the double containment of Iraq and Iran, but added that this policy "is not to be an alternative to diplomatic methods," asserting that the "containment" only provides a peaceful environment where diplomatic initiatives can find their way to develop and bear fruit.

Philip pushes 'religious' eco-fascism in Africa

The United Nations Environment Program (UNEP) has put out a news release entitled, "WWF Supports World Environment Day in South Africa with Interfaith Celebration." WWF refers to the World Wide Fund for Nature (formerly World Wildlife Fund), whose outgoing president, Prince Philip, the British royal consort, is a leading force in using "environmental" pretexts for massive attacks on human population, especially in the underdeveloped countries.

The cited release reports that "thousands of adherents to the world's religions, spiritual, and faith groups are expected to celebrate the United Nations' Environment Day on Sunday, 4 June 1995." This "interfaith celebration," to be led by Archbishop Desmond Tutu, will be the first "major event" in a series of week-long activities being planned in several towns and cities in South Africa, under the auspices of the South African Department of Environment Affairs and Tourism.

The event is being "sponsored jointly by WWF-South Africa and the Gold Fields

Foundation." This will be "the first time in South Africa that mainstream and traditional religious leaders, as well as conservationists and educationists, will come together on one platform. Under the slogan 'Committed to Earthkeeping, Unite for Life,' the faith leaders will call on their members and on other groups to join them in striving for a lifestyle which is in greater harmony with the environment."

Tutu will specifically "affirm" the 1986 WWF "Religion and Conservation" conference in Assisi, Italy, the UNEP release reports.

Other speakers include South African Minister of Water Affairs and Forestry Prof. Kader Asmal; a UNEP official; and Dr. John Hanks, chief executive of WWF-South Africa. States Hanks: "As with the Assisi conference, we hope this event . . . will start a major partnership between WWF-SA and religious and spiritual groups. It is a tremendous opportunity for us to affirm our joint commitment and, through church and faith networks, to encourage community and individual responsibility to better care for the environment."

Dominican Republic in uproar over USAID budget

The proposed FY 1996 budget of the U.S. Agency for International Development (USAID) has caused a huge outcry in the Dominican Republic. Vice President Jacinto Peynado traveled on May 19 to the U.S. territory of Puerto Rico to denounce the USAID report and to demand that his country be respected.

"This report should have been taken by the U.S. directly to the Dominican government. We don't have people analyzing the problem of Oklahoma. We demand respect for the Dominican Republic," Peynado told the members of the Inter-American Federation of Lawyers, who were meeting in San Juan, according to a front-page story in the Dominican daily *Hoy* on May 20.

The stated aim of USAID is to wipe out the lingering legacy of the late dictator Tru-

jillo, make the country "less autocratic," and cut down to size the "protectionist interests" that prevent the economy from developing and being truly free. Depopulation, particularly through "reducing fertility" and dealing with AIDS (i.e., condoms), and ecology are the other two areas where the pittance USAID has budgeted for the Dominican Republic, \$16.1 million, will be spent.

The budget report says that the Dominican Republic is key to U.S. strategic interests: It is the third largest recipient of U.S. visas, and one in seven Dominicans live in the United States, legally or illegally; it has become a significant point for the transshipment of drugs; it is the seventh most important U.S. trading partner in the hemisphere and its fourth most important source of finished clothing for the U.S. market.

Vice President Peynado was particularly incensed because there will be a Presidential election next May, just two years after the last one, "imposed by the Americans," he said. Much of the money USAID is budgeting for the Dominican Republic (85% of it to be spent through non-governmental organizations) is for "building democracy."

Anti-separatist leaders under threat in Spain

In a move that *EIR's* European intelligence specialists regard as a threat to the anti-terrorist apparatus in Spain, the former head of the Socialist Party in Vizcaya, Spain, Ricardo Garcia-Damborenea, has been accused of corruption. He allegedly accepted 40-50,000 pesetas per month from the former secretary of state for interior, Julián Sancristóbal. These small sums were used to pay for his trips from Bilbao to Madrid to meet with Interior Ministry figures. A number of former civil governors and government delegates to the Basque Provinces are accused of the same "crimes", i.e., using funds from the Reserved Monies of the Interior Ministry, the Spanish daily *El Mundo* reported on May 21.

Garcia-Damborenea, an outspoken unionist, is believed to have been an interface

between factions in all political parties, opposed to the separation of the Basque Provinces, and the Spanish counter-terror forces. How he can qualify as "corrupt"—there is no question of his having applied the Reserved Monies to his personal pleasures, but rather to Interior Ministry missions only—is a mystery.

The same applies to the civil governors and government delegates in the Basque Provinces. These are people from intelligence backgrounds, who are committed unionists assigned to these dangerous and sensitive posts. By necessity, they move around both in Spain and abroad, beyond what the salary of such an official would normally allow; many of these missions can never be made public, but they must be financed. Despite lip-service to "autonomist aspirations," the ruling Socialist Party has conducted an anti-terrorist policy on the ground, and leading party officials have been murdered for their anti-separatist views or activities.

Will Confucianism help restore morale in China?

Chinese leader Jiang Zemin may promote Confucianism to combat China's moral decay in the post-Deng era. In recent weeks, Jiang has been focusing on the crisis of morality in the country brought about by economic reforms and is pushing the revival of Confucianism as an "effective antidote against spiritual degradation," according to a dispatch from the official Xinhua News Agency monitored in English and Chinese sources in Hongkong on May 12.

The dispatch was the first time the official media have highlighted the point that Deng's reform had failed to curb the moral decline in the country. "Even though the market economics propounded by Deng Xiaoping have won the support of the Chinese people, complaints about the fall in moral standards have increased by the day," the agency said.

Jiang visited the scholars who attended the first conference of the International Confucius Association last October in Beijing.

● **THE TALIBAN** reportedly gave the positions it had occupied in Logher state south of Kabul to the Mujahideen Islamic Party forces of Ghulbuddin Hekmatyar fighting the Kabul government, in a strategic shift of power in Afghanistan, "trustworthy" Afghan sources told the Arabic-language paper *Al-Hayat* on May 17. The Taliban had been fighting Hekmatyar, whose forces they described as "criminal bandits."

● **BRITAIN** should "hang on for the Chinese miracle"—a divided China, wrote Norman MacRae, the former deputy editor of *The Economist*, in a *Sunday Times* of London commentary on May 21. He predicted that the 1.2 billion "prosperous" Chinese will "explode away from any backward Chinese regions left under any socialist centralizer" after the death of Deng.

● **THE FUJIMORI** "model" for defeating terrorism was presented to a meeting of 60 military officers, and to a gathering of 230 and political and military analysts in Bogotá, Colombia during the third week of May by Luis Vásquez, a leader of the Ibero-American Solidarity Movement from Lima, Peru. Vásquez underlined Colombia's similarities today to Peru in 1991, when President Fujimori took office.

● **LONDON** is a "crossroads" for Islamicist terrorist support groups, averred the new Algerian ambassador to Washington, Osman Bencherif, at a luncheon in the U.S. capital on May 17, responding to a query from a French journalist. Bencherif spent eight years in London and based his judgment on direct observations.

● **BUENOS AIRES** became the second South American city to pick up the short-wave transmission of Lyndon LaRouche on the weekly interview show "*EIR Talks*," on May 21. Earlier, the broadcast had been heard loud and clear in Ecuador.

States' rights crowd pushes the Conservative Devolution

by Nancy Spannaus

"Sovereignty of the People and Devolution" was the title of the National Leadership Summit of the American Legislative Exchange Council, a bipartisan association of state legislators, held in Richmond, Virginia on the weekend of May 20. Approximately 200 lawmakers, about half the number which had been expected, showed up to discuss how to dismantle the powers of the federal government.

The ALEC group has recently suffered a setback in its efforts to bring about a Conference of the States, a convention of state legislators and governors that was seen as a launching pad for a new Constitutional Convention. The Conference of States itself, however, has now been postponed for at least two years, due to opposition (see *EIR*, May 26, p. 55). But their rhetoric remains undimmed, and the philosophy of government which they are espousing, is unfortunately typical of a broad swath of national politicians who are being directed and funded by British-dominated oligarchical think-tanks, such as the Mont Pelerin Society and its offshoots.

While phrasing their objectives in terms of a "return to the fundamental principle of limited government," the state sovereignty movement in fact aims to undermine the federal Constitution as it was enforced under the United States' best Presidents—George Washington, Abraham Lincoln, and Franklin Delano Roosevelt, in particular. Coming as it does in the midst of a financial disintegration that is sucking the bottom out of the real economy, this effort is a mortal threat to the existence of the United States.

Local control and devolution

"Local control is what is important. Local control is what should govern," said Arizona Gov. Fife Symington, one of the leaders of the state sovereignty movement, in his speech to the conference. Symington was one of four governors who

addressed the meeting, including host Virginia Gov. George Allen, Utah Gov. Michael Leavitt, and Nebraska Gov. Ben Nelson. The only major national political figure was Richard Thornburgh, a former U.S. Attorney General in the Bush administration.

The overall rubric for this discussion was the Tenth Amendment to the U.S. Constitution, which reads: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." The conference organizers claim that this amendment means that the federal government's role in regulating commerce and industry, in providing for the general and social welfare through entitlements and infrastructure, and in guaranteeing certain rights to all citizens, no matter in what state they live, amount to "tyranny."

This local control argument not only ignores the current economic and financial situation of the country—which requires the application of strong federal government action in the area of credit and infrastructure spending—but also misreads the intent of the Founding Fathers. Although there was always a Jeffersonian minority which began threatening to dissolve the federal government as early as 1798, the Founders themselves deliberately went to the *people*, not the entrenched powers running the states, in order to form the new government. This is so crystal clear in the *Federalist Papers*, that one can only assume that anti-federalists, such as House Speaker Newt Gingrich (R-Ga.), are deliberately lying.

In addition to local control, the ALEC convention also raised a new slogan—"devolution." As reflected in the conference panel titles, the objective is to "devolve," or roll down, the powers of the federal government in the areas of welfare, education, and health care to the states. Devolution, of course, like the term disintegration, used to have a pejora-

tive connotation, meaning the *decline* of conditions. This apparently doesn't bother the ALEC organizers, who believe that by destroying current support programs, they will free all individuals from dependency, and let them fight for their own future. The fact that this will mean that many will be free to starve or go uneducated, is blithely ignored.

The elevation of the goal of "devolution," itself a virtual antonym to progress, is reminiscent of two parallel processes which are equally destructive in other areas. The first is the school of "deconstructionism" of Jacques Derrida and other existentialist experts in language, who break down language in such a way as to prevent the formation of concepts and literacy. The second is the call by former Federal Reserve Chairman Paul A. Volcker back in the late 1970s for "controlled disintegration" of the world economy—a concept which assumed the acceptance of the inevitability, or desirability, of disintegration, rather than its reversal.

Toehold in Congress

The state officials who attended the ALEC convention are the very same ideologues who are attempting to push the program of devolution through the U.S. Congress. They represent a well-funded lobby, which relies on the same think-tanks and foundations which carry out the training and brainwashing of the so-called conservative congressional freshmen. They take their inspiration directly from the circles around former British Prime Minister Margaret Thatcher, who has been an increasingly frequent presence in the United States, including in Virginia, where she is the honorary chancellor of the College of William and Mary.

The legislative program which goes along with the state sovereignty agenda has had its ups and downs in Congress so far. Constitutional amendments for term limits and the balanced budget, both key symbols of the movement, were both defeated. But the "unfunded mandates" bill has been signed into law. More shaky is the attempt to eliminate federal entitlement programs in favor of block grants to states, which then could spend the money however they wished. This would eliminate the federal safety net, and, for that reason, President Clinton has announced that he would likely veto it.

And new proposals are proliferating. One of the most striking in its attempt to subvert the Constitution was floated by the Cato Institute, a nominally American organization headed by, and riddled with, members of the Mont Pelerin Society. According to Michael Prowse of the London *Financial Times*, who in this case should know, "the latest proposal for curbing Leviathan is known as 'reverse revenue sharing.' The idea is that the U.S. should adopt fiscal rules similar to those in the Articles of Confederation that applied during the Revolutionary War."

Under this proposal, the federal government would relinquish its taxation power, and all power to tax would be vested in the states, which would then transfer a given percentage of their revenues to the federal government. This percentage,

writes Prowse, "would be set to only cover the costs of functions that must be performed centrally, such as national defense, foreign policy, monetary policy, justice and trade relations." That proposal, which would eliminate the federal government's role in ensuring the existence of modern infrastructure, of advancing science and technology, and promoting the general welfare, would be a prescription for disaster—as it was during the Revolutionary War, when such dependence nearly resulted in the United States losing the war.

The anti-Constitutional nature of the entire State Sovereignty agenda should be obvious to any educated citizen, but very few are standing up right now against the populist tide. One notable critic has been former U.S. Sen. Eugene J. McCarthy, who wrote a commentary in *USA Today* in early May, charging that the simplest way for Gingrich to carry out his agenda would be to offer "a constitutional amendment to restore the Articles of Confederation, supplemented by a few provisions from the constitution of the Confederacy."

And on the state level

ALEC, which has approximately 3,000 members after 22 years of existence, is planning to expand its activities. It will have an annual meeting in San Diego in August, and will be pushing a package of model legislation in states throughout the country. There are eight elements of this "Sovereignty of the People and Devolution Agenda."

1) ALEC Declaration of Sovereignty: This resolution reiterates the role of the federal government under the Constitution, outlines the extent to which the federal government has illegitimately assumed sovereignty, affirms the importance of fundamental law, proposes principles by which popular sovereignty should be restored, and outlines strategies by which such restoration might occur.

2) Declaration of Sovereignty in resolution form.

3) Government of the People Amendment: This resolution would be the basis for a constitutional amendment allowing the states to nullify federal laws by a two-thirds vote, when the states deem that the federal government has exceeded its constitutional authority.

4) States Initiative Amendment: This resolution would provide the basis for a constitutional amendment that makes it easier to amend the Constitution.

5) Restatement of State Sovereignty: Restating the Tenth Amendment.

6) Joint Legislative Committee on Federal Mandates Act: Reviewing Congress' compliance with federal mandates.

7) Constitutional Defense Council Act: This would establish a council to challenge—by legal action—federal mandates, court rulings, etc.

8) Federal Mandate and Encroachment on State Sovereignty Act: This would create an auditor to inventory mandates and their cost.

Talk about rearranging chairs on the deck of the *Titanic*. Under this plan, the ship of state would go down.

High stakes ride on acrimonious fight over the federal budget

by Mel Klenetsky

As the high-stakes debate on proposals to balance the federal budget took center stage in the Senate in May, President Clinton outlined his priorities and policy guidelines that will define his battle lines for stopping the attempts by the backers of the "Contract with America" to steamroll Congress and the American people into accepting draconian cuts for the next seven years.

The issues, however, are far greater than deficit reduction and balancing the budget. Physical economist Lyndon H. LaRouche locates the drive for radical budget deficit reduction, at any cost, in a far more sinister plot by London-directed financial and oligarchical interests, whose goals include dismantling both the Executive and Legislative branches of the government and weakening the Clinton Presidency at the moment when the world is entering a financial and economic meltdown.

LaRouche, in a radio interview on "EIR Talks" on May 24, said, "Every time a depression or a world financial collapse comes around, this crowd in London, which is typified by Conrad Black's empire of British intelligence, that faction, sometimes called the 'Suez faction' in British intelligence, comes around with a suggestion: 'We need a new round of dictatorships and wars . . . to control the effects of the financial crisis.' And they come around with programs of austerity, like those of Nazi Finance Minister Hjalmar Schacht. And then we find in the United States that people who are proposing a more radical and drastic policy than Hjalmar Schacht, such as House Speaker Newt Gingrich [R-Ga.], Sen. Phil Gramm [R-Tex.], and so forth, the Mont Pelerin crowd, are doing the same thing today."

President Clinton, Sen. Edward Kennedy (D-Mass.), and other leading Democrats have defined their objections to the Contract with America budget proposals from the standpoint of those brutalized by this budget process who can least afford it. Clinton, earlier in May, in an address to the White House-sponsored Conference on Aging, declared his opposition to any efforts of the Republicans to balance the budget on the backs of the elderly. "I believe it is wrong simply to slash Medicare and Medicaid to pay for tax cuts for people who are well off. We must have a sense of what our obligations are," he said.

Clinton has threatened to veto the \$16 billion 1995 rescissions bill because Republicans insisted on finding funding for "courthouses and highways," but not for education and

the President's national service program.

On May 23, Clinton also threatened to veto certain foreign aid bills. He charged that Congress is considering legislation "which would place new restrictions on how America conducts its foreign policy, and slash our budget in foreign affairs. I believe these bills threaten our ability to preserve America's global leadership and to safeguard the security and prosperity of the American people in the post-Cold War world."

Five areas of disagreement

Clinton defined five areas of general disagreement with the budget proposals of Rep. John Kasich (R-Ohio) and Pete Domenici (R-N.M.), chairmen of the House and Senate budget committees, respectively. These included the President's oft-stated objections to big cuts in Medicare outside the context of health care reform, because of the hardship it places on the elderly and others. "Secondly," Clinton said, "the tax cut is way, way too big, and it is essentially paying for tax cuts to people who are not needy and who are doing well in this economy, by cutting Medicare. Thirdly, the education cuts are too deep. And fourthly, the Senate proposal . . . raises taxes on working Americans with children with incomes under \$28,000 and lowers taxes on people with incomes over \$200,000. That's the reverse of what we ought to be about." Clinton added that he found the seven-year deadline which the Republicans have set for balancing the budget, an arbitrary figure which does not take into account the economic need to maintain income levels.

According to Agriculture Secretary Dan Glickman, the President will veto any welfare bill that transfers the federal food stamp programs to the states. These veto threats are formidable, because the Republican House and Senate do not have the votes needed to override it.

The proposals by Domenici and Kasich, which have now passed the Senate and the House, will define the ensuing budget battle. These non-mandatory budget proposals are guidelines which now enter the reconciliation and appropriation phases of the budget process, where the President, using the veto threat, can negotiate changes.

The Domenici and Kasich budgets have raised the hackles of large segments of the population. Particularly unpopular are the massive reductions in Medicare and Medicaid. Domenici's plan, which contains \$961 billion in budget cuts over the next seven years, would gouge \$255 billion from

Medicare and another \$175 billion from Medicaid. Thus, almost 50% of his proposed cuts come from plans that service the elderly and the disabled.

Kasich's budget, which passed the House on May 18 in a 238-193 vote, contains even larger cuts—a total of \$1.4 trillion—to allow for a \$350 billion tax cut.

On May 24, Senator Kennedy, speaking on ABC's Good Morning America, defined the budget fight as a battle of priorities, and echoed many of the criticisms of the Republican plans of the President. "The American people may have voted for change, but the type of change that they were voting for was not to cut the Medicare system, not to cut aid assistance to students in order to give tax breaks to the wealthiest individuals in this country," he said. "Where are the cuts in terms of the corporations, the corporate welfare system? You get \$480 billion in tax expenditures. That's going to \$4 trillion over the next seven years, and all the Republicans could find was how to increase taxes on the working poor. . . . These are just wrong priorities. This issue is about priorities."

Democratic alternatives

These policy differences were reflected in the budget alternatives and amendments that Democrats attempted to introduce into the Senate debate on the Domenici proposal. The Democrats tried to restore \$170 billion of the \$430 cut from Medicare and Medicaid, as well as \$40 billion of the \$60 billion slashed from education and training programs, but they were stymied by the Republican bloc.

A more ambitious Democratic approach was the alternative budget unveiled on May 24 by a group of senators led by Kent Conrad (D-N.D.). This proposal would balance the budget by the year 2004, without the accounting trick of counting Social Security surpluses employed in both the Domenici and Kasich budgets.

Among other things, Conrad's proposal would save \$228 billion by limiting the growth of tax breaks, tax preferences, and tax loopholes to inflation plus 1%.

"Our plan freezes non-defense discretionary spending, while the Republican plan cuts it \$190 billion below a freeze," Conrad said. "Because we have \$190 billion more in our spending pattern than they do even with the freeze, that allows us to add back important money for education . . . infrastructure . . . R&D and technology." The Conrad proposal added in \$47 billion for education, \$54 billion for infrastructure, and restored \$100 billion of the \$256 billion Republican cut in Medicare and \$50 billion of the \$175 billion Republican cut in Medicaid.

Budget cutting won't work

The problem is that all budget-cutting approaches impose draconian cuts in areas that the nation can ill afford. Looking at the Kasich plan's proposed cuts in civilian science gives us a sense of the dimensions of the problem. The Kasich plan leaves military research funding pretty much intact, but takes

a sledgehammer to civilian research budgets. The House Science Committee has calculated that it would be forced cut federal science programs by \$24 billion over the next five years under the Kasich budget. Factoring in an (optimistic) 3% annual inflation rate, this would amount to a whopping 34.7% cut in civilian science in terms of real purchasing power.

Under the Kasich plan, the extremely important experimental fusion program at Princeton University; the Interior Department's Geological Survey, which makes maps and monitors minerals; and the National Aeronautics and Space Administration's Pioneer 10 satellite would be eliminated entirely. The Department of Energy estimates that the Kasich cuts will trim 2,000 university jobs and 3,500 jobs out of the national laboratories.

Even without the Kasich plan, the general budget-cutting environment has led NASA head Daniel Goldin to give up the NASA mission, when he proposed cutting NASA's workforce by 25,000 and turning over the Space Shuttle to private industry. If the Kasich plan went through, another 20,000 NASA employees would be pushed out and \$2.7 billion would be cut from planned satellite launchings.

In the May 24 interview, LaRouche asserted that the problem of the federal budget was one of a declining tax revenue base, and not one of deficit reduction. "The problem with the United States, in balancing the budget, is that for 30 years we've gone away from a policy of investing in infrastructure development and in scientific and technological progress, to the purpose of improving the productive powers of labor in agriculture, mining, industry, manufacturing, construction, and so forth," he said. "The average person today . . . has a consumption level in real terms which is far below that of his family's household back 25 years ago. . . . He is less productive on the average. He has lower skills . . . than 25-30 years ago."

The Domenici budget calls for eliminating the Department of Commerce, Interstate Commerce Commission, and more than 100 federal programs and agencies. It calls for phasing out funding completely for Amtrak, most mass transit programs, and Clinton's national service program. It cuts science programs by \$6.7 billion, slashes farm assistance programs by \$17 billion, and reduces spending for Transportation Department programs by \$51.3 billion. Medicare, Medicaid, food stamps, federal retirement programs, and various housing and nutrition programs are all slashed. The Kasich budget is even more severe.

Both budgets, from LaRouche's standpoint of increasing the tax revenue base, only make the problem worse. And because most of the U.S. population will not tolerate this type of insanity, radical budget cutters, such as Sir Peregrine Worsthorne, senior commentator at the London *Sunday Telegraph*, on May 21 called for a "form of authoritarian politics," i.e., fascism, that would allow for "cruel belt-tightening and bitter medicines to be forced down the throats of body politics."

Senate approves Whitewater hearings

The Senate voted 96-3 on May 17 to create a special committee to investigate an array of questions connected to the Whitewater land deals involving President William Clinton and his wife Hillary. The hearings over the next nine months will keep attention focused on the alleged wrongdoings of the Clintons right up until the 1996 elections.

The hearings will likely begin after the July 4 recess, and will focus initially on the search of deputy White House counsel Vincent Foster's office after his death in July 1993. Two or three more sets of hearings will focus on alleged White House "interference" with a savings and loan investigation, and President Clinton's personal and campaign finances in Arkansas.

The investigation is expected to be highly partisan. Al D'Amato (R-N.Y.), who will chair the investigation, has said he wants to find whether there was any "orchestration" of testimony by White House and Treasury officials when hearings were held on the same subject in February and August 1994. Committee members will include the Senate Banking Committee plus two members of the Judiciary Committee, one from each party. Sen. Phil Gramm (R-Tex.), a Presidential candidate, will be one of the members of the committee.

Simpson escalates attack on AARP

Alan Simpson (R-Wy.), chairman of the Senate Subcommittee on Social Security and Family Policy, began hearings on the financial status of the American Association of Retired Persons on May 25, contending that AARP abuses its non-profit status.

Simpson admits that his investigations are directly related to AARP's defense of Medicare funding. "If you're going to distort the national debate," he said, "then I think people ought to know who you are." Simpson is the co-author of legislation that would cut future Social Security benefits in order to ward off the "projected insolvency" of the nation's largest retirement program in the year 2030.

The AARP is the most important organization of retired people in the United States. It is an important player in both Presidential and congressional politics, and a determined opponent of the attempts to gut Medicare, Medicaid, and Social Security. AARP has begun a lobbying and letter-writing campaign to prevent the proposed cuts in Medicare outlined by the GOP Contract with America, and designated May 16-18 as "Medicare Protection Days." Bringing AARP into disrepute, possibly even causing legal actions to be brought against it, would blunt its campaign, thus assisting Republican attempts to gut the living standards of retirees.

Gingrich supports 'family contract'

House Speaker Newt Gingrich (R-Ga.) and a variety of Republican Presidential and other hopefuls paid homage to Christian Coalition guru Ralph Reed and his "Contract with the American Family," in the Mansfield Room of the Capitol on May 17. "House Republicans are totally committed" to bringing each measure in the contract to a floor vote, Gingrich said. Even Sen. Phil Gramm (R-Tex.), still reeling from revelations about his investment some 17 years ago in "Beauty Queen," a pornographic film that was to be produced by his brother-in-law, came to pro-

claim his support of "Christian values."

The contract of the Christian Coalition, an organization set up by televangelist Pat Robertson, is intended by Reed to become the guideline for the Republican majority's second "100 days."

The contract calls for eliminating the Department of Education and transferring the funds to local school districts; limiting abortion and ending the use of Medicaid funds for abortion; allowing prayer in schools and establishing public funding of private and religious schools through vouchers; abolishing the National Endowment for the Arts and Humanities, the Corporation for Public Broadcasting, and the Legal Services Corp., which provides legal aid to poor and low-income people. Reed claims the contract is not solely a "Christian" agenda, but rather a "pro-family agenda."

Supreme Court rules term limits unconstitutional

The Supreme Court ruled 5-4 on May 22 that states cannot set term limits for members of Congress, upholding the principle that individual voters choose who governs and for how long. The ruling overturns term-limits laws in 23 states.

Supporters of term limits have vowed to make the issue the subject of a constitutional amendment, the only route now for instituting such legislation. Majority Leader Bob Dole (R-Kan.) has indicated that the Senate vote on a term limits measure would come "in the months ahead," although chances to get the two-thirds vote needed in the Senate appear to be slim.

House Speaker Newt Gingrich (R-Ga.) has promised to make term limits the first vote in a GOP-controlled

House in the next Congress, in hopes of keeping the issue alive as an electoral issue for GOP candidates. Although term limits had been widely touted by most of the new Republican members during their campaigns, their fervor cooled considerably after they won.

In the opinion for the majority, Justice John Paul Stevens underlined that "permitting individual States to formulate diverse qualifications for their representatives would result in a patchwork of state qualifications, undermining the uniformity and the national character that the Framers envisioned and sought to ensure." The measure, Stevens added, would "erode the structure envisioned by the framers, a structure that was designed, in the words of the preamble of our Constitution, to form a "more perfect union."

House revises Clean Water Act

The House passed a revision of the Clean Water Act by a vote of 240-185 on May 16. The action is a major step in revising environmental policy, but plays into the states' rights philosophy.

The legislation, drafted by Bud Shuster (R-Pa.), chairman of the Transportation and Infrastructure Committee, would reverse many of the environmental restrictions mandated by the 1972 law, transferring authority for enforcing anti-pollution standards from the federal government to the states. It exempts some industries from the toughest requirements of the 1972 legislation and allows them to discharge higher levels of pollutants into lakes and rivers. It replaces a requirement that industry pretreat storm water before it runs into waterways, with a less stringent state-

run treatment program. The bill also redefines what constitutes a wetland, significantly reducing the areas encompassed as federally protected wetland areas by the 1972 legislation. The bill says that marshy areas must be under water for at least 21 days during the growing season before they can be declared wetlands.

The revision will have a tougher time, however, when—and if—it is taken up by the Senate. John Chafee (R-R.I.), chairman of the Senate Committee on Environment and Public Works, has said he supports the existing statute and considers its revision a low priority. President Clinton has also threatened to veto the bill if it passes both houses.

Christians, Muslims protest embassy move

A number of Christian and Muslim organizations came together to protest legislation introduced by Senate Majority Leader Bob Dole (R-Kan.) that would mandate a move of the U.S. embassy in Israel from Tel Aviv to Jerusalem. In a letter to Sen. Daniel Moynihan (D-N.Y.), the Churches for Middle East Peace, a coalition of the Washington offices of various Protestant and Roman Catholic churches, urged the senator to oppose the "Jerusalem Embassy Relocation Implementation Act of 1995."

"Because of the sensitive nature of the peace talks and the fact that the permanent status negotiations on Jerusalem are scheduled to begin by this time next year, we do not believe that now is the time to begin the process of moving the U.S. embassy in Israel to Jerusalem," the letter read. The Dole measure "would cause the U.S. to violate its role as facilitator of the peace process by preempting the permanent status negotiations on Jerusalem and

could undermine the peace process itself."

A number of American Muslim organizations joined with the Christian churches in opposing the bill. In a statement released on May 21, the American Muslim Association for Democracy warned that Jerusalem, "the city of peace" and the "home of the three Abrahamic monotheistic religions . . . should not be dealt with in such a partisan matter that will have negative consequences on the fragile relationships of followers of these religions."

Threat to U.N. funding passes Senate panel

The Senate Foreign Relations Committee in mid-May approved legislation sponsored by committee Chairman Jesse Helms (R-N.C.), which would withhold 50% of U.S. funding if U.N. actions do not conform with U.S. interests. A similar bill introduced by Benjamin Gilman (R-N.Y.), chairman of the House International Relations Committee, would block one-third of the U.N. "peacekeeping" budget.

The action has provoked fears in Britain for its Balkan adventures. In an indication of how much importance is given the Balkan gambit, Britain has, according to the May 20 London *Times*, fronted most of the cash for Unprofor "peacekeeping."

"Many Republicans believe a contraction of U.S. funding will lead to the withdrawal of U.N. ground forces in Bosnia, and is a first step toward their goal to unilaterally lift the arms embargo against the Bosnian government," the paper said. Ending the embargo was "given a boost by a recent report by the Government Accounting Office, which said that Unprofor 'has been ineffective in carrying out mandates leading to a lasting peace.'"

National News

Gramm wants privatized prison labor camps

In a raving, off-the-cuff speech to the National Rifle Association's (NRA) convention in Phoenix, Arizona on May 20, U.S. Sen. Phil Gramm (R-Tex.) called for "decriminalizing prison labor" and turning the federal prison system into "industrial parks," according to reports from Reuters and the *Washington Times*.

Gramm proposes that inmates will work 10 hours a day, six days a week, at below minimum wage. He reportedly told the NRA that the scheme will require abolishing laws passed in the 1930s under labor union pressure, which either ban the sale or shipment of goods produced by prison labor, or require prisoners to be paid prevailing union wages.

Gramm allegedly also pushed for shortening the time it requires to execute prisoners, and endorsed the shooting of criminals by private gun-owners: "My 82-year-old mother has a revolver and knows how to use it. If she sentences some thug, no judge will ever be able to bring him back."

Gramm admits backing porno film 'spoof'

The Presidential aspirations of Sen. Phil Gramm (R-Tex.) are reeling, following exposure of his financial backing for a pornographic film project. Both the *New York Post* and *New York Daily News* on May 18 leaked material from a feature in the June 5 *New Republic*, entitled "The Porn Broker; Phil Gramm's Curious Investment."

The *New Republic* wrote that Gramm invested \$7,500 in 1973 in the production of a pornographic movie called "Beauty Queens." Gramm's former brother-in-law, George Caton, told the magazine, "It was a sexploitation of beauty contests, how all the beauty queens are screwing the contest judges to win. We gave Phil the script to read and he loved it." Responding to the

charges, Gramm reportedly claimed he had lost money on the investment, in what he thought was "an R-rated spoof of beauty contests."

The *New Republic* alleges that Gramm had first tried to invest in a film called "Truck Stop Women," which Caton claims "really got Phil titillated because there was frontal nudity in it. . . ; he thought it would be a way to make a lot of money." Gramm was left on the outside looking in, however, because that movie had been oversubscribed. The magazine reports that the film featured an abundance of bare-breasted women and simulated sex, with a flimsy plot centered on the madam of a truck-stop brothel supposedly fighting a mob takeover.

Gramm's investment hopes remained unfulfilled, when the projected "Beauty Queens" fell through; but the magazine claims that Gramm then approved Caton's proposal to put his money behind another pornographic film, called "White House Madness." That venture reportedly featured a porn actor's portrayal of President Richard Nixon in the nude. On May 17, Gramm appeared at a Christian Coalition press conference, where he applauded their support of "family values" against Hollywood sleaze.

Gingrich R&D cuts flop at U.S. industry meet

House Speaker Newt Gingrich's (R-Ga.) "Third Wave" fantasy of "life-without-industry" left him beached once again, following his May 18 address to the National Association of Manufacturers. After a lengthy breakfast-meeting harangue on how to lead "the planet" into the New Age, Newt permitted two questions from his audience—and perhaps wished he had not.

One of the questioners declared, "The issue that we have, is what you're doing to the science and technology budget, particularly manufacturing R&D." The questioner noted that when companies are "downsizing," the first thing they do is to cut trading, and the second is to cut research and development. "We're [spending] less than 3%," he said, far lower than Japan and Europe.

"We're really concerned [about] what you're doing," Gingrich's challenger said. He rejected the Conservative Revolutionists' claims that federal incentives for technological improvements and inventions are merely "corporate subsidies." The questioner protested that the United States traditionally was the "first to invent," but added that U.S. manufacturers are now "dead last in dominating the market."

Gingrich's response was to blame U.S. management, while lying that, "Nobody's talking about gutting real basic research." Newt claimed he would be glad to work on supporting research, but only if it is "non-government-directed."

Spannaus urges Dems to 'defeat defeatism'

Nancy Spannaus, the LaRouche Democrat who led an aggressive campaign to defeat the 1994 Senate campaign of Oliver North, released a call to party activists on May 15 to "defeat defeatism in the Democratic Party."

Spannaus noted that some party leaders "are already taking off the gloves" against the vicious budget cuts "being rammed through Congress by the Gingrich-Gramm fanatics of the Conservative Revolution," and recalled the advice given in January by Sen. Ted Kennedy (D-Mass.), that the last thing which the country needed was two Republican parties.

"The Conservative Revolutionists around Gingrich and Gramm could well be called 'devolutionists,'" Spannaus said. "Their proposals add up to the destruction of the lives of 70 to 80% of our population, and they could care less.

"Unfortunately, there is a visible sense of defeatism in local Democratic parties around the country. Instead of going on the attack, local leaders are moaning about money, advertising, and tailing the allegedly popular Conservative Revolution slogans about tax cuts and other snake-oil remedies. This attitude and strategy has to be changed, or it will turn into a self-fulfilling prophecy.

"We LaRouche Democrats are committed to building a 1996 landslide against the

fanatics of the Conservative Revolution. These policies of looting the poor, elderly, and sick have to be smashed decisively. The budget-cutting fanatics may be over-confident now, just as Ollie North was, but they can be defeated.”

AFL-CIO leaders move to oust Lane Kirkland

With an eye on the 1996 Presidential and congressional elections, trade union leaders advocating aggressive political and labor organizing are moving to change the national leadership of the AFL-CIO. A committee headed by Gerald W. McEntee, international president of the American Federation of State, County, and Municipal Employees (Afsme), has been formed to oppose the reelection of AFL-CIO President Lane Kirkland, at the organization's convention in New York City on Oct. 23-26.

In a May 17 press release, the committee announced that it had the backing of the national presidents of 16 major unions, representing approximately 7 million members—“more than 53% of the AFL-CIO's reported 13,018,550 membership.”

On May 18, McEntee spoke bluntly at the convention of the Michigan AFL-CIO. According to Michigan labor leaders interviewed by *EIR*, McEntee said he and his allies had asked Kirkland to set aside \$10 million for upcoming congressional elections, and an equivalent amount for union organizing campaigns. After Kirkland reportedly stonewalled the request, the decision was made to oust him from the national presidency of the AFL-CIO. McEntee reportedly said union leaders were tired of Kirkland's “no, maybe, can't do it” attitude.

In its May 17 press release, the committee for new leadership of the AFL-CIO suggested that the issue was not Kirkland per se, but labor's entire policy orientation. “This effort is not about personalities or popularity. It is not about who heads the labor movement, but where the labor movement is headed. . . . What we want and must do is to open up the AFL-CIO structure to allow the emergence of strong, bold, and innova-

tive leadership at every level of the federation. . . . We want to reinvigorate the American labor movement and make it once again an effective voice for America's working families.”

Union organizers told *EIR* that the drive for a new labor leadership is related to pro-labor statements now being heard from President Bill Clinton and Secretary of Labor Robert Reich. As one source put it, “The Democrats know they need really active unions, who are going to go out and talk up the issues and fight for their candidates. The unions know they need government officials who will turn around the rotten economic situation.”

Weld, death penalty denounced in Boston

A bill to legalize the death penalty in Massachusetts, introduced by Gov. William Weld, met strong opposition on May 12 in a hearing before the state legislature's Criminal Justice Committee, the *Boston Herald* reported on May 13. Weld himself didn't show, but Lt. Gov. Paul Cellucci faced “blistering challenges” and a crowd of 300 booing citizens who delivered non-stop testimony charging that capital punishment is immoral, expensive, racist, and prone to fatal mistakes.

Roman Catholic Cardinal Bernard Law opened the testimony saying, “We do not believe that violence on our part can be a solution to violence, or that the taking of a life, even of the guilty, can be an effective means to demonstrate that killing is wrong.” When asked about punishing the perpetrators of the Oklahoma bombing, he replied, “The question is . . . is there evidence that we can be protected from that kind of crime by capital punishment? If there's reasonable doubt as to whether that would result, then we would argue that the advantage should be given to the right to life—even of the guilty.”

Many victims of crime testified against the death penalty, saying, “It won't bring him [their loved one] back,” and, “If killing is wrong, how can we kill anyone?”

Briefly

● **LABOR SECRETARY** Robert Reich said the leading issue in the 1996 election campaign will be, “How are you going to reverse the decline in real wages and improve benefits?” in a May 16 meeting with the *Los Angeles Times*. The Clinton administration, he said, will “do everything we can to smoke the Republicans out” on budget cuts that hurt the poor, elderly, and middle class.

● **COMMERCE SECRETARY** Ron Brown has called Republican efforts to abolish his department or its essential high-technology programs “as ludicrous as they are shortsighted,” adding that they “amount to unilateral disarmament in the battle for global competitiveness.” The programs provide support for high-risk, innovative projects, and bring existing advanced technology to small and medium-sized companies.

● **GOV. PETE WILSON** of California is the front-runner for the Republican Presidential nomination, party sources claim. That speculation surfaced after Wilson was given the nod over Sen. Phil Gramm (R-Tex.) by Britain's Lord Rees-Mogg, a chief orchestrator of attacks on President Clinton. Some party leaders now envision a Wilson “dream ticket,” with New Jersey Gov. Christine Whitman as his running mate.

● **ATTORNEY GENERAL** Janet Reno recommended on May 18 the appointment of an independent counsel to inquire into the business dealings of Commerce Secretary Ron Brown, acceding to Republican demands. In an editorial the next day, the *New York Times* called for Brown's removal, without waiting even for the investigation to begin.

● **THE TEXAS** State Legislature on May 18 backed the Conservative Revolution's demand for the quick execution of death-row inmates, whether guilty or innocent. The House voted 124-19 to adopt a Senate bill which cuts the period during which death-row inmates may appeal, to as little as two years.

Editorial

Stop being played for a sucker!

Attorney General Janet Reno has become a convenient target for a lot of people who recognize that something is badly wrong with the U.S. Department of Justice. It's about time that these folks recognize that every time they rant and rave about "that woman," they are actually following a British gameplan to destabilize the U.S. government.

This is the significance of the article which appeared in Lord William Rees-Mogg's newsletter *Strategic Investment* on March 22 of this year. Rees-Mogg is a high-level British intelligence operative. The article, which alleged that the U.S. President and Attorney General were planning to stage an incident which would be the occasion for a crackdown on militias preparatory to declaration of martial law, was well-calculated to create impotent hysteria among right-wing circles.

British intelligence was working off an accurate profile of the vulnerabilities of militia members and supporters who are easily played upon because of their macho self-image. Yes, there is a nest of vipers in the Justice Department, but it is led by Deputy Assistant Attorney General Mark Richard.

Richard, who came to the Justice Department in 1967, has held his current position since 1978. He has had particular responsibility for overseeing three sections within the Criminal Division, in which position he has been responsible for several *criminal* actions, not the least being that which happened in Waco, Texas. Not only does he work hand-in-glove with the Anti-Defamation League and its offshoot, the Cult Awareness Network, but he has proven himself to be a pawn or worse of foreign intelligence agencies.

The truth is that not only had Reno just been sworn into office when the Waco situation exploded, but she was fed disinformation circulated by the self-styled experts of the Cult Awareness Network. It was Richard, the adviser to the Attorney General during this transition period, who had key responsibility during the Waco crisis. Reno is known to have originally disagreed with FBI plans to gas the compound. One element of the pressure brought to bear on her was the lie that the Branch Davidians were known to be child abusers.

Richard's abuse of police power did not begin with Waco; he was also responsible for such abominations as the attack on Randy Weaver and his family in Idaho, and the treasonous frameup of John Demjanjuk on war crimes charges. In the Demjanjuk case, Richard worked with both the Mossad and the KGB to frame up a U.S. citizen. This was related to a broader effort, sponsored by the KGB, to destroy the American space program by targeting German-born rocket scientists, also U.S. citizens.

On April 28, 1994, Richard appeared before the House of Representatives Subcommittee on International Security. "My responsibilities at the Department of Justice include overseeing the Office of Special Investigations," he testified, bragging that he had stripped 48 "Nazis" of their U.S. citizenship. In fact, as the case of Demjanjuk demonstrated, Richard has knowingly acted in violation of the U.S. Constitution. And this was not the only instance of such criminal misconduct.

Demjanjuk was illegally stripped of his U.S. citizenship and sent to Israel, allegedly because he was "Ivan the Terrible," a concentration camp guard. In Israel, his conviction was overturned by the Supreme Court, on the basis of new evidence. It later turned out that the Department of Justice had deliberately withheld evidence from Demjanjuk's attorneys which would have cleared him well before his deportation from the United States. This was not just an error on the part of Richard and his underlings.

Richard personally suppressed an investigation of then-Senate staffer Steven Bryen in 1978, after Bryen was caught red-handed giving classified information to the Mossad station-chief in Washington. He has also been involved in nasty operations conducted by the Justice Department over the past two decades, to suppress evidence in national security cases in order to protect the Bush intelligence networks; naturally enough, he shows up in key positions in the frameup of Lyndon LaRouche and his associates.

Something is definitely rotten in the Justice Department, but it's about time that patriotic Americans got smart rather than angry, and went after the real culprits—Mark Richard and the interests he represents.

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- DENVER—DCTV Ch. 57
Wednesdays—10 p.m.

CONNECTICUT

- BETHEL/DANBURY/RIDGEFIELD
Comcast—Ch. 23
Thursdays—5 p.m.
- NEWTOWN/NEW MILFORD
Crown Cable—Ch. 21
Thursdays—9:30 p.m.
- WATERBURY—WCAT Ch. 13
Fridays—11 p.m.

DISTRICT OF COLUMBIA

- WASHINGTON—DCTV Ch. 25
Sundays—12 Noon

IDAHO

- MOSCOW—Ch. 37
(Check Readerboard)

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- CHICAGO—CATN Ch. 21
Schiller Hotline-21
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The LaRouche Connection
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MARYLAND

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Weds.—1 pm, Fri.—8:30 pm
- WEST HOWARD COUNTY
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MASSACHUSETTS

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MINNESOTA

- EDEN PRAIRIE—Ch. 33
Wed.—5:30 pm, Sun.—3:30 pm
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EIR World News
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- MINNEAPOLIS (NW Suburbs)
Northwest Comm. TV—Ch. 33
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- ST. LOUIS PARK—Ch. 33
EIR World News
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3 p.m., 11 p.m., 7 a.m.
- ST. PAUL—Ch. 33
EIR World News
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MISSOURI

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NEW JERSEY

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- BROOKHAVEN—(E. Suffolk)
TCI 1 Flash or Ch. 99
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- BROOKLYN
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- CATSKILL—Mid-Hudson
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- ROCKLAND—P.A. Ch. 27
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- STATEN ISL.—CTV Ch. 24
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Fridays—4 p.m.

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TEXAS

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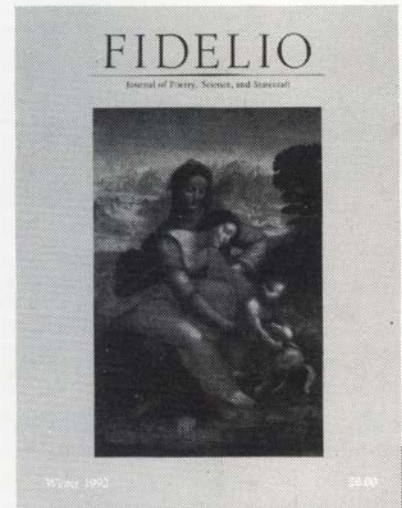
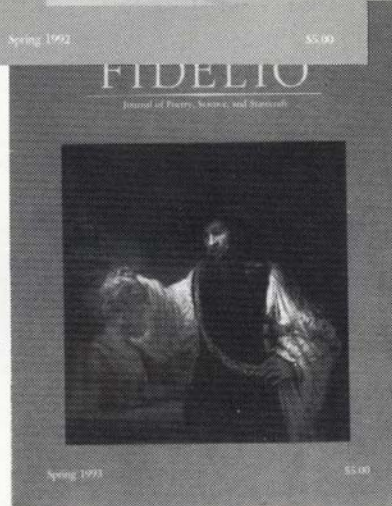
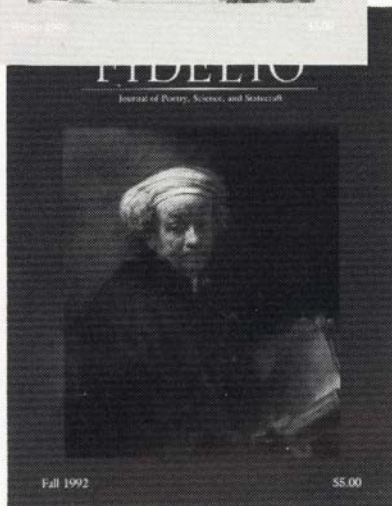
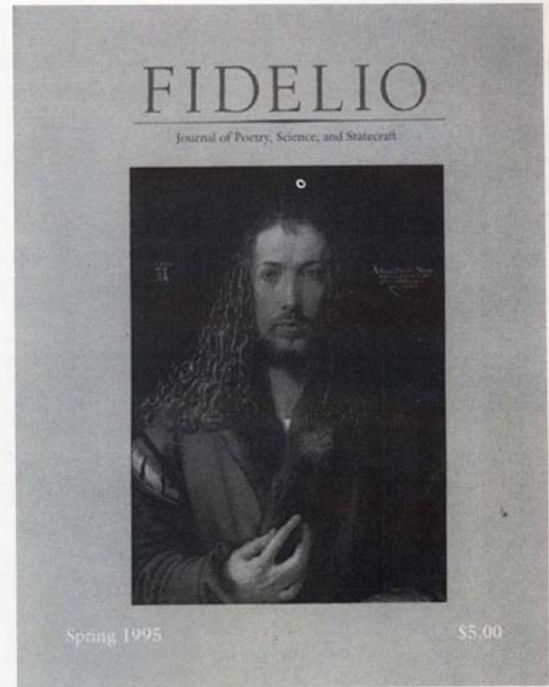
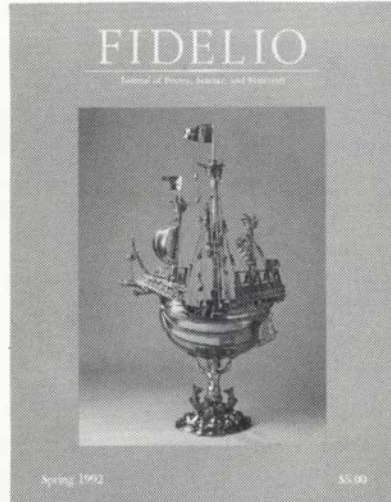
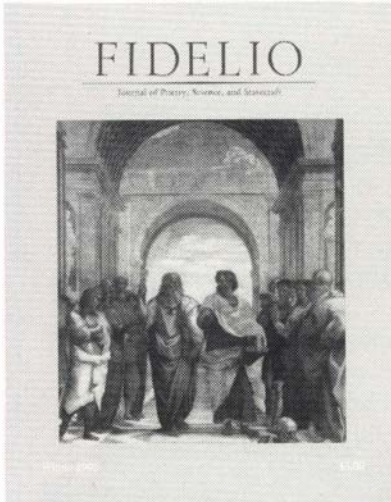
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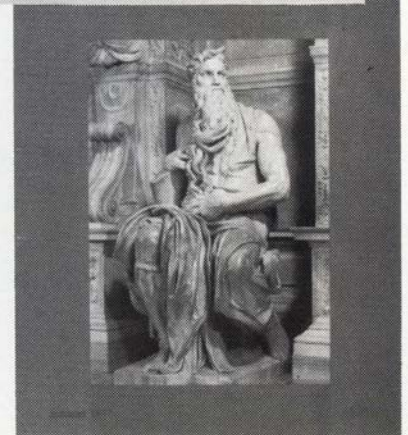
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