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Executive Intelligence Review

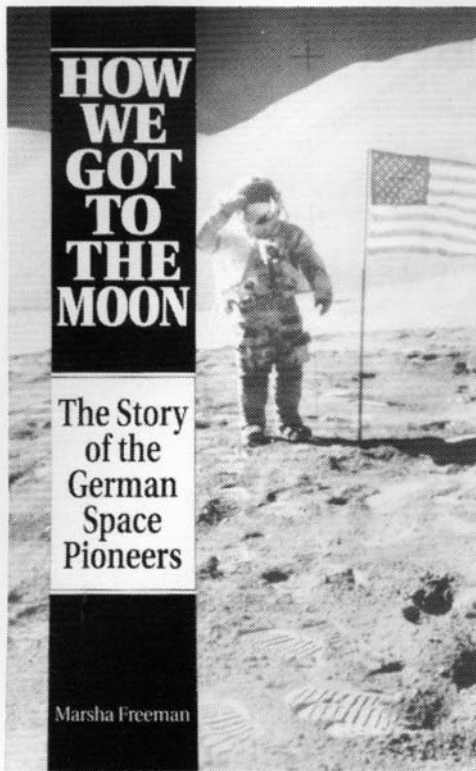
December 6, 1996 • Vol. 23 No. 49

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**Hungry people need food,
not free market economics**





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EIR (ISSN 0273-6314) is published weekly (50 issues) except for the second week of July, and the last week of December by EIR News Service Inc., 317 Pennsylvania Ave., S.E., 2nd Floor, Washington, DC 20003. (202) 544-7010. For subscriptions: (703) 777-9451.

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

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

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

From the Associate Editor

We enter the last month of 1996, with the words of Lyndon LaRouche's Ninth Forecast (*EIR*, June 24, 1994) ringing in the ears of those who are reality-oriented enough to listen: "The presently existing global and financial monetary system will disintegrate in the near term."

In an interview on Nov. 27, LaRouche stressed that we're headed for a chain-reaction collapse of the financial derivatives market. This is *tens of trillions of dollars* coming down, all in a very rapid period of time. "That kind of collapse, under the present provisions, would literally *vaporize* those institutions on which we rely for the electronic transfer of credit. A complete breakdown in the payment structure!"

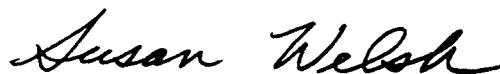
In this issue, we document the effects of this crisis around the world, and responses to it from policymaking elites:

- *The world food crisis:* At the UN's World Summit on Food Security in Rome, Pope John Paul II squared off against the Malthusians. Our report reviews the food policy of the U.S. government since World War II, the cartel structure that is keeping food production down, and a case study of the catastrophic consequences for Russia and the other former Comecon countries.

- *The banking crisis in Russia:* a report by Prof. Lev Makarevich, a Russian financial expert, presented to a conference of the Central Mathematical Economics Institute in Moscow.

- *The powderkeg in Europe:* A political mass strike process has broken out against the suicidal Maastricht Treaty, while financial experts warn that a financial crash is imminent.

When the financial "vaporization" comes, LaRouche underlined in his interview, we will be able to control it, under certain conditions. That depends upon two powers: the United States, and China. "Partnership between the United States and China, on the basis of providing alternatives for the world, or at least initiatives for alternatives for the world, to a complete vaporization of the financial system—that is the key thing." Regarding China's role, see *Economics*, for an exclusive interview with a leading Chinese official on the Three Gorges Project, and an assessment of the recent Beijing commemoration of Dr. Sun Yatsen.



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Photo and graphics credits:

Cover, EIRNS. Pages 7, 30, 65, EIRNS/Stuart Lewis. Pages 12, 14, Yangtze Three Gorges Project Development Corp. Page 13, Yangtze Three Gorges Project Development Corp. and EIRNS/John Sigerson. Page 18, Library of Congress Prints and Photographs Division. Page 27 (picture), UN-FAO/F. Botts. Pages 27 (figure), 37-39, EIRNS/John Sigerson. Page 49, EIRNS/Christopher Lewis. Page 65, EIRNS.

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Correction: In our issue of Nov. 22, Lyndon LaRouche's article "Ring Around China: Britain Seeks War," contained a typographical error on p. 55, concerning the date of the U.S. cultural paradigm shift. The text should read: "The greatest single threat to the continued existence of the human species itself, is that we have entered an age, when the formerly successful, pre-1966 agro-industrial culture, premised axiomatically on production, has been superseded by a post-Kennedy 'New Age' of inherently bankrupt 'post-industrial utopianism, a cult of consumerism-oriented 'entertainment society.' "

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Strikes in Europe challenge Maastricht austerity regime

by EIR Staff

Exactly one year ago, France erupted in strikes against the austerity policies of Prime Minister Alain Juppé—the French version of Newt Gingrich’s Conservative Revolution. Since that time, the economic crisis has gotten much worse throughout Europe, as unemployment rises, bankruptcies mount, and governments foolishly cling to the advice of their monetarist financial “experts,” slashing budgets in an effort to implement the suicidal terms of the European Union’s Maastricht Treaty.

Now, a new strike wave has broken out—not only in France, but in virtually every European country. Some members of the policymaking elites have broken ranks from the dominant pro-Maastricht line, and are warning of an imminent financial crash as a result of British free trade and “globalization” policies. Even the London *Times*, seeing the writing on the wall, though not wishing to draw the appropriate policy conclusions, published a column by Anthony Harris on Nov. 27, warning of a crash worse than the stock market debacle of October 1987. The “bull market” on Wall Street, he wrote, is really a “feeding frenzy . . . the kind of speculative climax which precedes every major crash. . . . It could be much worse than 1987. . . . Complacency, and even inattention, are surely out of order.”

A powderkeg

As of Nov. 26, a nationwide strike by truckers in France, demanding long-overdue wage increases and protesting the high price of gasoline, had been joined by railway workers. Some 160 blockades had been set up around the country, including at a dozen oil refineries. Gas stations were running out of fuel, and stores were running out of food.

Despite the hardships, the vast majority of the French

population supports the strike (74%, according to one poll). An economics professor interviewed on Radio France-Inter commented that “the French population is in a big rage,” and that the truckers strike could very well “ignite a spark beneath a dangerous powderkeg.”

The pattern of strikes has spread to other countries:

Denmark: A truckers strike began on Nov. 25, as workers blocked Denmark’s borders, announcing that they would allow no exports of meat or fish to leave the country by road.

Germany: Workers in the food-processing industry began an unlimited strike for sick pay, in four plants, on Nov. 25: Nestlé in Hamburg; Bahlsen in Barsinghausen and in Lindau; and Wissoll in Muelheim/Ruhr.

On Nov. 21, some 30,000 physicians and other medical personnel demonstrated against the effects of the government’s budget cuts in the public health sector.

Forty thousand German postal workers are set to launch a strike against the continued deregulation of postal services, specifically the plans of the German Postal Service to hand over its entire parcel-delivery sector to private contractors by April 1997. The postal workers union expects the loss of about 10,000 jobs as a result, and may stage warning strikes and other protests before Christmas, the peak period for parcel delivery. The postal workers union also wants to force the Postal Service to transfer more money from the ongoing privatization of German Telecom, to the regular postal services. Official plans are, however, to use the privatization revenue to pay the old debt of the postal bank, while small post offices in the countryside are being closed down, for budget reasons. This alone will terminate 20,000 jobs.

Spain is heading for a general strike in the public sector. Madrid was the scene of a mass protest of 100,000-200,000

workers on Nov. 23. The protests are against income cuts, which the government of Prime Minister Aznar imposed in June, through a wage freeze for this year and the following one, justifying that with the need to meet the “Maastricht criteria,” which specify, among other things, that deficits must be no greater than 3% of the national budget, and that national debts must be no greater than 60% of the Gross Domestic Product.

Italy: On Nov. 22, some 150,000 metal workers took to the streets to demand wage increases, and to protest against inflation and the Maastricht Treaty.

Allais speaks out

The only sane person who has ever received the Nobel Prize in economics, France’s Maurice Allais, took on the issue of “How to Really Fight Unemployment,” in a commentary on Nov. 21 in the Paris daily *Le Figaro*. Allais has long been denouncing the destructive policies of free market economics, particularly the speculation in derivatives, and has warned of an impending banking crash. In 1989, he described the world economy as “one vast casino.” Now, his warnings are becoming even sharper.

“Precipitous and anarchic globalization can only bring unemployment, injustice, disorder, and instability everywhere,” wrote Allais in *Le Figaro*. “France is self-destructing.” He continued: “In the name of pseudo-liberalism, and by the multiplication of deregulation, we are heading bit by bit toward a globalist laissez-fairist *chienlit*.” (The expression *chienlit*, from *chier en lit*, means to defecate in one’s own bed.)

“The globalization of the economy, is certainly going to be profitable to certain groups of privileged people. But the interests of these groups cannot be identified with the interests of humanity as a whole. In the best analysis, in a truly liberal and humanist society, it is man who constitutes the final objective and the essential preoccupation. It is to this goal that everything must be subordinated. . . . The globalist opening-up of the European economy at all costs, done in a global context that is fundamentally unstable, and which is perverted by the system of floating exchange rates, is the primary cause for a profound crisis, which is leading us to the abyss. The facts are stunning: Economic analysis confirms them and explains them. The facts, as well as theory, permit us to state, that if the present policy is continued, it can only collapse. Today’s crisis is, above all else, a crisis of intelligence.”

Allais recalled the words of the late Jacques Rueff, economic adviser to President Charles de Gaulle, who warned of “global disaster” in the financial markets if the monetarists prevailed. Allais quoted Rueff’s attacks on the “Manchester free market” as a negative contrast to the “institutional market.” He also quoted Rueff concerning the international monetary system: “The instability of the monetary structures is such that the slightest incident occurring in international relations in the economic or financial realm could provoke a

global disaster. More than ever, the reconstruction of an effective international monetary system is indispensable and urgent.” Allais featured Rueff’s attack on “this absurd and insane regime of the liberated economy,” as well as Rueff’s affirmation of national sovereignty.

After praising Rueff’s wisdom and courage, Allais continued: “Today’s crisis, the intolerable, massive unemployment which characterizes it, and which dishonors us, the destruction of French society day by day, are only the consequences of the dogmatic policies followed without let-up since the great break of 1974, and are leading us to disaster. It would be criminal to pursue these policies. The present situation cannot last. It must not last. And it will not last. We have to fight the causes. And this fight must be pursued, according to one principle, which must transcend all the others: Economy must be at the service of man, and not man at the service of the economy.”

The debate widens

Allais’s blast against the free-marketeers is finding a resonance elsewhere among the French political elites, as the economic and banking crisis deepens. In the daily *Libération* on Nov. 21, editor-in-chief Serge July headlined his article, “Colbert Forever!” Jean-Baptiste Colbert (1619-1683) was the statesman who launched a dirigist national development policy for France.

“Is French neo-liberalism, which has heretofore been operating through the ‘unique doctrine’ [of monetarism], on the verge of disappearing?” July asked. According to him, three factors prove that the French are fed up with liberalism: 1) the most recent Socialist Party platform, which goes against the Fortress Europe concept, and calls for increasing supply-side policies, 2) recent proposals by former French President Valéry Giscard D’Estaing for the devaluation of the franc against the deutschemark, within the context of the European monetary system, 3) the incredibly low popularity in the polls of President Jacques Chirac and Prime Minister Alain Juppé. The message is clear, continued July: “The inegalitarian character of the neo-liberal model has reached an unbearable level, and the state, on the other hand, in spite of the devaluation of the role of the politician, maintains exceptional credit as the great reducer of inequalities and as the guide. The liberal revolution will therefore not triumph in France. Conducted in great part by left-wing governments, it was never more than partial.”

Leaving aside the specific Keynesian recommendations of July and his Socialist friends, the important thing is that the reality of which Lyndon LaRouche warned in his Ninth Forecast (*EIR*, June 24, 1994), is beginning to dawn on more and more Europeans: The whole financial and monetary system is going to come crashing down, unless free market policies are scrapped, and nations commit themselves to large-scale development of infrastructure, industry, and agriculture.

State bond schemes are designed for looting Russia even more

by Rachel Douglas

Aleksandr Livshits, finance minister and deputy prime minister of the Russian Federation, came to London in mid-November to attend the first issue of Russian state Eurobonds on the London market. Approximately \$1 billion in Russian five-year bonds was sold on Nov. 21. London, a source in the Livshits delegation told ITAR-TASS, "is in fact the main European door to the world's financial resources."

Back in Moscow, officials of Livshits's Finance Ministry are working on regulatory changes that would allow a far greater amount of Russian state debt to be owned by foreigners. Bella Zlatkis, head of the ministry's Department for Securities and Financial Markets, has hinted that foreign investor access to the domestic market in short-term Russian state debt (the GKO market, from the Russian acronym for "state short-term bonds") will be eased in 1997.

These maneuvers with the public debt mark a new phase of the looting of Russia. A report by Prof. Lev Makarevich, a leading Russian expert on finance, reveals the relationship between Russia's reform-era finances, and the demolition of its physical economy. His presentation to a recent conference of the Central Mathematical Economics Institute (CEMI) of the Russian Academy of Sciences, was published in *Finansovyye Izvestiya* of Oct. 31, 1996 and is summarized below.

Dr. Makarevich estimates capital flight from Russia, since 1992, at \$700 billion to \$1 trillion. His figures somewhat exceed the 1993-94 estimates of other Russian experts, who put the annual rate of capital flight at \$100 billion. Either way, it is a formidable stream of loot, equivalent to over 20% of the international financial world's single biggest source of cash—the \$521 billion per year proceeds of the illegal drugs business. In the early phase, much of the lost resources was in physical form: raw materials, precious metals, and manufactured goods, exported without taxation, often at dumping prices. Now, more sophisticated mechanisms of financial looting are coming on line.

A profitable feeding trough

In a Nov. 2 article in *Nezavisimaya Gazeta*, discussing Zlatkis's remarks on improving foreigners' access to the GKOMarket, Sergei Kashlev wrote: "The government securi-

ties market remains a superprofitable feeding trough for Russian banks. Not long ago, the International Monetary Fund [IMF] surprised observers, by demanding the removal of restrictions on access to that feeding trough for foreign capital, as well. If that happens, the investment vacuum cleaner of the GKO's, which sucks resources out of other sectors of the economy, will begin to pump Russian capital to the West."

The GKO's are denominated in rubles, and the restrictions to be lifted concern the amount of foreign currency that foreign investors may convert for investment in the GKO markets; earnings are then reconverted for repatriation, exerting downward pressure on the ruble, even as the Russian government artificially maintains its exchange rate within a "corridor." Foreigners would be allowed to stay in the GKO market for indefinite lengths of time, as opposed to the present two-month limit. Kashlev points out that many foreigners have been in the GKO markets anyway, acting through its main players—the Russian commercial banks.

The Russian economy is highly dollarized, already, as Makarevich reports.

The "vacuum cleaner" effect of GKO's on potential investment monies, is because of the high rates the state has had to offer on its bonds, currently at annual rates of 30-45% for three-month bonds and 55% for six-month bonds. During the spring 1996 election campaign, they were in triple digits. Kashlev and other commentators call the accumulation of public debt, "the GKO pyramid," suggesting the influx of foreign speculators would be necessary to keep it from collapsing. At present, foreign investors in GKO's must operate through the Russian Central Bank, a service which Zlatkis suggests the Russian commercial banks should now be allowed to sell.

The 'rule of the seven boyars'

Russia is currently under what one wag called the *semi-bankirshchina*, a take-off on the *semiboyarshchina*, "rule of the seven boyars," period of Russian history. Vladimir Potanin of ONEKSIMbank is first deputy prime minister; Boris Berezovsky, whose financial empire includes a bank, car dealerships, and the country's largest TV station, is deputy secre-



Monetarist Anatoly Chubais, head of the Presidential Administration, is overseeing the takeover of Russian finances by foreign speculators.

tary of the Security Council; their monetarist co-thinker Anatoly Chubais runs the Presidential Administration.

Once hooked to the insatiable appetites of the greatest financial bubble in world history, the international markets, Russian finances have been subjected to minute supervision by foreign agents, in a fashion that insults the country's sovereignty and infuriates its patriots. Thus, not only does the IMF send a delegation to Moscow each month, to dole out—or, as at present, withhold—tranches of an IMF credit to the Russian Federation, but now, as Finance Minister Livshits confessed in a Nov. 12 press conference, “they have brought along some specialists on taxation, the technique of taxation, organizations, and so on, [who] will be meeting with our people at the Tax Commission.” These “technical experts on taxation will be here for a fairly long time,” Livshits said. When Chubais, Potanin, et al. set up a Temporary Emergency Commission (VChK) to collect taxes, the IMF representative in Moscow held a press conference to applaud.

Every month, London School of Economics professors, working quasi-officially for the Russian government, brief the Moscow press corps about the performance of their pupils. The latest theme of Profs. Peter Boone and Richard Layard is that Russia had better slash spending on housing and pen-

sions, the better to meet GKO and other debt service obligations. Surely, some percentage of Russian pensioners don't really need those stipends, and families could do without rent subsidies, says Layard, so that the really poor could be helped better. This is in a country, where tens of millions of people—over 70% of families with more than two children—live below the official poverty level. Sixty percent of the population of Siberia and the Far East does not even live to pensionable age! According to Layard, if subsidies for home heating were reduced, households would be more frugal and efficient. (It so happens that in Vladivostok, there was no heat at all for several November days and cold nights, because a steam pipe in the city's aged system burst.)

The Makarevich report on Russia's banking crisis

This summary was prepared by Konstantin Cheremnykh and Rachel Douglas.

Since the Russian Presidential elections, the situation of the commercial banks has worsened. As of Aug. 1, 1996, 161 credit institutions (banks or financial groups) had lost their licenses, as against 150 in all of 1995. In October, 130 more banks were slated for “execution.” Every fourth bank is losing money. The volume of overdue loans, with interest, had reached almost 40 trillion rubles (\$8 billion), or more than triple the volume of bank reserves, as of September. Bank assets have fallen by one-third during 1996.

The current banking crisis is unlike the crisis in the United States during the Great Depression, when all credit institutions were closed for two weeks. Nor is it comparable to October 1994 or August 1995 in Russia, when the freely convertible currency and interbank credit markets crashed simultaneously, burying dozens of banks. We do not have a crisis-spreading medium, such as the stock markets they have abroad, nor the interbank currency and credit markets. The dollar is in its currency “corridor,” so its behavior is predictable at least till summer 1997. There is a certain danger from the GKO “pyramid,” but the Ministry of Finance and the Central Bank have agreed to keep printing enough rubles to support the trade in government bonds.

The majority of banks, impaled on the “needle” of the GKO's, were unprepared for the decline of their yields, from 360-400% annual rates, to the present 50-70%. But that is not the main reason for the bank failures, including of some major banks. The banking crisis is due to the coincidence of several other systemic, cyclical, and conjunctural crises: budget, payments, investment, production, central management, struc-

tural-legal. Their close interweaving accelerates the mass extinction of credit institutions.

The budget crisis

The total failure of the 1996 budget damaged the banks involved in federal and regional programs, and in financing budget accounts or government operations. The financial catastrophe, expressed in the inability of the government to collect even half the taxes, forced the IMF to deny release of the October \$340 million tranche of its loan to Russia.

For the first seven months of this year, the 1996 budget targets were met at the levels of 39.6% for revenues, and 43.3% for expenditures. The deficit was 4.3% of GDP (as against a planned 3.8%, agreed to by the IMF). By the beginning of November, it was clear that the maximum possible result for the year is to achieve 70% of the budget targets, with a deficit of 4.6%.

This is the third budget, drafted on the model used during the period of highest inflation. A base level of revenues and expenditures is assumed, without considering their real content. Then, deflationary coefficients (as a rule, less than the real growth of prices) are factored in, and the IMF is allowed to approve outside limits for inflation, monetary emission, etc. On the basis of those agreements, all planned expenditures are sequestered, except for several protected items, without any qualitative analysis of the real situation in the economy.

The authorities have lost all their levers for budget management, beginning with taxes. In October, tax collection was only 45% of the planned level. In seven months of 1996, 59% of value-added taxes (VAT) were not paid; 13% of income taxes; 12% of excise taxes. The non-payments equal almost half the state sector wage bill.

These non-payments are determined by unsustainable taxation levels. Through fiscal and other measures, the government seeks to collect 35% of GDP (in other countries, it's 20-25%). For honest taxpayers, this is too heavy a burden, so everybody who can, conceals income. Payments to the treasury for January-September were only 8% of GDP.

In October, some 70% of non-payments involved the large monopolies in the fuel and energy complex, the steel and non-ferrous metals industry, petrochemicals, transport, and machine building. Many tax exemptions were granted for political reasons, during the election campaign. Exemptions on 1995 and 1996 taxes due this year, total R 32 trillion (\$6 billion). More tens of trillions were granted in government guarantees and commodity credits. Meanwhile, GKO (state short-term bonds) operations, barter deals, black-market cash transactions, and many other instruments, are un-taxed and are used as tax shelters.

Another trap for the budget has been the conversion of inflation into state debt, through the manipulation of the ruble supply for purposes of keeping prices down. The main

driver of inflation, the shortage of goods and uncompetitive-ness of the Russian economy, was in no way remedied.

Unwilling to finance its spending officially, through changes in the budget that the parliament would have to ratify, the government does so by building up the state debt. For each ruble extracted from the market, the treasury has to pay seven! This suicidal approach is preserved in the 1997 budget, with far greater sums involved. At the same time, late payments and non-payments by the government are not considered state debt.

The payments crisis

Monetary circulation has been disrupted, once and for all. Payments are being made neither to the treasury, nor on bank loans, because of the huge volume of debts (accounts receivable) in the economy—over R 800 trillion (\$160 billion) in October. The monetary system went out of control, after raw materials capital attempted to take it over. The budget is planned and implemented in paper money, backed up by nothing. It services only one-tenth of the real economy, while nine-tenths uses other monetary units, whose circulation the government is powerless to control.

The ruble is a fiction, useless as a measure of value. Four-fifths of all assets are outside the system of commodities exchange; the ruble services a measly one-fifth of all assets, and has thousands of exchange rates, depending on the region, branch of industry, sphere of circulation, and concrete owner. The ruble's official rate is defined in the interests of raw materials capital on the basis of foreign trade operations with three or four commodities, exceeding its real purchasing power dozens of times over.

The authorities' boast that, by strict monetarism, they reduced inflation from 4.1% (monthly) in January to 0.2% in August, is self-deception. Inflation in Russia is not monetary, but is expressed in the growth of production costs, commodities shortages, delayed demand, loss-making foreign trade, the gigantic state debt, the budget deficit, and the immense quantity of monetary surrogates in use. Therefore, the economy, investments, finances, industry, and the people's welfare do not react to the lowering of prices.

Russia's GDP is the least monetized in the world. In 1991, it was 70% covered by the M2 money supply; in October 1995, 8.5%. In the West, this level is 80%; in the U.S., 120%. Actual monetization in Russia is not lower than the American rate, and perhaps higher. But the official ruble is replaced by surrogate instruments. The government started this, issuing vouchers, treasury bonds, treasury tax exemptions, guarantees and references, "Crops-1990" vouchers, and so forth, for circulation. All economically active entities promptly began to issue their own monetary surrogates. That is how the real economy, in self-defense, compensated for the raw materials firms' monopolization of the ruble supply.

Today, money surrogates include not only foreign cur-

rency, barter, and indebtedness, but a swarm of other financial instruments: promissory notes, shares, bonds (including state bonds), vouchers, receipts, postal transfers, coupons, stamps, cards, tickets, passbooks and other kinds of books, deposits, deposit receipts (American, global, and Russian), contracts (commercial, trust, realtor, and agent), and many other securitized obligations. For some investment banks, this is not bad feed. For the budget and tax collection, it's a gallows noose.

The volume of ersatz money emission is mind-boggling. Planned GDP for 1997 is R 2.3 quadrillion (\$460 billion), while the illegal money supply will reach at least R 1.5-2 quadrillion (\$300 billion) in immobile, poorly convertible quasi-money. Even in the legal economy, the rate of circulation of the ruble varies from several dozen times in the financial sphere, to nil in several branches of the economy and regions.

The surrogates comprise a parallel monetary system in the shadow economy, which does not pay taxes. They enable the shadow economy to attract unlimited quantities of legal rubles (converting them to hard currency and hiding them abroad), without abandoning its own, illegal monetary circulation. Essentially, any economic entity (including banks) can privatize monetary circulation, deriving emission revenues at an annual rate as high as 240-500% (for promissory notes), of which the state treasury is deprived.

The monetary surrogates also entail disadvantages, such as a short lifespan, which makes them useless for long-term investments in industry. The issuer has to do his business in various segments of the financial markets (currency trade, interbank credits, etc.), and when a given market plunges, or the GKO market takes the upper hand, banks dealing in these promissory notes and other obligations perish. The state has to assume responsibility for hundreds of thousands of depositors of such bankrupted institutions.

The investment crisis

The paralysis of the budget and payments triggered a crisis in the investment sphere. The total volume of basic capital investments decreased 10% in the first quarter of 1996, 18% in the second quarter, 20% in the third quarter, and the annual rate will be close to the last figure. The level of capital investment has shrunk four- to tenfold since 1989. Of the 358 facilities that were supposed to come on line in 1996, under the federal investment program, only four were completed during the first eight months! The government's much-touted plan of attracting four private rubles into investment for each state ruble (the 1:4 scheme) failed. Of the R 278.2 trillion loaned to the economy by the banks, only R 18.1 trillion (6.5%) was for long-term investments.

Because of mutual arrears that reached R 860 trillion in October, the government's hopes that 60% of investments next year will be provided by the enterprises themselves, are

groundless. Russian industry has reached the boundary where there will be mass withdrawal of capacities, due to obsolescence or physical deterioration, including of modern technologies, which have been artificially rendered useless. This means the disappearance of internal sources of investment, and the final destruction of infrastructure.

The GKO's are continuing to murder industry, above all the military industrial complex. In October 1996, the volume of the GKO market exceeded R 200 trillion (it approached the total supply of rubles, R 271.9 trillion). By the end of the year, the government will have to pay off R 244 trillion in GKO's, out of a total emission of R 259 trillion, leaving not more than R 15 trillion net income from GKO's, or less than the monthly state sector wage bill.

Banking investment in the real sector is impossible, in such a self-cannibalizing economy. Yet, in 1997 the government plans to issue another R 360 trillion in bonds, increasing the internal state debt to R 630 trillion (\$120 billion).

The manner of privatization made two-thirds of Russian joint-stock companies unattractive for investment. The stock market is deformed, lacking normal share valuation standards. As a rule, shares are purchased not for income, but to seize control of a company or for resale. The Russian banks are very far from being able to function as significant direct investors. They are, furthermore, hindered by the steadily expanding shadow economy, the clearest indicator of mistrust in the government and the state as a whole. A once unified economic space continues to be fragmented into isolated segments and enclaves with their own surrogate money systems, with no movement of capital among them. The relationship between taxes and investment is broken. Agricultural producers were freed from all taxes, while small businesses got a fiscal holiday, but this brought no growth of production. Everybody escaped into the "shadow."

Investments in industry will get going, only when the cost of credit is lower than profitability in the real sector. So far, this holds only for the financial market, whereas *all* Russian industry may be considered bankrupt by FUDN (Federal Department of Insolvency and Bankruptcy Cases) criteria.

The banks are pessimistic about the prospects for foreign investment. By the end of 1996, it will total only \$2.8 billion, while a minimum of \$60-75 billion is needed.

How can there be effective investment, if Russia's foreign debt service is to equal its borrowing, in 1997 (\$9.2 billion)? Nobody believes in the "stabilization," the arrival of which has been proclaimed. Evidence of this doubt is the continued flight of savings into foreign currency, and abroad. Everybody, from the bag lady to the government, prefers to keep his savings in freely convertible currency, which means investment not in the Russian economy, but in the West.

The other method of insurance against risks in Russia (such as a Great Caucasus War, military coups, or general economic breakdown), is capital flight. In all, from \$700

billion to \$1 trillion of Russian capital, if not more, has fled to the far abroad. In effect, the West is lending to us and investing here, with our own money! And, charging more for it than is paid there on deposits and credits; and, lending us less than what has been received. These figures may even be understated. Nobody has delved into the 100-year history of capital export from Russia in all its forms. During some periods of time, it exceeded our GDP. Nobody has really assessed the size of Russia's shadow economy, or its monetary system, which is now tightly interfaced with the world system. There is, as yet, no desire on the part of this flown capital, to return home and cooperate with the current state authorities, and this has a direct impact on the situation with investments.

The crisis of production

The crisis of investment has caused a further decline of industry and deterioration of its technological structure. In the first eight months of 1996, Russia's GDP fell by 6% from the corresponding period of 1995; it was 43.3% of the 1989 level, which was the last year in which economic growth was registered. In six years, half the industrial capacity of Russia has been destroyed.

It is possible to project year-end declines for 1996 (the figure in parentheses is supplied by *EIR* to express the decline that the 1995 level of output of each product represented from the 1990 level):

- Machine-building: 13%
- Metal-cutting machine tools: 27% (77%)
- Stamping presses: 48% (93%)
- Tractors: 29% (90%)
- Combines: 54% (94.3%)
- Trucks: 12% (61%)
- Refrigerators: 34% (53%)
- Washing machines: 42% (75%)

The gross harvest of grain in 1996 will be 69 million tons, a little more than in 1995 but 34% less than in 1989. The most damaging effect is the continued slaughter of cattle, for lack of feed, as a result of which Russian producers have lost an estimated 16-39% of the domestic market for meat and milk products.

Russian industry is deteriorating. The obsolescence rate has reached 40% in agriculture and construction, 45% in transport and communications, and 50 to 80% in industry. The age of machinery is two and a half times greater than abroad.

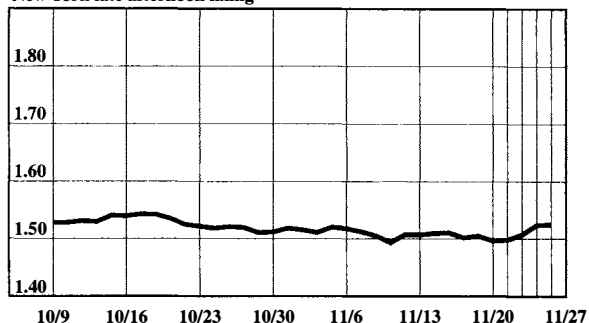
The raw materials and basic processing industries are staying afloat, thanks to exports. As of autumn 1996, 25% of timber and gas, 40% of oil and ammonia, 50% of synthetic rubber, 60% of rolled ferrous metals, 80% of mineral fertilizers and cellulose, and 70-90% of non-ferrous metals production were being exported.

Dr. Makarevich concluded his report, with two more sections: "The crisis in relations between the center and the regions," and "The legal and structural crisis."

Currency Rates

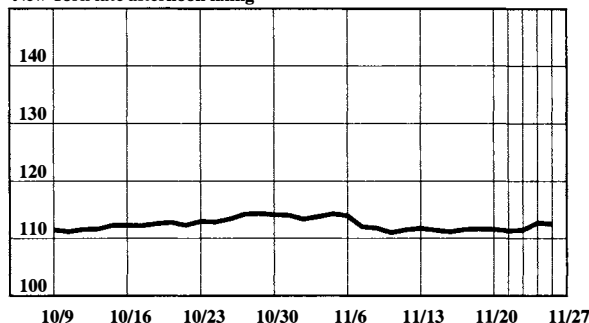
The dollar in deutschemarks

New York late afternoon fixing



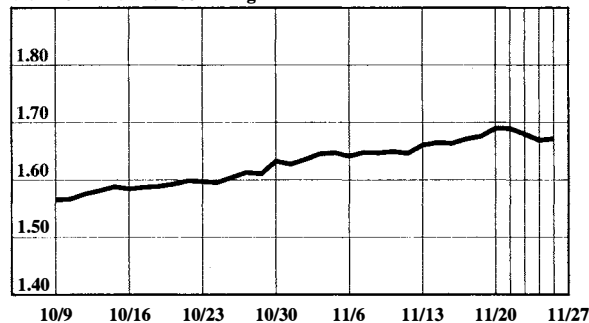
The dollar in yen

New York late afternoon fixing



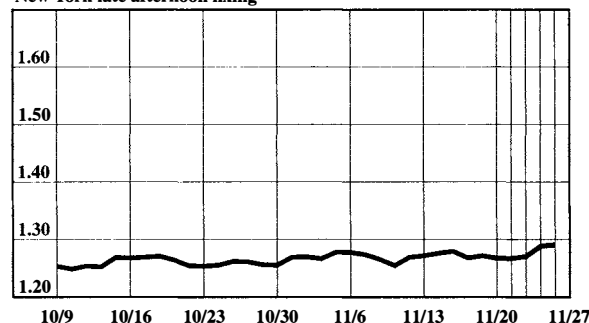
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The Three Gorges Project is China's 'national project'

Qin Zhongyi, vice president of the China Yangtze Three Gorges Project Development Corporation, gave this interview to EIR's Jonathan Tennenbaum and Mary Burdman on Oct. 18.

EIR: In a documentary film on the Three Gorges Project, we saw that a lot of military people are involved in the construction work on the Three Gorges Dam.

Qin Zhongyi: It is just like your U.S. Army Corps of Engineers. In fact, when the General Commander of the U.S. Army Corps of Engineers visited Beijing, he expressed the willingness to participate in the Three Gorges Project. If you have a chance to meet him, please convey my regards and tell him we welcome his contribution.

Qin Zhongyi: When foreigners think about the Three Gorges Project, they mainly think about the large-scale and huge investment in the project. But the reason why the Chinese government made the decision to build this project, is for flood control. According to the 2,000 years of hydrological records we have, 200 big floods occurred in history, so, about once every 10 years. These big floods caused large losses in the middle and lower reaches of the Yangtze River. The smaller floods claimed several thousand lives, while the bigger flood disasters caused tens of thousands of deaths or even more. The biggest historical disaster was in 1870, when more than 300,000 people died. Normally, the floods occurred in years when there was huge rainfall downstream, plus storms in Sichuan province. This year, there was huge rainfall in the downstream area, but fortunately, there were no storms in Sichuan province, so we were lucky. The situation was really very serious.

Therefore, it is just for the reason of flood control that the government decided to go ahead with construction of the Three Gorges Project. Apart from the Three Gorges Project, we have not found any other solution to solve the flood control problem on the Yangtze River.

In other words, flood control is the main purpose for building the Three Gorges Project. But this is not well known in the world.

When the project is completed, the storage capacity of the

reservoir will be 39.3 billion cubic meters, of which 22 billion cubic meters can be used to hold flood water. This makes it possible to effectively control floods. With this huge amount of water, we also get very large benefits for power generation. The total installed power capacity of the project will be 18,200 MW, with 26 units each with 700 MW capacity. The yearly electricity output will be 84.7 billion kilowatt-hours. This will greatly promote economic development.

Besides flood control and power generation, river navigation is another benefit of the project. With the completion of the Three Gorges Project, the navigation capacity will be increased, from 10 million tons, to 50 million tons a year, and greatly improve the navigation conditions from Chongqing to Yichang.

Of course, the Three Gorges Project has other benefits, also. But the main benefits are flood control, power generation, and navigation.

For construction of the Three Gorges Project, it is unavoidable to resettle people. According to our original statistics, our estimate in the year 1993 was that the population that had to be removed was 830,000 people. But now, we estimate that, during the 17 years of construction, the number of people to be moved will increase, so that by the time of completion of the project, by the year 2009, the number of resettled people will rise to more than 1 million. In earlier years, we have obtained many lessons from other projects which involved resettlement issues. So, not just in recent years, but for more than 10 years, we have conducted studies and worked on resettlement for the Three Gorges Project, and we proposed various alternatives for resettlement. Through these studies, we developed a whole set of policies and principles for resettlement.

If you want to know the detailed situation about resettlement, I can invite experts from the Resettlement Bureau. In our country, we specially established an organization called the Resettlement Development Bureau, responsible for resettlement. But I will tell you my personal view.

First, of course, without money, there will be no resettlement. For every yuan spent on the construction of the project, we use another yuan for resettlement. Construction of the Three Gorges Project will cost 50 billion RMB [yuan]. Al-



An artist's conception of the completed Three Gorges Dam Project.

most the same amount is being used for resettlement. Of that, 40 billion RMB come from our corporation, and the other 10 billion will come from various sources, including investment by the government for modernization of industry and environmental improvement.

From the people I have met, I know that most of them are satisfied with being resettled. But there is a minority who are not so satisfied. The main reason why people are satisfied with resettlement, is because their living standards will be improved through resettlement, and also working conditions. I can tell you that some people who are not inside the resettlement area, try hard to move into this area in order to become resettlers and benefit from the policies for resettlement. You can see that resettlement policies are efficient by looking at those people.

EIR: Is there a policy to directly involve resettled people in the activity of building the dam?

Qin Zhongyi: Directly involved in the project are those workers who excavate the sand and work along the river for the project, but the numbers of those people are limited compared to the 1 million people being moved. Once, an American friend asked me a question: What are the criterion, the standards, for resettlement, for the people being relocated? I said that the standards are different. There are people living on farms, and there are people working in factories, and living on a salary from the government, so, for them, the situation is different, the standards are different. Therefore, it is hard to have one standard. We know that the resettlement is the most difficult issue, in relation to considering the construction of the project.

But we have determined to carry out this resettlement work as well as possible; otherwise, we cannot finish the Three Gorges Project construction. [Chinese Prime Minister] Mr. Li Peng and [State Council member and Vice Prime Min-

ister] Zou Jiahua are now having a meeting in Chongqing especially on the resettlement issue. After that, we are going to make more acceptable measures for the resettlement and make it work better.

I would like you to know that the resettlement is something we have to do; we do not like it. But we have to do that; otherwise, the 15 million people living along the river will not have a safe place to live.

We all know that the resettlement is the most difficult issue we are going to face. Some people in America are saying that the Chinese government is using the Army to force those people to move; if we could do so, that would be easy, but we cannot, we just will not and cannot do that.

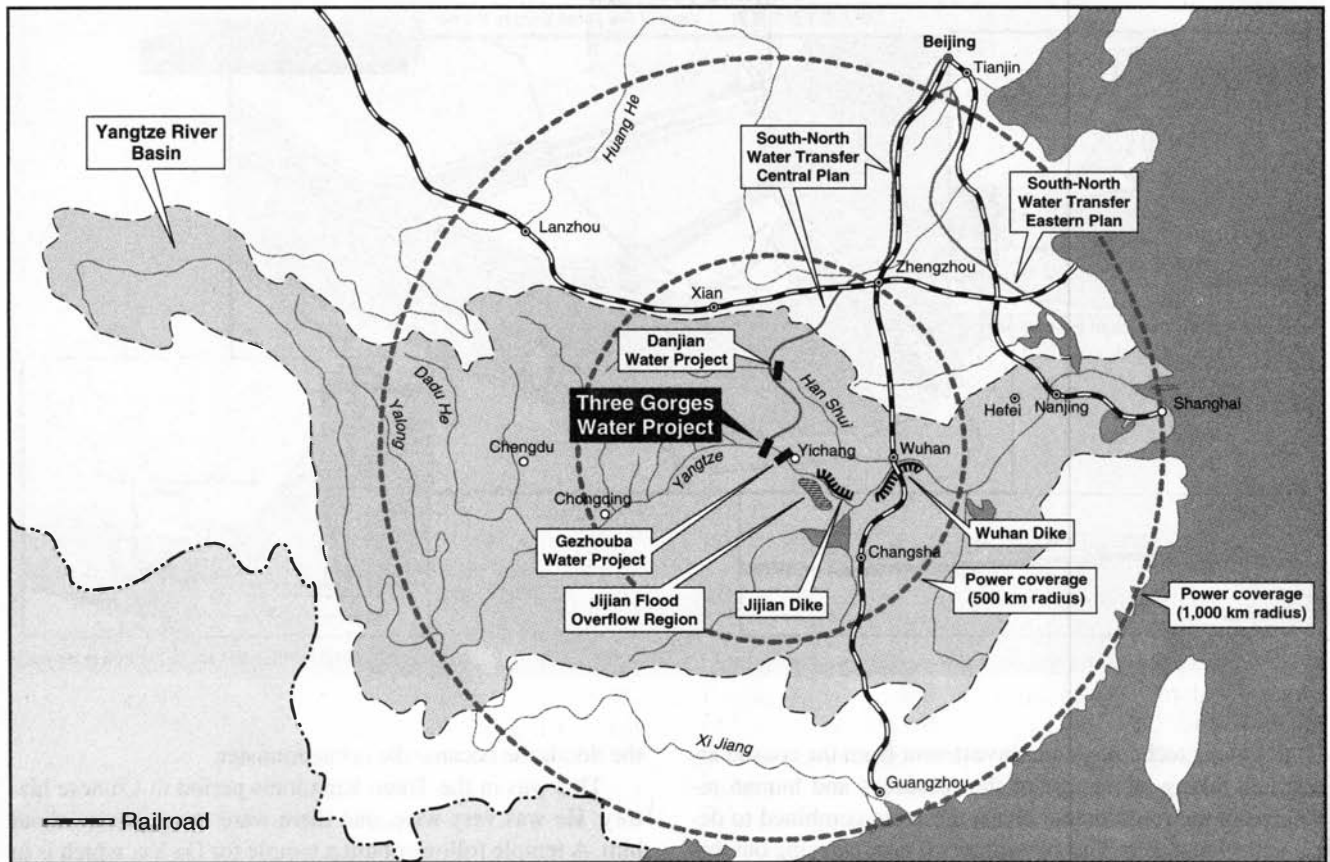
If you come to the resettlement area to interview the local people, you can get various replies from the locals. From the Corporation, we invest about 50,000 yuan per person. This is not just 50,000 altogether, for each person, but to both give them some amount of money as compensation for the removal, while the other part would be about 10-20,000 yuan for infrastructure construction, and maybe 10,000 for the reconstruction of the factories. When these people are asked, "Do you have enough money?" no one would say they have enough.

One Italian interviewed about 50 people in the resettlement area. Most of the people said they were satisfied with the resettlement. Several said they were not satisfied, but that is always the case.

EIR: When you build such a project, it should aid in developing the region where the people are being resettled. Do you have a way to present the positive benefits for the region, of building the dam? For example, in the Tennessee Valley Authority (TVA) in the United States, or other projects, you have cheap electricity, and while it was being built, the construction project was an economic growth factor. In China,

FIGURE 1

How the Three Gorges Dam works with China's water and rail, and power infrastructure



are you connecting the resettlement policy to that, or are you treating them separately?

Qin Zhongyi: From the government's point of view, they put the construction of the Three Gorges Project into the whole country's economic development. However, from the project resettlement itself, there is Sichuan province, where the majority will be resettled, and Hubei province, where there will be many benefits from the project, so it is difficult to make a balance between the two provinces.

The government is now considering putting Chongqing city [now the capital of Sichuan] directly under the central government, as Beijing is administered. Then, the resettlement will be concentrated in the Chongqing area, and from that point of view, it will promote the regional economic development.

EIR: *EIR* has just written a German-language study on the Eurasian land-bridge, in which we elaborated the idea of the development corridor. The idea is to use the transport lines, together with energy, water, and communications, to create an area with very big benefits for any kind of economic activity.

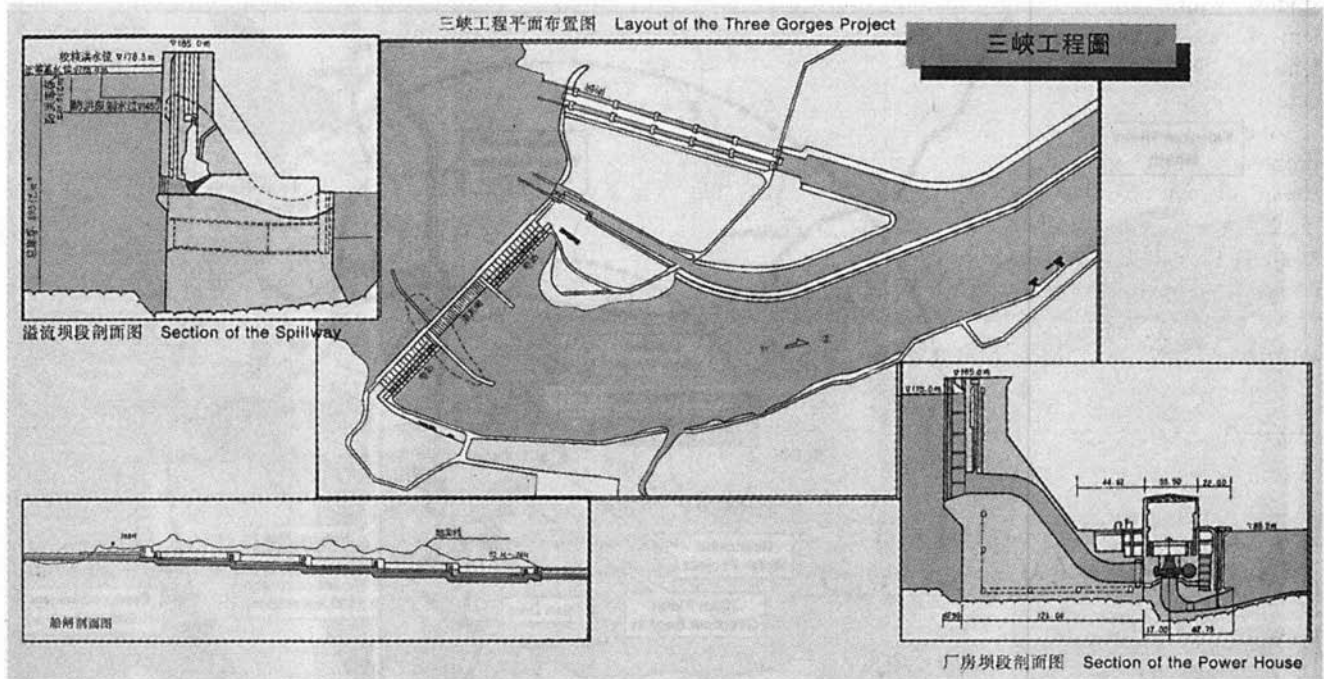
These would include corridors centered on railroads, and along the major rivers. Is this your policy for the Yangtze River?

Qin Zhongyi: In the past 18 years, after we carried out the open policy, the economic development of the coastal areas proceeded in a very fast way. Now the government has decided to develop the Yangtze River area, coordinating the development of eastern, central, and western parts of the country. The Three Gorges Project construction will be very important in this as a whole. The Three Gorges Project is going to provide electricity for the central and eastern parts of the country, and also improve navigation along the Yangtze River; and, also, those counties and cities along the coastal areas are being asked to support the resettlement areas on a one-to-one basis—one coastal city to support one resettlement area.

Also, the government, to set up the factories and projects for the resettlement areas, gave the coastal cities and counties special policies to set up factories and make investments in these areas, to promote the economic development along this area.

FIGURE 2

A closeup view of the Three Gorges Project



By using technology and investment from the coastal areas, and taking advantage of the resources and human resources in the resettlement areas, these are combined to develop the local area. The government is now carrying out this work. Several of the sub-projects have already been started.

Some provinces and cities, such as Haikou, Shanghai, and Xiamen, are going to hire the human resources from the resettlement areas, to their provinces and cities, and I think that we are fully confident that we can make the resettlement a successful one. I believe that only in China we can make it, although in the U.S. you have much more economic strength.

I am going to talk on the environmental issues, since this is drawing concern from all over the world. I am going to give you my personal views. You have mentioned that, outside China, people think that Three Gorges violates the environment, but we believe that it is going to benefit the environment.

In China, we have two ecological problems: One is the drought in the northern part of China, and floods in the southern part. From this point of view, this is the key project to solve the flood problem in southern China.

In Chinese history, there is a person called Da Yu, who has done great work for flood control. One of my American friends said that, without Da Yu, you Chinese people would be like fish under water!

The father of Da Yu failed to control the floods, and was killed by the emperor. Because Da Yu successfully controlled

the floods, he became the prime minister.

This was in the Three Kingdoms period in Chinese history. He was very wise, and there were many stories about him. A temple follower built a temple for Da Yu, which is in the area of the Three Gorges Project, and you can visit the site today.

I tell this story, because I think that Chinese history is a history of controlling floods. Although Da Yu was really a great man in history, he did not finish the control of the Yangtze River floods. The president of our Corporation, Mr. Lu Youmei, said that maybe in the future, people may make a temple to him, because he successfully controlled the floods of the Yangtze!

Second, you know that in the Yangtze and Yellow rivers, the sedimentation problems are getting more serious. In the upstream reaches of the Yangtze River, because plant cover has been destroyed, there are more and more floods, more and more silt is flowing into the rivers. In the Yangtze, one ton of water contains 1.2 kilos of silt; in the Yellow River, it is 32 kilos of silt. With the completion of the Three Gorges Project, sedimentation control will be easier, it will be good for control of the sedimentation. In China, the farmland is limited, and the silt lost is a loss to our farmland.

EIR: Do you also have reforestation programs?

Qin Zhongyi: Yes, there is a program for re-planting along the banks of the Yangtze River. Of course, that will take time,

not just one or two years to finish it.

On the environmental issues, we have conducted many studies on almost all issues relating to environmental problems. We know that the project will have environmental problems. We are fully aware of that, and we are going to take care of them.

We know there are some aspects relating to environmental problems, such as that some fish are really endangered, and we are going to take care of that. For example, the Gezhouba project has been finished. It is 40 kilometers downstream. With the Gezhouba project, we had a problem relating to the Chinese sturgeon. They have a special way of life. They spawn in the upper part of the river, and the small fish swim down to the East Sea, and then return upstream to spawn. That

is their life cycle. Because we closed the river with the dam, this fish cannot return upstream to spawn. We carried out a study of the sturgeon, and now artificially breed the Chinese sturgeon. Now we have solved the problem, without endangering the species.

We have learned that this is a proper way to treat this sturgeon, because we have successfully artificially bred the fish; but the environmentalists claim that this sturgeon is not the original sturgeon—they say that, it is just like a monkey you keep in a cage. I say that we have no way to avoid doing that; otherwise, we would have to put ourselves in a cage.

[Archeological excavations ongoing in the Three Gorges region of the Yangtze River have unearthed at least 10 important relics of ancient Chinese culture. Most of the tombs, build-

What the Three Gorges Project will accomplish

The Three Gorges Project is being built by the China Yangtze Three Gorges Project Development Corporation, a state-run enterprise directly under the State Council of the People's Republic of China. The Chinese National People's Congress made the final decision to build the Three Gorges Project in April 1992. In the low-water period during 1993-94, the Phase I coffer dam was completed, and excavation for the diversion channel begun. In December 1994, the main job, concrete placement, was launched, beginning the construction of the project itself. The planned overall construction period for the main project is 17 years. The navigation structures and first group of units are to be inaugurated in the eleventh year of construction. Total cost of the project is estimated at 50.09 billion yuan (roughly \$6 billion), in 1993 values.

When completed, the dam will be 2,354 meters long, and its maximum height will be 175 meters.

The project is located on the Yangtze River, which, at 6,300 kilometers long and with an annual water runoff of some 960 billion cubic meters, is China's largest river and the third largest river in the world. The project site is at Sandouping, in the middle section of the Xilin Gorge, below which the river flows into a broad alluvial plain, where the slower-flowing water deposits the silt brought from upstream, creating a serious danger of floods in this Jingjiang section of the river. The vulnerable area is inhabited by 15 million people. Because the reservoir will inundate about 28,750 hectares of land, it will be necessary to relocate up to 1 million people from 19 counties and cities in

Sichuan and Hubei provinces. Most will be resettled in areas of their home counties. The *Implementation Program of the Three Gorges Project* states that "it is proper that the development-oriented resettlement policy is adopted, instead of the compensation operation of the past, i.e., the resettlement should be combined organically with economic development of that area."

Flood control: Currently, in the Jingjiang section of the Yangtze River, protected by dikes, flood control capacity is only about 600-700,000 cubic meters, which is insufficient. Sufficient expansion of control capacity through extension of the dikes is impossible. When completed, the Three Gorges Project reservoir will have a total storage capacity of 39.3 billion cubic meters, with flood control storage of 22.1 billion cubic meters.

Flood disasters regularly strike the Yangtze Valley. In 1870, some 300,000 people were drowned; subsequent floods killed 145,000 people in 1931, 40,000 in 1954, and 30,000 in 1959.

Electricity: The Three Gorges Hydropower Station, when completed, with a total installed capacity of 18,200 megawatts, will be the largest hydroelectric project in the world. Power houses, consisting of 26 units, will be located on both the right and left sides of the dam spillway. It will generate 84.7 billion kilowatt-hours a year, the equivalent of burning 50 million tons of raw coal, and transmit 2,000 MW a year to Sichuan province, and 8,000 MW to eastern and central China.

Navigation: The project includes construction of a double-lane, five-step flight lock and one-step vertical shiplift. When the project is complete, 10,000-ton boats will be able to sail upriver to the city of Chongqing from Wuhan. Annual shipping capacity on the Yangtze will increase to 50 million tons, up from the current 10 million tons, and transport costs will be cut 35-37%.

ings, and stone records that will be submerged by the reservoir, will be either removed or reproduced. The Project Corporation has proposed creating an agency to oversee and expand excavations in the area.]

In the excavations, we have found that the Yangtze is also a cradle of the Chinese nation. The archeologists have found evidence of human activities 6,000 years ago. They even believe that the Yangtze is the mother of the Chinese nation, and the Yellow River is the father of the Chinese nation. With this Three Gorges Project, you are finding your mother river, so what is the environmentalists' complaint?

EIR: Is the course of the Yangtze River very stable?

Qin Zhongyi: For about 500 million to 600 million years, the Yangtze has been stable in this course, but the Yellow River changes course very frequently.

EIR: Could you explain the technical challenges of this project?

Qin Zhongyi: I should say that construction of the dam itself, is a challenge to us. For example, the 4 million cubic meters of concrete placements is one of the challenges. Up to now, there is no previous project of 4 million cubic meters, in the world. This poses difficulties because the construction volume is so big.

EIR: Is there a problem, qualitatively different, from building a smaller dam?

Qin Zhongyi: When the quantity changes a certain amount, then the quality changes. But in the Second World War, Generals Montgomery and Eisenhower experienced many small battles, to become generals. With such a big volume for construction, we have consulted many experts in the world, but they could not give us the solution. We have to accept the challenges, of constructing these 4 million cubic meters of concrete.

The other is the sedimentation problem. You may imagine, with the levels of sediment in the river, it will fill up the river bottom, which would prevent the project from working. So we have conducted lots of tests in the experimental phase, to study this, and we have finally found a way to resolve this problem.

EIR: What is that?

Qin Zhongyi: Conceptually: For the regulation of the reservoir, we have a mode to store the clean water, and release the muddy water. Our engineering has designed the dam, with lots of outlets to release the silt at different levels. With these measures, we can retain 90% of the storage for 100 years. After that, this storage will be stabilized.

We have lots of experts who are very experienced in sedimentation control; they have been involved in studies for the Three Gorges Project, and worked out a way to solve the problem. For studying the sedimentation, we have done more

than 10 years of studies, and set up large-scale physical models in Beijing, Nanjing, and Chongqing to study the hydrodynamics of the way the sedimentation works, by simulation on a big scale.

I have given several examples to explain the environmental issues. My point of view, is that the purpose of the construction of the Three Gorges Project, is the same as environmental improvement. We know that issue is very difficult, with a lot of work that needs to be done, but we welcome experts to give us comments and suggestions to enable us to finish the work in a successful way. But China is still a developing country, with only small means to mitigate the environmental problems. To avoid them, would mean lots of money. This is also a problem for us.

I know that on a tributary of the Mississippi River, called the Missouri River, there is a project, Mt. Rushmore, where there are statues of four Presidents carved into a mountain. In China, we also had Presidents, or political leaders, who also supported the construction of the project. Although Chiang Kai-shek and Chairman Mao Zedong fought each other politically, on the issue of construction of the Three Gorges, they had the same idea. As did Sun Yat-sen. If you Americans were born in China, you would also have to build the Three Gorges Project!

I call the Three Gorges Project, the "national project," because it is so important for the economic development of China and for making the country prosper.

I believe that this construction project and two others, on the Jingsha Jiang River, upstream from the dam, will benefit China and the whole world, because with these three projects, we will reduce the consumption of 100 million tons of coal, which will have great improvement for the environment. If you do not want China polluting the environment by burning 100 million tons of coal, you have to support the building of the Three Gorges dam.

EIR: In your view, what is the difference between building this project in China, and building projects in the United States?

Qin Zhongyi: You are in a different economic development stage, and your government would not even approve this project. This project was first investigated jointly by American and Chinese engineers in the 1940s. But the corresponding projects in America were all finished in the 1950s; you do not have the need to build such projects in the U.S. at this time; they were done already. But in the 1940s, the conditions for building the Three Gorges Project did not exist in China. So, we could not finish it in the 1950s, but you finished your projects in the 1950s.

Without the construction in the 1950s of the Grand Coulee dam, the city of Portland, downstream on the Columbia River, would be submerged by water, by floods, for sure. This is the information I got when I visited the Grand Coulee this year. But these Greenpeace people, they do not want to see that it

is thanks to the construction that was done in the 1950s, that their cities now benefit.

EIR: Mr. LaRouche, the founder of *EIR*, stresses the importance of the tradition of Franklin Roosevelt, in the face of the economic and financial crisis today. Roosevelt helped solve the economic crisis of the 1930s by building these kinds of projects, including the TVA. During the 1940s and later, the TVA people went all over the world discussing water projects.

If China succeeds in this project, it will become a world model, as was the TVA. Many countries need water projects, such as India and Bangladesh, for example, and it can be a very positive signal, to show that a developing nation like China can do this successfully, and maybe the know-how can be used to the benefit of other countries. I would like to know what you think about that.

Qin Zhongyi: The first drawing of the Three Gorges Project was made by a Mr. Savage, an engineer in the U.S. Bureau of Reclamation. For sure, we need to learn from the experience of American colleagues. In May this year, I visited Washington and delivered a speech in a conference, and the closing sentences of my speech were: "China, in developing, needs the world, and the developing world needs China also. China is now on its way to develop and China needs the world. The world, in developing, needs the development of China!"

I believe that, after Mr. Clinton wins the election, he will change his viewpoint toward China and the Three Gorges Project.

This also involves the benefits for many businessmen in the United States. We also, in turn, welcome first-class experience, services, and equipment to be involved in the Three Gorges Project.

EIR: What is other countries' involvement in the Three Gorges Project?

Qin Zhongyi: There are many companies from various countries that have been involved in the project, such as Germany, France, Japan, Russia, the United States, and Canada, but this only refers to the equipment we have purchased.

EIR: In the case of Russia, what equipment?

Qin Zhongyi: The trucks—the very big trucks. In the 1950s, they participated in designing the Three Gorges Project, so they have provided lots of consulting services. We use advice from all around the world to construct this project, so we welcome people from all walks of life to participate in the project.

EIR: Are these subcontractors, companies who come and work, or are these simply suppliers of equipment?

Qin Zhongyi: Up to now, for the civil construction, the subcontractors from other countries are not so competitive as local contractors, so mostly they supply equipment and services.

Beijing celebrates legacy of Sun Yatsen

by Mary Burdman

The national government of China held an extraordinary celebration of the 130th birth anniversary of Dr. Sun Yatsen on Nov. 12, when Chinese President Jiang Zemin gave a speech in which he praised Dr. Sun, who led the overthrow of 2,000 years of autocratic monarchy to found the Republic of China in 1911, as "an outstanding patriot and a national hero." Some 10,000 people, including most of the national leadership of China, gathered in the Great Hall of the People, the national Parliament in Beijing, for the celebration.

Dr. Sun has been honored in the People's Republic of China as the great revolutionary of 1911, but this celebration marks a new departure, in recognizing Sun's unique contribution as an economist, patriot, and forerunner of the Chinese government's present grand design for the economic development of China and other nations (see *EIR*, June 14, 1996).

An editorial in the national newspaper the *People's Daily* on Nov. 11, stated that "there are only a few years left in a century which began with the 1911 revolution, led by Dr. Sun Yatsen. The Communist Party of China is now taking measures to carry out a grand project that will go beyond this century, in an effort to boost the economic construction, and promote an overall development of society."

The celebration was chaired by Li Ruihuan, Communist Party Politburo leader and chairman of the National Committee of the Chinese People's Political Consultative Conference; other senior officials attended, including Vice-Premier Zhu Rongji, Politburo member Hu Jintao, and Vice President Rong Yiren. Prime Minister Li Peng was abroad. Sun Yatsen's great-grandson Leland Sun, and other relatives, were guests. The chairman of the Central Committee of the Revolutionary Committee of the Chinese Kuomintang, He Luli, and Cai Zimin, chairman of the Central Committee of the Taiwan Democratic Self-Government League, also spoke.

The international development of China

A few historical background points are necessary, to understand the significance of the speech by President Jiang, and other acts to honor Sun in China.

Sun Yatsen's policy for China, as he wrote in his 1921 book *The International Development of China*, was always put in the international context. Sun wanted to transform the nation, using the most advanced technologies available, into a modern industrial state. He called for building 160,000 kilometers of new railways, 1.6 million kilometers of new, paved



Dr. Sun Yatsen (1866-1925) is being hailed as the forerunner of Beijing's present grand design for economic development.

roads, and many new cities, including two new "Grand Port" cities the size of London and New York. China's hinterlands were to be colonized and developed. But at the same time, Sun's purpose was to eliminate what he understood, already then, to be the economic roots of a new world war. In the introduction to *The International Development*, he wrote: "The recent World War has proved to Mankind that war is ruinous to both the conqueror and the conquered, and worse for the Aggressor. What is true in military warfare is more so in trade warfare. I propose to end the trade war by cooperation and mutual help in the Development of China. This will root out probably the greatest cause of future wars. The world has been greatly benefitted by the development of America as an industrial and commercial nation. So a developed China, with her 400 millions of population, will be another New World in the economic sense."

Sun Yatsen's political policy was also international. His program for China, the "Three Principles of the People" (Nationalism, Democracy, and People's Livelihood), was inspired by Abraham Lincoln's dedication to "government of the people, for the people, by the people," in his Gettysburg Address. However, the post-1901 United States, run by the likes of anglophile President Teddy Roosevelt and his successors, did not give the Republic of China the political and economic support so essential to its survival. Sun, however, who had also supported the opponents of Tsarism in Russia, wanted to collaborate with nations that backed his revolution. He welcomed the October 1917 revolution in Russia, and in 1920, the new Soviet Union became the first nation to restore to China all territory that had been seized by the Tsarist regime, and to renounce the abhorred privilege of "extraterritoriality." While

both the British and American governments had pledged to take such measures after 1911, neither had fulfilled these pledges. Such lack of action had contributed to the de facto division of China, in which Sun and his republican forces' government were forced to retreat to southern China, while warlords dominated the north, including the officially recognized Beijing government. In contrast, Russian aid was considerable; in 1924, Sun stated, "The only country that shows any signs of helping us is the Soviet government of Russia."

Speaking to American journalists soon after Sun's death in March 1925, Chiang Kaishek, later generalissimo of China, told them: "We never know where we are with America. Just where the British stand we do know. They are opposed to our ideas and we do not like it. With you, however, we were mystified. You speak kindly but you do not act."

It had been at the First National Congress of Sun's political movement and National People's Party, or Kuomintang, in January 1924, that members of the Chinese Communist Party were admitted as members of the KMT.

'Invigorating China'

Jiang Zemin, who is also the general secretary of the CPC Central Committee, noted Dr. Sun's relationship to Russia and to the Communist Party of China during the early years of the Chinese republic. Jiang cited Mao Zedong saying in 1956 that "China should make relatively greater contributions to mankind." The reference to a speech by Mao in 1956, is interesting. In this period, prior to the later disasters of the Great Leap Forward and the Mao-backed Cultural Revolution, one group in the CP leadership, including Liu Shaoqi, Deng Xiaoping, and Chen Yun, had a national development policy, which resulted in the industrialization of northern China in cooperation with the Soviet Union. The Cultural Revolution, launched in 1966, was a brutal factional struggle to destroy this group. But since 1978, after the overthrow of the Maoist Gang of Four in 1976, the "grand project" tradition has gained more and more ascendancy in the People's Republic. This is the history Jiang Zemin is emphasizing.

"Sun developed the earlier Three Principles of the People (Nationalism, Democracy, and People's Livelihood) into the new Three Principles of the People," Jiang Zemin stated. "He pursued the 'Three Major Policies' of alliance with Russia, cooperation with the Communists, and assistance to the workers' and peasants' movements, got the Kuomintang and the Communist Party to cooperate, and pushed for an anti-imperialist, anti-feudalist democratic revolution. Comrade Mao Zedong praised the new Three Principles of the People and the united front policy formulated by Dr. Sun Yatsen, calling them his 'greatest contribution to the Chinese nation.' . . .

"Today, in cherishing the memory of Dr. Sun Yatsen's historical merit for China's democratic revolutionary cause and his glorious life, dedicated to reforming China, we are filled with a feeling of profound reverence.

"Dr. Sun Yatsen regarded Chinese Communists as his

good friends, and Chinese Communists have always been staunch supporters, cooperators and successors of Sun Yatsen's revolutionary cause.

"Since his death, Chinese Communists have carried out his unfulfilled wish. . . .

"We can comfort Dr. Sun Yatsen by saying that the goal of invigorating China he sought all his life and the prospects of a modern China that he had in mind are bit by bit becoming a reality that has even exceeded his expectations in many ways.

"Dr. Sun Yatsen left the Chinese nation and the Chinese people many valuable ethical assets, particularly a rich legacy of patriotic ideas, revolutionary will, and an enterprising spirit—a heritage that is worthy of our efforts to always learn, inherit and carry forward.

"He was the first to voice the resounding slogan of 'revitalization of the Chinese nation,' at a time when China was in dire straits, with extreme poverty, and a foreign invasion.

"He raised a resounding slogan that 'construction is the sole purpose of revolution' and explicitly mapped out the blueprint of a China with modern industry, transportation, and agriculture in such works as *Outlined Plan for Building a Nation*, which showed his superb understanding and great boldness of vision for China's future development.

"Dr. Sun held that China should resort to a 'concept of openism' and should 'learn from strong points of other countries' if it wants to catch up with or even surpass the economically developed countries in the West.

"Meanwhile, he emphasized, 'if the right to development is held in our own hands, we shall survive, and if it is held in the hands of others, we shall perish.'

"He stood squarely for the safeguarding of state sovereignty and national unity, and in opposition to any action that attempts to divide the nation, claiming that 'the unity of the nation is the wish of all the Chinese nationals. Once reunification is achieved, the people of China would enjoy happiness and, if reunification cannot be accomplished, they would suffer.' . . . Today, when we want to build our motherland into a socialist, modern state with a high degree of prosperity, might, democracy, and civilizations, we likewise need Dr. Sun Yatsen's indomitable revolutionary spirit, fearless of any hardships and dangers.

"Dr. Sun Yatsen pursued the truth and continued to make progress all his life. It is impossible for any great figure, no matter how great, to be freed from the limitations of history, and Dr. Sun Yatsen also had his limitations. But, he was adept at learning from practice, including learning from lessons of failure, and never stopped his steps in the exploration of advancement. Because of this, he could 'adjust to the tide of the world, and adapt to people's needs,' and became a great forerunner of the Chinese democratic revolution.

"At a time when mankind is on the threshold of a new era and in the great cause of our party in leading the people across China in their reform and opening-up and modernization drive today, it is especially important that we need all the

more to earnestly learn from and vigorously promote the spirit of Dr. Sun Yatsen's noble spirit, which progresses along with the advancement of the times.

"Seventy-two years ago, Dr. Sun Yatsen said: 'If China becomes strong and powerful, we will not only resume our national status, but will take on a big responsibility for the world,' and forty years ago, when commemorating the 90th anniversary of the birth of Dr. Sun Yatsen, Comrade Mao Zedong pointed out that, 'China should make relatively greater contributions to mankind.'

"After the reforms and opening-up were launched, Comrade Deng Xiaoping also noted that China should 'make bigger contributions to all of mankind.' . . .

"Our country has become increasingly stronger and more powerful, and our society is progressing daily. We sincerely hope that the people of all ethnic groups throughout the country, patriots on both sides of the Taiwan Straits and all patriots, both at home and overseas, who respect Dr. Sun Yatsen and hold him in high esteem, will unite still more closely and work hard for the prosperity and might of the motherland, for the great cause of the motherland's reunification, for the maintenance of world peace and for common development, so as to enable the motherland to make still greater contributions to mankind."

Memorials to Dr. Sun

The commemoration of Dr. Sun will continue. On Oct. 30, it was announced that the Sun Yatsen Memorial Hall, which is part of the national monument and park, including the former Imperial Palace and Tiananmen Square, in the heart of Beijing, is now being opened to the public three days a week, for the first time since 1949. The hall will show an exhibition including 120 photos, and calligraphy and charts of Dr. Sun Yatsen, to show his political career from November 1924, when he came to Beijing, to April 1925, when he died. His body lay in state at the hall.

Until now, the public was only admitted to the beautiful park surrounding the hall, where there is a statue of Dr. Sun. The hall, formerly the Ming Dynasty Hall of Worshipping the Altar of Land and Grain, was built in 1425, and is one of the best-preserved old structures in Beijing.

In addition, the historic Whampoa Military Academy in Guangzhou, capital of south China's Guangdong Province, has been restored and opened to the public. The Academy, founded by Dr. Sun as the training school for officers of the National Revolutionary Army on June 16, 1924, was destroyed by Japanese warplanes in 1938. Both Nationalist leader Chiang Kaishek and Communist leader Zhou Enlai were trained there. In Wuhan, the old Chinese cruiser *Zhongshang* will be salvaged and repaired, also in honor of Dr. Sun. The ship, sunk by Japanese planes in 1938, will be part of an exhibition center, which will "highlight events involving patriotic Chinese generals and soldiers and significant historic events between 1840 and 1949."

The wrong program for the wrong reason

by Marsha Freeman

In January 1997, President William Clinton will convene a bipartisan summit at the White House, on the future of the U.S. space program. He announced the summit on Aug. 7, in response to the excitement generated by news that day that scientists believe there may have been life on Mars. The increased interest in planning for future manned trips to Mars, spurred on by both the possibility that there may have been life there, and the fact that the United States is launching two unmanned spacecraft to Mars this year, has thrust into the limelight a proposal called "Mars Direct," by former Lockheed Martin aerospace engineer Robert Zubrin. This proposal, which would skip the steps of building the space station and of developing more advanced transportation systems and new technologies, in order to "save money," is the wrong approach to exploring Mars, for many reasons, including the fact that it would dramatically increase the risk to the crew.

This ill-conceived proposal for "quick and dirty" manned trips to Mars, which could supposedly be "sold" to Congress because they could be done cheaply, has been promoted by Zubrin in space magazines over the past few years. But, since the August announcement of the possibility of life on Mars, it has become the object of national media attention. For example, the NBC-TV "Today" show featured Zubrin on Sept. 20, and that week's cover story of *Newsweek* magazine included coverage of his proposal.

Zubrin's "Mars on the cheap" has also garnered a certain amount of political support, specifically from House Speaker Newt Gingrich, who has encouraged Zubrin to pursue his dream—with the proviso, of course, that this not be a "corporate welfare" program, but be done by the private sector.

The reason there would be any resonance in the scientific and technical community for such a flawed proposal at this time, is the lack of any long-term goals for the manned space program. Space enthusiasts had taken as genuine President George Bush's announcement in July 1989, at the 20th anniversary celebrations of the Apollo 11 Moon landing, that the United States would return to the Moon and go on to Mars. But without major changes in economic, social, and

strategic policy, such a proposal was a chimera.

The Congress was then still debating whether the United States should build a space station in Earth orbit, much less plan manned missions to anywhere else. President Bush had no intention of vectoring advanced U.S. science and technology capabilities to colonizing the Solar System—he was gearing his administration, and U.S. "high-technology" capabilities, toward wars against developing countries, such as Panama and Iraq.

Neither President Kennedy, who initiated the lunar program, nor the space visionaries who brought it to fruition, considered Apollo to be the end of space exploration, but just the beginning. Space mission planners have been enumerating the follow-on steps to the Apollo program periodically since the first lunar landing in 1969; but no President since Kennedy has made the commitment to accomplish long-range projects in space.

This has led to the mistaken notion on the part of demoralized partisans, such as Zubrin, that a bold, exciting space program could only be "sold" to politicians in Washington if it could be done in a decade (like the Apollo program), and if it did not cost "too much."

Dramatically increased risk

The initiators of "Mars Direct" readily admit that their plan would entail higher risk to the crew than any previously considered manned mission. Advocates say that no new technology would need to be developed, and claim that for less than \$50 billion, over ten years, the first men could plant their feet on the soil of Mars. This mission would supposedly be an order of magnitude cheaper than Mars missions proposed by NASA, aerospace industry contractors, and mission designers, because it would require neither space infrastructure (such as a space station or lunar base), nor the research and development required for new technologies. The basic idea is to use a 1960s Saturn V booster to send a small crew to Mars directly, the way we sent astronauts to the Moon.

Instead of sending large spacecraft, which Zubrin describes as on the "Battlestar galactica" scale, he proposes that small spacecraft, which have been likened to tuna cans, be used: The crew will only take enough fuel with them to reach Mars—not to return. Before they arrive on Mars, a robotically operated factory will process the Martian atmosphere and produce the fuel for their return trip.

In today's real world, in which the NASA budget is projected to *shrink* in current dollars by the turn of the century, it doesn't matter how "little" a manned Mars mission would cost: NASA does not even know if it will have the resources to fly the Space Shuttle.

The conservative revolutionaries in Congress and elsewhere say they have a solution to the problem of maintaining a space program within a disappearing NASA budget: privatize. Pro-technology free-marketeer Arthur Robinson has pro-

posed, in his *Access to Energy* newsletter, in which he supports the “Mars Direct” proposal, that any NASA Mars program would be a “30-year welfare program for a generation of bureaucrats.”

Because Zubrin’s proposal is based on using only existing technology, Robinson asks: “Would it not be better to use private enterprise?” Indeed, Zubrin’s original collaborator at Martin Marietta, David Baker, has given up on a government-supported Mars mission and thinks private enterprise will raise \$40 billion, according to the April/May 1995 issue of *Air & Space* magazine.

In an article in the November/December 1996 issue of the Massachusetts Institute of Technology’s *Technology Review*, titled “Mars on a Shoestring,” Zubrin reveals where some of his worst ideas have come from. He recounts that in the summer of 1994, he was “invited to dine with Rep. Newt Gingrich (R-Ga.) and some of his staff to explain my ideas about Mars exploration.” The House Speaker was enthusiastic, but proposed that it be done “in a more free-enterprise kind of way than just gearing up the NASA budget to go to Mars.”

Zubrin later met with Jeff Eisenach of the Progress and Freedom Foundation, Gingrich’s think-tank, and out of this collaboration came the proposal for the government to post a \$20 billion prize to be awarded to the first private organization to successfully land a crew on Mars and return it to Earth!

A more imaginative “alternative” to the budget crisis in the space program was put forward by longtime anti-manned-spaceflight scientist James van Allen, who suggested in 1994 that the new Republican Congress sponsor a “Lilliput initiative.” “It is rumored,” he wrote in a letter to the editor in the Dec. 12, 1994 *Aviation Week*, “that the incoming Republican leadership of the Congress will urge NASA to negotiate a personal services contract with the foreign ministry of Lilliput for flight crews of miniature astronauts. The Lilliput initiative, if successful, will permit drastic reductions in the sizes and costs of shuttles and the international space station, thereby eliminating the most conspicuous and embarrassing exception to the ‘faster, cheaper, better and smaller’ mantra of the U.S. space agency.”

But, more important than the pragmatic considerations that make “Mars Direct” a pipe dream, the outlook behind such a “quick and dirty” Mars program, which Zubrin has elaborated since first presenting his proposal in 1990, could not inspire a nation to take on the great challenge of colonizing new worlds. It never has in the past.

‘Yankee ingenuity’ and Mars

In the September-October 1994 issue of *Ad Astra* magazine, Zubrin posits that Mars is the new frontier for America, as the West was in previous centuries. He quotes historian Frederick Jackson Turner, who proposes that the American “intellect” and “soul” were shaped by the frontier and are characterized by “that coarseness of strength combined with

acuteness and inquisitiveness; that practical, inventive turn of mind, quick to find expedients; that masterful grasp of material things, lacking in the artistic but powerful to effect great ends; that restless, nervous energy, that dominant individualism, working for good and evil.” These may be characterizations of television cowboys, but are not the outlook that enabled us to get to the Moon.

It was the conception of the endowment by God of the capacity for creativity in man, developed during the European Renaissance, not nervous energy or pragmatism, that created the philosophy, science, technology, and motive force for the great Age of Exploration which, in turn, created America. (See, for example, “Henry the Navigator and the Apollo Project that Launched Columbus,” by Timothy Rush, in the Summer 1992 issue of *21st Century Science & Technology*). Actually, Zubrin is familiar with this history, because he was both a contributor to, and reader of *Fusion* magazine, and a subscriber to *EIR*.

Zubrin correctly states that “free societies are the exception in human history.” But, he says, they “have only existed during the four centuries of frontier expansion of the West,” and “the frontier opened by the voyage of Christopher Columbus is now closed.”

But, it was not the closing of a physical frontier that produced the “human misery” that Zubrin notes this society is moving increasingly toward. There were just as many evil policies promoted by the British oligarchy in this country during the 400 years of its exploration and settlement, as there are today. The frontier was not what determined the path the country would follow; it was the struggle to make the idea of progress the organizing principle of society, through the development and contribution of each and every individual.

The space science driver

In his *Ad Astra* article, Zubrin observes that “anti-human” and “pathological ideologies” are a great threat to humanity. “Malthusianism is scientifically bankrupt,” he argues. The alternative, Zubrin states, is to “create resources by the development of new technologies that find use for them. The more people, the faster the rate of innovation.” His recognition of this truth makes his call for a manned mission to Mars based on off-the-shelf technology, all the more contradictory.

Economist Lyndon LaRouche has developed the only scientific method by which an economic policy can be judged. The key criterion is an increase in the relative potential population-density of a society. The pathway to greater human capabilities is through breakthroughs in science that create new technologies that redefine man’s relationship to nature on a higher and higher level.

Throughout history, the major impetus for developing revolutionary new technology has been war. The Apollo program was the greatest *peacetime* mobilization of science and technology. Meeting the challenges of this radically different

space environment required new materials, industrial processing techniques, machine tools, medical equipment, advanced energy technologies, and a level of education new to America's children.

Studies by Chase Econometrics and other institutions have estimated that for every \$1 invested in the Apollo program, \$10 in new economic activity was generated. LaRouche has estimated that sending men to Mars will "increase the average productivity of labor by at least tenfold over the coming 30 to 40 years," through the new technology the effort will require. He insists that investment in space exploration does not *cost* anything. It is not a budgetary expense, but a relatively minuscule *investment*, which provides the returns to the economy that create growth.

Mars is not the Moon

Proposing to go to Mars using a chemically propelled 1960s Saturn V launch vehicle contradicts the admirable agitational effort Zubrin engaged in over several years, which he has since jettisoned, for the development of nuclear fission and fusion technologies for space propulsion and other applications.

In *Ad Astra* in June 1991, Zubrin said that first generation chemical space transportation technologies are appropriate for Earth orbit and brief visits to the Moon, but that "for colonization of the Moon and Mars, we must move to 'second generation' systems, typified by nuclear thermal rocket propulsion." For the sake of expediency, Zubrin now instead proposes the use of chemical rockets to go to Mars, greatly increasing the risk of the mission.

As LaRouche explains in "The Science and Technology Needed to Colonize Mars" (*Fusion*, November-December 1986), you cannot colonize Mars with 1970s technologies. "Essentially, the difference boils down to the fact that Mars is a far greater distance from the Earth than the Moon is." LaRouche proposes to wait to colonize Mars until breakthroughs in physics provide the enabling technologies for the mission.

The limits of available technology have dramatic consequences. Using chemical propulsion requires that the astronauts spend on the order of eight months cruising through interplanetary space toward Mars, compared to the one day it took them to get to the Moon. En route, they will be exposed to levels of radiation that would make today's anti-nuclear-power hysterics blush. If anything goes wrong during the eight-month, up-to-35-million-mile trip, there is no possibility of turning back.

In 1960, space visionary Krafft Ehrlicke had decided that at minimum, a nuclear-powered sister ship to the main crewed vehicle must be ready to launch at a moment's notice as a rescue vehicle. He explained this concept: "We want to avoid having to say, 'Well, that was just tough luck' and give the crew's families big insurance checks while their men slough

around in some eccentric orbit between Mars and Jupiter. We want to get them back."

Using chemical propulsion systems for the return trip requires that the crew spend up to 500 days on the Martian surface, waiting for the next planetary alignment between the Earth and Mars that allows them to take a ballistic (unpowered) trip home. With only a chemical propulsion system, the crew does not have enough energy to quickly leave the surface of Mars and get back to Earth if any one of a number of unforeseen circumstances arises, but must wait for the next least-energy planetary alignment, which could be months away.

Nuclear energy specialists Steven Howe and Stanley Borowski criticized Zubrin's chemical propulsion-based proposal in an op-ed in *Space News* on Aug. 29, 1994: "For the initial piloted mission to Mars to last for over two years seems somewhat irresponsible to the crew."

In order to keep the cost of Zubrin's "Mars Direct" program under \$50 billion, there is no plan to build a space station, nor to return to the Moon. Rather, he proposes to send astronauts off to Mars a decade from now, without any experimental data on what effect the one-third Earth's gravity on Mars will have on the crew, for the short-term, or over his required stay of 500 days. Without a space station or lunar base, there will be no *in situ* testing of the equipment the crew will depend on during an eight-month journey through space, and one and a half years on Mars. The international space station now being built will eventually allow studies of not only microgravity, but also partial-gravity environments that will be encountered on the Moon and Mars.

Without infrastructure or new technology, Howe and Borowski do not believe it possible to carry out a manned mission to Mars for \$50 billion. For example, in 1991 studies, they point out, "NASA estimated that recovering Saturn 5 technology—which is not on the shelf, but in a number of NASA museums—would take 10 years and cost \$10 billion. . . . Scaling for inflation . . . the cost of the Apollo program would be around \$70 billion in current dollars. Do the proposers really believe a Mars mission could be completed that is 200 times more distant and 200 times longer in duration at a lower cost?" A Mars mission "cannot be pursued in the faster, cheaper mind-set that currently preoccupies the American space program."

Nineteenth- or 21st-century technologies?

The promoters of "MarsDirect" claim that a manned Mars mission ten years from start-up is possible because only proven technology will be used. While Zubrin wrote in the July/August 1992 *Final Frontier* that "the Apollo program contributed to the economic growth in America during the 1960s," his claim that his Mars scenario would "drive our economy forward [in] the same way," is false, because no new technology would be developed.

"Mars Direct" substantially lowers the cost of the manned mission by proposing that the fuel for the return trip to Earth be produced on Mars. A fuel plant, based on 1890s chemical processes such as methanation and 1960s technology such as water electrolysis, would arrive at Mars two years before the first crew. It would produce the fuel for the return trip from carbon dioxide in the Martian atmosphere and hydrogen brought from Earth, using a small nuclear power plant for energy. But, one would be hard-pressed to find anyone in the nuclear field today who believes that a 100-kilowatt electric space-qualified nuclear power plant, which has never been developed before, could be designed, built, tested, and launched within ten years. The United States virtually shut down its limping space nuclear program in recent budget cuts.

Zubrin and his colleagues are not the first to propose using local resources to sustain exploration. Ehrlicke's detailed programs for industrializing the Moon are based entirely on the idea of exploiting the oxygen, mineral, and other resources of the Moon, such as the rare isotope helium-3, to eventually make life on the Moon self-sufficient, and to export products. Unlike "Mars Direct," however, Ehrlicke relies on the most advanced energy sources which will be required by an energy-intensive space civilization: nuclear fission and fusion.

In a sop to the more sophisticated space enthusiast, who acknowledges that nuclear fission and fusion energy will be necessary for space colonization, Zubrin proposes the development of fusion energy, *after* people have gotten to Mars, as one on a list of reasons to go.

In the October 1996 *Journal of the British Interplanetary Society*, Zubrin reports that Mars has plentiful reserves of deuterium, an isotope of hydrogen, that can be used as fusion fuel. "Fusion power will lead to fusion propulsion, making possible spaceships that will carry hundreds of passengers and thousands of tons of payload rapidly back and forth between Earth and Mars," he writes. "Not only would such technology cause travel times between Earth and Mars to shrink from months to weeks, but travel times to the outer solar system would be reduced from years to months." All true, and necessary *before* subjecting human beings to the rigors and unknowns of travel to Mars, not afterwards.

The risk of the mission is also greatly increased by the fact that "Mars Direct" proposes to send out a solitary spacecraft, with four crew members onboard, on its own. However, the only mission profile that would ensure safety for the crew, and the only basis for the large-scale permanent colonization of Mars, is one similar to the Columbus model, using a flotilla of spacecraft. This idea was first put forward by Wernher von Braun in his 1948 book, *The Mars Project*.

The transportation, habitation, and industrial needs of the Mars colony, should be based on the technologies that lie on the frontiers of science today. LaRouche's 1986 Mars

colonization plan is a phased series of increasingly complex mission activities, each depending upon breakthroughs in four frontier areas of physics: controlled thermonuclear fusion, as the primary source of energy; lasers and other forms of coherent electromagnetic energy; new developments in the biological sciences, such as optical biophysics; and more powerful and compact computer systems to assist in handling the new technologies.

With fusion propulsion, which dramatically lowers fuel weight, engines could be burned continuously, allowing constant acceleration for half of the journey, and constant deceleration for the second half, thus maintaining a normal, or partial Earth-gravity environment. The trip would be shortened to a matter of weeks, rather than eight months, and the side-effects of extended stays in microgravity environments could be avoided, lessening the danger to the health of the passengers.

Once on the surface of Mars (or the Moon), orders of magnitude more energy per capita would be consumed than in advanced industrial nations today, just to maintain an agreeable artificial environment. Energy-intensive industrial processing would depend upon fusion power plants, producing electricity, plasmas, and electromagnetic energy which will replace 19th-century chemical-processing techniques.

No "get-rich-quick" schemes for space colonization will garner support from the American people or their elected representatives, because cost is not the issue. Rep. George Brown (D-Calif.) explained in the April/May 1995 issue of *Air & Space* that, to most people, "\$40 billion for Mars Direct is every bit as incomprehensible a figure as \$400 billion for [the Bush-era] SEI [Space Exploration Initiative]." When the President decides that it is *necessary* for this nation to plan and execute a manned mission to Mars, the nation will set about doing it.

There is an international space station now in the process of being built. Within a few years of its operation, mankind could return to the Moon. Using the Moon as a test bed for emerging technologies, as well as an industrial park from which to supply interplanetary travelers with fuel and equipment, a sustained effort over four decades would permanently move man out into the Solar System. The very process of creating this multiplication of human civilization would, in Krafft Ehrlicke's words, open the "age of reason."

As it now stands, both the Democratic and Republican proposals would shrink NASA's budget by 30% over the next seven years. There is justifiable fear in the scientific community that any attempt to accelerate and upgrade future Mars missions could take resources out of other space activities, unless the whole budget were increased. President Clinton has a unique opportunity at the January space summit, to toss overboard the budget-balancing nonsense that has destroyed every past space initiative, and put the country on the pathway to exploring the planets.

Business Briefs

Petroleum

Talks in Chechnya on Baku oil route

Aides to Azerbaijani President Haidar Aliyev said Nov. 18 that Boris Berezovsky, deputy secretary of Russia's Security Council, had met Aliyev in Grozny, Chechnya, in mid-November, to give assurances for the safe transport of "early" Azerbaijani oil to Russia via Chechnya, Interfax news agency reported. The worries voiced by Azerbaijan and Western oil consortium members over security on the Chechnya segment of the Baku-Novorossiisk pipeline, were "unwarranted," according to Berezovsky's reported remarks.

The "early" oil, due to be shipped beginning in August 1997, is small in quantity, but using the Novorossiisk route would establish a precedent for future oil shipments from Azerbaijan.

In an interview with *Segodnya*, Berezovsky denied that the fact that he is the largest shareholder in the Sibneft oil company affects his Security Council performance.

Britain

Pensioners cheated in privatization

The British Labour Party's "shadow" Treasury spokesman, Alistair Darling, said that a half-million Britons were cheated by government-promoted "private pension" schemes, the London *Independent* reported Nov. 15. The charge that people had been sold private pensions after a government drive to switch people from the State Earnings Related Pensions (Serps), came as the Conservative government is moving toward the next phase of pension privatization. "People will be deeply suspicious of a government with such an appalling record, actively encouraging people to do it again," Darling said.

On Nov. 14, Labour Party shadow Social Security Secretary Harriet Harman warned that "the writing is on the wall for state pensions." Her remarks came in response to reports that a policy paper by Tory parliamentarian

Geoffrey Clifton-Brown, backed by the "Bow Group" faction in the Tory Party, will propose "the total privatization of state pensions." Clifton-Brown is claiming that the current state pension is a poor investment, and investing two-thirds of national insurance contributions in a private fund, could earn the equivalent of \$400 million per week.

According to Brown, "bad publicity" could be undermining the private schemes. For 1994-95, some 5.56 million people had such pensions, but this was a drop-off of 100,000 from the previous year.

Infrastructure

Eurasian rail routes debated in Russia

In a report on Russian Federation Council hearings about Russian-Chinese border demarcation problems (which had been scheduled for Nov. 13), *Rossiiskaya Gazeta* of Nov. 11 raised the possibility of Sino-Russian disputes over Eurasian rail routes, a specter which was also mentioned by U.S.A.-Canada Institute head Rogov in a recent interview. But others in Russia are taking a more positive view.

The paper reported: "Attention will focus on approximately 300 hectares of land in the Tumannaya River Valley. Under the new plan, two stretches of the river valley will go to China, which intends to use them to build the large port of Tumenjiang, within the framework of creating an international free economic zone involving the P.R.C., South Korea, Mongolia, and Russia."

The Russian parliamentary debate will be "heated," the paper forecast. "After all, certain specialists (particularly from the opposition) are predicting that the creation of the port of Tumenjiang will redirect current Asia-Pacific trade flows away from the Russian ports of Vladivostok and Nakhodka, to the new Chinese port. And the bulk of the goods will be carried not on the Baykal-Amur and Trans-Siberian railroads, but on our neighbor's rail network."

However, the paper reported, "The Russian Federation Foreign Ministry . . . is convinced that the country's participation in the

Tumenjiang project will, on the contrary, attract goods to the Trans-Siberian and Baykal-Amur railroads, thanks to our having developed major port and business links."

Space

France, Japan to join in manned projects

On the first day of official talks in Tokyo on Nov. 18, French President Jacques Chirac signed an agreement for joint Franco-Japanese development of technologies for manned space missions in the next century, the German daily *Berliner Morgenpost* reported. The agreement includes the perspective of cooperation in Moon and Mars missions, as well as in the development and construction of a manned space station.

In respect to cooperation with Russia, France, which had put about \$110 million into the international "Mars 96" mission that failed on Nov. 17, has signalled its commitment to continue to invest in Russian Mars projects in the future, despite the unfortunate end of this particular mission.

Industry

Anglo-American buys up chunk of Lonrho

On Oct. 29, the South African-based Anglo-American Corp., a key instrument for the Club of the Isles' hoarding strategy and the world's largest raw materials company, purchased Dieter Bock's 18.3% ownership share of Lonrho, a mining-conglomerate company, the London *Economist* reported Nov. 2. This lifts Anglo-American's share in Lonrho to 25.9%. Bock took over as executive director of Lonrho after Tiny Rowland was pushed into the background.

The significance of the takeover is that Lonrho is the biggest shareholder, with a 30% stake, in Ashanti Goldfields, the largest African gold-mining company, outside of South Africa. (Ashanti owns the Obuasi gold field, one of the finest in the world.) South Africa's share of of total world gold output

Briefly

has shrunk from 52% in 1980, to 23% last year. As one senior manager for the Oppenheimer family-run Anglo-American put it: "If we want to maintain our position as a major player in gold, we've got to go to the rest of Africa."

If the Oppenheims are on the prowl for acquisitions, one of the richest mineral-producing areas in the world (not gold, but of many other minerals) is Zaire, including Shaba province (formerly Katanga) that British mouthpiece Conor Cruise O'Brien would like to see split off as a "separate entity."

Italy

Craxi attacks Soros, Prodi, Bank of Italy

Former Italian Prime Minister Bettino Craxi attacked George Soros, "his adviser" Prime Minister Romano Prodi, and the Bank of Italy for speculation against the Italian currency, the lira, in a letter in the Nov. 11 *Gazzetta del Mezzogiorno*. The Ministry of Justice is currently investigating the role of Soros in the 1992 assault on the lira and other crimes, in an investigation which was triggered by a legal brief presented by LaRouche supporters' Solidarity Movement.

Rino Formica, finance minister in 1992, "rightly pointed to an issue that has . . . gone unanswered until now," Craxi wrote. "I am referring to the devaluation of the lira in September 1992." Craxi said that the lira was not "overvalued," and the trade balance was "completely normal." What was not normal was a large speculation "against the lira and other European currencies." The attack was so strong, Craxi wrote, that the lira could not be supported only by operating on the exchange, i.e., pumping money from the reserves. In fact, this is what the speculators wanted. The Central Bank did exactly what the speculators expected, and from July to September 1992, "bought lira for the huge amount of \$48 billion."

"It would be very interesting now to reconstruct the list of the main national and international elements that participated in the speculation. It is also clear that some clever sharks of the Italian financial world—maybe even some national bank—felt comfortable

in the waters of that speculation," Craxi said.

"One of the speculators was the usual Soros, the American financier, the same who stated that Italy was a 'tasty morsel.' . . . The present prime minister, Romano Prodi, was one of his managers and advisers, also concerning his relations with Moscow, and that, in the presence of Prodi, Soros received an *honoris causa* from the University of Bologna.

"Of course after all this nothing happened. Nobody bothered to analyze that bizarre story and to demand that the responsible parties account for what they did."

Banking

Another bank goes belly up in Japan

Japanese authorities completely closed down the Hanwa Bank near Osaka on Nov. 21, the first time they have done so in five decades. Finance Ministry figures showed Hanwa Bank Ltd. to be completely illiquid, with \$1.71 billion in bad loans, against capital of \$182 million at the end of September, wires reported.

Housewives, shopkeepers, and students lined up for two hours outside the bank's headquarters in Wakayama near Osaka, to withdraw their money. It was the third bank failure in Japan since the end of World War II. There was one last year and one earlier this year, but these banks were reorganized, rather than being closed. Eleven smaller credit unions and credit associations have also gone under since December 1994.

Bank President Zenji Watanabe said that Hanwa's loans to the real estate sector were abnormally high, at about 30% of its lending, compared with only about 10% for similar-sized banks.

Finance Minister Hiroshi Mitsuzuka and Bank of Japan Governor Yasuo Matsushita told a news conference that all depositors would be protected, and that the Japanese government is now acting preemptively to close banks. "The Bank of Japan believes that prompt measures to deal with insolvent financial institutions without delay will lead to the early rejuvenation of the functions of the Japanese financial system," Matsushita said.

SIBERIAN river projects were discussed at a seminar in Tashkent in November, including the diversion of the Ob and Irtysh rivers to replenish the Aral Sea, *Rossiiskaya Gazeta* reported. "The discussion did not result in anything concrete, but the fact in itself is significant," it said.

CHINA AND VIETNAM will start up a second cross-border rail service on Dec. 6, a Vietnam Railways official said, the London *Financial Times* reported. The 761 kilometer route will connect Hanoi to Kunming, in China's Yunnan province. Two trains weekly are expected to carry 300-400,000 tons of freight.

ISRAEL'S economy will collapse, unless a 6-7 billion shekel cut (about \$2 billion) in the 1997 state budget is implemented, Prime Minister Benjamin Netanyahu warned, *Globes* reported Nov. 19. Finance Minister Dan Meridor says a further 2 billion cut will be required in the 1997 budget, beyond the 900 million cut in July.

THAILAND'S bad real estate debt is "like a tornado we know will come one day," said Bank of Thailand Governor Roengchai Marakanon, the *Bangkok Post* reported Nov. 4. He is frantically trying to "modernize" the money markets and restructure the bad property debt of financial firms, i.e., bail them out by allowing the Central Bank to buy the bad debt through repurchase agreements.

GOVERNMENTS should pay more attention to the development of rail networks, Iranian Transport Minister Akbar Torkan said, because railways are the only means of transportation which is free from dependence on oil energy, the daily *Ettela'at* reported Nov. 22. International Railway Union head Philip Rumike, who was visiting Teheran, called Iranian rail management "advanced."

NATURAL GAS pipeline capacity between Algeria and Italy will double, when a twin pipeline comes on line in January 1997, allowing a flow of 24 billion cubic meters a year.

World food summit told: Free market economics is murder

by Marcia Merry Baker

On Nov. 13-17 in Rome, the UN Food and Agriculture Organization hosted the World Summit on Food Security, attended by about 10,000 people, representing 86 governments, hundreds of private organizations, and some 4,000 media. From the reports at the event, the vast scope of today's food shortages and hunger was made clear. The FAO estimates that 800 million people in the world are going hungry. In addition, the need for emergency food relief in Central Africa, underlines the urgency of mobilizing both food production and short-term aid.

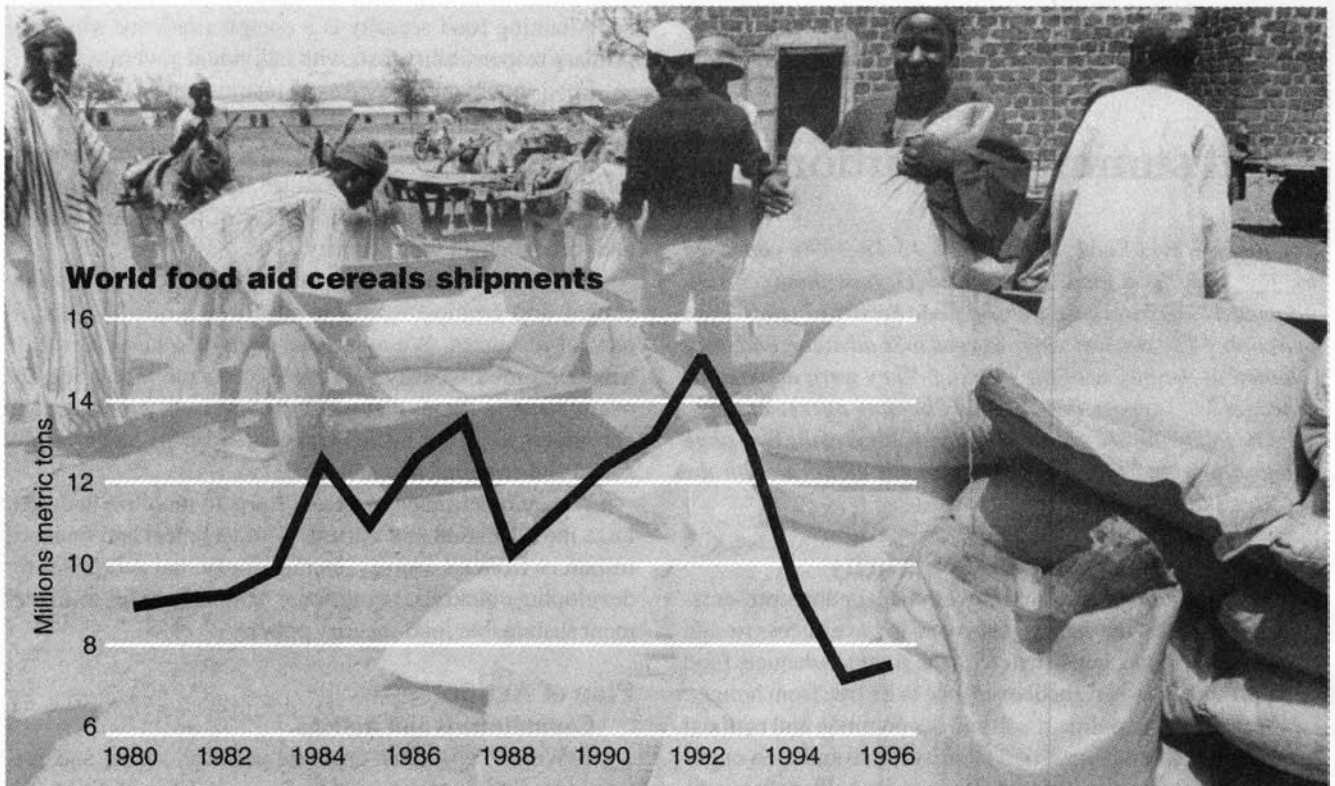
Yet the lines were drawn, with two sides to the question, does every person have a right to eat?

At pre-summit speeches in Rome on Nov. 12, even before the official opening, Pope John Paul II, and FAO director Jacques Diouf, who is from Senegal, stressed both the moral necessity, and the availability of resources, for the task of relieving hunger, and defending life and economic dignity.

The opposition to this idea of the "right to eat," was put forth by the "right to free markets" ideology, represented in Rome by the free trade planks in the official UN FAO "Rome Declaration" and Action Plan, which were prepared in advance of the summit, and adopted by acclamation of the attending governments. These documents, and also the official "Country Paper" submitted by the United States, reflect the demands of the food cartel mega-companies now cashing in on growing scarcity of commodities, for profit and political control, over and above the right of any nation-state, or person, to produce and consume food.

Politically, and financially, these cartels are interlinked with mostly London-centered interests. The next occasion for furthering their "markets-based economics" agenda, is the World Trade Organization first ministerial conference in Singapore on Dec. 9-14, where 123 nations will be represented.

In fact, continuing the campaign for "market-based" economic policies—giving over power to these cartels to plunder, as the world financial system itself is blowing out, and as physical economies break down—amounts to a murder decree.



For example, the annual amount of world food aid of grains for 1996 is likely to be only 7.5 million tons—down by *half* from past levels of 13-15 million tons a year; yet there are more people who need help. Why is no more food aid forthcoming? The explanation, in accepted free trade talk, is that the United States and other nations that are sources for food exports, have switched to the “market-based” policy of no longer keeping food stocks for public uses (emergencies, humanitarian needs, and so on).

And what is said to the poor and hungry? “Market economics” tells nations to cut and stabilize their population, in order to reduce hunger. Thus, murder.

The problem is not overpopulation

On Nov. 12, Pope John Paul II denounced this view in a pre-summit gathering in Rome, stressing that solutions can be devised to end hunger. “The specter of hunger and malnutrition is truly an offense against the Creator’s image in every human being. This is especially so when hunger is the consequence of the misuse of resources . . . or when it results from the rigid application of the profit principle to the detriment of solidarity and cooperation for the benefit of all who make up the human family.”

In particular, the pontiff attacked the argument that a growing population causes poverty and hunger by exhausting resources. He said, “Demography alone does not explain the inadequate distribution of food resources. We must put aside the sophist’s view that when there are many, one is con-

demned to be poor. A numerous population can become the source of development because it implies the exchange and demand of goods. It would be illusory to believe that an arbitrary stabilization of the world population, or even its reduction, could solve the problem of hunger directly.”

The fact that the means exist for feeding a growing population was shown a few weeks before the Rome summit, by a “World Food Prize” symposium, “Food Security for the 21st Century,” on Oct. 19 in Des Moines, Iowa, which brought together individuals involved in leading past Green Revolutions, and planning future breakthroughs. A new “super rice” promises yield increases of 25%.

In Iowa, former World Bank President Robert McNamara even spoke of the potential for 8 billion people in 25 years. FAO director Jacques Diouf participated in the Iowa discussions. Then, back in Rome, Diouf singled out China for praise, saying that the nation has 22% of the world’s people, and 7% of the world’s arable land, but the “will and capacity of the government” to invest in food production shows you can make a “miracle.” In Rome, Diouf stressed emergency aid to Africa.

In this feature, we review U.S. and cartel policies causing scarcity and suffering, in contrast to the potential to feed billions, shown by the promise for new Green Revolutions. We also look at the strategic crisis of food shortages in Russia and the CIS nations. In a future issue, we will look at the farm sector breakdown in Australia and New Zealand—once source nations for food surpluses.

Food summit resolutions

The Rome World Food Summit, Nov. 13-17, 1996, convened by the UN Food and Agriculture Organization (FAO), adopted a "Declaration on World Food Security," and "Plan of Action." The two texts were agreed to in advance, and were adopted at the outset of the meeting. They were adopted as "pledges" of support, not as legally binding agreements.

The following are excerpts of key sections of the two-page Declaration, and the seven commitments elaborated in the 30-page Plan of Action.

Declaration on World Food Security

We, the Heads of State and Government or our representatives . . . reaffirm the right of everyone to have access to safe and nutritious food, consistent with the right to adequate food and the fundamental right of everyone to be free from hunger.

We pledge our political will and our common and national commitment to achieving food security for all and to an ongoing effort to eradicate hunger in all countries, with an immediate view to reducing the number of undernourished people to half their present level no later than 2015.

We consider it intolerable that more than 800 million people throughout the world, and particularly in developing countries, do not have enough food to meet their basic nutritional needs. This situation is unacceptable. . . . The problems of hunger and food insecurity have global dimensions and are likely to persist, and even increase dramatically in some regions, unless urgent, determined and concerted action is taken, given the anticipated increase in the world's population and the stress on natural resources.

We reaffirm that a peaceful, stable, and enabling political, social, and economic environment is the essential foundation which will enable States to give adequate priority to food security and poverty eradication. Democracy, promotion and protection of all human rights and fundamental freedoms, including the right to development, and the full and equal participation of men and women are essential for achieving sustainable food security for all.

Poverty is a major cause of food insecurity and sustainable progress in poverty eradication is critical to improve access to food. Conflict, terrorism, corruption, and environmental degradation also contribute significantly to food insecurity. Increased food production, including staple food, must be undertaken. This should happen within the framework of sustainable management of natural resources, elimination of unsustainable patterns of consumption and production, particularly in industrialized countries, and early stabilization of the world population. . . .

Attaining food security is a complex task for which the primary responsibility rests with individual governments. . . .

Food should not be used as an instrument for political and economic pressure. We reaffirm the importance of international cooperation and solidarity as well as the necessity of refraining from unilateral measures, not in accordance with the international law and the Charter of the United Nations and that endanger food security. . . .

We must encourage generation of employment and incomes, and promote equitable access to productive and financial resources. We agree that trade is a key element in achieving food security. We agree to pursue food trade and overall trade policies that will encourage our producers and consumers to utilize available resources in an economically sound and sustainable manner. . . .

We are determined to make efforts to mobilize and optimize the allocation and utilization of technical and financial resources from all sources, including external debt relief for developing countries, to reinforce national actions to implement sustainable food security policies.

Plan of Action

Commitments and Actions

1. We will ensure an enabling political, social, and economic environment designed to create the best conditions for the eradication of poverty and for durable peace, based on full and equal participation of women and men, which is most conducive to achieving sustainable food security for all.

2. We will implement policies aimed at eradicating poverty and inequality and improving physical and economic access by all, at all times, to sufficient, nutritionally adequate and safe food and its effective utilization.

3. We will pursue participatory and sustainable food, agriculture, fisheries, forestry and rural development policies and practices . . . which are essential to adequate and reliable food supplies at the household, national, regional and global levels, and combat pests, drought and desertification, considering the multifunctional character of agriculture.

4. We will strive to ensure that food, agricultural trade and overall trade policies are conducive to fostering food security for all through a fair and market-oriented world trade system.

5. We will endeavor to prevent and be prepared for natural disasters and man-made emergencies and to meet transitory and emergency food requirements in ways that encourage recovery, rehabilitation, development, and a capacity to satisfy future needs.

6. We will promote optimal allocation and use of public and private investments to foster human resources, sustainable food, agriculture, fisheries and forestry systems, and rural development. . . .

7. We will implement, monitor, and follow up this Plan of Action at all levels in cooperation with the international community.

Today's U.S. farm/food policy opposes national sovereignty, food sufficiency

by Marcia Merry Baker

The latest official formulation of U.S. food policy is the July 1996 paper, "U.S. Contribution to World Food Security; the U.S. Position Paper Prepared for the World Food Summit." The document is a rationalization for the denial of the sovereign right of a nation to run its economy and develop its agricultural sector, and to produce food to feed its population. If this policy had been applied 200 years ago to the new United States—as London tried and failed to do at the time—we would not be here today to discuss it.

The U.S. food document was prepared by an Interagency Working Group from the Departments of Agriculture and State, and is described in its "executive summary" as a means "to spur a comprehensive review of its policies and actions—past and present—as they relate to global and domestic food security."

In fact, such a comprehensive review is a straightforward matter, because today's U.S. government farm and food policies are almost all uniformly bad; they should be changed. The U.S. government practices, defended in the Food Summit position paper, are the very ones now undermining food supplies, and agriculture output potential, both in the United States, and around the world. To continue these policies, is to commit murder.

See *Documentation*, below, for the eight essential points of the U.S. food position paper. Point by point, when translated out of official doublespeak, the position paper rationalizes how the U.S. government—the Executive branch and Congress both—is backing the looting and monopoly practices of the cartels that control foodstuffs, farm chemicals, seeds, animal seedstock, and fuels, giving the cartels sweeping powers, all in the name of various euphemistic excuses and lies—for example, that "free" trade is beneficial for the citizenry, or that markets are governed by "supply and demand." Meantime, ratios of necessary inputs for national agricultural sector productivity (infrastructure, machinery, transport) are degenerating.

U.S. farm policy has shifted radically over the past 50 years, from policies based on the premise of national economic sovereignty, and the desirability of national food self-sufficiency, to policies based on the supremacy of "market-based economics," namely commodities networks, mostly centered in London. In effect, the U.S. agriculture and food sectors function as parts of a neo-British Empire of food control.

The result of this process is evident in the 800 million people suffering from lack of food. The U.S. food policy paper denounces this suffering, saying, it is "a staggering number of people." And, "This is simply unacceptable." But the prevailing policies are the cause.

We here provide the context for understanding the stated U.S. food policy positions, in terms of key shifts in U.S. food policy, and underlying premises of the economy, from the 1940s to the 1990s.

1940s: parity price-based farm policy

Freedom from hunger was one of the "four freedoms" promulgated by Franklin D. Roosevelt, and he was the first President to implement parity-based agriculture policy, premised on the concept that building up the national farm sector was the best food security.

During the wartime years of the 1940s, U.S. agricultural output soared, under federal policies that mandated farmers would receive a parity-based price for lists of specified commodities. "Parity" was defined as the price for a commodity that would give the farmer a fair return—enough to cover his costs of production, household needs, and capitalization to ensure future production. The base period for what would be a parity price was selected as 1909-14 (and could be set to other benchmarks), to reflect a desired ratio between prices farmers received for their output, and prices they paid for inputs, investments, and living expenses.

Between 1939 and 1944, there was an unparalleled increase in output per farm worker of 42% in gross farm production in the Plains states, producing enough food to feed an additional 50 million people (over the 1935-39 average). Increased volumes of food went to civilian, military, and Lend Lease foreign aid use. The wartime parity policy (at about 90% of parity) continued until Dec. 31, 1948.

In 1949, the Agricultural Adjustment Act set a sliding scale of between 75-90% and 60-90% of parity, depending on the commodity, and depending on its supply volume each year; and other updates were made, including adding in the cost of farm labor to the calculations. The 1949 Agriculture Act also provided the first authority for donating surplus agricultural commodities abroad through U.S. voluntary relief organizations, for humanitarian purposes.

By contrast, the 1996 U.S. position paper makes no refer-



Architects of the policy of using food as a weapon: David Rockefeller (left) and Henry Kissinger. The Rockefeller Brothers Fund financed the creation of Lester Brown's Worldwatch Institute, among other Malthusian think-tanks.

ence to parity; the U.S. government now opposes parity as “outmoded.” (Technically, in the 1996 U.S. farm law, it is specified that should the farm law expire with no replacement, in the year 2003, then U.S. law will revert to the 1949 standing law of parity scales. USDA statisticians still make parity price calculations for commodities.)

The U.S. government also opposes the parity-concept for nation-building in foreign policy. Points 1, 4, and 7 in the position paper refer, in practice, to U.S. support for nations making their food supplies dependent on imports and exports by cartel companies.

1950s: Parity phased out

During the 1950s, parity-based farm policy was phased out in the United States itself, under pressure from private financial interests, then building up commodity cartel bases of operations. Cargill executives fanned out from Minnesota, setting up sister companies, such as Archer Daniels Midland (ADM), created by Dwayne Andreas, from Cargill. The public supported this, though there was still popular sympathy for supporting a national family farm sector, national food self-sufficiency, and humanitarian food aid for emergencies.

In 1954, the Public Law “Food for Peace” was enacted, sponsored by Minnesota Sen. Hubert Humphrey (D), and instigated by Minnesota cartel interests. Cargill, ADM, Pillsbury, and other private companies, which, under PL 480 mechanisms, came to receive steady contracts, paid by the federal government, to deliver food aid abroad, up to the present time.

The passage of PL 480—the “Agricultural and Trade Development and Assistance Act of 1954,” reflected the still-prevalent view that U.S. food productivity should be used for good purposes abroad. PL 480 legislation continues to the present day. ADM and other companies have been repeatedly convicted of over-charging and short-weighting government food aid; but still they are paid to handle all PL 480 aid.

U.S. 1996 position paper policy statement 3, links food aid to “good-faith willingness of nations to adopt necessary policy reforms.” The term *reforms* means that a nation should give way on any policy matter of food, agriculture, and trade, to submit to the interests of the international food cartel companies. U.S. food aid is in use as an enforcement weapon, on target nations, as described further below.

1960s: a transition period

By the 1960s, the U.S. parity-based farm policy came to be replaced by mechanisms that met the needs of the growing commodity cartel interests. No longer required to pay parity prices to farmers, commodity traders and processors began to underpay farmers for commodities, and new government programs—so-called farm price supports, deficiency payments, etc.—were implemented to make up some of the underpayment to farmers. Thus, farmers became a “pass through” for turning government outlays to cartel advantage. The principal figure in this policy shift was Orville Freeman, from the Minnesota cartel circles (he was mayor of Minneapolis), who served in Washington as secretary of agriculture during the Kennedy and Johnson administrations.

The output potential of the U.S. agricultural sector remained impressive in the 1960s, because of the combined impact of prior years of parity-price policies, veterans ag-science education, the agricultural extension services, and similar policies. This began to wane by the 1970s.

The 1996 U.S. position paper on food policy opposes many of these practices characteristic of the 1960s U.S. farm sector. In particular, all forms of the 1960s-style U.S. farm "price support" and "price-deficiency" mechanisms, limited as they were, are now regarded by the U.S. government as wrong, and termed "distortions" of free trade, which stance is reflected in the position paper points 1 and 6. A "one world farmers market" is the term used in the U.S. position paper to oppose national government support for farmers.

1970s: Kissinger's food weapon policy

The 1970s was the turning point in the postwar shift of U.S. food policy from any national interest purpose, to use of food as a weapon. The murderous goal was elimination of "excess population."

A Dec. 10, 1974 secret U.S. document, National Security Study Memorandum 200, commissioned by Secretary of State Henry Kissinger, listed 13 nations in geopolitically strategic locations around the world, against which U.S. food power would be deployed. As always, Kissinger was acting on behalf of British interests. NSSM-200 stated: "Since population growth is a major determinant of increases in food demand, allocation of scarce PL 480 resources should take account of what steps a country is taking in population control as well as food production. . . . Mandatory programs may be needed and we should be considering these possibilities now. Would food be considered an instrument of national power? . . . Is the U.S. prepared to accept food rationing to help people who can't/won't control their population growth?"

Kissinger represented the United States at the November 1974 Rome World Food Conference, to publicize the view that the way to prevent hunger is to selectively limit population. To continue this propaganda drive, major Anglo-American foundations (the Rockefeller Brothers Fund and others) financed the creation, also in 1974, of the Worldwatch Institute, headed to the present time by Lester Brown, a protégé of Orville Freeman and cartel interests.

The U.S. 1970s foreign policy of food control and geopolitics, was accompanied by domestic policies of "post-industrialism," in which the infrastructure base and inputs cycles for manufacturing and agriculture went into decline. U.S. farmers were hit by price shocks from high interest rates and the oil hoax. More of the farm belt declined into monoculture, under pressure from the food cartel companies.

The 1996 U.S. position paper lists "population growth" as a root cause of hunger. Authority for this analysis is attributed to Lester Brown in "Annex I. Projections: World Food Security in the Years Ahead," in such works as *Full House*:

Reassessing the Earth's Population Carrying Capacity (New York: W.W. Norton, 1994).

1980s: Cartels force 'free trade' swindle

The 1980s continued the "post-industrial" shift in the U.S. economy, with drastic consequences. Lack of parity prices and debt burdens on the farmer led to record rates of U.S. farm bankruptcies. The farm state rail network was cut down; Iowa lost one-third of its track in a decade. Farmers staged tractorcades and national protest actions against the crisis in 1979-80, then lost steam.

Food commodity cartels tightened their control over the U.S. food chain and federal policy, and launched new international campaigns to force "free" market trading rights on nations. Cargill executive Daniel Amstutz was undersecretary for agriculture (1983-87).

In 1985, the Trilateral Commission published a report, "Agricultural Policy and Trade: Adjusting Domestic Programs in an International Framework," a blueprint for how to dismantle food production that is based on the independent family farmer and the nation-state.

In 1987, a new, specialized think-tank was created by the same circle, called the International Policy Council on Agriculture and Trade, headquartered in the Washington, D.C. offices of Resources for the Future. The council's backers include many of the famous cartel companies, including Central Soya/Ferruzzi and Archer Daniels Midland, several foundations, including the Rockefeller Foundation and the German Marshall Fund, and even the U.S. Department of Agriculture, through its Economic Research Service. The council's roster of "experts" include Michael Andreas, group vice-president of Archer Daniels Midland (now awaiting indictment for criminal price-fixing of processed corn commodities).

In 1986, the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) was started, culminating in the creation of the World Trade Organization in 1992. Under the North American Free Trade Agreement and U.S.-Canada Free Trade Accord, food cartel operations were repositioned on the continent, for maximum profiteering.

At the 1988 Montreal meeting of the GATT Uruguay Round (the Midterm Review, on the theme "One World; One Market"), a U.S. position paper officially dismissed national food self-sufficiency as a permissible goal or sovereign right. The U.S. document stated, "Food security and self-sufficiency are not one and the same objective or goal. Food security is the ability to acquire the food you need, when you need it. Food self-sufficiency means producing some portion of one's own food supply from domestic resources, regardless of market forces, with deliberate intent of displacing imports or reducing import dependence. . . . In some cases, in fact, self-sufficiency can actually work against food security goals. . . ."

"Throughout human history, up until the technical ad-

vances of the Green Revolution, a global food shortage due to crop failures was a conceivable and often real threat. Today . . . it is highly improbable.”

The 1996 U.S. food position paper (points 4 and 7) is even more adamantly against national food self-sufficiency and sovereignty than the 1988 U.S. position, despite acknowledging there are 800 million people going hungry today. In the argot of free trade, food “security” for a person or nation, is equated with *access* to free markets, and *not* with the right to have or produce food. In the face of food shortages, the paper states, “Stabilizing population reduced the risks of food insecurity by reducing the number of people who need food” (“Annex II: What Factors Influence Food Security?”).

1990s: Globalism opposes nation-states

As of the 1990s, overall world food output volumes, and U.S. food production levels, are in decline. The food commodities cartels—posting record profits by controlling scarce food stocks, are expecting even more rights to control food,

enforced, for example, through the World Trade Organization, whose first world ministerial conference is Dec. 9-14 in Singapore.

In the United States, the 1996 Freedom to Farm Act (“Federal Agriculture Improvement and Reform Act of 1996”) is phasing out all vestiges of support for farmers, and exposing them to food cartel “free market” rule. The United States’ own food supply is now heavily dependent on imports; America can no longer feed itself.

The U.S. 1996 food position paper praises imports, saying needs are being met “through a combination of domestic production and global sourcing” (“Annex III: The U.S. Record in Domestic Food Security”). The particular defense of “global sourcing” for U.S. food, is that it keeps food inexpensive for poor Americans; and it gives poor countries dollars in exchange.

The rationalization is, “The United States is a major importer of food from developing countries, providing them with valuable foreign exchange. . . . For fiscal year 1996, U.S.

Chinese spokesmen reject Lester Brown’s scenario

The Rome World Food Summit, and several other recent events, have been the occasion for leading officials and scientists of China to refute the charges made by Lester R. Brown, the U.S. environmentalist head of the Washington, D.C.-based Worldwatch Institute, that China has poor prospects for future food supplies, and is “guilty” of using up scarce food and resources. These charges were most fully stated in Brown’s book *Who Will Feed China? Wake-Up Call for a Small Planet* (New York: W.W. Norton, 1995).

According to Brown, China is set to face a deep agricultural crisis, because its more prosperous people want more and better food; because the country has a shrinking land base on which to grow food, due to rapid urbanization and economic development; and because of an impending water scarcity and a slowdown in farm productivity. China’s food crisis will translate into a national security issue for industrialized countries such as the United States, Brown claims.

Spokesmen for China have dismissed the Brown scare, in the following instances:

- On Nov. 15, at the World Food Summit, China officially dismissed fears that agricultural problems could mean it would have trouble feeding people in the world’s most populous nation. Chinese Prime Minister Li Peng

told the summit that with increasing grain yields and exploiting more land, China can maintain its self-sufficiency.

“It is entirely possible for China to meet its food needs in the future,” Li Peng said, adding that “people can rest assured that, in the coming years, not only will the Chinese people maintain food sufficiency, they will also make contributions to food security in the world.”

- In October, at a forum in Beijing, Chinese economists took on Lester Brown by name, repudiating Brown’s principal premise, which is that industrialization at a rapid pace will lead to shortages of cropland and water, resulting in declining grain output. “What he has failed to do is to fully consider China’s potential agricultural resources and technical resources,” said Gu Haibing, professor at the national economic management department, China People’s University.

Chen Xiwen, director and researcher at the rural department, State Council Center for Development Studies, believes that, even given China’s existing domestic production capacity, consumption levels, and degree of dependency on the international market, China still does not constitute a grain security issue at the moment. “*Those who make projections should interpret the general trend accurately,*” he said (emphasis in original).

- In October, to further assure the world that China can achieve food independence, Beijing issued a “white paper” on food. The document declared, “China can achieve its desired total grain output target, if the annual average rate of increase in per-unit-area yield is 1% from 1996 to 2010 and 0.7% from 2011 to 2030.” The document added that much bigger increases are expected.

agricultural imports are forecast at \$30.5 billion. Taken as a group, developing countries have historically supplied just over half of total U.S. agricultural imports. In fiscal 1996, imports from developing countries are forecast at \$16.4 billion or 54% of the total. . . . Many of the products the United States imports from developing countries are generally not grown domestically, such as coffee, cocoa, tea, rubber, bananas, and tropical oils. However, the United States also imports large quantities of products identical or similar to those produced domestically. These include a wide assortment of fresh and processed fruits and vegetables, nursery products, sweeteners, live animals, and tobacco.”

Despite this scale of import flow, providing the U.S. “cheap” food through looting, still millions of Americans have no food security, even in the warped way food security is defined in the U.S. position paper (“Annex III: The U.S. Record in Domestic Food Security”). As of 1996, approximately 27 million Americans, one in ten, were reliant on food stamps. And as of late November, 1 million of these souls were informed they would be denied food stamps in 90 days, as punishment for not finding jobs, which do not exist in the numbers and functions required, as the U.S. economy deteriorates.

Documentation

U.S. on ‘food security’

The U.S. position paper for the World Food Summit, titled “The U.S. Contribution to World Food Security,” was issued in July 1996, and was prepared by an Interagency Working Group, co-chaired by Eugene Moos (Undersecretary for Farm and Foreign Agricultural Services, Department of Agriculture); Timothy E. Wirth (Undersecretary for Global Affairs, State Department); and J. Brian Atwood (administrator, U.S. Agency for International Development). The paper is 34 pages long, including appended sections. The following are excerpts from the “U.S. Country Paper, Executive Summary.”

Food security exists when all people at all times have physical and economic access to sufficient food to meet their dietary needs for a productive and healthy life. Many interrelated factors influence the availability, access, and utilization of food, and thereby food security of individuals and countries. Apart from natural disasters, the following are root causes of food insecurity: war and civil strife; inappropriate national policies; inadequate development, transfer, and adaptation of agricultural and other research and technology; barriers to trade; environmental degradation; poverty; population

growth; gender inequality; and poor health.

The root causes of food insecurity listed above must be addressed by both individual countries and the international community as a whole. The current budget environment means that developing countries will have to take primary responsibility for improving their own food security with limited external assistance. Nevertheless, the United States intends to continue to play a major role in promoting food security around the world. To this end, the United States intends to:

1. Share its expertise with selected countries wishing to review and change their national policies to improve food security.

[“Stabilizing population reduces the risks of food insecurity by reducing the number of people who need food.” p. II-2]

2. Enhance U.S. Government support for research and technology development in agriculture and related sectors, both at home and abroad.

3. Continue support for food security through the use of agricultural programs, development assistance, and food aid. Employ an integrated approach to sustainable development, with a strong emphasis on those countries that show a good-faith willingness to adopt necessary policy reforms.

4. Work with all countries to achieve freer trade and to assure that the benefits are equitably realized. Urge all countries to open their markets in the interest of achieving greater stability and participation in the world market.

[“Imports are a major source of food in many countries and they are becoming increasingly important as agricultural trade has grown more rapidly than production in almost every year of this era. World agricultural trade is approaching \$250 billion and continues to grow. The U.S. share of this total is estimated at about 23%, up more than one-third since 1986.” IV-1]

5. Continue support for international efforts to respond to and prevent humanitarian crises that create emergency food aid needs.

[“There is a looming mismatch between food aid resources and needs. In the past, food aid availability has averaged about 70-80% of needs. This is not projected to be true in the future. If global food aid budgets are maintained at 1995 levels, the gap between needs and resources will grow rapidly. Factors limiting food aid resources are budget restrictions in donor countries, coupled with the adoption of more market-oriented agricultural policies, which will reduce surpluses of traditional food aid donors such as the United States and the European Union (EU).” p. I-4]

6. Continue efforts to encourage and facilitate implementation of food security-related actions adopted at recent international conferences or reestablished in recently agreed-to conventions.

7. Work within the multilateral system to enhance global approaches to food security.

8. Continue to work toward food security for all Americans.

Miracle rice shows billions can be fed

by Marcia Merry Baker

On Oct. 18, in Des Moines, Iowa, the World Food Prize was awarded to two researchers, Dr. Henry Beachell and Dr. Gurdev Khush, for their work, beginning in the 1960s, in developing new genetic lines of rice, called miracle rice, which has more than doubled the world's rice production over the last 30 years. The research was done at the International Rice Research Institute (IRRI) in the Philippines, part of the Consultative Group on International Agricultural Research (CGIAR).



Dr. Henry Beachell

The award was the occasion for a symposium on Oct. 19 in Des Moines, on the theme "Food Security: New Solutions for the 21st Century." Participating were Robert McNamara, former president of the World Bank; Ismail Serageldin, a World Bank official and chairman of CGIAR; Norman Borlaug; and Jacques Diouf, director general of the UN Food and Agriculture Organization.

The examples of the award-winners in achieving food increases, provided the context for remarks by McNamara on the feasibility of feeding what he projected would be a world population increase of 2 billion people, to reach 8 billion in 25 years (a low projection, in fact). McNamara said that hunger stalks 750 million people today, and could affect 1 billion people in 25 years, unless "food optimists" are right, that agricultural technologies and "economic policy reforms" will be enacted.

McNamara said "food optimists" and "food pessimists" are clashing over whether the world will be able to feed itself, and that he tends to side with the "optimists."

In fact, the World Bank, in practice, serves the "pessimists." Closely allied with the International Monetary Fund anti-development policy of imposing harsh conditionalities on countries, the World Bank has opposed the kinds of agricultural infrastructure development (water, power, transport, chemical industry) that would expand nations' food output productivity.

Thus, while the World Bank-connected research centers, and sponsorship of science, produces specific advances of great potential, the economic policies of the Bank, the IMF,

and allied agencies, including the World Trade Organization, are thwarting the practical applications, and suppressing food output.

McNamara called for more funding for World Bank-connected agricultural research centers, in particular the CGIAR network. He said that the U.S. government reduced its donations to international agricultural research by almost 50% over 1992-94, resulting in cuts at agricultural research centers around the world.

McNamara also criticized the U.S. government for cutting its funding for family planning, saying that the United States was reneging on its pledge made at the UN Cairo Population Conference, to increase spending on reducing world fertility rates.

"The trend [on the lack of support by the United States for combatting hunger] is not very encouraging," said McNamara. "U.S. national policy in recent years has often moved in directions opposite to what is required to advance food security both here and abroad."

Another 25% increase in yields

The potential for vast new sources of food supplies was raised at the World Food Prize award ceremony on Oct. 18 by the recipients. Dr. Khush, in accepting his award, described the recent new breakthroughs in rice, called "super rice," which are expected to increase yields by 25% in a few years.



Dr. Gurdev Khush

This new "super rice," and the 1960s "miracle rice," illustrate the principle that scientific breakthroughs and applications can alter nature to provide the basis for continuous expansion of food supplies in the future. Apparently fixed resources are not constraints. The means exist to feed billions more people on the planet.

The prize has been awarded 12 times since 1987. The idea was conceived by Dr. Norman Borlaug, 1970 Nobel laureate for "Green Revolution" grains. The World Food Prize secretariat is in Ames, Iowa, at the Iowa State University, College of Agriculture. Among the past recipients of the World Food Prize are:

1993: He Kang, former minister of agriculture in China, who provided leadership for programs resulting in large increases in agricultural output in China in the early 1980s, giving China self-sufficiency in basic foods.

1987: Dr. M.S. Swaminathan, architect of India's "Green Revolution," who led the introduction of high-yielding wheat and rice varieties to Indian farmers.

1988: Dr. Robert Chandler, Jr., the founding director of IRRI in the Philippines, where his leadership helped spur an international network of similar research centers.

Food cartel puts market 'rights' over human rights

by Marcia Merry Baker

The policy of the cartels of companies now dominating all major domestic and world food markets, is to command power over who eats, who farms, even who pursues agro-science, and patents seeds and vital technologies. The accompanying article (p. 36) summarizes the prominent cartel names, and documents their degree of control over trade, ranging from 40 to 90%.

The common rationalization for cartel looting rights, over and above national sovereignty and human rights, has been stated in mainstream economics dogma, in terms of "market rights," especially beginning in 1986, with the General Agreement on Tariffs and Trade Uruguay Round agriculture "reform" talks. The sophism is, that citizens of any nation should *not be limited* by the constraints imposed by a national government and a national economy; citizens in the "global" community have the right to partake of, and participate in, the "world free market"—meaning, everyone must be exposed to control by the cartel companies. No exceptions.

You see this globalism construction throughout the U.S. Position Paper to the Rome Food Summit, for example, in the expression that farmers in all nations should be "part of the world farmers' market." Who says? The cartels.

The fact that the regime of cartel-control of vital commodities (food, fuel, chemicals, etc.) is now at the stage associated with national economic breakdown, and mass suffering, has been no deterrent to cartel demands for even more extensive free trade rights. Just the opposite. Both in national capitals, and at various international gatherings, commodities cartel interests are demanding the freedom to exercise their "free trade rights," over and above even the human right to exist.

- G-7 Summit, Lyons, France. The supremacy of the right to "free trade" was a prominent plank in the Economic Communiqué released at the Lyons Group of Seven Summit, on June 29, 1996. This directly reflected the input by the "Gang of Four"—the International Monetary Fund (IMF), World Bank, World Trade Organization (WTO), and the United Nations—the international agencies associated with serving cartel political and financial interests.

- World Food Summit, UN Food and Agriculture Organization, Rome. The U.S. official delegation itself was packed with cartel representatives, such as Dr. G. Edward Schuh, dean of the Hubert Humphrey Institute, which was created in

Minnesota in 1977 with funds from Archer Daniels Midland and other cartel sources. Schuh was recently named to serve on a new commission, formed by the National Center for Food and Agriculture Policy, in Washington, D.C., which commission is chaired by former Cargill CEO Whitney Mac-Millan. In early 1997, this Cargill-Humphrey Institute commission will present its findings to Congress on "international trade and economic assistance."

- World Trade Organization ministerial conference, Dec. 9-13, 1996, Singapore. The agenda of the first ministerial conference of the WTO, which now has 123 nations, and 30 more candidates for membership, including China, is on topics of concern to the cartels overriding national barriers to movements of cartel money, labor, commodities, and "intellectual property rights."

On Sept. 30, WTO Director Renato Ruggiero delivered a speech to the IMF-World Bank Development Committee, titled "Defining the Singapore Message," which previewed the December WTO meeting. He stated, "The whole political logic of trade has changed. By this I mean that, especially in the newer areas of the trade universe [financial services, investment flows, telecommunications], industrialized and developing countries are on the same side of the table. . . . This change reflects the inescapable reality of global economic integration. Globalization certainly presents countries with challenges of adjustment—though these are outweighed by the tremendous opportunities it offers. In many countries it is not uncommon to see a defensive reaction to these challenges, one which plays up the supposed threat from developing country imports or industrialized country investment. How are we going to counter this? By emphasizing the benefits of globalization and the interdependence it brings with it."

Typical of the "free market" view from London, was an editorial on the World Food Summit and WTO conference, entitled "Feeding the Hungry," in the Nov. 14 *Journal of Commerce*, the U.S. business daily owned by the London *Economist*: "To experts, the problems underlying Third World hunger are largely self-inflicted. Many developing countries, especially those in sub-Saharan Africa, have misplaced the emphasis of their economic policies on industrial, rather than agricultural, development." The editorial states, "The root cause of Third World hunger is misguided government policies that waste domestic resources and inhibit trade. . . . The ultimate solution is in the hands of the developing countries themselves. They must adopt market-based reforms."

Cargill demands free rein in Africa

On July 31, Michael Davies, manager of Cargill's Africa Division, which is based in England, in testimony to the U.S. Senate Subcommittee on African Affairs, Committee on Foreign Relations, encapsulated the cartel food policy position for the world—demanding "market rights" over and above national rights, and basic human rights.

"Cargill has been active in Africa since 1981. We focus

on countries where a free market environment is developing. . . . Today we have offices and facilities in 10 African countries—Egypt, Ethiopia, Kenya, Malawi, Nigeria, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe—and employ some 2,800 people, including more than 1,800 seasonal employees.

“Our African businesses include commodity trading—from cocoa beans and coffee to petroleum; breeding, production and sales of high-yielding, early-producing, disease-resistant maize and sunflower seed; processing vegetable oil for cooking, cotton and rice; and warehousing and distributing food and agricultural products. The central management of Cargill Africa is located in Cobham, Surrey, England. . . .

“Investors [Cargill and cartel companies] struggle when governments try to control the economy. Governments in Africa have fallen into the habit of attempting to set prices, especially food and currency prices. This has been a recipe for economic disaster. Governments are awful at trying to guess what farmers should be paid, or what the price of bread should be, or what level the kwacha/naira/shilling should be against the dollar. It’s not their role. And as long as they try, they are going to cause more confusion, more economic chaos. . . .

“And, they struggle with aid. When foreign assistance displaces the private sector, it undermines investment. Aid is rarely, if ever, sustainable, although sustainability is very much a buzz word in the various aid agencies. This has important implications when we consider Africa’s chronic food problems.”

Windsors’ cartel controls food supply

by Richard Freeman

When speakers at the Rome World Food Summit proposed that nations should have “equal access” to food—instead of the right to, and the material conditions for, food self-sufficiency—they were proposing that entire populations obtain their daily bread from a non-existent “free market” in food. By forcing nations onto this mythological free market, the Malthusian food engineers are delivering them into the arms of a very un-free food cartel, guaranteeing a continuation of inadequate food supplies and starvation.

The cartel’s domination especially applies to America. In 1983, Robert Bergland, President Jimmy Carter’s agriculture secretary in 1977-81, told an interviewer concerning Cargill, the world’s largest grain company: “Cargill’s view is . . . [that] they generally regard the United States as a grain colony.”

There is very little food produced anywhere in the world that does not come under the control of the food cartel. Countries that used to have food self-sufficiency find their food

chain ripped open, and subordinated to the cartel. Food which had been moderately priced and relatively plentiful, becomes expensive and in short supply.

Ten to twelve companies, assisted by another three dozen, run the world’s food supply. They are the arms and legs of the Anglo-Dutch-Swiss food cartel, and are grouped around Britain’s House of Windsor. Led by the six leading grain companies—Cargill (Minneapolis and Geneva); Continental (New York City); Louis Dreyfus (Paris); Bunge and Born (São Paulo and the Netherlands Antilles); André (Lausanne, Switzerland); and Archer Daniels Midland/Töpfer (Illinois and Hamburg, Germany)—the food cartel has complete domination over world cereals and grains supplies, from wheat to corn and oats, from barley to sorghum and rye. But it also controls meat, dairy, edible oils and fats, fruits and vegetables, sugar, and all forms of spices.

One should keep in mind that, while different companies are cited as controlling this or that percentage of food production and/or marketing, the individual firms are actually legal fictions, each part of a single interlocked syndicate. These three dozen cartel companies control the food production, processing, and especially export marketing in four critical regions of the world, which account for the overwhelming majority of food exports. By controlling these four regions, they control who gets food and who does not. The four regions are: the United States; the European Union, particularly France and Germany; the British Commonwealth nations of Australia, Canada, the Republic of South Africa, and New Zealand; and Argentina and Brazil. Almost all world food export trade originates exclusively from these four regions.

The foods to sustain life

Grains and grain products, milk and dairy products, edible oils and fats, and meat provide the majority of the intake of vitamins, proteins, and calories, which keep people alive.

Grains. Grains, or cereals as they are often called, consist of wheat, and other small grains; the coarse grains, including corn, barley, oats, sorghum, and rye; and rice.

The Anglo-Dutch-Swiss cartel’s control over wheat exports is shown in **Figure 1**. For the crop year 1994-95, the cartel’s four food export regions produced and traded 88% of the world’s wheat exports of 97.2 million metric tons.

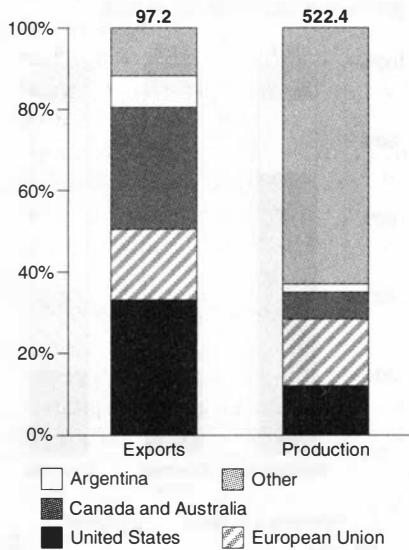
But, the four cartel food export regions, while accounting for 88% of worldwide wheat exports, accounted for only 39% of all the world’s wheat production of 522.4 million metric tons in the 1994-95 crop year (Figure 1). That is, their share of world wheat exports was more than double their share of world wheat output. This underscores the point that the cartel built up four regions as the chokepoints over the world’s food supply, even though these regions, collectively, are often not the largest producers.

Figure 2 shows, for the 1994-95 crop year, the percentages that the cartel’s four food export regions control of the exports of the leading coarse grains. They control 95% of world annual corn exports, some 69.9 million metric tons; 76% of world bar-

FIGURE 1

Control of international wheat exports

(percent of total / millions tons)

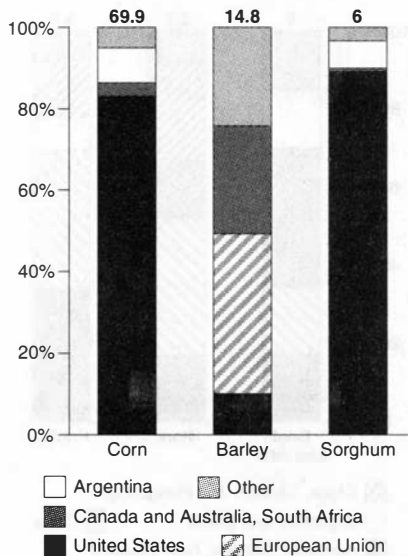


Source: U.S. Department of Agriculture, Economic Research Service, Trade Analysis Branch, 1994/5 crop production figures.

FIGURE 2

Control of international coarse grain exports

(percent of total / millions of tons)

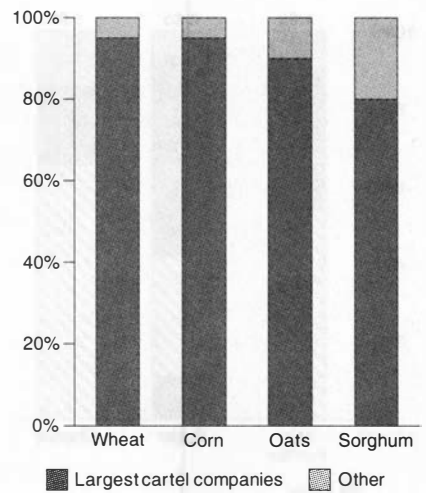


Source: U.S. Department of Agriculture, Economic Research Service, Trade Analysis Branch, 1994/5 crop production figures.

FIGURE 3

Control of U.S. grain exports by largest cartel companies

(percent of total / millions of tons)



Source: EIR interviews; *The Grain Traders*.

ley exports, some 14.8 million metric tons; and 97% of world sorghum (milo) exports, or 6 million metric tons.

Within these export regions, the cartel's six leading grain companies have, historically, built up domination of the external grain markets. For example, they have command of America's grain export market. Based on the composite picture pulled together from several research sources, **Figure 3** shows that the cartel's Big Six grain trading companies—Cargill, Continental, Louis Dreyfus, Andre, ADM/Töpfer—own and control 95% of America's wheat exports, 95% of its corn exports, 90% of its oats exports, and 80% of its sorghum exports. A few smaller companies, almost all in the grain cartel's orbit, control the remaining market share. This is extremely important, because in the 1994-95 crop year, America accounted for 33% of world wheat exports, 83% of world corn exports, and 89% of world sorghum exports, making it the leading exporter in each of these three markets.

The Big Six grain companies also control 60-70% of France's grain exports, the biggest grain exporter in Europe (the world's second-largest grain exporting region), which exports more grain than the next three largest European grain-exporting nations combined. The Big Six, along with some affiliated Argentine companies, control 67.8% of Argentina's grain exports. Argentina is the fourth-largest grain exporter in the world. A similar picture obtains for the British Commonwealth nations of Canada and Australia, which, combined, are the world's third-largest grain exporting region, both of which have Queen Elizabeth II as head of state.

Thus, the Anglo-Dutch-Swiss food cartel's domination of world supplies is absolute. Keep in mind who these Big Six companies are: Five of the six (ADM being the exception) are privately owned by oligarchical families of extreme wealth. They are tied into the highest levels of the British royal family's Club of the Isles. They issue no public stock, no annual report. They are more secretive than any oil company, bank, or government intelligence service. Just two of these companies, Cargill and Continental, control 45-50% of the world's grain trade.

In fact, their control is even greater than that: The Big Six grain companies are organized as a cartel; they move grain back and forth from any major or minor exporting nation. They own thousands of hopper cars, world shipping fleets of hundreds of vessels, storage silos, and processing mills, and have long-established relationships in sales, financial markets, and commodity trading exchanges (such as the London-based Baltic Mercantile and Shipping Exchange), on which grain is traded. No other forces in the world, including governments, are as well organized as the cartel; and, therefore, London's power in this arena remains unchallenged.

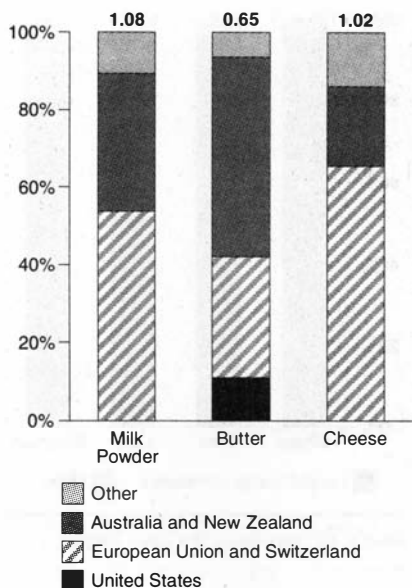
Milk products. The big export areas of milk and milk products are three of the cartel's four basic regions: the United States; the European Union plus non-member Switzerland; and the British Commonwealth countries of New Zealand, in particular, and Australia.

In 1994, the cartel's domination of dairy and dairy products was astonishing. **Figure 4** shows that the cartel's food

FIGURE 4

Control of international milk and milk products

(percent of total / millions of tons)

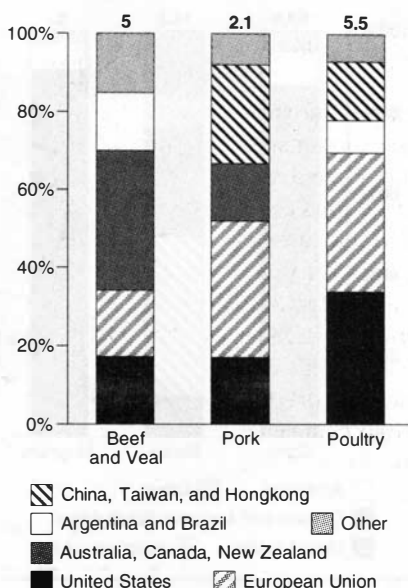


Source: Food and Agricultural Organization of the United Nations, "Commodity Review and Outlook, 1994-95," 1994 production figures.

FIGURE 5

Control of international meat exports

(percent of total / millions of tons)

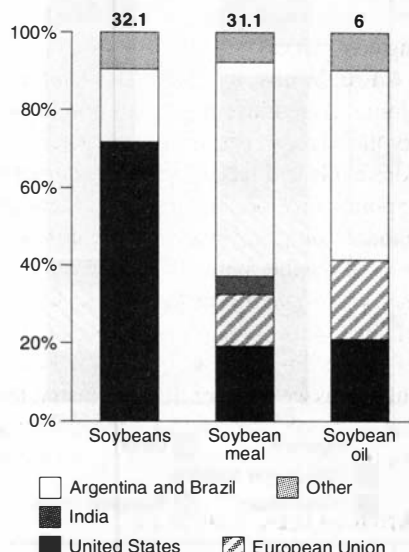


Source: U.S. Department of Agriculture, Economic Research Service, Commercial Agricultural Division, 1995 production figures.

FIGURE 6

Control of international soybean and soybean product exports

(percent of total / millions of tons)



Source: U.S. Department of Agriculture, Economic Research Service, Trade Analysis Branch, 1994/5 crop production figures.

export regions controlled 89% of the world's export of whole milk powder (1.08 billion metric tons); 94% of the world's export trade of butter (653 million metric tons); and 86% of the world's export trade of cheese (1.11 billion metric tons). It also controlled a huge portion of the export of condensed milk.

The case of whole milk powder exemplifies the process. Milk is not usually exported in liquid form, except for short distances over nearby borders; it is usually exported either as whole milk or skim milk powder, or as condensed milk. When it is exported as whole milk powder, it is reconstituted upon delivery, usually at the ratio of 10 parts water to 1 part whole milk powder. Of the world's export of 1.08 billion metric tons of whole milk powder in 1994, the developing world imported 885 million metric tons, or 82% of the total.

Nestlé Corp., S.A., based in Vevey and Cham (near Geneva), Switzerland, and Borden, Inc., based in Columbus, Ohio, are the world's two largest exporters of whole milk powder. Founded in 1867, Nestlé grew significantly in 1905, when it merged with the Anglo-Swiss Condensed Milk Company, also of Switzerland. Cartel member Nestlé S.A. is the number-one world trader in whole milk powder and condensed milk; the number-one seller of chocolate, confectionary products, and mineral water (it owns Perrier); and the number-three U.S.-based coffee firm. Its products include Nestlé chocolate and candy; Libby's fruit juice; Carnation evaporated milk; Buitoni spaghetti; Contadina tomato paste;

Hills Brothers and Nescafé coffees; and Stouffers' restaurants and frozen foods. (It also owns 26% of the world's biggest cosmetics company, L'Oréal.) All told, it is the biggest food company in the world. In 1994, there were 13 countries in which Nestlé had sales of 1 billion Swiss francs or more, including all advanced sector nations. Its total 1994 sales were SF 56.9 billion, or \$45.5 billion. Its 1994 profits were \$4.8 billion, bigger than all but a half-dozen companies.

Meat. The cartel's four major export source regions have hegemony over meat exports. As well, a Chinese bloc of China, Taiwan, and Hongkong (the last nation a re-exporter) is important in pork and poultry exports.

Figure 5 shows that, for 1994, the cartel's basic food export regions commanded 85% of the world's export of beef and veal (4.95 million metric tons); when the Chinese market is added in, these regions commanded 92% of the world's export trade of 2.1 million tons of pork, and 93% of the world's export trade of 5.84 million metric tons of poultry. The export of pork and poultry in China and Taiwan is increasingly run by the food cartel.

Four of the cartel's biggest companies in beef export are Cargill, Archer Daniels Midland/Töpler, ConAgra/Peavey, and IBP, formerly Iowa Beef Processors. IBP, based in Dakota City, Nebraska, epitomizes how the oligarchy employs its corporate branches. Once owned by Armand Hammer's Occidental Petroleum Co., today 13% of IBP stock is owned

by FMR Corp., the holding company for Fidelity Investments, the largest family of mutual funds in the United States, which is run by the Boston Brahmin families. FMR is interlocked with other parts of the House of Windsor's: It is a large owner of raw material cartel companies, including shares of 5% or more of Homestake Mining, Coeur D' Alene Mines, and Santa Fe Pacific Gold Corp., three of the world's largest gold mining companies.

Edible oils and fats. The United States, the European Union, Argentina, and Brazil dominate in the export market for the soybean and its by-products, the most basic source of edible oils and fats. **Figure 6** documents that the food cartel export source sectors are the masters of 90% of the international trade in soybeans (32.1 million metric tons per year); 90% of the international trade in soybean meal (31.1 million metric tons); and, along with British Commonwealth member India, 92% of soybean meal exports (31.1 million metric tons).

According to spokesmen for the U.S. Department of Agriculture, as well as for private industry, the same six companies that dominate the international grain trade also dominate the international trade in soybeans and by-products.

Animal feed and seed

The cartel also controls feed for animals and seed for planting. British Petroleum, through its Nutrition division, is the largest feed producer in Europe. Cargill, the world's largest grain exporter, through its Nutrena Feed division, is also the biggest producer of animal feed, as is Continental Grain, through its Wayne Feed division.

Almost all marketing of seed is controlled by Cargill and six other conglomerates, closely interlinked with chemical and pharmaceutical cartels. Among the seed giants are Cargill Hybrid Seeds, ICI Garst (a division of the British Imperial Chemical Industries), Novartis (formed in 1996 from a merger of Sandoz and Ciba Geigy), Mycogen (half-owned by Dow Chemical), DeKalb Genetics (40% owned by Monsanto), and Pioneer Hi-Bred International Inc., which accounts for 45% of U.S. corn seed planted, and is the world's largest seed producer. Charles Johnson, the president of Pioneer, was part of the official U.S. delegation to the Rome World Food Summit.

Domestic markets

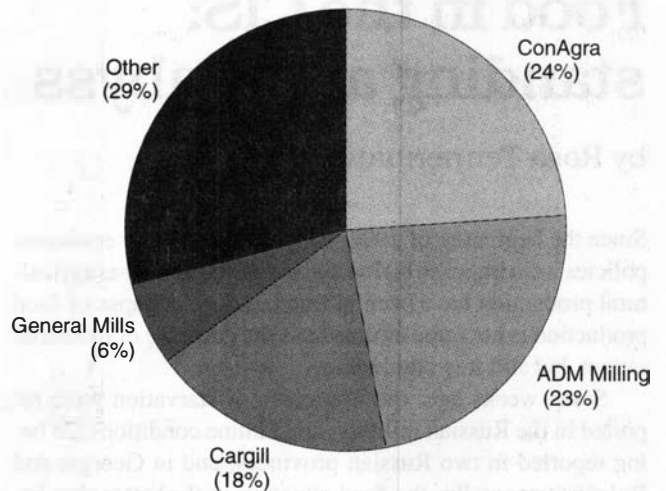
The cartel maintains an iron grip over the domestic agricultural economies of various nations, especially those comprising their four export source regions. This is carried out through the processing industries: If one controls the processing industries, one controls domestic trade. Except for use as animal feed, corn, wheat, and soybean cannot be eaten in their unrefined form (except for the sweet corn we like to eat, which is only a minuscule percentage of the annual corn harvest). The grain, or soybean (which is a legume), must be processed. The same is true of meat, which must be slaughtered and cut, before it can be sold to the individual household.

This is where the processing-milling industries, in the

FIGURE 7

Four members of the grain cartel control 71% of America's flour milling

(percent of U.S. flour milling capacity)



Daily milling capacity = 1,259,296 hundredweight of wheat

Sources: 1994 Grain and Milling Annual, Milling and Baking News magazine; research of William Heffeman and Douglas Constance, Department of Rural Sociology, University of Missouri.

case of grains and soybean, and the packing/slaughtering industries, in the case of meat, come in.

Taking America as the test case, in order to make the case generally, one can see the cartel's domination in grain processing: **Figure 7** demonstrates that the main grain companies of the oligarchy's food cartel control 71% of the milling of America's flour. They also control 76% of the crushing of America's soybeans, 57% of the dry milling of America's corn, and 74% of the wet milling of America's corn. (In the dry milling, the corn is turned into corn meal, or products such as muffins and breakfast cereals. In the wet milling, the corn is turned into sweetener, starch, alcohol, ethanol, etc. Of America's corn crop of 7.4 billion bushels, 5.6 billion bushels will be consumed as animal feed; 1.5 billion bushels will be wet milled; and 0.3 billion bushels will be dry milled.)

Finally, four of the six leading grain cartel companies own 24% of America's grain elevator storage capacity. However, this figure is deceptive. In many areas of America, local grain elevators are substantially owned by individuals or cooperatives. When one gets to regional grain elevators, the percentage of cartel ownership rises steeply. And at ports, where grain is transshipped, the same four grain cartel companies own 59% of all American grain elevator facilities.

A farmer must sell his grain either to a grain elevator, or, in the very rare case where he can afford transport, to a miller. In either case, it is a grain cartel company to which he must sell. By this process, the grain cartel sets the price to the farmer—at the lowest level possible.

Food in the CIS: standing at the abyss

by Rosa Tennenbaum

Since the beginning of 1992, when shock therapy economic policies were imposed on Russia, industrial as well as agricultural production have been in free fall. The collapse of food production is not quite as drastic as the decrease of industrial output, but still it is astounding.

Some weeks ago, the first cases of starvation were reported in the Russian military, and famine conditions are being reported in two Russian provinces, and in Georgia and Bulgaria; generally, the food situation in the states that belonged to the former Soviet Union looks very grim. It took only four years to create conditions, that are rapidly approaching widespread famine.

In a report released in September, the Russian Agriculture Ministry termed the situation in agriculture "dramatic." Production potential has been crippled so severely, that it will take "several decades" before the levels preceding shock therapy could be reached again, it said. The report pointed to big losses in agricultural production, spearheaded by a collapse in grain production. In 1990, Russia's grain harvest was 120 million tons; last year, it was 63.5 million tons, just above half of 1990 levels and the lowest grain harvest recorded in the last 30 years. This year, the Agriculture Ministry projects 69 million tons, which is a small increase over 1995, but it is still one of the worst results since the 1960s.

The same is true for all other agricultural commodities. Meat production fell from 13 million tons in 1992, to 9.4 million tons in 1995; milk fell from 47.2 million tons, to 39.3 million tons. This collapse is accelerating. Just between August 1995 and August 1996, production of bread shrank by 54%, flour by 22%, meat by 20%, butter by 23%, and cheese by 14%.

What is not being produced, cannot be consumed. Consumption of meat and meat products, and sugar and sugar products, were one-fourth below 1990 levels; consumption of milk and milk products, fish, and fruits were down by one-fifth. Only consumption of bread and potatoes is higher, because they are being substituted for animal products.

The Agriculture Ministry is worried, in particular, because investments in agriculture have come to a complete standstill. Technical equipment on the farms has reached the level of the 1960s. In addition, infrastructure in the rural areas is decaying and is "very seriously affecting production and marketing of agricultural products."

The breakdown in agriculture is affecting the food-processing industry, that used to be an important employer in the countryside. A growing part of processing capabilities is lying idle, adding to the already precarious economic situation of companies. Many firms have to close down, adding their workforce to a growing army of unemployed.

Already last year, Russia only prevented a bread crisis because it imported growing amounts of wheat for human consumption and flour, Andrei Sisov, the director of the Center for Economic Research, stated in a report. Within one year, wheat imports more than doubled to 3.2 million tons. Imports of wheat flour rose from 53,000 tons in 1994-95, to 1 million tons one year later. Then, Russia was still a net exporter of flour; now, it is the world's biggest importer.

This is not only due to shortages on the internal market, but also because grain and flour are cheaper on the world market than at home. But, it looks as if the policy of importing food cheaply cannot be continued next year, because countries such as Ukraine and Kazakhstan, from where most of the imports come, suffered bad harvests this year and will not be able to deliver.

Grain reserves exhausted

At the beginning of the current fiscal year, all regions in Russia, except eastern and western Siberia, reported their lowest grain reserves in years. The state grain reserve, which was still 8.8 million tons in summer last year, is exhausted as well, Sisov reported. This means, that the regions and the consumers of the state reserves will depend exclusively on the grain available on the internal market, or they will have to import it. This is hitting the Army and the Arctic territories hard, in particular. Until now, they were supplied by the state.

Gen. Aleksandr Lebed, who was ousted on Oct. 17 as head of the Russian Security Council, has termed the food and energy situation in these areas "beyond description," and has warned of a "point of eruption" soon to come. He forecast that either the state will have to organize a "vast deportation" of the population there as a kind of rescue operation, or there will be waves of refugees streaming from the Arctic belt into central Russia this winter. The country is staring into the abyss.

On Nov. 19, Russian government and military officials met in Moscow, at a conference on ensuring food supplies for the Armed Forces. Underfunding for provisioning is the immediate problem, but even with full funding, supplies are not present. Deputy Economics Minister Ivan Starikov told participants that the military had been granted 6.2 trillion rubles in the 1996 budget for feeding the troops, although it had requested 8 trillion. But thus far this year, the Armed Forces have received less than half the allocated amount. As a result, the military had by Nov. 1 gone into debt to its food suppliers by 2.3 trillion rubles. Starikov noted that the Defense Ministry had asked for 10 trillion rubles for food

in the 1997 budget—an amount it is unlikely to receive.

The government hopes that centralizing all food procurement in one agency will be more economical, and has made the Agriculture Ministry's Federal Food Corporation "fully responsible for providing food supplies" to the Armed Forces. It is to use only domestic sources for its purchases. The FFC, however, has itself been hamstrung by underfunding since its creation two years ago, and lacks storage facilities of its own.

As in the Soviet days, the military devotes a considerable effort to feeding itself—often at the expense of military training. The Defense Ministry manages a number of large farms, and nearly every unit engages in agricultural activities on a smaller scale.

The situation in most of the countries that belonged to the former Soviet Union is similar to Russia, as the following examples show.

Ukraine

Once Europe's breadbasket, the grain harvest in Ukraine this year will amount to around 26 million tons, a decline by one-fourth compared to last year. The record harvests in 1989 and 1990, just before shocktherapy was imposed, were almost twice as high. The harvest of sugar beets, too, will be 13% short of 1995, and the smallest in more than a decade, the Agriculture Ministry in Kiev admitted.

Crops were affected by adverse weather conditions—in spring it was too cold, in summer incredibly hot, and in autumn too wet. But the lack of input of fertilizers is the other main reason for the disaster.

One-third of the area planted was not fertilized at all. In 1990, Ukraine still produced 6.8 million tons of sugar; this year it will be only 3 million tons. Grain and sugar used to be the most important export products of the country; now, there is nothing to sell any more—in fact, hunger is looming in Ukraine. The mass starvation at the beginning of the 1930s was not because of shortages, but was a conscious genocide by Stalin to crush Ukraine. Today, this is being tried again—by liberal economics.

Still, the country is lucky. It counts some 20 million independent farmers, and that is why Ukrainians are still able to survive. You either garden your own plot or you have friends and relatives in the countryside, who support you with urgent necessities.

Georgia

This country is suffering an almost total crop failure this year. Instead of the projected 360,000 tons, the country will harvest only 177,000 tons of grain. Last year, it still harvested 500,000 tons, and the country still needed aid deliveries from the European Union to prevent widespread hunger. At least 800,000 tons are needed for consumption. Now, there is less than one-fourth of this amount available, and the government has no money for imports.

Kazakhstan

Kazakhstan, a major grain exporter in the CIS, is suffering a bad harvest of a maximum of 15 million tons, down from 20 million tons last year. This autumn, people are resorting in desperation to consumption of animal feed, and even fertilizer. There are thousands of hunger-stricken people in, especially, Karaganda, in northern Kazakhstan, and in the towns of Janatas, Kentau, and Tekeli, in the country's south.

Other countries of Central Asia are in great need of food aid to prevent widespread hunger, including Azerbaijan, Armenia, Kyrgyzstan, and Tajikistan.

Tajikistan

Tajikistan President Emomali Rakhmanov presented a report to the Rome World Food Summit on the crisis conditions of the food supply and agricultural production in his country. Tajikistan has been cooperating with the UN Food and Agriculture Organization (FAO) since it was admitted to this organization in November 1995.

According to Rakhmanov's Presidential press secretary, Zafar Saidov, food shortages became particularly acute in Tajikistan after economic contacts were broken with the former Soviet republics. Among other reasons for food shortages, he cited the civil war and natural disasters in 1992-93, and a sharp drop in the production of agricultural produce and food imports.

Moreover, because 93% of Tajikistan's territory is mountainous, this complicates farming, and leaves no leeway for "interruptions" in crop cycle inputs. The situation has become critical, because the government has no money to renew and develop agriculture. Given this, Rakhmanov urged the FAO to supply Tajikistan with equipment for the development of agriculture and processing industries until Tajikistan overcomes its "serious economic crisis."

Rakhmanov also proposed that the FAO set up a special fund through which industrialized states would subsidize food imports by "poor states" with negative balance of payments situations and large debts.

Eastern Europe: frostbite or hunger

Countries of eastern Europe are also in a food crisis. Romania reports a crop failure. Bulgaria reports the worst harvest "within several decades," and here, too, the alternatives this winter are to die from frostbite, or of hunger.

In all these countries, food production collapsed not due to "natural" causes and disasters, but because it was consciously and willfully destroyed, on orders of the International Monetary Fund and World Bank, in complicity with dumb and corrupt politicians in the respective governments. If this policy prevails for much longer, this part of the world will blow up in wars and civil wars. It will cost many lives in the western countries as well, if we allow such destruction to be continued.

Foreign backers of Colombia narco power-grab exposed

by Valerie Rush and Javier Almario

The spectacular arrest on Nov. 18 in Medellín, Colombia of Werner Mauss, a shadowy “private detective” with long-standing and high-level connections to the German government in Bonn, has exposed an international network that operates outside the law of sovereign nations, and is responsible for multiple narco-terrorist operations worldwide, designed to destroy nation-states and impose one-world imperial rule.

The Mauss scandal, as it has unfolded in Colombia, lays bare clandestine efforts by that country’s Samper Pizano narco-government to cement a power-sharing pact with a narco-terrorist army that has come to be known as the “Third Cartel,” through contacts that run directly into the highest offices of the German government.

Narco-President Ernesto Samper Pizano’s plot to hold secret negotiations with the narco-terrorists, mediated through the offices of the German government, are part of his repeated efforts to make an “end run” around the Clinton administration’s hard-line campaign against the Colombian drug cartels, by building up a Europe-centered base of support for his corrupt regime. Samper has worked especially closely with the British government and British business circles, and with President Jacques Chirac in France, to try to break out of the containment imposed by President William Clinton, through his administration’s “decertification” of the Samper regime in March of this year, followed by the July 11 withdrawal of Samper’s U.S. entrance visa, because of his links to the drug cartels.

Mauss, along with a female accomplice believed to be his wife, was apprehended at Medellín’s Río Negro Airport, trying to smuggle out of the country one Brigitte Schoene, a

German national and wife of the former director of BASF Chemical in Colombia, who had been kidnapped three months earlier by Colombia’s narco-terrorist National Liberation Army (ELN). Mauss, who was using the name Norbert Schroder at the time, claimed that he was on a “humanitarian mission.” Several days after his arrest, the German government officially acknowledged that it had supported Mauss’s “humanitarian mission” all along, and has since indicated that it will officially intervene to seek his release.

The Mauss trap

When he was arrested, Mauss was not only in possession of three separate official German passports, but also documents from the German embassy in Bogotá, authorized by Germany’s Assistant Foreign Minister Peter Hartmann, asking Colombian authorities to provide Mauss any assistance necessary for him to carry out his “humanitarian mission”—which presumably explains the Colombian gun permit he was also carrying. Mauss had just delivered somewhere between \$1 and \$2 million in ransom money to the ELN, in exchange for their captive. The money had been flown in a diplomatic suitcase directly from Bonn to the German embassy in Bogotá.

Also found on Mauss’s person at the time of his arrest, were documents linking him to several Colombian individuals who had negotiated the generous donations made by Colombia’s top drug-trafficking cartel to the Presidential campaign of Samper Pizano. Among them are Interior Minister Horacio Serpa Uribe, whom various intelligence sources have identified as one of the leaders of the ELN, his cousin Jorge

Serpa, who worked as an adviser to Colombia's National Civil Registry until the scandal broke, and former Colombian Sen. Eduardo Mestre Sarmiento, currently in jail on charges of taking money from the drug cartel.

According to Colombian authorities, Mauss and his wife—under a multitude of aliases—had entered Colombia repeatedly in recent years, to negotiate multimillion-dollar ransoms for a number of ELN kidnap victims. Film footage taken by *Der Spiegel* journalists who accompanied Mauss on such a mission in November 1995, show the ELN kidnapers warmly greeting Mauss and his wife, and saying farewell, “until the next time.” In the case of Brigitte Schoene, Mauss's arrival in Colombia had sabotaged ongoing negotiations by local Colombian authorities on her family's behalf, around a \$100,000 ransom offer.

Negotiations sabotaged

Antioquia Gov. Alvaro Uribe Velez, who ordered Mauss's arrest, told the media that Mauss's modus operandi in ransoming ELN kidnap victims had consistently sabotaged legitimate negotiating channels and driven up the ransoms. Mauss and wife have since been charged by Colombian authorities with complicity in the Schoene kidnapping.

Was Mauss performing a humanitarian service, paying a kidnap ransom and taking the victim back to her husband and five-year-old son, as both he and the German government claim? Or, as Governor Uribe Velez and others are charging, is Mauss a long-term collaborator of the narco-terrorist ELN, serving as their negotiator and ransom-collector, and, possibly, as the financial manager for the ELN's millions in ransoms banked abroad? And, if Mauss is, indeed, working for the narco-terrorists, what was he doing in a meeting between Colombian Interior Minister Serpa Uribe and German national security head Bernd Schmidbauer in Bonn last July, a meeting that laid the groundwork for “peace talks” between the Samper government and Mauss's narco-terrorist friends?

Although the evidence strongly suggests that Mauss functions as the ELN's international agent, and is the individual who provided the ELN with sophisticated satellite technology for kidnapping and negotiating ransoms, the reality is that the ELN is but one of many instruments of Mauss's one-worldist sponsors, as is Mauss himself, in this case deployed against Colombia's national sovereignty.

‘An ELN confidant’

Mauss, who has worked in the so-called “gray zone” (i.e., unofficially) for various German intelligence agencies for several decades, first appeared in Colombia in 1983, when he helped negotiate a “security pact” between the German construction firm Mannesmann A.G., which had been sub-contracted by Occidental Petroleum to build the country's Caño Limón-Coveñas oil pipeline, and the Cuba-spawned

ELN, whose efforts at the time were largely dedicated to kidnapping engineering personnel for ransom, and sabotaging the pipeline construction effort.

As a result of the pact Mauss negotiated, the ELN received a lump sum payment of \$4 million, and monthly stipends (the ELN called them “war taxes”) to the tune of \$200,000. Mauss, of course, collected a hefty commission for his services. When the story broke in the press in July 1985, Occidental Petroleum's Armand Hammer told the *Wall Street Journal*, “We are giving jobs to the ELN. We give them work as suppliers, and we take responsibility for the local population. It has functioned until now, and they in turn protect us from other guerrillas.”

Offers from the local military units to provide security to the construction facility were explicitly rejected by Mannesmann and Occidental as “inadequate.”

As it turned out, Occidental and Mannesmann were not paying protection money to forestall attacks against their operations, but were providing outright financing to the ELN terrorists to go on blackmailing the Colombian state and destroying Colombia's energy infrastructure. Between 1985 and December 1987, assaults on Colombian oil and gas installations dramatically increased, totalling more than 120! And the rate of attacks has continued to increase, to this day. This “liberation army,” which was repeatedly caught trafficking in marijuana and cocaine throughout that period, has since joined forces with the Communist Party-linked FARC narco-guerrillas, i.e., the “Third Cartel,” for its expansion into the production and trafficking of both cocaine and heroin.

As the Colombian daily *El Espectador* put it, “Werner Mauss came to Colombia in 1983 as a ‘problem solver’ for the builder of the Caño Limón-Coveñas pipeline, and established himself as the ELN's financial ‘resuscitator.’ ” The daily *El Tiempo* adds that the millions Mauss negotiated for the ELN “enabled the guerrilla group to grow throughout the country, and to become one of the most dangerous. From that time onward, according to authorities, the German became an ELN confidant.”

Other illegal activities

Mauss also played a key role in facilitating Mannesmann's illegal import of equipment and personnel that were prohibited in its contract; in this, he worked hand-in-hand with Colombia's then-Deputy Attorney General Jaime Hernández Salazar, whose Bogotá home became Mauss's base of operations. Hernández, now deceased, became infamous in mid-1984, just after the cartel assassination of Justice Minister Rodrigo Lara Bonilla, when he accompanied then-Attorney General Carlos Jiménez Gómez to Panama for a clandestine meeting with Lara's assassins—all the capos of the Medellín cocaine cartel—to try to arrange an amnesty for them.

In 1987, Mauss was investigated in Colombia for his ille-

gal activities on Mannesmann's behalf, but the investigation went nowhere when neither the German government nor the Colombian government wanted his links to "higher-ups" exposed.

In 1990, Mauss was also chosen by the German firm Siemens to act as its agent in dealing with the authorities of Colombia's Antioquia department vis-à-vis a stalled contract to build a municipal rail system in the state capital of Medellín, headquarters of the leading cocaine cartel at the time. Mauss's close relationship with Siemens continues to this day: The plane that had been waiting at the Río Negro Airport to spirit Mauss and Brigitte Schoene out of Colombia had been chartered by the former Siemens director in Colombia, Ariel Sharef.

And, in July 1996, Mauss personally facilitated a meeting in Bonn between Colombian Minister Serpa Uribe, and the president of Siemens. Many suspect that that meeting dealt with a pending contract to be granted Siemens by Colombia's National Civil Registry, for the modernization of computers which keep records on every Colombian citizen. Negotiating the contract on the Colombian side was Jorge Serpa, the minister's cousin. Ironically, the \$93 million contract was approved the same week that Mauss was arrested.

In Mauss's possession at the time of his arrest was a letter from former Colombian Sen. Eduardo Mestre Sarmiento, asking Mauss to advance him \$50,000 for his services in facilitating the Registry-Siemens contract! Mestre Sarmiento is currently doing jail time as a cartel front man.

The German 'bridge'

According to Carlos Villamil Chau, the former Colombian consul to Berlin, he first met Mauss in 1991, around the Siemens negotiations over the Medellín municipal rail system, in which both were serving as "advisers." Villamil reports that he was approached again by Mauss in early 1996, who offered to serve as a "bridge" between the Colombian and German governments, in facilitating peace talks with Colombia's narco-terrorists.

Villamil reports that President Samper approved the idea, and deployed Interior Minister Serpa Uribe as the Colombian side of the "bridge." Constant contact was maintained among Mauss, Villamil, and Serpa, leading to the interior minister's trip to Bonn in July of this year, to meet with Bernd Schmidbauer, the top security adviser to German Chancellor Helmut Kohl.

At that meeting, it was reportedly decided to hold the first phase of peace talks at the Chancellery in Bonn, in early December. Details on the talks were further refined during a meeting in New York between Samper Pizano and Schmidbauer, while the Colombian narco-President was attending the UN General Assembly. It was agreed that attending the first talks would be representatives of the ELN-FARC, Interior Minister Serpa, Schmidbauer, and representatives of the Colombian and German Catholic churches.

According to the Colombian media, the German Catholic representative to the talks was to have been Bishop Karl Lehmann, current president of the German Bishops Conference and a member of the board of the Catholic Church "charity" Misereor, which *EIR* has identified as a key protector and financier of the Zapatista terrorists in Chiapas, Mexico.

The role of the non-governmental organizations (NGOs) in paving the way for the narco-terrorists' pact with the Samper government was most recently demonstrated by the actions of two leading self-proclaimed "human rights" groups, London's Amnesty International and George Soros's Human Rights Watch, based in Washington, D.C. Both NGOs have come out in the past month calling for a suspension of U.S. anti-drug aid and equipment to Colombia's Armed Forces, which they claim is going to support "killer networks" inside military and paramilitary forces "obsessed" with fighting the guerrillas.

The NGO intervention is timed to affect the outcome of a multi-agency report requested by President Clinton, on the degree to which drugs and terrorism are one and the same enemy in Colombia. The NGO argument that fighting drugs cannot be confused with counterinsurgency, is deliberately intended to tilt the balance in favor of narco-terrorism.

National security threat

In a television news interview with Germany's Channel 1 on Nov. 18, Richard Meier, the former director of Germany's counterespionage unit, characterized Mauss as a typical example of the privatization of operations that "ought to be belong to the domain of the state." This privatization of intelligence operations, Meier warned, was cause for major concern, because of its scope.

A similar sentiment was sounded by Colombian Prosecutor General Alfonso Valdívieso, who described Mauss's activities as "a threat to national security. . . . Imagine that individuals linked to multinational companies can be the objects of a kidnapping, and that the very mechanisms through which their ransoms are negotiated, are encouraging and promoting the kidnapping! If these [ransom negotiations] correspond to schemes outside the expressly open and formal knowledge of the Colombian authorities charged with these same activities, it is very worrisome."

Antioquia Governor Uribe Velez was more specific, demanding that the international networks behind narco-terrorism be defeated:

"We accept the international community's offer to help us overcome violence. But, Mr. Mauss is simply an international agent at the service of the guerrillas and of administrative corruption. A person who interferes with Colombian authorities, who pressures the families of kidnap victims, violates Colombian law, and takes part in administrative corruption, cannot be at the service of humanitarian actions that favor peace. If we are to defeat the guerrillas, we must dismantle international complicity!"

Bush consorts with criminals, Moonies

by Katherine R. Notley

Ex-U.S. President George Bush descended on Brazil, Argentina, Venezuela, Uruguay, and Peru late last month, consorting with such low-life as Venezuela's ex-President Carlos Andrés Pérez (convicted of malfeasance and impeached); Rev. Sun Myung Moon, at a banquet in Argentina; and Brazil's disgraced-businessman Mario Garnero of Brasilinvest, who had joined Henry Kissinger's debt-for-equity looting schemes back in 1982.

Bush only seemed to be ignoring the enormous press coverage that Ibero-American media had given in September to *EIR*'s exposé of his command role in the Contras' running drugs into the United States in order to pay for their guns. However, his scanty tolerance for exposure cracked (so to speak) on Nov. 25, when he ordered the arrest of three Peruvian members of the Ibero-American Solidarity Movement (MSIA), as they peacefully distributed a political statement outside the hotel where he was speaking. The three co-thinkers of Lyndon LaRouche were released after word of Bush's latest blow for "democracy" went out internationally.

ECO international TV network, which broadcasts throughout Ibero-America, the United States, and Spain, included a segment showing an MSIA activist wearing a Bush mask and a striped prison uniform, with the inmate number 12333 (Executive Order 12333 set up Bush's secret government apparatus in 1981). Local Lima media also covered the protest *cum* street theater.

The MSIA statement that brought about Bush's enraged explosion read: "George Bush should be denied entry to our country on national security grounds. The drug kingpin's entry into Peru will mean the promotion of the drug trade. . . . In the United States, there is a growing scandal over his role in running the operation to introduce crack cocaine into the country's main cities. . . . Bush was not only aware of the operation, but he was the head of a secret apparatus within the U.S. government that flooded U.S. cities with tons of drugs, on the pretext of helping the Nicaraguan 'Contras.' "

Bush's five-country tour was aimed at consolidating his "new world order" of free trade and "democracy." He had made an earlier stopover in Brazil, on Nov. 21-22. His host there, Mario Garnero, had had to flee Brazil in 1985, to escape the jail time he faced (up to 12 years) from charges that he and three other Brasilinvest officials had committed "fraud, embezzlement, 1 trillion cruzeiros [\$224 million] in flight

capital, and organizing a mafia."

In Venezuela, Carlos Andrés Pérez, who was just released from house arrest, crowed that he had "a magnificent friendship with President Bush," after their Nov. 20 meeting. Days earlier, Pérez had met with Colombia's President Ernesto Samper Pizano, who has been denied entry to the United States, because of his open ties to the cocaine cartels.

Bush, the drug 'capo'

In Argentina, Bush's host was self-styled messiah Rev. Sun Myung Moon, who paid him an honorarium said to be in the high five figures, to speak at a dinner in Buenos Aires on Nov. 23. A statement issued by the executive committee of the Movement for National Identity and Ibero-American Integration (Mineii), led by imprisoned Argentine nationalist Col. Mohamed Alí Seineldín, called Bush "one of the fathers and creators of the 'New World Order,' recently named by his own countrymen as the 'Capo di capi' of drugs, responsible for having poisoned his own people with this terrible plague." And Moon "has been accused more than once of being an arms trafficker, a charge that has never been denied," the statement said.

The Moonies reportedly own a controlling interest in weapons manufacturer Tong Il Industries. According to the Nov. 19 issue of Argentina's *La Nación*, Moon plans to open a university in Ciudad del Este, Paraguay, in the triangular border region with Argentina and Brazil, "an area that reputedly shelters terrorist groupings."

In Buenos Aires, Bush, who has been getting vast amounts of money from the Moonies, which he hopes to use to buy the White House for his son, Texas Gov. George W. Bush, lavished praise on himself and another ex-President turned fugitive, Mexico's Carlos Salinas de Gortari, for "fathering" the North American Free Trade Agreement (NAFTA). He called for NAFTA's immediate expansion to Chile and Argentina. And, as he had earlier done in Brazil, Bush held out an olive branch to the Castro regime in Cuba. The Bush crowd hopes to return Cuba to the days when it was a "free trade" playground for mobsters such as Meyer Lansky. Bush also bragged that he personally helped save Argentina's "democracy," by coming to the country in 1990 to lend support to President Carlos Menem against Colonel Seineldín's insurrection.

He then hailed Moon for his "foresight and vision"; Moon responded by regaling banqueters with a litany of odd sexual and scatological references: "When you defecate, do you use a mask? This is no laughing matter, this is serious." He continued, referring to himself in the third person, "When you were kids, did you ever taste the cooties from your nose? . . . Why didn't you feel they were dirty? Because that's a part of your body. The Reverend Moon has discovered something that no one else had thought about." From Argentina, Bush went with Moon to Montevideo, Uruguay, where the Korean was to lead an "evangelization seminar" for 4,500 Japanese maidens.

Long-overdue debate held on U.S. policy toward Sudan

by Linda de Hoyos

The Carnegie Endowment for International Peace headquarters in Washington, D.C., was the scene Nov. 20 of a highly unusual event: a free and open debate on U.S. policy toward the key African nation of Sudan.

Among the invited guests to the seminar were the official representatives of John Garang's Sudan People's Liberation Army and their U.S. "handlers"; Neil Livingstone, an international consultant on terrorism, to explain why Sudan is listed by the State Department as a terrorist state; and the two employees of the *Baltimore Sun*, Greg Kane and Gilbert Lewthwaite, who went to Sudan in July on a trip orchestrated by British House of Lords Deputy Speaker Baroness Caroline Cox to "buy a slave."

But also in attendance, was the ambassador from Sudan to the United States, the distinguished Mahdi Ibrahim Mohamed, who was given an opportunity to answer every charge and to deliver the major speech at the luncheon following the seminar. As well, on hand was the entirety of the Schiller Institute-organized fact-finding delegation to Sudan—Ben McGee, deputy speaker pro tem of the Arkansas State Legislature; former U.S. Congressman Jim Mann of South Carolina; Ben Swann, state legislator from Massachusetts; and Tom Jackson of the Alabama State Legislature, along with Muriel Mirak Weissbach, Lawrence Freeman, and this reporter.

The State Department had been invited, but backed out at the last minute—perhaps when it heard the Schiller Institute would be there.

The panels were on: 1) charges of terrorism against Sudan; 2) the civil war in the south; and 3) charges of slavery against Sudan.

What clearly emerged from the seminar was a near-unanimous consensus that the evidence against Sudan as a terrorist-sponsoring state is flimsy, to say the least; and that the charges of slavery are capricious and dangerous. Notably, by the seminar's end, Sudan's primary detractors had rushed to the defense of British Intelligence in their attempt to defend a policy of sanctions against Sudan on charges of either state-supported slavery or state-sponsored terrorism.

The seminar took place nine days after revelations in the *Washington Post* that the United States is shipping almost

\$20 million in military equipment to Ethiopia, Eritrea, and Uganda, for the purpose of re-arming anti-Sudanese rebels currently supported by all three countries. Although State Department spokesman Nicholas Burns denied that the United States had a policy of using the three countries to overthrow the Sudanese government, it is known that several high-level meetings on Sudan have been held by the administration, in which a "a very deliberate policy" decision had been reached to take a tougher line, according to the *Post*.

Hearsay, but not evidence

First at bat was Neil Livingstone, an international terror expert with wide experience in the Mideast. The audience expected to hear hard evidence as to Sudan's role in international terrorism, which has caused it to be placed on the State Department list of "terrorist states." Disappointment was the reaction, however, when Livingstone listed as the reasons: 1) Sudan's diplomatic, trade, and cooperative relations with Iran; 2) the allegation that Sudan was involved in the assassination attempt against Egyptian President Hosni Mubarak in Addis Abeba, Ethiopia, in June 1995; and 3) allegations that a Sudanese national was involved in the 1994 Sheikh Rahman plot to blow up the United Nations.

Livingstone admitted in his speech that Sudan was being "demonized" on terrorism, and that the United States was *not* launching such attacks against what he called the "two main terrorist states," Iran and Syria.

Sudanese Ambassador Mahdi Ibrahim had little difficulty fielding these charges, pointing out, first off, that Sudan has always denounced terrorism, and second, that Sudan—unlike its neighbor Egypt—has no history of internal terrorism. "Terrorist action is not how we solve our political disputes," he reminded the audience. As for Sheikh Rahman, the ambassador implied that the sheikh had been "sheep-dipped" through Khartoum, where he was granted a visa to the United States by the American ambassador. On the murder attempt against the Egyptian President, he pointed out that all persons known to be involved in that attempt were Ethiopian nationals, and that those caught were tried *in secret* in Ethiopia!

Amid complaints that Livingstone had not presented any-

thing but hearsay, it was pointed out from the audience, and then confirmed by Mr. Mahdi, that Sudan had ended its open-door policy toward all Arabs and had expelled any foreigners believed to be representatives of organizations carrying out terrorist acts, including from the Islamic Jihad and the Hezbollah.

In conversation with this reporter, Livingston was asked whether the United States had taken any action in concert with Egypt and Israel, which have both protested that terrorist actions directed against their countries were coming from persons and capabilities located in *London—not in Sudan!* Livingston answered that the United States had taken no such

action, because we have decided that Britain “is a free and open society with a tradition of harboring dissidents of other countries, as long as they do not carry out terrorist acts there. But you are right, it is a thorny issue.”

‘The British aren’t a major player’

The next session brought to the fore Ted Dagne, former Congressional aide to Rep. Harry Johnston (D-Fla.), when Johnston was chairman of the Africa Subcommittee in the House. As later remarked by former Congressman Mervyn Dymally (D-Calif.), who served on the Africa Subcommittee for 12 years, Dagne’s presentation on the civil war in southern

Security Council delays decision on embargo

The United Nations Security Council Nov. 21 delayed for a month a decision on implementing an air embargo against Sudan. The council had decided on Aug. 16 to impose the air ban, but had postponed setting a date for its entry into force for at least 90 days, pending a report from Secretary General Boutros Boutros-Ghali. The sanctions are to be imposed for Sudan’s supposed failure to hand over three alleged suspects in the June 1995 assassination attempt against Egyptian President Hosni Mubarak. The Sudan government, which has cooperated with investigations of the attempt, has maintained that the three suspects are not *in Sudan*, and hence cannot be extradited.

“Sudan hopes the delay will be a chance for weighing facts so that a fair resolution . . . will be adopted by the Security Council,” Mustafa Othman Ismail, the state minister at the Foreign Ministry, was quoted as saying.

In May, travel and diplomatic sanctions were placed on Sudan for its failure to hand over the suspects, despite an interview in *Al-Hayat* newspaper in April with suspect Mustafa Hamza, from Afghanistan, in which Hamza said that none of his accomplices were in Sudan and that the Sudanese government had nothing to do with the assassination attempt on Mubarak.

Then again in August, at the behest of Britain and the United States, the UN Security Council passed another resolution for escalated sanctions against Sudan, this time targeting Sudan’s international airlines.

This time, however, when the council discussed the secretary general’s report during private consultations on Nov. 21, France called for a 30-day delay in deciding on a date for the air embargo, to allow time for a report on the humanitarian impact of the new measures. This was supported by Russia and Egypt, whose lead on the Sudan

issue is usually followed by other council members.

Egypt has at various points indicated its reluctance to join intensified efforts to destabilize the Sudanese government, since the plunging of Sudan into chaos would likely cause the blowup of the entire region, threatening Egypt itself.

The air embargo would have dire humanitarian effects, such as preventing imports of medicines and travel abroad by thousands of Sudanese seeking medical treatment. The air embargo, decided in principle in August, would require all countries to deny permission to aircraft registered in Sudan, or leased or operated by Sudan Airways or the Sudanese government, to take off from, land in, or overfly their territory.

There is also news, this time coming from Cairo, that indicates that the three suspects are not in Sudan, making it impossible for Sudan to comply with the resolution. The Egyptian government daily *Al-Ahram* reported Sept. 26 that Hamza and Shmet, the two terrorists accused of the assassination attempt against Mubarak, killed the third terrorist and then fled to Afghanistan and Kenya, respectively. The paper claims that they were in Sudan, but left “before the imposition of the UN Security Council’s sanctions on Sudan.”

Although the paper claims that Sudanese intelligence helped the two escape, the report nonetheless indicates that not even Egyptian intelligence believes any suspects are in Sudan.

While the UN Security Council has delayed action, the Clinton administration has taken new unilateral action against Sudan. On Nov. 22, President Clinton signed a Proclamation for “the suspension of entry as immigrants and non-immigrants of persons who are members or officials of the Sudanese government or armed forces.” The Proclamation states that the motivation for the measure is Sudan’s failure to comply with the UN Security Council Resolutions 1044 and 1054, which demand Sudan’s extradition of the suspects.—*Linda de Hoyos*

Sudan was an apology for John Garang's SPLA. Instead of an "objective presentation, one would think that Ted represents the SPLA here," Dymally noted.

In what could have been a veiled reference to the U.S. policy intent reported in the *Washington Post* on Nov. 11, Dagne claimed that the civil war would end soon—without giving any reason except his prediction that the government of Sudan President Omar Al-Bashir would soon fall.

At this point, the fact-finding delegation that had visited Sudan in September (see *EIR*, Oct. 11, 1996), including in the hinterlands such as the Nuba Mountains region, made its presence known. Ben McGee answered Dagne's complaints that the 1996 elections held in Sudan were bogus, by pointing to the undisputed fact that the 75% voter turnout in Sudan far exceeded the voter turnout in the United States in the 1996 Presidential elections—in which only 50% of all registered voters came to the polls. Attempts later in the seminar to sweep aside this reality failed repeatedly.

Members of the delegation also said that they had visited adherents of various religious faiths other than Muslim, and that all were free to practice their religions in Sudan—in contrast to the charges of religious oppression lodged against Sudan by Baroness Cox's Christian Solidarity International.

Muriel Mirak Weissbach of the Schiller Institute, who travelled with the fact-finders to Sudan, asked Dagne to explain his precise relations to Baroness Cox, whose so-called Christian Solidarity International has targeted Sudan. It is Cox, with Dagne's help, who has run the anti-Sudan circuses in the U.S. Congress, where only those Sudanese who oppose their country's current government are permitted to speak.

To the contextual evidence of his working with Cox, Dagne limply answered that the "the British are not a major player in this region." Given that Britain was the colonial master of most of East Africa up until the 1960s, Dagne's protests, though they might be believed by elementary school-children, could not be taken seriously by the Sudanese experts assembled in the room.

The high-strung representative of the SPLA, Steven Wondu, also brushed aside all discussion of the British apartheid policy that divided Sudan between north and south during the colonial period.

The smell of a hoax

It was the last session of the seminar—on the charges of slavery against Sudan—which most glaringly exposed the web of lies that has been spun to justify the crusade to bring down the Sudanese government.

The session was opened by former Rep. Mervyn Dymally, who told the audience that the charge of slavery in Sudan was new—in all his 12 years on the Africa Subcommittee, this charge had never been brought to his attention. The only reason he could see that it is surfacing now, he said, is because "it is a very emotional issue for 40 million Americans."

Charges of slavery in Sudan are the ostensible justification

for a bill demanding sanctions against Sudan sponsored by Rep. Donald Payne, outgoing chairman of the Congressional Black Caucus.

The audience was then treated to the entertaining tale told by Gilbert Lewthwaite of the *Baltimore Sun*, of how he and his sidekick Greg Kane discovered slavery in Sudan. Even in his presentation, Lewthwaite said that the slave-master from whom he and Kane "bought" a slave, was terrified and would not give his name, because he said that if the government were to find out, he would be executed. Nevertheless, Kane and Lewthwaite both claimed that the Sudanese government is "turning a blind eye" to slavery.

Furthermore, they admitted that they had gone into Sudan illegally and had "bought" the slave in rebel-controlled territory. In his reply, Ambassador Madhi reported that he had asked both journalists to go to Sudan with a legal visa and assured them they would be permitted to go anywhere they wanted and to talk to whomever they pleased. They had declined the invitation. Lewthwaite retorted that this was because the ambassador could not guarantee that they would be able to meet the President of Sudan personally! Representative Dymally castigated the two reporters later for what he called the "height of arrogance" to demand that they would not pursue an investigation unless they were permitted to meet with the President of a country himself.

And, as the two were forced to admit, their entire venture had been aided by Baroness Cox's Christian Solidarity International. By the session's end, Lewthwaite could not even vouch that he himself had not been a (possibly unwitting) participant in an event staged entirely by Cox and her confederates.

But the final blow to the *Baltimore Sun* employees came from Dr. Stanley Smith, of the Dymally Corp., who delivered an eloquent speech on the fundamental difference between finding a slave in some location, and the "institution" of slavery, as it existed in the United States before the Civil War. The institution of slavery, he said, is backed up by the state, by the courts, by the churches, and is completely integral to the entire economic structure.

"In the United States, we had the *Dred Scott* decision of the Supreme Court, that said that a slave could be nothing more than a piece of property. We had to fight an entire Civil War to rid ourselves of the institution of slavery." In contrast to this reality, Smith said, the charges brought by the *Baltimore Sun* employees are capricious. Nevertheless, they have the power to severely hurt the Sudanese people. "There are proposals for sanctions against Sudan on the basis of these charges," he said.

In such manner, the various justifications the State Department and the press have put forward for skewering Sudan internationally were exposed as either hearsay or downright fabrications, traced back to British outlets. What was not revealed at the seminar, is why the State Department persists in its policy nonetheless.

'As goes Africa, so goes humanity'

The Schiller Institutes internationally have launched emergency mobilizations demanding immediate action to halt the genocide in Africa. Central to the effectiveness of such a mobilization, declare the institutes, is that the United States break with the geopolitical rat's nest created by the French and British and their media retainers, whose malicious lies about "Zairean rebels," "Hutu militias," and "returning refugees," have deliberately sown confusion and encouraged inaction.

In a call to U.S. clergy, "As Goes Africa, So Goes Humanity," the institute demanded of the U.S. government that, contrary to allowing a racist, neocolonial division of Africa, "national borders must be protected right now at all costs, or else millions will certainly die. The United States must insist upon this. Our nation must offer, separate from any international force, to work with the Zairean government to preserve the territorial integrity of that nation through logistical support, and food and medicine delivery, in the eastern provinces. If we do not act immediately, we could see Zaire, Tanzania, Rwanda, Burundi, Uganda, and other nations disappear from the map, just as Poland, Czechoslovakia, and many of the nations of Europe disappeared in the 1930s and early 1940s.

... "The United States must immediately dispatch all necessary food aid to this area to keep the refugees—80% of whom are women and children—alive. At least 300 human rights observers must be sent to the area to monitor the behavior of the Tutsi-based military regime in Rwanda, as the refugees return, so that there is in fact no further threat of 'ethnic cleansing.' . . . If this is not done, world civilization will have crossed the threshold of decency. It will perish, because its merciless indifference will have proven it morally unfit to survive." The institute has called for weekly candlelight vigils at America's houses of worship.

At a Nov. 14 demonstration at the White House, the Schiller Institute was joined by Burundi's former ambassador, Jacques Bacamurawanko, who was interviewed at the site by French television. A statement sent by Bishop John Ricard, chairman of the Catholic Relief Services, was read, demanding relief for the "over 80,000 children and their families—over 700,000 people— . . . at imminent risk of death from starvation and disease as a result of war in eastern Zaire." A joint call for action by CRS and the National Council of Catholic Bishops was similarly issued to Secretary of State Warren Christopher on Nov. 22.

In Europe, the Schiller Institutes are circulating a call for action in Germany, Sweden, Denmark, Italy, and France. At a Nov. 2 demonstration by Rwandans living in Germany, institute representative Uwe Friesecke was asked to speak on the demand for action sent to Chancellor Helmut Kohl. At a candlelight vigil in Bonn on Nov. 21, the institute unfurled a banner: "Stop the Genocide in Africa."



A joint demonstration of Rwandans and the Schiller Institute in Bonn, Germany, Nov. 21, 1996. Schiller Institute leader Uwe Friesecke (left) carries a sign that reads, "Thousands are dying in Zaire—and the West looks on! A shocking scandal." The Rwandans' banner reads, "Rwanda needs democracy."

Alfred Heineken plots the breakup of Africa

by Claudio Celani

Is it a coincidence that the ethnic cleansing now ongoing in Zaire has broken out in a border area economically dominated by a multinational corporation, whose chairman is a propagandist for the division of the world along ethnic lines? The answer is: no. Especially because the corporation is part of that Anglo-Dutch imperial establishment which is the main driving force behind the effort to destroy Zaire and take over its immense reserves of raw materials. The name of the corporation is Heineken, and its chairman, Alfred H. Heineken, is a member of Prince Philip's 1001 Club. In central Africa, along with the genocide, a "nation-cide" is being perpetrated: the destruction of national states in favor of the one-world dictatorship pursued by the British Empire. Heineken is playing an important role in that.

Heineken Corp., the second-largest beer producer in the world, has six breweries in Rwanda, Burundi, and eastern Zaire, exactly in the border area of the three countries where the current conflict is raging. It is the largest employer in the region, accounting for 40% of the entire tax revenues of the Burundi government. Burundi is, together with Rwanda, the aggressor against the Hutu-dominated eastern Zaire population. Heineken's activities in central Africa involve one-fifth of the staff of the corporation internationally: In Burundi and Rwanda, they have 2,500 employees. The company now complains that, due to the "racial war," they are losing their workforce, which is fleeing from the production lines. As large as such economic damage may be, it is relatively unimportant to Alfred Heineken and his oligarchical bosses. More important, is the higher game which is being played.

EIR has already documented Heineken's role in promoting the breakup of nation-states (*EIR*, Sept. 2, 1994). In 1992, Heineken published a study, called "Eurotopia," in which he laid out a project to create 75 mini-states in place of the current European nations. Such mini-states, Heineken proposed, should be organized along ethnic and demographic lines, so that the new "states" would each have a population of 5-10 million. Heineken wrote that "the present nation-states are rather artificial, and relatively new inventions. For instance, a German or Italian state never existed before the second half of the 19th century." Heineken recommended that the royal families of Europe be so organized as to

become "sovereigns of the new states."

In a telephone discussion with this author in summer 1994, Heineken defended his scheme by arguing that "southern Italians, for instance, are not fit for industrial jobs." That Heineken's project for Europe was not just a utopia, was shown that same year, when a minister in the Italian government, Northern League member Francesco Speroni, published a proposal to divide Italy into ten independent new regions, which were almost a photocopy of Heineken's initial project. Another useful tidbit to keep in mind about Heineken, is that he was the employer of the late Maj. Louis Mortimer Bloomfield, head of Permindex, otherwise known as "Murder Inc." Permindex, as New Orleans District Attorney Jim Garrison discovered, played a central role in the assassination of President John F. Kennedy. Bloomfield, a Canadian citizen, was also director of the Heineken breweries in Montreal (see article, p. 66).

The Heineken gang

Heineken lists three persons in his paper, whom he is spiritually indebted to: the British historian Cyril Northcote Parkinson and the Dutch professors H.W. Wesseling and W.L. van den Doel.

1. Parkinson, now deceased, authored an article in the magazine *Regional Contact* in 1987, in which he wrote that "the remedy" for the fact that nations are "too big and too powerful," is "to divide up the big nations until all parts are small enough to be safe." He wrote that existing nations should be replaced "by reviving the smaller and older principalities such as Burgundy, Picardy, Normandy, Navarre." Parkinson had studied the history of why the Dutch East India Company went bankrupt, and concluded that the company had become too unwieldy, because it failed to give autonomy to its local units. Parkinson wrote many books on British imperial strategy, including one entitled *Britannia Rules*.

According to Dutch journalist Barbara Smit, author of an unauthorized biography just published in the Netherlands (*A Life in the Brewery*), Parkinson's work has been continued after his death, by his followers in Britain.

2. H.W. Wesseling is a prestigious figure in the Netherlands. Chairman of the History Department at Leiden University, Wesseling has been the tutor of Holland's crown prince; he was the founder and director of the Netherlands Institute for Advanced Studies in Humanities and Society. *EIR* spoke to a member of the institute, Jean Luc Vellut, who happens to be an expert on Zaire. According to Vellut, the main reason for the conflicts in Africa is that "what failed to take root in Africa is any form of large-scale organization: large-scale bureaucracy, state enterprises, universities." Another reason, he says (without mentioning the fact that Zaire is the victim of aggression), is "demographic pressure." There are emigration flows toward Africa's central region, where population density sometimes exceeds 300 persons

per square kilometer. "And they all live off agricultural products!" Vellut had to admit that accusations that Britain and France are supporting the warring parties "are not entirely false," but regretted the fact that Zaire's President Mobutu Sese Seko "is regaining influence through the events, because many see him as the only figure who could bring back stability."

3. Heineken's third mentor, L.H. van den Doel, was more explicit: Africa needs recolonization, he explained to *EIR*. "The problem in Africa is that the colonial powers did not develop a proper colonial state. I think it is nonsensical to say that what is going on now in Zaire is because of racial differences. If you take Asia, it is full of countries with such differences, but you do not have conflicts. Why? Because colonial powers there had more time to build up a bureaucracy."

Van den Doel used the example of Indonesia, a former Dutch colony:

"In 1800 they started to develop a large bureaucracy. It took them 150 years, about five generations of training Indonesians in the right framework. In Africa, instead, although the current states were defined in the 1885 map, in reality, colonies did not exist. There was no real presence of colonial powers before the end of World War II, when the so-called second colonial occupation started, with the Belgians, the French, and the British. But it lasted only ten years; they had not even half a generation."

Van den Doel admits that talking about the necessity of recolonization is controversial, but, seen from a "technical" standpoint, that is what is needed. It could also take place under the auspices of the United Nations, he said. However, before that, the process of destruction is inevitable and unstoppable.

Van den Doel does not give any importance to national borders. "All states are artificial," he said, and took the example of Italy. "In 1860, when the nation was united, Italian was spoken by 5% of the population. The national identity was imposed on the Italians. Any identity is artificial." For him, it is matter of indifference, whether the entity is local, regional, or national. The definition of a nation—or, as an alternative, of a collection of regions, such as the Northern League is proposing in Italy—has the same value. "How do you define a region? There are no criteria. It is a political question: that entity will be realized, according to which faction prevails."

With the help of Parkinson, Wesseling, and van den Doel, Heineken produced his "Eurotopia" project in 1992. He sent a copy of it to his friend George Bush, at that time still President of the United States. According to the *Wall Street Journal* of Sept. 1, 1992 (European edition), Bush wrote back to Heineken that he had found his proposals "intriguing and innovative." Luckily, two months later, Americans voted Bush out of office, although he and his operatives are still doing their best to steer policy in Washington.

Chinese prof. refutes Huntington thesis

by Mary Burdman

American political scientist Samuel Huntington's efforts to set up an international crisis between Western nations and the entire rest of humanity, are sensationalist, short-sighted, groundless, and based on shallow understanding, wrote Chinese Prof. Xiao Gongqin of Shanghai Normal University, in a reasoned, well-developed essay on the truth about Chinese history and culture. The essay was published in the official *China Daily* on Nov. 20.

Huntington is a particularly venal and intellectually now-weight exemplar of the Harvard University academic class, as any reader of his notorious 1992 article, "The Clash of Civilizations?" knows. He is well-positioned, however. As Professor Xiao noted, Huntington's "wildly controversial" article was published (as is his more recent "The West Unique, Not Universal") in the U.S. "quarterly establishment journal *Foreign Affairs*." *Foreign Affairs* is published by the New York Council on Foreign Relations, the U.S. branch of Great Britain's Royal Institute of International Affairs (RIIA, or Chatham House).

Huntington's newest article, which is excerpted from his new book, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster) are the latest links in the British geopolitical-forged "ring around China," which *EIR* Founding Editor Lyndon LaRouche exposed in his strategic study, "Ring Around China: Britain Seeks War" (see *EIR*, Nov. 22).

British imperial ideology

Professor Xiao wrote his essay in response to Huntington's latest provocations, a series of speeches given in Singapore, Malaysia, and India over the past few months. The essence of his lurid geopolitical thinking, is exemplified in an interview Huntington gave to the German magazine *Der Spiegel*, published in its Nov. 25 issue under the headline "And Then, the Atom Bomb . . ." In it, Huntington raises the specter of World War III between an East Asia allied with the Islamic nations on the one side, and "the West," on the other. His "West" excludes all developing sector nations, including those in Ibero-America. Western weakness, Huntington tells *Der Spiegel*, is already having effects in the big nations that comprise what he calls other "cultural spheres," especially China.

His “solution” is that the West must abandon any idea of having a universal culture; the United States and Europe must develop their “specific” mutual tendencies; and the United States, whose population overwhelmingly derives from immigration, must now halt this flow, to prevent any “multicultural” society from developing.

This “solution” is also put forward in his November/December 1996 *Foreign Affairs* article, “The West Unique, Not Universal.” In this location, as in other of his pieces, Huntington betrays no understanding whatsoever, of the true underpinnings of Western Judeo-Christian civilization, but mainly portrays “Western civilization” as an epiphenomenon of *British* values, including the “free market,” “limited government,” and the like. In this more recent article, he goes so far as to publish a photo of the British Parliament, meeting in 1888, as an exemplar of Western institutions! He then posits a conflict between this “West” and the rest of the world, in order to justify various British geopolitical concoctions, such as a “European-American free trade agreement,” supposedly aimed at strengthening “the West” against an increasingly hostile non-Western world.

A reasoned response

Professor Xiao neatly exploded some of Huntington’s particular mythologies, in this case concerning China.

The answer to all of Huntington’s provocative questions about China’s alleged expansionism, belligerence, and “threat,” is “No,” Professor Xiao wrote. Unlike people from other ancient civilizations, Chinese people “traditionally do not care much about the differences in race and nationalism.” Ancient Chinese civilization was “distant from other cultures,” and it was very difficult for the population to form a “national self-awareness based on race and nationality.”

“Only in modern times did they come to recognize the conception of the state, and only then did modern nationalism come into being,” Xiao wrote. Modern nationalism developed in the 19th century in China, under the pressure from external aggression from the Western powers. It was “from the very beginning a response to national crisis,” because Chinese intellectuals, especially, saw that only a united China could fight off Western aggression.

This history, Xiao wrote, is the basis of current Chinese indignation at the “lack of repentance” of some Japanese for their wartime brutality, or “the support some U.S. politicians give to ‘independence’ for Taiwan and Tibet,” or their opposition to China’s joining international organizations. However, these are specific cases, which have “nothing to do with abstract conceptions or religious doctrines.” In the 19th century, China’s nationalism was a response directly to the scale of the threat from the imperialists, especially to the Chinese population’s living conditions.

Modern Chinese nationalism has no religious base, Xiao wrote. Traditional Chinese religions do not play an active political role. Also, Buddhism and Taoism do not promote

the idea of “redemption,” as Christianity and Judaism do. “In its pursuit of national interests, Chinese modern nationalism has never employed the doctrines of redemption to reshape the world; the concept of the individual’s duty to the nation has never been expanded beyond the realm of national territory.

“China’s modern mainstream nationalism is secular in nature. Its goal is to ensure the survival of this nation, and keep it from being destroyed by the Western powers.”

Confucianism and rationality

Indeed, Confucianism, which is so disparaged by the irrational Huntington, rather than being expansionist, attaches great value to “rationality, the golden mean, peace, and self-control and forgiveness. This inclination, combined with the fact that Chinese people have traditionally been negligent of the differences in nationalities, determines that nationalism in China shall not turn irrational, radical, or expansionist,” Xiao wrote.

Yet despite this Confucian tradition, the rapid rise of China is causing “misgivings” among some Western powers, he wrote. The basis for their demand to contain China, is fears that China’s growing economy, and rising living standards for its 1.2 billion people, especially in energy consumption, will “undermine their interests.” As well, China is no longer valued as a “counterbalance” to the former Soviet Union.

Such “short-sightedness” only provokes “responsive” nationalism in China, Professor Xiao wrote, “which will grow stronger with increasing outside pressure.” But if there is détente, and if China’s national livelihood “encounters no major challenges from the outside world,” Chinese nationalism will prefer “the peaceful co-existence of all nationalities.”

Why do some in the West predict otherwise? First, they are “bent on making news,” using such sensationalist allegations as Chinese national belligerence. Second, they have only a shallow understanding of Chinese psychology and culture; they assume that all nationalism is like “capitalist nationalism,” and has a belligerent bent. While Western nationalism in the last century—as experienced by China—was aggressive, “for China this is not necessarily true,” Xiao wrote. In addition, there are “mixed feelings toward the prospect of China becoming a world power.” Out of such qualms arises paranoia, and it is that which is “the conflict of civilizations,” Xiao wrote.

Most Chinese now feel that opening to the world has done China “more benefit than harm”—in sharp contrast to the 19th century and early 20th century, he wrote. The West would do a “great service to global peace and stability” to treat China in a “mature, rational, and mild way, keep open the channel for dialogue and understanding, and refrain from judging China on prejudice and provoking it in an unproductive manner,” Xiao concluded.

Labor's battle with the 'pyromaniacs'

The new program of the trade union federation looks promising, although some "green" spots remain.

While the 550 delegates to the convention of the DGB, the German labor federation, were streaming into Dresden to debate their new policy platform, the media and politicians were showing quite some nervousness. It has become evident that an increasing number of union members is no longer willing to leave unanswered the continued attacks on living standards and social programs on the part of the banks, numerous business managers, and the government.

Many labor unionists have come to the conclusion that the DGB can no longer appeal to a "consensus" with the management that no longer exists; rather, it has to clearly address the fact that there is a fundamental conflict between those who want to keep the social welfare state intact, and those who want to dismantle it.

The new DGB policy platform, replacing one dating from 1981, reflects the belief that labor must become much more aggressive, to be able to defend its genuine interests against the budget-cutters.

After a fierce three-day debate among the two main currents at the DGB convention (the "pro-consensus" faction and the "confrontationists"), the majority of delegates adopted the new platform on Nov. 16. It was not an overwhelming majority, but it was enough to ensure that "combat in defense of the social welfare state" was officially written into the new DGB platform. The most important passage of the new document is the following:

"The socially regulated market economy [model] represents a great

historic advantage, against an unbridled capitalism. The social market economy has caused a high standard of material wealth. But also the social market economy has neither prevented mass unemployment, nor the waste of resources; nor has it constituted social justice.

"The present democratic and social order of the state is the result of decades of societal and political conflicts. But it is neither stable nor guaranteed to last for all time. The end of inner-systemic competition is systematically being utilized by representatives of capital and of a neo-liberal [free market] policy, to drive back many of the social, co-determination, and wage bargaining achievements that constitute the societal quality of a regulated market economy."

The mood at the DGB convention was reflected in the keynote address on Nov. 13, by federation chairman Dieter Schulte. He told the delegates that the labor unions have a crucial role to play, in the defense of the welfare state and the social system against the free market budget-cutters in government and industry.

Schulte said that the labor movement is committed to block those who are "on the march toward an unbridled free market economy and an authoritarian, anti-social republic." The labor unions, he said, "are faced with fierce confrontations" with the "pyromaniacs" who want to set the welfare system on fire.

"We can fight; that is what we have demonstrated to the pyromaniacs. If reason does not return to the camp of the entrepreneurs, this winter will be a

very cold one, in the factories and offices."

DGB Vice Chairwoman Ursula Engelen-Kefer used harsh words in her interventions into the debate. She mocked those politicians who do not understand economic reality, but want to bash labor, as "neo-liberal *Zeitgeist* surfers."

She also denounced the neo-conservative ideologues who are convinced that, with their "sacred Three Kings of the *Zeitgeist*: individualization, flexibilization, globalization," they possess a magic weapon against labor. But labor resistance against that neo-conservative assault is real, and it is possible to win this battle, she said.

Engelen-Kefer belongs to the DGB faction that is usually portrayed as "radicals" by the government and the mass media, because she minces no words in her frequent attacks on the government's austerity policies. For example, in a statement issued Oct. 29, she charged Finance Minister Theo Waigel and the present government with repeating the mistakes of the budget-cutters who ruined the first German republic in the early 1930s. Waigel is about to act, she warned, "the way it was done during the world economic Depression, at the height of mass unemployment."

Labor is definitely being revitalized. But one big weak spot remains in the organizing work of the labor unions, namely the fact that their leaders (including Engelen-Kefer) have so far proven unwilling to also attack the one aspect of *Zeitgeist* that has infected the German labor movement: ecologism. Many unionists interpret ecologism as another way of going against "big industry," which prevents labor from looking for reasonable managers to work with, in the defense of, especially, aerospace and other high-tech sectors of industry, against the budget-cutters.

International Intelligence

Mubarak: We fear unbridled terrorism

Egyptian President Hosni Mubarak told the Italian daily *La Repubblica* of Nov. 18 that, if Israeli Prime Minister Benjamin Netanyahu continues to stall the peace process, "my principal fear is not war, but terrorism. That is our fear. Uncontrollable terrorism. It would not strike only Israel, but all neighboring countries. Moderate Arab leaders who are working for peace will have enormous difficulty continuing down that road, unless the other side responds to the desire for peace."

He continued that Israel's claim to the right of "hot pursuit" of terrorists into Palestinian territory was fundamental: "It is not only a problem of dignity. It is that the population would rebel against the Israeli police and could take revenge, and that would never lead to an improvement in the situation. . . . I want to see the wheel of negotiations turn, because a stall would be terrible. Unless Israel respects precise commitments, mistrust and suspicion will prevail. We are already in that climate." Mubarak added that, in Egypt, public opinion is "in revolt against Israel."

Belarussians vote up constitutional referendum

A political compromise between Belarus President Aleksandr Lukashenko and the parliament which had been highly praised by Russian President Boris Yeltsin on Nov. 22, fell apart after Lukashenko went ahead on Nov. 24 with a controversial referendum seeking greatly expanded powers. Russian Prime Minister Viktor Chernomyrdin, who spent all night on Nov. 22 attempting to reconcile Lukashenko and Belarus legislators, blamed a group of deputies for sabotaging the deal, but also criticized Lukashenko. The President has been at odds with parliament over his moves to rewrite the constitution to widen his powers and extend his term of office.

Referendum returns heavily backed Lukashenko on all seven questions, most nota-

bly support for his new draft of the constitution. Election commission figures gave Lukashenko the support of 70.5% of the 7.2 million registered voters, with a turnout of 84%.

Lukashenko said he would quickly form new lower and upper houses of parliament and decide the make-up of the constitutional court, which has overruled a string of his decrees, but will probably retain most of the judges.

According to critics, the voting, which lasted for two weeks, was stacked with abuses and Lukashenko monopolized the media. Viktor Gonchar, the voting commissioner who was fired by Lukashenko on Nov. 22 after he had vowed not to certify the results, asserted that the turnout figure was falsified. Turnout, even during the Presidential election in 1994, he said, "was lower. The figures are simply fantastic." Gonchar said the turnout in big towns had been particularly high during the last four hours of voting.

Pope John Paul to visit Cuba next year

Pope John Paul II will visit Cuba, Vatican and Cuban officials announced on Nov. 19, following a 35-minute private meeting in Rome between the pope and Fidel Castro. The date of the visit has yet to be announced, but speculation focuses on October 1997, when the pope is scheduled to visit Brazil.

That change is coming in Cuba, is a given today. A nasty brawl is raging, however, over what that change will be, with British oligarchic interests, by and large, dominating most options thus far. The personal intervention of the pope in Cuba opens a potential flank against those dangerous oligarchic games.

The Castro regime is still the operational command center for the continental narco-terrorist force, the São Paulo Forum. The British government, and its allies in the Inter-American Dialogue and the *New York Times*, insist that Castro, and his terrorist apparatus, should stay in power, as long as Cuba continues to open up for free market looting. British and Canadian financial and

mining interests are already moving in big with the Castro regime.

Other British-allied interests, typified by the millionaire Cuban exiles' club called the Cuban-American National Foundation, agree on free-market looting, but want the Castro regime out. Jeb Bush works closely with the CANF, while ex-President George Bush plies his trade on both sides of the street.

Brits, Playboy back monarchy for Rwanda

Donald Foreman, secretary general of Britain's Monarchist League, weighed in with his solution to the Central African genocide in a letter to the London *Daily Telegraph*—restore King Kigeli V to the Rwandan throne. After accurately describing how the Belgian colonialists, in the 1960s, had set the previously integrated Hutus and Tutsis at each other's throats, Foreman continues: "Only the Mwami, King Kigeli V, who traditionally was deemed to have no race, could exert a berating [sic] influence. In 1961, Kigeli went to Kinshasa for Zaire's independence celebrations. . . . The Belgian government refused to let him return to Rwanda, and announced, without his prior knowledge, that there would be a referendum on the future of the monarchy. . . . King Kigeli now has political asylum in the United States, where he devotes himself to issuing pleas for tolerance, justice and reconciliation, and raising funds for relief projects in his country. It is not too late for him to return, and unite his people in peace, as once they were."

Recently, the Monarchists' bulletin ran a photo of King Kigeli at the Playboy Mansion in Los Angeles. With him was Rev. K. Gunn-Walberg, the Monarchist League "American Delegate," and what the caption describes as friends—three young ladies, one of them scantily clad. The king is not indifferent to other forms of wildlife, either. During a trip to London in April, he visited the offices of the Dian Fossey Fund, "which seeks the preservation of Rwanda's endangered mountain gorillas," said the bulletin.

Mugabe: Angola, Zambia now facing instability

Angola and Zambia are flashpoints for regional instability, according to Zimbabwe's President Robert Mugabe, who also chairs the Southern African Development Community (SADC)'s political arm. Addressing Zimbabweans in Rome, Mugabe said that southern Africa is still threatened by instability—particularly Angola and Zambia. He noted the problems with Angolan rebel Jonas Savimbi, who will not have “face-to-face talks with President Eduardo dos Santos to iron out their differences and implement a long-standing peace accord.”

Mugabe noted that SADC leaders are not happy with the decision of Zambian President Frederick Chiluba to ban former President Kenneth Kaunda from running in the Presidential elections, through a constitutional change barring those not born in Zambia from entering the lists.

The major opposition to Chiluba is Kaunda's United National Independence Party (UNIP), which called for voters to stay home. President Chiluba has now fallen from grace with western democratizers, who are withdrawing their aid from the country, visiting new hardship on Zambians already reeling from austerity measures as Chiluba pursues free-market policies and privatization that have impressed the World Bank.

'Der Spiegel' misquotes East Timor Bishop Belo

East Timor Bishop Carlos Belo, a co-winner of this year's Nobel Peace Prize, issued a statement Nov. 20, calling on the German weekly *Der Spiegel* to issue an apology to the government and armed forces of Indonesia for distorting remarks attributed to him in an interview published in October. Bishop Belo met with local government and military officials at his residence on Nov. 18, before releasing his statement.

The interview quoted him as saying that the Indonesian government had treated East Timorese like “scabby dogs” and even “slaves.” In his letter, Bishop Belo says he

hadn't even heard the word “scabby” until *Der Spiegel* used it, and added that he did not intend to tarnish or criticize the Indonesian government, nation, people, or the armed forces. The weekly's Beijing correspondent had, in fact, interviewed Bishop Belo in April, but it was only published after Belo was awarded the Nobel Peace Prize.

The misquotes triggered a mass demonstration in Jakarta by the youth movement of the ruling Golkar party, which demanded Belo's expulsion. Counter-demonstrations in support of Bishop Belo took place for five days in the episcopal see of Dili, East Timor, and Belo himself was met by a crowd of 60,000 people upon his return from the annual bishops' conference in Jakarta.

Report proposes Japan join collective defense

The U.S. Institute for Defense Analysis has proposed that Japan should prepare to play a combatant support role for U.S. forces in regional contingencies, according to the London *Financial Times* on Nov. 20. The proposal by the IDA, which is affiliated with the Pentagon, was made in a report prepared for the New York Council on Foreign Relations. Japan's postwar peace constitution does not allow it to join collective security agreements, but, the London daily said, the IDA is suggesting that Japan relax the ban.

The report was issued as the United States and Japan were conducting two weeks of joint land, sea, and air military exercises, called “Keen Sword,” involving 22,000 personnel. The troops were carrying out “bilateral movements against a common enemy,” which remains nameless. The *Times* quotes a U.S. officer saying, “We all suppose it could only be North Korea, if not the Chinese.”

The IDA report suggests that in the event of conflict on the Korean peninsula, the United States would initially require minimal Japanese “rear-area” support and logistical assistance. But if the conflict intensified, “there would be increasing pressure on Japan to move beyond rear-area missions into areas that might involve combat, and would clearly fall within the category of collective defense.”

AN INDONESIAN ARMY commander killed by the East Timor liberation movement (Fretilin) of Nobel Peace Prize winner Jose Ramos Horta, was himself Timorese. His unit includes many defectors from Fretilin, which had collapsed before the intervention by the Nobel Committee.

CAMBODIA is reporting an explosion of AIDS, with as many as 100-150,000 Cambodians infected with HIV, or 1% of its population. The explosion began in 1992, after prostitutes flooded Cambodia's cities to “service” UN peacekeepers. The Health Ministry now reports that 40% of the estimated 50,000 prostitutes are HIV-positive, as are 2.5% of pregnant women.

GERMANY should follow the example of Gottfried Wilhelm Leibniz in his approach to China, recommended the chief Asia correspondent of Channel 1 TV network, reporting on the China tour of President Roman Herzog. German policymakers should always keep in mind Leibniz's international efforts to build understanding with the Chinese. This year marks Leibniz's 350th birthday.

NELSON MANDELA bestowed South Africa's highest award on the evil Tiny Rowland on Nov. 19. Far from “unselfishly us[ing] his good offices,” as Mandela put it, *EIR*'s book *Tiny Rowland: The Ugly Face of Neocolonialism in Africa* details how Rowland, the former boss of British multinational Lonrho, “bears personal responsibility for turning the 1960s dreams of African independence into a nightmare.”

BOSNIAN President Alija Izetbegovic called for Lt. Gen. Sir Michael Walker to leave the country on Nov. 15. Walker is the British commander of NATO's ACE Rapid Reaction Corps, which forms the nucleus of IFOR in Bosnia. These forces overreacted to fighting which broke out between Serbs and Muslim refugees, trying to return to their homes in Serb-held Gajevo.

Iran-Contra 'experts' defend Bush from drug charges

by Edward Spannaus

George Bush has gone to great lengths to shield himself from scandals over the years, maintaining a pretense of being "out of the loop" on crucial matters, and targeting his opponents for discrediting, prosecution, or worse. *EIR* has now uncovered a new chapter of the story of Bush's protection racket.

One of these "damage control" mechanisms, is the ability of Bush and his cronies to control the network of "expert" researchers, investigators, journalists, and commentators that usually jump to the forefront of any emerging scandal. One such operation is the National Security Archive (NSArchive), a non-profit organization which holds itself out as a "research institute on international affairs," and as the major depository of declassified U.S. government documents.

The National Security Archive was founded in 1985 by journalist Scott Armstrong. It works as an operating division of the New York-based Fund for Peace, which administers its financial affairs. Major funding is provided by the **Ford Foundation**, the **Rockefeller Family Fund**, the **Carnegie Corporation**, and other foundations listed below.

In 1989, founder Scott Armstrong was forced out, for being too hard on George Bush during the debate on "Iran-Contra" and the 1988 Presidential campaign. Armstrong was driven out by Nina Solarz, wife of former New York Rep. Stephen Solarz; she was then the executive director of the Fund for Peace, and she was reportedly acting on behalf of the principal funder of the NSArchive, the Ford Foundation.

According to one knowledgeable source, the reason that Armstrong was forced out, was that he was hitting too hard on Bush, which was particularly upsetting to the Ford Foundation. This is confirmed by an account in *The Nation* magazine of March 12, 1990, which reported on Solarz's dispute with Armstrong, and said: "Armstrong claims that part of the trouble was caused by his outspokenness on certain subjects. For

example, he pointed out that George Bush's accounts of his involvement in Iran/Contra did not jibe with the documentary record; in other words, Bush lied."

Armstrong had been quite prominent during the debate on Iran/Contra, appearing on talk shows and in the print media. One of the triggers for his dismissal was an article on George Bush which he co-authored in the October 1988 issue of *Mother Jones* magazine, along with another NSArchive analyst, who also no longer works there.

The article was entitled "Company Man," and its subtitle asked: "George Bush has been on the scene of the biggest political scandals of the last two decades. How does he always get out alive?" It noted that, during Bush's tenure as head of the CIA in 1975-76, covert operators at the CIA "learned that the way to deal with Bush as director was to keep him 'out of the loop' for information about operations that Congress might challenge." By the time Bush left the CIA in January 1977, Armstrong wrote, "Bush had also learned that 'out of the loop' was a good place to be—especially if one had Presidential ambitions."

With regard to the Iran arms deals and the covert support for the Nicaraguan Contras, Armstrong took issue with Bush's repeated claims during the 1988 Presidential campaign that he was "out of the loop," and he noted: "As chief of the National Security Council's Crisis Management Team since 1981, and as vice president, Bush was privy to the same information provided to the President."

Within a few months of publishing this article, Armstrong was run out of the National Security Archive.

Kornbluh lies for Bush

With this in mind, it should come as no surprise that one of the still-employed Iran-Contra "experts" at the

NSArchive, Peter Kornbluh, has recently come rushing to Bush's defense, defending the former President against allegations that he was in charge of Contra drug-running operations in the 1980s.

Interviewed on the Pacifica News Network on Nov. 18, as part of a feature on the Los Angeles town meeting addressed by CIA director John Deutch (see *EIR*, Nov. 29, 1996), Kornbluh claimed that Lyndon LaRouche's organization is making allegations against George Bush which are "fundamentally false," and that there is "no validity" to charges that Bush was involved in the Contra drug-running operations.

Immediately after the Pacifica spot played the tape of the question to Deutch about George Bush and privatized intelligence operations run under Executive Order 12333, Kornbluh stated:

"I have to say that that was one of the charges at the town meeting that made me cringe the most. . . . That individual was clearly, in my opinion, a member of Lyndon LaRouche's organization, which has been going around the country now trying to piggyback itself on this scandal, making allegations about George Bush which are just fundamentally false.

"George Bush was not involved in this part of the Contra operation. But Lyndon LaRouche's people want to say that he is, because they're angry at him for refusing to pardon Lyndon LaRouche after he was convicted of, uh, of fraud back in the late 1980s."

The reporter asked: "There is no validity to that charge?"

Kornbluh answered: "There is no validity to that charge at all, no. We have seen thousands of documents coming out of the Iran-Contra scandal, and out of our own Freedom of Information Act work at the National Security Archive, and I think it's very important to try and separate the wheat from the chaff, if you will, in this case. There's too many allegations being thrown through the air here. . . ."

To make such a bald-faced lie, Kornbluh has to ignore the evidence of National Security Decision Directives Number 2 and 3 and the memoranda interpreting them, plus Executive Order 12333, not to mention the Final Report of Iran-Contra Independent Counsel Lawrence Walsh. Walsh's 1993 report extensively documented the role of Bush's office and Bush's national security adviser, Donald Gregg, in deploying Felix Rodriguez to Ilopango air base in El Salvador—which base has been thoroughly documented as a transshipment point for drugs used to finance the Contra operation. The Walsh Report showed that Bush had at least three face-to-face meetings with Rodriguez, and that Bush's office was instrumental in setting up Rodriguez's operation.

Who pays?

Besides the major Wall Street foundations such as Ford, Rockefeller, and Carnegie, other funders of the National Security Archive include the **Field Foundation**, the **Washington Post Company**, **Time, Inc.**, the **New York Times Founda-**

tion, the **Soros Foundation**, and the **Open Society Institute**. A number of its funders are directly linked to the Bush family and to intelligence operations. These include:

- The **Mary Reynolds Babcock Foundation** of Winston-Salem, North Carolina, which is funded by the Reynolds family of the R.J. Reynolds Tobacco company. Reynolds Tobacco was controlled by the family of George Bush's general counsel, C. Boyden Gray, starting with Boyden's grandfather Bowman Gray. Boyden's father was a close associate of George Bush's father Prescott, a Brown Brothers Harriman partner.

The Mary Reynolds Babcock Foundation shares personnel, including a director (former North Carolina Congressman L. Richardson Preyer), with the **H. Smith Richardson Foundation**. The latter was organized in the mid-1950s in North Carolina in direct consultation with Prescott Bush.

As *EIR* has documented, the Smith Richardson Foundation operates in a direct partnership with the CIA for training programs and other activities; it was a participant in the "MK-Ultra" experiments with psychotropic drugs, and it was an early and major backer of the Public Diplomacy program run out of the National Security Council in the 1980s by CIA veteran Walter Raymond. As part of this, it funded Dennis King's book-length diatribe against LaRouche. Other directors of Smith Richardson include William E. Odom (director of the National Security Agency, 1985-88), and former CIA and Rand Corp. official Henry S. Rowen.

- The **Arca Foundation** of Washington, D.C., whose major donor is Nancy S. Reynolds. Arca shares personnel with the Mary Reynolds Babcock Foundation, and another Reynolds family-funded foundation, the **Z. Smith Reynolds Foundation**. The division of labor within this network is that Arca funds "liberal" causes, while the Smith Richardson Foundation funds the "conservative" side.

- The **John Merck Fund**, part of the Merck pharmaceutical family. George W. Merck was one of the residents of Jupiter Island, Florida, a super-secure enclave created in the 1930s by associates of Averell Harriman and Prescott Bush; another Jupiter Island resident and Bush-Harriman partner, Robert A. Lovett, was instrumental in the creation of the CIA out of the Office of Strategic Services (OSS) in 1947.

- The **Field Foundation** and the **Philip M. Stern Family Fund**, which were both used as CIA conduits for the agency's notorious funding of the National Student Association in the 1960s.

- The **Winston Foundation for World Peace**, whose officers and directors include top Wall Street lawyers, and has interlocking directorates with other funders of the National Security Archive, including the Ford Foundation, Rockefeller Family Fund, Field Foundation, the Ruth Mott Fund, and the Soros Foundation.

All in all, hardly the kind of people you'd expect to bankroll an honest investigation of anything involving the U.S. establishment or the intelligence community.

Truth gets out about Bush's dope pushers

A second public hearing on the CIA and drug trafficking was held by the Senate Intelligence Committee on Nov. 26—and it turned out quite differently than was intended by chairman Sen. Arlen Specter (R-Pa.). The hearing was only announced at the last minute, and the only other senator there was Richard Shelby (R-Ala.); some sources say that the hearings were only announced after the Democrats on the committee had left town for the Thanksgiving holiday. (Specter, it should be noted, has a long history with cover-ups: He was the Warren Commission's author of the "magic bullet" theory, to prove that a single assassin had killed JFK.)

The two scheduled witnesses were Contra leaders Adolfo Calero and Eden Pastora. In his opening remarks, Specter explained that the Committee had taken testimony from convicted drug dealer Danilo Blandón behind closed doors the previous day, and Specter summarized the testimony in such a way as to minimize any connection between the crack cocaine epidemic and the Contras.

Calero simply lied through his teeth, denying that anyone connected to the Contras was involved in drug trafficking. At what he thought was the end of his testimony, he declared: "If you will allow me the use of American slang, I would say that all of this story—rather than about crack, is about crap. . . . It's crap. . . . It's preposterous, ridiculous, absurd."

At this point, an African-American man stood up and began challenging the committee to present witnesses who would tell the truth. "Ask [former Drug Enforcement Administration agents] Celerino Castillo and Michael Levine about drug running. . . . Michael Ruppert tried to testify . . . you haven't called him yet. These guys were on the ground. They know what happened. They have documents they sent to the DEA. . . ."

The police approached the speaker, but the audience lent the man their support, clapping, shouting, and urging him to go on. Some could be heard calling out: "Put George Bush on the stand!" Specter asked the policeman to step aside, hoping to avoid an embarrassing confrontation.

Then, an associate of Lyndon LaRouche and activist with the FDR-PAC rose and said: "I want to support what this man is saying, because we believe that there's another cover-up going on; and the CIA is involved in this cover-up. We know that Celerino Castillo and Michael Levine know that this drug

operation was run by George Bush and Oliver North. [CIA director] John Deutch even admitted on C-SPAN that he would conduct an investigation of George Bush. Here's the evidence in this [EIR] Special Report, if anyone cares to find out the truth. We do not want to see another cover-up and hundreds of thousands more young drug dealers going to jail, serving George Bush's time."

As she spoke, the audience clapped and cheered. Specter responded: "If anybody has information to present to this committee, we are interested in receiving it. We understand the high level of emotional involvement here . . . we are prepared to listen to you."

A second black man also challenged the committee: "We need answers now. People are dying. Why did you call this meeting so suddenly?" Specter bristled, saying, "This meeting was *not* called suddenly. This meeting was scheduled three weeks ago."

Pastora: 'I didn't know anything'

In a desperate effort to return calm to the room, Specter called on Rep. Maxine Waters (D-Calif.), the new chairman of the Congressional Black Caucus who was in the audience, to join in questioning the witnesses. Waters conducted a much more serious examination of Calero, pounding him on the drug traffickers associated with the Contras. Waters raised the question of how Juan Norwin Meneses, a known drug dealer, could have walked into the United States "undetected as a drug dealer and operate for almost 10 years without being arrested," and she said that the DEA has extensive files on the Blandón-Meneses drug operation.

When Eden Pastora came on, with Waters sitting next to Specter, Specter was compelled to question Pastora much more seriously than he had Calero. In an effort to preempt Waters, Specter himself used information from the 1980s Kerry Committee investigation in his questioning of Pastora. Pastora was compelled to admit that he had received money and equipment, even helicopters and a DC-3 aircraft, from drug dealers—although he claimed that he did not know they were drug dealers at the time. He had to admit that Blandón was a "good friend" who had given him \$6,000, two trucks, and lent him a house to use. He also had to concede that drug traffickers could have taken advantage of the Contra infrastructure.

Waters confronted Pastora again on Meneses, asking if he knew that Meneses was connected to the Cali Cartel. When Pastora denied it, Waters pointed out that Marcos Aguado, the head of the Contra air force and one of Meneses's drug suppliers, was married to Pastora's daughter!

What had clearly been intended by Specter and Shelby to be a whitewash of Contra drug-dealing, resulted in something quite different, as a result of the activists' intervention. The Contra-cocaine story is getting too big to kill, and the issue of George Bush's responsibility is increasingly coming to the fore.

Democratic National Committee 'threw' Congressional elections to the GOP

by Jeffrey Steinberg

It took a concerted effort by Republican Party "moles" inside the upper echelons of the Democratic National Committee (DNC) and the Clinton re-election campaign, to deliver control of the 105th Congress to the Republicans. This is the unavoidable conclusion drawn by *EIR* researchers, based on interviews with leading Democratic Party officials from all over the United States, and a detailed analysis of the final results of the Nov. 5, 1996 elections.

Not only did the DNC abandon 63% of the Democratic Congressional nominees—failing to provide either campaign funds or get-out-the-vote resources to nearly 300 out of a total of 435 Democratic Congressional candidates. In some instances, high-ranking state and national Democratic Party officials actually campaigned for Republican candidates!

The most egregious case of this perfidy was in Arizona, where LaRouche Democrat María Elena Milton, with the backing of organized labor and senior citizens groups, won 34% of the vote against incumbent Rep. John Shadegg, chairman of Newt Gingrich's GOPAC political action committee. The chairman of the state Democratic Party organized a group called "Democrats for Shadegg," and helped finance Milton's defeat. As you will read below, in a number of Congressional Districts all across the South, state and national Democratic Party leaders campaigned *against* Afro-American Democrats—including at least one incumbent.

The legacy of departing DNC Chairman Donald Fowler, and President Clinton's discredited campaign "guru" and self-confessed GOP mole, Dick Morris, is that, by a margin of fewer than 11,000 votes, the Democratic Party lost the opportunity to take back control over the House of Representatives and the Senate.

Sen. Christopher Dodd (D-Conn.), the general chairman of the Democratic Party, acknowledged a day after the elections that the Republicans had outspent the Democrats by \$150 million. Yet, Democratic Party sources have told *EIR* that, on Election Day, the DNC had \$64 million—unspent—in its coffers. These sources estimate that, had half of those funds been released for get-out-the-vote operations, the Democratic Party would have swept into control of the Congress, and President Clinton would have been freed, during his second term, from the stranglehold of Newt Gingrich and company.

The failure to do this, was reflected in the low voter turn-

out. According to political analyst Curtis B. Gans, the director of the Committee for the Study of the American Electorate, "GOTV no longer means 'get out the vote.' It now means Go TV." Gans lamented that the percentage of eligible voters who actually voted on Nov. 5 was the lowest since 1924, and the second lowest since 1824. "The reason that the record sums of money poured into this year's election produced a near record low turnout was that the overwhelming majority of this money was plowed into television advertising which, for one to two hours a day on every broadcast outlet, tells us how awful our choices are and why we shouldn't vote for them."

Battle of the pollsters

One consequence of the treachery by the DNC and the Dick Morris crew, is that a policy brawl is raging inside the Democratic Party, over the issue that Sen. Edward Kennedy (D-Mass.) and Lyndon LaRouche both raised, following the 1994 Republican sweep of the mid-term elections, and which came back with a vengeance in 1996: The American people *do not* need or want two Republican parties.

The first signs of this renewed battle appeared on the front page of the Nov. 21, 1996 *Washington Post*, under the headline, "Split of Clinton Pollsters Reflects Party Debate." The article reported on two different post-election evaluations, produced by two leading Democratic Party pollsters, Stan Greenberg and Mark Penn. Greenberg was the chief pollster for President Clinton's 1992 campaign against George Bush. Penn, along with his partner, Doug Schoen—both protégés of Dick Morris—handled polling for President Clinton's 1996 campaign against Bob Dole.

By Greenberg's well-documented account, the increase in President Clinton's vote, between 1992 (43%) and 1996 (49%), was from non-college-educated, lower- and middle-income families and other traditional Democratic Party voters—not from Republican voters attracted to President Clinton's appeasement of Congressional conservatives. A press release by a new Democratic Party- and labor-linked political group, Campaign for America's Future, described the results of the Greenberg poll:

"The poll found strong support for the idea that voters were rejecting the extremes of the Newt Gingrich conservative revolution. . . . The poll finds that voters define the new

‘center’ that won the election for Clinton and many Democrats to mean a staunch support for Medicare and Social Security, increased spending on education, jobs and new technologies, and strong government regulation to get private corporations to support families, increase wages, stop jobs losses due to trade, and prevent destruction of the environment. . . . The voters defeated enough Republicans to blunt the Gingrich revolution and point the way back for Democrats.”

The Greenberg poll also found that 70% of the public would support “creating U.S. bonds to increase our investment in public infrastructure, and almost two-thirds of the public would raise taxes on the wealthy and corporations to increase spending on domestic programs, like education.”

By contrast, Mark Penn, in his post-election survey, claimed that “Clinton won the election because on every issue that the Republicans hoped to dominate—balancing the budget, welfare, crime, immigration, and taxes—Clinton staked out a strong centrist position early on. . . . Unlike President Clinton, whom voters perceive as a ‘new’ or centrist Democrat, Congressional Democrats are perceived as still clinging to old-style liberalism.”

But, a careful review of the Penn poll, which was commissioned by the Democratic Leadership Council, shows that almost all of the questions were skewed to produce results justifying the Morris/Fowler sabotage. Even Penn, however, had to admit that, contrary to his own claims, only 9% of the voters polled indicated that they considered a balanced budget their top priority.

The sabotage pattern

The inside sabotage of the Democratic Party’s drive to retake the Congress began early in the 1996 election campaign, before the first primary votes were cast. Last year, a group of urban political leaders created CityVote, an alliance aimed at rekindling urban voter involvement and clout in the 1996 elections. CityVote staged a series of Presidential candidates debates in cities, small and large, all across the United States. Lyndon LaRouche was one of the few candidates who actively participated in those debates, after senior officials of the DNC and the Clinton campaign decided to boycott, and, eventually, sabotage the CityVote effort. As a consequence, there was no significant mobilization of urban voters, a traditional Democratic Party stronghold. When President Clinton capitulated to pressure from Morris and others (apparently including Vice President Al Gore), and signed the draconian welfare bill, this turned away many urban voters, particularly among minorities.

At the beginning of the year, a group of senior Senate and House Democrats launched a drive to define the decline in real wages and living standards for working households as a crucial policy issue. Sen. Jeff Bingaman (N.M.), Senate Minority Leader Tom Daschle (S.D.), Senator Kennedy, and House Minority Leader Richard Gephardt (Mo.), among others, released a series of policy studies advocating an overhaul

of the corporate tax codes, to provide incentives to corporations that invest in education, decent wage and benefit packages, and investment in research and development.

Through Labor Secretary Robert Reich, President Clinton had, at the beginning of the year, signalled that he was sympathetic to some of the ideas being put forward. Lyndon LaRouche, Clinton’s only challenger for the Democratic Presidential nomination, had thrown his support behind the Daschle-Bingaman-Kennedy-Gephardt initiatives, which were, in fact, based on LaRouche’s own 1992 campaign writings on the need to create 6 million new productive jobs, and how to do it.

However, as President Clinton fell further under the sway of Morris, Fowler, et al., the Congressional Democratic Party leadership was told, in no uncertain terms, to drop the issue of wage disparity between working families and the rich—until after the November elections.

The cumulative effect of these rotten compromises with the “Gingrich Democrats,” is the failure of the Democratic Party to take control of the Congress.

The same mistake cannot be made again. Lesson to be learned: Where organized labor joined with LaRouche Democrats, senior citizens, and civil rights organizations, to wage war against the conservative revolution, Democrats scored decisive gains. Where Democrats sought to “out-Republican the Republicans,” they lost in nearly every instance. As *EIR* researchers Philip Valenti, Rochelle Ascher, Suzanne Rose, and Mark Sonnenblick document below, even where candidates campaigned against Gingrich’s Jacobins *without an iota of support from the Democratic Party*, they scored far better than the “pundits” expected.

Pennsylvania state elections

Hazleton

The most hotly contested state House race was the 116th district in Hazleton, where Democrat Todd Eachus challenged Republican incumbent Tom Stish.

Stish was the major statewide target of the Democrats and of organized labor. He was elected as a Democrat in 1994, but switched to Republican within two weeks of the election. This betrayal gave the Republicans a 102-101 majority in the House, which allowed Republican control of the legislature. Gov. Tom Ridge (R) would never have been able to pass his killer cuts in medical care, or other parts of his Conservative Revolution agenda, without Stish’s back-stabbing.

As of late October, the election was still too close to call. Ridge was personally spending a lot of time and money in the district to back Stish. At that point, LaRouche spokesman Phil Valenti contacted labor and Democratic leaders in Hazleton, who invited LaRouche supporters to come in and organize against Stish and Ridge. Democratic leaders made the LaRouche pamphlet, titled “Impeach Gov. Ridge for Nazi

Crimes Against Humanity,” available at party rallies going into the election, while each union local took several hundred copies to circulate. Volunteers distributed pamphlets door-to-door, with the help of local Democratic committeemen.

Stish conceded defeat less than two hours after the polls closed on Nov. 5.

Reading

In the 126th legislative district in Reading, veteran Democrat Thomas Caltagirone was on the target list of both the state Republican Party and Newt Gingrich’s GOPAC slush fund. Caltagirone is the Democratic chairman of the House Judiciary Committee, and a signer of the Open Letter to President Clinton calling for the exoneration of Lyndon LaRouche.

Republican money poured into the district to pay for a mud-slinging campaign against Caltagirone, including scurrilous allegations involving his former wife. When polls showed the Republican, Robin Costenbader-Jacobson, gaining on the incumbent, Democratic leaders suggested that LaRouche supporters blanket key areas of Reading with the “Impeach Ridge” pamphlet.

Pamphlets and fliers, in both English and Spanish, were delivered door-to-door and store-to-store throughout targeted areas. On the suggestion of one Democratic activist, the shift change at a large manufacturing plant was pamphleted as well, with the local union leader taking 300 copies to circulate among his members. Pamphlets were also going out from Reading Democratic headquarters.

Caltagirone won the election by an almost two-to-one margin, and the role of the “Impeach Ridge” campaign was acknowledged by everyone involved.

Lancaster

In the 96th District, consisting of the City of Lancaster, Democratic incumbent Michael Sturla was challenged by Republican Ted Darcus, an African-American community activist. Republican money poured into Darcus’s campaign, in an effort to split the Democratic vote.

Here, the “Impeach Ridge” campaign was interjected into the race by a vicious dirty trick against Sturla, apparently engineered by the Republicans. Someone had photocopied parts of the LaRouche-inspired “Impeach Ridge” pamphlet, but added a completely bogus page, falsely accusing Sturla of being a member of the Ku Klux Klan! The bogus page featured a doctored photo of a Klan rally, with Sturla’s face superimposed on the head of a Klan member in a white robe. The bogus pamphlet was circulated widely around town, but especially in the African-American community.

In fact, the genuine “Impeach Ridge” pamphlet contains a photo of Sturla, with a quote from him attacking Ridge’s medical cuts. With over 1.2 million “Impeach Ridge” pamphlets circulating in Pennsylvania, including thousands in Lancaster, someone was evidently trying to confuse things by identifying Sturla with the hated Ridge. Certain Democratic leaders asked LaRouche supporters to set the record straight,

so Lancaster was blanketed with authentic pamphlets in the two weeks before the election.

Sturla was reelected with 57% of the votes, a margin of about 2,000 votes.

Philadelphia

In the 149th District of Montgomery County in suburban Philadelphia, Republican incumbent Coleen Sheehan was challenged by Democrat Connie Williams, in a very tight election. Both candidates spent over \$100,000, including GOPAC contributions to Sheehan, but the outcome was in doubt up to election night.

Williams was the beneficiary of an active intervention by the “Impeach Ridge” campaign into a close Congressional election in Montgomery County, where Democrat Joe Hoeffle came within 100 votes of ousting Gingrich Republican Jon Fox. Democratic committeemen were organized to circulate “Impeach Ridge” pamphlets into the 149th District, as part of the campaign to defeat Fox. This hurt Sheehan, who had voted with Ridge, including supporting Ridge’s killer cuts in the state medical assistance program.

Williams won the election by 506 votes out of over 26,000 cast.

Northampton County

In the 183rd District, Democrat Frank Yandrisevits challenged Republican freshman Julie Harhart (Harhart had unseated Yandrisevits in 1994 by only 63 votes). Harhart had voted for Ridge’s killer medical cuts, but the Yandrisevits campaign declined the proposal for a coordinated “Impeach Ridge” organizing blitz into the district.

Yandrisevits lost again, this time by close to 300 votes, out of about 16,000 cast.

The South

The Democratic Party lost 30 Congressional seats in the South in the 1992 and 1994 elections combined, including five candidates who switched and became Republicans after having been elected as Democrats. In the view of many African-American legislators, with even a minimum input from the Democratic National Committee (DNC), many of the Southern states could have gone for Clinton in 1996, and many Congressional seats could have been retaken. According to one member of the Congressional Black Caucus, after the election, the Democratic Party had \$65 million unspent, which could have made a crucial difference in winning a Democratic Congress. Nowhere is that more clear than in the deep South, especially in the Afro-American community.

In November 1995, Arkansas state legislators friendly to the President visited the DNC in Washington, looking for voter registration and “get out the vote” (GOTV) money. They were told that the money would be spent on the convention, period.

Another factor was that the Republican Party spent a fortune financing black Republicans, even where the chance of unseating the incumbent was virtually non-existent. This meant that whatever money was available for Democrats, was spent defending existing Democratic seats. For example, in Mississippi, the Republicans recruited Danny Covington, who was living in Virginia, to move back to Mississippi to run against black incumbent Congressman Benny Thompson (D). The Republicans spent as much money as Thompson, even though he was unheard of, hadn't lived in Mississippi in years, was not even a registered voter until less than a year before the election, didn't live in the district, and may not have even met the residency requirement to run for Congress. He ended up with as much money from the Republicans as Thompson got from Democrats. While no prominent Democrats came in to campaign for Thompson, Gingrich came to the district (the poorest in the nation, with a per capita income of \$10,000) to campaign for Covington. Similarly, in Arkansas, virtually every leading member of the legislative Black Caucus had an extremely well-financed black Republican opponent.

Mississippi

The Fourth CD was occupied by Mike Parker, elected as a Democrat, who switched to Republican the day after Gov. Kirk Fordice (R) was re-elected in November 1995. The Fourth CD is heavily Democratic, and with the anger at Parker's switching parties and close alliance with Gingrich, this was considered a seat that could definitely be retaken by the Democrats.

The state Democratic Party supported the head of the Jackson City Council in the primary, a white woman, who was challenged by Kevin Antoine, an Afro-American. Despite the city council president receiving \$350,000 from the Democratic Party (whose racist view is that they had to have a white candidate, despite the fact that the district is 40% black), Antoine won the primary overwhelmingly, spending only \$14,000. At that point, the Democratic Party made the decision to throw the race: that they would rather have a white Republican than a black Democrat. Not only did Antoine not get *one dime* from the state party or the DNC, but the Democratic Party did not even endorse him. In the Third CD, the Democratic Party was outspent by nearly two to one, for the Democratic seat vacated by Sonny Montgomery.

In the general election, Parker spent \$235,000, Antoine \$18,000, and yet, with no money and no support from the Democratic Party, Antoine took almost 40% of the vote, indicating he could have won, with serious backing.

Statewide, all requests for voter registration money and GOTV went unanswered. This is a state in which, without any party backing, over 50,000 new voters registered last year, in an attempt to unseat Governor Fordice, and where the Black Caucus and civil rights layers successfully took seven of the eight statewide races (including lieutenant governor)

for the Democrats, added many seats to the Democratic majority in both the state Senate and House, and gave Clinton many more votes than he had in the 1992 election. Had there been a serious voter registration drive and GOTV, Clinton could have carried the state.

Clinton had originally been scheduled as the keynote speaker at the Jefferson-Jackson dinner, the weekend of the state convention. Not only did he not speak, but he did not visit the state even once during the campaign.

Arkansas

As mentioned, several black legislators reported that they could get no money for voter registration or GOTV, despite their close ties to the President. In the primaries for the state legislative races, the Democratic Party refused to provide funds, even though the Black Caucus members were targeted by well-financed black Republican opponents. The rage against the Democratic Party was so great, that the kind of mobilization necessary in the African-American community to elect a Democrat, did not occur, resulting in Arkansas electing its first Republican senator in almost 100 years.

Tennessee

A prominent black legislator, who has a very well-organized political machine which has had great success in voter registration and GOTV, was told that if he "jumped through hoops," he could get a measly \$3,400 for GOTV. He refused.

Georgia and Louisiana

At the Congressional Black Caucus Foundation meeting in Washington, D.C. on Sept. 11-15, two members, Rep. Cleo Fields (D-La.) and Rep. Cynthia McKinney (D-Ga.) detailed the Democratic Party's treason. Fields, who won the Democratic primary in the state's 1995 gubernatorial race, commented to the gathering that after winning the primary, he "couldn't find a Democrat with a search warrant." White Democratic elected officials refused to endorse him. McKinney's campaign manager described how the Georgia Democratic Party spent \$350,000 to unseat her, the incumbent, because, after redistricting reduced the district from 60% to 40% black, the white Democrats were convinced that only a white candidate could win. She won the primary with 67% of the vote, and then, despite dirty tricks by the Anti-Defamation League, won the general election with 58% of the vote.

South Dakota: Johnson defeated Pressler

The hotly contested election campaign for South Dakota's Senate seat between Republican incumbent Larry Pressler and Democrat Tim Johnson, holder of South Dakota's one House seat, resulted in the only defeat of an incumbent

Republican senator in a state where the majority of voters are Republican. The campaign had been bogged down through most of its duration, with warring television ads, as Pressler attacked Johnson for being “too liberal,” and Johnson attacked Pressler for being “out of touch,” and “controlled by special interests.”

Two things happened in September which put a political edge on the race, and gave Johnson a winning margin. This, despite the fact that the Republicans achieved a stronger grip on the statehouse in the election, that Dole carried the state by 46% to 43%, and that the open House seat, formerly held by Johnson, was captured by the Republicans by a sizable margin.

One, was the “LaRouche factor.” Farm activist Ron Wiczorek defined for voters the murderous content of the “Contract on America” policies. Two, was the fight which Johnson put up against Republican thug strategist Arthur Finkelstein. At the point that Johnson decided to conduct a serious fight against Pressler, with real issues on the table, the LaRouche forces were able to shape the battle lines.

South Dakotans had tolerated Pressler through three Senate terms and two House terms, primarily because, though Oxford-educated and trained by Henry Kissinger, he maintained a profile as a local farm boy, and catered to the needs of his constituency. With falling farm prices hitting South Dakota’s beef production, the mainstay of the income in the state, the task of satisfying constituents proved more difficult. For the 1996 race, Pressler hired as campaign strategist, a protégé of mobster Roy Cohn, Art Finkelstein, from the stable of New York Sen. Al D’Amato, who runs the National Republican Senatorial Campaign Committee. Finkelstein is known for his “hot button” campaigns, in which the opponent is branded as a liberal and savagely done in. Pressler’s farm boy image was shattered when Finkelstein urged Pressler to say that Johnson had spread a false rumor that Pressler was a homosexual. Johnson counterattacked and successfully made Finkelstein himself an issue in the race.

Ron Wiczorek, former independent candidate for Congress (who received 10,000 votes as an independent Democrat running in the 1994 election), and representing Lyndon LaRouche’s FDR-PAC, jumped into the race after Labor Day, and helped to define the political battleground. Wiczorek and other LaRouche associates took the issue of the George Bush’s links to the Contras’ crack cocaine trafficking, to big public events in South Dakota. Wiczorek and others distributed at least 20,000 pieces of literature attacking the murderous policies of the Conservative Revolution. At every public meeting, Wiczorek put forward a resolution calling for a Congressional investigation into the evidence that Bush, while vice president, spearheaded drug-funded covert operations around the globe. The climax of the Wiczorek intervention was the circulation of a leaflet, “Defeat Larry Pressler and the Conservative Revolution—Prosecute Drug Super-Kingpin George Bush,” at a candidates’ debate on Oct. 22.

Connecticut: Democrats could have defeated Johnson

The *Hartford Courant* was not the only newspaper which went to press on election night with headlines announcing veteran Republican Congresswoman Nancy L. Johnson’s defeat. After tallies switched back and forth on Nov. 6, Johnson emerged re-elected, by just 2,182 votes, for her eighth term. Johnson in 1993 was one of the most powerful opponents of health care reform. Her husband is a wealthy physician and the Hartford insurance industry—one of the few “industries” left in Connecticut—is her biggest financial backer.

As chair of the Committee on Standards of Official Conduct, Johnson has charge of investigations into allegations of ethics violations against Speaker Newt Gingrich. She ran a masterful stalling action until after the 1994 elections. Then, she dropped all but one set of charges against Gingrich. These charges involve using a tax-deductible educational foundation for political purposes and prevaricating to the Ethics Committee about it. Only under a daily barrage from Rep. David Bonior (D-Mich.) did she appoint an outside counsel to investigate. She blocked publication of the counsel’s report until after the elections. Her defeat would have put Gingrich on thin ice. Koskoff pounded Gingrich incessantly during her campaign.

In her concession speech, Koskoff declared, “The closeness of the results is testimony to the power of our message, our attempt to get the truth out about the so-called Republican Revolution, and the effects which that revolution would have had on the people of this district: destructive cuts and changes to Medicare, Medicaid, and education.”

All that Koskoff lacked was money, according to the candidate herself and other sources. Johnson was able to spend three times Koskoff’s \$250,000. State Democratic Chairman Edward L. Marcus commented, “Another \$100,000 and she would have easily won. . . . Unfortunately, Charlotte did not have the resources to get on TV. If she had, Nancy Johnson would have been history.” Her press secretary confirmed to *EIR* that she had, for over a year, explained to the Democratic Congressional Campaign Committee how her race could be won, but she never got a penny from the national party until shortly before the election.

Even when Connecticut Sen. Chris Dodd, the party’s co-chair, witnessed the outpouring of support for her from seniors while campaigning for her in Bristol on Oct. 24, “he stopped short of committing more funds on the non-targeted race,” the *Courant* reported. The weekly *Roll Call* also noted, “Koskoff was given little chance to win, and her campaign was virtually ignored by her own party.”

Koskoff outpolled the President in eight of the biggest formerly industrial towns in her district, including Johnson’s home base of New Britain.

The future according to London

by Webster G. Tarpley

The Next War

by Caspar Weinberger and Peter Schweizer with an introduction by Lady Margaret Thatcher
Regnery Publishing, Washington D.C., 1996
364 pages, hardbound, \$24.95

One of the co-authors of this book is a former U.S. Secretary of Defense. He is now, as the public relations handout reminds us, Sir Caspar Weinberger, Knight Grand Cross of the Most Excellent Order of the British Empire. Weinberger was the director of the Office of Management and Budget in the Nixon administration, when his zeal for austerity won him the nickname of "Cap the Knife." Weinberger, a lifelong Anglophile, Churchill fan, and communicant of the Church of England, was Reagan's Pentagon chief for seven years; his greatest moment came unquestionably in the wake of March 23, 1983, when Reagan endorsed the LaRouche concept for a system of ballistic missile defense based on lasers, electron beams, and other new physical principles, leading toward the replacement of Kissinger's bankrupt old Mutually Assured Destruction with a new strategic doctrine founded on Mutually Assured Survival and the futility of waging aggressive war. This became the Strategic Defense Initiative, which Weinberger championed against forces on Capitol Hill who were waging an ultimately successful campaign to strangle it by underfunding, including Senator Kennedy, who ridiculed the idea as "Star Wars" at that time.

Weinberger, along with his cronies and Pentagon subordinates Frank Carlucci and Colin Powell, was heavily implicated in George Bush's interagency guns-and-drugs bazaar that became known to the world ten years ago as Iran-Contra. At that time, Carlucci and Powell moved over to the National Security Council and showed themselves to be virtuosi of the art of the coverup, all for the benefit of Bush. When Weinberger left the government, he went to work for *Forbes* magazine, and thus became beholden to the wealthy geek who flickered across television sets during this year's Presidential primaries with his shameless program of making the world safe for plutocracy. Working for *Forbes* has done Weinberger

no good; during the Gulf crisis and war of 1990-91, Weinberger was one of the more rabid supporters of the Thatcher-Bush policy of war and genocide.

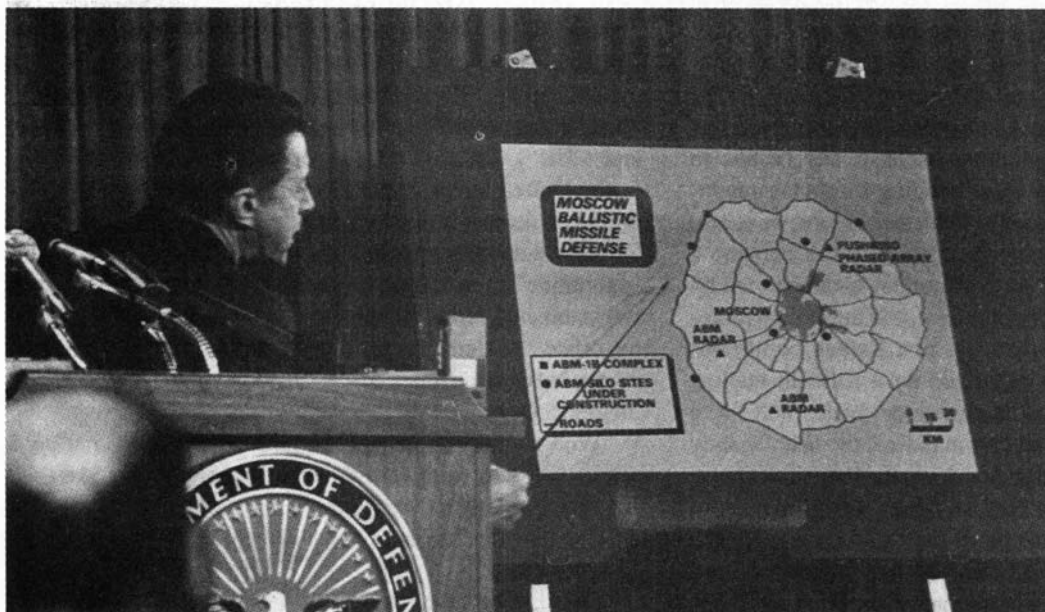
In 1992, Iran-Contra special prosecutor Lawrence Walsh indicted Weinberger on four counts of false statements and perjury. The stage was set for a trial in which Bush was likely to be forced to testify, and which thus could have blown the lid off the Iran-Contra coverup. But on Christmas Eve 1992, Bush pardoned Weinberger before his case ever came to trial.

Since *The Next War* looks at first glance like a novel, it will be necessary before examining the contents of this book to dissipate any illusions that we are dealing here with a work of art. Emile Zola was among the first exponents of the realistic-naturalistic novel, which itself represented a step down from the art of Balzac. But Zola was still a very talented writer and a man of considerable moral character. The modern American realistic-naturalistic novel is a caricature of Zola, as we see in *Hotel*, *Airport*, and the other lamentable works of Arthur Hailey. Weinberger and Schweizer have sunk to a new level of bathos by producing what amounts to a caricature of Arthur Hailey.

Here we are beneath pulp naturalism. This, as Weinberger and Schweizer say, "is a collection of literary war games, developed in the spirit of the Pentagon's computerized scenarios. . . . This is not a novel. We make use of fictional characters to outline the type of tough strategic decisions that leaders are likely to wrestle with in the face of war. . . . You will find little of what novelists call 'character development' in this work or the level of detail associated with fiction." So, *caveat lector*, as Al Haig might say.

Warred upon by dark-skinned demons

Each of the five wars described is visited upon the United States by a swarthy papier-mâché demon of the type that boys in Fleet Street and Oxford Circus love to construct. The first aggressor is North Korean dictator Kim Jong Il, a degenerate post-communist butcher whose hobby is rubbing mystical stones from the tomb of the ancient King Wang Kong of Korea. Kim prepares an attack on the Republic of Korea, his southern neighbor, using the notorious tunnels that traverse the 1953 demilitarized zone (DMZ) while sending in commandos armed with anthrax bombs. Kim acts together with



Secretary of Defense Caspar Weinberger briefs the press on Soviet military power, in 1985. "His greatest moment came unquestionably in the wake of March 23, 1983, when Reagan endorsed the LaRouche concept for a system of ballistic missile defense based on lasers, electron beams, and other new physical principles."

Chinese General Hu, who assails Taiwan with warships, planes, and rockets while Kim attacks the U.S. and R.O.K. forces on the peninsula. When the U.S. fleet arrives from Singapore, China attacks the U.S. ships from the air. When the North Korean offensive bogs down, Kim fires a 50-kiloton nuclear warhead at the U.S. forces. The United States is joined in the war by Japan, Australia, and, incredibly enough, France. And of course "faithful Great Britain" is on hand with an infantry division and a carrier. When the tide threatens to turn against Kim, he prepares to unleash his entire atomic, bacteriological, and chemical arsenal against the U.S.-led coalition, but he is assassinated by his own military chief of staff. The Chinese enter the Korean battle with troops and a 75-kiloton nuclear missile that destroys the U.S. 2nd Armored Division. The United States retaliates with the nuclear destruction of a Chinese division, but U.S. President St. John is forced to accept a negotiated compromise peace because the U.S. forces are hollow and too weak to carry the war to China.

The second nightmare scenario depicts the demonic fundamentalist Iranian President Montazeri, who starts off wanting to use the oil weapon against the West. In reserve Montazeri holds a nuclear capability, provided by a group of ex-Soviet nuclear technicians now in Iran's employ. When his OPEC partners refuse to join in his extortion campaign, Montazeri fires a nuclear warning shot over the Iranian desert and then seizes Bahrain, and blocks the Strait of Hormuz. The next step is an ultimatum to Washington to get its forces out of Saudi Arabia and the Persian Gulf, backed up by a threat to nuke cities in western Europe. President St. John, hobbled by a lack of human intelligence and mis-advised by the appeasing Secretary of State, Vaughn Brown, pulls out the U.S. forces. Saudi Arabia is pounded by car bombs and gives in to Iran. U.S. air power finally strikes Iran, hoping to destroy its

few available warheads, but the Iranians target a missile on Rome which goes astray and destroys Monza, north of Milan. An Iranian terrorist drops an anthrax bomb on the New York Stock Exchange, and the Iranians ready a nuclear strike against Berlin. Finally, a nuclear-armed B-1 bomber knocks out the Iranian launchers, and the conflict subsides.

The third war is with Mexico, whose pro-U.S. President Lorenzo Zapata is assassinated in 1999, and is succeeded by Eduardo Francisco Ruiz, a charismatic university professor "trained by the Jesuits" and steeped in Nietzsche and Hegel. Ruiz may recall recent Mexican Presidential candidate Cuauhtémoc Cárdenas, Brazil's "Lula" da Silva, or Danny Ortega of Nicaragua. Ruiz attempts a land reform and nationalizes banking and insurance, scaring off foreign investors and causing a severe depression, which sets off a mass exodus of 1 million refugees per month into the United States. Ruiz is also in the pay of drug gangs that are flooding the United States with narcotics. President St. John orders an invasion to topple Ruiz, figuring the GIs will be welcomed as saviors. Luckily for St. John, the Mexican Army dissolves, except for sporadic guerrilla warfare led by Ruiz, who flees and is never captured. The foreign minister forms a new government, and the narrative breaks off.

Wars with Russia and Japan

The scariest scenario is the Russian one. This time our demon is Russian President Aleksandr Dankovich Karashchuk, the new *Vozhd* [supreme leader] who emerges in the year 2000 in the aftermath of the disastrous failure of the western-backed "reform." Karashchuk is a Slavophile military populist, perhaps intended to suggest Gen. Aleksandr Lebed. Karashchuk's trump card is a Russian SDI called Magic Chain. Magic Chain turns out to be the old anti-missile

missiles Galosh and Gazelle, left over from the obsolete 1960s anti-ballistic missile defense of Moscow. Karashchuk mass-produces these old missiles and upgrades his Doghouse, Cat-house, and Henhouse radars. Karashchuk's scientists can detect U.S. submarines with bioluminescence, and he has an array of radio-frequency weapons ranging from tank-mounted to briefcase-mounted variants. With these secret weapons, Karashchuk invades Poland, which by now has become a member of NATO. The Polish government is slaughtered by *spetsnaz*, and Britain, France, Germany, and the United States pledge to intervene. But when the first French paratroops arrive in Poland, they are vaporized by a Russian nuclear attack. The French mobilize the *force de frappe* and fire a nuclear missile at a Russian command center near Nizhny Novgorod, but Magic Chain shoots down the French warhead. France backs down. Then Russia issues an ultimatum to Washington: Get out of Europe or face nuclear attack. The United States pulls back to Britain. Germany fights on for a time against Russian nuclear bombs and pilot-blinding lasers, but then capitulates. The United States is forced to pay reparations to Moscow. President St. John turns to his scientists for a "Manhattan project for strategic defense," which turns out to be the tired old canard of "brilliant pebbles"—the kinetic-kill vehicles so dear to the late Gen. Danny Graham—plus a few ground-based lasers used in tandem with space mirrors. It takes two years to start the deployment of this "Project Jedi," which the Russians obligingly fail to notice, despite the brilliant pebbles being dispensed from space shuttles. But Karashchuk finally figures out what is going on: Before the U.S. defenses are ready, he fires two ICBMs at the United States to see if President St. John is bluffing. At this point the narrative breaks off.

No Anglophile futurology would be complete without a new U.S.-Japanese war, and our staunch authors have not failed to provide one. The relevant demon this time is Japanese Prime Minister Ishiwara Kawara, leader of Japan during a "trade war with . . . the United States," with "heavy tariffs" placed on exports. A Middle East crisis causes fuel shortages, gas station lines, and closed factories. Strikes ensue, and a new depression which Kawara blames on foreigners. Kawara's plan is a new Southeast Asia Co-Prosperty Sphere, solving Japan's raw materials import-dependency through the conquest of Taiwan, Indonesia, the Philippines, and Malaysia. It is the old 1941 war plan revived under conditions of *fin-de-siècle* U.S. strategic pullout. Taiwan is subdued with the help of computer viruses, logic bombs, and electromagnetic pulse devices. China is also attacked, and tries to retaliate with missiles launched from the Gobi Desert, but these are useless in the face of Tokyo's Theater Missile Defense systems. Australia struggles to improvise a nuclear force. Britain's "rich, deep historical ties" with Australia and New Zealand—otherwise known as colonialism—impel London to send in the Royal Navy. Then Japan attacks an American fleet coming from the Indian Ocean, and also

attacks Guam. The climax comes when Tokyo strikes the United States with computer viruses, logic bombs, and other cyberweapons. These shut down the New York Stock Exchange, the Fedwire system of the Federal Reserve Banks, and CHIPS (Clearing House Interbank Payment System). In the United States, Japan, and the rest of the world, a run on the banks and a stock market crash ensue, with President St. John declaring a bank holiday. St. John hits Japan with "calmative" chemical weapons. Kawara, thinking that he has re-established Japan's honor and superpower status, wants a negotiated settlement, but he is assassinated by a military clique intent on using nuclear weapons. Six U.S. cities are incinerated before the war ends with Japanese defeat.

Woe to the vanquished, but woe above all to the poor reader who has to plough through narrative prose like this:

The Chinese military commander General Hu "took a drag on his cigarette and blew a wisp of whitish-gray smoke over the table."

Or: U.S. official "George Determan drank the last drop of water in his plastic cup and then chewed on the ice cubes."

The evil Japanese Prime Minister Karawa "casually lit a cigarette"; after a few moments of reverie he "took a drag on his cigarette and stared off into a dark corner of his decidedly old-world study."

The worst offender is probably that Mexican villain Ruiz; before launching guerrilla warfare against the U.S. invasion, "Ruiz took a deep drag on his cigar, releasing the white-gray smoke which shrouded him. . . . Ruiz again pulled on his cigar. Turning angrily to his foreign minister, he blew a thick stream of smoke, embellished with contempt, at his face."

Writing like this already qualifies as at least a misdemeanor against humanity. The narrative is also heavily sprinkled with implausibilities and incongruities. But, mainly, it is a British wish-list of disasters that might befall America in its declining phase.

The real war is against the British

The scenarios are all in bad faith; they represent in themselves an exercise of British psychological warfare and black propaganda against the United States. Their goal is to obscure the four-cornered strategic geometry of the *fin-de-siècle* world, in which the British Empire, the United States, Russia, and China are monetarily left standing as great powers. The only rational U.S. strategy is to jettison illusions of the U.S.-U.K. "special relationship" and to align with Russia and China against the British, especially in the matter of a new world monetary system.

The demonology offered by Weinberger and Schweizer tries to set up a whole series of possible enemies, but pays no attention whatever to the real and present enemy, the British Empire, which is notoriously waging a "war and a half" against the United States. What hostile foreign power has been attempting via scandal and terrorism to overthrow the

government of the United States since about 1993? What hostile foreign power prevented a timely solution of the post-Yugoslav and the Rwanda-Burundi crises? What hostile foreign power helps foment the secessionist and subversive militias here at home? What hostile foreign power tried to goad the United States into a needless war with North Korea? What hostile foreign power is preparing to exploit the coming financial disintegration to make the United States the bankrupt thrall of the International Monetary Fund? In each case, the British.

The British plotted under Edward VII and after to start World War I, and then forced the United States to intervene to bail them out. During the 1920s, the U.S.-U.K. naval rivalry brought the two countries to the brink of war on two occasions, and resulted in naval restrictions that made the United States an inviting target for Britain's erstwhile ally, Japan. During World War II, the British attempted to maximize U.S. losses in the Pacific, where they were checkmated by Gen. Douglas MacArthur, and in Europe, where they blocked a cross-channel invasion for years. Then it was the British who provoked the U.S.-U.S.S.R. Cold War, especially through the machinations of Averell Harriman. The Korean War was planned by the British to restore the balance of power in Asia, and featured the British Philby-Maclean-Burgess-Blunt-Rothschild spy ring, which stole the U.S. atomic secrets and encouraged Chinese intervention after North Korea had been defeated. In the Suez Crisis, the British almost provoked a nuclear war with their imbecilic adventurism, and demanded that the United States back them up. After the British eliminated Kennedy, they pressured the United States to undertake the Vietnam War. The British planned the 1990 Gulf crisis in minute detail, and the United States went into that war as the tail on the British kite. Today, the British are the greatest force for war and instability in the Middle East, the Indian subcontinent, Central Asia, northern Ireland, and so on.

Even in terms of the Weinberger scenarios: The most aggressively anti-American Iranian mullahs and Russian Slavophile populists are the ones backed by London. The worst Mexican extremists are the ones sponsored by MI-6. The problem in Japan revolves around Anglophile elements in the Imperial family and the financial community. This book thus leads its readers away from reality and into a realm of suicidal make-believe.

Why did the fall of the U.S.S.R. and the Warsaw Pact not lead to a pacified world, as many hoped it might? Instability has grown in Central and Eastern Europe, largely because of the Thatcher-Bush "shock therapy" of privatization, mass plant closures and firings, the abolition of subsidies and dirigism, de-industrialization, and growth of organized crime. Under this regime, the world will be increasingly full of threats for which there can be no military solution, no matter what the level of U.S. preparedness.

Weinberger and Schweizer in their own introduction marshal data about the decline of the U.S. force structure, with

one-half of the U.S. Army's 1990 combat power now liquidated. The Pentagon is spending less on new weapons systems than at any time in the last 40 years; the Navy will soon reach 346 ships, down from almost 600 in 1991. Tank procurement has stopped, and 33% of all military personnel will be cut by 1999. Total defense spending will dip below 3% of GDP in 1999, less than any year since 1940. Our disingenuous authors want to blame all that on Clinton. They need to be reminded that this was the logic of the defense build-down announced in December 1990 by Bush's defense secretary, Dick Cheney, which has relentlessly continued "on autopilot" through 1996. The increasingly hollow force of today is the direct result of the Reagan-Bush globalization which has never been reversed.

Praise from Nanny Thatcher

The introduction to this book has been provided by that old battle-axe of British imperialism, Lady Margaret Thatcher herself. The Iron Lady is full of praise for Sir Cap, whom she lauds as "my old friend—and one of Britain's greatest friends. . . ." Thatcher wants to obfuscate the fact that the end of the Cold War compels the United States radically to rethink its old categories of friend and foe: "There has been too much emphasis on the differences between the Cold War and post-Cold War periods," says Thatcher. For Thatcher, the 1990s have seen the decline of the threat from the mischievous Soviets and its supplanting by "Islamic extremists, ethnically driven terrorist groups, rogue states no longer disciplined by powerful patrons . . . alongside the age-old problem of the dictator in charge of an unstable, bankrupt, expansionist state along the lines of Saddam Hussein's Iraq." But Thatcher forgets to mention that most of this gallery of bogey-men is made up of agents or dupes of the British Secret Intelligence Service and City of London finance.

Thatcher, as always, is super-staunch and ready to fight to the last American. She laments in her introduction that "more effective action"—meaning, presumably, war—was not undertaken against North Korea, which she sees as the "main source" of the problem of nuclear proliferation. In reality, avoiding the armed clash with North Korea that the British were so anxious to arrange was probably the biggest single (unsung) accomplishment of the first Clinton administration.

This book's status as an exercise in British propaganda designed to dumb down the bloody Yanks, is underlined by the presence of co-author Peter Schweizer of that notorious nest of feudal reactionaries, the Hoover Institution of Stanford University. Schweizer is a graduate of Oxford University who runs with the New York Council on Foreign Relations crowd.

The end of the U.S.-Soviet rivalry has brought with it a powerful new process of degeneration in the military and intelligence circles of the old cold warriors. Their god is Mamon, in whose service they are willing to sell their own country down the river. The Anglophile Weinberger has not escaped this process.

Conrail-CSX merger concerns House panel

The House Transportation and Infrastructure Committee, chaired by Bud Shuster (R-Pa.), on Nov. 19 held the first of a series of hearings on the proposed merger of Conrail and CSX. The witnesses were David Konschnik, of the Surface Transportation Board, and Glen Scammel, counsel to the railroad subcommittee of the full committee.

Shuster, in his opening remarks, said that his concerns centered on the effects the merger will have on jobs and retirement pensions, which still must be funded. He pointed out that two recent mergers, that of the Union Pacific and Southern Pacific, and the Burlington Northern and Santa Fe railroads, resulted in the loss of 6,000 jobs. "This raises the question about where the burden of financing railroad retirement will shift in a system that allocates financing on the basis of the number of employees on the payroll," he said.

Another area for review, Shuster said, is the compensation packages for the top management executives of the two companies involved. "It would be a shame," he said, "if these merger proposals resulted in the loss of jobs for many railroad workers, only to line the coffers of a few highly placed executives."

Shuster's concerns were echoed by other members of the committee. James Oberstar (D-Minn.), the ranking Democrat on the panel, said that the Conrail-CSX merger raises the same concerns as the two previous mergers, but with "greater fear and concern." "The question in my mind," he said, "is how many mergers can the rail sector, can the shipping public, can the working public, sustain? How many more of these mergers can communities continue to endure without serious adverse effect upon their viability?"

Oberstar later said that "maybe this hearing would not be under way and this action might not be taking place if the UP-SP merger had not been consummated or had been significantly altered, but once the megamerger took place, it was clear others would follow."

Gonzalez survives ouster attempt

On Nov. 20, Henry B. Gonzalez (Tex.) survived an attempt by the Democratic leadership to remove him as the ranking Democrat on the House Banking Committee, a post he has held since 1989. For months, scare stories about the danger of "liberal" blacks and Hispanics obtaining committee chairmanships, were the Democrats to win back control over the House, have been planted in the media and circulated in conservative junk mail. The main targets have been Gonzalez, John Conyers (D-Mich.) on the Judiciary Committee, and Charles Rangel (D-N.Y.), who would have become chairman of the Ways and Means Committee. Democratic circles responded with rumors that they would vote them out of their posts.

John LaFalce (N.Y.) and Bruce Vento (Minn.), the second and third ranking Democrats on the Banking Committee, both put themselves up for Gonzalez's place. LaFalce had the support of the Democratic Steering Committee and was nominated by Barney Frank (D-Mass.). The charge against Gonzalez was not that he was too unfriendly toward financial speculators, but rather that he gave his staff too much authority and didn't always show up for meetings. Gonzalez made a highly personal appeal, asking, "How can I be silent in the face of such an injustice? . . . I cannot—I will

not—cower. I cannot retreat and will defend myself."

"It was vintage Henry Gonzalez," declared Ken Bentsen (D-Tex.). "This is the Henry Gonzalez we have all known and loved in Texas and in Texas political history for the past 30 years." After the first vote, in which Gonzalez failed to get a majority, LaFalce confessed to reporters, "Henry gave a magnificent speech. If he could show up on a daily basis and speak the way he did, I'd want him to go on forever. . . . Henry was so good, I almost voted for him." LaFalce pulled out from the runoff, yielding the post to Gonzalez. He explained that he planned to operate as Gonzalez's "deputy," and be unopposed for the top position in the 106th Congress.

Gingrich reelected Speaker of the House

Newt Gingrich (R-Ga.) was reelected House Speaker on Nov. 20, as were all the remaining members in leadership positions, in the Republican caucus meeting the next day, including Dick Armey (R-Tex.), majority leader; Tom Delay (R-Tex.), majority whip; and John Boehner (R-Ohio), conference chairman.

After the Nov. 7 election, a number of Republicans, including Chris Shays (Conn.) and Peter King (N.Y.), publicly called on Gingrich to step aside until the House ethics panel releases its report on its investigation of the financing of certain activities tied to the Speaker's political machine. Shays put forward the name of Henry Hyde (R-Ill.) to serve as interim Speaker until the ethics panel finishes its work, but Hyde refused. King said before the vote that, because there was no other candidate, "there is no sense creating a fight for the sake of starting a fight."

Daschle: partial Social Security privatization

Senate Minority Leader Tom Daschle (D-S.D.) commented on Social Security, in a press conference on Nov. 26, saying that he supports "taking some of the trust funds and diversifying the portfolio to allow for the investment in non-government securities. I think that would add to the return on investment." Daschle admitted that he didn't know what kind of support there was for such a proposal, but said, "I think you can do it prudently and I support it."

Daschle said that the way to start would be "a pilot project of some kind, a very small percentage of funds to be invested so that we can study it and determine" how to invest the funds. "All I'm saying . . . is that we shouldn't blindly say never will we consider the prospect of finding some diversification in that portfolio for the long term."

Daschle was very specific that such investing would not be done by individuals, but by the Treasury Department. "I want to keep the Social Security concept intact and very much in keeping with the tradition for the last 60 years," he said. In response to a reporter's query, he said that the same idea ought also to be considered for the Highway, Medicaid, and Medicare trust funds.

Arme y attempts to stack ethics panel

House Majority Leader Dick Arme y (R-Tex.) is trying to replace half the membership of the ethics panel, before the panel has finished its investigation of Speaker Newt Gingrich (R-Ga.). The pretext is a House rule that limits membership on the panel to three terms. Arme y and Minority Leader

Richard Gephardt (D-Mo.) have discussed replacing part of the panel but have not reached an agreement.

Under Arme y's proposal, the four members of the investigative subcommittee would remain in place until special counsel James Cole completes his work. However, the rest of the committee, which, in effect, would function as judge and jury if the investigative subcommittee finds reasonable evidence of wrongdoing, would be replaced. Chris Shays (R-Conn.) complained to the *New York Times* that ranking Democrat Jim McDermott (Wash.), who has been openly critical of panel chairman Nancy Johnson's (R-Conn.) handling of the case, "has been very much an activist prosecutor, when he's supposed to function as a juror. . . . I don't feel Mr. McDermott is an independent juror in this instance."

In response to Arme y's proposal, McDermott warned, "We're halfway through and we can't run away from it." For her part, Johnson wants to leave the panel because the issue nearly cost her reelection.

A new panel might not necessarily be more friendly to Gingrich, but "changing the jury" could significantly delay resolving the issue.

Senators report back on their trip to Asia

A delegation of Democratic senators, lead by Minority Leader Tom Daschle (S.D.), plus Dirk Kempthorne (R-Id.), reported on Nov. 25 on their Nov. 8-15 trip to Vietnam, China, and Taiwan. Daschle said that the purpose of the trip was to "take into account the extraordinary questions that this country is going to be facing over the next couple of years with regard to policy toward that part of the world," and "to

impress upon many of our host countries the importance of a number of issues," including human rights. Daschle added that a third purpose of the trip was "to emphasize how critical it was that we continue to find ways with which to ensure that market access for agricultural products is something that be given a very high priority."

During the delegation's meeting with Chinese President Jiang Zemin, Patrick Leahy (D-Vt.) said that he had suggested that China, because it is embarked on a manned space program, should join in the international space station program. Leahy said that Jiang "started out his remarks to us by saying . . . there's an old Chinese saying that says sometimes the sky is cloudy, sometimes the sky is clear, and he said as far as he saw it, the relationship with the United States was basically clear. He said Taiwan was still an issue, but . . . I said I thought we should go together in space and get up above all those clouds where we can work together in space in a cooperative way."

The visit to China was not without its tensions, however, especially on trade issues. Daschle said that he didn't believe, on the human rights issue, "that having normalized economic trade relationships with a country, or to threaten in some way to curtail or to eliminate that normal relationship is in our best interest."

Byron Dorgan (D-N.D.) and Kempthorne complained about the China's trade surplus with the United States, and put the onus for correcting it entirely on China. "This is an unsustainable trade relationship until and unless the Chinese decide to meet their obligation to purchase more from America by opening their markets and by coming to America for more goods and services," Dorgan said.

National News

GOPAC official claims Newt siphoned funds

According to the Nov. 22 *Boston Globe*, the former general chairman of GOPAC has confirmed that Newt Gingrich used money from a tax-exempt foundation, to finance political television broadcasts. Howard "Bo" Callaway, the number two in GOPAC during most of Gingrich's tenure as chairman, told the *Globe* that Newt approved of using funds from the Abraham Lincoln Opportunity Foundation, which Callaway had created in 1984 for sponsoring "speech contests" in Colorado high schools, "to lend care and assistance to the needy and to provide educational services to the public."

Gingrich used the foundation as a front for funding TV programs, which Gingrich wrote were intended "to recruit activists all across America to become involved with the Republican Party." Callaway told the *Globe*, "Newt certainly approved it. . . . I can't absolve him of all responsibility."

DNC member writes off House and Senate in '98

A member of Don Fowler's Democratic National Committee (DNC) claims that the Republicans will gain further seats in the U.S. Congress in 1998, and that this will be a factor for "stability" in the U.S. political situation. This blueprint for defeat was presented by Dr. Ron Schlundt of the DNC, speaking at a recent seminar near Mannheim, Germany, on the American election results. Schlundt is presently the chairman of Democrats Abroad-Germany, and is vice-chairman of Democrats Abroad-Europe.

According to a first-hand report on the seminar, Schlundt attributed the Democrats' failure to retake the Congress in the recent elections, first, to the "surprising" factor of "how weak the President's coat-tails were"; and, second, to the strong penchant Americans have today for "ticket-splitting." Asked about the failure of the DNC's Congressional Campaign Committee to provide ade-

quate funding for strong candidates who could have won, Schlundt responded cynically, "That always happens; when a candidate loses, he or she says, 'I would have won, if I had a bit more money.' It's a typical reaction."

Schlundt added, "For 1998, I see not much change in the House or Senate. The Republicans will gain a few seats in the House. The situation will be pretty stable. I know I am officially supposed to say, in my capacity, that the Democrats will win the Congress back, but I don't believe it." He defended this defeatist notion by retailing the argument that, not since 1934, has the party that occupied the White House in an "off-year" election, managed to make significant gains in the Congress.

At a later point in the meeting, Schlundt said, "If the Democrats, in 1998, lose only a couple of seats, that would be a *victory*, in my view, because, normally, we would expect to lose a *lot* in an off-year election. But I think things will be stable."

Earth First! terrorists rave against Clinton

The Nov. 1 issue of *Earth First! Journal*, an environmental terrorist propaganda arm of Prince Philip's World Wide Fund for Nature, features a front-page attack on President Bill Clinton's supposed "anti-environment" policies. The same piece also derides Vice President Al Gore's efforts to secure an election endorsement from the Sierra Club. Accompanying articles exhort "earth activists" to launch attacks on "the buildings, vehicles, heavy machinery, and other assets of earth-destroying agencies and corporations."

No fewer than four articles in the issue target President Clinton for being an anti-environmentalist. The main attack on Clinton was written by *Wall Street Journal* token leftist Alexander Cockburn, and prominent environmentalist Jeffrey St. Clair. The article claims the Clinton team made last-minute efforts to curry the "environmental" vote in the elections, by making major concessions to the Sierra Club—including turning a huge chunk of Utah into a National Monument.

To secure the Sierra Club's backing, Gore allegedly called all the Sierra Club board members during the week prior to their vote. The article claims that board member David Foreman, a convicted terrorist and founder of Earth First!, cast the deciding vote in the board's decision to endorse Clinton. Cockburn and St. Clair offer the deranged argument that Clinton needed this endorsement, because so-called "Presidential candidate" Ralph Nader and his running mate, the eco-terrorist Winona LaDuke, were polling as much as 10% of the vote in Western states.

Bush babies worried by EIR exposé of IRI

Officials of the International Republican Institute (IRI) are showing signs of anxiety over a recent series of *EIR* articles, exposing its work in Moscow to wreck U.S.-Russian relations on behalf of the British. At an IRI meeting in Washington, D.C. Nov. 20, featuring a report by recently resigned U.S. Ambassador to Russia Thomas Pickering, both IRI President Lorne Craner and Howard Opinsky, the director of its Russian activities, privately attempted to plead their innocence with *EIR*'s Washington bureau chief, Bill Jones.

Craner tried to joke about how *EIR* was portraying them as acting as a "shadow government" in Russia. He waxed on about how difficult it was to influence policy from outside the administration, as compared to being on the inside. Pickering's public remarks only complicated the defense.

He began by praising the work of the IRI in Russia, noting that he had collaborated with Craner since the mid-1980s (when both were working for George Bush). "I've admired your dedication," Pickering said. He also lied at length about the bright prospects for Russia's future. Next year, he said, will be one of "growth and investment," with "a cascade of investment into the country."

Following Pickering's presentation, *EIR*'s correspondent challenged the former ambassador's claims, noting that the complete collapse of Russia's physical economy has led to "a situation in which its very population is being reduced in real terms, a situa-

tion that Russia has perhaps not faced for a very long time, and all because of this IMF [International Monetary Fund] austerity that you have been supporting. More and more people are fearful that this will lead to a major social explosion. Some evil tongues even say that you yourself knew that this was coming, and that you therefore opted for an 'early out' from your ambassadorial post so that it wouldn't happen on your watch. Could you comment on this?"

Pickering conceded that *EIR* had raised "a totally germane question," but declared, "You seem to have the Russian preoccupation with measuring everything in terms of industrial growth and progress. There are other ways of looking at the situation," he said. He claimed that Russia had a burgeoning "service economy" and a growing "information economy"; therefore, the situation was "not entirely bleak."

Regarding the issue of "social upheaval," Pickering said that this had been on his mind since he took over in January 1993. "There was even a meeting at the State Department in 1993, where we discussed the possibility of whether we could establish a social safety net for Russia. We came to the conclusion that we didn't have the means to do this," he said. "Then there was a greater danger of social upheaval. And I didn't leave my post then because of the threat. . . . The Russian threshold for social pain is higher now. They have learned how to cope with adversity."

Insanity of welfare cuts dawns on state officials

Officials at the state and local level are discovering that the federal welfare "reforms" dictated by a Gingrichite Congress cannot be implemented—without imposing the genocidal austerity which the legislation intended.

Legislative hearings in Massachusetts, the *Boston Globe* reported Nov. 21, revealed that 30,000 legal immigrants in the state are in danger of losing welfare benefits, food stamps, and disability payments. Massachusetts Welfare Commissioner Claire McIntire said that the state could face a bill as high as

\$80 million (plus administrative costs) just to match immigrants' lost food stamps, and to replace their federal disability payments with much lower ones offered by the state. That would amount to almost one-third of what remains of the existing state welfare budget, in the wake of repeated assaults by Gov. William Weld.

The state might also have to budget an additional \$50 million, to cover as many as 17,700 immigrants who could lose their Medicaid coverage as well under the new law. According to the *Globe*, no legal immigrants have been kicked off public assistance in Massachusetts so far, but no more can be added to the rolls. Federal officials have told McIntire that her department is already violating the new law, by failing to take away food stamps. State legislators reportedly also grilled McIntire about difficulties the state has had in moving welfare recipients into jobs, and urged her to ask the Clinton administration to exempt Massachusetts from the five-year lifetime limit on welfare benefits.

Most of homeless seeking their first free meals

According to a survey of 250 rescue missions across the country, 60% of the homeless men and women seeking free meals this Thanksgiving had never been reduced to such a condition before. Rev. Steve Burger, head of the International Union of Gospel Missions, reported that advance estimate on the basis of 14,000 interviews conducted by the missions.

"Most people think of the homeless as 55-year-old alcoholic drifters," Burger said. "The stark reality is that a majority of the men and women eating Thanksgiving dinner at our missions next week are new to the street and are in their twenties and thirties, often with children."

According to Religion News Service, the survey of rescue missions found that 80% of the homeless are younger than 45 years old, and one in four is younger than 25. It also found that 79% of the homeless are male, and 21% female—a ratio which has held steady during the last five years.

Briefly

THATCHER for President? *American Spectator* editor R. Emmett Tyrrell Jr., writing in the Nov. 22 *Washington Times* about his latest trip to London, reports he spent several hours at the office of Margaret Thatcher. Lapsing into demented adulation, he declares at one point that she should be President of the United States: "Raised, say in Virginia or Illinois, she would have been the Republicans' best candidate in 1996."

KISSINGER for secretary of state? So muses the *New York Times* in a front-page story Nov. 24, playing Sir Henry as one of six candidates for the position. Former senator Sam Nunn, another *Times* pick, said on "Meet the Press" the same day, "I think you'd better watch Henry Kissinger. Henry's pretty tricky, and he's trying to make a joke out of it, but he may be the leading contender."

JAMES CARVILLE, the political consultant and veteran of two Clinton Presidential campaigns, announced on NBC-TV Nov. 24 that he is setting up a political operation to counter special prosecutor Kenneth Starr's Whitewater campaign. He noted that the \$30 million Starr has spent in going after Clinton, exceeds the cost of the investigations of the John F. Kennedy assassination and the World Trade Center bombing.

SURGICAL mastectomies are being conducted as "outpatient" operations in a growing percentage of cases, increasing from 1.6% in 1991 to 7.6% in 1995, due to vicious cost-cutting by HMOs. It took new federal legislation even to guarantee two nights in a hospital for mothers after childbirth. *Boston Globe* columnist Ellen Goodman recently protested that "there is indeed something bizarre about protecting access to health care one body part at a time."

MAXINE WATERS (D-Calif.) has been elected chairman of the House Congressional Black Caucus. She defeated William Jefferson (D-La.) in a vote held by the 39-member caucus Nov. 20.

Editorial

An end to virtual reality

The holiday season this year is a bitter experience for many, many families. Not only are there those who have been cut off from social welfare, but even for so-called middle-income families, with both parents working, it is becoming increasingly difficult to make ends meet, far less to provide that little bit extra.

Forget what the politicians say, what you are hearing on television, and reading in your daily newspaper. There has been no economic recovery; to the contrary, there is a world-wide economic depression. The situation is becoming increasingly bad in the United States, but in Africa and Russia, it is desperate.

Sure, stock prices are going into the stratosphere. It is the biggest financial bubble in history, but, contrary to the wishful delusions of the virtual reality experts, this is the harbinger of a collapse of the entire financial system. Every financial institution is enmeshed in this feverish speculative binge. The turnover is about \$3 trillion per day, on the international financial markets. This \$3 trillion is one-half of the annual calculated gross national product of the United States—and it is turned over every day, 365 days a year.

The end result of this speculative binge will be the global equivalent of what happens to any poor sucker who borrows more and more money to pay for gambling debts. One day the loan is due, and the message is given: "Your money or your life." In the case of this bubble, it's your life which is on the line, as well as the existence of banks and financial institutions everywhere.

What we will then be looking at is a chain reaction, in which people will rush around trying to somehow protect their position, while the stock market, derivatives markets, and the banking system are collapsing. This will not be a protracted event. Within as short as three working days, the entire financial system can come down.

This will be an implosion. There is simply too much debt out there with an insufficient margin of assets to cover it.

Now, let's look at how this will affect the average man and woman. It is not only that bank deposits will

be frozen, as runs on the banks begin to multiply. These days, most monetary exchanges are electronic in form. Credit and debit cards are taking the place of hard cash.

What does this electronic credit really mean? It means that the average man and woman depends upon a banking institution to guarantee his or her solvency—the ability to convert the electronic credit into the money needed to buy groceries and other necessities of daily life.

What happens when that banking institution no longer functions? You still have credit cards, and a check-cashing card, and so on, but none of it works. The machines are turned off.

What happens then at the local supermarkets? They, too, are functioning on electronic money in order to stock their shelves. Even if local stores are willing to accept chits from their steady customers, their shelves will rapidly be stripped bare, as the whole of the economy becomes paralyzed. Within two weeks, we can be seeing mass starvation everywhere in the world, except where people can depend upon crops which they or their neighbors grow.

In this situation, the federal government of the United States must be prepared to act rapidly—and here the responsibility will lie primarily with the President of the United States. He will have the implicit power to issue emergency Executive Orders to stop this global hemorrhage.

The President will have to put the entire banking and financial system of the United States into receivership, and at the same time get approval from Congress to issue at least \$1 trillion in newly created U.S. Treasury note credit, which will be earmarked primarily for major global development projects.

Only this can stabilize the world economy. The responsibility for preventing an incalculable international economic disaster will rest with the President of the United States of America; but, the program for turning the situation around, is that of Lyndon H. LaRouche. Nothing else will work. The time of virtual reality will have come to an end.

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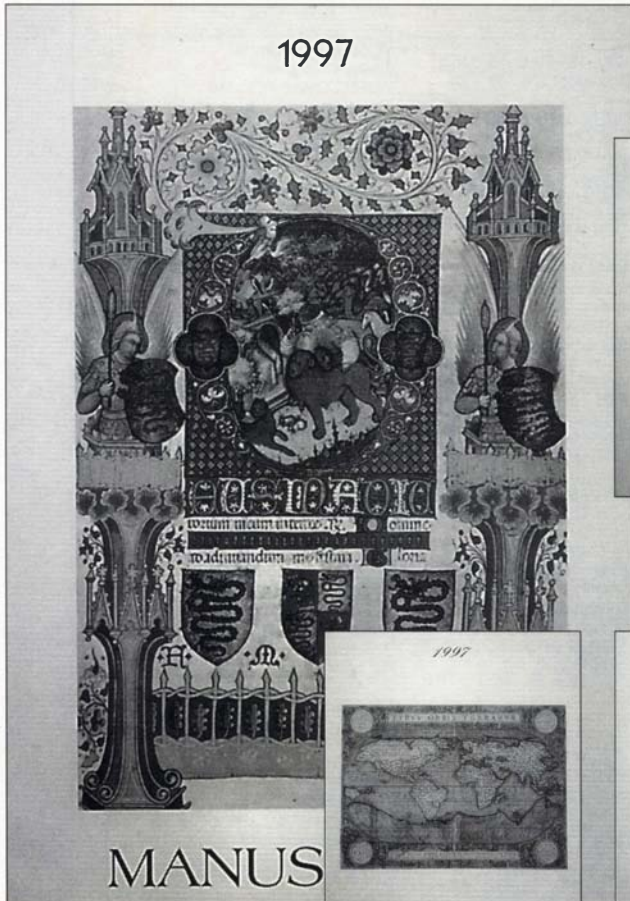
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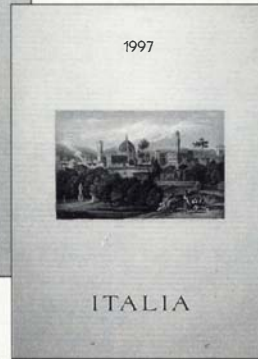
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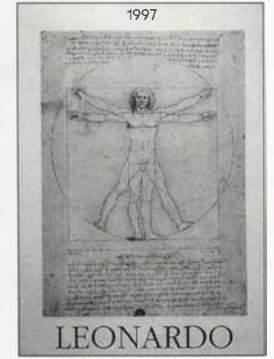
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