

EIR

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From the Associate Editor

A visit to Nigeria by a delegation from the Schiller Institute is the subject of our *Feature* this week, showing what an impact Lyndon LaRouche's international movement is having in this most populous and politically crucial of African countries. The report from Abuja is, however, just one example of the spread of LaRouche's ideas and economic program, as more and more people realize that LaRouche has been right about the severity of the world economic crisis, while the so-called experts have been wrong.

From Europe, for example, see the interview with Siro Lombardini, the first leading Italian economist to agree with LaRouche's conclusion that the global crisis is of a *systemic* nature. Particularly welcome is his insistence that the philosophy of the International Monetary Fund "has no scientific justification, nor is it supported by any historical experience." From France, Jacques Cheminade, a Presidential candidate in the first round of the recent election, provides a commentary on the direction that France must take, if the nation is to survive. Will the new President, Jacques Chirac, heed this lesson in time, or will he continue the subservience to the Paris nomenklatura which has unfortunately marked his political career to date?

For the latest in EIR's campaign against the British monarchy, see the article in *International* reporting on the current developments among Prince Philip's "green" entourage. As if the World Wide Fund for Nature were not bad enough, the Windsors are now spinning off a new group, the Alliance of Religion and Conservation, to further subvert the world's religions and turn them into instruments for genocide.

Mary Burdman's review of *Singapore, The Pregnable Fortress*, by Peter Elphick, provides a useful followup to last week's extended treatment of Great Britain's Pacific wars against the United States. The conclusion is inescapable that the fall of Singapore to the Japanese in 1942 was not the result of British blunders, as the some have claimed, but rather of a deliberate geopolitical maneuver by Winston Churchill.

Susan Welsh

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Alhaji Aminu Saleh is Secretary to the Government of the Federation in Nigeria.

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Corrections: The article in our last issue entitled "Legal Assault Planned on Ibero-American Armed Forces," p. 75, failed to note that it was a reprint of an *EIR* article first published in 1993. The events referred to in the article as having taken place in "March" therefore refer to March 1993. We reprinted the article in order to show that *EIR* had predicted the offensive against the armed forces which is now in full swing.

In the same issue, on pages 64 and 69, Japanese Finance Minister Masayoshi Takemura is misidentified. He is no longer with the Liberal Democratic Party, but is now the head of the new Sakigake Party.

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Derivatives bubble springs a leak

by John Hoefle

Death is stalking the world's financial centers, amid signs that the global derivatives bubble has begun to disintegrate. From London, to Paris, to Tokyo, to New York, major shifts are under way, with events which would have been dismissed by many as improbable if not impossible, now making headlines.

What is occurring, is that the era of speculation is coming to an end. The derivatives bubble, upon which the delusions of prosperity over the last decade have largely been based, has sprung fatal leaks, of the sort which must ultimately lead to its disintegration. As with any pyramid scheme, the derivatives bubble must grow rapidly in order to continue; once that growth stops, collapse is inevitable.

Reflections of this process abound. In the City of London, Barings Bank has failed, S.G. Warburg is seeking a buyer to avoid the same fate, and Lloyd's of London is in dire straits. In Paris, the French government is engaged in what seems like a perpetual bailout of *Crédit Lyonnais*, the largest bank in the world outside of Japan. In Tokyo, the Bank of Tokyo and Mitsubishi bank are merging to form the world's largest bank, hoping to ride out the brewing storm. In New York, the commercial and investment banks are suffering, amidst rumors that a major New York bank is insolvent.

Dramatic drop in trading

These events are all related, reflections of a *systemic* crisis. Just as the rising tide of the speculative bubble lifted the financial boats to new heights, the receding tide is now grounding them. The run on the derivatives markets began when the Federal Reserve Board raised interest rates in February 1994, and turned into a rout in December with the blowout in Mexico, with investors scrambling to unload their holdings.

The effect of this on the major international derivatives

exchanges has been dramatic. Trading was down 24% during the first three months of 1995 on the London International Financial Futures and Options Exchange (LIFFE), compared to the first three months of 1994, threatening to end the streak of 12 successive years of trading increases on Europe's busiest derivatives exchange. During the quarter, LIFFE had only one day in which 1 million or more trades were conducted, compared to 12 such days in the first quarter of 1994. The decline continued in April, when only 8 million futures and options were traded, a 35% decline from the 12 million traded in April 1994.

This drop in trading has taken its toll on the City's brokers, in the form of reduced income and staff layoffs. Exco, Prebon Yamane, and Martin Bierbaum are among the brokers which have reduced their staff. Chase Manhattan Bank announced on May 2 that it would cease executing and clearing exchange-traded futures on the LIFFE, following a similar move by Tullett & Tokyo the previous week. The remaining brokers have cut their commissions in a fight for business, ensuring more problems to come. Nevertheless, LIFFE has announced plans to expand its trading floor, displaying the remarkable detachment from reality for which the derivatives world is justifiably famous.

The Chicago Board of Trade also experienced a drop in trading in the first quarter, with volume declining 8%, and open interest declining 12%, over the first quarter of 1994. Trading in Treasury bond futures, the CBOT's largest contract, likewise dropped 8% in volume and 7% in open interest during the period.

Trading on the Chicago Mercantile Exchange continued to grow in the first quarter, but the rate of growth dropped dramatically. During the first quarter, CME trading volume increased 12% over the first three months of 1994, comparing

favorably to the LIFFE and CBOT, but falling far short of the 54% growth the CME experienced in 1994. January 1995 saw an increase in volume of 37% over January 1994, but the year-to-year growth fell sharply after that, to 6% in February and a barely perceptible 0.3% in March. The bottom fell out in April, when trading volume fell to its lowest level since December 1993. Trading volume was down 29% over April 1994, and 39% over March 1995.

Whether this dismal performance will be repeated remains to be seen, but the April disaster was enough to pull the January-April trading increase down to just 1.3% over the same period in 1994; so a decline in May would likely put the CME negative for the first five months of 1995.

The effect of this decline on the brokers in Chicago is similar to what is happening in the City of London, with traders cutting back on staff and commissions. Goldman Sachs, Smith Barney, and ED&F Man are among the dealers who have trimmed their staffs, and dealers have cut by 15-20% the commissions they pay to the traders who execute the trades in the pits.

While the decline on the listed exchanges is significant, the bulk of derivatives trading is done over the counter, or directly between the big banks and investment houses.

The global derivatives market has grown from just over \$1 trillion on notional principal values outstanding at the end of 1986, to \$45 trillion at the end of 1994. The amount rose nearly threefold last year alone, in part due to the attempts by derivatives holders to hedge against their own derivatives holdings, and by the underlying grow-or-die imperative. There are signs, however, that this meteoric growth is slowing.

Growth in derivatives holdings slows

The derivatives holdings by U.S. banks, as reported by the Federal Deposit Insurance Corp. in its quarterly banking profiles, grew by \$4.8 billion—a mere 0.03%—in the fourth quarter of 1994, to \$15,774 billion, up from \$15,769 billion in the third quarter. While the total derivatives holdings of U.S. banks grew by \$3.9 trillion (33%) in 1994 compared to 1993, the growth slowed dramatically as the year progressed. U.S. banks' derivatives holdings grew \$2,043 billion (17%) in the first quarter, \$1,406 billion (10%) in the second quarter, and \$446 billion (3%) in the third quarter. While there have been four quarter-to-quarter declines in the banks' holdings since the FDIC began keeping derivatives statistics in 1990, including a drop of \$950 billion in the fourth quarter of 1992, the steady decline in growth experienced during the four quarters of 1994 is unmatched, and may well indicate that the peak is in sight, if not already reached.

The effect of the derivatives problems can be seen in the trading revenues of the top seven money center trading banks (Citicorp, Chemical, J.P. Morgan, Chase Manhattan, Bankers Trust, BankAmerica, and First Chicago). These seven banks reported gross trading revenue of \$3.9 billion in 1994,

a decline of 53% from the record \$8.3 billion in trading revenue reported in 1993 and the lowest such total since 1989. For the fourth quarter of 1994, the seven banks reported trading revenues of \$584 million, a 58% drop from the \$1,409 million reported in the third quarter. The high point for trading revenue was the second quarter of 1993, when the banks reported \$2,246 million in such revenue. It remains to be seen what the derivatives totals for the first quarter of 1995 will be, but the trading revenues of the seven banks jumped 54%, to \$868 million, for the first quarter.

That rise in trading revenue was good news to the banks, but not all of them were happy. While Citicorp reported trading revenue of \$344 million and J.P. Morgan reported \$303 million, Bankers Trust New York Corp. reported a trading revenue loss of \$78 million.

The troubles are just beginning for Bankers Trust, which posted a \$157 million first-quarter loss, thanks to the \$78 million securities trading loss and losses in Mexico and other Ibero-American countries. But the big problem at Bankers Trust is its derivatives portfolio, which at \$1.98 trillion is more than 2,000% of its \$97 billion in assets. To cover the losses, the bank has announced plans to cut expenses by \$200 million this year and another \$75 million in 1996, in part by eliminating 1,000 full-time employees and 400 temporary workers.

"The challenge is to adapt, not to reinvent. . . . Our risk management strategy is not exclusively tied to derivatives," Bankers Trust chairman Charles Sanford told the bank's annual meeting on April 18, noting that since the demand for the most lucrative types of derivatives has faded, the bank will put renewed emphasis on its foreign exchange and emerging market debt derivatives, as well as its computer modelling business. Given the bank's track record, that is hardly encouraging.

The U.S. investment banks have also suffered because of the derivatives crisis. Merrill Lynch, Salomon, and Goldman Sachs all hold more than \$1 trillion in derivatives. Salomon and Goldman Sachs's financial problems have been widely reported, and Lehman Brothers is reported to be seeking a buyer to rescue it from a major liquidity crisis.

"But more alarming is the fact that a major money center bank in the U.S., whose name I will not reveal, as it is too sensitive, is at this point technically bankrupt, and only being kept going by extraordinary Fed actions," a senior European banking source told *EIR*.

"Look at the banks with the greatest exposure to Latin debt speculation to find out who it is," another European banking source said. "The Mexico crisis last December was of titanic significance for many U.S. banks. Surprisingly, this time Citicorp and Chase Manhattan were not the ones with the largest exposure in the Latin emerging markets. Number one was J.P. Morgan, followed closely by Bankers Trust. Look at those two to find the probable answer to your question of who is bankrupt."

We are facing a 'devastating' global financial crisis

Professor Siro Lombardini is one of the leading economists associated with Italy's postwar industrial reconstruction. Born in Milan in 1924, he studied economics at the Catholic University of Milan, and later at the London School of Economics and at the University of Chicago. Elected senator for 1976-79, he became Minister of State Holdings (the public or semi-publicly-owned industries) under the first Cossiga government. From 1963 until 1970, he was a member of the National Commission for Economic Planning and of the Scientific Council of Planning, as well as adviser to several ministries and to the prime minister. He is the author of several books. Professor Lombardini on April 24 responded in writing from his office in Chieri (Turin), Italy to questions from Gianni Cilli in Wiesbaden, Germany; his answers have been translated from the Italian.

EIR: After the dramatic Mexican crisis and the Barings bankruptcy, it is becoming clear that we face not only a structural crisis of the present monetary system, but that, due to the reverse-leverage mechanism, we are approaching the point where the whole monetary system could disintegrate from one day to the next. Besides U.S. economist Lyndon LaRouche and the late French economist Jacques Rueff, you have been one of the few economists to speak about the threat of serious monetary disorders following the breakdown of the Bretton Woods agreements.

Lombardini: I believe that the likelihood of a grave, certainly devastating, world financial crisis is very high. However, I am not satisfied by the diagnosis upon which, in general, such prognoses are based. I think that the essential causal impulses can be indicated as follows:

1) the genesis of the Eurodollar market (by now widely analyzed and known), which has become the euro-mark, euro-yen, etc., markets;

2) the evolution of derivatives, which has made it more and more difficult to stabilize and evaluate relations between real capital and financial activities;

3) structural reasons, which help to explain the different rates of development of different countries (and different monetary regions), which are not associated with variations in other characteristics, such as might maintain a certain

equilibrium in the world economy. There was a time when the countries which had the highest productivity had the highest wages, and therefore the interest rates were not so high as to provoke changes in capital flows which could upset the equilibrium; hence countries (like Britain) which had trade surpluses due to their higher productivity, made directed investments abroad which allowed other countries (for example, toward the end of the last century and the beginning of this one, Italy) to develop in various complementary ways.

Reflection on this background allows us to state that:

a) It is unthinkable to avoid the crisis with mere monetary measures. We need programs of cooperation and coordination of development strategies internationally, facilitated, if necessary, by moderate protectionist measures and by the intelligent partial isolation of the European zone with respect to the American and the East Asian zones.

b) If the Bretton Woods accords defused the traditional devaluation weapon as a result of the developments cited above, the great powers still have at their disposal the atomic weapon of monetary policies (interest rates). This is why I have maintained the need for a new Bretton Woods for a number of years.

c) One problem, in any case, must be urgently faced at the international level: the setting of some limits on the proliferation of derivatives, or limits on the kinds of operators who would be authorized to put them on the open financial markets.

EIR: Among the factors which have doomed the present system to fall apart, the main one is the devastating impact on the world economy of the so-called International Monetary Fund conditionalities. In 1982, when it was still possible to intervene with some reforms, the world chose to obey the IMF instead of proceeding with the Ibero-American debt reorganization proposed by LaRouche and then President José López Portillo of Mexico. You have been one of the few who had the courage to expose the incompatibility of the IMF with the new opportunities of East-West and North-South economic integration since the fall of the Berlin Wall.

Lombardini: The International Monetary Fund has grave responsibility for the deterioration of the conditions of the

The philosophy of the IMF—which claims to create the conditions for effective and harmonious development by regulating the currency to preserve its internal value, and by adopting fiscal policies to ensure that the budget is balanced—has no scientific justification, nor is it supported by any historical experience.

Third World and the collapse of the economies of the countries of the former U.S.S.R. and the Soviet empire—with the few, significant exceptions of East Germany and some other countries. The philosophy of the IMF—which claims to create the conditions for effective and harmonious development by regulating the currency to preserve its internal value, and by adopting fiscal policies to ensure that the budget is balanced—has no scientific justification, nor is it supported by any historical experience.

In fact, I have always maintained that it is necessary to reexamine relations among the strong zones (the United States in particular) and Third World countries, in the interests of the developing countries, upon which the application of the IMF's philosophy can only have devastating effects, as well as on the United States itself, which could only hope to recover a part of the loans it has granted by implementing concerted development policies. In 1983, I presented these opinions of mine to a well-known, intelligent American senator, who told me that he fully agreed, but that he could never make public such statements without seriously jeopardizing his reelection.

I proposed to the Confederation of the Association of European Economists, a conference on "Europe Between East and South," which was held at Urbino; the presentations were published in a book edited by myself and Pier Carlo Padoan, by Kluwer Academic Publishers in 1994. In fact, only the coordinated integration of the development strategies of the western (European in particular) countries with those of the countries of eastern Europe and the Third World (Africa in particular) can improve conditions worldwide. It must also be observed that in the absence of such integration, the migrations which are already under way, and which are bound to intensify, could have devastating effects, not so much economically, as politically.

EIR: It is clear, then, that the old monetary system should be put into bankruptcy procedures and the old debt frozen. New credit lines should be opened, earmarked for financing the building of modern infrastructure and industrial production (in particular, machine tools). It would become top priority for every government to support a process of rapid capitalization of productive investments by raising the level of productivity of labor, also because otherwise there would not be the financial resources to proceed with restructuring

the old debt.

Lombardini: I am substantially in agreement with the issues and economic-policy goals which you indicate. It is not a question of blocking the mechanisms of the market, but on the contrary, of increasing the positive effects which are currently being hampered, above all in the western economies, by the institutional structures that tend to encourage speculation, contributing to the broadly pathological developments which I mentioned in the answer to the first question. Financial resources are a limit, which must, however, not be considered as a predetermined given, which would doom us to hang onto the present structure, but which rather as an objective of the policy itself, which precisely as you emphasize, would allow the limit of financial resources to be shifted upward by increasing the productivity of labor.

EIR: Among the advocates of the so-called "policy of planning" or "productive dirigism," which we need to get back to quickly if we are not all going to go down with the *Titanic*, we can name, besides you, LaRouche, and a few others, most of the founding fathers of the Italian State Holdings system: especially Oscar Sinigaglia, Sergio Paronetto, Ezio Vanoni, and Pasquale Saraceno. You knew most of them personally. What do you think is still valid in their teaching?

Lombardini: I had the opportunity to enter into relations of friendship and collaboration with some of the people whom you mention. My opinions broadly converge, even if they do not precisely coincide, with theirs. To the common statement, "Less State, more Market," I counterpose, "More State, and more Market": a more competitive market which should encourage—to say so with [Thorstein] Veblen—business, and not finance; more State, not that it should get involved in production, but so that it might elaborate the strategies of collaboration, when necessary, with other States. (With respect to the Italian situation, I add, "Less market of the State.")

Economic planning is nothing but a strategic economic policy which differs from the free marketeers, because the market is made more powerful and given direction precisely by the adoption of a strategy, and it differs from the Keynesian (or monetarist) system, because it is not only a macroeconomic, but also a structural policy.

Theory of Ice Ages, not 'global warming,' predicts melting of Antarctic ice shelf

by Laurence Hecht

The appearance of a 40-mile-wide crack in the northern tip of Antarctica's Larsen ice shelf earlier this year has provided fresh grist for the propaganda mill of the advocates of "global warming." The unfounded assertion that the burning of fossil fuels is leading irrevocably to a "global warming" has been repeated so many times that even those who don't wish to, often find themselves wondering if there isn't some truth to it. And what better example could one find of this alleged warming than the apparent melting of a piece of the world's largest ice sheet?

But the truth is otherwise. And the irony is that the warming of the far southern waters, which may have aided the ice shelf fracture, is a simple and unsurprising consequence of the scientific theory of climate change which predicts as its major conclusion that the Earth is moving into a new Ice Age!

First, a few facts about "global warming." The theory was first put into circulation in international scientific circles in the 1970s, through the offices of Britain's Sir Crispin Tickell, who introduced it into the deliberations of a NATO scientific panel. If lacking in scientific worth, it has enjoyed the enthusiastic backing of the House of Windsor and the British scientific establishment. The Royal Consort, Prince Philip, who may be best known for his desire to be "reincarnated as a deadly virus," apparently recognized in the theory a good argument for his desire to reduce the world's population (of all but royalty). Since a belief in global warming leads to the conclusion that we must drastically reduce the burning of fossil fuels, which presently provide the major part of the world's energy supply, its advocacy is no more than a thinly disguised argument for global deindustrialization and hence drastic reduction in population. An editorial in the March 16, 1995 edition of *Nature*, the publication of the British scientific establishment, asserts that "the onus of proof has now shifted from those who advocate global warming as a threat to those who hold that it may not be."¹

Greenhouse model doesn't work

Yet the scientific foundation for global warming is as thin as spring ice. It is premised on a mechanism, the *greenhouse effect*, which is simple, but deceptive when applied to global climate: A greenhouse helps plants grow during the cold months, because its glass panels are transparent to the incom-

ing visible rays of the Sun, while relatively opaque to the lower frequency, infrared radiation which the Sun's light produces on contact with Earthly objects. In interacting with the plants and structural material of the interior of the greenhouse, the Sun's rays experience a downshift in frequency producing the infrared radiation which we experience as "heat." The heat cannot pass back through the greenhouse glass so easily as the light entered, and thus the greenhouse warms up. That is the so-called greenhouse effect.

Carbon dioxide, a by-product of the burning of fossil fuels (hydrocarbons), is a "greenhouse gas." This means that when mixed into the Earth's atmosphere, it causes the atmosphere to act like the glass panels of the greenhouse, allowing in sunlight but preventing the escape of heat. Or so the theory goes. What actually happens is not so simple. For example, water vapor, which is far more prevalent than carbon dioxide, is also a greenhouse gas when mixed into the atmosphere. But when formed into the colloidal suspension of water droplets popularly known as a cloud, it has a very different and well-known effect. It blocks sunlight and therefore cools the Earth. Air polluted by volcanic dust or man-made waste can also cause cooling.

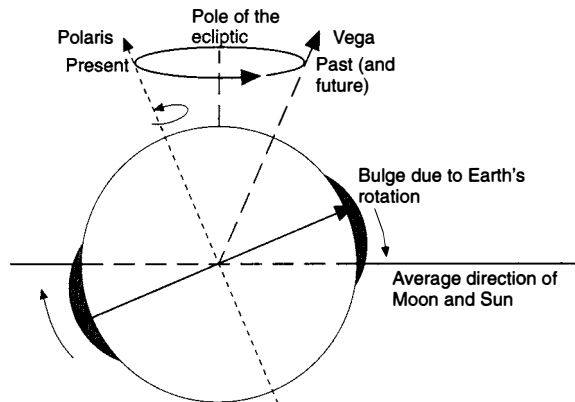
Because of such reverse effects and others, computerized climate models designed to demonstrate the greenhouse effect of carbon dioxide have never been able to make accurate predictions. The Earth's carbon cycle is also not fully understood. It is possible that geological processes, and not human activity, exert the dominant control over the amount of carbon dioxide in the atmosphere. The theory of global warming should not be considered as anything more than a conjecture.

There is, in fact, no conclusive proof that adding carbon dioxide to the atmosphere causes any warming of the climate. There are periods in the Earth's climatic history when there exists a correlation between increasing carbon dioxide levels and warming. But scientists have also shown periods when the carbon dioxide level increased as much as four- to ten-fold without any temperature rise.² If early measurements are correct—and that is in doubt—the carbon dioxide content of the atmosphere is estimated to have increased by about 25% since 1800.

There is even less proof that the Earth's climate is really warming. To understand this one has to recognize that climate trends must be measured over long time scales. The

FIGURE 1

Precession and change of pole star



The Earth's spin axis makes a complete rotation around the pole of the ecliptic in a cycle of approximately 26,000 years. The pole star is now Polaris, but about 13,000 years ago it was Vega.

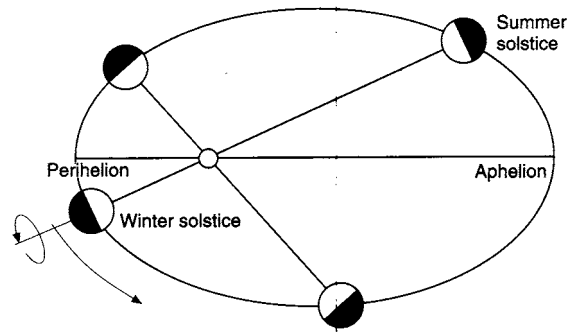
New England weather may warm up for three days in November, but only a fool would believe that winter is not on its way. The same goes, on a longer time scale, for global climate trends. Global warming advocates point to a slight increase in the global mean temperature of surface air (about 0.9°F over the last century) as proof of their conjecture. They neglect to point out that the Earth had just come out of a 400-year cooling, known as the Little Ice Age (c. 1430-1850), when this alleged warming trend began. It would take another 0.9°F of warming just to reach the estimated average global temperature which prevailed in 1000 A.D., the period known as the Medieval Climatic Optimum. Nor was that the highest temperature experienced by *Homo sapiens*. The high point of the present interglacial period came about 6,000 years ago, when global mean temperatures averaged 1.8 to 3.6°F warmer than at present.³

What causes Ice Ages?

For about the past 2 million years, the Earth has been in an Ice Age. The poles remain covered with caps of ice, while nearby, in regions such as Greenland and northern Canada, and in high mountainous regions closer to the Equator, creeping masses of snow and ice, known as glaciers, prevail. The present Ice Age, also known as the Pleistocene Glaciation, has been characterized by some 17 glacial cycles of roughly 100,000 years duration each. In the most recent cycles, a prolonged cooling stage of about 90,000 years has been followed by an abrupt warming to the interglacial stage, which has typically lasted about 10,000 years. We are presently in an interglacial stage which began about 10,700 years ago, and are thus overdue for a new stage of glacial advance.

FIGURE 2

Precession and location of the solstice



The precession cycle changes the location on the ellipse where the winter and summer solstices occur. The approximate positions on the ellipse are shown for the solstices today.

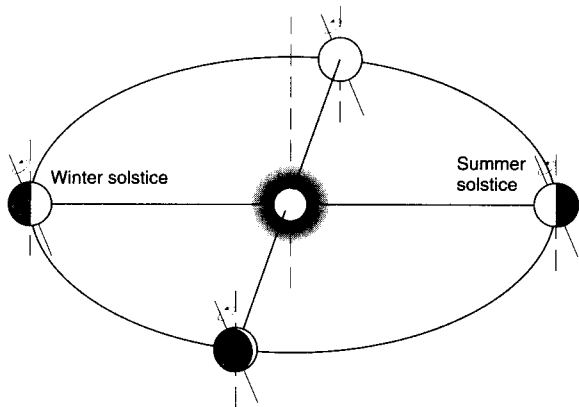
The timing mechanism of these glacial cycles, which began to be understood in the first decades of this century, involves certain cyclical changes in the orbital relationship of the Earth to the Sun. The most important of these, for present considerations, is the phenomenon known as *precession of the equinox*. As the Earth revolves around the Sun, it also wobbles a bit around its axis, like a top or gyroscope which is winding down. This wobble, known as precession, is recognizable to astronomers, because it changes the position of the north celestial pole (the direction to which the Earth's axis points). Thus, every 26,000 years, the north pole of the Earth makes a circle in the heavens roughly 23° in radius (Figure 1). Owing to the countervailing effect of a second phenomenon, known as *advance of the perihelion*, the net effect of the cycle on the climate is felt roughly every 21,000 years.

Precession affects the climate by changing the point in the Earth's elliptical orbit at which the seasons occur (Figure 2). As Johannes Kepler discovered about 1610, the planets move about the Sun in an elliptical path, with the Sun at one focus. Each year, there are thus two unique positions, *perihelion* and *aphelion*, at which the Earth is, respectively, closest and farthest from the Sun. The change of seasons has nothing to do with the distance of the Earth from the Sun. Rather, the inclination of the Earth's rotational axis to the plane of the ecliptic causes the rays of the Sun to fall more directly on the hemisphere tilting toward the Sun (summer), and more obliquely on the other (winter) (Figure 3).

What the precessional cycle does is to cause the seasons to be cooler or warmer. Presently, Northern Hemisphere winter is occurring quite near the point of closest approach to the Sun, known as perihelion, while summer occurs near the point of greatest distance, or aphelion. Our summers are thus milder now than they were 10,000 years ago, when the

FIGURE 3

Seasonal change



Seasonal change results from the combined effect of the orbital inclination and the yearly revolution of the Earth around the ellipse. When the Earth's spin axis is pointed away from the pole of the ecliptic, the Northern Hemisphere has its shortest day (winter solstice), while the Southern Hemisphere has its longest day (summer solstice).

huge glaciers began to melt.

It is mild summers that are most important for the onset of glaciation. Glaciers grow every winter with the buildup of snow and ice, and then melt back in the summer. Since it is nearly always below freezing in glacial regions during the winter months, whether there is a net growth in the glacier depends more on a mild summer than a cold winter. This is precisely the condition we have experienced in the Northern Hemisphere for the past thousand years or so and will continue to experience for some time. Unless something changes this cycle, we can expect another cycle of glaciation to set in some time in the next millennium or so, if it hasn't already. The Little Ice Age of 1430-1850 was one signal that the glacial side of the cycle is trying to reassert itself. In the last glaciation, ice sheets covered the northern United States and Europe, and spread down from mountainous regions at lower latitudes, like the Alps and the Rocky Mountains.⁴

The slight warming trend of the last century may have no effect at all on stopping the march of glaciation. Most of the warming that has occurred has been in the winter months, not the summer, when it might contribute to glacial melt. Measurements show that most Northern Hemisphere glaciers are expanding. Since 1981, average Arctic air temperatures have declined by about 0.7°F, almost as much as the whole increase for the century in the global average.

Why Antarctica should get warmer

The same astronomical phenomena that cause the Northern Hemisphere to receive a lower intensity of solar radiation cause the opposite effect in the south. Winter in the Southern

Hemisphere has been occurring very near the point of closest approach to the Sun for over a millennium. That means a long-term warming trend for the Antarctic continent. It should thus come as no surprise if a large chunk of protruding ice should break away from the continental ice shelf. There may be other causes, such as the active volcanoes on the nearby ocean floor. But the spectacular creation of the world's largest iceberg should be seen as confirmation of the modern scientific theory of climate change based on astronomical cycles, rather than grist for the mill of global warming propagandists.

Before Sir Crispin Tickell's odd conjecture of global warming, it was generally recognized by trained geophysicists that the Earth was heading, sometime soon, into a new Ice Age. Nothing has changed in the astronomical orientations of Earth and Sun, and not even a royal decree is likely to make it otherwise.

Notes

1. "Berlin and Global Warming Policy," *Nature*, Vol. 374, March 16, 1995, p. 199.
2. Dr. Sallie Baliunas, "The Global Warming Experiment" (Washington, D.C.: George C. Marshall Institute, 1995) pp. 11-15.
3. Dr. Hugh Ellsaesser, "Science, Not Politics, Should Determine Climate Policy," *21st Century Science & Technology*, Summer 1995, p. 58.
4. Laurence Hecht, "The Coming (or Present) Ice Age," *21st Century Science & Technology*, Winter 1994, p. 22.

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Cardinal Biffi attacks 'free market' abuses, speculation

In an extraordinary homily given on May Day, the European holiday honoring labor, Cardinal Giacomo Biffi, the Archbishop of Bologna, Italy, blasted financial deregulation and called for a correct interpretation of the pope's social encyclicals based on the principle that man is created in the image of God. What follows are translated excerpts:

. . . The personalistic and vivid representation of what we propose to be is Joseph of Nazareth, a man who earned his bread by his labor, who was the master in the art of carpentry to the very Son of God, who was able to defend his family from the snares of the powerful and from life's rough edges. . . .

There is in the human adventure of the Husband of Mary a clear lesson on how to look both at religion and at social commitment. . . : Religion—with all the varied themes that it proposes to us, liturgy, Bible, charity, devotion—cannot be made into the excuse for not having one's eyes open to the society of our time and not feeling the bite of today's problems; and on the other hand, we cannot make social commitment a pretext for forgetting about God.

It is not true that man is more the master of himself and his actions, more responsible, and more human, when he proudly isolates himself and separates himself from the eternal and infinite Being, who called him into existence; rather, it is true that without reference to the Divinity, man becomes more inconsistent, more manipulable, an easier prey to the egotism of the violent and the shrewd. . . .

. . . Of course, we do not expect to automatically find in the Gospel the appropriate solutions for the many and disturbing questions which feed the anxieties of our era. Rather, we expect that from the Gospel we will be called back to the fundamental principles which ought always to guide us in our search for solutions.

Everything arises from the right idea which one ought to have of man. And the right idea of man can be gotten from the narration of our origin, as it is presented to us by the word of God. . . .

"The Lord God molded man with the dust of the earth and breathed into his nostrils a breath of life" (Gen. 2:7),

the book of Genesis tells us. And, please take note, it does not say this regarding any other creature.

By virtue of this divine breath, Man belongs, yes, to the physical universe, like birds in the air and animals in the field; but there is in him an immortal breath—a Soul—that makes him a living image of God (Gen. 1:26,27). Whether radical animalists like it or not, man is therefore "different."

By virtue of this divine breath, man is capable of "subjecting" and "dominating" things (cf. Gen. 1:28), of transforming the world with his intelligence and with the skill of his hands. By virtue of this divine breath, man is a free being, responsible for his acts, capable of asking himself about the meaning of his own existence and his destiny. Capable, unfortunately, also of doing evil and losing himself.

There are two possible abuses, which upset the original project and alter its beauty.

One is denying and neglecting the spiritual principle which is in us: This is the sadness of the various materialisms, of the "scientific" and purely practical ones, which reduce humanity to a collection of beings without possible transcendent ideals, without higher rules of behavior, and without a finish-line outside an annihilating death.

And there is the even more serious abuse of maintaining that man is not the image of God, but that he is God himself. This is the source of the frenzy for building up scientific, economic, social, and political systems which are more and more complex, more and more inhuman; down to the frenzy of inventing new forms of life.

In both cases, what is stricken and what deteriorates, is true humanism.

In the world of labor, the inattention to the true man gives room for some unpleasant tendencies, which cannot be listed here except for a few examples.

The first example: Today there is a tendency to deal with the great "human" woes of job loss and the substantial reduction of wages, caused by inflation, by resorting so to speak to a "conjunctural solution," more made up of hopes than of well-planned strategies; which means, in the end,

that we trust the play of economic laws and good luck. That's not good enough. Surely, we must also wonder if the persistent instability of today's politics can allow more responsible and effective attitudes.

Another even more striking example of the growing dehumanization of the world is given by the exorbitant growth of financial power, which is constantly becoming more extensive, more avid, and more determined to pursue its own advantages without taking into account the resulting repercussions on the world of production, jobs, and many people's actual lives.

It seems that today all the attention of political observers had been turned toward the drawbacks of the information monopolies. Yet it seems that no one is noticing the enormous concentrations which in the meantime are being defined in the world of finance, which, in my judgment, constitute a far more decisive assault on our social and economic freedoms and make business activities dicier all the time.

Ever since the communist system fell apart—the most irrational, cruel, and inhuman system known in history—no one has had the courage to expose certain dangers which are arising in the “free market” economy of the West.

Centesimus Annus rightly asserted the validity and the irreplaceability of the “free market,” although with some nuances and some reservations. But I think that we have to speak much more critically, when we are no longer speaking of the market of manufactured goods, which are the fruit of human labor, but of the currency market, for example—a market which in its often arbitrary ups and downs can lead to situations of great hardship for millions of innocent people.

Centesimus Annus itself recognized “the great function of profit, as an indicator of how well a firm is doing.” But it refers to the profit of a firm—that is, to the totality of people who work (owners, managers, and employees). I believe that the discussion changes and the evaluation becomes less positive, if we are talking about the profit of those who get rich only by playing the numbers, moving huge quantities of capital from one continent to the next with a wave of the hand, turning the financing spigots on and off without any regard for the manifold human reality which is affected and involved.

Doubtless, we have no practical remedies to suggest or operative proposals to advance.

Above all we want to hope that no more revolutionary and subversive paths are attempted in order to eliminate evils from the world.

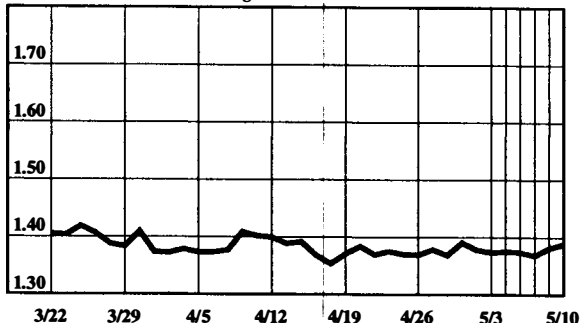
We limit ourselves to hoping that these themes are kept on the agenda at all levels, and that today's triumphant capitalism not be taken at all as definitive and unrefractable.

We limit ourselves to hoping that all studies, researches, and hypotheses, take as their point of departure the reality which has the only primacy, that is, man: man to be saved in his inalienable dignity as the interlocutor of God.

Currency Rates

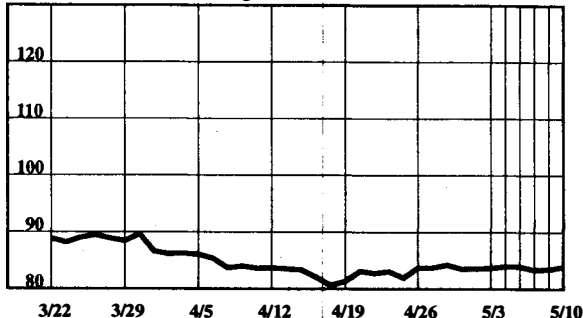
The dollar in deutschemarks

New York late afternoon fixing



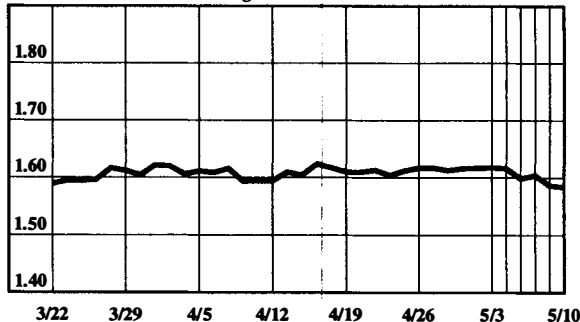
The dollar in yen

New York late afternoon fixing



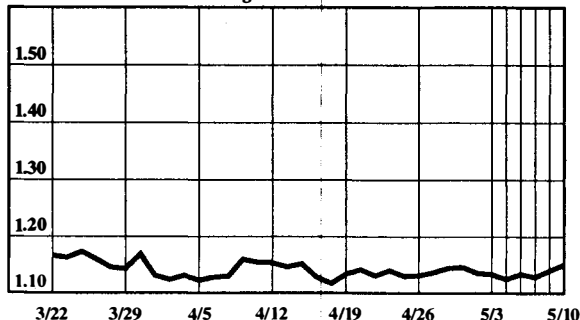
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



North Eurasian rail systems and their impact on Siberian economic growth

by Hal B. H. Cooper, Jr. and Sergei A. Bykadorov

The following guest commentary was submitted by Mr. Cooper, a consulting engineer from Kirkland, Washington, and Professor Bykadorov, of the Siberian State Academy of Transport in Novosibirsk, Russian Federation. The authors are experts in the relevant fields, and the editors believe that the article will be of interest to EIR's readers, in the context of Lyndon LaRouche's proposals for the infrastructure development of Eurasia.

A series of worldwide infrastructure development projects was proposed in the Jan. 1, 1995 issue of *EIR*.¹ The particular focus of these proposals was to develop three parallel railroad transportation corridors across the southern part of the Eurasian land mass between China and Europe. These three corridors were as follows: 1) the route of the present Trans-Siberian Magistral (mainline), across the southern part of Siberia, as the northernmost line; 2) the central Silk Road route, across northern China to Kazakhstan and Afghanistan to Iran and Turkey to southern Europe; 3) the southern route in Southeast Asia from southern China to Vietnam and Thailand to Myanmar (formerly Burma) and Bangladesh, across India to Pakistan, to join the Silk Road central route at Herat, Afghanistan.

The original proposal for a trans-Eurasian continental railroad infrastructure network to promote economic development was made in 1896, based on the "Great Projects" concept of Prime Minister Gabriel Hanotaux of France and Finance Minister Sergei Witte of Russia.² Their proposal called for the construction of two separate rail networks from France to Africa, and from France to Russia, so as to connect to China and Japan. These proposals were originally advanced in order to foster worldwide economic development through peaceful relations between nations with increased trade.

There was also a separate proposal advanced in 1906 to extend the Eurasian rail network from Russia to North America by way of Siberia and Alaska. The keystone of this proposal was to construct a railroad tunnel under the Bering Strait from the Chukchi Peninsula in Siberia to the Seward Peninsula in Alaska. This project was originally proposed by a joint American-French-Russian company which had been

chartered in the State of New Jersey.³ The ultimate objective of constructing this railroad network in Siberia and the rail tunnel through the Bering Strait was to be able to connect Paris with Moscow and New York by direct rail service, for the transport of both freight and passengers. However, this project was shelved with the onset of World War I, and was to remain dormant for many years.

The Stalin era

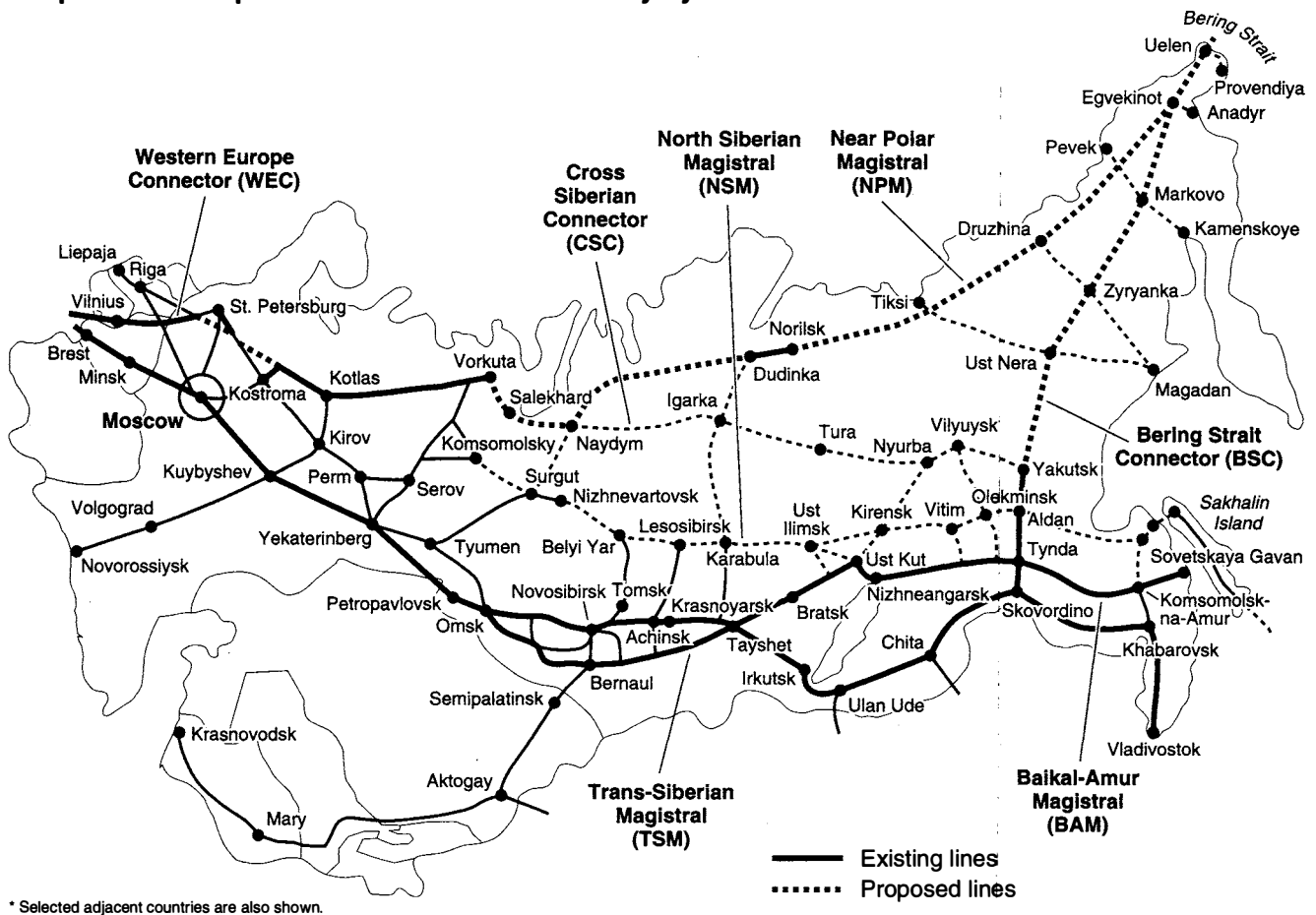
The idea of developing a northern Eurasian railroad network did not occur until after the end of World War II, during the time of Stalin. Planning studies of new rail system development in the northern Russia region were begun in the late 1940s, which involved both railroad lines and railroad tunnels. Two of the specific rail line projects which were considered were:

- 1) a new rail line in the Arctic Slope region of far northern Russia in the coastal zone;
- 2) a second railroad line parallel to but to the north of the present Trans-Siberian Magistral. Other connecting railroad lines were also studied which allowed access to the extensive mineral resources of Siberia at specific locations, as well as for military purposes.

Feasibility studies were also carried out for two major railroad tunnels under water, in the eastern part of Siberia. There was a study done for a proposed rail tunnel under the Tatar Strait, from the Russian mainland to the northwest end of Sakhalin Island. The tunnel to Sakhalin Island was for a crossing of the Tatar Strait of approximately 5 miles (8 km), and was ultimately to be complemented by a second tunnel at the southern end of the island to connect with the northernmost Hokkaido Island in Japan. A much longer railroad tunnel under the Bering Strait of 53 miles (85 km) was also studied between Siberia and Alaska, plus the connecting railroad line in Russia, so as to be able to connect the United States with the former Soviet Union.

Route surveys of these proposed railroad lines were completed during the Stalin era, along with the necessary engineering and economic feasibility studies. The trans-Arctic or **Near Polar Magistral (NPM)** railroad route in the northern Arctic coastal zone was actually laid out, with

Proposals for expansion of the Russian railway system into the Arctic*



* Selected adjacent countries are also shown.

detailed field surveys conducted at a number of locations, and with some land clearing and grading actually taking place. Initial sections of this NPM rail corridor were actually constructed and placed into operation from Norilsk to Dudinka in the Taimyr region of north central Russia, to serve a large metal smelter from the river connection at an isolated point. The railroad line from Kotlas on the main system was extended to Vorkuta in the northeast of the Komi region in northwestern Russia, so as to service oil and gas as well as other resource development.

Engineering design studies were also completed of the proposed Sakhalin Island railroad tunnel between Lazarev and Pogibi, and construction was actually begun of the tunnel approaches. Initial surveys were also conducted of the rail line connections to the Bering Strait tunnel from Skovorodino on the Trans-Siberian Magistral to Tynda and to Yakutsk. These rail line surveys were extended from Yakutsk to Markovo and Yegvekinot to Uelen in the Chukotka region of far northeastern Siberia adjacent to the Seward Peninsula in the State of Alaska. Work on all of these

projects was halted in 1953 with the death of Stalin. Some work was continued on short extensions of rail lines from the existing Trans-Siberian route, so as to be able to gain access to specific mineral resources for exploitation, during the 1950s and 1960s.

After Stalin: development of the BAM and TSM

Plans were made to extend a number of these rail lines further to the north and east during this period, for purposes of military defense as well as mineral resource exploitation. However, the only major northern Eurasian railroad development project which was actually constructed was the **Baikhal-Amur Magistral (BAM)** route. This project involved the construction of a 2,500-mile (4,000-km) railroad line from Tayshet on the **Trans-Siberian Magistral (TSM)** to the east of Krasnoyarsk to Bratsk and to Nizhneangarsk at the north end of Lake Baikhal. This line was then extended to Ust Kut on the Lena River and then to Tynda and to Komsomolsk-na-Amur. The BAM was then extended to Sovetskaya Gavan

on the Tatar Strait, with a railroad ferry boat crossing to Kholmsk on Sakhalin Island.

The BAM railroad line was built for the purpose of fostering economic development in northern Siberia, providing improved access to the very large mineral and energy resources of the region. The BAM was also intended to provide a more militarily secure route, farther from the Chinese border, after the split of the two communist countries in 1962. The BAM was also constructed with the ultimate objective of being able to facilitate the earning of foreign exchange revenues from transit shipments across Russia from Japan to Europe. The BAM was located so as to be between 400 and 800 miles (640 to 1,340 km) to the north of the existing TSM. Construction of the BAM was begun in the mid-1950s and completed in the 1980s.

Freight traffic on the TSM in the past has been very heavy on this largely double-track and electrified route, because it connects the major population centers of southern Siberia. Rail freight traffic has traditionally been much lighter on the largely single-track and dieselized BAM, for several reasons. The population density along most of the route is low, with relatively few towns and cities and only a limited number of industrial plants and mining sites. There is now a reduced need for a more militarily secure railroad route farther from the Chinese border, as the result of the improved relations between China and Russia in recent years. There has been a parallel lack of other infrastructure development in the region, including the failure to complete the railroad tunnels at the north and south ends of Sakhalin Island, which would otherwise serve as a natural freight traffic base for intermodal cargo shipments between Japan and Europe. In addition, there has been a drop in economic output in Russia, since the collapse of the former Soviet Union.

Proposed new Siberian lines

It is proposed to construct a network of new railroad lines across Siberia, in order to foster future economic development of the region as well as trade and commerce among Europe, Asia, and North America. The Siberian railroad lines in northern Eurasia would parallel those railroad lines already proposed between the southern part of Eurasia and to Europe. These railroad lines in northern Eurasia would be built for the following purposes: 1) to promote exploitation of energy, mineral, and forest resources as a means of economic development of Siberia; 2) to promote trade and commerce among northern Russia, Japan, Korea, and Europe; 3) to promote trade and commerce among Europe, Asia, and North America.

A railroad line is now being constructed from Tynda to Yakutsk in the Sakha Republic of the Russian Federation, which is now more than 50% complete over its approximately 400-mile (640-km) route distance. The completion of this railroad line in about two years will provide access to the very large oil, gas, coal, and other mineral resources of the

Yakutsk region, as well as to promote its economic integration into the rest of the Russian Federation. A further extension of this railroad line over the approximately 900 miles (1,400 km) from Yakutsk to Magadan would allow the presently isolated Magadan region to also become more economically integrated into the rest of the Russian Far East, Siberia, and the Russian Federation as a whole.

The connecting railroad line from Yakutsk to the Bering Strait could be extended from Ust Nera at the half-way point of the route to Magadan to the northeast to Zyryanka to Markovo to Yegvekinot in the Chukotka region. This railroad line could then be extended to Uelen from Yegvekinot for subsequent entry into the Bering Strait tunnel to Alaska by way of Big and Little Diomed Islands.⁴ Branch lines from the main railroad corridor could then be built to Anadyr, to Pevek, to Kamenskoye at the north end of the Kamchatka Peninsula, and to Provideniya and Lavrentiya on the Chukchi Peninsula. This railroad line from Tynda to Uelen is known as the **Bering Strait Connector (BSC)** route, as shown on the map.

Several railroad lines need to be constructed across Siberia in an east-west direction, as a part of the north Eurasia rail network. The most northerly route is that of the Near Polar Magistral in the coastal zone of the Arctic Ocean in far northern Russia. This NPM would be approximately 4,500 miles (7,200 km) in length from Vorkuta on the west to Uelen on the east by way of Dudinka, Norilsk, Druzhina, Pevek, and Yegvekinot, where it would join with the northeast-southwest Bering Strait Connector line. The completion of the NPM would facilitate the development of the extensive metal and other mineral resources of far northern Siberia; it would also facilitate access to the oil and gas resources of the Arctic zone of Russia in the Sakha, Taimyr, Yamal, and Komi regions. The construction of the NPM would make it much easier for both workers and equipment to be brought into these areas, as well as for the crude oil and natural gas products to be brought out for processing and utilization.

The completion of the NPM would make it possible to ship both goods and people across this far northern region of Russia over all 12 months of the year, with no concern for Arctic Ocean ice. Large-scale movements of intermodal containers could then take place by the shortest overall route distance between interior locations in Europe and Asia, and similar locations in North America, in less transit time than would be possible by ship. Crude oil or refined products of petroleum as well as natural gas could also be shipped directly by rail from Russia to the United States from future producing fields in the Taimyr, Yamal, and Komi regions of the Arctic, as well as from the existing producing fields of Surgut and Tyumen in western Siberia. The shipment of crude oil by rail from Russia to the United States could take place without the need for terminal transfers or concerns for marine oil spills or winter icing problems. Other cargoes could also be shipped from North America to Europe, Russia, and Asia by

this route, without the need for marine terminal loading and unloading for grain, equipment, and machinery.⁵

There are two intermediate railroad routes proposed to be constructed in an east-west direction between the southern Trans-Siberian Magistral and the northern Near Polar Magistral. One line is a westward extension of the present Baikal Amur Magistral. The other line would go to the west from Yakutsk to join the Near Polar Magistral route at Nadym. There would be additional north-south connecting lines from Surgut to Nadym and from Karabula to Igarka to Dudinka to cross both new intermediate east-west railroad lines. These new railroad lines, superimposed on the existing Russian railway system, are illustrated on the map.

The northern intermediate railroad line would be built from Yakutsk on the Lena River to the west to Nyurba to Tura and to Nadym, and would then connect to Salekhard and Vorkuta. The new railroad line to be constructed through this region would make it possible to extract a large number of minerals, including precious and other metals, from this previously inaccessible area. This rail line would be known as the **Cross-Siberian Connector (CSC)** route.

The second new railroad line would be the **North Siberian Magistral (NSM)**, as a westward extension of the present BAM. The railroad line would go to the west from Ust Kut on the Lena River to Ust Ilimsk, Karabula, Lesosibirsk, Belyi Yar, Nizhnevartovsk to Surgut, and Khanty-Mansijsk to Komsomolsky. There is then an extension on the existing lines from Komsomolsky to Serov, Perm, Kirov, and Kostroma, so as to completely bypass the Trans-Siberian Magistral and its traffic congestion. This railroad line would facilitate the transport of crude oil from the Surgut and Tyumen regions to either the Pacific Coast via Sovetskaya Gavan, or to the Bering Strait via Yakutsk, on at least an interim basis. The construction of this rail line would make it possible to develop the extensive energy and mineral resources of this region, as well as of the extensive timber resource harvesting.

The economic impact

Siberia is one of the regions of Russia where the collapse of the former Soviet Union has had a very destructive influence. The recent changes in the geopolitical situation of Russia call for additional efforts to redeploy the productive workforces of Siberia. The economic growth of Siberia is complicated by its relations with the rest of Russia, as well as with Europe, Asia, and the Middle East.

The economic integration of Siberia with central Russia and the Russian Far East can be provided by the reconstruction of the Trans-Siberian Magistral railroad line, as a starting point. The reconstruction of the TSM would allow it to be upgraded to a high-speed interregional passenger line, as was earlier proposed.

The TSM could then be used as a high-speed freight line to ship containers between the Russian Far East and Europe.

The reconstruction of this rail line would then serve the five purposes of the central government—social, economic, defense, political, and geopolitical—in terms of the goals of the Russian Federation.

The second step would be to build the North Siberian Magistral as an extension of the BAM from Ust Kut to Surgut to Komsomolsky and to Perm and Kirov. The completion of the NSM would make it possible to greatly reduce, if not eliminate, future traffic congestion on the western part of the TSM, because trains from the two lines would never be combined. It would then be possible for there to be two totally separate rail freight shipment routes between the eastern and the western parts of Russia across Siberia. This advantage would then become especially important for future containerized freight traffic between Japan and Europe, with the possible construction of the rail tunnels to Sakhalin Island. These intermodal freight trains would then be able to operate across the entire length of Russia, so as to have a minimum of delays and congestion.

The proposed construction of the NSM as an extension to the BAM would have several major economic benefits: 1) to increase the traffic level of the existing BAM; 2) to open up many of the regions of Siberia to economic development; 3) to provide for foreign currency revenues earned from transit fees for intermodal freight shipments between Japan and Europe; 4) to facilitate shipments of crude oil from Russia to the United States; 5) to encourage Japan to ship cargoes destined for Europe over the Russian railway system instead of by ship; 6) to accelerate required research and development in transport, construction, engineering, and management of the project.⁶

It is then possible for the northern rail lines to be constructed after the rebuilding of the TSM and the building of the NSM. The construction of the Bering Strait Connector line could take place in parallel with the construction of the NSM. The next line to be constructed would be the Cross-Siberian Connector, to the north of the NSM. The final rail line to be constructed would be the Near Polar Magistral, to connect with the Bering Strait line and the Cross-Siberian Connector lines, as well as the north-south connector lines. This construction would be designed to take place over a prolonged period of time, in a series of steps.

It is also necessary to construct the north-south connector lines as a part of the North Eurasian rail network development. The three main north-south connector routes are the Bering Strait Connector in the east, the Karabula to Igarka to Dudinka connector in the center, and the Surgut to Nadym connector in the west. There are also a series of existing railroad lines which connect to several of the proposed intermediate points from the Trans-Siberian line to the proposed North Siberian line as follows: 1) Reshoty to Karabula; 2) Achinsk to Lesosibirsk; 3) Taiga to Tomsk to Asino to Belyi Yar; 4) Tyumen to Surgut to Nizhnevartovsk. These routes are intended primarily for the exploitation of specific mineral

deposits at the present time, but can also serve as future through-lines.

It is not possible for Russia to carry out the development of all of the above projects under the present economic conditions. It is possible that Russia will be able to pay for financial assistance from foreign countries by means of loan collateralization from its own mineral resources. Such a financing method has recently been proposed by a consortium of 13 Korean companies led by the Daewoo, Samsung, and LG Groups.⁷ This consortium has proposed to construct a 3,000-mile-long corridor containing a railroad, a highway and a pipeline from Yakutsk in Sakha to Vladivostok and then to South Korea. The total cost of this project is estimated at \$22 billion, or about \$7.3 million per mile. The reason for building this project would be to develop the extensive coal, oil, gas, and nonferrous metal resources of the region, and to provide electric power for the overall area.

The construction of the proposed North Eurasian regional railroad network in Siberia would promote the development of its enormous energy and mineral resources, plus its abundant forests. The Eurasian railroad network would serve as a useful complement to the parallel South Eurasian railroad network development, as previously proposed. Through-traffic flow would become possible, to promote trade and commerce in the region and to enhance economic development along with the peaceful integration of the many

disparate regions of the Russian Federation into a unified whole. The level of prosperity of the people in the region would be greatly improved, along with a large increase in local employment. The construction of the proposed North Eurasian railroad network would encourage greater trade and commerce among the nations of Europe, Asia, and North America, as a means of enhancing world peace.

Notes

1. Kathy Wolfe, "LaRouche's Great Projects to Rebuild World Infrastructure," *EIR*, Jan. 1, 1995, p. 26.
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3. G. Koumal, "An Interhemispheric Railroad between North America and Asia via a Tunnel under the Bering Strait," *American Railway Engineering Association Bulletin* No. 736, vol. 93, p. 155, May 1992.
4. Rachel Douglas, "Transportation: A Bering Strait Tunnel Link," *EIR*, Aug. 13, 1993, p. 19.
5. H.B.H. Cooper, "Bering Strait Tunnel and Railway Project Will Boost Pacific Economic Development," *EIR*, Sept. 16, 1994, p. 13.
6. M.K. Bandman, "TCM and New Siberian Geopolitical Situation after the Collapse of the U.S.S.R.," *Geostrategical Prospectives of the Russian Asia and International Transport-Energy Projects*, Seminar Report Abstracts, Siberian Branch, Russian Academy of Sciences, Novosibirsk, Russia, 1995, p. 11.
7. P. Klebnikov, "Vladivostok: Russia on the Pacific," *Forbes*, March 27, 1995, p. 85.

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Business Briefs

Infrastructure

Spain, France discuss tunnel through Pyrenees

The governments of Spain and France have entered into talks on a project to build a tunnel through the Pyrenees Mountains, which would significantly increase cross-border transportation capacity by road and rail by early next century.

Two other projects linking France and Spain are already listed in the European Union report on priority infrastructure corridors: a high-speed rail connection from Bordeaux, France through Dax to Saragossa, Spain, and a road from Somport, France to Saragossa and Valencia in Spain. Once agreed on officially by the two governments, the projects, which are planned to be completed by the year 2010, can be presented to the EU Commission for funding.

In France, the government has also begun discussions on the long overdue construction of the Rhine-Rhône Canal, which will run from Strasbourg to Chalon-sur-Saône, creating a direct shipping route between the Mediterranean Sea and the inland Central European waterway grid connected to the Rhine River.

Finance

Takeover of Warburg believed imminent

The Swiss Bank Corp. (SBC), with \$187 billion in assets, is in discussions to take over the investment banking assets, and perhaps the entirety, of S.G. Warburg, the deeply troubled British arm of the Warburg family, the May 4 London *Financial Times* reported.

On May 4, S.G. Warburg warned that it had large trading losses in its investment banking operations during the first quarter of 1995. The SBC is a leading trader worldwide in derivatives, and has been a financial adviser and lender to the Reichmann real estate family and the deceased Robert Maxwell.

Warburg is the largest investment bank in England and the largest investment bank deal-maker in Europe. The history of Warburg goes

back centuries to the Italian *fondo* Del Banco family, which set up shop in Hamburg, Germany. Reestablished after World War II in London by Sir Siegmund Warburg, the bank has been swept up in a wave of severe problems and financial disintegration that is hitting financial institutions that are closely tied to, and make up core assets of, the British royal household.

Barings Bank, which is close to Queen Elizabeth II, and was founded in 1763, suffered huge derivatives losses in February and was placed into bankruptcy. In March, the Anglo-Dutch Internationale Nederlanden Group took over Barings. Lloyd's Insurance Group, which was founded in 1688, and has played a role historically in maintaining London's imperial position as a Venetian-style maritime-financial force, is on the verge of collapse. It has reported \$11.2 billion in losses over its last four reporting years.

Middle East

Palestinians to form communications company

Palestinian Authority Minister of Planning and International Cooperation Nabil Shaath said that "Yasser Arafat has endorsed the establishment of a company which will build and administer the most modern international communication system in Palestine," the newspaper *Asharq Alawsat* reported on May 6.

Shaath said that the company, named Tel Bal, will begin construction of 700,000 telephone lines, in addition to electronic nets and satellite systems, within the next ten years. The \$600 million project will be financed by the Saudi-based Al-Aqqad Development Institutions (owned by Palestinian businessman Omar Al-Aqqad), the Jordan-based Palestine Company for Development and Investments (PCDI), and the Jordanian Al-Bank Alarabi.

Telecommunications services in the Palestinian territories are currently dominated by an Israeli company, which often threatens the Palestinian authorities with cutoff of service to the Gaza Strip, because of delayed payments. Shaath said that Tel Bal will not

be related to the Israeli company, and that Palestinian authorities will legally arrange with the Israeli company to pay for the transfer of lines to the new company. The profits of Tel Bal will be shared equally by the Palestinian authorities and investors.

The representative of PCDI, Egyptian businessman Munir Al-Masri, said that the project will create thousands of jobs and will yield about \$1.5 billion annually. He added that further steps might be taken toward the list of strategic projects contributing to the building of infrastructure in Palestine, such as power generation, airports, ports, and industry.

Nuclear Energy

Agency head defends Iran's right of use

Reza Amrollahi, head of the Iranian nuclear energy agency, in an interview in the May 2 Swiss daily *Neue Zürcher Zeitung*, defended Iran's right to develop nuclear energy. Asked why Iran does not rely on oil, he answered, if the U.S. has oil, why has it developed nuclear? Iran wants to diversify energy production, he said, "we cannot burn all our fossil fuels in power plants. That would cause further environmental problems." He pointed out that "nuclear energy is even cheaper" in the long run. Since Iran already laid out \$5 billion under the Shah, equivalent to \$10-12 billion today, a further investment of \$1 billion to make its plants operational is a modest investment.

He attributed the U.S. opposition to work on the two light water reactors (1,000 megawatt) at Bushehr, which is to be completed with Russian help, to U.S. hostility to Islam and Iran. Why, he asked, did the United States accept Iran's nuclear program under the Shah, and why has it okayed light water reactors for North Korea, but not for Iran? Amrollahi recalled that the 1986 U.N. General Assembly guaranteed the right to development. Iran, he said, is a signator to the nuclear Non-Proliferation Treaty and a promotor of a regional nuclear-weapons-free zone.

Amrollahi said Iran has a small 5 MW research reactor in Teheran and another in Isfahan, and that Iran plans to build two additional

300 MW light water reactors with the help of China.

In the late 1970s, as Iran was about to acquire the capability to produce nuclear energy with the reactor started under the Shah, Iran was destabilized and the pro-development thrust thwarted.

Africa

Sudan, Russia sign deal for dam construction

Russia and Sudan signed a \$100 million deal in which Russian companies will construct a dam in Kejbar (400 kilometers north of Khartoum, the capital of Sudan) for irrigation and power generation, the London-based daily *Al-Hayat* reported on May 3.

Construction will take three years, and will be divided into two stages. In the first, the power generation capacity will be 50-80 megawatts; in the second stage, it will reach 300 MW. The dam will help irrigate a half-million hectares of agricultural land.

Meanwhile, a Sudanese official delegation is said to be visiting Moscow later in May to sign various economic cooperation agreements that were discussed by Sudanese officials and Russian Deputy Foreign Minister Victor Bosovaljuk during his recent visit to Khartoum.

Health

Nutritional deficiencies affect virus mutation

New evidence that viruses mutate and become more virulent because of nutritional deficiencies in the hosts they infect was reported by researchers at the University of North Carolina and the U.S. Department of Agriculture's Agricultural Research Service, the May 1 *New York Times* reported, based on an article in the May 1 journal *Nature Medicine*.

Scientists introduced into mice a virus that causes heart damage in human beings but is normally harmless to mice. The virus mutated

in the mice that were nutritionally deficient and damaged their hearts. Further, the researchers found that once the virus had mutated, it was able to infect and cause heart damage even in those mice that had balanced diets. The article briefly reported comments from one researcher about the global implications of this work for the spread of viral diseases among malnourished people, but did not mention the spread of AIDS.

The research confirms the process of biological holocaust that Lyndon LaRouche and *EIR* warned of 20 years ago.

Natural Gas

Iran, Turkey sign \$20 billion agreement

Iran and Turkey signed a 23-year agreement in Ankara on May 5, according to which Turkey will buy \$20 billion worth of Iranian gas, the London-based Arabic daily *Al-Hayat* reported.

Turkish Energy Minister Wasil Atasoy, who signed the agreement with Iranian Oil Minister Gholamriza Aghazadeh, said that Turkey will start by buying 2 billion cubic meters of Iranian gas annually during 1998-2001. Atasoy told the Anadholo news agency, "We will buy 8 billion cubic meters in 2001 and increase the amount to 10 billion after 2001."

Atasoy added, "This agreement is the fruit of a longstanding project, and, thus, the gas pipeline, which we call Tabriz-Ankara, will now be achieved. The pipeline will be an extension of a proposed pipeline between Iran and Turkmenistan." Said Aghazadeh, "We have agreed on the feasibility of the pipeline project, which is a ring binding the relations between the two countries and promoting them forward, and the only remaining aspect of the agreement, the issue of prices, will be discussed in the next six months."

Turkey's demand for natural gas is expected to increase from the recent level of 8 billion cubic meters to 30 billion in 2001. Turkey buys most of its gas from Russia (6 billion cubic meters), 2 billion cubic meters from Algeria, and is seeking to buy 2 billion cubic meters from Qatar.

Briefly

● **LYNDON LAROCHE** lectured on the systemic nature of the global financial crisis and physical economy at Hamburg University in Germany on May 2. The American economist outlined the basis for a just, new world economic order.

● **IRANIAN** Khorasan province (northeast Iran) Gov. Ali Mofidi said on April 30 that \$40 million has been earmarked for completion of the Mashhad, Iran to Sarakhs, Turkmenistan railway project designed to link Iran to the Central Asian network, the Iranian daily *Ettelaat* reported on May 2. The 160 km track is to be completed this year.

● **MALAYSIAN** Prime Minister Mahathir Mohamad on May 2 blamed western countries for deliberately pushing the Japanese yen up, Reuters reported. "This is a new strategy from the West that we have to watch," he said. The rise in the yen has tripled the original costs of its yen-denominated loans.

● **BECHTEL**, the U.S. construction giant, says it is close to working out financial arrangements with China on building infrastructure, the May 1 *Wall Street Journal* reported. Bechtel is also close to launching the first stage of a \$6 billion conversion of the island of Daxie, near Shanghai, into a port and industrial center.

● **ROYAL DUTCH SHELL** held talks with the National Iranian Oil Co. on April 27 on expanding oil fields "A" and "E" off the Iranian island of Siri in the Persian Gulf. This is the same contract with Conoco which was cancelled by the U.S. administration in March.

● **VENEZUELAN** Finance Minister Luis Raúl Matos Azocar denied that a British-style currency board was under consideration, in a press conference in Caracas on May 3. In response to a question from *EIR*, he said a currency board "is like those obese people who get their stomachs stapled to lose weight."

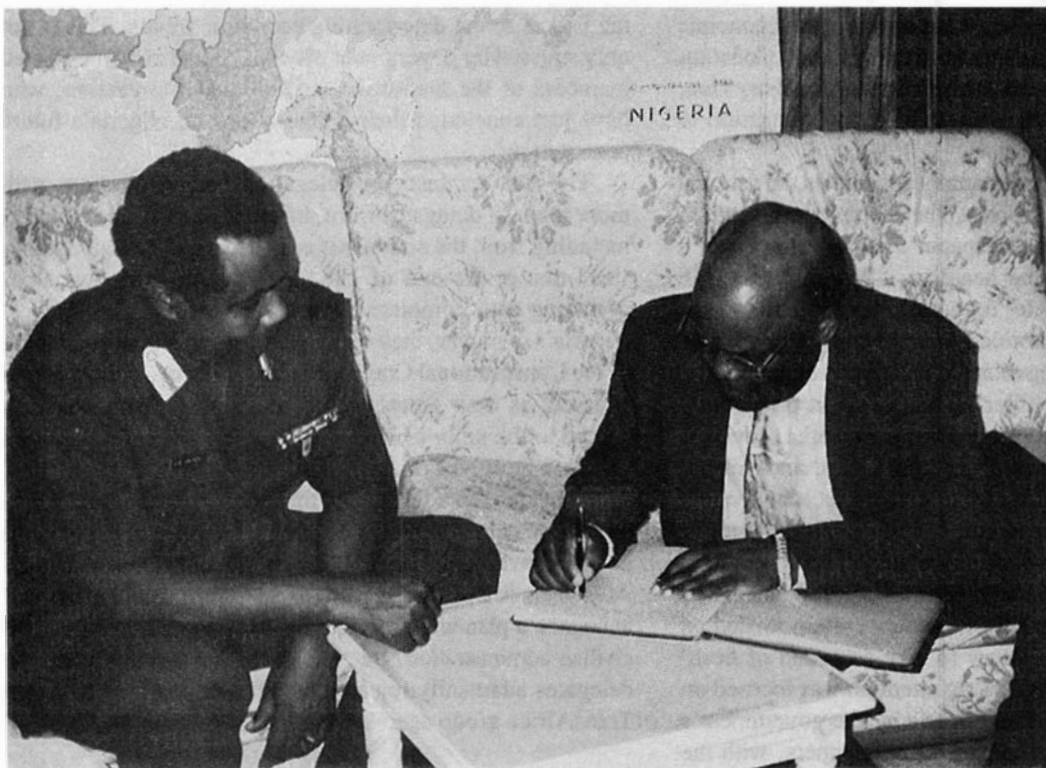
Schiller Institute confronts the IMF in Nigeria

by Uwe Friesecke

On May 4, Lawrence Freeman, a spokesman for the Schiller Institute, presented a paper, titled "An Economic and Moral Alternative to the Present Monetary System," to the Second Nigerian Economic Summit, which was held in Nigeria's capital, Abuja, on May 3-6. To the surprise of many, Freeman spoke right before a representative of the World Bank was scheduled to speak. Freeman's attacks on the free-market economic models provoked such a lively debate among the more than 800 participants from government, industry, banking, multinational corporations, the diplomatic community, and the press, that in the question and answer period, nobody bothered to discuss the World Bank paper, but all questions were directed to the Schiller Institute representative.

When Freeman described the breakdown crisis of the world monetary system and cited the examples of Mexico and Russia as proof for the utter failure of the Structural Adjustment policy of the International Monetary Fund (IMF) and World Bank, he had the applause of the majority of the audience on his side. His question, "Do you still want to listen to the so-called experts when it comes to Nigeria, after you have looked at their record in Mexico?" evoked the cheering laughter of the audience—much to the upset of the pro-IMF lobby in the room. When one of the organizers of the conference tried to rebuke Freeman by defending free-market economics, the audience demanded that Freeman answer this question, which he did by explaining that free-market economics is nothing but a fraud invented by Adam Smith, so that "the British could loot their colonies during the nineteenth century." This summed up the arguments against the IMF most pointedly, and the pro-IMF group at the conference found it difficult to argue against that statement of historical fact. (Freeman's speech is printed in full below, see p. 25.)

The Second Nigerian Economic Summit was formally opened and closed by the Head of State, Gen. Sani Abacha, and it was attended by most of the ministers of the government. It was the second summit of this kind in Nigeria. The first was held more than two years ago, in February 1993. At the time, Gen. Ibrahim



Nigerian Minister of Industry Gen. M.B. Haladu (left) meets with the Schiller Institute's Godfrey L. Binaisa, the former President of Uganda. Dr. Binaisa's spirited defense of the Nigerian government from attacks broadcast by CBS television's "60 Minutes" program drew particular attention in Abuja.

Babangida was the Head of State, and Chief Ernest Shonekan the Head of Government and chairman of the Transitional Council. The first summit was clearly designed to intensify the Structural Adjustment Program (SAP), which was introduced by the Babangida administration in 1986. Says the official Report on the First Nigerian Summit in 1993: "Although the full anticipated benefits of SAP are far from being realized, Nigeria has made a good start towards achieving economic recovery. Progress to date has resulted mainly through the process of deregulation of key economic activities and privatization and commercialization of selected public sector enterprises. It is clear today that structural adjustment is a never-ending process."

While this may have captured a pro-IMF mood at the summit two years ago, no such resumé could be formulated today. In discussions at the summit, almost everybody expressed their appreciation for the Schiller Institute address and its harsh critique of the IMF policy. Many who would have defended the SAP policy two years ago, have now come to realize that it was exactly this policy which ruined Nigeria between 1985 and 1993, and they are demanding a change now. The Abacha government has responded to this mood, which is widespread in the country, by designing the 1994 and 1995 budgets in a way which would put a stop to the further drain of Nigeria's resources and begin a process of revitalization of infrastructure, agriculture, and industry, while also leaving room to continue to negotiate with the IMF and the World Bank.

The effect of the Schiller Institute's intervention at this year's summit in Nigeria's capital will be far-reaching. IMF and World Bank spokesmen can no longer argue as if their policy were the only one available. The facts about the disaster their policies caused have now been presented at one of the most prominent fora in Africa, and everybody with common sense can form his own judgment about it. The Schiller Institute explained that there is no country in Africa where the IMF formula has worked, but that the fate of Somalia, Rwanda, Liberia, and Sierra Leone are gruesome examples of the kind of "success" the IMF must be held responsible for.

The Schiller Institute delegation

The participation at the economic summit was the conclusion of a three-week visit in Nigeria by a Schiller Institute delegation. It was led by Dr. Godfrey Binaisa, the former President of Uganda, and included L. Freeman from the United States, U. Friesecke from Germany, and L. Idris and S. Daggash from Nigeria. During meetings with government officials and private persons, the delegation expressed their support for the ongoing efforts of the Nigerian government to follow an economic policy aimed at regaining growth and development for all people in Nigerian society, and for achieving political stability as a precondition for the transition to a civilian administration in the future.

The delegation met, among others, with Secretary of the Government of the Federation Aminu Saleh, who also had

invited other government officials, members of the Economic Intelligence Committee, members of the National Constitutional Conference, the press, and Minister of Industry Gen. M.B. Haladu, who hosted a briefing by the delegation to members of his cabinet and staff.

These meetings were prominently covered on the national television news and in the press. For example, on April 24 the nationally circulated newspaper *The Democrat* ran a front-page article under the headline, "World Bank, IMF Anti-Nigeria." The article reported: "Nigeria has been warned that the world economic system of the IMF and World Bank is a dead end. A delegation of the *Executive Intelligence Review (EIR)* and the Schiller Institute was in the country recently to raise this alarm. They observed that the economic potentials of Nigeria, with its vast agricultural and mineral resources, was being strangled [sic] by the deliberately designed and imposed prescriptions and conditionalities of the IMF/World Bank, especially free market economics deregulation and 'pirate economic liberalism.' The delegation drew attention to the cancerous monetary system foisted on the world which employs usury to take a 'pound of flesh' from even the poor nations." More attention was focused on the Schiller Institute's visit to Nigeria by the government's placing full-page ads in a number of newspapers, with the text of a response that Dr. Binaisa had given in December 1994 to defend Nigeria from attacks broadcast by the American network CBS in its "60 Minutes" program.

The Schiller Institute delegation was also the guest of the state governments of Sokoto and Kebbi in Nigeria's northwest, where agriculture dominates the economic activity of the people. Especially there, the effects of seven years of Structural Adjustment policies were most visible. The climate is good for multiple harvests and the soil is very fertile, but government efforts to rehabilitate infrastructure such as irrigation or roads, to clear new land for farmers, or to set up tractor-hiring services, are made extremely difficult, because the devaluation of the Nigerian currency, the naira, has placed the cost of imported machinery out of reach. In 1980-82, with the naira at 1.5 to the dollar, a water pump cost 300 naira and a tractor 25,000 naira; today, with the naira at 82 to the dollar, the same pump costs 9,000 naira while the tractor costs 1 million naira. Consequently, the majority of farmers are condemned to the use of simple hoes and animal-drawn plows.

According to officials in these states, it is education and health services which are most sorely affected by the Structural Adjustment Program that the country had suffered under for more than seven years. Now it is very difficult and costly to bring the level of education and health care up to what it was 15 years ago.

The government's policy

The government of General Abacha has succeeded in bringing back political stability to the country and putting on

the brakes to the deteriorating economic trends. This is not only stressed by government officials, but also by the elected members of the National Constitutional Convention, who have just concluded their deliberations on Nigeria's future constitution.

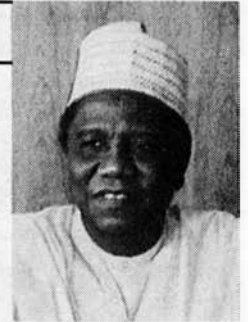
The Schiller Institute delegation held discussions with more than 20 delegates from different parts of the country, including from the southwest and the east. They all emphasized that at the end of 1993, the country was just short of falling into complete chaos. With strong memories of Nigeria's civil war, they welcomed with relief the convening of the Constitutional Convention last summer. The delegates stressed, as their greatest accomplishment, that everybody agreed to the unity of Nigeria, and that political differences will now be solved on this basis.

The Conference formulated their recommendations in a 318-page document which will be presented to the Head of State and the Provisional Ruling Council next month for deliberation. After that, it is expected that the government in the fall will announce a plan and timetable for the transition to an elected civilian administration. Because of their successful work, the delegates adamantly rejected the attacks of the U.S.-based TransAfrica group against the Abacha government.

Prospects for the future

The Achilles' heel of Nigeria right now remains the economy. According to the government's report, it gained a budget surplus for the first quarter of 1995, compared to a deficit for the same period of last year. While this won some praise at this year's spring meeting of the IMF and World Bank in Washington, the policy has not improved the level of industrial production or alleviated the hardship for the vast majority of the population. Capacity utilization in industry has fallen below 29%. The cost of living for the average household has gone up further.

The future of peaceful transition to an elected civilian government will depend on how quickly the current administration in Nigeria can make gains in the economic field, which will be felt by the people. The government's trump card here is the Petroleum Trust Fund. Under the chairmanship of former President General Buhari, who is respected throughout the country for his integrity, preparations are being made to spend money directly at the local level for urgently needed infrastructure improvements. If tangible results can be obtained soon, the population will rally around the government and the cause of Nigeria. It should therefore not come as a surprise that the London *Financial Times* and the *Economist*, mouthpieces of the IMF and World Bank, have singled out this Trust Fund for attack and demanded its dissolution. One thing the IMF never accepts, is for a country to spend money on social programs and infrastructure for its people, rather than paying the debt. For the sake of the Nigerian people, all indications are that the Abacha government is determined not to make any compromise on this issue.



Great disinformation is being spread abroad against Nigeria

Mr. Saleh is Secretary to the Government of the Federation in Nigeria. He was interviewed by Uwe Friesecke on May 5 in Abuja.

EIR: Excellency, about 18 months ago, General Abacha took responsibility for the government of Nigeria. Could you give us your reflections on what has been accomplished, and what the significance of that move was?

Saleh: At the time that General Abacha came into the government, on the advice of his colleagues, the country was on the verge of collapse politically. Virtually every section felt that they should go their own way. We needed a person to come and unite the country, so that it would continue as one united nation. By the time he came in, the threat to our unity was so great, that virtually all of us felt unsafe, and those of us who had hope that the situation could be salvaged, were happy that he took over.

The first thing he did was to give assurances to Nigerians and the world, that they were there, not to stay long, but to prepare for democratic rule. That should be stage by stage. His first step was to have the Constitutional Conference; that was in his first broadcast. But over and above this, was the restoration of stability in the country. By June 1994, we had industrial problems coupled with political problems—the situation was so tense. But by and large, we were able to overcome this and restore normalcy to the system. That, of course, had the best effect on our economy. Soon after, we assessed that we had a situation that was close to normal; we then started to pay attention to economic matters.

We had a review of the first six months' performance in 1994, and then we prepared for the third quarter. By the end of the third quarter, we had another review, and then we started the real economic activation of the country, by having conferences in Kaduna for cereals and legumes, etc., and in Lagos for raw materials for industry, among other areas. Then we started the 1995 budget exercise, integrating what we had accomplished in these seminars into the 1995 budget, as a result of which, the Ministry of Solid Minerals Development and several other ministries were created. In addition, the Petroleum Trust Board was established, in order to utilize the proceeds we collected in addition to the pump price. That, we intend to use in the development of agriculture, education, housing, roads, and security.

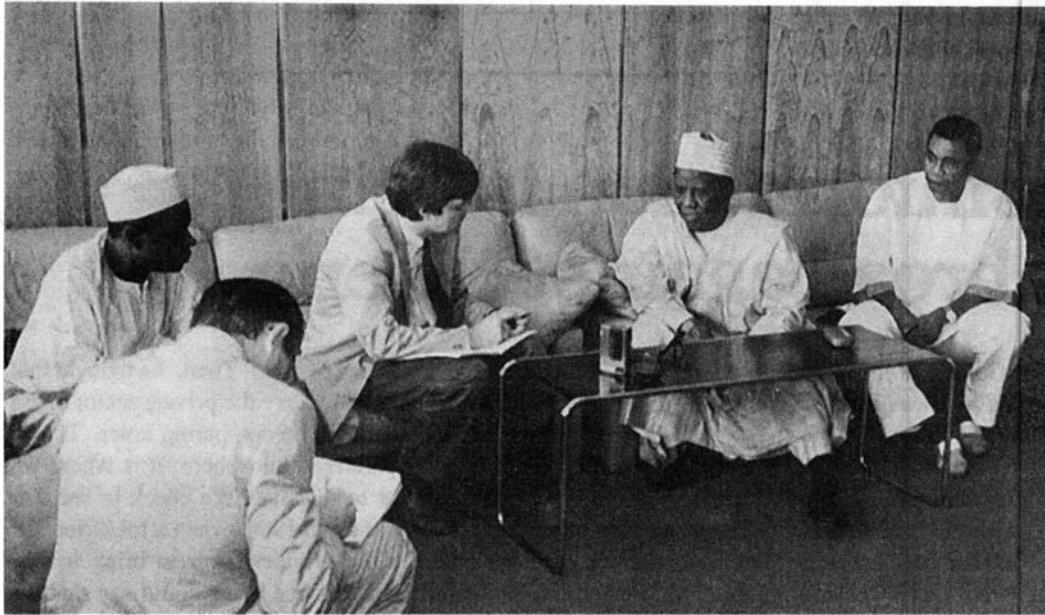
That was at the beginning of 1995. Then, we thought that we should, as we did in 1994, carry the private sector along with us, so that we could keep on comparing notes. This is where we create a cooperative atmosphere; it is where we expect the private sector to respond. We check to see that they do respond. I have in mind 1994, when a lot of foreign exchange was given to the private sector to bring in raw materials, but unfortunately, none of us could say that we have seen an improvement in capacity utilization, despite that allocation of foreign exchange. In fact, some of us who have been in the business for some time knew that though noticeable improvement could be seen in the economic activities, it was due to the informal sector's activities, not to the organized private sector as such.

So, we have at the moment geared ourselves to pick up economic activities, after ensuring that stability and normalcy have been restored. We are looking forward, of course, to receiving the constitutional report, onto which we will then tag our disengagement program, which will be based on the political form which they [the delegates to the Constitutional Conference] want the country to take.

EIR: How do you respond to the recent attacks of Trans-Africa, in America, calling for sanctions against Nigeria?

Saleh: I think this was well explained by the commander-in-chief, when he said he had thrown out an open invitation to all those who are interested in knowing what is going on in Nigeria, to come down and see things for themselves. I think there is misinformation, or disinformation, somewhere, when people sit back at home, assess from what others say, not what they see on the ground. You have been in Nigeria for some time now, and you can assess for yourself whether there is peace and stability, whether people are being harassed or not.

Unfortunately, most of them listen to people who are out to destroy Nigeria. There are Nigerians who, when they get out of their own country, abuse their own government. You don't get an Indian to abuse his own government when he is out; you don't get any other person to do that. But unfortunately for us, we have people who go around, who are internationally known—in fact, one of them is a Nobel Prize winner, he was awarded a prize for telling stories. He creates stories, he dramatizes. This is the kind of person who is



Uwe Friesecke interviews Alhaji Aminu Saleh. Mr. Saleh says, with reference to the International Monetary Fund: "They wanted us, first of all, to open our windows—later to open the doors. In fact, we went ahead even to open the gates. We now open our rooftops, so when it rains, we get wet; when the sun shines, we get hot. We do this, we do that—but still it doesn't satisfy them."

listened to, a person who can make a mountain out of a small stone. They dramatize. They create stories. But, unfortunately, these fellows don't see beyond their noses.

I think one of the respected persons in the United States is Jimmy Carter. He was here, he is a former President, he saw things for himself, and had given us a passing mark. It is left now to the Americans, whether black or white, to assess the report of Carter, against the views of people like Obasanjo, who was openly abusing Carter for giving a passing mark to the Nigerian government.

EIR: The financial press in the City of London has singled out the Petroleum Trust Fund, as an obstacle to any agreement between Nigeria and the International Monetary Fund, and has demanded strict adherence to the IMF's Structural Adjustment Programs. How do you see the experience of Nigeria, over the last 10-15 years, with those programs?

Saleh: Let's look at the time before the Structural Adjustment Programs were brought in. The situation was such that we were operating an umbrella system, in the sense that we had about \$27 billion, and about 7 billion naira in circulation. This \$27 billion gave sufficient cover to the 7 billion naira in circulation. The situation then changed to one more like our current system, where we have few dollars, and more naira in circulation. There is no way that the dollar can give protection to the naira. We have now about \$8 billion and 120 billion naira in circulation.

The government decided to request ideas as to how to solve this. It started very well, because the idea was to think inwards, to develop internally, not to depend on imports. I think that was the essence of it. Secondly, it was to transform the rural sector, to take jobs to the rural areas, at the expense of the urban areas that had been overpopulated. I was not part

of the government at that time; I had the opportunity to see it from outside.

At the beginning, some of us thought that the income of the farmers was going up. At the same time, we realized that this had its side effects, which outweighed the benefits. In the end, we ended up in a negative condition. That is why we decided to stop the Structural Adjustment, and to ask, "What do we do to save our nation?" To open the market too much, is not good. The Structural Adjustment Program insisted on the deregulation of practically everything. They wanted us, first of all, to open our windows—later to open the doors. In fact, we went ahead even to open the gates. We now open our rooftops, so when it rains, we get wet; when the sun shines, we get hot. We do this, we do that—but still it doesn't satisfy them.

Let's go back to the Petroleum Trust Fund. At the beginning, we consulted the IMF and the World Bank, and we told them that we wanted to have a system where we would put some money—coming through the budget, not an extra-budgetary allocation, but coming through the budget, it's what we *earned*. When I was minister of finance in 1993, I was with the World Bank, and I told the World Bank, what we are doing to Nigeria is not your fault, it is our own fault. We will set our house right; we will not be accused by anybody. How we do it, is that we understand what we *earn*. We shall not go into borrowing, whether internal or external.

When we did the 1994 budget, we started with a zero budget, to ensure that only what we collected, would we spend. We would not go beyond that. But unfortunately, an atmosphere was created, some external forces came in to create a problem in Nigeria, and we ended up, for the first half of the year, in trouble—political, industrial, economic. So our hope of limiting our spending to what we earned, was

dashed, deliberately.

This year, when we started to collect the money from the additional pump price, we thought we should keep it aside. Although it would be part and parcel of the budget, it would not come into the total [budget] stream of day-to-day government affairs. Some of it would be set aside, targeted to projects that are aimed at the welfare of our people.

I think what people should understand, is that we know what is best for our own country. We know how to go about it. If you bring in an expert from outside, the first thing he will ask you is, "What do you want?" I know what I want. Then he will ask you, "Why is that what you want?" I know why it is. So I have done half the job. I know what I want, and I know why it is what I want. But somebody will come from outside and say that what I have done is not right, because he thinks he knows better than I do myself, what is going on in Nigeria.

In some countries, they have succeeded in convincing them that what they were doing was right. In our own case now, we do not totally reject what they tell us, but we relate to our own policy. When I was minister of finance, the IMF managing director told us, at a meeting in Washington in 1993, that developing countries should think *inwards*, they should have home-grown solutions. I think this is what we are doing. We are not doing anything outside what their policy is! Home-grown solutions, that we will think globally, but we will act locally. These two policies are the policies of the IMF and the World Bank.

EIR: Now globally, there is growing debate, in light of the dollar crisis, the collapse of Barings Bank, that one needs to think about a "New, Just World Economic Order." Would this debate have the support of your government? Do you think it is a useful debate?

Saleh: This is a new subject that you introduce, and I think that we should have the benefit of our own experts to advise us on this. It is good not to throw away new ideas, but one has to carry along those who know about it. If we find that the ideas are ones that we could officially say we support, we will do it. But I cannot say now that the Nigerian government will give support to this, nor should we say that we totally reject it. But we would want our own experts to study the central bank idea, the Ministry of Finance idea, the national planning idea. We have a Nigerian Institute of Social and Economic Studies, and the Institute of Strategic Studies. We have quite a number of these organizations that we ought to bring under one roof. What are the merits and demerits of what is going on now, and how do we improve on them, or how do we discard them, and what do we put in place of them? It is not something that one person can verbally say, offhand, "Yes, this is acceptable," or "No, this is not acceptable." We need a chance to study whatever it is, and our own personnel will do this, who know about national and international economics.

An alternative to the present bankrupt monetary system

by Lawrence K. Freeman
and Uwe Frieesecke

This speech was delivered by Mr. Freeman on May 4 to the Second Nigerian Economic Summit in Abuja, Nigeria.

For Nigerians to develop the full potentials of this well-endowed nation, it is important to examine the dynamics of the current world economic and financial crisis. I will briefly highlight the most serious systemic deficiencies in the principles guiding our monetary system. Then I will present the outlines of an alternative economic system, premised on an axiomatically different set of principles.

Today we can say with certainty that the global monetary system, dominated by the western banking capitals in the United States, the City of London, and continental Europe, is in a state of collapse. The ongoing dollar crisis is the most serious sign of this. With the prestigious Lloyds of London now sliding into insolvency, even the skeptics should conclude that we are in an unprecedented financial crisis. Unless substantive radical changes are made, which depart from the accepted assumptions underlying current monetary policies, there will be an even more serious phase of financial disintegration in the immediate to near-term period ahead. The twentieth-century model which approximates this disintegration phase is the 1922-23 collapse of the monetary and financial system of Weimar Germany. However, the most important difference is, that unlike the period in Germany from 1922-23, when the United States was still capable, as a strong creditor, of helping to restore Germany with the Dawes Plan, no such super-creditor exists today that can bail out the bankrupt global monetary system. Therefore, we are facing a much more serious and dangerous crisis today than we have faced at any other time in history.

We have documented that the cause for this crisis began after the death of President John Kennedy, and especially after August 1971, when we adopted the wrong-headed policy of "decoupling" the monetary system from the real, goods-producing physical economy. As a result, per capita wealth measured in real tangible goods has been declining, not just in less developed countries, but also in such an advanced-sector country as the United States. Simultaneously, over roughly the same period of the last 30 years, the distinctively



The Nigerian press reports on the speech by Lawrence Freeman (shown here) to the Second Nigerian Economic Summit on May 4. Freeman spoke immediately before a representative of the World Bank, creating quite an uproar. Other articles from the local press quote former Ugandan President Godfrey Binaisa, who headed the Schiller Institute delegation.

separate (from the real economy) set of monetary aggregates has undergone a fantastic expansion in nominal paper values. This has brought us to the point that the world economy today more closely resembles a gigantic gambling casino of pure monetary speculation, rather than the progressive economy we used to know back in the 1950s and early 1960s.

The speculative bubble

This point has been emphasized by Denis Healey, former British chancellor of the exchequer, who said last year that only a mere 2% of daily financial transactions are related to the production or distribution of goods, and 98% is spent on financing pure speculation, and debt. French Nobel Prize economist Maurice Allais has been warning of the same problem since 1988, and recently Robert Leuschel of the Brussels Lambert Bank has echoed similar concerns. However, only Lyndon H. LaRouche, Jr., the founder of our magazine, *Executive Intelligence Review*, has shown the willingness to face the full magnitude of this monetary crisis. He describes it with the following useful analogy: He compares the purely fictitious speculative financial growth of monetary obligations to a cancer eating away at its host—the real physical economy, which produces the wealth of society. As the cancer grows, it must consume more and more of the healthy tissue of its host until the body dies from the spreading cancer. The analogy is accurate, in that the financial bubble of

speculation depends on a small flow of income from the physical economy for its survival. So the cancerous bubble must be continuously fed, even to the point of eating up whatever remaining healthy bone and tissue still exists in the real economy.

Some may object that this is too harsh, or an inaccurate description. Not at all. The proof of the insanity of the policies governing the monetary system today, is the explosion in derivatives, which is only the latest and most exotic instrument of speculation. The face value of derivatives was \$1.1 trillion in 1986; it grew to over \$10 trillion in 1992, to \$16 trillion in 1993, and to an unbelievable \$45 trillion by the end of 1994, for a staggering annualized growth rate of 59%. Over the same period, world steel production per capita has been dead flat, and per capita grain production has dropped by 1.3%.

In December of last year, this derivatives bubble exploded. It led to the infamous multibillion-dollar bankruptcy of Orange County, California, one of the richest communities in the entire United States. A couple of months ago, we witnessed the overnight demise of Barings Bank, one of the oldest established banking institutions in England, which was the result of the inability of the bank to cover its \$27 billion in derivatives exposure. It should be no surprise to anyone, that the seven leading New York-based banks are hopelessly overexposed in derivatives, and are technically

insolvent right now, yet they are still allowed to keep their doors open for business.

The debt bomb

Sandwiched between the bankruptcies of Orange County and Barings Bank was the blowout of the Mexican economy at the end of last year. The Mexican debt crisis rocked the global monetary system, and remains completely unresolved today, even as we meet here in Abuja. Because so many foolishly praised the Mexican model as a success story for Nigeria to follow, it is important to show just how wrong they were.

Mexico's debt in 1980 was \$57 billion; it soared to \$141 billion by 1994, and when the so-called relief package is added in, Mexico's debt now stands at \$191 billion. On closer examination, the "great" Mexican model shows that during this same period, when the debt increased by over 300%, the standard of living for the Mexican population went in the opposite direction, as shown in these figures: per household bean production dropped 37%, milk by 22%, steel by 27%. Overall production of consumer goods dropped by 20%, and producer goods by 27%. In 1988 came the Brady Plan, which, under the cover of "debt relief," imposed the following measures on Mexico: 1) total central bank autonomy; 2) unrestricted opening to foreign banking and financial activities; 3) elimination of all tariffs; 4) full convertibility of local currencies with the U.S. dollar; and 5) massive privatization fire-sales of national assets.

The result of the Brady Plan was a worsening of the crisis, which resulted in a 40% increase in Mexico's debt. Do you still want to listen to the so-called experts when it comes to Nigeria, after you have looked at their record in Mexico? Even today, some still foolishly maintain that Mexico is on its way to recovery, while in reality the physical economy is shrinking, unemployment is rising, and the standard of living for all but the wealthiest is being driven down further.

Russia is another example of the devastating failure of the International Monetary Fund's (IMF) Structural Adjustment Programs (SAPs). In 1992, the Yeltsin-Gaidar government brought in Harvard "whiz kid" Jeffrey Sachs to teach the Russians the wonders of western capitalism with his shock therapy policy. The result, several years later, is a complete disaster. In January 1992, the ruble was at 70 to one U.S. dollar; in 1994, it was devalued to 2,000 rubles to the dollar, and it now it is 5,000 to the dollar. Productive capacity has decreased 60% over the last five years, and industrial production is less than 50% of what it was in 1989! Light industry has collapsed to 20% of 1989 levels. According to Russian government figures, half the population lives at or below the poverty level, and life expectancy for males has dropped from 63.8 years in 1990 to 58.9 in 1994. Infant mortality has more than doubled in four years, from 14 deaths per 1,000 births in 1990 to 30 per 1,000 in 1994.

Russia definitely suffered the shock, but never experi-

enced the therapy.

Total African debt in 1980-83 was \$120-140 billion, and in 1994 it is approximately \$300 billion. During this 15-year period, \$10-20 billion a year was extracted for debt service, totalling approximately \$300 billion for that period. If one adds to this the loss of money due to unfair balance of trade and flight capital, then almost \$500 billion was taken out of the African continent during this period. No amount of humanitarian aid can make up for this! To show just one effect of this massive debt burden on the continent's population: African countries pay four times as much in debt service now as they do on health care for their over 600 million people, who desperately need these life-saving services.

Bankers' arithmetic

Nigeria is suffering today primarily because of the liberalization programs that were forced upon the Nigerian economy as "conditionalities" for IMF approval of new loans. Under the rubric of "free trade," Nigeria was ordered to: deregulate the banking sector; deregulate the currency, the naira; deregulate interest rates; remove protective tariffs; and accept lower wage levels. From 1986-93, these IMF "dictats," together with systematic efforts to prevent the development of large-scale infrastructure, and the denial of the right to new technologies, have adversely affected the Nigerian economy in the extreme.

As one should have expected, it was over exactly the same period of time, that Nigeria found itself hopelessly indebted to these same financial institutions, the very ones which were prescribing what "was best" for the Nigerian economy. Nigeria's debt reached over \$7 billion by 1980, which then increased by over 400% during the decade to \$30 billion today, despite the country's having paid off over \$10 billion. IMF math is unique: In 15 years, you start off owing \$7 billion; you pay over \$10 billion; and you end up owing \$30 billion.

There is just no country during the last 15 to 20 years, where the application of IMF-World Bank Structural Adjustment Programs has led to the advancement of the physical economy, or an improvement of the standard of living of the population. These policies only adjusted the people's stomachs to hunger and their bodies to disease. Whether this was ill-advised or ill-intentioned, we can debate. But the sad state, especially of the economies of Africa today, reminds us of Shakespeare and the *Merchant of Venice*, where the creditor insists on payment from the debtor, even if it is the "pound of flesh."

As long as Nigeria is strangled by the injustices of the world economic system, and continues to be a victim of so-called free-trading arrangements, whereby it is forced to sell its raw materials at ever-lower prices and to buy machinery, spare parts, and other necessary import goods at ever-increasing prices, there is no way out of the crisis, and no possibility for real development of the Nigerian economy.

But the world monetary system is collapsing, and there are only two foreseeable alternatives. Either governments, especially of the Group of Seven nations, find the political wisdom to put the Bretton Woods system through orderly bankruptcy reorganization, including measures to stop speculation, and instead promote rapid development of production of physical wealth around the globe, or we will see ever-deeper disintegration and chaos of the world economy. This would uproot the political stability of regions of the world even further, and lead to many more violent military conflicts than we are already witnessing.

What kind of reform is needed?

Thus, faced with a dramatic crisis, can't we at least have enough courage to say that the principles ruling our present economic and monetary system might be flawed? I say yes, we can face this tragedy, and find a solution to the crisis. Recently we have heard a growing number of voices asking for a review of existing monetary arrangements. This includes Japanese Finance Minister Takemura, who last month raised the question of rethinking the floating exchange rate currency system. Other senior Japanese industrialists, and

bankers in Europe, have also expressed fears about the potential of a global financial collapse.

Let me present to you an outline of the needed measures of economic reform for the world economy, including measures to defend and develop the Nigerian economy. These ideas are not entirely new. They reactivate a debate from the 1970s. In 1975, Lyndon LaRouche wrote a proposal for global economic reform, and called for the creation of an International Development Bank (IDB). In 1976, the summit of the Non-Aligned Movement called for a New World Economic Order. In Africa, this led to the Lagos Plan of Action of 1980. Clearly Africa would be a happier place for its people today, if this plan, and not the IMF-SAPs, had been implemented during the 1980s.

In April 1982, at the height of the Ibero-American debt crisis, Mexican President José López Portillo invited Lyndon LaRouche to meet with him, and discuss policies to solve the debt crisis. LaRouche, who had discussed his proposal for a "New, Just World Economic Order" earlier with the late Indian Prime Minister Indira Gandhi, formulated a comprehensive program to reorganize the debt of Latin America, and through economic integration to develop their nations.

Coming soon in EIR

Lyndon LaRouche, following a visit to Sudan on Dec. 18-24, 1994, commissioned the staff of *EIR* to begin work on an in-depth *Special Report* on the subject of "How London Ran U.S. Policy Toward Sudan." That report is now nearing completion, and will be published in a forthcoming issue. Topics include:

- the British Arab Bureau's Horn of Africa policy, under Henry Kissinger and Zbigniew Brzezinski;
- the physical economy of Sudan;
- London's operations against Sudan: 1898, the 1930s, and today;
- the archeology and history of Nubia/Sudan;
- ethnicity as a method for genocide: British intelligence's anthropologists at work; the myth of the "Nilotic People."

In an interview published in *EIR* on Jan. 6, 1995, LaRouche underlined the importance of this project: "The significance is that, although very few Americans or even Europeans know it, World War I actually began on Sept. 2, 1898, at the junction of the White and Blue Nile in the vicinity of what is today Khartoum. . . . The significance is that today there are many people, especially in London, who are trying to influence certain people around our State Department, or Rep. Frank Wolf [R-Va.], into getting



Lyndon H. LaRouche, Jr. (center) lectures at the University of Khartoum, Sudan, in December 1994.

the United States into a fuss with Sudan. There are two countries in Africa, Nigeria and Sudan, both presently slated for destruction by London. If those two countries, or either one of them, goes, is disintegrated as London wishes, and as Frank Wolf wishes, apparently, all of sub-Saharan Africa, Black Africa, goes into the pit irreparably. That has strategic implications which can affect the life and welfare of everybody on this planet, including people in the United States, who don't realize how important Africa is to them."

This proposal, entitled "Operation Juárez," became the rallying point for all those who opposed the structural adjustment policy in Latin America during the 1980s, and who, after the recent events, feel very much vindicated.

Measures for a reform of the world economy must include:

1) Global bankruptcy reorganization, freezing of the existing debt structure (currently about \$2 trillion in Third World and former East bloc nations' debt). Sorting out the legitimate from the illegitimate debts, significant debt write-offs, and conversion of the rest into new, long-term paper. Resumption of payments only after effective economic recovery of debtor nations has occurred.

2) Creation of national banks modelled after the effective national bank established by the first secretary of the treasury of the United States, Alexander Hamilton. These "Hamiltonian" national banks are to supersede central banking nationally and internationally, as instruments for organizing comprehensive currency reforms and new credit for production and development.

3) New growth in the physical economy through investment in large-scale hard infrastructure projects across continents; e.g., modern high-speed rail lines linking western Europe with Russia and along the old Silk Route with Central Asia and China; linking the Middle East and Africa to such rail systems; and developing west-east and north-south modern rail links throughout the African continent. Development of water resources for transport, irrigation, and energy production, e.g., tapping the resources of the Zaire River for regeneration of Lake Chad.

4) Massive technology transfer from the advanced sector to the developing sector, including peaceful application of nuclear technology.

5) Re-regulation of the world trading system to guarantee especially a just price for raw materials and a parity price for agricultural products.

The "New, Just World Economic Order" must be based on respect for the sovereignty of the nation-state. Every nation must have the right to have access to science and technology, which it sees as necessary for its development.

It should be properly understood that the sovereign nation-state has ultimate responsibility for the welfare of its population, and intervenes to protect and foster the growth of family households. Economics, properly understood, is the continuous generation, transmission, and assimilation of new technologies, which demonstratively increases the per capita wealth of society, the longevity of life itself, and the total members of the population living in that society. Thus, the responsibility for the welfare of the successful survival of all future generations lies uniquely within the domain of the nation-state. A community of such sovereign nation-states which agree on their common concerns for development of their respective citizens will be a more effective instrument of policy than any of the existing international agencies.

Proposals for Nigeria

It will be rightly argued that Nigeria needs an economic policy right now, before those global changes come into effect. The following should not be misunderstood as undue outside advice, but as a contribution to the fruitful debate about Nigeria's economic policy that this administration has initiated with the 1994 budget.

1) The development of Nigeria's industry and agriculture must be protected through appropriate tariffs. The key to development is the real growth of the internal market, not export orientation at all costs.

2) Nigeria must control and regulate its currency exchange rate and capital flow.

3) Nigeria should negotiate with the IMF-World Bank and its creditors from a position of strength, demand a full review of the legitimacy of the debts, and reschedule significantly lower debt payments to make more resources available for internal development, i.e., through an increase of funding to the Petroleum Trust Fund.

4) Nigeria should build up hard infrastructure with modern technology in railways, water management, roads, and energy production; it should discuss a plan of 10 to 20 such national priority projects, including in particular, a new, modern railway system.

5) The level of education and health must be brought back to the standards known in Nigeria 15 to 20 years ago. New science and technology centers should be built.

6) Agriculture needs a parity price support system to increase productivity and output, and reduce the damaging role of the middle-men.

7) Public sector investments in infrastructure will be the locomotive for the development of private industry and manufacture, which should increasingly be oriented toward the internal Nigerian and regional African markets.

8) Tight budgetary control should guarantee the prudent application of financial resources to the national priorities. Incentives should be given to repatriate foreign wealth of Nigerian citizens.

We caution against too quickly rushing to emulate the model of the Asian Tigers. While several of these countries might appear to show modest improvement in their economies, the reality is quite different. It is true that there has been some improvement in their light consumer goods industries, but one of the primary attractions of these countries has been their cheap labor, and an open door to the influx of speculative capital, including billions of dollars in derivatives. With the notable exception of Taiwan, very little investment has found its way into the area of capital goods production and infrastructure, which are the primary ingredients for increasing the productivity of such agriculture-dominated economies.

We emphasize here again, that state-directed investment in hard infrastructure projects—which increase the availability of usable water, power, and transportation per capita, per

household, and per land area—is primary, and represents the only pathway for developing countries to progress to the pre-1964 level of the modern agro-industrial nation-state. When a country has a large percentage of its labor force involved in relatively inefficient methods of farming, the only way to substantially increase productivity, measured in yield per hectare, is through investment in the targeted areas that we have identified. Over time, progress is made evident by the slight, but significant, shifts in employment from the rural-agricultural sector into the urban-based, capital-intensive industrial sector, which to date the Asian Tigers have failed to accomplish.

For a ‘New, Just World Economic Order’

Nigeria should raise its voice and join the growing chorus around the world to demand the fundamental reforms for a “New, Just World Economic Order.” This is as much a fight for freedom and the inalienable rights of all men today, as Nigeria’s enduring fight for freedom and against apartheid in South Africa was until 1993. At the same time, Nigeria must protect its own economy, and chart a course of economic development to reach full industrialization and modern standards of agricultural production in the decades to come. This course of action is also the precondition for establishing meaningful, constitutional, republican forms of democracy. Simply put, there cannot be democracy, if we attach any significant meaning to the term, unless we have a process of economic development which reaches into the pores of every village.

The axioms of such a new economic system are already well established in natural law. Since political economies, organized as commonwealths, exist for the successful propagation of the human species at qualitatively and quantitatively higher levels of existence, and this is only possible by creating a culture that concentrates on nurturing the innate creative potential of each newborn child, then the correct economic policy is obvious. We support those policies that help each individual to realize those divinely bestowed human qualities that make each life sacred. Likewise, any economic policy which leads to unnecessary loss of life, or otherwise harms, degrades, or causes needless suffering to any individual, must be rejected as antithetical to the interests of the human race. We care nothing for so-called market forces or free-trade gobbledygook, since the implementation of these ideologies has consistently failed to develop any nation, or to help improve the well-being of any people.

We should now proceed to embrace these new ideas, which we know with scientific certainty will finally lift up the African continent, and enable its over 600 million people to regain the respect, dignity, and justice that has heretofore been stolen from them. Let the great continent of Africa, with Nigeria at its helm, enter the twenty-first century as an equal to the rest of the world. Finally, let us all support these profound and beautiful words, written by Pope Paul VI back in 1967, “Let the new name for peace be development.”

Ford Foundation and bankers try to block Nigerian sovereignty

by Lydia Cherry

The Nigerian government has on several recent occasions announced its intention to get greater control over four of the country’s biggest banks. This discussion has apparently added to the concern of the bankrupt British and U.S. bankers about Nigeria’s independent economic course. Thus, the campaign to bring Africa’s most populous country under the control of a more “reasonable” figure—such as longtime Ford Foundation board member Gen. Olusegun Obasanjo—is gathering steam. (Obasanjo is now under house arrest in Nigeria for his suspected role in an unsuccessful coup attempt, thought to have been steered by British intelligence circles.)

London’s *Financial Times* has written numerous articles on how the Abacha government’s moves to gain control of Nigeria’s own banks is “worrying foreign investors.” Nigerian Finance Minister Anthony Ani explained in an interview with the Nigerian daily *Thisday* the first week in May that the Nigerian government had decided to reestablish “a presence” in the banks First Bank Plc., Union Bank Plc, United Bank for Africa Plc (UBA), and Africabank Plc, primarily because “the banks are next only to the central bank in terms of size and importance to the country.”

An independent economic course by Nigeria, against the prescriptions of the International Monetary Fund (IMF), would offer a model for the rest of Africa. But the bankers’ “concern” is not just that; the idea of a country getting control of its own economic system is anathema in the current period of economic collapse, where the name of the game is to suck out whatever is of value, to prop up the mounds of worthless paper disguised as an international economic system.

Following an unsuccessful coup attempt in March, the U.S. side of the same operation is attempting to flex its muscle to force President William Clinton to make a “Haiti” out of Nigeria. The campaign has particularly been launched by the sections of the “human rights” mafia that claim membership in the New York Council on Foreign Relations (CFR)—affiliated with London’s Royal Institute for International Affairs—and are bankrolled by the Ford Foundation. One person who fits this classification is the radical lobbyist in a three-piece suit, Randall Robinson, the director of

TransAfrica.

Robinson in late March announced that his well-heeled organization will concentrate its fire-power exclusively on Nigeria, as it earlier did on South Africa and then Haiti. TransAfrica is now urging the Clinton administration to impose an oil boycott on Nigeria. Some Nigerians living in the United States are critical of this campaign, and suspicious of Robinson. This was reflected in a full-page *New York Times* ad on April 21, purchased by 27 Nigerian organizations—a “friendly” open letter to Robinson that was timed to coincide with TransAfrica’s first “sit-in” at the Nigerian embassy. Among the recommendations the letter made was for Robinson to stop “proffering simplistic solutions to the problems of a country you have never visited.” It added: “We realize that an organization such as yours needs a popular, emotional cause to remain functional, and relevant. We know that without such a cause, your ability to raise funds is greatly hindered. We do not begrudge your fundraising schemes . . . but in the name of thousands of your ancestors from Africa, do not use Nigeria for any such selfish purposes.”

TransAfrica’s keepers

Although TransAfrica was put on course with the help of numerous foundations and individuals, the role of the Ford Foundation deserves special mention. The Ford Foundation is the largest U.S. foundation “by total giving,” with assets of \$6,253,006,737. It has 227 full-time professionals employed in its activities, which apparently include the destabilization of governments. It has no affiliation with the historic Ford family, having been officially disavowed by the Fords after it was taken over by the CFR apparatus. It is the one foundation that funnels hundreds of thousands of dollars each year to the Royal Institute of International Affairs in London. Of the 12 people who are either Ford Foundation officers or on its board: 1) Seven sit on one or more boards of directors of now-collapsing banks, Dow Jones, or economic schools, such as Wharton School; 2) four sit on the board of AT&T; 3) four are members of the Council on Foreign Relations; 4) eleven are listed in *Who’s Who in America*.

What is this great commitment to a “democratic” Nigeria among this illustrious group?

Randall Robinson was a Ford Foundation fellow in 1970-71 in Tanzania. The idea for TransAfrica reportedly was germinated from a Black Leadership Conference convened by the Congressional Black Caucus in September 1976. An ad hoc committee was set up to formulate an organizational design and investigate funding possibilities. The committee consisted of Robinson, Hershelle Challenor, and Willard Johnson. Challenor, like Randall Robinson, is a member of the CFR. Also like Robinson, Challenor had previously worked for the Ford Foundation. When TransAfrica was officially founded in July 1977, it was with startup funding from the Ford Foundation and the National Council of

Churches. The World Council of Churches and its U.S. branch, the NCC, were built up by the Rockefellers, the Dulles brothers—the same crowd that took over the Ford Foundation—and their associates in Great Britain. The links between the WCC and the Ford Foundation are still close; today, for example, the Ford Foundation funds the Sudanese Council of Churches, in southern Sudan. It is generally believed that not only the funds, but also the placement of trustees and directors on the WCC/NCC governing boards, are controlled by the heads of Ford and other foundations.

Tall tales from Human Rights Watch

Although TransAfrica is given impressive media play as *the* organization that brought down apartheid in South Africa and will root out the military from Nigeria, two other U.S. institutions are devoting more of their resources to attempting to destabilize Nigeria: 1) the right-wing social democratic funding apparatus controlled by George Bush’s crowd, the National Endowment for Democracy; and 2) Human Rights Watch, an organization described by Thailand’s former Foreign Minister Thanat Khoman in April 1993 as “a front for the CIA . . . that uses human rights as a means to make unfounded charges to extract and extort economic or political concessions.”

On March 27, a widely distributed Human Rights Watch-Africa press release, “First Ever Testimony by Nigerian Soldiers on the Military Campaign in Ogoniland,” made it clear that the Watches had turned their guns on Nigeria. The Ogoni cause is intended to split off Ogoniland from the rest of Nigeria.

Human Rights Watch devoted little of their resources to Nigeria during the eight-year period when Gen. Ibrahim Babangida was keeping the country on an IMF course. The current executive director of Human Rights Watch-Africa is Abdullahi An-Na’im, who is part of the Sudanese opposition movement headquartered in London. Directly prior to taking up the leadership of Human Rights Watch-Africa, he was a visiting fellow for the Ford Foundation in Cairo.

The National Endowment for Democracy on May 1-2 hosted its Fifth World Conference on Democracy, which included Nigerians on NED’s payroll. NED officials have pledged to use their influence to shift the Clinton administration into a more hardline position vis-à-vis Nigeria. It was said by the Nigerian opposition spokesmen that the Clinton administration’s ambassador to Nigeria, Walter C. Carrington, is “soft” on the Abacha government.

The NED gave \$50,000 of the money they get from U.S. AID to the dissident Campaign for Democracy in Nigeria last year. The money went to financing an unsuccessful campaign of strikes and chaos to force the Abacha government to turn over the reins of power to the former ITT head who had promised to bring Nigeria back into the IMF fold, Moshood Abiola. The president of NED is Carl Gershman, a member of the Anti-Defamation League of B’nai B’rith.

To all Africans of good will: Let us form an African Civil Rights Movement

by Godfrey L. Binaisa

This statement was issued by Mr. Binaisa, the former President of Uganda, in April 1995:

Thirty years after most of the former colonies in Africa gained their formal independence, the visions and dreams of those days for a better future for Africa's people are still far from being realized. Especially during the last 15 years of the International Monetary Fund's Structural Adjustment Programs (SAPs), many of the countries in Africa have experienced intolerable economic hardship and social dislocation. Such economic breakdown laid the basis for numerous military conflicts, which by now have destroyed Somalia, Liberia, Angola, Rwanda, and Sierra Leone, and threaten to destroy Burundi next. Other countries like Mozambique or Ethiopia have barely survived military fighting.

We, as leaders of the African fight for independence, must realize that, when the flags of our former colonial masters were taken down, the policy of colonial exploitation did not end, but continued unabated under the injustices of the international monetary and economic arrangements made at Bretton Woods in 1944, which never left us in Africa the chance for real development and peace. Except for a brief period at the beginning of the 1960s, the promises we understood to have been made in the Atlantic Charter in 1941, for the time after the war, "that all the men in all the lands may live out their lives in freedom from fear and want," were never kept. Instead the African continent continued to be robbed of its natural and human resources, just as in colonial times. And looking back, we see with great sorrow, that too many of our own elites have helped this process of looting and subjugating the majority of our African people. Starting with events in today's Zaire and the first military coup in Nigeria in 1966, we became victims of flagrant interventions of the colonial powers into our sovereignty. They killed or otherwise removed from power those leaders who dared to challenge the new colonial arrangements, just as they killed John F. Kennedy and Dr. Martin Luther King in America.

Now, this attack on Africa has reached a new dimension. After the public in Western Europe and North America has been inundated with the racist propaganda of the putative need for population control, the colonial powers have moved to actively promote inner-African wars, that will kill millions

of our people. First, IMF policies destroy the social fabric of a country, and second, so-called rebel groups are encouraged and supplied with weapons to ignite ethnic or clan warfare. Meanwhile, to cover up for the real culprits, the public in the West is induced to cynically believe that it is the backward Africans again who never will be able to manage their own affairs, and of whom there are too many anyway. The two most gruesome examples of this are Somalia and Rwanda, with Angola not far behind.

In 1992, the United Nations watched more than half a million people starve to death after the secretary general had ordered all U.N. relief operations out of Somalia. In 1990, the Ugandan Army launched the invasion of neighboring Rwanda and created the Rwandan Patriotic Front (RPF). In this invasion, Uganda's government was supported by its former colonial master, the British government, and its dupes in American government circles, who knew full well, that this conflict would eventually turn into a spiral of unchecked violence between rival groups. While one side killed a democratically elected President and committed countless massacres, fanatics on the other side prepared for systematic killings, which exploded into genocide after two more Presidents were killed in a plane crash in April 1994. The conflict in Angola has also taken the lives of hundreds of thousands, while an international mafia of weapons traders is supplying both sides to keep the war going and make billions of dollars.

We deeply deplore that black Africans are practicing apartheid against their African brothers and sisters. This is as much a crime against humanity as the apartheid which was until recently practiced against blacks by whites in South Africa. We are horrified by the scenes of Africans torturing and killing fellow Africans.

But we are not so naive as to overlook the fact that those who are aiding and abetting these crimes in Africa are to be found outside the continent. We have no illusions, that family traditions which are firmly rooted in the early days of European colonialism and the slave trade are very much alive among the oligarchical elites of the West today. "Eighteenth-century methods" have guided, in particular, London's strategic approach toward Africa throughout the last 35 years. Now it should be obvious to anyone that it was a complete illusion to think a British prime minister [Harold Macmillan] was serious about decolonization, when he gave his "winds of



Former President of Uganda Godfrey L. Binaisa (right), in Germany in March 1995. With him is Uwe Friesecke, a leader of the Schiller Institute in Germany.

change” speech, while the looting went on, only under a new disguise. Today, we have no illusions about Her Majesty praising the ideals of democracy and freedom, while her secret services and her government are practicing the imperial divide and rule, to accomplish brutal geopolitical aims.

Those aims have not changed much since the times of Cecil Rhodes, Lord Kitchener, or Gordon Pasha. They are to relegate Africa to forever be a source of raw materials, and keep only a few Africans alive to shine the shoes of western tourists and drive their jeeps through game parks, which are under the control of Her Majesty’s World Wildlife Fund (WWF). Africa should not be allowed development for her own people, and any political constellation that would strive for that, must be destroyed.

Therefore, Nigeria, a potential economic giant, is a target and slated to be destroyed in civil war. Sudan, the richest agricultural country, is supposed to be broken up. All of East Africa and the Great Lakes region are to be further depopulated through more ethnic wars, as in Burundi, and brought into the British sphere of influence. Finally, the new South Africa could be thrown into chaos any time.

The policy of small-scale and local improvements, which some promoted, has failed. Humanitarian relief is increasingly overwhelmed by the scale and number of disasters. We therefore call for a fundamental reorientation of Africa policy.

Recognizing the right for development as the inalienable right of man, we call for a policy of rapid development of the physical economy of our continent. This means the large-scale development of continent-wide infrastructure (railways, roads, waterways, energy, education, and health), it means a perspective of rapid buildup of modern agriculture and industry, so that we will feed ourselves and manufacture

from our raw materials. We demand that the existing foreign debt structure be frozen and any payments postponed until such a time as we have economically recovered and have separated out the legitimate from the illegitimate debt. We reject any of the IMF’s SAPs and privatization policies, and instead join forces with those in Ibero-America, in Russia and Ukraine, who demand a general bankruptcy reorganization of the collapsing world economy, and a “New, Just World Economic Order.”

We, the people of Africa, must finally throw off the yoke of the new colonialism and exercise our sovereignty by choosing “twentieth-century methods” for the most rapid economic development, which will enable “all the men in all the lands of Africa to live out their lives in freedom from fear and want.” Thus, we lay the basis for lasting peace on our continent. Because, as Pope Paul VI said, “Development is the new name for peace.”

We reject the United Nations-imposed tailored justice, which is only creating new injustices, as is right now the case in Rwanda, which in turn will lead to revenge, new violence, and new wars. If justice is to be spoken, then all sides, and also those who aided and abetted the crimes from the outside, must be called in front of the court. We call for the return to Africa’s tradition of arbitration, mediation, and reconciliation. But this will only work, if there is a realistic perspective of regional and continent-wide economic development.

The African Civil Rights Movement calls on all Africans of good will, regardless of color or creed, to join hands in building those political alliances across the continent which can forestall the further destruction of our nations and people. In what we do for Africa, we must regain the moral high ground of the Pan-African ideal, and give back to the people and nations of Africa self-respect and dignity.

Prince Philip makes genocide into a religion

by Mark Burdman

In the coming weeks, British Royal Consort Prince Philip will step down as president of the World Wide Fund for Nature-International (WWF). He is certainly not doing so out of contrition for the crimes against humanity committed by that organization during his long tenure, but reportedly for "personal" reasons. To prove his unswerving adherence to the same mindset that earlier led him to express his wish to be reincarnated as a deadly virus that would wipe out large segments of the human population, he is leaving as his legacy, the formation of a new organization that will seek to deploy the world religions as instruments for genocide.

From April 29 to May 3, the royal family's Windsor Castle was the scene of a "World Summit on Religion and Conservation." It brought together some 60 ecologists and religious figures, under the sponsorship of the WWF-U.K., the Japanese Mokichi Okada Association (MOA), Britain's Pilkington Trust, and the Manchester, England-based International Consultancy on Religious Education and Culture (Icorec). Leading speakers included Prince Philip himself, as well as the Ecumenical Patriarch in Constantinople of the Orthodox Church Bartholomew, and Crown Prince Hassan of Jordan. The sessions also had the official blessing of the Church of England, whose supreme governor is Queen Elizabeth II; from May 2-3, Archbishop of Canterbury Dr. George Carey, primate of the Church of England, held private strategy sessions with participants. Individuals were in attendance nominally representing nine faiths: Christianity, Islam, Judaism, Hinduism, Buddhism, Jainism, Sikhism, the Baha'i faith, and Taoism.

The Windsor "summit" had been preceded by a preparatory meeting in Tokyo, Japan, at the end of March, co-sponsored by the WWF and the MOA.

WWF insiders affirm that these meetings occurred under

a "shadow" of increasingly negative attention recently drawn to the WWF, highlighted by the Oct. 28, 1994 *EIR Special Report*, "The Coming Fall of the House of Windsor." The attempt to refocus WWF activity under a new organizational umbrella is, these sources affirm, in part an attempt to "out-flank" the negative publicity, and to coordinate WWF conservationist-ecologist activities under new, apparently "religious" auspices.

ARC, U.N.O., and World Bank together

The Windsor gathering resolved to create a new organization, the Alliance of Religion and Conservation (ARC), with the mandate being, according to an official WWF press release, to "promote for the public benefit the protection of the natural environment throughout the world, in accordance with the teachings and beliefs of the world's religions, which encourage respect for nature." ARC will take over management of a number of projects that the WWF has been carrying out over the past decade, as well as launch a series of new projects. One example of a project in the first category, is the "Mount Athos Environmental Program," initiated with the blessing of Prince Philip personally in the early 1990s, to make that cultist center of monastic activity a model center for "environmental management" and "organic farming," as well to turn a significant section of the Athonite Peninsula into a "nature reserve." One new ARC project will be to promote "the conservation of the Taoist Sacred Mountains in China . . . creating conservation areas that cannot be developed."

The summit also discussed ways of integrating the WWF and associated groups more organically into the one-world-federalist structures of the United Nations. According to a WWF press release, participants discussed an invitation from

the World Bank “to faith leaders, to establish a dialogue with World Bank directors on the ethics of contemporary economics.” Furthermore, the United Nations Environment Program “has asked religions to act as environmental monitoring agencies to assess environmental changes at the local level. In return, faiths are asking to be involved in U.N. agency policy and decision-making processes.”

A ‘religious’ gestapo?

If that sounds like an attempt to use religious leaders as, in effect, operatives in a new environmentalist gestapo, that is fully in conformity with the royal consort’s prescriptions to the Windsor gathering. He set the tone for the five days of discussions, with a speech over the April 29-30 weekend, calling for “vital action” to protect the global environment from “the dramatic increase in the world’s human population.” This “dramatic increase,” he blurted, is “the only significant factor that coincides with the deterioration of the planet’s health over the last century. . . . The key issue for the conservation of our natural environment is to find ways of protecting it from the consequences of the human population explosion.”

He had the following stretched metaphor to make his point: “If you are in the process of blowing up a balloon, there is nothing to warn you that it is about to burst. We are stretching the Earth’s systems like a small child blowing up a balloon. If it goes on blowing, the crucial point is, when is it going to burst?”

He insisted that humans must “interfere” to regulate the “imbalance” caused by all this, with a particular role being reserved for world religions in this effort.

Non-western, alternative ways of looking at nature

The creation of ARC is the newest, and most ambitious phase in the royal consort’s campaign to subvert religious belief, to eliminate from this planet the idea of “man being made in the living image of God” (*imago viva Dei*). This idea, expressed in the Biblical Book of Genesis, is certainly at the traditional core of the “religions of the Book,” Christianity, Judaism, and Islam. It is also expressed, in other ways, in strands of faiths like Hinduism. Prince Philip and his coterie of ecological advisers, such as Icorec’s Martin Palmer, have long held the view that, if one wants to bring about conservationist-ecologist policies, one must *change the beliefs, or defining paradigms* of populations. Religions are seen as a crucial vehicle for doing this, because people associate powerful emotions and ideas with religious conceptions. If religions strongly uphold the idea of *imago viva Dei* or an equivalent thereof, then adherents to that religion are significantly “inoculated” from the green-ecologist disease. Conversely, if a religion puts forward a Mother Earth-worshipping conception that places man in a subordinate position to “nature” and co-equal with the animal kingdom,

then believers in that religion can be induced into all sorts of states of mind, if not actual crimes against the human race.

Prince Philip began this project in earnest with the 25th anniversary meeting of the WWF (then known as the World Wildlife Fund) in Assisi, Italy on Sept. 22-29, 1986. That gathering had been specifically conceived, by the royal consort’s advisers, as a means of undermining the “anthropocentric” notions, associated with the 15th-century Golden Renaissance, that see humanity as “the paradigm of the universe” and as the “end purpose of creation.” One aide to Philip affirmed at the time, that the aim of the event was to reinforce “non-western, alternative ways of looking at nature,” to create “a new way of looking at the world” (see *EIR*, Sept. 5, 1986, “Prince Philip To Set New ‘Satanist Covenant’ in Assisi,” and “Why the WWF Hates Leonardo da Vinci”).

At that meeting, a “WWF Religion and Conservation Network” was created. At first, it was composed of nominal representatives of the five largest world faiths, Christianity, Judaism, Islam, Buddhism, and Hinduism. As indicated, to varying degrees, these five—especially the three “religions of the Book,” Christianity, Judaism and Islam—have historically upheld notions congruent with the Book of Genesis view of “man being made in the image of God.” So, the first strategy of Prince Philip et al. was to assault these religions from within.

The royal consort’s holy war against the three monotheistic faiths was made even more explicit in May 1990, when he spoke before the May 16-19, 1990 “Caring for Creation” conference of the North American Conference on Religion and Ecology, and praised the “ecological pragmatism of the so-called pagan religions” as “a great deal more realistic in terms of conservation ethics than the more intellectual monotheistic philosophies of the revealed religions” (see *EIR*, June 8, 1990, p. 30).

Since the original formation of the network, four new faiths have been brought in: Sikhism, the Baha’i faith, Jainism, and, most recently, Taoism. Since all of them are known for beliefs strongly discordant with the Book of Genesis, the act of lumping them together with Christianity, Islam, and Judaism into one “inter-faith,” “multi-cultural” pot, is itself a perverse means of diluting and subverting the notion of *imago viva Dei*.

‘Animal lovers perpetrated the worst crimes’

The anti-human ideas promoted by the WWF-ARC complex are congruent with those gnostic-cultish ideas which were instrumental in the rise of Nazism in Germany. It is ironic, in this light, that the Windsor Castle event would have taken place right on the eve of the commemorations throughout Europe, of the 50th anniversary of the end of the World War II in Europe and the defeat of Nazism. In Britain, it was the queen herself who led off the celebrations, with a

speech that must be seen as completely hypocritical, in view of the promotion of genocide by her husband and the Church of England.

Such ironic parallels were not lost on all individuals involved in the summit. For the event, each of the nine faiths was requested to submit a statement on its respective views on "the environment." Eight of the nine statements (see *Documentation*) were fundamentally in accordance with the gnostic views of the WWF. The one notable exception was the statement submitted on behalf of Judaism.

Authored by Israel's Rabbi Rackover, the "Judaism and the Environment" statement began with the claim that "the principles of environmental protection" are deeply rooted in Judaism and the Talmud. But then this strongly qualifying paragraph was inserted: "When approaching the subject of environmental protection, we must be careful to maintain the proper balance between protection of the environment and protection of man. The proper balance in this context is certainly not one of equality between man and nature. The relationship between man and nature is one of ownership—albeit limited. In our enthusiasm for protecting the environment, we must not forget man's interests or his role in the scheme of creation. Love of nature may not take precedence over love of man. We must avoid at all costs the error of those who were known as lovers of animals yet perpetrated the worst crimes imaginable against their fellow man."

Much of the rest of the statement was cautious in its formulations, insisting that the notion of "protection of the environment" must be dealt with in the context of numerous other "economic, social and moral considerations." It ended by saying that "the classic Jewish attitude to nature is a direct consequence of the belief that the entire universe is the work of the Creator. Love of God was taken in the broadest sense to include love of all His creations. . . . Nature in all its beauty is understood as having been created for man, and it is therefore wrong for man to spoil it."

The link of "animal lovers" to Hitler's crimes was an unmistakable warning to the "wildlife lobby" that has congregated under Prince Philip's leadership. The message was not lost on participants, despite efforts by U.S. Rabbi Arthur Hertzberg, a senior official at Edgar Bronfman's World Jewish Congress, to soften the statement and to bring Judaism more into conformity with "conservationist" beliefs. The principled position taken by Rackover contrasted sharply with the views submitted on behalf of Christianity, as can be seen in the excerpts below. Sources close to Prince Philip report that they are counting on an ongoing, and escalating, theological-philosophical offensive, by the Orthodox Church, represented by the Ecumenical Patriarch in Constantinople Bartholomew, to weaken the "anthropocentric" content of Christianity. Were that to be successful, of course, Christianity itself would be destroyed, given the overwhelmingly "anthropocentric" message of Jesus Christ and of the New Testament in its entirety.

Documentation

For the April 29-May 3 "World Summit on Religion and Conservation" at Windsor Castle, each of the nine faiths in attendance submitted a statement on its views on "the environment." The following are excerpts from the eight statements that seek to draw a coherence between that faith's beliefs and the gnostic views of the World Wide Fund for Nature (WWF). The views presented do not necessarily reflect the views that the faiths actually hold, but only how these beliefs were characterized. The exception, Judaism, is discussed above.

Bahai: . . . In this age of transition toward a world society, protection of the environment and conservation of the earth's resources represent an enormously complex challenge. The rapid progress in science and technology that has united the world physically has also greatly accelerated destruction of the biological diversity and rich natural heritage with which the planet has been endowed. . . . For Baha'is, Baha'u'llah's promise that civilization will exist on this planet for a minimum of 5,000 centuries makes it unconscionable to ignore the long-term impact of decisions made today. The world community must, therefore, learn to make use of the earth's natural resources, both renewable and non-renewable, in a manner that ensures sustainability into the distant reaches of time. . . .

Buddhism: . . . The concept of conservation and harmony with nature is intricately linked to Buddhist teachings and traditions and has been practiced for generations. . . . By living simply one can be in harmony with other creatures and learn to appreciate the inter-connectedness of all that lives. This simplicity of life involves developing openness to the environment and relating to the world with awareness and responsive perception. . . . Once we treat nature as our friend, to cherish it, then we can see the need to change from the attitude of dominating nature to an attitude of working with nature—we are an intrinsic part of all existence rather than seeing ourselves as in control of it. . . .

Christianity: The World Council of Churches said in the document from the Granvollén, Norway meeting of 1988: "The drive to have 'mastery' over creation has resulted in the senseless exploitation of natural resources, the alienation of the land from the people and the destruction of indigenous cultures." . . . In differing ways, the main churches have sought to either revise or reexamine their theology and, as a result, their practice in the light of the environmental crisis. . . . The Orthodox Church teaches that humanity, both individually and collectively, ought to perceive the natural order as a sign and sacrament of God. This is obviously not what happens today. Rather, humanity perceives the natural order as an object of exploitation. . . .

Hinduism: Hinduism is a religion which is very near to

nature. . . . Earth is worshipped as the spouse of God. . . . These days it looks as if human beings have forgotten that a particular natural condition on Earth enabled life to come into existence and evolve to the human level. Humanity is disturbing this natural condition on which his existence, along with the existence of all other forms of life, depends. . . . Hindu religion wants its followers to live a simple life. It does not allow people to go on increasing their material wants. For example, not to use anything belonging to nature, such as oil, coal or forest, at a greater rate than you can replenish it; not to destroy birds, fish, earthworms and even bacteria which play vital ecological roles—once they are annihilated you cannot re-create them. . . . “Conserve ecology or perish” is the message of the *Bhagavad Gita*. . . .

Islam: . . . People have been seduced from their roots primarily through the built-in biases of the modern education system, which is ultimately development-, consumer-, and career-orientated [sic]. . . . People who are still rooted in nature and untainted by “progress” follow the ways of their forefathers, and live through their responsibilities to the Creator as natural, unconscious environmentalists. These are the people we can learn from, but they are a rapidly dwindling minority. . . .

Jainism: . . . Jainism is fundamentally a religion of ecology and has turned ecology into a religion. . . . Jains are always ready and willing to look positively and with enthusiasm upon environmental causes. . . .

Sikhism: . . . In the matter of conservation and ecological concerns, Sikh teaching is very clear. . . . The Sikh scripture declares that the purpose of human beings is to achieve a blissful state and be in harmony with the earth and all creation. There is serious concern that the earth may no longer be a sustainable bio-system. . . . In Sikh beliefs, a concern for the environment is part of an integrated approach to life and nature. . . . Environmental concerns have not yet come to occupy a prominent place in governmental policy [in the northwestern Indian state of Punjab] or in the thinking of most people; industrial development remains of primary concern. However, a number of steps are being taken, both due to external pressure and due to initiatives from a few indigenous groups. . . .

Taoism: Tao simply means “the way.”. . . The Tao took form in the being of the Grandmother Goddess. She came to Earth to enlighten humanity. She taught the people to let everything grow according to its own course without any interference. . . . With the deepening world environmental crisis, more and more people have come to realize that the problem of the environment is not only brought about by modern industry and technology, but it also has a deep connection with people’s world outlook, with their sense of value and with the way they structure knowledge. Some people’s ways of thinking has, in certain ways, unbalanced the harmonious relationship between human beings and nature, and over-stressed the power and influence of the human will. People think that nature can be rapaciously exploited. . . .

Iranian President’s visit to India opens up new possibilities

by Ramtanu Maitra and Susan Maitra

The April 17-19 high-visibility visit to New Delhi, India by a large Iranian delegation led by President Ali Akbar Hashemi Rafsanjani, was long on political implications. The visit, originally scheduled for September 1994, was highlighted by a number of landmark statements and economic agreements. From the outset, the visit was intensely political, notwithstanding the reservations expressed by Washington. Prime Minister P. V. Narasimha Rao broke protocol and personally went to the airport to receive Rafsanjani, and saw him off when the Iranian President left for Georgia three days later. However, it remains to be seen what this revived bilateral relationship will achieve for the region.

From the Indian viewpoint, a number of statements by the Iranian President are of great tactical value. Rafsanjani’s speech in Lucknow, organized by the Shia community there, was studded with messages well liked by New Delhi. “Your freedom struggle against British rulers had set an example and Iran learned a lot from your experience,” he said. Welcoming India’s tolerance of its large Muslim population, Rafsanjani said that “being a Muslim and also an Iranian, I wish for peace and harmony in India.” To the great relief of Indians, Rafsanjani said that he hoped that India’s detractors would not succeed in spreading disinformation and hatred on contentious issues like the Babri Mosque and Kashmir.

On another occasion, he offered to help end the strife in Jammu and Kashmir. “There has been no change in our policy on this issue. We have already said we are not happy and satisfied with the position in Kashmir. We have told the prime minister [Rao] of the need for a consensus among India, Pakistan, and the people of Kashmir and have offered mediation for this position,” he said. In a bit of grandstanding, he also criticized the United States for offering to broker talks on Kashmir, if agreed to by New Delhi and Islamabad.

Rafsanjani drew an ovation in a speech at Asafi Imambara in Lucknow, when he proposed a gas pipeline from Iran to India which would pass through Pakistan. He said that such a pipeline would help improve relations between India and Pakistan. He supported the proposal made by his host, Chief Minister of the state of Uttar Pradesh Mulayam Singh Yadav, for the formation of a confederation of India, Pakistan, and

Bangladesh which would, in essence, un-do the 1947 partition of India by the British colonial rulers.

Addressing members of Parliament and diplomats in the central hall of the Indian Parliament, a rare honor bestowed to only a handful of visitors, Rafsanjani called for a revival of the Non-Aligned Movement (NAM) and opposed "the domineering policies of great powers, particularly the U.S.A., and their efforts to exploit international organizations and forums for their illegitimate goals." The Iranian leader said that the world, particularly the South, faced problems of unsystematic population growth, spreading poverty and hunger, economic imbalance, pollution, and reduction of energy resources, and pointed to an emerging crisis at the threshold of the 21st century.

"Rich countries are always trying to impede the progress of the developing countries, while they themselves are utilizing, in fact exploiting, the resources of these countries," President Rafsanjani said. At a press conference in New Delhi, he mooted a strategic understanding among Iran, India, China, and Pakistan. "Cooperation among [them] will give no pretext for foreign forces to interfere in the region. We won't have the problem as in the Persian Gulf," he said.

Rafsanjani's remarks drew an immediate response. China made it known that it would like to see better bilateral relations in the region before any further discussion of regional strategic cooperation. Among Indian observers, Rafsanjani's praise of India's secular policies seemed hollow. His speech calling for revival of the NAM was also described by many in Delhi as mere rhetoric.

The Kashmir gambit

If President Rafsanjani could not make much of a dent in the current thinking of the Indian political class, his visit and support on Kashmir were considered to be major political victories against Pakistan. His support for Indian secularism, and his disregard of the fall of the Babri Masjid, has been construed in Delhi as a voice of rationality undermining the Organization of Islamic Countries' anti-India position on the issue.

In addition, Indian Prime Minister Rao used the Iranian President's visit for one-upmanship vis-à-vis Kashmir. A large section of Kashmiri secessionists—about 45%, according to one estimate—in the Indian part are Shias, and they consider the Pakistani Punjabi Muslims, who dominate the Pakistani social and political scene, as less than friendly, because the Punjabis are by and large Sunnis. By bringing in a leader from a Shia country, Rao has exploited a sectarian factor in the Kashmir issue.

It is, however, another matter whether such policies will have any impact. The problems in the Indian-held part of Kashmir cannot be narrowed down to the sectarian differences between the Shias and Sunnis. There is no doubt that the momentum in Kashmir is now for establishing an independent state. Pakistan knows that and is worried about

it. In that context, the Shia-Sunni factor is of little consequence. What is of importance, however, is the capability of New Delhi to put together a common front in Jammu and Kashmir, with the help of all the Kashmiris, against the secessionist forces. In that context, the Iranian role is of little or no value.

Economic cooperation

President Rafsanjani's support to India's secular policies will have some impact in the Islamic world. More importantly, Rafsanjani's success in putting together a tripartite memorandum of understanding between India, Iran, and Turkmenistan is deeply appreciated in New Delhi. So far, India has been virtually a non-player in Central Asia where two great and unstable powers, China and Russia, share a common border. India is desperately looking for openings to set up something substantial in Central Asia.

Recently, the Anti-Defamation League-linked Stephen Solarz was in India in his role as chairman of the Central Asian-American Enterprise Fund, set up by the Clinton administration to promote development of emerging private sector enterprises. Solarz, whose mishandling of money while serving as a U.S. congressman has made people somewhat apprehensive of his motives, was pushing the Indians to set up joint ventures in the Central Asian republics. And there are reports that the Indian government is developing an airport at Novorossiysk in order to ensure the penetration of Indian goods.

Whether such a proposal will yield any economic benefit for anyone, Iran is keen to act as the middleman in transporting Indian goods to Central Asia through Turkmenistan, and vice versa. The memorandum of understanding reflects the shared aspirations of all three nations to improve trade and economic interaction. It provides for the international carriage of goods by rail and roadways from Central Asia to India through Iran. The proposed arrangement envisages the use of the Iranian port of Bandar Abbas by Indian businessmen. A 140-kilometer rail stretch between Mashhad and Sarakhs in northeastern Iran, expected to be completed by next March, will provide a direct rail link. In addition, Turkmenistan, which is under Iran's political influence because of its geographical proximity and historical ties, has invited India to participate in 32 major projects. Turkmenistan, which is now laying the pipelines to supply gas to Pakistan, has reportedly told New Delhi that it would like to extend the pipelines to supply gas to India as well.

An Indian defense analyst reported that during Rafsanjani's visit, India offered to help the Iranian Navy prepare its Kilo-class submarines for a role in international waters. The offer is not expected to go down well with the Americans, some observers believe. Although India is not selling any weapons system, Washington is afraid that the subs will be used by Iran to threaten the strategic Strait of Hormuz, through which almost 40% of the world's oil supplies pass.

There's no business like show business

by Katharine Kanter

As the British elites slapped themselves on the back in self-congratulatory speeches on Victory in Europe Day, the Serbians celebrated too, by launching a shell onto a bus shelter in the Sarajevo suburb of Butmir. Nine people were killed and 17 severely wounded. Sarajevo is a U.N. security zone.

On May 9, U.N. spokesman Gerard Tugeois admitted that two Serbian tanks shelled Bosnian Army positions *inside the U.N. exclusion zone* in Sarajevo. The tanks fired out of Mrkovica, 4 kilometers from the center of the capital. This is the first time since February 1994, that tank fire has been trained on the city.

Later that day, Bosnian Prime Minister Haris Silajdzic told Bosnian radio that there are 225 pieces of heavy matériel, including 33 tanks, which, in violation of U.N. resolutions, are now in Serbian hands around Sarajevo. Some were taken out of storage under the control of Unprofor, the U.N.'s so-called peace-keeping forces (*how* they were taken out has not been specified); other pieces were brought up to the area.

U.N. military spokesman Gary Coward admitted to the London *Guardian* that "there are tens of heavy weapons in Bosnian Serb Army hands around the city, and not in U.N. collection points." Mortars and rocket-propelled grenades hit Sarajevo throughout the week, fired from U.N.-patrolled so-called "exclusion zones" ringing the capital, around which, according to the Bosnian minister for internal affairs, the Serbians are reinforcing their units.

Neither holy nor Roman nor an empire

Like the Holy Roman Empire, which was none of the above, so the U.N. safe havens: They are Serbian, not U.N. zones, and they are neither safe, nor a haven. The United Nations, at Serbian request, put a stop to all civilian travel in and out of the Bosnian capital a month and a half ago. The next question is, when the Serbians will "order" the United Nations to stop bringing in food as well. The only route in use now is an extremely dangerous track over Mount Igman, swept by Serbian mortar and anti-aircraft fire.

A number of people have been killed trying to reach Sarajevo over the track. It is not generally known, for example, that on March 26, a 23-year-old woman was killed and

two Bosnian officials wounded by anti-aircraft flak, when a group of Bosnian dignitaries, including the general manager of the Bosnian news agency, Faris Nanic, were told by the U.N. to get off the bus on Mount Igman in the middle of the night, and *run* the last 500 meters, under Serbian flak, into the city. Most of the party were elderly people. The U.N., which had promised an escort of armored vehicles, did not turn up at the meeting point. It was also the U.N. which had cancelled the party's flight from Zagreb at the last minute, alleging that it was "too dangerous."

As for the other U.N. "security zones," on May 9, some 13 civilians were wounded when Tuzla, the capital of the Northern Province of Bosnia, came under artillery fire, directed against the market place; four people were killed. At the time of this writing, May 11, heavy artillery fire is trained on Gorazde, also a "safe haven," from 82 mm and 60 mm mortars.

There is supposedly a 20-km "U.N. exclusion zone" for heavy weapons around Gorazde. Serbian units, according to Bosnian Army intelligence, are now regrouping in the area, undisturbed by U.N. patrols, which are presumably there to graze upon what is left of the grass; intense helicopter traffic is reported between Gorazde and the Serbian rebels' capital at Pale.

Bosnian Army intelligence reports state that 1,500 volunteers have been brought from Serbia over into northern Bosnia, in preparation for intensified fighting across the entire territory.

Tudjman lunches with Hurd

The imponderable, is what the Croats will now do, following their move to re-take Western Slavonia; the logical next step would be to join forces with the Bosnians and cut the Brcko corridor, drying out overnight the logistical supply line for Serbian forces in northern Bosnia. To prevent such a move, the Serbians have already begun bombarding Croatian positions. On May 10, more than 2,500 projectiles were fired on Orasje, a village next to Brcko, the key to the corridor.

Croatian President Franjo Tudjman himself would no doubt be satisfied with the recent "gains." According to the diplomatic editor of the London *Independent*, President Tudjman at a lunch given by Queen Elizabeth II in London on May 7, was seated next to British Foreign Secretary Douglas Hurd, and "is understood" to have made undertakings to the foreign secretary, that Croatia *will abstain from further military adventures*, that the Army will cooperate with the United Nations, and allow the United Nations freedom of movement in Western Slavonia. The Army had made parts of Slavonia off-limits to the United Nations.

Meanwhile, back in fairyland, Gen. Sir Michael Rose, who stepped down on Jan. 24, 1995 after two years as U.N. commander in Bosnia, has been awarded the Distinguished Service Order. It was given to Rose "for his inspirational leadership and personal courage."

Chirac must launch 'new Marshall Plan,' or bury France with austerity

by Jacques Cheminade

Editor's Note: On Sunday, May 7, the majority of the voters of France supported Jacques Chirac in the runoff election for President. Under the Gaullist constitution, the French President, who serves a term of seven years, is the most powerful head of state in western Europe. French voters also gave 47.3% of the vote to Lionel Jospin, who will be in a position to exert influence on the rebuilding of the left. Chirac, the mayor of Paris, is a leader of the "neo-Gaullist" RPR Party; Jospin is a Socialist, like President François Mitterrand, who held the office for 14 years.

Very telling was the fact that 20% of voters abstained, and nearly 7% cast invalid or blank ballots. These voters seemed to sense Chirac's inability, as well as Jospin's, to lead France safely through the financial storm already engulfing the world. That reality was not even discussed during the last phase of the Presidential campaign, after Jospin and Chirac emerged from the first round election, on April 23. Instead, the new RPR majority and the Socialist opposition kept up a "debate" which consisted of exchanging polite remarks.

But reality will knock on the new President's door. The financial crisis and the renewal date on the Maastricht Treaty will force Chirac to choose between a policy of ferocious austerity, or one of "change," such as he promised.

Jacques Cheminade, the friend of American economist Lyndon LaRouche and the "surprise candidate" in round one, was the first to organize around the programs required for a real change, but during the first-round campaign, Chirac felt compelled to address the scandal of Europe's, and France's, double-digit unemployment. He also echoed Cheminade to attack the Bank of France and its made-in-London policy, which favors financial speculation and penalizes production. The following analysis was written by Mr. Cheminade about one week before the May 7 election, for the French newspaper Nouvelle Solidarité.

The crying need for a new logic

It may seem paradoxical, but although I only received 0.28% of the votes, I am the candidate who has most clearly posed the issue of the coming months: Either France and Europe adopt a new logic, that of a West-East and North-

South new Marshall Plan, reorienting financial flows toward infrastructure and production, or a monetary austerity policy will inevitably be applied without even stopping the swelling of the financial bubble, which makes this austerity all the more absurd.

In the book '95 *Presidential Elections—Economic and Social Stakes*, Philippe Chalmin, who collected the 14 essays making it up, established as absolute priorities the reduction of France's debt, which today has hit some 3 trillion francs, and the reduction of public deficits, which have risen to nearly 5.7% of the Gross Domestic Product (GDP). If we agree that the Europe of Maastricht must be implemented, these are indeed the priorities. [The Maastricht Treaty for a single-market European Union is based on British "free trade" principles and the destruction of sovereign nations—ed.] In that Europe, it is forbidden, on principle, to lay a finger on financial income. So income from labor will inevitably have to pay the price of "restoring health": "The next government will therefore have to contain the fire by fiscal measures before attempting to put it out, by attacking its more fundamental causes. All this will have a cost which must be deducted from family budgets, proportionately reducing their buying power, their savings capacity, and their propensity to consume."

This is the logic of destructive austerity, a crazed logic, but an unstoppable one if we don't leave behind the monetarist perspective and respect for the Maastricht framework.

Neither Jacques Chirac nor Lionel Jospin, the two finalists for the May 7 presidential election, have really given any sign of wanting to leave it. They have certainly expressed that such consequences—hitting wages and families—are unacceptable, but they have never attacked the causes. They both, therefore, move in the universe defined by Philippe Chalmin's postulates, whatever they say otherwise, or those of Alain Minc in his *Report on France in the Year 2000*. Minc, masking Chalmin's crude proposals under technocratic jargon, speaks of the "credibility that France must inspire in the markets," of "reduction of public deficits," and of "competitive deflation"—different words to mean the same thing.

Of course, Jacques Chirac has found fault with the “technostructure” and “financial speculation.” Nonetheless, he accepts Maastricht—and his main ally is the free-marketeer Alain Madelin, an intimate of the Mont Pelerin Society and the French translator of Friedrich von Hayek, the anti-State, anti-voluntarist economist par excellence. Now to put into action the only possible alternative, a Marshall Plan on the European scale, the State has to take back control of the means of issuing money and credit—which Madelin and his friends oppose!

Moreover, we are starting to hear some strange ideas on immigration around Jacques Chirac. In an interview with the ultra-right-wing biweekly *Minute* dated April 26, Jacques Godfrain, the Chirac-linked parliamentary deputy from Aveyron, stated that “the campaign will have to be a little harder on immigration” for the second round. This is to place oneself in the parameters of the “closed world” of [National Front leader] Jean-Marie Le Pen, in order to pick up Le Pen’s electorate—a closed world utterly opposed to the voluntarist world of a new Marshall Plan.

As for Lionel Jospin, he steers the debate off course toward an institutional referendum—always form and never content—which would reduce the Presidential term to five years, with a dose of proportional vote-counting, to replace the winner-take-all system. This is treating the financial cancer with aspirin. Worse yet, he is putting ecologist oil into the motor of his cab, with the risk of making it sink.

Worse yet, Alain Minc announced his support for Lionel Jospin and hopes for a “social-centrist majority,” which would wear the “market” flag and Maastrichtian austerity. On the other hand, we see Sarkozy and [Interior Minister] Pasqua [formerly allied with Presidential candidate and Prime Minister Edouard Balladur] slithering around close to Jacques Chirac, with a group of RPR deputies gathered at the Interior Ministry.

Three critical points

Three points in fact will remain from my campaign:

1) The reality of the financial cancer which is gnawing at the world economy, and the necessity of taking rapid measures to stop it;

2) The evil orientation of the financial policy of the City of London (the world’s premier exchange market, the premier bond market, and the premier foreign stock market) and the disastrous character of the “Entente Cordiale” with Great Britain engaged in by the Balladur government, particularly in Bosnia;

3) The necessity for a different Europe, the real one, not based on money or financial profits, but on grand development projects.

There, I am convinced, I have opened a way, by showing the coherency between the struggle for such a Europe, that of rediscovered growth, and the fight in the heart of our country against turning the countryside into a desert.

Jospin and Chirac, however, remain at present the captives of that Paris nomenclatura which is the French face of the “markets”: the circles of the Treasury directors, the Bank of France, and the incestuous little world of finance, the ministerial cabinets and the usual scribblers, of whom Alain Minc, the official journal-keeper of all of the governments, is the most ambitiously gifted.

As long as this group’s grip on power is not broken, a grand policy cannot be decided upon and the conditions of growth cannot be reestablished. Already, according to the indicators, in France and our most important partners, including Germany, the trend is toward a slowdown. Activity is leveling off, according to the barometer of *L’Expansion*, in February. Questioned by the Chamber of Commerce and Industry of Paris or by other sources, the chief business executives put forward expectations which are no longer on the upswing, but downward.

Now, the return of growth is the primary condition for a solution to the social question.

What is being said, is that from 1989 to 1994, the weight of social payments (social security, etc.) within the French GDP has grown from 21.1% to 23.5%; that the “excess cost” of 180 billion francs contributed half of the rise in the public deficits from 1.2% to 5.7% of the Gross Domestic Product; that we have been “too generous” with households. The reality is that it is economic growth which has been lacking. If it had attained an annual rate of 3%, the relative weight of social payments would have declined and the public deficit would have been limited to around 1.5% of GDP in 1994, according to the French OFCE (French Economic Conjunctions Monitor).

The real problem is the non-growth, due to the monetarist choices, which has provoked a parallel increase in public debt, public deficits, and unemployment rates. Meanwhile, the worldwide deregulation of the financial markets has permitted dictatorship of financial profits: unprecedented rises in interest rates, capital gains tax cuts and hikes in taxes on labor income, and discouragement of investments and hiring. That’s where the sickness is found, and this is the logic that has to change.

Now, the least one can say is that Messrs. Chirac and Jospin have not, unfortunately, undertaken this path. I would wish with all my heart that they would do it, giving back to France a vector-role in the European and world recovery. However, if they don’t, I will remain the one who—with a minority of economists, such as Jean-Paul Fitoussi—will have shown the nature of the problem and, the only one to have politically indicated the direction to go in order to solve it.

All the attacks made on me during the recent Presidential campaign—otherwise inexplicable because I was an “unknown” without resources and “confused”—are due to this simple assertion, which frightens those who take set positions and who see the storm on the horizon.

Samper's dilemma: Annihilate the cartels or fall with them

by Javier Almario

With Colombian Prosecutor General Alfonso Valdivieso's decision to abandon the policy of *sigilo y secreto* ("sealed and secret"), with which his predecessor Gustavo de Greiff had tried to hide the magnitude of cocaine cartel infiltration into the Colombian body politic from Colombians and from the world, President Ernesto Samper Pizano has been left with but two choices: Either he uses the power of the national government and of the Armed Forces to wipe out the drug cartels and to eliminate the economic and political cancer that they represent, or he goes down in history as a cartel puppet, who very likely will not finish his Presidential term.

Following Valdivieso's request on April 21 for a formal investigation against six congressmen, and his citation of another 15 politicians and prominent figures in national political life for questioning about their links to the drug cartels, the prosecutor general has been turned virtually overnight into a people's hero. While there is still broad concern that Valdivieso's charges will never reach the stage of conviction against these suspected political agents of the drug trade, the mere naming of names has given the nation a rebirth.

The six Liberal Party congressmen accused by Valdivieso organized a meeting of legislators to try to force a reversal of the ruling party's decision to expel them from its ranks, at least for the duration of the investigation. The party, fearful that their retreat on the issue would only open up a Pandora's box, stood by its decision to expel them, but the six immediately called on former President Alfonso López Michelsen, widely known as the "political godfather" of the drug cartels, for his "genial" advice on how to save their necks.

Walking a tightrope

However, conditions today are not the same for López Michelsen as they were in 1984, in 1989, and in 1990, when he held a series of meetings with the drug kingpins to work out an agenda for negotiations between the government and the traffickers. The deal eventually struck with the drug cartels was faithfully adhered to by then-President César Gaviria Trujillo (today the secretary general of the Organization of American States) and by his pocket-prosecutor Gustavo de Greiff, allowing the drug traffickers to expand their political

and economic influence in the country. A series of devastating scandals that broke out around the Presidential elections last year has made it more difficult for President Samper to follow through on his side of the deal.

Those same scandals have also put López Michelsen on very thin ice, since every Colombian knows that during López's (failed) Presidential bid in 1982, Samper Pizano was his treasurer and, in that capacity, accepted substantial "donations" from the drug cartels to finance López's campaign. Ever since 1984, when he met clandestinely with the chiefs of the Medellín Cartel in Panama, López has strongly advocated that the government "make its peace" with the drug trade.

On May 5, López complained that the press was "perniciously" using "information [relative to the drug trade] to disorient and, to be redundant, to misinform," which López characterized as a direct attack on "democracy." López was referring specifically to the actions of Prosecutor General Valdivieso. According to López, those actions and the interpretations given them by the media have created enmity between the press and the country's political class, and he warned that this could lead to a "Watergate" against Samper.

President Samper, for his part, has no other choice but to support Valdivieso's investigations. Anything he might say against them would be immediately interpreted as an abuse of power to obstruct investigations against his own political party—and, more importantly, to protect himself. The previous prosecutor, De Greiff, had absolved Samper in the so-called "narco-cassettes" scandal immediately before leaving the country to become ambassador to Mexico. (Among documents found by law enforcement authorities in the city of Cali was a cartel check for 200 million pesos written to De Greiff!)

The 1994 "narco-cassettes" scandal centered around tape recordings of secret conversations between Cali Cartel bosses Miguel and Gilberto Rodríguez Orejuela and narco-journalist Alberto Giraldo, regarding cartel contributions to Samper's Presidential campaign. At the time, De Greiff conducted a superficial investigation of the narco-cassettes case, and ruled that the only crime that had been committed was the tapping of the cartel's telephones without legal authorization.

Although Valdivieso's call for investigations into the six

congressmen had not touched on the narco-cassettes scandal, the heat his actions generated was so intense that Samper himself decided to call for a reopening of the narco-cassettes investigation that De Greiff had so precipitously shut down.

Valdivieso's response was to refuse, for now, to reopen that investigation, but the cases he is pursuing are all nonetheless directly related to the Samper Presidential campaign. For example, Samper's 1994 campaign treasurer, Santiago Medina, has been called to testify as to why a Cali Cartel business donated 200,000 "Samper for President" t-shirts to the Samper campaign. Valdivieso's office has also confirmed that Monica de Greiff, daughter of the former prosecutor who exonerated Samper and herself, and the 1993 treasurer of Samper's Presidential campaign, was the one who, in her capacity as manager of the

state company Concesión Salinas in 1992, had signed a contract with the Cali Cartel company Exposal which was then used to try to export five tons of cocaine to the United States. Exposal's warehouse in Panama was raided, and the cocaine shipment—along with revealing documents—seized. Monica de Greiff was functioning at the time as a subordinate to Samper Pizano, who in 1992 held the post of economic development minister under then-President Gaviria.

Indeed, the incriminating evidence that points to President Samper is so overwhelming that the only way the Colombian head of state can clear his name would be to use all the power of the national government he heads, decidedly including the nation's defense forces, to wage a war to the death against the cartels.

LaRouche: Bush league threatens Colombia

In a radio interview with "EIR Talks" on April 27, Lyndon H. LaRouche, Jr. was asked about the Colombian prosecutor general's investigation into politicians who are accused of receiving drug money from the Cali Cartel.

If you go back to 1983 on, dear old Georgy-Porgy Bush, then the president of vice of the United States, operating under National Security Decision Directives No. 2 and No. 3 from a special position in the National Security Council, running an aperture out of the back hole of the Joint Chiefs of Staff, together with stooges such as Oliver North, were running drugs and weapons all over the world. And they were playing games with the Colombian cartels. In the end, they preferred the Cali Cartel to the other [Medellín] Cartel.

As a result of these policies from the United States, from George Bush's friends' influence in U.S. policy, the anti-drug policy of the Colombian government was undermined. The industry of Colombia was undermined, the economy of Colombia was undermined. And drugs became more and more powerful. They were called, politely, "hot money." So whether the drug lords themselves did or did not move the money through, directly into the hands of the politicians, the hot money in Colombia was all based on drug money; so, directly or indirectly, nearly everybody in Colombia who is in politics, depended upon hot money, which meant, indirectly, drug money, which meant a deal with George Bush and his friends for their existence.

Now today, you have a situation in which everybody in Central and South America is alerted to the use, by Fidel Castro's friends in Germany and France and elsewhere, of

a bunch of terrorists who are called the EZLN [the Zapatistas], in Chiapas state in Mexico, who are engaged in the process of attempting to destroy Mexico.

The group behind this, is twofold. First of all, the group has cooperated with a U.S.-connected organization called the Inter-American Dialogue, which is the pro-drug lobby without which George Bush's drug trafficking (and Ollie North's) in Central America would not have worked too well. Another group is the São Paulo Forum, of which the old synarchist, Fidel Castro, is the head. Now Castro's crowd is trying to destabilize every country in South America, as well as in Central America; and the Mexican example is prominent in the eyes of everybody who's paying attention to what's going on.

So these guys, in Colombia and elsewhere, realize that they are in a situation of vulnerability, and know that the danger comes from Fidel Castro's friends, who are the same as George Bush's friends; kind of ironical, because George Bush's old buddy, or his neighbor, Paul de Menil, the husband of Monique Schlumberger de Menil, was the guy who funded Castro's landing in Cuba. He paid for the boat, the *Granma*, as well as other things. And he was very dirty, while he was still alive.

So this Castro threat, or Castro/Inter-American Dialogue, etc. coordinated threat, with support from certain church circles in Germany, for example, and France, and elsewhere, is a major threat to every nation in South America.

Therefore, patriots in Colombia, looking at the political-historical clock, say the time has come: Either it's them or it's us. And therefore, actions are being taken, on a minimal level, with some encouragement from some circles in the United States, to clean the mess up and to neutralize the power of the drug lords and their agents, in controlling the internal politics of countries such as Colombia. Because if they don't, the countries are doomed.

Tigers show their stripes in Sri Lanka

by Ramtanu Maitra and Susan Maitra

After playing cat and mouse with the Kumaratunga government for weeks on resuming peace talks to end the 13-year ethnic civil war between the Tamil minority and the Sinhala majority in Sri Lanka, the Liberation Tigers of Tamil Eelam (LTTE) attacked Trincomalee harbor, killing 12 sailors and wounding dozens more. The Tigers resumed hostilities on the same day that a federal building in Oklahoma City was bombed, in the worst terrorist incident in U.S. history.

There are reasons why the distant events must be viewed as two heads of one hydra-headed international terrorist organization. One giveaway of such a linkage is the message of condolence sent to the U.S. ambassador in Sri Lanka by Tiger supremo Velupillai Prabhakaran, who is wanted in India, along with his intelligence chiefs, in connection with the 1991 assassination of Indian Prime Minister Rajiv Gandhi. The message said in part: "It is when people are downtrodden and have no hope of redress that they are forced to resort to such violent means through remorse, frustration, and despair." There is no ostensible reason for Prabhakaran to make common cause in his "struggle" for a separate Tamil state with the Oklahoma City massacre, except to advertise that the Tigers are one of the most well-organized terrorist outfits in this part of the world and also the firmness of their ties to the international drug- and gun-running apparatus that is involved in creating chaos and fear from Karachi to Oklahoma.

The Tigers, eager to force President Chandrika Kumaratunga's hand and activate the right-wing Sinhala assassins into another wave of gang-counter-gang violence (and money-making), have raised the stakes. On April 28, they shot dead Vinodhan Kumarasamy, the economic and foreign policy adviser and a personal friend of the President, at his office-residence near Colombo. The next day, using a surface-to-air missile for the first time, the Tigers killed 52 Air Force personnel.

At the same time, the powers behind the Tigers are still claiming that they are open to a peaceful solution. This claim is aimed at keeping the Sri Lankan Tamils under the Tigers' influence at a time when the Tamil population has begun to identify the Tigers for what they are. The Tigers are accusing the Sri Lankan government of failing to honor its pledges to the Tamils. Speaking to a sympathetic BBC correspondent, Tiger head Prabhakaran laid the onus on the Sri Lankan government for the fresh spate of warfare. He said the peace

process can be renewed if Colombo agrees to the preconditions set by the Tigers.

Among the preconditions is the dismantling of a strategic Army base camp in the overland route to the north, and permission for the Tigers to carry arms in the government-controlled areas in the east. Needless to say, both demands have been rejected by Colombo. The "game" of the Tigers is, on the one hand, to lie that they are willing to pursue a peaceful path to end the civil strife, and on the other, to lay down impossible demands as preconditions for peace talks. It is widely acknowledged in Colombo that these two demands cannot be met without provoking the Sinhala right-wing.

Direct threats

On the ground, there were two reasons why the Tigers attacked. First, the success of the recently elected People's Alliance government and President Kumaratunga in convincing the Tamils of northern Sri Lanka, the bastion of the Eelam movement, that continuing hostilities would bring in fresh money and guns for the Tigers and the wheeler-dealers within the Sri Lankan Army, and lead to further destruction of the Tamil community. With their grip on the Tamil community steadily loosening, the Tigers were blinded with anger over the prospect of an outright rebellion. Prabhakaran is aware that the success of Kumaratunga will bare him and his boys as nothing but hired assassins, carrying out contract killings for cash and guns on behalf of international terrorist organizations.

Second, is the proven ability of President Kumaratunga to rebuild her country's bridge with India, separated by the 21-mile Palk Strait. One of the major objectives of the Tigers has always been to keep New Delhi and Colombo at odds with each other over the ethnic issue.

From the Indian side, a series of mistakes was made in the early 1980s during the Indira Gandhi regime, when the Tigers were allowed to set up bases in Tamil Nadu, the Indian state across the Palk Strait, and were reportedly aided by Indian intelligence. This allowed the Tigers to shift their base of operations from northern Sri Lanka to Tamil Nadu, which, in the Tamil fanatics' scheme of things, is to be part of a greater Tamil Eelam.

In the late 1980s, when Rajiv Gandhi began to dismantle the Tigers' dens in Tamil Nadu, Sri Lankan President Ranasinghe Premadasa (since assassinated) unleashed a virulent anti-India campaign. Further, the Indian Peace Keeping Force, stationed in Sri Lanka to disarm the rebel Tamils under the India-Sri Lanka accord signed by Gandhi and Sri Lankan President Jayewardene on July 31, 1987, failed, and in the process drew the wrath of the LTTE, as the Tigers were in no mood to give up the lucrative business associated with guns-for-drug terrorism. Premadasa's ill-timed anti-India campaign, under the rubric of protecting Sri Lankan sovereignty (ostensibly jeopardized by the Indian Peace Keeping Forces based in Sri Lanka), pushed India out of the scene,

and the Tigers, with links to gun-runners from Israel and North Africa via Singapore, intelligence officials of Mossad and MI-5, and drug-runners in Karachi and Myanmar, made hay against a poorly trained and corrupt Sri Lankan Army.

Rebuilding bridges

Kumaratunga's visit to India in late March, during the lull in negotiations between the government and the LTTE, resolved a number of important political and trade issues and alarmed the terrorist controllers. The Indian demand to extradite Prabhakaran in connection with the 1991 assassination of Rajiv Gandhi, was reportedly agreed upon. In reply to a question in the Rajya Sabha, the upper house of the Indian Parliament, on April 26, Minister of State for External Affairs R.L. Bhatia said the deportation of the LTTE leader involves not just "legal measures, but emotions of the Indian people."

In addition, as President Kumaratunga noted in a recent interview, international opinion is also pushing the LTTE to the negotiating table. Following the Tigers' attack on Trincomalee, many nations condemned the Tigers' renewal of terrorism. Kumaratunga also pointed out that international support to the LTTE has declined sharply. This was partly because of the improvement in the human rights record in Sri Lanka, which has been acknowledged by the European Union, the U.S. Congress, and the British government, among others, she said.

Kumaratunga, daughter of President S.W.R.D. Bandaranaike (assassinated) and Prime Minister Sirimavo Bandaranaike, and wife of Vijaya Kumaratunga (assassinated by right-wing Sinhala fanatics), a potential Presidential candidate of the left parties in the late 1980s, has outmaneuvered and checkmated the Tigers and Prabhakaran. Disassociating herself from the right-wing Buddhist Sangha-led Sinhala chauvinism, and expressing genuine concern for the northern Sri Lankan Tamils, the real victims of the Tigers-led war, she took powerful weapons away from the so-called Tamil cause. In addition, her success in reestablishing contacts with India and her fearless campaign against money-grubbing individuals within the Sri Lankan military, have consolidated her politically and weakened the terrorists significantly. This has also helped to reestablish the mainstream politicians who were ruthlessly annihilated by both the Tigers and their partners-in-crime, the right-wing Sinhala fanatics, led by the Buddhist Sangha.

Under the circumstances, Prabhakaran and his controllers acted in the only way they know how. They pounded military positions in the north using rockets and mortar bombs. The Sri Lankan government has rounded up a large number of suspected Tigers for questioning, and has given the green light to the Sri Lankan Air Force to bomb suspected Tiger strongholds. In a three-page statement, the government called on the Tamil community to join hands with it and other communities in its endeavor for peace.

Fujimori's reelection irks the British

by Manuel Hidalgo

The landslide reelection of Peruvian President Alberto Fujimori last April 9, and the defeat of his rival, former U.N. Secretary General Javier Pérez de Cuellar, has already begun to have its first positive effects. And the Anglophile networks of Project Democracy and the Inter-American Dialogue which stand behind the plot to destroy the Armed Forces and the nations of Ibero-America, cannot hide their hysteria over those election results. The reason is clear: The *Fujimori model* of how it is possible to defeat narco-terrorism while maintaining popular support, poses a formidable obstacle to their plans to ignite the continent through secessionist, ethnic, and border wars.

Fujimori has also proclaimed the end of rule by political parties, or "party-ocracy" as it is known in Peru and elsewhere in Ibero-America. Fujimori told the *Houston Chronicle* on April 16 that "this system is going to fall like the Berlin Wall. . . . The political parties no longer function. . . . they brought the country to ruin. They failed." His statements triggered a flood of responses. Especially striking was the London *Economist's* violent denunciation of the reelection of Fujimori and of his "military circle," and warning that a continuation of the International Monetary Fund's "structural reforms" does not agree "at all . . . with Fujimori's style."

His reelection now gives Fujimori the chance to change the most vulnerable flank of his administration, namely, the economic program imposed by the IMF during his first term in office. Several statements by Fujimori tend to point in that direction. Referring to Fujimori's post-election postponement of the privatizations of Peru's oil and electricity monopolies (Petroperú and Electroperú), opposition journalist Mirko Lauer wrote in the leftist daily *La República* April 25: "It would seem that Fujimori wants to begin to free himself of some of the pressures of the IMF and World Bank. . . . The idea of the IMF and World Bank is to keep Fujimori as an asset stripper and collector of debts. . . . without too much control over the economic program. Fujimori is no longer so committed to that role, and neither are a section of the armed institutions."

Immediately following Fujimori's victory at the polls, the IMF warned that there is a risk that the Peruvian economy is "overheating"! The IMF is insisting on another ratchet increase in its brutal "austerity" policies for Peru, and the

World Bank is insisting that the Peruvian government negotiate a Brady Plan with its creditor banks.

In reality, if Fujimori chooses to use his second term in office to bring his country out of economic misery, he will have to face the fact that a full 39% of the national budget is dedicated to payments on the foreign debt. Another obstacle is the government's blind faith in the dogma of a "balanced budget," as if that were synonymous with responsible economic management. Five years of a "balanced budget" have led to a collapse in the state's ability to finance national development, which has led to a general bankruptcy of the business sector.

Starting in 1991, national business groups began to be rapidly replaced by foreign groups. For example, the auction of national assets and the commercial "opening" attracted, among many others, four Anglophile companies: Shell, Rio Tinto Zinc, Anglo American, and Unilever, all companies which have claimed enormous quantities of land through mining concessions or oil contracts. To this can be added the fact that at least 14.27% of national territory is already under the direct or indirect control of a branch of Prince Philip's Worldwide Fund for Nature (formerly, World Wildlife Fund), in the form of "units of ecological conservation." By means of legislation overseen by the United Nations, both the Peruvian state and Peruvian nationals are prohibited from economically developing these "units," which not so coincidentally are centered along the border, especially the Amazon region.

The civil-military alliance

Fujimori's reelection also means support for the civil-military alliance. On May 2, Peruvians watched on television as Fujimori paid homage to the Armed Forces and to the soldiers fallen in defense of the national territory during the recent conflict with neighboring Ecuador. The head of the joint chiefs of staff of the Armed Forces, Gen. Nicolás de Bari Hermoza, said that the sacrifice and patriotism of the soldiers "generated unity and solidarity with the people of Peru."

During the ceremony, Fujimori and General Hermoza also warned that they would not cede "one millimeter" of national territory, thus responding to the pressures of the U.S. State Department's Luigi Einaudi, a long-term British agent of influence and specialist in Ibero-American border conflicts. In particular, Hermoza warned that just as the Armed Forces stood together with the Peruvian population in defense of territorial integrity and against narco-terrorism, so too "will we fight for the well-being of our people . . . contributing to economic and social development."

This insistence on the role of the Armed Forces in the economic development of the country is what most infuriates the Anglophiles, especially at a moment when they have launched a major offensive against South American armies in the name of "human rights."

Seineldín scores sale of arms to Ecuador

Jailed Argentine nationalist leader Col. Mohamed Alí Seineldín criticized the sale of weapons to Ecuador in a statement issued from Santa María Magdalena prison on April 2:

Once again a sad and irresponsible act has shaken the people of Ibero-America: *the sale of weapons by the government of Argentina to Ecuador, in the middle of the war with Peru.* I had contained my indignation hoping for a worthy explanation from the government of my country to the people of Peru and to all Argentines. Unfortunately, this extremely grave occurrence has been cast as a mere commercial transaction and, as is now habitual, *no one is responsible.*

But, without a doubt, a full analysis of the situation shows that its gravity goes beyond the norm and that Argentina's current government acted improperly and irresponsibly. This undesired and lamentable situation took place at a time when Argentina's foreign policy was undergoing a radical change: *The replacement of the traditional doctrine of non-interference in the affairs of other states, with the current one of "doing the bidding of spurious interests, anywhere in the world."* Of course, this tremendous change in Argentina's foreign policy is made worse by the fact that Argentina is one of the "Guarantors of the Rio Treaty," which compromises our National Honor. Even worse, we cast doubts on our loyalty toward the sister Republic of Peru, with which we share the same liberator: Gen. José de San Martín, who clearly gave Peru its independence, and it was not to take over the place for his own advantage nor to sell arms.

This unusually grave situation, unique in the history of our Fatherland, leads us to reflect carefully on this ominous incident. It is a new maneuver orchestrated by Anglo-Saxon Imperialism and its local native servants; the same one that has subjected us to the scourge of terrorism and narco-terrorism; the same one that casts a covetous eye on our wealth and natural resources; the same one that *promotes fratricidal confrontations to weaken us and so prepare the way for our definite takeover by the international monetary empire. It is the same one we fought in the Malvinas.*

With the usual firmness with which we have always opposed the subjection of our people and the dismantling of their Armed Forces (for which reason we are in prison), we emphatically denounce these reprehensible procedures, which are contrary to the historical tradition of the countries of the Americas.

As a final reflection, I want to stress that *only the authentic union of Ibero-America could protect us and save us from all these current and potential threats.* The Americas is still possible!

Korea conference urges shift in emphasis

by Kathy Wolfe

Participants at the annual Korea Church Coalition Symposium in Washington on May 1 congratulated the Clinton administration for its Oct. 21, 1994 Geneva Framework Agreement with North Korea, but urged that Washington move forward to "de-link" the issue of nuclear weapons, from the development of the Korean peninsula.

"We are deeply grateful for what you have done, and for your position that the Korean people are responsible for their own reunification," Rev. Syngman Rhee, head of the National Association of Korean Americans, told the keynote speaker, Deputy Assistant Secretary of State for East Asian and Pacific Affairs Thomas Hubbard. Hubbard explained the status of the Geneva "framework," and expressed hope that difficulties over the question of who will provide new nuclear reactors to North Korea specified by the accord, will be solved through negotiation.

Others, including Selig Harrison of the Carnegie Endowment, however, stressed that the Geneva accord "ultimately cannot hold together unless we adopt a new approach to the entire Korean peninsula, which allows us to concentrate on the economic development of North Korea and Korea as a whole." Harrison said, "The problem is those in Washington who want it both ways: We cannot ask countries such as North Korea to both give up nuclear weapons, and to forgo the benefits of peaceful nuclear power." Harrison urged that U.S. laws such as the Trading with the Enemy Act and the 1978 Nuclear Non-Proliferation Act be speedily amended so that U.S. companies such as Westinghouse, Combustion Engineering, General Motors, and others eager to invest in North Korea, may do so.

End the 'fixation on the bomb'

The United States "must end fixation on the bomb, and think more about the economic development of the entire Korean peninsula," a senior South Korean figure told *EIR* in Washington on May 2. The politician said that he had met with chief Clinton negotiator Robert Gallucci, and urged him to work out a compromise over the new nuclear reactors to be built in North Korea. The United States, he said, should "de-emphasize total control by South Korea" over the project, which is making Pyongyang very nervous, by "adding a widening U.S. business participation" in the agreement by the U.S. companies just mentioned.

Top North Korea watchers, including administration of-

ficials and Democratic Party spokesmen at the Korea Church Coalition conference, also pointed out that North Korea is not about to collapse, but rather will be stable, on the model of China. The United States should thus abandon the route of U.N. sanctions and other unilateral acts, they said, since a devastating war is unacceptable.

Staying power

"North Korea will not simply go the way of eastern Europe," said Dr. John Merrill of the State Department Bureau of Intelligence and Research. "North Korea is not like the D.D.R. [former East Germany]; it's mechanistic to view it as modeled on countries in eastern Europe. Whatever its current difficulties, North Korea is a 'hard' state, with strong staying power, which has been able to tap into the wellspring of Korean nationalism."

"The administration's gotten too fixated on nuclear issues; instead, we need a longer view toward the reunification of Korea," said Robert Manning, director of the Democratic Party's Progressive Policy Institute. "South Korea has achieved cross-recognition with China and Russia, but North Korea hasn't gotten cross-recognition from the U.S. and Japan. Recognition has been tied up in the nuclear issue and that's an error.

"Communism in Asia is much more adaptable than in Europe; witness the China and Vietnam economic policy changes," Manning said. "Kim Il-sung, after 1989, made a strategic decision akin to [President Richard] Nixon's trip to China: to open up a lifeline of relations with the United States, in order to prolong the existence of his regime. North Korea is not playing tactical games with us. They want a long-term relationship, but the U.S. is focused on nuclear details. They're playing chess, and we're only playing checkers.

"If North Korea does unfreeze its plutonium program, and the U.S. moves to sanctions, the U.S. won't get sanctions this time," Manning pointed out. "Japan and China are more concerned to prevent war, than about non-proliferation. None of our allies are really interested in U.N. sanctions."

The idea of a "commonwealth" between North Korea and South Korea dates back to the Reagan administration's idea of sharing technology such as the Strategic Defense Initiative with the communist world, Merrill noted. "Never forget that Ronald Reagan left a legacy of opening up to North Korea," he said, "which in 1988 resulted in then-South Korean President Noh Tae Woo's 'Northern Policy' speech, calling for an economic commonwealth to be created between the two Koreas. I expect a sea-change in U.S.-D.P.R.K. relations."

"Recently, [North Korea leader] Kim Jong-il sent a personal envoy to western Europe to invite top European economists to come in and teach marketing and business," said Kongdang Oh of Pacific Rim Studies in Los Angeles. "North Korea has made a fundamental strategic choice for growing economic relations with the West. They simply don't know where to start, or how to do it."

Book Review

Britain's Pacific war against the U.S.A.: the fall of Singapore

by Mary Burdman

Singapore, The Pregnable Fortress

by Peter Elphick

Hodder & Stoughton, London, 1995

441 pages, index and notes, hardbound, £20.00

The loss of Malaya and Singapore to Japan between Dec. 8, 1941 and Feb. 15, 1942, the greatest disaster in British military history, was the result of *deliberate* British policy. The evidence presented in this book, much of it only released 50 years after the events, provides strong backing for the contention, made by *EIR*'s Webster Tarpley in last week's issue, that the Pacific policy of wartime Prime Minister Winston Churchill was to draw the United States into a long-term Pacific war, by deliberately handing the British Empire's assets in this vast region to Japan. Author Elphick himself by no means makes this contention explicitly, but he condemns Churchill as the one man, above all others, who can be blamed for the fall of Singapore. If the reader takes the evidence in this book in the context of overall British imperial policy, it would be hard to escape the conclusion that Singapore did not fall, as the myth has it, due to British blundering, but that Churchill was committed to sacrificing Singapore as a pawn in a vast Asian strategic game, as Tarpley describes.

In 1941, Malaya and Singapore were the Japanese Army's gateway to Indonesia, then under Dutch dominion, and, combined with the assault on the Philippines and other Pacific islands, to Australia. The strategic importance of this colony, which also produced half the world's rubber and one-third of its tin, should have meant it was well defended, but it was not. Instead, Winston Churchill, from the 1920s, played a double game. He was the biggest purveyor of the myth that Singapore Island was an "impregnable fortress," and at the same time, as Chancellor of the Exchequer and as First Lord of the Admiralty, ensured that the fortress was never fortified.

The loss of Singapore not only meant that the Japanese way south was open. It is officially estimated that some 130,000 troops of the British Empire were taken prisoner by the Japanese, the vast majority of them Indian and Australian, though author Elphick puts the figure at closer to 120,000. Many thousands lost their lives in Japanese slave-labor operations. This loss is extraordinary, especially considering that the Japanese suffered only 9,800 casualties themselves. At the same time, Australia, facing imminent invasion, in addition to the losses in Singapore, was forced by Churchill to deploy its soldiers to North Africa and Europe. India, which supplied a full *half* of the British Empire's troops, suffered a terrible famine under the British Raj during World War II.

Another indication of Churchill's perfidy, is that there was never a British Court of Inquiry into Singapore, although wartime inquiries were held into such lesser disasters as the loss of Crete. As prime minister, Churchill said to a Secret Session of the House of Commons on April 23, 1942, just weeks after the fall of Singapore, that such an inquiry "would not be good for our country, and that it would hamper the progress of the war." He claimed there would be an inquiry after the war. Yet, after he was ousted from power at the war's end, Churchill blamed the Labour Party for failing to hold an inquiry, though he himself never demanded one. Churchill was again prime minister from 1951-55, but did nothing, despite the fact that almost all the principal military leaders from Malaya were still alive.

The Japanese forces themselves were totally unprepared for the rapidity of the British collapse in Malaya. Reports sent by the Japanese commander Gen. Tomoyuki Yamashita to Tokyo, which were translated by the Americans after the war, said that he was surprised by the lack of real opposition or defense works in Johore, on the southern tip of Malaya, and that he could not believe he would reach the causeway to Singapore Island without savage fighting. There was no savage fighting. General Yamashita's chief intelligence officer, Col. I. Sugita, wrote in 1966, that the Japanese had

expected their advance to be stopped long before they reached Singapore, and, had the British forces used strong defense works in Johore, the Japanese might never have reached Singapore.

Sugita also wrote that Japanese forces were so short of ammunition by Feb. 14, 1942, the day before Singapore capitulated, that some troops had none at all, and Yamashita himself visited the front line to apologize to the troops and tell them to use bayonets. Japanese Lieutenant General Fujikawa wrote in his book *F-Kikan*, that on Feb. 15, "the Japanese were facing an acute shortage of ammunition. . . . Yamashita was concerned with a dwindling supply of munitions and increasing casualties, and he could not afford to let the negotiations drag on much longer if he was to avert the crisis that his armies were facing. . . . If the British had come to know about our shortage of manpower and munitions, and if they had held out for a few more days, they could have defeated the Japanese forces."

But they did not hold out.

Singapore the vulnerable

At the conclusion of World War I, the British government officially determined that the only possible aggressor it would have to face in East Asia would be Japan—despite the existing Anglo-Japanese Treaty—and therefore that Britain would require a permanent naval base in the region, which was built at Singapore. The "defense" of Singapore was conceived as sending a fleet out from Britain. However, that defense was a chimera.

Winston Churchill played a special role in this period. As Chancellor of the Exchequer in 1928, he made an important alteration in the "ten-year rule," the defense "strategy" Britain had adopted in 1919, based on the assumption that it would not be engaged in a major war for the next ten years. Instead of reviewing this rule at fixed periods, Churchill decided that it should be changed, so that the ten-year period "began" anew every day—in other words, it should be prolonged indefinitely. This policy change was denounced as "disastrous" by Lord Trenchard on March 7, 1945. The purpose of this "infinite" ten years, was ostensibly to save funds, but, as Elphick states, it caused "rearmament to be dangerously postponed." This rule led to the "near-fatal twenty-month gap between the government's realization of international danger in March 1932 and the commencement of rearmament in November 1933."

In East Asia, this policy meant that the Singapore Naval Base and the Navy were far behind in preparedness—which Churchill must have known very well. Yet Churchill was Britain's biggest purveyor—to the United States, to Australia, to India, and to the world—of the myth of Singapore as an "impregnable fortress," and that Britain considered Singapore the second pillar and "eastern bastion of her global defense strategy."

Churchill was also the purveyor of the myth, that Japan did not pose a danger in East Asia, and persisted in this until December 1941, although Japan had been, actually, at war with China since 1931. From 1925 on, Churchill was making pronouncements that there was no need to base a British battle fleet equal to Japan's at Singapore. He was assisted by Anthony Eden—later Britain's prime minister during the British-French neocolonial Suez adventure—first as secretary for the dominions in 1939, and later as foreign secretary.

This book concludes that "Winston Churchill at best misjudged the Japanese situation. At worst he may have deliberately turned a blind eye to the East, prepared to risk the loss of the Far East possessions, sacrificing them for the duration of the war in his ardent desire to get America to come into it." Part of Churchill's strategy was to depend on the "deterrent" effect of the British Fleet—a policy, later used as the Cold War "Mutual and Assured Destruction" strategy of Henry Kissinger, to risk rather than avoid war. On Sept. 10, 1940, Churchill wrote to his chief of staff, Gen. Hastings Ismay: "The prime defense of Singapore is the Fleet. The protective effect of the Fleet is exercised to a large extent whether it is on the spot or not. . . . The danger of a rupture with Japan is no worse than it was. The probabilities of Japan undertaking an attack on Singapore . . . are remote."

But in reality, London stripped East Asia of defenses. By Dec. 10, 1941, when Japan sank the British battleship *Prince of Wales* off Malaya, the whole Pacific was laid bare to the Japanese Navy.

Undercutting Australia

Part of Churchill's policy was to render Australia unable to defend itself, although Australia had entered World War II immediately after Britain did. In November 1939, Anthony Eden, as secretary for the dominions, told the Australian government that Japan would not attack, and then that Britain was "willing and able" to send a battle fleet to Singapore. Churchill, then First Lord of the Admiralty, began to pressure Australia to send troops to Europe, rather than keep them at home to defend their own nation. He insisted that, at most, all Australia had to fear were "tip and run raids."

Churchill was assisted in this by the Anglophile views of Australian Prime Minister Robert Menzies, and his London High Commissioner Stanley Bruce. Churchill went so far as to tell the Australian supply minister, Richard Casey, that Britain would abandon the Mediterranean to save Australia—something London had no intention of doing. Churchill assured his prime minister, Neville Chamberlain, who was displeased with this deception, that Britain had always gotten away with such vague promises and no specific commitments before.

Then, on June 13, 1940, Secretary of State for Dominions Lord Caldecote sent Menzies a most secret message, stating that Singapore was no longer the second pillar of British

defense; its place was taken by the Middle East. Caldecote said that Britain intended to maintain its fleet in the Mediterranean. "It would be most unlikely that we could send adequate reinforcements to the Far East," and therefore Britain "would have to rely on the U.S.A. to safeguard our interests there."

Either Churchill was "blinded" on Japan, Elphick writes, "or his refusal to countenance further reinforcements for Singapore was part of a Machiavellian scheme to draw America into a war with Japan if it came." An undefended Malaya would lure the Japanese into attacking, and the United States would likely have joined the war, even without Pearl Harbor, after the Japanese assault on Thailand and Malaya. When he became prime minister in 1940, Churchill wrote in his first telegram to Roosevelt, "I am looking to you to keep that Japanese dog quiet in the Pacific, using Singapore in any way convenient." He sent another letter to Roosevelt in February 1941, admitting that British naval reserves could not stand up to the Japanese, but dismissing the possibility of a Japanese attack.

Churchill sealed the fate of Singapore in a "Most Secret" directive on April 28, 1941, in which he stated that "Japan is unlikely to enter the war unless the Germans make a successful invasion of Great Britain. . . . It is very unlikely, moreover, that Japan will enter the war . . . if the United States have come in. . . . There is no need at the present time to make any further dispositions for the defense of Malaya and Singapore, beyond those modest arrangements which are in progress. . . ."

Churchill held to this line as late as November 1941, weeks before the Japanese attack. His staff was dismayed. Maj. Gen. John Kennedy, director of military operations of the War Office in London, wrote: "We in the general staff were quite sure that the decisions he gave at this time were dangerously wrong." Chief of the Imperial General Staff General Dill regarded the Middle East as *less* vital than Singapore. In November 1941, according to the son of Field Marshal Archibald Wavell, who was Allied Supreme Commander Southeast Asia, there was a "severe disagreement in the War Cabinet . . . when General Dill wished to reinforce the Far East with aircraft at the expense of the Middle East, but the prime minister overruled it."

Churchill exacerbated the problem, by personally sending "Force Z"—two capital ships, the brand new *Prince of Wales* and renovated *Repulse*—to Singapore, instead of the promised battle fleet. He sent the ships without an aircraft carrier escort, over the strong objections of the Admiralty. The two ships arrived in Singapore on Dec. 1, 1941. On Dec. 10, both were sunk by Japanese airplanes. The result was, as Churchill dramatically wrote: "The full horror of the news sank into me. There were no British or American capital ships in the Indian Ocean or the Pacific except the American survivors of Pearl Harbor who were hastening back to Cali-

fornia. Over all this vast expanse of waters Japan was supreme and we were weak and naked."

No lack of intelligence

Churchill's decisions certainly cannot be blamed on lack of information about the real situation in Malaya and Singapore. There were sufficient warnings of when, where, and how the Japanese would attack.

There have been many myths created—after the war—as to why Singapore fell. One myth was that no British military planners thought that the Japanese could penetrate the Malaya peninsula jungles, and would only attack Singapore from the sea. However, pre-war military leaders knew that there would be no problem for an aggressor to attack Malaya by using the excellent network of roads down its west side. Intelligence gathered by the British and sent to the War Office as early as 1937 foresaw that Japan would attack both Thailand and Malaya, not Singapore island, directly.

The few successful intelligence operations were disbanded. Shanghai-born Defense Security Officer Col. Hayley Bell was dismissed in May 1939, because of his success in uncovering the extent of pre-war Japanese espionage and operations in Malaya, and predicting accurately where the Japanese would land. Both Malaya Colonial Governor Sir Shenton Thomas, and British Ambassador to Thailand Sir Josiah Crosby demanded Bell's removal.

Another case was that of Capt. John Becker, murdered in Singapore in August 1948. Becker had consistently stated that had British forces commander General Percival and others acted on intelligence available from before the war, Singapore need never have fallen. He noted the degree to which Thailand had become a "non-belligerent abettor of Japan" in 1941, and produced much evidence, including of massive Japanese shock troop concentrations in south Indo-China in August 1941, to indicate a near-term attack. His reports were destroyed.

When Malayan Civil Service Defense Secretary C.A. Vlieland attempted to inform London of the lack of defenses of Malaya in mid-1940, colonial officials blocked his reports. Vlieland later wrote: "I do not suppose Churchill's decision to sacrifice Malaya would have been shaken, for even the expressed views of the Chiefs of Staff do not seem to have had that effect." But if information had been sent, "at least it would have been impossible for anyone who read it to say he had not been told." That "anyone" was Churchill, who claimed in January 1942 that he did not know that Singapore Island had no coastal defenses!

Another disaster was the rapidity with which the British lost control of the air. A July 1941 inquiry on the loss of Crete, and many British, Australian, and New Zealand soldiers with it, concluded that the overwhelming superiority of the German Air Force was critical. Australian soldiers were promised by their government, that they would never again

have to fight without adequate air cover. The situation in Malaya led to a disastrous collapse of morale.

British aircraft were obsolete, despite the fact that already in March 1941, Malaya's Command General Staff had issued a booklet, "Japanese Army Memorandum," which listed the capabilities of Japanese fighter and torpedo-bomber aircraft, and acknowledged that the British equivalents were "vastly inferior in performance." In May 1941, a new Japanese Zero fighter plane was shot down in China, and examined by Allied forces. The information that this plane could fly much faster than any of the RAF planes in Malaya, was sent to the London Air Ministry, but to no effect. London refused to give Malaya any new aircraft.

The Empire's armies

The British Empire did not fight with British troops: India was its main source of soldiers. Despite the fact that India had been fighting for its independence from Britain for decades, the Indian Army was expanded rapidly after 1939 to defend the Empire, becoming the largest non-conscript army the world has seen. A picture published in 1991, on the 50th anniversary of the fall of Hongkong, showed a former British officer standing in front of the wall where the names of the defending soldiers were inscribed. There was one name, written over and over: "Singh." The "British" troops who fell in Hongkong were Sikhs.

The Malaya campaign demonstrated the worst aspects of

British imperial military operations. Almost 50% of the troops who fought for the British were Indian; another 20% were Australian. This situation contributed to the collapse. In addition, during wartime, training, equipment, and leadership of these troops were disastrously neglected. Many of the Indian soldiers who arrived in Malaya had never even *seen* a tank before they were attacked by Japanese tanks. (The British forces did not have a single tank in Malaya.) Untrained Indian reinforcement troops, all very young men, were shipped out to the final battles against the victorious Japanese onslaught. During the campaign, more experienced troops were deprived of their officers (who were mostly British, although some Indian officers were being commissioned after the 1920s), who were used to form new battalions for other war theaters. The older battalions were put in the hands of raw officers, most of whom could not even speak Urdu, the language of the Indian Army. Many, of course, were also racists. These bad officers were just thrown into battle in Malaya, with disastrous results.

So bad were conditions that official British documents, released in December 1993, revealed that there was concern "at the highest level" about the "loyalty" of Indian officers and soldiers in East Asia, the Middle East, and in Europe, to the British Raj. The Indian Independence League and Indian National Army both operated in Malaya, with Japanese backing.

Australian troops did not fare much better. As Australia's

Churchill's model: Scipio Africanus

Winston Churchill's incompetent military strategy can best be understood by contrasting his views with those of Gen. Douglas MacArthur.

The opening of the war found MacArthur the military adviser to the colonial government of the Philippines, where he was attempting to create a military establishment which would defend the Philippine nation once it achieved its promised independence. Upon escaping from Corregidor, MacArthur did not declare "I shall return" with the intent of returning as a colonial master, but to liberate a nation that was to become a free republic. Colonies were to become sovereign nations and imperial Japan was to be reformed, its industrial capacity restored, for the economic development of the entire region.

By contrast, Churchill saw himself as the prime minister to His Majesty the King, sovereign of an empire that enslaved one-fourth of this planet. The policies of this

imperial occupation can be compared with those of the Nazi occupation in almost all respects. Churchill's models drew on the imperial traditions of Rome and Venice. One such model was Scipio Africanus, the Roman proconsul who took command of the Roman Empire following the catastrophic defeat at Cannae by the army of the great Carthaginian leader Hannibal. While Rome debated whether to mobilize another army to challenge Hannibal in the field, Scipio chose an opposite course of action—or inaction. Seeing Hannibal as another imperialist general from a rival empire, he allowed the Carthaginian to ravage most of the Italian peninsula, until Hannibal was unable to support his army. In the meantime, Scipio simply renegotiated the terms of subjugation with the people who had been ravaged by the army of Hannibal or simply were in no position to challenge the power of an even weaker Rome.

Thus Churchill saw Japan, as Japan saw itself, as another imperial power, whose occupation held in safe-keeping, so to speak, the British king's imperial possessions, until a more appropriate time would come for their reoccupation.—*Dean Andromidas*

Imperial Force Chief of Staff in Malaya, Col. J.H. Thyer, wrote of the last Australian reinforcements to arrive in Singapore: "Some had sailed within a fortnight of their enlistment. A large proportion had not qualified at a small arms course. . . . Some had never seen a Bren gun and none had handled a sub-machine gun or an anti-tank rifle. Worse still, was that some had never handled a rifle." Yet, in 1993, when files on the mass "desertions" of Australian troops in the last days of the Singapore debacle were first released, the British press was full of commentaries on the unsuitability of the "Austrian race" as soldiers.

Of course, London had little heed for the welfare of British soldiers either. While the British had not found it possible to send in a new division in enough time to have made any difference, the ill-fated 18th Division, 20,000 men, was sent to Singapore, to arrive 10 days before capitulation. The next step was the Japanese slave-labor camps.

The British also refused to raise any forces from one group in Malaya who would have fought the Japanese: the Chinese. China was already fighting Japan for its life, and the Chinese—the largest ethnic group in all Malaya—had most to suffer at Japanese conquerors' hands. But, for colonial political purposes, the British refused to arm them. Only a few units were formed, and then only at the bitter end.

The campaign

From the Japanese invasion on Dec. 8, the British campaign in Malaya was one continuous, 60-day retreat. Rumors, bad or absent commanders, leaked secret orders, lack of equipment, wrong information, panic, and headlong flight, repeatedly determined events. So many disasters could scarcely be accidental.

The British had a plan for a preemptive move into Thailand, before the Japanese struck. This plan was aborted, in part due to the intervention on Dec. 7 of British Ambassador to Bangkok Sir Josiah Crosby, a homosexual, who insisted that Thai Prime Minister Field Marshal Luang Pibul, actually close to the Japanese, was "loyal" to Britain. Crosby had the backing of the Foreign and Colonial offices. In fact, the British also failed to warn Washington, although the Japanese assault on Malaya and Thailand preceded that on Pearl Harbor by over an hour. (All the Japanese assaults in the Pacific were within hours of each other. Pearl Harbor lies on the other side of the international date line.)

Two days later, Churchill's Force Z was sunk. The ships had no air support at all, because the British had already lost the airfields in northern Malaya—with panicked personnel fleeing rumors of a Japanese attack. Strange events, including unsubstantiated reports of a Japanese landing on the Malayan coast, left Force Z exposed to Japanese airplanes.

The repeated disasters led to a complete collapse of morale among the troops. Troops were left behind as their lines of retreat were often destroyed by other British forces; many units fled so fast, that they failed to implement any denial

policy. The Japanese dubbed the vast quantities of supplies the fleeing British left them, "Churchill supplies," which included such items as newly printed military maps of Singapore Island! Airfields, railroads, and roads, all were left practically intact.

In Singapore itself, chaos reigned. There were no shelters against air attack; civilians, especially women and children, were not evacuated by the government. At the orders of the British commanders, both Commander-in-Chief Brooke-Popham and General Percival, no defenses were built on the north side of the island facing Johore until the very last moment, leaving the already demoralized troops to fight unprotected.

The siege of Singapore, Churchill's "citadel," lasted one week. Churchill himself wanted to prolong it, but at an enormous cost to human life. After everything London had done to create disaster in Malaya, on Feb. 10, as the last retreat on Singapore Island was beginning, Churchill sent an order to General Wavell: "There must at this stage be no thought of saving the troops or sparing the population. [There were 1 million civilians in Singapore—ed.] The battle must be fought to the bitter end at all costs. . . . Commanders and senior officers should die with their troops. The honor of the British Empire and of the British Army is at stake."

But the Australian and Indian forces were not so ready to die for the Empire. One reason for the rapid collapse of Singapore, was what the British commanders chose to call "desertion" by these troops. Allied Commander General Wavell stated in his report on June 1, 1942: "For the fall of Singapore itself, the Australians are held responsible." Senior British naval officer Rear Admiral Spooner wrote on Feb. 10, days before the surrender, that "the present state of affairs was started by the AIF, who just turned tail became a rabble and let the Japs walk in unopposed." An entire regiment of the Indian Army also "disappeared," defecting to the Indian National Army. British troops also fled. Elphick writes: "Excepting the special circumstances of 1917, when Czarist forces deserted to the Bolshevik cause, the Singapore experience is probably the highest incidence of desertion from any army, anywhere, at any time." How did it happen? He records one incident: An Indian Army British major reported meeting Australian soldiers on the streets of Singapore, and asked them why they were not with their units. Their response was, that they had not come to fight without air cover, and were leaving. The officer told them, that that is what Indian and British troops had been doing for two months. The Australians' response was "more fool them."

The conflict with the British Empire is not over. In 1993, when the files on the "desertions" were finally released, the British press scandal-mongered for days about Australian "cowardice." But, of course, it was the leadership of U.S. Gen. Douglas MacArthur and his patriotic supporters in Australia, who drove the Japanese back from the Pacific by 1945.

Bishops denounce IMF policies

The Ibero-American Catholic bishops conference rejected Liberation Theology, indigenism, and free trade.

During the 25th Assembly of the Latin American Bishops Council (CELAM), held in Mexico on May 1-7, the new president, the Archbishop of Tegucigalpa, Honduras, Oscar Andrés Rodríguez Maradiaga, attacked both the cruel economic policies of "international financial institutions," and Liberation Theology, including its indigenist variant.

Thus, Rodríguez Maradiaga shattered the false division which the international oligarchy has sought to impose on the Roman Catholic Church in Ibero-America: Those who denounce neo-liberal (free trade) economics, support Liberation Theology; while those who denounce Liberation Theology, support economic neo-liberalism. In this, he continued the line of his predecessor, Cardinal Nicolás Rodríguez of the Dominican Republic.

Reiterating that the Gospel is One and Indivisible, Rodríguez emphasized in his first press conference as CELAM president on May 3, that "there cannot be a theology for each reality which exists within the Catholic Church; we must find the means to approach these regional cultures, but this does not mean that each one of them needs a special theology."

Asked about so-called "indigenous theology," Rodríguez replied: "It is premature to speak about an indigenous theology. One could almost say that it is an indigenous ideology, or, even indigenist. . . . The ideologies sought to portray as theology, what was ideology. . . . Just because a cultural manifestation exists, it does

not mean that it has already been canonized. There are negative things that are questioned and transformed by the Gospel."

On May 1, at the outset of the meeting, Rodríguez Maradiaga stated that it is "urgent to overcome obsolete and superseded postures of ideological division and confrontation inside the Catholic Church," remarking that as long as the laity and some prelates are not convinced of this, and insist on raising the reductionist views of Liberation Theology, a new Evangelization cannot be carried out. "As long as it is thought that the motor of history is going to be the dialectic which forever requires confrontations between groups, it will never be possible to advance."

In opposition to this, Liberation Theology's defeated candidate for the CELAM presidency, the Archbishop of Mariana, Brazil, Luciano Mendes de Almeida, S.J., (elected first vice president), rose to tell the press that "indigenous theology is a priority for us," as was "Afro-American theology. . . . Because more than half of Brazilians are descendants of Africans, we have to give them the possibility of arriving at their own theology."

Mendes de Almeida's remarks show, in part, what was at stake in the CELAM elections, which took place in the midst of violent attacks by Liberation Theology advocates against Pope John Paul II, and zealous promotion of the Liberation Theology bishop of San Cristóbal de las Casas, Chiapas, Samuel Ruiz, a covert leader of

the Zapatista insurgency.

Rodríguez minced no words on current economic policies. "If the decade of the '80s is considered a lost one for Latin America, the '90s appear worse . . . with greater impoverishment generated by the hasty adoption of neo-liberal economic schemes, which carry inequity in their genetic code."

Instead of fostering development, "the international institutions are applying economic adjustment policies which are asphyxiating our people," he added. "Despite the clear failure of these adjustments, the international financial institutions insist on forcing governments to adopt them." These institutions "don't plan for the long term; they live in the here and now, and are not interested in the future, they only act in favor of their own interests, and in the final analysis, they think that if Latin America rebels, it will die of hunger."

It is their policies which create violence, he said. "Not by metal or concrete walls, as in the North, specifically the United States, will immigration of Latin Americans be contained, but through investments in development programs for our nations."

Ibero-America can only develop through actual, "not poetic," integration, he said. He called on the bishops and laity to work to bring this about, as they seek to infuse the Gospel into politics and economics. "It is not difficult to find common ground, because our entire continent is overwhelmed . . . not merely [by] the foreign debt, but also by structural adjustments to the economy imposed by international credit institutions. . . . Let us hope that, unified, we have the courage and the valor to make the necessary changes, overcome this moment, and be what we should be: a great Latin American people."

International Intelligence

German bishops worried over 'Chiapas investment'

According to an article by the German wire service DPA, published in the Mexican daily *Excelsior* on May 4, the German Catholic Church and the bishops' charity Adveniat are concerned about their "financial investments" in Mexico, and especially in Chiapas, and are sending an "information mission" to the country and to the convulsed region in particular to protect that investment.

Adveniat and its sister organization Misereor are the principal conduits of millions of marks that were funneled into the Chiapas separatist project now coming to fruition under the terrorist "Zapatista National Liberation Army" and Bishop Samuel Ruiz. The nominal objective of the Adveniat mission to Mexico is to determine whether to increase aid to Mexico or not.

The head of Adveniat, Auxiliary Bishop Franz Grave, gave a press conference before his trip to Mexico, stressing the role the Mexican church (read: Bishop Ruiz) has played in "recognizing the culture and dignity of the Indians." Grave attended the assembly of the Latin American Bishops Conference (see p. 53) near Mexico City.

FIS-linked army goes after infrastructure

The army of the Islamic Salvation Front (FIS), the leading opposition group in Algeria, is making infrastructure its next target as a new method to destroy the economy upon which the power of the regime is based. The Islamic Salvation Army released a declaration on May 3, according to the London-based newspaper *Ashtarq Alawsat* on May 4, reporting that its groups destroyed six strategically important bridges in different parts of the country. These operations, says the declaration, "will have a tremendous effect on paralyzing Algerian economy," through which the solution of the military struggle between the government and the Islamic armed groups will be

concluded.

Meanwhile, Algerian state media reported a new offensive in Ain Addafa in northwest Algeria, which witnessed the biggest confrontation between the Islamic groups and the regular Army in March.

BBC promotes eco-terror in Canada by videos

On April 13, British Broadcasting Corp. producer Ted Oakes sent out through the green networks via Internet, an announcement on the release on Canadian TV of video footage of successful eco-terrorist actions in Britain. The videos, which can also be ordered by mail, depict successful "direct actions" and violent confrontations with the British police.

The message, widely reported in Canadian newspapers on May 2, says that Canada will be the next staging ground for these kinds of actions. For the last several months, Oakes has been collecting footage internationally. Oakes's message states that "Britain's wildly successful direct action video magazine *Undercurrents* is launching in Canada." The show will be comprised of "in your face" eco-action footage from Britain, edited together with England's latest dance music.

U.S.-Russia conflict could loom in Balkans

An influential European source of Balkans origin said on May 8 that if no diplomatic breakthrough is made soon on the situation in former Yugoslavia, then there is a real possibility of a U.S.-Russian conflict in the Balkans.

"People have been focusing more on the issues of Iran, or NATO, but the most volatile issue is former Yugoslavia, that is the only situation where there is an actual hot war," he insisted. "There is an underestimation of the possibility that, if this fighting continues and there is no diplomatic solution on the Clinton-Yeltsin level, or among the big powers, then former Yugoslavia can be

the source of a possible U.S.-Russia conflict.

"The latest news I have from Russia, is that they are preparing to renounce the sanctions against Serbia. There is a very nationalist/pan-Orthodox mood growing, coupled with resentment that Russia is being marginalized by the West in Balkans diplomacy. If current trends continue, we will soon see 'volunteers' coming into the Balkans from various sides, and the potential for a real global crisis."

Pope to visit Venezuela in February

His Holiness Pope John Paul II will travel to Venezuela in February 1996 at the invitation of President Rafael Caldera, who was in Rome for the beatification of Mother Maria de San José, a Venezuelan nun. After meeting in private on Friday, May 5, Caldera and Pope John Paul II gave public speeches.

Caldera said that when they voted for him, Venezuelans knew that he was committed to the Church's social doctrine, as reaffirmed in John Paul's encyclical *Sollicitudo Rei Socialis*. "The task of governing according to those guidelines is full of obstacles, as Your Holiness well knows. The main difficulty is the selfishness of special interests that are unwilling to contribute the quota each should for the sake of an equitable distribution of burdens and benefits. No less is the burden of the commitments and demands from external factors, whose resistance to accept the postulates of international social justice was already denounced by your distinguished predecessors John XXIII and Paul VI, and very dearly by Your Holiness," said Caldera.

According to the May 6 *El Universal* of Caracas, John Paul II spoke in Spanish in response. He referred to *Centesimus Annus* and to the commitment of the Venezuelan nation to "promote the common good" through "policies aimed at combatting, until their eradication, misery and extreme poverty, at conquering unemployment and marginalization through the creation of jobs and just wealth, at transforming the tremendous

Briefly

● **RUSSIA** and China reached agreement to implement their 1991 agreement on settling remaining border questions during the May 8 meeting in Moscow between Yeltsin and Chinese leader Jiang Zemin, the Russian news agency Interfax reported on May 9. Russia will give back several disputed islands in the Amur River to China.

● **SABOTAGE** of a Viasa airplane in which Venezuelan President Rafael Caldera was flying to Rome is suspected by Venezuelan authorities. It had been under tight security surveillance for 24 hours prior to the takeoff, but was forced to return to base on May 3 when one of its turbines caught fire.

● **EXPRESO**, the opposition's daily in Lima, warned reelected Peruvian President Alberto Fujimori editorially on May 7 that if he doesn't stick to the IMF-imposed economic "reforms" of his first four years in office, he could be out of a job. *Expreso* is incensed that Fujimori has pulled back from full privatization of oil and electricity.

● **FAT HENRY** Kissinger met with Mexican President Ernesto Zedillo in private for two hours on May 9 during a dinner at the official Presidential residence of Los Pinos. Although the subject of the discussion was not revealed, all observers agree that there was sufficient time for a "rinse" of the Presidential brain.

● **YEHUDI MENUHIN**, the famous violinist, defended the late conductor Wilhelm Furtwängler against a violent article branding him a Nazi in the London *Daily Telegraph* on April 20. "Furtwängler may have shaken Hitler's proffered hands, but I myself shook various hands which I would have preferred to avoid—and was photographed doing so. I wonder how many Americans today would resist shaking the extreme right-wing hands of some of our more popular fascist thugs?" wrote Menuhin.

natural resources with honest work and with creative, scientific, technical, and management-organizational genius." The pontiff also said that democracy has some battles pending, "which will only be won with an internal renovation of democracy itself, to serve the common good of all the citizens with honesty and transparency."

Japan coalition presses for apology to China

On return from a five-day China trip, on May 8, Socialist Japanese Prime Minister Tomiichi Murayama in Tokyo renewed his campaign for a Diet resolution apologizing for Japan's actions in World War II. According to Japanese sources in a position to know, Murayama won agreement from his coalition partners, Liberal Democratic Party Foreign Minister Yohei Kono and Finance Minister Masayoshi Takemura, the ex-LDPer who heads the small Sakigake Party, to try to push the resolution through by the end of the Diet session on June 18.

Recently every newspaper in Asia, led by the Beijing *People's Daily*, has been filled with articles attacking Japan for its role in the war on the 50th anniversary of the war's end.

"This is the basis for future Japanese economic relations with China," not some "leftist nonsense" from the old Socialists, one Japanese source said. "It is part of a strategy for Japan's economic role in Asia. It is tied to the recent trip of [former LDP Finance Minister Michio] Watanabe to North Korea," he noted, "in which our friends in your State Department asked us to help" smooth feathers in Pyongyang and keep the Clinton-North Korea agreement on course.

When the Murayama government was formed last June, he pointed out, the LDP and Sakigake promised to pass such a resolution to mark the 50th anniversary of the war's end, "as part of a package for future-looking economic development in Asia. Murayama agreed to give up traditional Socialist policies and so he finally endorsed Japan's nuclear program and the U.S.-Japan Security Treaty—while the LDP was to

make other concessions such as the World War II apology."

British asset Ichiro Ozawa and his New Japan Party are leading the fight to stop the pro-China resolution. Actual passage of the resolution will be a huge fight, sources said, which could help bring down the government. The coalition leaders tried hard to pass the resolution before Murayama's China trip, but were opposed by a group of 150 conservative LDPer led by Ozawa who say any apology would be an insult to the memory of Japan's war dead.

Netanyahu encourages Temple Mount crazies

Benjamin Netanyahu, a leader of Israel's Likud party, has come out in support of letting Jews pray at Jerusalem's al-Aqsa mosque on Haram al-Sharif, according to an unconfirmed report in the May 5 issue of *Haaretz* newspaper. The complex, the third most holy site in Islam, has always been off-limits to non-Muslim worshippers, except for the period it was held in the Crusades.

"The right of prayer by Jews on the Temple Mount should be arranged, especially because we allow freedom of worship to all religions in Jerusalem," *Haaretz* quoted Netanyahu as having written in a letter to Yehuda Etzion, one of the Temple Mount fanatics who was arrested in the 1980s for plotting to blow up the mosque, and for maiming several Arabs. In February 1994, one of Etzion's associates, Baruch Goldstein, killed 50 Muslim worshippers at a mosque in Hebron.

Netanyahu's reported provocation comes one day after some Jews burst into the mosque, sparking a scuffle in which three Israeli police officers and a Wafq (Islamic Trust) official were hurt. This was the third such incident in just over a month.

As *EIR* has reported since 1981, blowing up or otherwise desecrating the holy site could plunge the entire region into religious war. Demolition of the mosque complex was always central to the program of the Irgun and Stern gangs which later formed the Likud party bloc.

Clinton snubs Brits, builds new U.S.-Russia alliance

by Edward Spannaus

The men in the State Department . . . should be working for Winston [Churchill]. As a matter of fact, a lot of the time, they *are*. Stop to think of 'em: Any number of 'em are convinced that the way for America to conduct its foreign policy is to find out what the British are doing, and then copy that.

That was Franklin D. Roosevelt speaking in 1943, as recounted by his son Elliott. It is clear from Elliott's account in his 1945 book *As He Saw It*, that FDR was gravely concerned about the possibility of Britain driving a wedge between the United States and Russia in the postwar period, and using their agents in the United States to do it. Roosevelt was also pleased that U.S. foreign policy was no longer "simply tailing" after Britain's.

Fifty years later, during President Clinton's just-concluded visit to Moscow, it was not the State Department which presented the problem of "tailing" after British policy, but certain Republicans—such as Sens. Robert Dole (R-Kan.), Jesse Helms (R-N.C.), and Mitch McConnell (R-Ky.)—who are denouncing the just-concluded Moscow summit as a "failure," and attacking President Clinton for not provoking a new confrontation with Russia.

Now, there is only one standpoint from which the summit could possibly be denounced as a failure, and that is the standpoint of London. That is precisely what Henry Kissinger did in the May 12 *Washington Post*, where he blasted Clinton for his "solicitude" toward Yeltsin, compared to his "tone deafness exhibited toward western European—and especially British—concerns." Kissinger complained: "If any European city deserved to be singled out by America for an Allied remembrance, it was London."

Kissinger and London's fury goes back earlier, of course. It was most notable around Clinton's visit to Germany last

July, when he dumped the Anglo-American "special relationship" and established a new partnership with Germany, oriented toward the development of eastern Europe and Russia.

The President's trip to Moscow, in which he emphasized the importance of a direct U.S.-Russian alliance (without any interference or mediation by Britain), was a direct continuation of what he began last year in Germany. "Just as Russians and Americans fought together 50 years ago against a common evil, so today we must fight for the common good," Clinton declared at the V-E Day commemoration in Moscow. "We must work for an end to the awful savagery of war and the senseless violence of terrorism. We must work for the creation of a united, prosperous Europe. We must work for the freedom of all of our people to live up to their God-given potential. These are our most sacred tasks and our most solemn obligations."

By all accounts, Clinton was deeply moved by the parade of World War II veterans in Moscow. In paying tribute to the 27 million Soviet citizens who had died in the war, he noted that the Cold War had "obscured our ability to fully appreciate what your people had suffered, and how your extraordinary courage helped to hasten the victory we all celebrate today." After the victory, "the dream of peace soon gave way to the reality of the Cold War," Clinton continued, but we have the opportunity and the obligation "to rededicate ourselves today to the promise of that moment 50 years ago when Europe's guns fell silent."

Triple Entente set back

In contrast to those denouncing Clinton over the Moscow summit, *EIR* founder and contributing editor Lyndon LaRouche praised the President's handling of the summit as "a rather spectacular job in diplomacy." In an interview on May 11, LaRouche elaborated: "There's nothing particularly

spectacular in any *detail* of what he did, but the way he handled the situation, I'd say, was really of a sterling quality, and I don't mean British sterling."

LaRouche pointed out that the British, with their usual "British perfidiousness," are trying to get a quarrel going between the Russians and the United States. What they are doing, he commented, is "trying to take the number-two power and play it against the number-one. And their so-called revival of a Triple Entente policy, of Britain and France and Russia lined up against the United States, which they're very open about, took a real setback."

As with most of the foreign policy initiatives which Clinton has taken against the British and Kissinger, the typical American who relies on the U.S. news media would know almost nothing about it. In Moscow, the President delivered a little-publicized speech at Moscow State University which in some respects recalled Lincoln's U.S.-Russian alliance against Britain during the U.S. Civil War, and other periods of direct collaboration between the United States and Russia.

Clinton opened this speech with a reference to the Russian scientist Mikhail Lomonosov (1711-65), noting Lomonosov's modernization of the Russian language two centuries ago. In fact, Lomonosov not only modernized the Russian language through his poetic and scientific writings, but was also one of the founders of the scientific tradition in Russia which led to the work of the great Vladimir Vernadsky. He was also in contact with the German, French, and American scientific community, including Benjamin Franklin.

The President also sought to enlist Russia in the struggle against what he called "the forces of organized destruction" (see *Documentation*). "We must work together to defeat these new security threats," Clinton urged, "and this world needs a strong and democratic Russia to meet these challenges."

LaRouche took particular note of Clinton's description of the common enemy in this speech. As LaRouche put it: "He identified the great danger coming not from one nation-state attacking another, but powerful forces which penetrate the borders of many nation-states, including the United States, a direct reference to another situation which the President has handled rather well, the Oklahoma City terrorist bombing, which was set up by, and set into motion as a terrorist operation by British people like Lord [William] Rees-Mogg."

LaRouche added that Clinton "was diplomatic, and did not mention *London*; but I'm certain that the President knows the British monarchy is the party that is responsible for this and other present, recent past, and possibly future events of a similar gory quality."

The economic obstacle

The biggest obstacle in reestablishing a fruitful U.S.-Russian alliance is the damage which western-imposed "shock therapy" and International Monetary Fund conditionalities have wreaked against the Russian economy. *EIR* has repeatedly warned that the economic devastation caused by IMF "free market reforms" is creating a dangerous backlash

against the West and against the United States in particular.

President Clinton heard this first-hand during his meeting with ten Russian opposition leaders on May 11. White House press secretary Mike McCurry told reporters after the meeting that the politicians had extensively discussed economic conditions in Russia. He said that former economic chief Yegor Gaidar told Clinton that "there were negative attitudes toward the United States in large parts of the Russian population." McCurry's description was that "there was a sense that the West and the United States do not care about the hardship Russians face . . . that we do not understand the nature of their sacrifice." McCurry recounted that former Foreign Trade Minister Sergei Glazyev, a prominent opposition parliamentarian, said that Russia is facing economic problems similar to those the United States suffered in the 1930s Depression. McCurry added that Clinton had found the whole discussion "enormously profitable."

In his Moscow State University speech the night before, President Clinton acknowledged some of the limitations of "free market" reforms: that they must be tempered with policies that ensure fairness and basic human decency. "Economic reform must not be an excuse for the privileged and the strong to prey upon the weak."

Documentation

The following are excerpts from President Bill Clinton's remarks at Moscow State University on May 10, as transcribed by Federal News Service.

I can think of no better place than a great seat of learning like Moscow State University to speak about the past and future of Russia. In this spirit, Mikhail Lomonosov lives on, for just as he modernized your ancient language for the Russian people two centuries ago, today you must take the lead in shaping a new language, a language of democracy that will help all Russia to chart a new course for your ancient land. . . .

Yesterday, all of Russia and much of the entire world paused to remember the end of World War II and the terrible, almost unimaginable price the peoples of the Soviet Union paid for survival and for victory. Because our alliance with you was shattered at the war's end by the onset of the Cold War, Americans never fully appreciated, until yesterday, the true extent of your sacrifice and its contribution to our common victory. And the Russian people were denied the full promise of that victory in World War II, a victory that bought the West five decades of freedom and prosperity. . . .

Your decision for democracy and cooperation has given us the opportunity to work together to fulfill the promise of our common victory over the forces of fascism 50 years ago. . . .

Your progress on the economic front is also important.

. . . I know there are severe problems in your transition to a market economy. I know, too, that anywhere free markets exist, they do not solve all social problems. They require policies that can ensure economic fairness and basic human decency to those who need and deserve help. . . .

To too many people in this country, I know that economic reform has come to mean hardship, uncertainty, crime, and corruption. Profitable enterprises once owned by the state have been moved into private hands, sometimes under allegedly questionable circumstances. The demands of extortionists have stopped some would-be entrepreneurs from even going into business. And when the heavy hand of totalitarianism was lifted from your society, many structures necessary for a free market to take shape were not there, and organized crime was able to move into the vacuum.

These are real and urgent concerns. They demand an all-out battle to create a market based on law, not lawlessness, a market that rewards merit, not malice. Economic reform must not be an excuse for the privileged and the strong to prey upon the weak. . . .

In the 21st century, we will face new and different security threats. In the 21st century, I predict to you there will be no world war to write about between nations fighting over territory. I predict to you that there will not be a new great colossus killing tens of millions of its own citizens to maintain control. I believe the battles of the 21st century will be against the organized forces of destruction that can cross national lines or threaten us from within our borders. We see these forces in the bombing of the World Trade Center, in the terrible tragedy in Oklahoma City in the United States. We see it in the bombings on the streets in Israel designed to kill the peace process in the Middle East. We see it in that terrible gas attack in the Tokyo subway. We see it in the problems that you and so many other nations have with organized crime. . . . We must work together to defeat these new security threats, for in this new century the world wants and needs strong democratic countries where people are truly free and secure. And this world needs a strong and democratic Russia to help meet these challenges. It is in that context that I have pledged to President Yeltsin we will continue to work on all the issues between us. . . . We have already witnessed what Russia can do on the world's stage when it is completely engaged and committed to democracy. From the Near East to as far away as El Salvador, America and the world have been made more secure by Russian leadership and cooperation. As Russia takes her rightful place, we believe that the trends toward democracy and economic freedom and tolerance must and will continue.

I know there are some in this country who do not favor this course. And believe me, there are some people in my country who do not believe that you will follow this course. They predict that instead you will repeat the patterns of the past. Well, of course the outcome is not assured; nothing in human affairs is certain. But I believe those negative voices are mistaken. . . .

Domenici plan draws battle lines on Medicare and Medicaid

by Mel and Kathleen Klenetsky

House Speaker Newt Gingrich (R-Ga.) and Sen. Phil Gramm (R-Tex.) promised America a balanced budget amendment in their first 100 days in office. While the Gingrichites succeeded in passing their balanced budget amendment in the House, they failed in the Senate by one vote. The Senate and House Budget Committee proposals released in the second week in May are the latest Republican efforts to fulfill their goal of balancing the budget by the year 2002. Because they failed to achieve a balanced budget amendment, which would have mandated the federal government to balance the budget, they are now trying to legislatively cut the budget—by almost \$1 trillion on the Senate side and \$1.4 trillion on the House side, over the next seven years—in a fruitless attempt to balance it.

This “hellfire” approach is spearheaded by almost a half-trillion dollars in proposed cuts in Medicare and Medicaid. Should these cuts go through, millions of elderly will be added to the poverty rolls. Health and Human Services Secretary Donna Shalala, at a press conference called to address the House and Senate budget proposals, said, “First let me say that Medicare cuts will make elderly and disabled Americans poorer. . . . Three-fourths of the people who are on Medicare today . . . have incomes under \$25,000 a year. We’re not talking about rich people. . . . By the year 2000, if these cuts go through and if they’re split between the providers and the beneficiaries . . . the elderly and the disabled, those people who make under \$25,000 a year, in the year 2000 would pay almost \$1,000 more for their health care. That would make them poor.”

Sen. Pete Domenici (R-N.M.), chairman of the Senate Budget Committee, announced his plan on May 9, to cut the federal budget by \$961 billion over the next seven years. Domenici’s budget calls for \$255 billion in savings from Medicare and \$175 billion in savings from Medicaid, which means that he plans to balance the budget with almost 50% of his proposed cuts coming from plans that service the elderly and the disabled. Medicare is entirely for the elderly, and almost two-thirds of Medicaid expenditures go to the elderly and the disabled.

“The budget that we put before you presents hard choices and I make no apologies for that,” Domenici said. “The American people, by overwhelming majorities, 80% of

them, want a balanced budget.” Domenici’s Senate budget proposal does not include a tax cut, whereas the House budget proposal, presented by House Budget Committee Chairman John Kasich (R-Ohio) on May 10, calls for spending cuts of \$1.4 trillion, over seven years, to allow for the inclusion of a \$350 billion tax cut.

Clinton responds

One week before Domenici and Kasich presented their plans, President Clinton, addressing 2,000 delegates at the White House-sponsored Conference on Aging, declared his opposition to any efforts of the Republicans to balance the budget on the backs of the elderly. Clinton said, “I believe it is wrong simply to slash Medicare and Medicaid to pay for tax cuts for people who are well off. We must have a sense of what our obligations are. . . . Reducing the deficit is terribly important, but it is also important that Congress protect programs for seniors, like Medicare.”

Even though the Domenici proposal does not call for a tax cut until the budget is balanced, Budget Director Alice Rivlin, in a May 9 televised interview on the MacNeil-Lehrer program, was quick to point out that since two announced Republican Presidential candidates favor a tax cut, namely, Senate Majority Leader Robert Dole (R-Kan.) and Senator Gramm, it is unlikely that the Domenici preference for no tax cut will hold.

Both the Domenici and Kasich budget resolutions take a healthy chunk of the projected savings out of the programs set up for the elderly and the poor. More than two-thirds of the \$961 billion in budget cuts from the Domenici bill come from Medicare, Medicaid, and other programs such as welfare, veterans benefits, and farm support programs. More than 25% comes from Medicare alone. The Kasich bill calls for \$280 billion in cuts from Medicare and \$184 billion from Medicaid. Almost one-third of Kasich’s projected cuts are to come from these areas.

Resistance mounts

Others are speaking out against the Domenici-Kasich proposals. “Medicare needs to be reformed, not pushed to the breaking point,” said Horace Deets, the executive director of the American Association of Retired Persons. “We are not going to permit these budget cutters to destroy it,” Sen. Edward Kennedy (D-Mass.) said of Medicare and the proposed cuts. “We are standing with our seniors.”

Gingrich and other Republicans now find themselves in a political dilemma. While they were swept into office last November with pledges to downsize the federal government and slash spending, they now find themselves facing a potentially lethal political backlash from those layers of the population, such as the elderly, who are the first victims of the downsizing.

While polls are of doubtful worth, a number of them, including some conducted by Republican affiliates, show that substantial cuts in Medicare, along the lines now being

proposed by Domenici and Kasich, could lead to an all-out revolt that might overthrow Republican domination of the Congress and terminate Republican chances of capturing the White House in 1996. A *Wall Street Journal*-NBC News Poll from the beginning of May showed that only 9% of people polled thought that the government was spending too much on seniors. At least 48% said that the government is spending too little on the elderly, and half of those aged 18-34 thought that the government was spending too little on senior citizens. That last figure is particularly interesting, because advocates of cuts against the elderly have tried to turn the younger generation against those 65 and over.

With all of this known, the Contract with America backers are trying to disguise their cuts by saying that these are not cuts, but just a slowing of the growth rate of Medicare and Medicaid benefits. In the case of the Domenici plan, Medicare and Medicaid would be cut from the current growth level of 10%, to 7% and 5%, respectively.

Worse, however, is the patently silly claim that the massive Medicare cuts which Gingrich and his fellows are demanding won’t be used to reduce the federal deficit, but will somehow be plowed back into the program!

On April 28, in a speech to the conservative Seniors Coalition, Gingrich declared, “Our goal will be to bring in a bill that will save the Medicare system for a generation.” But these obfuscations and high-flying phrases can’t quite hide the fact that “reforming” Medicare the way Gingrich et al. propose, is like substituting lethal injection for hanging, and calling it reform of capital punishment.

On May 9, Secretary Shalala told the Senate Finance Committee, “We cannot destroy Medicare in order to save it.” Shalala cautioned that deep cuts in the program imperiled rural and inner-city hospitals and shifted costs on to small businesses and individuals.

Choice limited

Ironically, one of the methods for “reforming” Medicare which Gingrich and the “Contract on America” gang have seized upon, would move people out of Medicare completely, and herd them into private health maintenance organizations (HMOs) and other managed-care plans. This would severely limit the choice of physicians and treatment modalities available—one of the chief complaints the Republicans leveled against President Clinton’s ill-fated health reform package.

Both the Domenici and Kasich budget proposals also take a hatchet to program after program in the federal government. Under the Domenici plan, more than 100 programs, including the Commerce Department, would be scrapped. Kasich’s plan takes the axe to 283 programs, 14 agencies, and 68 commissions. Kasich would eliminate the departments of Commerce, Energy, and Education entirely. The radical nature of these ideological proposals shows an irresponsible mentality that seeks to destroy, not reform, the federal government.

Democrats slow tort reform legislation

Senate Majority Leader Bob Dole (R-Kan.) failed even to get a majority, much less the 60 votes needed to close debate, for a measure that would significantly limit punitive damages in civil lawsuits, a measure acclaimed as a part of the Conservative Revolution's Contract with America. President Clinton had vowed to veto the bill if it were passed, labeling it the "Drunk Drivers Protection Act."

Dole was forced to scale back the legislation, limiting punitive damages only in product liability suits, and that only to twice the level of other damages. The scaled-back version goes little further than bipartisan legislation introduced earlier by Sens. Slade Gorton (R-Wash.) and Jay Rockefeller (D-W.V.).

Helms targets State Department, aid programs

Sen. Jesse Helms (R-N.C.), chairman of the Senate Foreign Relations Committee, in a letter to Senate Budget Committee Chairman Pete Domenici (R-N.M.), unveiled proposed cuts in foreign aid contained in the International Affairs authorization bill prepared by his committee. The bill would eliminate nearly \$100 million a year in funding for the International Labor Organization, the U.N. Industrial Development Association, and four smaller agencies, and cut \$200 million from almost every other U.N.-sponsored organization except Unicef. Topping the list are the controversial U.N. Development Program, the U.N. Population Fund, the Montreal Protocol Multilateral Fund, and the U.N. Environment Fund.

The proposal comes as U.S. Secretary of State Warren Christopher is preparing to announce a streamlining

of the Department of State, which will cut 500 jobs and make the department "more flexible," in an attempt to head off another bill by Helms which would eliminate 30 top posts and cut \$3 billion a year from the department's \$21 billion budget, according to the May 6 *New York Times*.

Although the cuts in the U.N. programs are justifiable, the proposed cuts in foreign aid programs would cause serious misery. The Africa Development Fund, for instance, which provides direct U.S. assistance to some of the most devastated nations in Africa, will be severely cut if Helms has his way.

The House International Relations Committee and the Senate Appropriations Subcommittee on Foreign Operations have scheduled hearings during the second week of May to examine measures to cut foreign operations, although, according to Capitol Hill sources, the House committee is not expected to go as far as the Senate Foreign Relations Committee. The American Foreign Service Association, an association of foreign service employees, is encouraging its members to call their congressmen, as private citizens, in order to warn them against too severe cuts in the foreign aid budget.

Speaker tries to label Mexico bailout illegal

Upset at the fact that Congress was side-stepped by the Clinton administration in pulling together a Mexican assistance package, House Speaker Newt Gingrich (R-Ga.) sent a letter to the White House claiming that the assistance program was "a direct violation of the law." Gingrich warned the President that the "continued legality of your Mexican guaranty program depends directly on your provid-

ing certifications that the conditions specified in the act have been met."

Gingrich claims that the White House is withholding documents relating to the assistance program which it is required to make available in accordance with the Mexican Debt Disclosure Act.

In a letter to Gingrich, White House Counsel Abner Mikva called the accusations "baseless and irresponsible," and said that it was "misleading" for Gingrich to "suggest that the White House is improperly withholding documents from Congress." Mikva offered to let House members look at any sensitive documents that had not already been sent. "Neither you nor any other Member of Congress has accepted my invitation to discuss a mutually acceptable accommodation," he said.

Dole would move U.S. embassy to Jerusalem

In a measure that will seriously aggravate the already tenuous Mideast peace process, Senate Majority Leader Robert Dole (R-Kan.) introduced on May 10 the 1995 Jerusalem Embassy Relocation Act, which would move the U.S. embassy in Israel from Tel Aviv to Jerusalem. The measure would mandate the Clinton administration to begin groundbreaking on the new embassy site before the end of 1996.

Dole announced the step in a speech to the American-Israeli Public Affairs Committee (AIPAC) on May 8. Despite its highly inflammatory nature, because the issue of Jerusalem is a major stumbling block in Palestinian-Israeli talks (whose discussion has been postponed to give the peace process breathing room), the bill is expected to attract strong support in the House and overwhelming support in

the Senate.

Dole claimed that such action by Congress would not upset the peace process. "We think this legislation is responsible and will not interfere with the peace process," he said.

In another provocative measure, in 1996 the Jerusalem city government, under Likud Mayor Ehud Olmert, will celebrate the 3,000th anniversary of the capture of the city by the Jews and the naming of the city by King David. For the sake of achieving an agreement with the Palestinians, the government of Prime Minister Yitzhak Rabin has agreed to put off discussion of the difficult question of Jerusalem until the final status talks in the Mideast peace process. The Palestinians consider Jerusalem the capital of the Palestinian people. U.S. Ambassador to Israel Martin Indyk warned that if Congress recognized Jerusalem as the Israeli capital, it "would explode the peace process."

Joining Dole is Sen. Al D'Amato (R-N.Y.), whose resolution on Iran pushed the White House to impose a tighter embargo on that country.

Gingrich resigns from GOPAC under pressure

Claiming he was "just too busy," House Speaker Newt Gingrich (R-Ga.) resigned as chairman of GOPAC, the organization that raised millions of dollars for candidate training, and which Gingrich and others say was instrumental in the Republican victories last fall.

The Gingrich resignation comes in the wake of a series of ethics complaints raised against him, which have focused primarily on his activities with GOPAC. Covering his own tracks, Gingrich says that the committee was "clumsy" in its handling of financial disclosure.

During most of Gingrich's tenure as chairman, however, GOPAC did not reveal donors, and the Federal Election Commission sued the committee for failing to register as a federal political action committee while engaging in federal election activity. Gingrich had also resisted calls for GOPAC to disclose all its contributors, arguing that it is not covered by federal disclosure law because most of its resources are devoted to state and local races.

Some of the ethics complaints allege that Gingrich violated House rules by using GOPAC, as well as the tax-exempt Peace and Freedom Foundation that is run by a former GOPAC official, to support a televised college course that Gingrich was giving.

Potts appointment hurts anti-terrorist bill

House Speaker Newt Gingrich (R-Ga.), playing upon the distrust that many rural Americans have of the federal government, warned on May 7 that the appointment of Larry Potts as deputy director of the FBI might slow congressional approval of anti-terrorist legislation proposed by the Clinton administration in the aftermath of the Oklahoma bombing.

Potts has come under heavy criticism for his supervision of the raid on the Branch Davidian complex in Waco, Texas in April 1993, and the bloody encounter with white separatist Randall Weaver in Idaho in August 1992 that left two civilians and one U.S. marshal dead.

Potts was cleared of any wrongdoing in the Waco raid, but was censured by Deputy Attorney General Jamie Gorelick for overruling the FBI's "deadly force" policy and ordering snipers to attack any armed civilians at Weaver's cabin. An FBI sharpshooter

killed Weaver's wife as she stood in the doorway of her home cradling her 10-month-old child. Potts denied approving the orders that led to Mrs. Weaver's death, but two senior agents at the site said in sworn statements that Potts personally approved an order that deadly force "could and should" be used against armed men at the cabin.

A Senate judiciary subcommittee plans to hold hearings on the FBI's internal review of the Waco incident.

GOP senators protest extension of ABM Treaty

Fifty Republican senators, led by Majority Leader Robert Dole (R-Kan.), wrote to President Clinton the first week in May, urging him not to proceed with plans to indefinitely extend the Anti-Ballistic Missile Treaty during his summit meeting with Russian President Boris Yeltsin in Moscow.

According to an AP wire on May 4, Sen. Strom Thurmond (R-S.C.) explained the senators' letter to reporters: "We should be seeking a cooperative transition away from the treaty and its Cold War philosophy of mutual vulnerability rather than trying to extend and reinforce it. At a minimum, we must ensure that the ABM Treaty not interfere with the development and deployment of highly effective theater missile defense."

Republicans are also pushing for more money to be spent on a ground-based national missile defense system. Gen. Malcolm R. O'Neill, the head of the Ballistic Missile Defense Organization at the Pentagon (the successor to the Strategic Defense Initiative Office), in replying to the GOP letter, said that the ABM Treaty will not interfere with U.S. plans for theater missile defense "for an extended period of time."

National News

Alabama resurrects chain gangs for prison inmates

The state of Alabama displayed its brazen "experiment" in reviving prison chain gangs to the national media on May 3. Front-page coverage in the Richmond, Virginia *Times-Dispatch* the next day featured a huge color photo of one gang, showing only black prisoners—as if to invoke the image of a return to slavery.

Alabama officials note, however, that their chain gangs are "politically correct," being comprised of the exact three-fifths ratio of black prisoners to the state's total prison population, in an attempt to avoid any charges of racism. More than 300 medium-security prisoners have been assigned to the "experiment" so far. They were herded out in shackles for press interviews, wearing white uniforms emblazoned with the words "CHAIN GANG," before being marched off to pick up trash and cut grass on state highways.

Several prisoners were quoted in the *Washington Post* and the *Times-Dispatch*, complaining of their degrading treatment. A bill is pending in the state legislature to outlaw the practice, and the American Civil Liberties Union has promised to sue.

Kemp seeks D.C. E-zone on 'Hongkong' pattern

Jack Kemp, the former football quarterback who now heads "Empower America," was touted in the May 1 *Wall Street Journal* for his role in promoting a "radical enterprise zone" scheme for Washington, D.C.—to beat what the *Journal* characterized as "fiscal waste and festering urban problems."

The *Journal* reported that ex-Congressman Kemp (R-N.Y.) leads a coalition backing an "experimental" proposal for a "Hongkong on the Potomac." The scheme calls for selling off government assets to private financiers, freezing property taxes to benefit real estate speculators, and elimi-

nating the graduated income tax to benefit the wealthy in general.

Billed by the *Journal* as "the Republican enterprise guru," Kemp was instrumental in drawing President Reagan's administration into the disastrous deregulation policies of the 1980s. But, according to knowledgeable observers of Washington municipal politics, the key figure behind the current scheme is *Washington Post* owner Katherine Graham.

During a barrage of high-profile attacks against Washington Mayor Marion Barry, the *Post* has quietly pushed the candidacy of one Terrance Golden, for a seat on the financial control board which is to be appointed by President Clinton. Senior D.C. political sources say Golden is in effect Graham's player, to help clear the field for Kemp's privatization and looting drive.

Eco-lunatics push weeds over U.S. construction

A huge uproar has erupted in California in the past few weeks, as the U.S. Fish and Wildlife Service and U.S. Forest Service—pressured by the Nature Conservancy and an army of Prince Philip's other environmental groups—seek to list five weeds as "endangered species." The weeds allegedly grow only on top of limestone deposits in the San Bernardino Mountains.

An endangered-species listing would mean that all limestone mining in the area would have to cease. Limestone is the source of calcite (calcium carbonate), which is used to make cement and hundreds of other critical products. The mining area which the environmentalists want shut down has been the major producer of high-grade limestone in the entire western United States for the past 40 years. Closing this area to mining would have a devastating impact on the construction, chemical, and pharmaceutical industries. Without these mines, limestone would have to be imported from China or Australia.

In a series of hearings in California, field botanists, geologists, and paleontolo-

gists have testified that the claims that the weeds are an "endangered species" are scientifically fraudulent. Don Fife, representative of the National Association of Mining Districts, testified on April 26 that "junk science" was used to argue the plants are endangered. Fife, who led the fight against the California Desert Protection Act of 1994, noted that "10 of the 14 references, on the first page of the U.S. Forest Service listing package, are unpublished, in-house, self-serving reports . . . based on information and localities that the U.S. Forest Service staff maintain must be kept secret."

Fife said the environmentalists have "ignored creditable evidence submitted to them that the plants in question [have] been found growing on non-limestone [sites]." Fife told *EIR* that these weeds were "found only in limestone mines, because that's the only place they looked for them."

Confederates see slavery rising again—in prisons

State officials in Texas and Virginia seem bound to wrap themselves once again in the "Stars and Bars," the flag of the old Confederacy modeled on the British empire's own banner. In both states, the drive is growing to replace free labor with prisoners working in virtual slavery.

The Texas AFL-CIO *Labor News* for April 1995 ran a three-page feature entitled "Prison Labor Threatens Jobs of Law-Abiding Citizens." Texas AFL-CIO President Joe Gunn has committed the trade unions to fighting bills pending in the state legislature, which would extend the push for slave-labor. He cited the case of Wackenhut Corp.'s private prison facility at Lockhart, which employs prisoners at minimum wage to make computer circuit boards and optical lenses—both normally union jobs. Gunn denounced the policy as "absolute indentured slavery."

In Virginia, Gov. George Allen's "Lady Do-Rightly" wife Susan has been leading a project using female inmates at Pocahontas Correctional Unit, to process "salvageable"

food for food banks and to grow food for the needy. Public Safety Director Jerry Kilgore told the *Richmond Times-Dispatch* on April 28 that seven work camps will be operating across the state in June. He added that, "hopefully, we will have a factory behind every prison fence."

Long before the Civil War, slavery had proven to be so ruinous economically, that Virginia's slaveowners could only try to cut their losses by "breeding" slaves to sell on the open market in the Deep South. Today, under Governor Allen, the state prisons and county jails are bulging beyond current legal and budget limits. Another 154 Virginia inmates were flown to Newton County Detention Center in Texas on May 2, bringing the total number of Virginia inmates in Texas to over 450.

Arthur Clarke attacks Sagan's 'Nazi' smear

Reviewing the latest bit of scientific fakery by Carl Sagan, prominent science and science-fiction writer Arthur Clarke blasted him for referring to Wernher von Braun, the pioneer of America's space program, as a "Nazi-American."

Clarke's review of Sagan's book *Pale Blue Dot*, in the June issue of *Sky & Telescope*, charged that Sagan "does my late friend Wernher von Braun a grave injustice. . . . Wernher's scarcely disguised contempt for the Nazis often put him in serious danger. He was probably lucky to have escaped execution after being arrested and jailed by Heinrich Himmler. . . . Wernher agonized over the moral issues involved for the rest of his life. However, his position was no different from that of all patriotic scientists and engineers in time of war."

The British author concludes his review, "As Carl rightly says, von Braun 'more than anyone else, actually took us into space.' He was also a warm and delightful human being, sincerely admired by all those who knew and worked for him—whatever their national origins. I hope, therefore, that the next edition of *Pale Blue Dot* will rectify this posthumous insult to one of the greatest

men of our age."

Arthur Clarke's intervention into this revival of "Nazi" smears against von Braun and other German scientists in the U.S. space program comes at a crucial time. The 50th anniversary of the liberation of the Nazi concentration camps has been used as an opportunity by some in Germany to repeat lies and slanders previously cooked up by the Anti-Defamation League, the Office of Special Investigations of the U.S. Department of Justice, and the former East German Stasi.

Washington Post runs edited rebuttal on D.C.

The May 6 issue of the *Washington Post* printed a letter from *EIR* contributor Anton Chaitkin, attacking the paper's lying propaganda campaign to force the administration of Mayor Marion Barry to surrender control of the city's finances. The *Post* omitted the first paragraph of the text, which follows:

"As the Big Mac-style financial control board has been put through, the *Washington Post* has tried to justify the imposition of ruinous austerity on the national capital by the constant repetition of an old lie about D.C.'s history.

"The April 18 *Post* reiterates the propaganda of pro-Ku Klux Klan elements who took down the city's government structure in 1874. The *Post* says the 1871-73 regime 'had run up huge cost overruns' and 'Congress felt hoodwinked.' The governor of the city, Alexander Shepherd, was 'charged' with financial improprieties, and city officials were 'negligent, careless, improvident, unjust, oppressive, and illegal.'

"Shepherd and others were cleared of these false charges, which were brought by former Confederate politicians. But the pro-civil rights regime, which had made Washington, D.C. into a modern city, was destroyed. It was replaced with all-white rule, racial segregation, and political tyranny which lasted for 100 years—a misrule justified, as is the financial control board, only by the lies told then and now."

Briefly

● **DR. GARY S. BECKER**, 1992 Nobel Prize-winner in economics, called for legalizing "certain" drugs, at a forum sponsored by the Federal Reserve of Richmond and held at the Fed's office on May 9, according to the March 10 *Richmond Times-Dispatch*.

● **THE WHITEWATER** probe was puffed up again by the *Washington Post* in a front-page story on May 3, suggesting that Special Prosecutor Kenneth Starr is meticulously investigating \$800,000 in campaign loans to Bill Clinton's gubernatorial reelection campaigns. Starr has obtained plea-bargain agreements from six minor players indicted in the probe, one of whom has been in protective custody for over a year.

● **THE GLOBAL WARMING** hoax was reheated in the May 1 *New York Times*, with the claim that sea levels may rise as much as 150 feet when (and if) the East Antarctic Ice Sheet melts. The new doomsday theory was proposed during a contentious meeting at the Woods Hole Oceanographic Institute in Massachusetts, says the *Times*, while acknowledging that the leading oceanographers are skeptical of the claim.

● **VIRGINIA'S** Republican Party seems to have ensnared itself in the Confederate flag it has been waving in recent months. Party officials mailed out 6,000 invitations to attract African-Americans to a May 5 rally in one of Richmond's largest arenas—but only six people showed up, according to the *Richmond Times-Dispatch*.

● **TAX REVOLT** Rep. Mel Hancock (R-Mo.) attacked the federal government on April 14, following the Oklahoma City bombing, for "causing this feeling of frustration." He added that the terrorists "could have proved their point, if they had to do it, by planting a bomb on the weekend when that building was vacant," the *Joplin Globe* reported on April 15.

Editorial

Heroes of the Resistance

It is unfortunate that the men and women who fought in the German Resistance movement have not been suitably honored in the international commemoration of the 50th anniversary of the victory in the European theater of war (V-E Day). The role of a resistance fighter under any circumstances demands great courage and determination; but how much greater in the case where one is setting himself or herself in opposition to his own government.

For the French patriot, participating in the underground demanded a very great moral commitment, but the decision to oppose the Nazi occupation in itself would not have been problematic. But for a German patriot, how different the decision to participate in creating the circumstances for the defeat of one's nation in time of war.

It was the moral courage of the members of the German Resistance, and the quiet support of those German citizens who hated the Hitler regime for their efforts, which created the circumstances for the reemergence of Germany as a great nation.

The Nuremberg trials, held at the end of the war, established the principle that there is a higher moral law to which every individual is held accountable. Of course, many moral men and women did not have the moral stature to participate in active resistance, but how can it be that we fail to honor the memory of those who did?

These were not a bunch of foolish followers of Vladimir Lenin, individuals who espoused the communist dictum that the defeat of one's own government was to be desired because it would further the cause of the international communist movement. Nor were they in any way akin to those criminally demented individuals who commit terrorist acts—for whatever perceived motive.

On May 27, 1942, leaders of the German Resistance movement gathered at the Kreisau estate in Silesia, to establish the moral basis upon which they would wage war against the Nazi regime from within Germany. Excerpts from the document which they issued at that time establish their high purpose. Thus, they wrote then:

"We see in *Christianity* the most valuable forces for the religious and moral renewal of the German people, for overcoming hatred and lies, for the reconstruction of the West, for the peaceful association of peoples. . . .

"*Natural law* is the moral ordering principle made known by God in the Creation. No unalterable principle of natural law can be set aside by the legislative power of the state. That holds true for the inviolability of life—excepting punishment, self-defense, and help to those in distress—of honor, of freedom, and of truth, as well as of property. The obligatory force of the laws made by the state stem from their consonance with natural law."

It is important to note that the fact that these men and women looked to Christian principles upon which to base their action, did not reflect on their part a previous commitment to a religious way of life. On the contrary, by and large they were recruited from an intelligentsia which considered itself to be liberals. Some had been Social Democrats, some were trade unionists, and some even were members of the landed aristocracy. They were united not by their past lives, but by their opposition to the Nazis.

The Protestant religious leader Dietrich Bonhoeffer played an exceptional role in shaping the movement—we might say in expressing its Christian conscience. In contrast to the existentialist movement, he posed the Christian necessity to actively oppose evil. Thus, he wrote about the need for "civil courage," to perform the "responsible deed" in "obedient" and "absolute adherence to God."

It was not possible for a good person to live a moral life by ignoring the evil around him; therefore, he said: "The Word of God is to be spoken in such a way, that it transforms and renews the world below."

The need for a Resistance movement to oppose fascism is unfortunately still with us, as the example of the brave men and women in Bosnia makes clear. We should honor the memory of the Germans who fought Hitler, in the best way possible: by dedicating our lives as they did theirs, to once and for all defeating the forces who would impose fascist horror upon the world.

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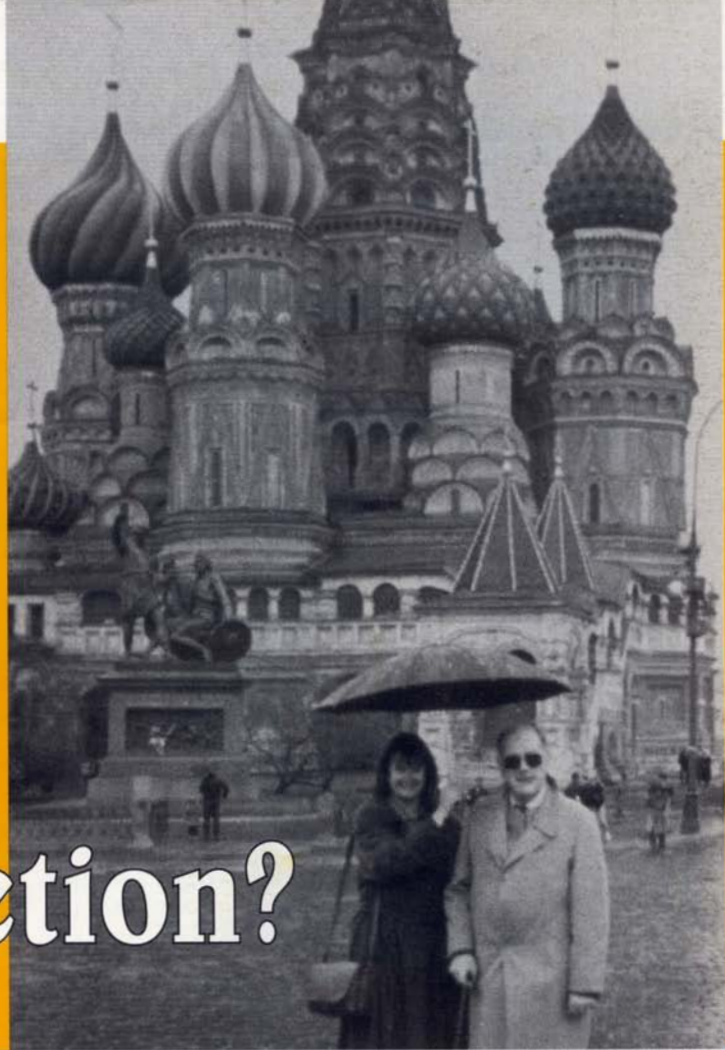
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While you were shocked, *EIR* was acting. Informed by nearly two decades of analysis of the Soviet Union by such leading thinkers as American economist Lyndon LaRouche and Germany's Gen. Paul-Albert Scherer, *EIR's* European staff put together this report to warn western policymakers that the countdown was on to what could be the century's biggest strategic disaster.

Then Lyndon LaRouche, released from confinement as a political prisoner in January 1994, traveled to Moscow with his wife, Schiller Institute Chairman Helga Zepp-LaRouche,

in April, for high-level talks and seminars at the invitation of the Universal Ecological Academy, of which he is a member. His briefing, on return from Russia, became the first chapter of this Special Report, and the warm reception he got shows that there is still time to reverse the criminality and descent into chaos in Russia, if we act now.

AND ACT WE MUST, for our own sake as well as Russia's. As LaRouche himself said: "Although we are focused upon the subject of Russia, only charlatans could speak of the future of Russia without taking into account explicitly the factors which are of immediately decisive importance for each and all nations of this planet. Indeed, the present crisis within Russia (as of all of eastern Europe) is a relatively mild form of the catastrophe which is soon to strike down every nation upon this planet. The way we treat the problems of Russia today is the mirror of the early- to medium-term future of China, of Japan, of North America, and of western Europe."

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