

# EIR

Executive Intelligence Review

December 4, 1992 • Vol. 19 No. 48

\$10.00

Helga LaRouche honors Quincentenary in Brazil  
Methyl bromide ban to speed depopulation  
Windsor Castle fire an act of God?

**Reconstruction: the  
battle not yet won**



# EIR Audio Report

## Your weekly antidote for New World Order 'news'

Exclusive news reports and interviews  
Audio statements by Lyndon LaRouche

- Updates On:**
- The Real Economy
  - Science and Technology
  - The Fight for Constitutional Law
  - The Right to Life
  - Food and Agriculture
  - The Arts
  - The Living History of the American Republic
  - Essential Reports from around the Globe

### \$500 for 50 Issues

An hour-long audio cassette sent by first-class mail each week. Includes cover letter with contents.

Make checks payable to:

### EIR News Service

P.O. Box 17390, Washington, D.C. 20041-0390  
Phone: (703) 777-9451 Fax: (703) 771-9492

U.S. environmental groups were given millions of dollars in the past five years to spread scare stories about a man-made ozone hole that would cause cancer on Earth.

**Now, for only \$15, you can learn the truth about the ozone scare.**

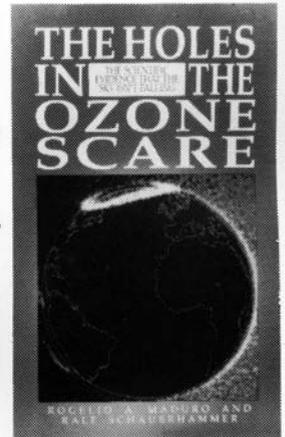
## THE HOLES IN THE OZONE SCARE

The Scientific Evidence That the Sky Isn't Falling

Send checks or money orders (U.S. currency only) to

**21st Century** Dept E  
P.O. Box 16285, Washington, D.C., 20041.

**\$15** plus \$3 shipping and handling



# Books of the American System

- Henry C. Carey, *Essay on the Rate of Wages*. With an examination of the causes of the differences in the condition of the laboring population throughout the world. (1835) \$25
- Henry C. Carey, *The Harmony of Interests*. (1851) \$35
- Henry C. Carey, *The Past, the Present, and the Future*. (1847) \$45
- Henry C. Carey, *Principles of Political Economy*. Part I: Of the laws of production and distribution of wealth. Part II: Of the causes which retard increase in the production of wealth, and improvement in the physical and moral condition of mankind. Parts III and IV: Of the causes which retard increase in the numbers of mankind and the causes which retard improvement in the political condition of man. 3 vols. (1837) \$95
- Henry C. Carey, *Principles of Social Science*, 3 vols. (1858-59) \$125
- Henry C. Carey, *The Slave Trade, Domestic and Foreign*. Why it exists and how it may be extinguished. (1853) \$45
- Henry C. Carey, *The Unity of Law*. As exhibited in the relation of physical, mental, and moral science. (1872) \$45
- Mathew Carey, *Essays on Banking*. With a selection of Mathew Carey's other writings on banking. (1816) \$45
- Mathew Carey, *Essays on Political Economy*. Or, the most certain means of promoting the wealth, power, resources, and happiness of nations applied particularly to the United States. (1822) \$49.50
- Friedrich List, *The National System of Political Economy*. Translated from the original German by Sampson S. Lloyd. (1885) \$45

Shipping and handling: Add \$4.50 for one book, plus \$.50 for each additional book.

Visa and MasterCard accepted

Virginia residents add 4.5% sales tax.

## Ben Franklin Booksellers

107 South King Street, Leesburg, VA 22075

Fax: (703) 777-8287 Ph: (703) 777-3661 (800)-220-1037

# EIR

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editor: *Nora Hamerman*

Managing Editors: *John Sigerson, Susan Welsh*

Assistant Managing Editor: *Ronald Kokinda*

Editorial Board: *Warren Hamerman, Melvin*

*Klenetsky, Antony Papert, Gerald Rose, Edward*

*Spannaus, Nancy Spannaus, Webster Tarpley,*

*Carol White, Christopher White*

Science and Technology: *Carol White*

Special Services: *Richard Freeman*

Book Editor: *Katherine Notley*

Advertising Director: *Marsha Freeman*

Circulation Manager: *Stanley Ezrol*

## INTELLIGENCE DIRECTORS:

Agriculture: *Marcia Merry*

Asia: *Linda de Hoyos*

Counterintelligence: *Jeffrey Steinberg,*

*Paul Goldstein*

Economics: *Christopher White*

European Economics: *William Engdahl*

Ibero-America: *Robyn Quijano, Dennis Small*

Law: *Edward Spannaus*

Medicine: *John Grauerholz, M.D.*

Russia and Eastern Europe:

*Rachel Douglas, Konstantin George*

Special Projects: *Mark Burdman*

United States: *Kathleen Klenetsky*

## INTERNATIONAL BUREAUS:

Bangkok: *Pakdee Tanapura, Sophie Tanapura*

Bogotá: *José Restrepo*

Bonn: *George Gregory, Rainer Apel*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Don Veitch*

Mexico City: *Hugo López Ochoa*

Milan: *Leonardo Servadio*

New Delhi: *Susan Maitra*

Paris: *Christine Bierre*

Rio de Janeiro: *Silvia Palacios*

Stockholm: *Michael Ericson*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

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

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

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

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

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

Copyright © 1992 EIR News Service. All rights reserved. Reproduction in whole or in part without permission strictly prohibited. Second-class postage paid at Washington D.C., and at an additional mailing offices. Domestic subscriptions: 3 months—\$125, 6 months—\$225, 1 year—\$396, Single issue—\$10

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

## From the Editor

**D**uring the week of Thanksgiving, your editors at *EIR* cooked up an unusually rich feast of information for you. We hope you enjoy the results in this issue. The unifying theme is the battle for economic justice.

In *Science & Technology*, Rogelio Maduro, co-author of *The Holes in the Ozone Scare*, 1992's most important book on environmentalist fraud, presents a detailed exposé of the latest proposed prohibition against a chemical: methyl chloride. To put it succinctly, those who don't perish from starvation or disease due to lack of the banned refrigerants known as CFCs, face the new threat of dying from the insects and other pests which will flourish thanks to the ban on methyl chloride. Read this for ammunition to stop the depopulation lobby.

From Brazil, we bring you an eight-page report highlighting Helga Zepp-LaRouche's role as guest of honor at the celebration of the Columbus Quincentenary in Anapolis, the dedication of the Center for Ibero-American Studies and Solidarity, and the presentation of the Schiller Institute's book, *Ibero-American Integration*, in Portuguese. Mrs. Zepp-LaRouche, besides being the wife of economist and political prisoner Lyndon LaRouche, is the founder of the Schiller Institute internationally and president of the institute in Germany.

The *Feature* by historian Fredric Henderson tells the untold story of the Reconstruction of the U.S. South, the great task which Abraham Lincoln intended but which was sabotaged by the same British free-traders and their stooges who had forced the Civil War on the United States. One highly visible result of the failure of Reconstruction is an over-lifesize statue of satanist Albert Pike, a confederate general and cofounder of the terrorist Ku Klux Klan, in the middle of Washington, D.C. Our cover photo shows one of the series of recent rallies to protest this obscenity, in a movement initiated by Lyndon LaRouche, which is gaining national momentum (see *National*).

This statue is destined to go the way of the monuments to George III in America and to Lenin in Moscow, Yerevan, and Kiev. Its fall will signal a pledge to bring economic justice to *all* Americans and our neighbors around the globe. That signal may deter some of the KKKers who have descended on our ally Germany in an attempt to spark a neo-Nazi revival there.

*Nora Hamerman*

# EIR Contents

## Interviews

### 9 **Rodolfo Oswaldo González Meda and Fernando Becaga**

Two leaders of Argentina's retiree movement show how IMF austerity conditionalities have driven the elderly into desperate straits.

## Book Reviews

### 47 **'Nightmare' is not meant as fiction'**

*Pacific Nightmare: How Japan Starts World War III, A Future History*, by Simon Winchester.

### 48 **Another attempt to cover up Mozart's assassination fails**

*The Mozart Myths: A Critical Reassessment*, by William Stafford.

## Departments

### 18 **Dateline Mexico**

Credit screws are tightening.

### 19 **Andean Report**

New scandal breaks out in Venezuela.

### 51 **Panama Report**

Coming apart at the seams.

### 69 **Music Views and Reviews**

"Messiah" and "The Creation" for Christmas.

### 72 **Editorial**

It's your responsibility.

## Economics

### 4 **New York bankers issue marching orders to Clinton**

The "100-day economic agenda" scheduled to be published shortly by the New York Council on Foreign Relations, calls for vicious austerity, as the financial elites follow in the footsteps of Nazi Economics Minister Hjalmar Schacht.

### 6 **Clinton to revive Carter energy policy?**

### 7 **Gonzalez calls for hearings on the Fed**

### 8 **GATT talks resume amid monetary chaos**

### 11 **Currency Rates**

### 11 **Unionists take dim view of NAFTA**

**Documentation:** From speeches at a conference on "Trade Union Response to Global Free Trade," held at Pennsylvania State University's Australia-New Zealand Studies Center.

### 14 **Bankers' socialism leaves Spain in chaos**

### 15 **Nothing being done to stop African epidemics**

### 16 **Agriculture**

Usury against farmers exposed.

### 17 **Banking**

The Bronfmans sue the Reichmanns.

### 20 **Business Briefs**

## Science & Technology

### 22 **Methyl bromide ban will hasten world depopulation**

The Montreal Protocol group that fashioned the excuses to ban CFCs is meeting in Copenhagen to ban another crucial compound—and millions will pay with their lives.

### 24 **EPA challenged about methyl bromide lies**

### 28 **Hitler, too, was an environmentalist**

## Conference Report

### 30 **Columbus quincentenary is celebrated in Brazil**

At a seminar in the city of Anapolis on "The Fifth Centenary of the Evangelization and Ibero-American Integration," Helga Zepp-LaRouche joined Brazilian leaders in founding the Center for Ibero-American Studies and Solidarity.

### 32 **Helga Zepp-LaRouche: 'We need a world reconstruction program'**

### 33 **The Earth could sustain 35 billion human beings**

A summary of the speech by Dom Manoel Pestana Filho, the bishop of Anapolis.

### 34 **Argentine patriots greet center for solidarity**

Greetings from Col. Mohamed Ali Seineldín and Capt. Gustavo Breide Obeid.

### 36 **Brazilian Armed Forces prepare to defend national sovereignty**

## International

### 38 Iran may be next to get 'Desert Storm' treatment

The same Anglo-American channels that duped Iraq into going to war with Iran in 1980, and into invading Kuwait in 1990, are at it again, trying to shore up their geopolitical power.

### 40 Half a million Bosnians face death; Balkan war looms in next phase

### 41 Was Windsor Castle fire an act of God?

### 44 Peru's Fujimori wins election, but not freedom from foreign pressure

### 46 Britain on reckless course in Hong Kong

### 52 International Intelligence

## Feature



A demonstration at the statue of Confederate general and KKK founder Albert Pike, in Washington, D.C.'s Judiciary Square on Nov. 6. The Klan was spawned by the same British-Freemasonic faction that sabotaged the Reconstruction policies of the American System leaders.

### 54 Reconstruction: the Civil War battle yet to be won

Fredric W. Henderson tells the real story of the battle over Reconstruction after the Civil War. It was a bitter strategic fight between the advocates of the American System of political economy on the one side, and the British-backed usurious bankers, the Ku Klux Klan, and the Freemasons on the other.

## National

### 66 Two cities demand demolition of KKK founder Pike's statue

The national mobilization launched by Lyndon LaRouche and the Rev. James Bevel has scored some victories, and the KKK's backers are furious. When will the despicable statue in the nation's capital finally come down?

### 68 Atlantic Council sees split with Europe

### 70 National News

**Photo credits:** Cover, Stuart Lewis. Pages 31, 33, 35, Richard Magraw. Page 64, Library of Congress.

## New York bankers issue marching orders to Clinton

by Kathleen Klenetsky

The same New York banking elites whose folly caused the current downward-spiraling depression in the United States, have issued an ultimatum to the incoming Bill Clinton regime: Either continue to apply fascist economics with renewed vigor, or else Wall Street will pull the plug on the financial markets.

Sounding much like a child threatening a temper tantrum, the establishment warns that if Clinton does not implement the main elements of their program, "Wall Street and its foreign counterparts" will "bring him to his knees," turning his first 100 days into a "minefield that could blow up and damage his administration for the next four years."

The threat is contained in an article scheduled to appear in the upcoming issue of *Foreign Affairs*, the journal of the elite New York Council on Foreign Relations. *EIR* has obtained a prepublication draft of the article, entitled "The 100-Day Economic Agenda," written by Jeffrey Garten, senior adviser to The Blackstone Group, a New York investment firm run by CFR chairman Peter Petersen and another key Clinton adviser, Roger Altman.

Garten's threats are hardly to be taken seriously, since the first to be hurt by a staged financial blowout would be the New York banks themselves. But his recommendations represent the desperate state of mind of an influential grouping within the U.S. establishment, as they follow the footsteps of Nazi Economics Minister Hjalmar Schacht in calling for drastic cuts in the standard of living—not in order to help rebuild the shattered U.S. industrial and agricultural infrastructure, but merely in order to keep the establishment's ship afloat for a few more months.

In essence, Garten calls on Clinton to get Japan and western Europe (principally Germany) to agree to an international "stimulus" program, whereby Germany and Japan would

unleash inflation in their own countries, supposedly in order to help Clinton put through a few pathetically underfunded public infrastructure projects, but actually in order to bolster the enormous speculative debt buildup over the past 13 years.

### 'Tough fiscal policy'

"Clinton's immediate priorities," says Garten, "should be both offensive and defensive, and defined in terms that are crystal clear: to attack the cancerous budget deficit and simultaneously calm the financial markets, and to work with Japan and Germany on a global growth package that includes economic stimulus, trade promotion, and currency stability." Dismissing as "Pollyannish" Clinton's campaign claim that he could cut the U.S. budget deficit in half without making deep cuts in U.S. social spending, Garten tells the President-elect that he "must emerge as a tough fiscal conservative right away," and even before his inauguration, lay out a program that involves: a cap on Social Security and Medicare, plus a freeze on all other social spending; "bolder" cuts in defense spending; and a tax on gasoline consumption.

Garten's call for spending cuts in order to "attack the cancerous budget deficit" are anything but honest. As *EIR* laid out in a recent feature article ("Non-Money: How the Deficit Is Created," *EIR*, Oct. 23, 1992), such cuts are in fact a sure-fire way to *increase* the deficit by ravaging the nation's tax base. In reality, the only people who reap any benefit from such cuts are the bankers who end up with even more government debt to speculate with.

Coupled with this "tough fiscal policy" on behalf of the banking elite, Garten advises Clinton to jack up the economy and produce some jobs by giving a "massive boost to small businesses and new industries" through a combination of tax breaks, incentives to banks to extend credit and a significant

reduction in regulatory red tape.” But lest anyone think this is a serious effort at reindustrializing the country, Garten also proposes making “bold moves on the trade policy front,” beginning with rapid implementation of the North American Free Trade Agreement—an agreement which will suck more productive industry and agriculture out of the country than Clinton’s infrastructure programs could ever create.

Clinton will have to devise an international economic agenda quickly, too, says Garten, arguing that the only available avenue for U.S. economic growth is an increase in exports. For this to happen, “markets abroad will have to expand, particularly in Europe and Japan.” Garten proposes that to that end, Clinton should send emissaries to Tokyo and Bonn “before Christmas” to arrange an early summit of the Group of Seven, whose main goal would be to devise a U.S.-Japan-Europe “growth package,” based on draconian austerity in the U.S. (including cuts in subsidies to industry and wage restraint by labor); domestic and international “pump-priming” by Tokyo; and more liberal (i.e., inflation-ary) monetary policies in Germany.

Given the fact that Germany and Japan are also traveling down the road to depression, it is highly unlikely that they will agree to committing economic suicide any more quickly than they already are at present. But in an effort to garner Germany and Japan’s cooperation in this scheme, Garten recommends that Clinton offer some *quid pro quos*, such as supporting Japan and Germany’s quest for full membership in the U.N. Security Council, and embarking on an enlarged aid program to eastern Europe and the former Soviet Union in order to reduce the threat of a political and economic eruption in Europe that would have an immediate adverse impact on Germany in particular.

Germany would indeed be foolish to accept Garten’s geopolitical sops, since any mere “aid” program for eastern Europe and Russia is doomed to failure and general war, so long as these countries do not make a decisive break with the International Monetary Fund’s debt-collection policies.

## Clinton’s Reich

While Clinton and his advisers have been extremely vague about what direction the new administration’s economic policy will take, there is very little in Garten’s article which contradicts the thinking in the Clinton camp. The only thing the Clinton people might balk at—and here’s where Garten’s warning about Wall Street destroying the new administration comes in—is the demand for domestic austerity, which would obviously reap negative political consequences for the new President.

Otherwise, judging by their records, one would expect that Clinton’s economic policy gurus would advise him to sign on to the CFR’s proposals.

Robert Reich, a leading Clinton adviser whose various policy recommendations were clearly reflected in Clinton’s program, is a prime example. Currently serving as head of

economic policy for the Clinton transition—a charge that includes developing a legislative package for the new administration—Reich has been close to Clinton since their days together as Rhodes Scholars at Oxford.

## Post-industrial fascism

A lawyer who teaches political economy at Harvard’s John F. Kennedy School of Government, Reich has frequently called for implementing many of the same policies Garten recommends.

In an article published in the 1987-88 year-end issue of the same *Foreign Affairs* in which Garten’s piece will appear, Reich stated flat out that in order to reverse America’s declining competitiveness, it will be necessary to “scale back aggregate consumption by . . . taxing more of Social Security benefits . . . reducing farm supports . . . and taxing consumption directly—through, for example, a progressive tax on a family’s net spending.” In other words, Reich would have no disagreement with the domestic austerity program demanded by the CFR’s Garten.

Like Garten, Reich favors some form of government-backed infrastructure program, but with a very particular twist: It would be limited to upgrading the country’s communication and transportation systems, and its “human capital” through worker training programs.

In his latest book, *The Work of Nations*, Reich objects to any industrial policy that would have as its primary focus the rebuilding of the U.S. industrial base. Why? Because, he claims, the predominance of the global economy over national economies means there can no longer be a truly “American” corporation. Instead, there are a host of nationless multinationals, which roam the globe searching for locations that offer skilled work forces willing to work for low wages in which to set up operations.

Reich further maintains that “there is no longer any reason for the United States . . . to protect, subsidize, or otherwise support its corporations above all others.”

Reich makes no real differentiation between productive and non-productive investment. While he has attacked the speculative excesses of the 1980s for wasting capital, he also insists that the wealth of a country correlates with the emphasis it places on turning its work force into “symbolic analysts,” i.e., people who deal in concepts.

But Reich doesn’t limit this designation to scientists, engineers, and others who are necessary to increasing the productive powers of an economy. He also includes in this category “public relations executives, investment bankers, lawyers, real estate developers, and even a few creative accountants,” along with “management consultants, financial consultants . . . organization development specialists . . . corporate headhunters, and systems analysts . . . advertising executives and marketing strategists, art directors, architects, cinematographers, film editors, production designers.”

# Clinton to revive Carter energy policy?

by Marsha Freeman

Not since the dreary days of the Carter administration has “soft energy” advocate Amory Lovins made a major policy appearance in Washington. On Nov. 13, Lovins presented a briefing sponsored by the New York Council on Foreign Relations (CFR), based on his upcoming article in its *Foreign Affairs* magazine entitled “Fueling a Competitive Economy.” What Lovins has proposed be the energy program for the Clinton-Gore administration is no different than what he proposed to President Carter in a 1977 article in that same quarterly.

To try to influence the Clinton-Gore administration, Lovins pointed to the success of his 1970s policy recommendations to cut energy consumption, substitute “alternative” energy sources for new coal and nuclear power plants, and promote “energy efficiency.” In 1976, he predicted that energy use per dollar GNP would drop, and through 1986 it dropped by one-quarter more than even he had predicted, he bragged at the Washington briefing. However, Lovins does not seem to recognize that it has been the creeping depression and decline in living standards that have forced Americans to “conserve.”

Following the ideology of Lovins and his sponsor, the CFR, the Carter administration had an economic policy based on “controlled disintegration” and an energy policy based on the idea that economic growth and energy growth could be “decoupled.” When Carter appointee Federal Reserve chairman Paul Volcker hiked interest rates to double-digit rates in October 1979, the road to “decoupling” was laid. No longer was it profitable to invest in the energy-intensive physical economy.

Following in Carter’s monetary footsteps, President Reagan’s economic policies proved in spades that if economic growth is defined as GNP growth, it can surely be decoupled from energy production and consumption. All the economy has to do is register growth in real estate and currency speculation, stock market frenzies, and leveraged buyouts—because none of these require much energy. Americans have begun to realize, however, that this kind of “growth” spins the economy into a depression.

## Energy costs driven up

In the *Foreign Affairs* article, Lovins and co-author Joseph Romm, who is also resident at the Rocky Mountain Institute in Colorado, repeat the old saw that “uneconomical options such as nuclear power” have already had “lavish subsidies” by the government, without ever explaining that it was the anti-nuclear

movement’s doubling and in some cases quadrupling of the cost of nuclear power plants through political sabotage and interference that made them “uneconomical.”

Lovins and Romm consistently use the word “energy” when they actually mean oil. They claim that today’s energy policies are based on military considerations, leading to waging Middle East wars, and not on “economics.” What do they propose?

To reduce America’s dependence on imported oil, which largely goes to meet transportation needs, they propose using ultra-lightweight materials to increase the fuel “efficiency” (consumption, actually) of vehicles. It has been documented in numerous studies, however, that reducing the weight of automobiles reduces both gasoline consumption and occupants’ life expectancy. Though Germany and Japan are held up as the paradigms of efficient energy use by Lovins, nowhere is the urban mass transit and high-speed rail systems these two nations depend upon recommended for the United States.

The argument by Lovins that the “soft path” of alternate technologies, such as windmills and burning garbage, should be the “technologies” of the future because they are locally controlled and cheaper, has now been given a new push with the myth that these “clean” technologies (compared to “dirty” coal and “dangerous” nuclear) must be used to avert greenhouse warming.

But it has been amply documented, for example, that the amount of energy it takes to manufacture solar collectors for “clean, cheap (if not free) energy,” is never paid back over the lifetime of the solar collector, because the energy collected is so diffuse. (See “The Truth About Solar Energy: It Costs Too Much,” *21st Century Science & Technology*, July 1989, p. 20).

Vice President-elect Albert Gore touts the idea that meeting environmental requirements does not have to have a negative impact, but instead will create jobs and be profitable. But neither jobs nor profit necessarily equate to economic growth. Creating the monetary, credit, R&D, and tax policies to encourage investment in new technologies which increase productivity will not be accomplished by creating “new industries” to produce packages for garbage so it can be more easily recycled.

For most Americans, buying more energy-efficient lightbulbs (proposed by both Gore and Lovins) is not their major concern. During the Carter years, these “conservation” policies, i.e., austerity, were not taken seriously. Few people ran out to build solar collectors.

But the economic situation today is not what it was 15 years ago. We all saw our costs skyrocket after two Mideast wars and Volcker’s interest rate hike, and most Americans could barely manage to absorb the punch. Today, when millions of Americans live on the edge of existence, a carbon tax raising the price of winter heating fuel and gasoline could be a matter of life and death.

If Clinton follows in the footsteps of our last great Democratic President, an old phrase will take a turn: “The first time as farce; the second time as tragedy.”

# Gonzalez calls for hearings on the Fed

by William Jones

House Banking Committee Chairman Henry B. Gonzalez (D-Tex.) outlined on Nov. 19 the next step in his campaign to bring the Federal Reserve under control, announcing that he intends to introduce legislation which would require Senate confirmation for all Federal Reserve Bank presidents before they can serve on the Federal Open Market Committee. "The 12 members of the FOMC are powerful decision-makers who have final and complete authority to control the amount of United States money in circulation," said Gonzalez. "The members' actions have such a profound influence on employment, the price level, and exchange rates—in short, on the economic well-being of our country—that it is essential that we know just who we are placing in such a position of power."

Gonzalez has long had an eye on the Federal Reserve, which, since it was set up by Congress in 1913 (in the face of considerable congressional opposition) as a relatively autonomous structure of private banking interests, has been able to regulate the U.S. currency system with only the most limited government intervention. The chairman of the Federal Reserve is a presidential appointee, and thus subject to Senate confirmation. The 12 Federal Reserve Bank presidents are not.

"Currently, five of the 12 Federal Reserve Bank presidents are elected by the boards of directors of their respective banks and do not require congressional approval," said Gonzalez. Each Federal Reserve Bank has a nine-member board, six of which are elected by the private member banks in the bank's district, so that the procedure tends to be the private banks' internal affair. Gonzalez considers this "a clear conflict of interest." He also believes it necessary to place the Fed presidents under congressional scrutiny in order to determine their "underlying beliefs toward national policy objectives."

Under Gonzalez's proposed legislation, the boards of directors of each Reserve Bank would submit a list of names to the President, who in turn would select no more than a simple majority from the administration's own party to serve as presidents of each of the district banks.

Gonzalez would also like to bring the Fed's SWAP fund, used to intervene in foreign exchange markets, under congressional budgetary authority. Currently, Congress has no control over how large this fund can become.

Gonzalez criticized the FOMC's secrecy about its proceedings and discussions. When Congress passed the 1976 "sunshine" legislation, which requires agency disclosure of

the minutes of meetings, the FOMC decided to stop taking notes at its meetings.

Gonzalez intends to extend the oversight function of the General Accounting Office to the Fed. Already in 1978, Congress gave the GAO the right to audit the Federal Reserve, but with severe limitations on what they could do. The GAO, for instance, cannot audit the Fed's international transactions and monetary policies.

Gonzalez would also like to limit the influence which foreign-owned Federal Reserve member banks have on Fed policy. "Because of the Reserve Bank presidents' extremely important functions, the foreign-owned voting constituency that indirectly elects these presidents is of national interest." In a letter to Fed Chairman Alan Greenspan on Nov. 19, Gonzalez requested the names of all the subsidiaries of foreign banks.

## Usury must be rooted out

On the House floor last March 17, Gonzalez attacked the "usurious interest" of the Fed which had been "flagellating our country now ferociously since the late 1970s." "With the instability that is created," he warned, "I can assure you that we will get no place." The problem, he pointed out succinctly, is the powerful financial interests which have "commanded the decision-making level . . . the allocation of credit." That the problem was not so endemic at the beginning of this country's history, he attributed to the fact that "they had men like Alexander Hamilton and, mostly, Jefferson, who recoiled at . . . usury."

Again on May 7, Gonzalez pointed out that the problem had become acute when the Congress passed the Federal Reserve Board Act of 1913, "and the creation within the activities of that board of such a thing as the Open Market Committee." That particular institution, Gonzalez noted, "was structured not unlike the set-up of our mother country, England"—in contrast to the system of Hamilton.

Gonzalez's attempt to bring the Federal Reserve under control is greatly to be desired. The Clinton administration will have the opportunity to break with the past in the face of the deepening depression. In that climate, the Gonzalez proposals could become an important tool in turning around the crisis. And yet, half-measures will not suffice. If the deepening depression is to be turned around, the Federal Reserve will have to be taken again under the wing of the Treasury Department and re-federalized in accordance with Article 1 of the U.S. Constitution, as was outlined by physical economist Lyndon H. LaRouche in testimony submitted last year to the House Banking Committee. Only when the Federal Reserve is transformed into a national bank can it play its constitutional role in implementing the necessary economic program, providing the credits necessary for the re-tooling of the U.S. economy. It's likely that Gonzalez understands the necessity of that step. If this is indeed the case, he deserves all the support he can get.

# GATT talks resume amid monetary chaos

by Marcia Merry

On Nov. 19, a deal was struck between U.S. and European Community (EC) representatives to defer trade war—previously set to kick off Dec. 5—and to resume negotiations in the stalled seven-year Uruguay Round of the General Agreement on Tariffs and Trade (GATT) to set up free-access trade among the 105 member nations, in agriculture, banking, labor, medicines, textiles, and many other areas formerly considered the province of sovereign nations.

The deal, which on the face of it dealt with “oilseeds,” is a pact with the devil. Among the terms of the agreement, is a European pledge to prohibit food production from millions of acres of farmland and to curb EC food exports. This was done in the face of the misery of hundreds of thousands now hungry and starving in the former Yugoslavia, the former Soviet bloc, and Africa. These food-prohibition terms of the pre-GATT deal show to what depths the political leaders of the West have sunk. What do they expect will happen?

## License to loot

On Nov. 22, Robert Hormats, vice president of the Goldman Sachs investment banking firm, spoke on U.S. television in praise of the GATT deal, saying it would open up a new era in which investment firms could “sell their product” anywhere in the world without restrictions. What he means is, they’ll get international looting rights. Goldman Sachs and cohorts among an Anglo-American financial elite envision new forms of usury from a GATT deal in 1993. They desperately want GATT free trade because their Maastricht Treaty for a unified European zone, under their command, has gone awry.

Meantime, as a fallback, plans are in the works for an expanded North American free trade bloc—to include Australia, New Zealand and selected other countries deemed eligible for the “imperial preference zone” of the Anglo-Americans. In this region, so-called globally competitive companies would be expected to pay next to nothing for manufacturing and farm labor costs, in the name of staying “lean and mean” so as to compete in the international markets. In other words, you would expect to see slave-labor *maquiladoras* not only along the Mexican border with the United States, but in Detroit, Missassauga, or Melbourne.

Hormats will be chairing an event in Frankfurt, Germany in January, to brief invited European financial muckety-mucks about how to kneel down to the new Clinton adminis-

tration on GATT, or whatever else the investment banks can come up with.

Only French farmers have gone into revolt against the suicidal pre-GATT trade deal. On Nov. 25, the farmers stormed the Paris bourse. They have staged numerous “Operations Escargots,” in which they drive their farm machinery on the highways, reducing traffic to a snail’s pace. An international demonstration is set for Dec. 1.

France is the EC’s largest grain producer and exporter—a vital resource for food relief in Eurasia and Africa. But, though Germany sided with France in the past to resist Anglo-American demands to cut European farm potential and national sovereignty, this time Germany went along with Britain in the EC, and other EC nations fell into line to approve the pact. German industrialists make the stupid argument that the EC economies will be better off in view of national debt burdens, if there is less support to farmers and less farm output.

The French government is feeling the wrath of its farmers, but lacks a positive plan. Paris officials are so far making only a show of objection. They are putting the deal up to Parliament to vote.

## Currency realignments

The policy chaos is reflected in repeated monetary crises. At secretive meetings the weekend of Nov. 21, the EC financial committee realigned the values of certain currencies for the third time in 10 weeks. On Nov. 21, more currency chaos hit. On Nov. 23, the Norwegian government was forced to increase overnight interest rates to 1,100% (later dropped back to 600%) in order to stop a massive speculative attack on the kroner. The same day, overnight interest rates were raised to 30% in Ireland, 13.75% in Spain, 14% in Portugal, and 50% in Denmark.

On Nov. 24, the speculative attacks turned to the Irish punt and the Danish kroner (where fears of imminent bankruptcy of one of the largest Danish companies, the Danish East Asiatic Co., have added to speculative pressures).

The French franc also came under attack, with hidden intervention by the Bank of France being the only factor keeping the franc from a sharp fall. The internal French political turmoil over the GATT farm sellout has added to a sense of political paralysis which further weakens the franc.

In the midst of this, the European Commission met on Nov. 23 to take up an agenda including GATT, currencies, and “stimulus” proposals for spending on infrastructure. Large-scale plans, along the lines proposed since 1989 by Lyndon LaRouche for a “Productive Triangle” of concentrated industrial development in central Europe, would foster the institutions and growth now lacking.

Although the infrastructure plans so far before the EC are penny-ante projects, even these are under attack. British Chancellor of the Exchequer Norman Lamont told BBC on Nov. 24 that he was “astonished” that anyone would be discussing high-priced schemes as a “dash for growth.”

# Argentine retirees blast International Monetary Fund

*Rodolfo Oswaldo González Meda and Fernando Becaga granted the following interview to EIR correspondent Gerardo Terán Canal in Buenos Aires on Nov. 10. The two are retired from the Banco de la Provincia de Buenos Aires, a provincial bank, and are also leaders of the retiree movement which has set up a permanent soup kitchen at Plaza Lavalle in Buenos Aires to protest the miserable level of pensions paid by the Argentine government in compliance with austerity conditionalities demanded by the International Monetary Fund (IMF). Another leader of the Plaza Lavalle movement, Francisco Gionini, died on Oct. 4, 1992 from exhaustion and heart problems.*

*The inability to survive on pensions, which average \$140 a month, against monthly market-basket necessities costing \$1,000, has driven more than 500 retirees to commit suicide over the past year. Their plight was recently highlighted by the callous statements of Finance Minister Domingo Cavallo, who publicly reported that he personally could not live on less than \$10,000 a month. "You wouldn't want me to live in indigence, would you?" he asked the media. The finance minister, trained at Harvard University, insists that the families of retirees support them, or that the elderly pensioners "go back to work."*

**EIR:** According to reports in the Argentine press, over 500 retirees have committed suicide over the past year due to the terrible conditions in which most of the country's elderly are forced to live. How accurate is this information?

**A:** I don't know if the figure is accurate—whether there are 500 or 10 suicides. The important thing is that the retired, the people from the so-called *passive class*, are forced, because of a situation of dire necessity, to seek a solution as definite as suicide. We think this is rather embarrassing for a society, or a country, which is claiming that it has now entered nothing less than the First World.

**EIR:** The reports are that there are 3.2 million retirees. Just how many people are affected by this conflict?

**A:** The figure you mention is correct, but in fact it should be multiplied by two. There is a passive class (those protesting in the streets) which is in the order of 4 million people; but then there is a *potential* passive class made up of those contributors to a new pension system, including people over

age 20 and under 45. Over the next several years, these will be the country's new retirees. Within this framework, two solutions to the pensioner problem are required: one is the debt, and a larger pension for current retirees; and the other is the nature of the future retirement system.

**EIR:** Let's talk about the debt. In December 1991, the government decided to pay some of it by issuing bonds. Tell us something about that.

**A:** One problem is that the debt was the result of the looting of the Retirement System Funds. Add to this the fact that the current government has failed to resolve the debt problem: The funds were looted under several administrations; the blame can't just be placed on this government. They were repeatedly looted by whatever government was in power.

The government proposed to solve the problem by issuing a bond called BOCON. But note that this bond, which might have a nominal value of 100 pesos, is today quoted on the stock market at 47-48% of its value. So if a retiree wants to cash in his bond, he will lose over 50¢ for every peso he collects. The bonds mature within 16 years.

**EIR:** What is the average age of the retirees who received these bonds?

**A:** They are for people over 85 years of age. That is, the bonds will pay for the flowers on their graves. To resolve this, the Senate approved a law which allows for payment of debts no higher than \$1,400 per retiree, for all those retirees older than 85. But then the finance minister, Domingo Cavallo, acting on the orders of the President, vetoed this because he said there was no money available to pay this amount.

**EIR:** Will the problem of the retirees' physical survival be resolved with the 82% pension increase the government has promised?

**A:** According to Article 14 of the Constitution, every worker has the right to a minimum adjustable wage, which means that the amount of money he receives must be enough to meet the costs of housing, food, and education. Right now the monthly family market-basket of an average family (a couple with two children) costs about \$1,500. A retiree receives an average of \$140 monthly.

The pension problem is one of indebtedness. As time

passes, it snowballs even further. This problem arose practically from the moment the pension system was created; today, it works such that no one gets anything. By modifying the federal revenue-sharing law, the government will receive approximately \$200 million from the provinces. Also at one point, the government imposed a telephone tax, and later increased the Value Added Tax (IVA) on transportation, all of which revenues were supposedly going to be used to pay pensions. But these revenues, or any others which the government says will go to pensions, are not going to alleviate the problem. This is an administrative problem, not one of creating subsidies to try to whitewash something which really only needs a correct and appropriate administration.

**EIR:** Can solutions to the Argentine pension problem be found in the framework of the IMF's programs?

**A:** Absolutely, categorically not. What the IMF proposes, and not just for the retirees, is nothing more and nothing less than the impoverishment of regional economies. It means filling the coffers of the sacred boss by impoverishing, and constantly stealing from the suppliers. It is a policy of economic subjugation and prostration for all productive sectors, wherever they may be—in Asia, America, Europe, or any other part of the world.

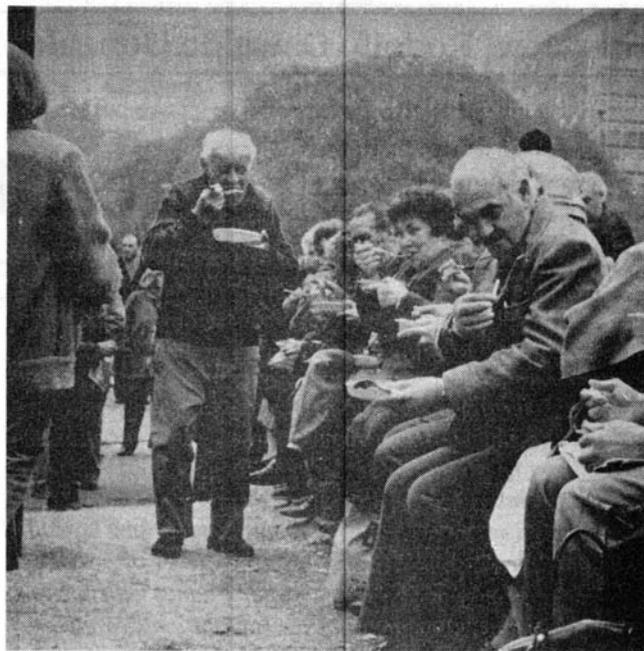
**EIR:** According to the pension reform being promoted by the IMF, private pension funds will now become the administrators of pension revenues. Do you agree with this policy?

**A:** Decidedly not, because these privately administered pension funds are created precisely to continue robbing the worker. Now, the fraud will become institutionalized. Before, the state looted the funds. Now, the people who will control the pension funds are those management groups which didn't contribute to them.

These are groups such as Citicorp's Juncal Group which, as management, did not contribute what they should have to the pension funds previously administered by the state. According to government statistics, beginning in 1993, some \$240 million monthly will enter the pension administration from worker contributions amounting to 10% of each individual's salary. The monthly capitalizable amount will be 7% of the wage because the other 3% goes to commissions for the fund administrators, amounting to no less than \$63 million. The setting up of an Administrative Pension Fund is a business, because the requirements for creating one are minimal. We're talking about \$3 million in capital, a few operational plans, marketing channels, physical space, etc.

**EIR:** What happens if there's a financial collapse or bankruptcy in the fund?

**A:** Nothing will happen, because it's not guaranteed by the state. They pack their bags and say, "So long, good luck." The law authorizing the creation of the Administrative Pension Funds specifies that they have no state guarantee. This



*Retirees protest in Plaza Lavalle in Buenos Aires against miserable pensions. Francisco Gionini (standing), who died of exhaustion and heart failure on Oct. 4, was a leader of the protest.*

is unprecedented. With a monthly income of almost \$240 million, after one year, the funds will have almost \$2.5 billion. In seven years, say from here to the year 2000, they will have a *capitalized* amount of \$40 billion. They will be in a position to buy Argentina's foreign debt. For the worker who has to work 45 years in the new system, after 540 months of work, his salary deductions could yield a monthly income of \$170,561.34 and a total capital of \$11,541,317. A person who works for 45 years retires at 65 and dies at 72. That's why I say that the law is conceived of so that no one gets anything.

The money that goes into the Administrative Pension System will end up in the stock market, go to the purchase of bonds and securities, or be played with in order to maintain payments on the foreign debt.

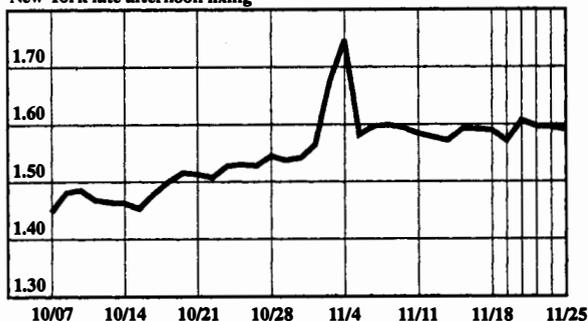
**EIR:** Is it the case that because of its consistency and sacrifice, the Argentine retiree movement intends not only to defend its rights, but to offer an important example to other social sectors?

**A:** It is our wish that not only the retiree, but our entire people, the *pueblo*, join ranks in this fight—with all its potential, with all the magnificence of its meaning. This extraordinary thing which is the working man, the teacher, the physician, the judge, the forge operator, the train engineer, or on the ship—that is, all those who can join in this fight, to definitely open their eyes to the voraciousness of this unsettled capitalism which not just today, but for some time now, has been upsetting the peoples of the world.

# Currency Rates

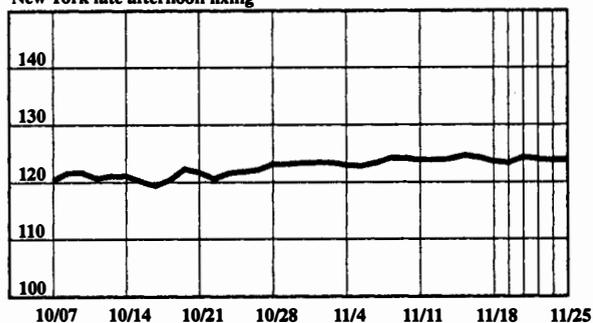
## The dollar in deutschemarks

New York late afternoon fixing



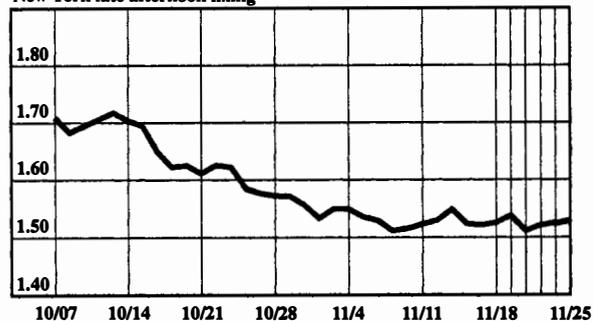
## The dollar in yen

New York late afternoon fixing



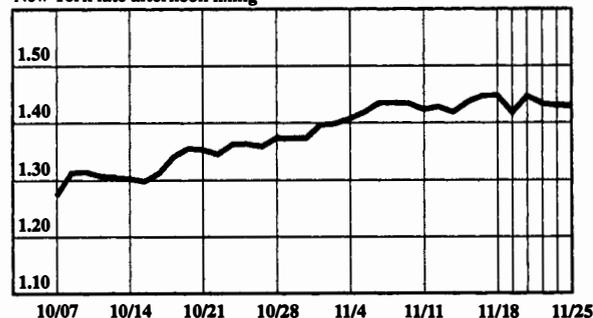
## The British pound in dollars

New York late afternoon fixing



## The dollar in Swiss francs

New York late afternoon fixing



# Trade Policy

## Unionists take dim view of NAFTA

While U.S. influentials are mooted the extension of the North American Free Trade Agreement (NAFTA) to selected Asian countries, two conferences have been held on the subject recently, sponsored by the two area studies centers in the United States that focus on Australia and New Zealand, one at the University of Texas and the other at Pennsylvania State University. The second of the conferences, on "Trade Union Response to Global Free Trade," held at Penn State's Australia-New Zealand Studies Center Nov. 19-20, was acknowledged by participants as a corrective for the earlier conference, at which apparently the ideology of British liberal "free trade" reigned unchallenged. "The labor perspective has been pretty routinely neglected, and this conference we see as a corrective to that," the acting director of the center, John Keller, noted in his introduction.

Labor representatives from the United States, Australia, and Canada—including United Steelworkers President Lynn Williams—and academics from the departments of Labor and Industrial Studies from Penn State and the University of Melbourne, Australia, joined in the debate. Although the Adam Smith free-trade models were pilloried, there seemed to be no knowledge on the part of the participants of the alternative model responsible for successful economic development in the United States, Germany, and Japan: the American System of Alexander Hamilton, Friedrich List, Mathew and Henry Carey, et al.

### Wishful thinking

Australian and U.S. participants expressed a cautious belief that the descent into hell that all had witnessed with respect to the productive bases of their economies, would now start to be rectified with Bill Clinton in the White House, and with what Australians described as a turn by Labor Party Prime Minister Paul Keating, one of the key players in destroying the Australian economy, now up for re-election. Thea Lee, from the Economic Policy Institute in Washington, detailed her institute's attempts to educate Clinton on the negative effect that NAFTA will have on labor, and is convinced that the President-elect listened. But, another participant responded, "it could easily be that when Clinton gets into office, he will turn into the liberal free trader that many of his Democratic predecessors have been."

Australian opposition party head John Hewson has pledged to bring Australia into NAFTA when and if he wins the national elections, which must take place before March. Labor representatives at the conference insisted that this would be impossible. NAFTA, they argued, "has little to do with free trade," by which they meant that its real purpose is merely to allow the United States to loot other countries. Once Australians really look at this proposal, they argued, they won't want to touch it with a 10-foot pole.

Michael Sutton, of the Department of the Prime Minister and Cabinet, Commonwealth of Australia, who reported on the earlier conference at the University of Texas, expressed wishful thinking that Australia would refuse to accept a U.S. free-trade diktat. He related the exchanges following President Bush's campaign speech in Detroit, when Bush communicated the U.S. desire to negotiate a network of free-trade agreements also in Asia (later clarified by a U.S. official to mean Australia, New Zealand, Singapore, Hong Kong, and Taiwan). "The response to Bush's speech by Prime Minister Keating while he was in Japan, seemed hostile to the U.S. President's idea, and seemed to portray Australia as siding with Japan rather than the United States. It became clear at the [Texas] conference that the U.S. administration was not pleased with these statements coming from the Australian prime minister."

### The lessons of Canada

Any naive belief on the part of Australians that becoming part of NAFTA "could never happen to us," was punctured by two Canadians, Bruce Campbell of the Canadian Labor Congress, and Canadian-American professor Gerry Glyde from the Penn State Labor Studies and Industrial Relations Center. They explained how Canada had been suckered into joining NAFTA. In 1988 it signed a Free Trade Agreement (FTA) with the United States, which is now being extended and superseded by NAFTA. The results are already in: The Canadian manufacturing sector has shrunk by 25% in three and a half years, and "irreversible" regulations have been inked which history may record as the crucial determinant in negotiating away the country's sovereignty. Explaining the various regional linkages that have held this far-flung country together, Glyde quipped, "When you think about it, you are trying to tie together a country that doesn't make any sense. . . . The only way you got the country together was these hodge-podge arrangements—inefficient, but fun and interesting."

Campbell added that Canada's existence as a national unit and a national market demanded that it create an East-West grid of road and rail infrastructure, as well as communications. Now, this unity is "disintegrating quite rapidly" in favor of north-south connections.

"I find an interesting point about why these most recent trade initiatives is related to what has been happening, in particular, to the U.S. economy," Glyde said. "Particularly

if a country is one of the major countries in the world, or to use the word 'hegemonic,' when it starts feeling itself coming apart—when Britain was a major power and its relative position declined—they are going to try to make arrangements which protect their position." Glyde noted that one of the many things that the Canadians gave up in order to supposedly get access to the U.S. market, was energy independence. "If under the FTA, Canada would cut back flows of energy to the United States—say there was a world crisis—they would have to cut themselves off to the same degree or proportion. Now again, that doesn't sound like free trade!"

Michael Sutton, who had hosted the University of Texas conference, noted that "most of our presenters were economists, though we also had a bevy of government officials from New Zealand, Australia, and the United States." Sutton explained much of the pro-NAFTA thinking in Austin: "There will be general economic benefits for Mexico and the United States, and this agreement will create wealth, and therefore one way or another everybody will benefit in the long run."

Gerry Griffin, of the University of Melbourne Center for Industrial Relations and Labor Studies, shot back: "The answer is 'the market': 'You guys don't have to worry about it, the market will do it.' I was quite amused when you were talking, Michael. . . . I don't know how you invited the economists you invited; if you look at the range of Australian economists, there are many more divergent views . . . than the ones you picked!"

Sutton retorted, "That may be so, but these are people who by and large are very influential in policymaking circles."

To which Griffin replied, "Not with the Labor government, particularly with Keating up for re-election. He's changed quite dramatically." Australia's decimated rural sector would have a very difficult time agreeing with that statement.

If leaders of the Australian Council of Trade Unions have often seemed to foreign onlookers as simply part of the government, ACTU research officer Grant Belchamber made clear that they *are* the same thing, essentially the labor and political wings of the Australian Labor Party now in power. But "we do differ from the federal government on some aspects of current trade policy. . . . Nonetheless, the Australian trade union movement does not win every argument," Belchamber said, in an understatement. Privately, he described the Labor Party administration of former Prime Minister Bob Hawke as a "dark period"; he is hopeful that labor can swing Keating on trade policy. Clearly, in this "accord" there is much disagreement. "The contemporary challenge to the union movement in Australia is to battle the free-trade zealots—the thought police of the economics profession—who would of course abolish the industrial commissions and smash the union movement; had they the opportunity," Belchamber adds.

---

## Documentation

---

### 'The free traders have ruined manufacturing'

*From remarks at the conference at Pennsylvania State University by Lynn Williams, International President of the United Steel Workers of America:*

This commitment to free trade and these years of arguing about this, in so many forums across the land, and particularly Washington—it hasn't just been the Reagan administration and the Bush administration, but it is an enormous layer of the civil servants in the U.S. system. It's almost everybody who took Economics 101 at any university, I assume including this one. It's been the academic establishment, certainly . . . driven by this devotion to consumers. It doesn't matter what the consequences are; as long as the consumers can find something cheap, that must be good. I've always been puzzled by who these consumers are that are unhooked from being producers! How you can be a consumer if you just lost your job, and have very few prospects of having another job, or you now have a much poorer job, has always been puzzling.

There have been some very devastating side effects to all this; this general ideology encouraged was the idea that Reagan particularly promoted, that manufacturing really doesn't matter. It doesn't matter whether we make anything; we are going to have a service economy and we'll have an information economy. . . .

In Europe they have managed this "restructure"—as we say these days, though "decline" is a more honest word—with enormous government intervention and support. In France, for example, when they were restructuring the steel industry after there had been a few riots and things. The French steel workers, age 55 and over, receive a pension that represents 85% of their income for the rest of their lives indexed to the cost of living, mostly provided by government pensions, a little bit of private pensions. We're going crazy in the United States with the cost of pensions. What a contrast!

One of the themes that was played on, the consumer theme: "It's great to take advantage of these cheap goods . . . it's all to our advantage in the long term, anyway. They are going to do sheep and we will do wine, and it will all work out fine." In this process, our productive capacity was being destroyed!

This carelessness about being producers legitimized the whole business of our own industries moving off-shore, which of course was an enormous piece of bunk. . . . All of this was devastating, most importantly to jobs, particularly the good jobs. . . . It was devastating to the labor movement in terms of membership; the labor movement is now, in terms of membership, so weak in the United States—it's something

like 12% of the private sector. I believe this is not just a labor movement crisis, but a national crisis. I don't think you can maintain an industrial democracy without a strong labor movement. I don't think Bill Clinton has a hope of restoring the middle class of America without restoring collective bargaining. . . . Trade must have some very tight relationship with industrial policy. Trade is one piece of industrial strategy.

One of the most destructive elements in all this, is that all of this has invited and encouraged the international corporations, the multinationals to seek the lowest common denominator wherever they can find it around the world. . . . That's why we are so opposed to the NAFTA arrangement, because we think it is a mutually destructive arrangement—destructive for American workers and destructive for Mexican workers. I think it's instructive that real wages during this last 10 years of economic development in Mexico largely pushed by the multinational corporations have declined by about 50%. You look at the *maquiladoras*, why obviously, this is surely not a development path that we want to encourage. Child labor, minimum wages, frightful environmental circumstances!

*Gerry Glyde, Pennsylvania State University Department of Labor Studies and Industrial Relations:*

This free trade, whatever you call it, ideology, is extremely important. . . . It was noted in a *New York Times* article yesterday, in an article on the impacts of NAFTA, that most of the models that have been used, assume full employment. You sort of assume if someone becomes unemployed, then they are automatically employed. The only thing they are really focusing on is relative crisis, and what are called elasticities, and everything else they brush over. For example, all the stuff about direct investment that I mentioned with respect to Canada, that is a big part of trade that doesn't even appear in the models. They can't handle services, so they focus on manufacturing. In the Canadian case, I remember virtually all the studies were done on manufacturing and nothing on services. The major reason that the U.S. probably wanted the deal with Canada was for services—banking, insurance, and things like that. They couldn't handle the data around this, so they didn't handle it. But if you are a real free trader, and carry the free-trade ideology, you don't need results, because it is all totally self-evident.

*Bruce Campbell, labor economist, Canadian Labor Congress:*

The position of the labor movement now, after four years of experience, hasn't changed. It's that the predictions and consequences that we expected and feared have to a large extent come true, and they have come true in a fashion that is more dramatic in many cases than we would have expected. And so the position remains one of opposition to the bilateral FTA [Free Trade Agreement], which means abrogation. That

is the official position of the Canadian Labor Congress, and the position of opposition to its extension in the NAFTA, and ultimately the plan being through the Enterprise for the Americas Initiative, of extending down through South America and taking the form of a Western Hemisphere Free Trade Agreement. And of course, interest has now been expressed, and implications speculated upon of Australia and New Zealand coming into this. . . .

I'm going to use FTA/NAFTA interchangeably; they are organically connected, they are part of the same process. If you look at the record of these kinds of agreements since World War II, they are mainly about tariff reductions. Tariffs are a very relatively minor component of these agreements, of FTA and NAFTA. They are about much more than tariffs. They are *sweeping* agreements. . . . This goes beyond the European experiment; there is nothing in Europe, for example in the area of resource management, that approximates what is in the FTA. FTA/NAFTA covers services, it covers an array of services and the regulation of services, from land transportation to financial services to telecommunications to health care, certain areas of health care services. It covers standards and explicit harmonization of standards and professional standards. . . . It covers intellectual property rights. It covers the management of resources; it covers labor mobility. . . . There is a real element of irreversibility in these agreements. It would be all very good if a future government could come along and reverse them, but it's not possible for a future government to come along and reverse them, without abrogating the entire agreement.

The industrial policy tools that are removed in the FTA and NAFTA have been important in Canada's development historically. . . . There is a real element of irreversibility in these agreements. It would be all very good if a future government could come along and reverse them, but it's not possible for a future government to come along and reverse them, without abrogating the entire agreement. The FTA was a wedge, an important beachhead from which to push for the NAFTA. . . .

The results? In the manufacturing sector, it is most dramatic. We've seen our manufacturing sector shrink by close to 25% in three and a half years. There is no parallel since the 1930s. If you compare it to what has happened in the U.S. manufacturing sector, during the same period, it is about 6%, in the United States. So we are talking about four times that—another indication of the restructuring. Compare it with the last election in 1981-82; at that time, less than a quarter of factory job losses were the result of permanent factory closings. In contrast, in the free trade era, about two-thirds of job losses were the result of *permanent* factory closings. I'm certain that under NAFTA that process will continue. I don't know where the bottom is. . . . It has decimated the Canadian agricultural sector. It has really hurt the fruit and vegetable sector. The extension to NAFTA will further hurt the fruit and vegetable sector. . . .

## Bankers' socialism leaves Spain in chaos

by María del Carmen de Pérez Galindo

After ten years of bankers' socialism under Prime Minister Felipe González, Spain is plunged into the worst economic crisis of the last half-century. In a period of eight weeks, the peseta has been devalued twice, the last time by 6%, to avoid its dropping out of the European Monetary System; the Bank of Spain had to buy the equivalent of 6% of its reserves, 300 million pesetas, to stop it from falling even lower. And the Communists had a field day. In the words of Antonio Romero, Deputy of Izquierda Unida (United Left): "The government has been applying the usual remedies, which have turned this country into an industrial desert, and sacrificed its agriculture and cattle breeders."

The finance minister himself, Carlos Solchaga, a cocktail party lion and habitué of *Los Beautiful*, as the Spanish quaintly call the Jet Set, told the *Financial Times*' annual Madrid seminar on Nov. 19: "Evidently, we underestimated the negative results flowing from allowing private households, public administrations, and firms to become over-indebted, not to speak of pay raises and high interest rates."

According to the Bank of Spain's latest quarterly report, economic growth since July fell below 1%, the lowest rate in the last decade; neither does the Bank's report see a brighter future, given the drop in the rate of investment and economic activity, the slowdown in private consumption and foreign trade, the increase in public deficit and the balance of payments deficit. Another Bank of Spain report, which the Barcelona daily *La Vanguardia* says will shortly be made public, shows a drop in net profits of Spanish firms by 45% in 1991.

Unemployment rose by another 76,000 in October, relative to the 65,000 reported in September. According to official figures, 18% of the workforce is now unemployed.

The public debt is staggering. Celia Villalobos, a Popular Party parliamentarian, gave the Congress the following official figures owed to the Social Security in back payments for benefits: All government administrations taken together, 329,021,000 pesetas which breaks down as provincial governments owing 114,783,000 pesetas; central administration 94,034,000 pesetas; municipalities and local governments 12,255,000 pesetas. The Insalud (National Institute for Health) is owed 197,979,000 pesetas.

Unpaid bank credits are now 5.8% of the total volume of credit, the total standing at 1,910 billion pesetas; in mid-November, the Director General of the Bank of Spain warned the banks to be "extremely vigilant about bad credits, because

the degradation of the banks' credit accounts can lead to big crises." The Spanish deputy premier, Narcis Serra, said for the first time that the government can no longer afford to wait until the world "recession" slackens off, but "we must fight these imbalances now . . . the entire society must be involved." Mussolini-style corporatism is in the cards, which he calls "a broad, urgent social dialogue" to find solutions.

Not surprisingly, and in parallel to the near shooting war going on between the French political parties as the Mitterrand regime decays into dust, Madrid is a brawling free-for-all. On Nov. 18, an instructing magistrate, Marino Barbero, ordered the police to raid the headquarters of the ruling Socialist Party (PSOE), to seize documents which PSOE officials had refused to hand over. The documents

relate to "irregularities" with respect to the financing of the PSOE by firms, among which Filesa, Malesa, and Time Export have been named.

Added to this, the same sort of destabilization launched in Germany has begun. A masked group broke into a hostel for immigrant workers, fired upon a group of lodgers, and killed a woman from the Dominican Republic. The premeditated attack was carefully timed so that the huge protest demonstrations of the Left, where tens of thousands went out in every major city, would coincide with the pro-Franco demonstrations which take place every year in Madrid and at Generalissimo Francisco Franco's tomb near the Escorial, on Nov. 20. The demonstrations at the tomb were much larger this year than before, perhaps 10,000 people.

## Nothing being done to stop African epidemics

The World Bank has announced that it expects a decrease of the average life expectancy in Africa from 62 to 48 years. This shocking figure, blandly reported by the wire services, testifies to the inaction by international agencies in the face of epidemics sweeping the African continent.

At the end of October, the World Health Organization declared that it is giving up its attempt to eradicate malaria, and is now seeking only to contain the disease, Reuters reports. The WHO's new policy was adopted at a two-day conference in Amsterdam in late October. Malaria is probably the world's biggest co-factor with HIV for AIDS. Chronic malaria suppresses the immune system, and 1-2 million people die every year from malaria.

"Attempts to wipe out the mosquito carrier, pursued for 50 years with poor results, will be made only in areas where there is a realistic chance of success," the conference concluded.

Actually, the malaria mosquito was eradicated in many areas in the 1960s, and the rest of the world was on track to do the same through the use of the pesticide DDT, which saved millions of people from death. But the malthusians forced the ban of DDT in the United States in 1972, which immediately reversed the decline in mosquitos and malaria deaths. (See *EIR*'s cover story of June 19, 1992, "Save the Planet's Humans—Lift the Ban on DDT!")

It is only by 1995 that the World Health Organization expects to have accurate figures on the number of malaria cases. The conference heard that the malaria strain now found in Thailand and Cambodia is showing resistance to all the drugs widely available to treat it. WHO officials expressed concern at the lack of interest on the part of

western drug companies in finding new drugs.

In Africa, each year approximately 800,000 Africans, mainly the poor, are killed by malaria, the conference was told. Another 80 million Africans contract the disease, but survive. According to Alan Schapira, medical officer at the WHO, "There is an unfair accusation that things cannot get done in Africa because of disorganization. But even the toughest colonial-type administration, given the African ecology, would not get far against these [mosquito] species." Malaria is responsible for 20-30% of all deaths of children under five in Africa. The new WHO strategy is to focus on earlier diagnosis and fast treatment.

The continent-wide disease picture is amplified by the following news items:

**Kenya:** "If there is anything that could wipe out Kenya's population, it is AIDS," said Kenyan President Daniel arap Moi. He was quoted in German newspapers, in coverage of a dramatic increase in the number of people sick with AIDS. According to WHO figures, every 40th African is infected with the HIV virus, compared to every 250th person worldwide.

**Zaire:** By the beginning of September, 191 cases of plague (bubonic, pulmonary, and septicemic) had been reported to the WHO, and 78 deaths from the disease. This was reported in WHO's *Weekly Epidemiological Record*.

**Tanzania:** Since the beginning of the year, 4,279 cases of cerebrospinal meningitis have been reported, with 451 deaths. The number of cases has increased rapidly since March.

**Burundi:** The health minister of this East African country announced the closing of primary schools due to the meningitis epidemic. "The increase of the epidemic in only a few weeks is frightening," the minister said, in a national radio speech. In that period, more than 1,200 cases of meningitis have been reported, and 207 patients have died.

## Usury against farmers exposed

*Hearings set for North Dakota and South Dakota on human rights violations against family farmers.*

**T**he Committee to Investigate Human Rights Violations will hold public hearings Dec. 1-10 in North and South Dakota to investigate human rights violations against family farmers. The hearings will be held in Mott, Bismarck, and Fargo, North Dakota; and Sioux Falls, South Dakota.

Farmers will testify about human rights violations perpetrated against them by government agencies, banks, and credit agencies during the 1980s. During this period, approximately half of the family farms in the United States were liquidated. The methods used were often brutal. Some were starved off the farm when the Farmers Home Administration (FmHA) seized their milk revenue checks; some were removed from the farm at gunpoint; others took jobs off the farm, in futile attempts to pay mounting debts.

Hundreds of Dakota farmers are in receipt of dispossession notices from the Farmers Home Mortgage Administration, an agency run by the U.S. Department of Agriculture, which is mandated to be a supporter of last resort to the farmer.

Testimony will be taken by Justice William C. Goodloe, a retired judge of the Washington State Supreme Court, and Rev. Wade Watts, who served for 16 years as Oklahoma state president of the National Association for the Advancement of Colored People (NAACP), and served as a member of the U.S. Civil Rights Commission.

The hearings were initiated by the Rev. James Bevel, former vice presidential running mate of presidential candidate Lyndon LaRouche. During

a tour of the Dakotas, Bevel visited victimized farm families and heard shocking stories. He called for an investigation following the election.

At a campaign event in Sioux Falls on Oct. 19, the human rights violations rampant in this grain-belt region were discussed. One speaker, *EIR* reporter Leo Scanlon, described the nature of usury behind the persecution of farmers.

"The Wall Street financial establishment has a very clear policy that they have been systematically carrying out against farmers," Scanlon said. "They look at family farming as an inefficient use of resources. If you are a farmer, you take the product of your labor and you reinvest it into the future, so that you can grow more food, raise more cattle, and feed more people. In the eyes of the cartels and the financial institutions that control them, that is inefficient. If you do that, you are a bad farmer.

"They developed a monetary policy that would allow them to identify this inefficiency and systematically eliminate it. They developed a scheme to force the farmer to mortgage his equity and his ability to invest in the future, to a piece of paper that was not involved in a financial cycle in the local community, had nothing to do with a local bank, but was under the control of a federal agency—but which is not in fact a government agency. These are private organizations: the Farmers Home Mortgage Association, the Farm Credit System [FCS], 'Fannie Mae, Jennie Mae.'

"The financial establishment induced a credit crisis in the local banks.

They undermined the basis of the financial existence of the local banks at the same time that they wrecked the commodity price support of the local farmer. Around 1980, the federal government said that they were going to change the credit policy, and thereby attack this cycle of investment and production. The FmHA and the FCS came along and said to the local banker and the local farmer, 'If you wish to continue investing in the expansion of food production, you have to borrow from us on our terms.'

"The FmHA, the FCS, or the local bank which was being looted by the international banks wrote up a piece of paper which said, 'We, who have nothing to do with the cycle of production, own the future outcome of that production, and we can do with it what we will.'

"Now, what they don't want is cattle, food, grain, and other things. What they want is the right to dictate whether or not there is a future in food production. They want the right to sell that to any power that wishes to engage in this activity with them. This is what the FmHA and the FCS have been doing. They've been taking the paper that they've attached to the production of the farmer and selling it on the international financial markets.

"This is now called efficiency, because the labor of the farmer is not locked up in South Dakota, where it is only producing food. Now it is available to expand the debt of the United States, or to expand the financial operations of conglomerates that wish to buy up corporations and run up massive swindles on Wall Street. . . .

"They have taken the productive labor of the farmers of the United States and turned it into a negotiable piece of paper, which has become part of the biggest financial bubble in human history."

## The Bronfmans sue the Reichmanns

*Grabbing for a bankrupt man's wallet is no way to stay solvent, but it sure shows a lot of chutzpah.*

**T**he ongoing collapse of two of Canada's largest financial empires, the Edper group of Toronto's Edward and Peter Bronfman and the Reichmann brothers' Olympia & York, took a turn for the worse Nov. 20, when a company controlled by Edper filed suit in New York, to put O&Y's Manhattan flagship World Financial Center into receivership.

Battery Park Holdings Inc., which filed the suit, owns a 35% interest in three of the four O&Y-controlled World Financial Center towers. In the filing, Battery Park said it was seeking a court-appointed receiver in order "to ensure that the cash flows generated by these assets are not misappropriated to other uses of Olympia & York." Battery Park is also seeking to recoup \$75 million which it says was "improperly withdrawn from the center by O&Y companies," and the payment of a further \$8.5 million in claimed excess cash flow.

Battery Park is owned jointly by Carena Developments and J. Richard Shiff. Carena Developments is a key real estate holding company in the Edper empire, while Shiff is a director of several Edper group companies. Carena secretly bought Battery Park Holdings from the Reichmanns in 1989 for \$309 million, then one year later sold a 50% interest in Battery Park back to the Reichmanns. Shiff recently bought out the Reichmanns' interest in Battery Park, with money borrowed from Edper.

The Bronfman and Reichmann empires have long been closely interlinked. The Reichmanns own a substantial chunk of Trizec Corp., the largest publicly traded real estate

company in North America. Trizec, in turn, owns 72% of Bramalea Ltd., the brain-dead real estate company which is the leading edge of the collapse under way at Edper. Trizec is controlled by Carena Developments.

O&Y, once falsely considered the premier real estate developer in the world, has virtually disappeared. The company and 28 of its Canadian subsidiaries are in bankruptcy court in Canada, and its largest project, the massive Canary Wharf development in London, has been put into receivership. O&Y is transferring a number of its properties, including 55 Water Street in Manhattan—the largest office building in the world—to creditors, has all but abandoned the Yerba Buena project in San Francisco, and has sold its interest in a number of companies, including an 8% interest in Edper's Trilon Financial.

Having failed to convince its creditors to accept shares in the bankrupt company, O&Y is now preparing for what it hopes will be an orderly liquidation, with the best-secured creditors seizing O&Y's prime properties in lieu of payment. The unsecured creditors will be left holding an empty and worthless shell.

Only O&Y's U.S. operation has thus far escaped bankruptcy, and its days are numbered.

In addition to the Battery Park suit, a number of other creditors have taken O&Y U.S. to court for non-payment of debt. The latest is Swiss Bank Corp., which in October obtained an \$8 million court judgment against O&Y, in settlement of a letter of credit related to one of O&Y's New York properties. Any of these lenders, in-

cluding J.P. Morgan, Sweden's Svenskehandelsbank, and the Teachers Insurance & Annuity Association, could force O&Y U.S. into immediate Chapter 11 bankruptcy by executing their claims.

The situation at the Bronfmans' Edper is not much better, with stocks in the publicly traded portion of Edper's \$85 billion empire being hit with massive selling in recent weeks. The 40 publicly traded Edper companies account for some 10% of the market capitalization of the Toronto Stock Exchange; that, combined with some 500 private Edper companies, make the crisis at Edper much more explosive than the failure of O&Y.

The problems facing Edper's \$5 billion Bramalea, are quite similar to those which hit O&Y earlier this year. A limited partnership controlled by Bramalea's U.S. subsidiary Bramalea Pacific Inc., recently filed for Chapter 11 to prevent three lenders—Toronto Dominion Bank, Banco di Roma and Union Bank of Switzerland—from seizing an Oakland, California, office building in lieu of repayment of \$27.5 million mortgage.

Bramalea president Marvin Marshall tried to put the best face on the debacle by claiming that the debt on the Oakland property "is only one of more than 200 loans by approximately 100 lenders to Bramalea and represents less than 1% of our total debt." But if Bramalea, which is in negotiations with creditors to restructure its debt, is so short on cash that it cannot cover 1% of its debt, one can safely assume that the remaining 99% is also unpayable.

O&Y has already failed, even if that failure has not yet been fully admitted, and now Edper is following O&Y into the abyss. But they are merely tremors of the coming earthquake collapse of the entire Anglo-American financial system.

## Credit screws are tightening

*Mexico's newly privatized banks are scrambling for capital; but what they want is not to lend, but to receive.*

**T**he recent presidential decree imposing customs tariffs of 15, 20, and 25% on imports of beef represents a tacit recognition of what is going on throughout the Mexican agricultural sector: the displacement and destruction of national producers in practically every area. However, for Finance Minister Pedro Aspe Armella, these are merely the "dark" aspects of Mexico's otherwise clear-sighted economic leadership.

Attempting to clarify those "dark" aspects, Aspe explained to the Chamber of Deputies on Nov. 17 that there is "chiaroscuro" (both light and shadow) in the development of the various economic sectors. He admitted the deterioration of the agricultural sector, but promised that it would receive more than \$10 billion from the banks in 1993. Three months earlier, Agriculture and Water Resources Secretary Carlos Hank González had issued a call to the owners of Mexico's newly privatized banks to channel credit to the Mexican countryside.

Whether the banks will come through is another matter. All indications are that they are facing severe difficulties of their own which are forcing them to reduce lending and, in some cases, to declare outright insolvency.

Because of President Salinas de Gortari's anxiousness to appear as the President who brought Mexico out of underdevelopment and into the category of a developed nation, and because of the North American Free Trade Agreement, the Mexican banking system has been committed to the so-called Basel Accord, which stipu-

lates that the banks must increase their capitalization index. The capitalization index is measured by the relationship between a bank's capital and its at-risk assets (also known as problem loans), and constitutes the basis upon which banks give financing and expand their credit portfolios. The 1993 law regulating Mexico's credit institutions demands, in fulfillment of the Basel Accord, a capitalization index above 9%, which the banks must reach by December.

Bankers are thus in feverish competition among themselves for the scarce capital available on the market. They are trying to place their debt on the international markets, paying up to 4.5% above standing interest rates, while through various illegal maneuvers tolerated by the authorities, they are impoverishing their partners by forcing them to make emergency infusions of capital.

The most severe case is that of Banco Serfin, the third largest of Mexico's 18 banks, which has bad debt of \$0.8 billion above its in-hand capital of \$0.75 billion. This year it has generated no reserves. Serfin has set itself up as a Financial Group, the first in the country according to its own propaganda, as a maneuver to force bank shareholders to exchange their stocks for those of the financial group and, with them, to pay a difference of approximately \$2.30 per share. Banco Serfin's worst problems are concentrated in the northwest of the country, precisely because of the collapse of agricultural activity, and in Puebla because of textile bankruptcies.

Antonio del Valle Ruiz, new own-

er of Banco Internacional, declared that the process of bank capitalization was not easy because the stock market is not in any condition at present to put instruments on the market. According to Agustín Legorreta, the new owner of Comermex, the problem of capitalization is made more difficult by the fact that they do not yet have access to the international markets. In 1993, Comermex concentrated on exploiting the mortgage markets, and consumer and auto loan credits. That is, it concentrated on the urban zones and stayed clear of the countryside. Alfredo Harp Helu, president of the administrative council of Banamex, says the credit shortage will worsen in the first half of 1993, and that, because of the lack of liquidity on the international markets, the banks will face tremendous difficulties achieving the capitalization levels the Bank of Mexico is demanding.

According to a document issued by the Mexican Banking Association (AMB), the index of bad bank loans rose from 1.3% to 4.07% between December 1989 and June 1992. In the agricultural sector, says the AMB study, deterioration began to make itself felt in 1991, the result of collapsing world demand for certain export products, low productivity, lack of appropriate means for distribution and storage, withdrawal of subsidies, and reduction of the profit margin due to increased costs. The greatest percentage of problem loans were concentrated in the northwest regions of Puebla, Veracruz, Tlaxcala, and Oaxaca.

In view of this situation, the AMB recommends that the banks "adjust their credit administration procedures to existing conditions, to avoid a greater deterioration in risk exposure." Translation: The banks should harden conditionalities on credit, to avoid further losses.

## New scandal breaks out in Venezuela

*The President is under investigation for dollar speculation; Brazil's Collor de Mello was ousted "for much less."*

Venezuelan President Carlos Andrés Pérez (CAP) furiously rejected a recent Senate ruling requiring inclusion of a plebiscite in upcoming Dec. 6 local and regional elections, which would have been a simple "yes" or "no" vote on whether Pérez should remain as the country's head of state. According to the most recent opinion poll, 92% of Venezuelans want Pérez out of office.

His refusal to abide by the Senate ruling notwithstanding, there are other constitutional means by which Pérez may not be allowed to finish his presidential term—means determined by the corruption scandals which have been exploding against Pérez virtually every week.

The most recent scandal erupted Nov. 12, when two journalists charged that on Feb. 24, 1989—less than a month after CAP's inauguration—a federal budget increase of 250 million bolivars (more than \$17 million) was approved by CAP's Council of Ministers, with the increase assigned to a secret security fund at the disposal of the Interior Ministry. This allocation was then used to buy preferential dollars at a special exchange rate of 14.5, when the bolivar was actually selling at 43 to the dollar. Two weeks later, Central Bank head Pedro Tinoco eliminated the preferential dollar rate.

Journalists José Vicente Rangel and Andrés Galdo have called upon both the National Congress and the Comptroller's Office to investigate the matter and determine what the money was eventually used for. Galdo commented that "for much less than

this, the Brazilian Congress tried and impeached President Collor de Mello." Nelson Chitty Laroche, president of the Accounting Commission of Venezuela's Chamber of Deputies, urged an investigation, saying there is sufficient evidence to substantiate charges of "silent theft of 250 million bolivars" under CAP's responsibility.

One day after the accusation was aired, the Central Press Office of the Presidency asserted in a communiqué that said budget increase had been conducted according to the law, and that the amount was converted into dollars on March 2, 1989, following authorization by the Finance Ministry's Division of Foreign Exchange for Imports, and by the Venezuelan Central Bank.

The communiqué also said that the foreign exchange yielded by the "transaction" was allocated to the Interior Ministry for purposes related to state security. "The responsibility of the presidency of the republic, in regard to management of said funds, is limited to collecting information from the ministries on the investment of these resources on state security."

What *is* known, is that two years ago, the President's men in charge of "state security" were:

1) Orlando García, the President's top security adviser. He was forced to resign following numerous charges against him, and is currently a fugitive from justice, charged with fraud against the Venezuelan Armed Forces.

2) Rogelio Ugarte Bresslau. This official of the security police (DISIP), notorious for carrying multiple false identification cards, is the owner of

Celere, Inc., a company headquartered in Miami, Florida which, according to the U.S. Drug Enforcement Administration, has been involved in cocaine trafficking.

3) Martín Gutiérrez, also a security officer at the Banco Latino, owned by Pedro Tinoco, who at the time was the central banker authorizing the controversial "preferential dollar" transaction.

Pedro Tinoco, who today chairs the chain of CADA supermarkets owned by the Cisneros Group, naturally knew precisely the date when exchange controls would end. It can only be supposed that, in addition to Tinoco and Cisneros, Tinoco's banker friends José Álvarez Stellig and Orlando Castro had the same information. Those who did not know were the ingenuous who believed in the magic of "free exchange" and thus went bankrupt *en masse*, generating a good portion of the unemployment with which the Venezuelan economy is today burdened.

The president of the Superior Court to Safeguard the Public Patrimony has already announced the opening of an investigation. The Causa R and MAS opposition parties are demanding Pérez's trial on charges of embezzlement and treason. Even CAP's own AD party has urged an investigation, with the head of AD's trade union division declaring, "In Venezuela, anyone can be tried, as long as it is within a state of law. President Pérez is no exception."

It is hoped that the truth will come to light with these various investigations being opened to force a full explanation from CAP. However, it remains to be seen if Venezuela's courts are up to the task, or if an automatic exoneration of the President will contribute further to the already dangerous lack of credibility in the institutions of the country.

# Business Briefs

## Finance

### Taiwan deregulation will facilitate looting

Taiwan will open its stock market to investment by foreign brokerages to bail out its slumping bourse, the Taiwanese Securities and Exchange Commission (SEC) said on Nov. 19. Foreign brokerages with equity assets totaling at least \$300 million will be encouraged.

Taiwan opened the market to investment by foreign banks, insurance companies, and fund management firms at the start of last year. Thirty-three overseas institutions have received approval to bring in \$1.44 billion worth of investment funds.

The SEC said Taiwan would also relax restrictions on foreign banks, allowing in the world's biggest 1,000 instead of only the biggest 500, and would consider raising its \$2.5 billion ceiling for total foreign investment in the market.

Beijing has been quick to offer Taiwan a *quid pro quo* for financial deregulation. China approved the listing of a Taiwan-invested company on the Shanghai stock market, an official of the British drug-linked firm Jardine Fleming Securities Taiwan, which arranged the listing, said on Nov. 19. The Taiwanese and Chinese joint venture, a Shanghai flour mill, will be the first firm with majority Taiwanese ownership to list in Shanghai, the *Commercial Times* newspaper reported. Taiwanese investment in China has soared to over \$4 billion since the late 1980s.

## Monetarism

### Croatia to join IMF, 'resist' austerity

Croatia will almost certainly be admitted to the International Monetary Fund (IMF) before the end of the year, Croatian Prime Minister Hrvoje Sarinic said Nov. 20 in Zagreb, Reuters reported. "It is now only a question of when, and we hope it is going to happen at the very beginning of next month."

Sarinic felt compelled to say, however,

that Croatia would not resort to "shock therapy" to put its economic house in order. Observers say that this is an acknowledgement of the campaign waged by the Schiller Institute against Harvard Prof. Jeffrey Sachs. Last Sept. 20, a Schiller Institute leader had denounced the negotiations with the IMF at a press conference held by President Franjo Tudjman in Cleveland, Ohio. After that, Tudjman continued secret negotiations with the IMF but canceled several public events.

"We intend to reduce state intervention and public spending," the prime minister said, adding that the objective was to make privatization the main moving force of economic recovery. "The biggest problem we have is that public spending is too high . . . 35% still goes to the military." He said Croatia's GNP was 50% below its pre-war level, but stressed that tourism was almost back on track and would inevitably generate other activities. Sarinic warned Croatians not to expect "miracles" from the admission to the IMF.

## AIDS

### Sports injury led to transmission, say experts

An Italian soccer player became infected with AIDS in 1989 after colliding with an HIV-positive opponent during a match, according to a team of Italian doctors, the Nov. 5 *Minneapolis Star Tribune* reported.

Shortly after the incident, the five Italian doctors who examined the man published a letter in *The Lancet*, a British medical journal, in May 1990. They reported that after the collision, both men bled heavily from large cuts above the eyebrows. Two months later the man, who had tested negative for HIV a year earlier, was found to have AIDS. He denied homosexual contact or drug abuse and he had not had blood transfusions, injections, or dental care. The doctors also ruled out "unsafe sex" because the patient had been in a four-year monogamous relationship with a woman who tested negative. This led the group to conclude that the infection was caused by the injury.

The Centers for Disease Control in Atlanta, Georgia responded that they are aware of

the Italian case, but that the chance of a person being infected by a sports injury is very small.

## Ukraine

### Kuchma granted emergency powers

The Ukrainian Parliament on Nov. 18 granted Prime Minister Leonid Kuchma and President Leonid Kravchuk emergency powers to enact economic measures by decree for the next six months, in order to counter the devastating economic crisis. Kuchma addressed the Parliament, stressing that the crisis is reaching a dimension where it can threaten the very existence of the Ukrainian state: "We've reached the border beyond which chaos and catastrophe begin," he said.

Kuchma detailed the grisly economic collapse. In the first nine months of 1992, industrial production fell by 19.7% and GNP by 18%, compared to the same period in 1991, and for the first 10 months, exports fell by 19%.

In his speech, Kuchma demanded the imposition of exchange controls on all foreign currencies, including the ruble, and a physical reconstruction program. "We have no choice but to build everything from scratch as we did after the Second World War," he said. Certain backward and unneeded parts of industry will be shut down, including, as he acknowledged, a rise in unemployment. However, Kuchma stressed, plans have been drafted where the unemployed will be put to work at a minimum wage on state-financed construction projects.

## Russia

### Economy to shrink over 20% this year

Russia's gross domestic product will shrink by 21-23% this year and another 5-7% in 1993, according to Central Bank figures published by Interfax news agency Nov. 17, Reuters reported. Inflation topped 25% in September and

is expected to reach an annual rate of 2,200% by December, according to the bank's estimates. Government investment has fallen by 55%. Trade turnover fell by a third in the first nine months, with exports declining faster than imports. As a result, Russia had a trade deficit of \$2.2 billion.

The bank said it expected the crisis to continue into 1993, and government measures to stimulate production were not likely to make an impact until the second half of the year. Industrial production will slump by 12-15% in 1993. Inflation is expected to stabilize at about 10-12% per month, and unemployment, officially non-existent under communism, is likely to hit 3-5 million by the end of next year, out of a total population of 150 million.

Meanwhile, the medical situation in the former Soviet Union is worsening and the health situation of the population is deteriorating, Red Cross officials have warned. Public health problems are "growing to crisis proportions" in some areas, they say. The most critical need is for basic medical supplies. Only outside assistance can prevent unnecessary deaths and suffering over the next two years. Less than 30% of the total need in medications has been produced domestically in the last year, and imported supplies have virtually vanished.

## Shipping

### Shipyards refuse repairs fearing liability

Shipyards are refusing to repair vessels in poor condition, for fear that they will incur legal liability for any subsequent malfunctioning or disaster, Michael Ellis, general manager of the Salvage Association, told a London conference on ship repair and conversion, the Nov. 16 *Journal of Commerce* reported.

Ellis warned that marine insurance underwriters can no longer afford to allow claims for equipment failure that results from poor maintenance, and urged insurers to withhold coverage from ships registered under the least reputable flags of convenience.

Lars Carlsson, president of the Swedish group Concordia Maritime AB, which operates 10 oil tankers, argued that adding addi-

tional crew members to perform preventive maintenance at sea actually reduces costs. Carlsson cited estimates by Lloyd's Register that it costs six times as much to neglect maintenance and then replace steel in a shipyard, as it does to undertake preventive maintenance. Concordia crews average 40-45 personnel, compared to 25-30 on most very large crude carriers, but Concordia's costs for drydocking came to only \$500,000 for about nine days, compared to \$4 million for some tankers that are in drydock for a month or two for repairs.

## Epidemics

### WHO, CDC ignore AIDS without HIV

The World Health Organization (WHO) and the Centers for Disease Control (CDC) in Atlanta, Georgia have effectively decided to ignore AIDS cases which have developed without signs of the HIV virus. "Worldwide surveillance is not recommended at this time," WHO said, according to its *Weekly Epidemiological Record*.

Since late 1989, cases of unexplained severe immunosuppression without evidence of infection with either HIV-1 or HIV-2 have been reported from Australia, Denmark, France, Germany, Spain, the U.K., and the United States. During this year's Amsterdam AIDS conference, preliminary data were presented on virus-like particles, different from HIV-1 and HIV-2, which were reportedly present in a very small number of these patients.

After a search, WHO now reports that fewer than 100 such have been identified, and that WHO has concluded that such cases are rare and that there is no evidence that such cases are epidemic. The meeting concluded that although previously unknown infectious agents *could not definitely be ruled out* in all the cases reported, the limited epidemiological data did not support the conclusion that the immunosuppression is caused by one or more transmissible agents, and that the evidence did not indicate transmission through transfusion of blood and blood products. The significance of the presence of the microorganisms is at present unclear.

## Briefly

● **THE EUROPEAN** Parliament has asked the European Commission to do all it can to stop the British government from closing 31 coal mines, the European Parliament said on Nov. 19.

● **ONE MILLION** Germans and 400,000 Frenchmen are without homes, a survey of the International Association of Housing and Urban Development has found. The findings were presented to the authorities in Bonn and Paris. Spokesmen of church and other groups say that the real figure may be twice as high.

● **OXFAM**, the British relief agency, announced in mid-November a program for hunger relief for the United States, because of the large number of homeless and ill-fed in the country. Contributions and operations details will be forthcoming, Oxfam officials said.

● **GERMAN INDUSTRY** will have little chance of recovery in 1993 because of the world economic crisis, warned a forecast presented Nov. 19 in Bonn by the German Industry Association. The consequence will be reduced industrial investments and employment in most sectors of the economy, the report said.

● **GENERAL MOTORS** is expected to announce that its unfunded pension liability has increased from \$8.6 billion at the end of 1991 to \$11 billion, a 28% increase in less than one year, the Nov. 16 *Wall Street Journal* reported. Besides GM losses, the investment earnings of the funds have been nowhere near the actuarial projections that were used to rationalize GM's low contributions to the fund.

● **10,000 MINERS** were killed in industrial "accidents" in China last year, the German paper *Tageszeitung* reported Nov. 11, based on a Chinese Labor Ministry statement. China will not have a regular mining safety law until next May, and even then, the bad conditions will continue, because 70% of deaths and injuries occur in small, unregulated mines.

---

## Methyl bromide ban will hasten world depopulation

---

*The Montreal Protocol group that fashioned the excuses to ban CFCs met in Copenhagen to ban another crucial compound—and millions will pay with their lives. Rogelio A. Maduro reports.*

---

Unbeknownst to the majority of its intended victims, the malthusian goal of dramatically reducing the world's population got a major boost at the end of November. From Nov. 17 to Nov. 25, representatives of 87 nations met to sign a new set of amendments to the Montreal Protocol Treaty. Invoking the pseudo-scientific conjecture that the ozone layer is being depleted by man-made chemicals, these representatives are expected to cave in to the demands of the environmental lobby and their powerful backers among the blue-blood oligarchical families of the West to speed up the timetable for elimination of chemicals crucial for human life. It is expected that the ban on chlorofluorocarbons (CFCs), the gas used in refrigeration; methyl chloride, a widely used pesticide in agriculture and food storage; halons, a fire-extinguishing gas; and carbon tetrachloride, will be moved up to 1995 from the phaseout dates determined in the 1990 London Conference. On top of that, the Copenhagen meeting is also expected to draft a ban on the production of methyl bromide by 1995.

According to Mostafa K. Tolba, executive director of the United Nations Environment Program (UNEP), "The targets set by the Montreal Protocol in 1987 and by the London Amendment in 1990 strike us today as far too leisurely a pace."

During the week before the high-level session there were two preparatory meetings: The Open-Ended Working Group

convened on Nov. 17-18, and the Preparatory Meeting of the Parties took place on Nov. 19-21.

Not content with banning the further production of these useful chemicals, another objective of environmentalists running the Copenhagen meeting was to set up a mechanism to destroy the existing stocks of CFCs and other halogenated compounds. (The halogens are the elements in the seventh column of the Periodic Table: fluorine, chlorine, bromine, and iodine.) A Technical Advisory Committee on Destruction Technologies has already recommended six methods for destroying these chemicals.

What is being banned are the chemicals that maintain human life on Earth at present levels of population and living standards. CFCs are critical in food refrigeration; carbon tetrachlorides are the feedstock for solvents, pharmaceuticals, pesticides, and fertilizers; methyl bromide is the most important insecticide and fumigant in the world today. The elimination of these chemicals will ensure the destruction of a large percentage of the world's food supply, through both spoilage and insect infestation. Billions of people will suffer the consequences of this ban: reduced or nonexistent food supplies and increased food contamination. It is expected that the ban of CFCs will cost the lives of 20 to 40 million people. The ban on methyl bromide may kill between 13 and 35 million people per year.

The most cruel aspect of this issue is the fact that the

entire ozone depletion scare is a scientific fraud. This topic has been dealt with in great detail in the book which this reporter co-authored with Ralf Schauerhammer, *The Holes in the Ozone Scare: The Scientific Evidence that the Sky Isn't Falling* (Washington, D.C.: 21st Century Science Associates, 1992). The present report will address the specific issue of methyl bromide, because at the time our book was written, methyl bromide was not even considered an ozone depleter.

### What it is, and what it does

Methyl bromide, a compound produced naturally by many living organisms, especially marine algae, was introduced as an agricultural chemical in 1932. It was initially used as a very effective insecticide, and as time went by more and more uses were discovered. Today it is known as a versatile, highly effective, fast-acting fumigant. Its three main uses are for soil fumigation, fumigation of commodities, and structural fumigation.

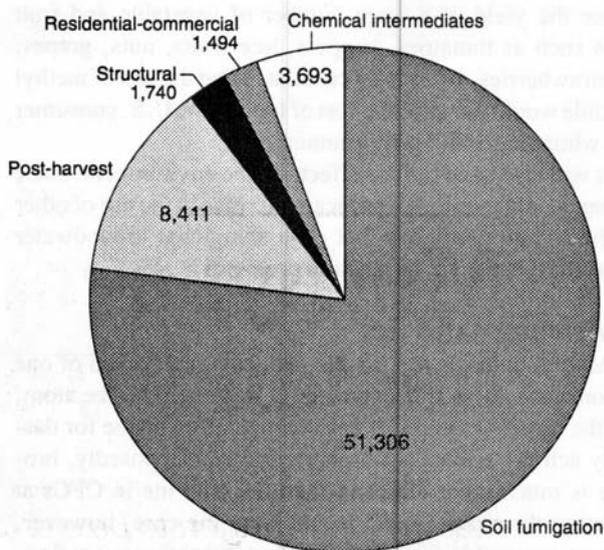
As a soil fumigant, methyl bromide is used to protect crops against nematodes (a family of worms that are parasitical to plants and animals, such as hookworms and pinworms), toxic molds and other fungi, and other pests and diseases. It performs these functions without contaminating groundwater, and it can improve yields of certain crops by up to 500%. As a soil fumigant it is currently vital to the economic viability of several agricultural products, including tomatoes, strawberries, peppers, eggplants, tobacco, flowers and ornamental plants, nursery stock, vines and turf. It is injected as a liquid to a soil depth of 8 to 12 inches, at which time it rapidly volatilizes into a gas and permeates open pore spaces into surrounding soil (see **Figure 1**).

In developed countries, soil fumigation with methyl bromide is commonly used against pests in highly intensive farming and on high-value commercial crops in warm climates or in areas where nematodes and other soil pests pose a significant problem. In developing countries, soil fumigation is primarily used for high-value export crops.

Methyl bromide is used for commodity protection and for quarantine treatment of a large number of commodities in international trade. Many developing countries are particularly dependent on the export of products currently fumigated with methyl bromide either before shipment or at ports-of-entry in developed countries. Methyl bromide fumigation is required in the U.S. on virtually all imports of fruits and vegetables, in order to prevent the introduction of destructive pests into previously uninfested areas. The banning of methyl bromide will allow the spread of devastating pests such as the giant Italian land snail, the Khapra beetle, and the Asian tiger mosquito into new uninfested areas.

The compound is also widely used as a fumigant to treat dried foodstuffs and stored grains, including wheat, rye, barley, and rice. In this application, methyl bromide acts to inhibit the growth of toxic molds and other fungi, nematodes,

FIGURE 1  
**Methyl bromide, U.S. use by category (1990)**  
(metric tons)



and other pests.

Methyl bromide has a plethora of other uses. Those include its use as a herbicide, preventing the growth of certain weeds in the agricultural field, a refrigerant, an effective fire-fighting chemical, a low-boiling solvent in dye manufacturing, a dry-cleaning agent for degreasing wool, and a medium for extracting oil from nuts, seeds, and flowers. If all that were not enough, methyl bromide is also used in the medical field as a methylating agent, as an intermediate chemical agent used in the manufacture of many valuable and life-saving pharmaceuticals, and under certain circumstances it is used in ionizing chambers to sterilize medical instruments.

As revealed at a Nov. 12 press conference by William Reilly, head of the U.S. Environmental Protection Agency (EPA), and a second one the same day given by a gaggle of environmental groups led by the Natural Resources Defense Council (NRDC), they have not bothered to study the consequences for the world's food supply (see box). And commercially viable alternatives are not available. That is a lie, however. The fact is that for the broad spectrum of applications in which it is currently used, there is no single alternative to or substitute for methyl bromide. There are a few chemicals and alternative procedures that can replace it for certain specific applications, but many farmers, for example, would be bankrupted by a ban on its use.

The availability of the compound influences the quality of the economic, environmental and public health of every citizen of the world.

The reality is that banning methyl bromide will cause a

tremendous deterioration in the public health of society, create significant harm to a wide variety of agricultural enterprises, and lead to enormous rates of hunger and starvation throughout the world. Among its many adverse effects, a ban would reduce the yield of a large number of vegetable and fruit crops such as tomatoes, peppers, tree fruits, nuts, grapes, and strawberries. It has been calculated that the ban of methyl bromide would increase the cost of food to the U.S. consumer by a whopping \$46.7 billion annually.

It will also have serious effects on the environment, since the ban would require a significant increase in the use of other fertilizers and pesticides that pose significant groundwater and surface water contamination problems.

### **Environmentalist lies**

Methyl bromide is a simple molecule, composed of one carbon atom, three hydrogen atoms, and one bromine atom. It is the bromine atom that environmentalists blame for dastardly actions against atmospheric ozone. Supposedly, bromine is much more effective than the chlorine in CFCs at depleting the ozone layer. If that were the case, however, then nature would be suicidal. The fact is that the vast majority of the bromine present in the atmosphere is produced by natural sources. Bromine is a common element in seawater (65 parts per million) and potassium salts, and also has been

detected in some freshwater systems such as swamps and peat bogs. Most methyl bromide is contributed by marine algae.

One of the most interesting facts of this scandal is that methyl bromide was not even considered an ozone depleter a year and a half ago. It has gone from being a chemical that posed no threat to the ozone layer, to a chemical that allegedly accounts for between 10 and 20% of ozone depletion. There is something clearly wrong here.

The first time methyl bromide was even mentioned as an ozone depleter was in a report issued by the United Nations Environment Program (UNEP) at the end of last year. Most amazing, the subject of methyl bromide was not even discussed during the UNEP meeting which was the basis for the report. Essentially, methyl bromide appeared out of nowhere in the report, and while the report's assertions had not even been peer-reviewed by scientists before publication.

As if on cue, however, the Natural Resources Defense Council (NRDC), the Environmental Defense Fund (EDF), and the Friends of the Earth (FOE), came out with a report on Dec. 3, 1991, calling for a total ban on methyl bromide by 1993. Of great interest is the fact that the report was presented at the International CFC and Halon Alternatives Conference in Baltimore, Maryland on Dec. 5: The presentation of this radical environmentalist report had the support of

## **EPA challenged about methyl bromide lies**

Leading environmentalist organizations and the U.S. Environmental Protection Agency Administrator William K. Reilly held back-to-back press conferences on Nov. 12 on accelerating the timetable for a worldwide ban on methyl bromide. A reporter from *21st Century Science & Technology* temporarily broke through their controlled environment by asking two simple questions:

1) Given that the worst-case scenario for ozone depletion is a 5% reduction in global ozone within 60 to 75 years—that is, the equivalent in increased ultraviolet exposure of moving from Washington, D.C. to Richmond, Virginia—how can you justify risking the entire world's food supply in a time of worldwide hunger and starvation, for no proven gain?

2) Did anyone in the preparation of your position papers calculate the losses to the world food supplies from banning methyl bromide? Preliminary calculations by *21st Century* staff show a cost of at least \$46

billion per year to the U.S. consumer and the loss of perhaps 5 to 10 million or more lives, mostly in the Third World nations.

Reilly feebly answered that his agency's "risk assessment" has determined that 70-90,000 deaths from skin cancers in the U.S. would be associated with the continued use of "ozone-depleting chemicals." It was pointed out to him, on dermatologic authority, that basal cell carcinoma (a skin disorder, not really a cancer) associated with over-exposure to UV radiation, is rarely life-threatening and is routinely treated in a doctor's office by a single application of a cotton swab soaked in liquid nitrogen. Malignant melanoma, which is a life-threatening skin cancer, has no proven association with UV exposure. Starvation, on the other hand, is deadly.

Reilly's answer to the second question was equally weak, bemoaning the difficulties the Third World faces in obtaining funding to phase out ozone-depleting chemicals. The *21st Century* reporter rejoined: "In other words, Mr. Reilly, the answer is 'no,' the U.S. government has not made any attempt to calculate the losses to world food supplies, yet you insist on speeding up the ban of methyl bromide."

The next questioner was called.

the Alliance for Responsible CFC Policy, an industry group representing producers and users of CFCs.

Shortly after the environmentalists' report was released, Eileen Claussen director of the EPA's Air and Radiation office, and Robert Watson, head of the Ozone Trends Panel, started a furious campaign to have methyl bromide banned right away. In essence they were trying to classify methyl bromide as a "Class I" ozone-depleting substance, which would mean it has to be banned on the same schedule as CFCs. Closely collaborating with Claussen and Watson were Susan Solomon from the National Oceanographic and Atmospheric Administration; Sherwood Rowland, one of the inventors of the ozone depletion theory; and several environmental bureaucrats led by Stephen Anderson and Stephen Seidel from EPA, and Stephen Lee-Bapty from the British Environment Office. These last three have become known as the "three Stephens of the Apocalypse" among scientists and industry people.

All has not been rosy for this crowd, however. They have encountered fierce opposition from industrial and scientific circles, and in a series of meetings it has been demonstrated that there is no scientific evidence to support a ban on methyl bromide. Furthermore, agricultural experts, including those from the U.S. Department of Agriculture, have been able to document in stark detail the terrible consequences of a ban on methyl bromide.

The question still remains, however, will the eco-fascist movement be able to implement a ban with the same impunity that they imposed a ban on CFCs?

The producers of CFCs, such as Du Pont, Allied Signal, Imperial Chemical Industries, and Hoechst, became staunch supporters of a ban on CFCs when they realized that they could make fabulous profits selling replacement chemicals. Trade associations not only did *not* fight the Montreal diktat, but the Alliance for Responsible CFC Policy, which was supposed to be defending use of CFCs, actively collaborated with the NRDC and other eco-fascist groups in promoting the ban of these useful chemicals. The leadership of trade associations, such as the American Society for Heating, Air Conditioning and Refrigeration (ASHRAE) and the Mobile Air Conditioning Society (MACS), actively promoted the Montreal Protocol and suppressed any evidence disproving the ozone depletion theory from their publications. This had a profound effect because the majority of the members of these organizations (including local leaders and chapters) opposed the ban, but did not have the tools—the truth about the ozone hole hoax—that would have allowed them to fight it.

In contrast to the treachery and surrender that surrounded the Montreal and London conferences, there is a very active opposition to the ban on methyl bromide being attempted at Copenhagen. Opponents include the companies that produce methyl bromide, which have formed the Methyl Bromide

Working Group to present the scientific truth to argue against a ban. Third World countries whose agricultural production and food supplies will be devastated by the ban are fiercely fighting against the heartless bureaucrats of the EPA and the United Nations Environment Program. Farmers, trade associations, and food retailers are up in arms. The ban is even being denounced by officials in the U.S. Department of Agriculture and elsewhere in the U.S. government, who have realized the consequences to the American economy, and human life, that this ban entails.

More than 40,000 copies of *The Holes in the Ozone Scare* have been sold in its English, German, and French editions. The book has been carefully read and studied all over the world, and the evidence it contains is being effectively presented to demonstrate that the ozone depletion arguments of the eco-fascists are a fraud.

There is little question that the eco-fascists will at least initially achieve a ban on methyl bromide. They have enormous financial power, control the regulatory apparatus of the U.S. government, and their great champion Albert Gore will soon be in the White House in the powerful position of vice president. Nevertheless, as the environmentalists will soon realize, they have made a strategic mistake. They have finally proposed to ban a chemical whose immediate effect on the food supply and the health and well-being of people is too great and too immediate to ignore.

### **Florida to be hard hit**

Florida will be one of the hardest hit states by the methyl bromide ban. Here the chemical is used extensively under plastic mulch as a preplant soil fumigant, allowing increased production of many fruits and vegetable crops.

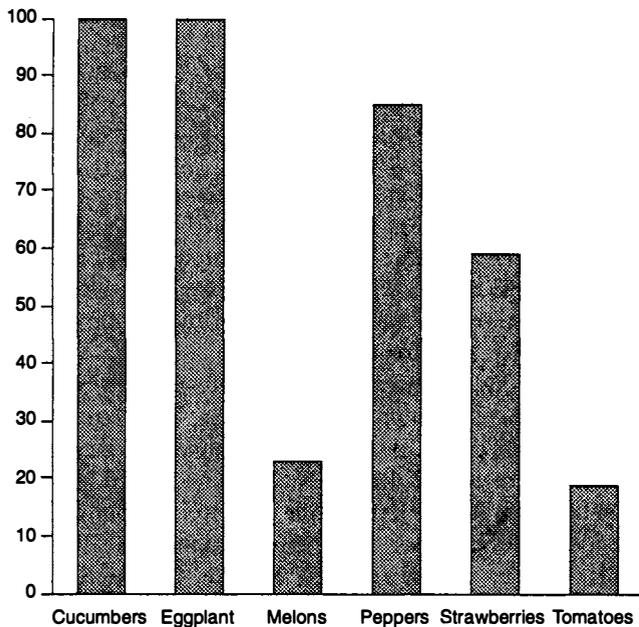
Meetings conducted in Florida, following the EPA announcement that it intends to ban methyl bromide, concluded that few economically viable alternatives exist. The only alternative (and not a very good one) to methyl bromide that was identified at one meeting was Vorlex, but, "It is not clear whether Vorlex will be available for future use because the manufacturer, Nor-Am Chemical Co., announced Nov. 11, 1991 that it was voluntarily canceling registration of both Vorlex and Vorlex 201."

The majority of the participants at a June meeting of the Methyl Bromide Working Group reported that if methyl bromide were to be canceled or placed in an accelerated phaseout program, the penalties, consequences, and losses could be staggering. It also was determined at that meeting that Florida will suffer more than other states or countries because of the heavy reliance on methyl bromide for multiple pest control in many of the high-value crops such as tomatoes, peppers, and strawberries (see **Figure 2**). Suspension of methyl bromide use will result in lower productivity and profitability within Florida's newly developing multiple-cropping systems.

FIGURE 2

**Methyl bromide ban: Florida production loss in various crops**

(percent of total crop)

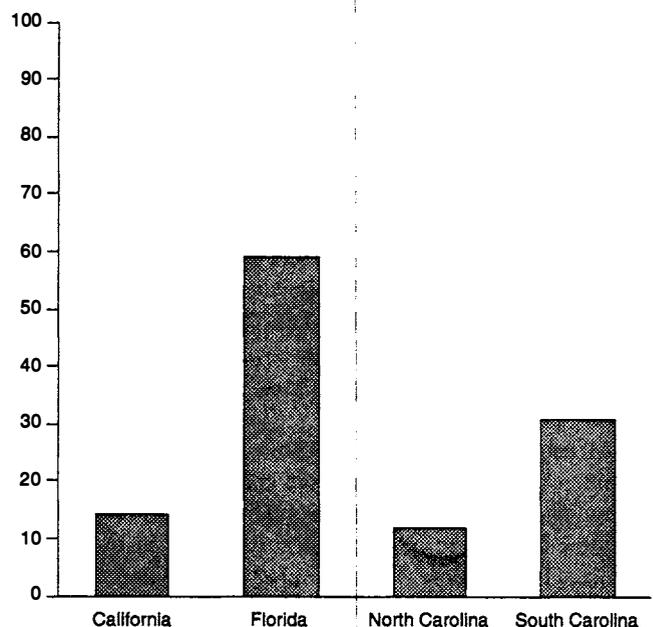


Source: USDA, "The Economic Effects of a Methyl Bromide Ban," September 1992.

FIGURE 3

**Methyl bromide ban: production loss in strawberries**

(percent of crop)



Source: USDA, "The Economic Effects of a Methyl Bromide Ban," September 1992.

This same conclusion was reached by a study conducted by the U.S. Department of Agriculture, "The Economic Effects of a Methyl Bromide Ban." This preliminary study assessed the short-term economic impact of using alternatives to methyl bromide in the production of 21 crops grown in California, Florida, Georgia, North Carolina, and South Carolina. As Figures 3 and 4 show, the yield losses will be very severe for certain crops, depending on the state. For Florida, just about the entire crop of cucumbers, eggplants, and peppers will be lost. And for the strawberry, the situation also looks bleak. Losses of strawberries range from 12% in North Carolina to 59% in Florida. Fresh tomatoes will also be decimated, with losses of up to 81% of the crop in North Carolina. These figures do not include the losses that will occur during storage and transportation as a result of pest and fungal infestation.

**Alternatives in commodity fumigation**

When methyl bromide is used on already harvested crops, it is known as a *commodity fumigant*. Due to the differences in target pests and types of commodities to be treated, no single alternative to methyl bromide is available for this use. The alternatives may require substantial capital investment

in facilities and process modification, and would often have to be approved by the importing country. All these steps would increase costs to the consumer. Pests associated with grains, legumes, nuts, dried fruits and vegetables, and other durable commodities can be fumigated with phosphine, when the adequate time/temperature combination can be achieved, and if residue levels are acceptable, according to government reports. When grain handlers are not pressed for time, fumigating with phosphine for four to six days is more cost effective than using methyl bromide.

Other alternatives which could be used for specific applications include modified atmosphere, biological control (parasites, predators, and pathogens), freezing, irradiation, cold storage, residual chemical treatment, and heat treatments.

**Chain reaction effects of a ban**

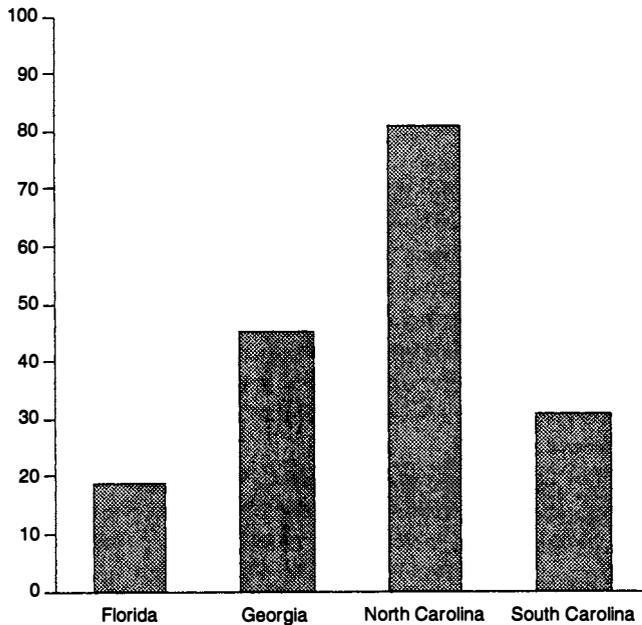
The ban on the use of methyl bromide as a fumigant is going to cause the loss of an enormous percentage of certain crops of fruits and vegetable. The loss of methyl bromide would:

- Reduce the yield of such crops as tomatoes, peppers, tree fruits, nuts, grapes and strawberries, raising the cost of food to the United States consumer an estimated \$46.638

FIGURE 4

**Methyl bromide ban: production loss in fresh tomatoes**

(percent of crop)



Source: USDA, "The Economic Effects of a Methyl Bromide Ban," September 1992.

billion per year.

- Require more land to be cultivated in order to meet world food demands. For example, the number of acres devoted to growing fresh market tomatoes in California alone would have to increase by 15% to 20%, from 38,000 to 45,600 acres, in order to maintain the same level of production. This increased cultivation would require a larger investment in land, more water (a rationed commodity in the agricultural states of California and Florida), more fertilizer, and more pesticides. A modest 5% increase in the land used to grow food crops in the United States would require adding 31 million acres to farms, and, at an average cost of \$638 per acre, cost an estimated \$10.435 billion.

- Disrupt the progress made by developing countries to diversify their agricultural base. For example, in Zimbabwe, root-galling nematodes (*Meloidygne spp.*) and subterranean cellulose-dependent termites prevent many plants from reaching harvest. The use of methyl bromide as a preplant soil fumigant is necessary as part of the rapid development of a successful horticultural export industry. The new crops—tomatoes, strawberries, Granadillas, hops, Proteas, cucumber, citrus and deciduous fruit, and Pyrethrum—challenge tobacco as the main cash crop in Zimbabwe. But a ban against

methyl bromide will doom the nation to return to its colonial status as a one-crop exporter.

- An ironic twist is that the ban on methyl bromide would severely hamper environmentalists' programs to reduce global warming. Replacement of trees is a major element of these programs, because trees absorb carbon dioxide. While there is no proof that global warming exists, there is no harm in proper forestry programs. However, a ban on methyl bromide would cause seedling loss of up to 40%, causing tree nurseries to double in size (from 35,000 to 70,000 acres) to maintain current bare-root seedling production; the cost of seedlings would more than double, from \$60 to \$120 per 1,000. The annual cost for the U.S. reforestation program would increase by a minimum of \$120 million per year. In addition, transplant loss would increase, requiring up to 30% more acreage to produce the same timber yield.

- Increase the level of salmonella and other deadly animal-borne contaminants in food (as well as the deadly mycotoxin-producing molds such as *Aspergillus flavus*).

- End the export of fresh fruits and vegetables from countries like Chile, disrupting national economies, producing widespread unemployment and political unrest. In Chile, 150,000 people (4% of the Chilean labor force) would be put out of work if exports of fresh fruits and vegetables were restricted. Chile would lose up to \$1 billion in foreign exchange income per year, representing 90% of the total value of Chile's export volume.

- Severely curtail the \$9 billion per year the U.S. earns in vegetable and fruits exports, costing jobs and increasing the U.S. balance-of-payments deficit.

- Allow the spread of pests such as the giant Italian land snail, Khapra beetle, and the Asian tiger mosquito into new areas, disrupting ecological systems (adding to the estimated 50,000 species per year that become extinct), destroying the farming practice of generations, and endangering public health.

- Stop the progress of the Integrated Pest Management Program (IPM), because the cornerstone of IPM is the prevention of new foreign pests. The rapid spread and devastating economic impact of the Russian wheat aphid and the sweet potato white fly are examples of what a new foreign pest can do in a short period of time; economic disaster. The eradication of imported pests, once they are established, is costly and requires the heavier and more widespread use of other pesticides. For example, the entry of the Khapra beetle into California in the late 1950s cost \$9 million to eradicate, and the 1989-91 California Mediterranean fruit fly eradication program cost \$66 million.

- End all trade from countries such as India and Pakistan, where the voracious and destructive Khapra beetle is found. Trade restrictions would devastate the economies of the countries bordering the Indian Ocean (where 25% of the world's people live), resulting in starvation, disease, and

political chaos. If food shortages caused an increase from the 1989 average death rate of 21 per 1,000 to only 22 per 1,000 population, this small rise would mean the deaths of an additional 1.5 million people per year in this region.

### Use as a structural fumigant

Methyl bromide is used extensively as a structural fumigant, and this application currently accounts for about 5% of U.S. production (3,500 tons in 1990). The current use of methyl bromide as a structural fumigant is widespread because of its efficacy, applicability for a wide variety of sites and pests, suitability for use on accessible and inaccessible pests, short fumigation period (about one day), lack of insect resistance, cost effectiveness, and because it does not damage food, structures, or equipment if used correctly. There are at present no alternatives for a number of applications, including: pest control for some food-processing facilities, warehouses, aircraft, and historic buildings, as well as quarantine treatment of structures against exotic pests and diseases. Quarantine treatment of structures against exotic pests currently requires that all pest control options be available, including methyl bromide. Banning the compound would:

- Increase the cost of wood products and buildings, including repair and replacement. The total direct and indirect costs of wood damage and replacement would exceed \$132 million per year, and increase each succeeding year as damaging insect infestations spread and become established over the United States. The cost of each real estate transfer (closing costs) would increase by \$900 to \$1,200, reflecting the additional cost for termite control. In southern California alone this would represent an additional cost to homeowners of \$135 million to \$180 million per year. In addition, some priceless historical artifacts and structures would be lost. Because they can harbor dangerous exotic new pests, the importation of wicker, bamboo, and tropical woods into the United States as baskets, furniture, and decorative items would end.

- Result in food supplies that are less safe and less palatable, because no methods will be available to control pests such as larvae, roaches, and rats in flour mills and food production, storage, and transportation facilities. The public expects its food to be free of insect filth and rodent feces.

- Wipe out the world's stored grain reserves. Countries would no longer have the ability to store excess food production for use in years when production is low. Grain would have to be used immediately, or be lost to insects and rodents. The 20 million bushels of feed grain (corn) and the 147 million bushels of wheat held as a disaster reserve in the United States would be vulnerable to infestation by hitchhiking pests. The United States could be forced to become a produce-and-consume society, having lost its ability to feed itself during lean production years or disasters.

## Hitler, too, was an environmentalist

*We reprint here the opening remarks by Marjorie Mazel Hecht, managing editor of 21st Century Science & Technology magazine, to a Sept. 30 forum in Washington, D.C. aimed at debunking the ozone hole scare.*

*The forum was held to reach representatives of the air conditioning and refrigeration industry, gathered in convention at the time, after an anti-CFC group within the industry refused a challenge from 21st Century Science & Technology to debate the issue.*

*The fight to reverse the ban on CFCs and other so-called ozone-depleting chemicals escalated recently, when French volcanologist and former government minister Haroun Tazieff presented a statement to the Nov. 17-25 Copenhagen conference of the Parties to the Montreal Protocol. His statement, which is co-signed by over 100 scientists from 12 nations, is entitled "Seven Good Reasons to Reverse the Montreal Protocol." Copies of the statement were distributed to attendees at the Copenhagen meeting, and Tazieff's action was reported as front-page news in the French daily Le Figaro on Nov. 23.*

*Tazieff wrote the foreword to the book *The Holes in the Ozone Scare*, published by 21st Century Science Associates, in which he presents a withering refutation of the ozone depletion theory, on which the international ban on production and use of CFCs, halons, and other allegedly ozone-depleting chemicals is based.*

We published *The Holes in the Ozone Scare* for one urgent reason: If CFCs are phased out as planned under the Montreal Protocol, it won't just cost consumers billions of dollars. People will die as a result, people will pay with their lives for the ozone scare. The estimate of the refrigeration industry is that 20 to 40 million people will die worldwide as a result of the disruption of the cold chain. But how many Americans know that? And how many so-called environmentalists think that these deaths are okay, because the world is overpopulated and they want us to get rid of some of the surplus?

Most Americans know only the scare story—that man-made CFCs are poking a hole in the ozone layer through which increased ultraviolet radiation will hit them and cause cancer. This scare story has been repeated so much in the media, that people don't question it. . . . Sen. Al Gore talks

about blind sheep in Patagonia, whose blindness comes from cataracts caused by the ozone hole, and people don't question it. The ozone depletion gang holds a press conference to warn of a new deep ozone hole right over President Bush's house in Kennebunkport, Maine, and the President doesn't question it. Within days, the President announces an acceleration of the phaseout of CFCs to 1995, to stop the growing ozone hole.

Only later, and without publicity, does the truth appear: The blind sheep in Patagonia have a bacterial infection—conjunctivitis—that made them blind. And NASA's ozone depletion theorists retract their alarm on the ozone danger in the north. Meanwhile, the real blind sheep, the American public, go on believing in the ozone scare. . . .

Yes, the book is political—because this ozone scare issue is itself political and it has to be fought politically. If policy questions in this nation were decided on the basis of scientific evidence, there would be no Montreal Protocol, there would be no phaseout of CFCs. . . .

Now, let me say something about the politics of this situation. I have a simple test: Is the environmentalist agenda—and I mean here the environmentalist groups with their \$8 billion-plus a year of funds—really one of depopulation? Call Greenpeace, call Worldwatch, call any other of these many groups and ask them if they think there are too many people in the world, if overpopulation is the problem. When I ask, they have always said yes. Then inquire further about the world population they think is desirable: 4 billion, 3 billion, 1 billion? And since the world is now close to 5 billion, ask where they will start eliminating people? How many cousins do they have? Are they prepared to kill off one-sixth of their family? I think the answer will be obvious that it is the darker-skinned people of this world that they have in mind for population reduction. And that some of them are quite happy if this happens through disease and starvation—as will be the outcome of the Montreal Protocol.

This anti-population lobby is not new. I was horrified many years ago, when researching the Holocaust, to find that immediately after World War II, when millions of people had been killed, the U.S. anti-population lobby geared up a population reduction program. These are the intellectual fathers and the moneybags for the environmentalist movement today. These are the people who mobilized the eugenics movement in the 1920s and 1930s—to sterilize the people they considered inferior. Virginia was one of the first states to adopt a eugenics sterilization policy. In fact, Hitler's eugenics law came straight from the Commonwealth of Virginia.

I think this is an important point to make: Hitler himself was an environmentalist, putting nature and beasts first, above individual human beings. For it is only when one's ideology excludes the idea that human life is sacred, that what distinguishes every human being from animals is the

spark of the divine, the power of reason, of creativity—only when one excludes that idea can one then justify killing, as Hitler did and as today's environmentalists do.

We define every human being as sacred and see it as our role to create a world where every individual can develop his or her full potential. Today's environmentalists, in contrast, define a human being as someone who produces three-quarters of a ton of solid waste a year. . . .

### The eco-lobby's 'kept' scientists

Now, this population reduction lobby would not be able to carry out the ozone scare without some support in the scientific community. And indeed, many of the scientists involved in the ozone scare have the same ideology as the population extremists. You can read in Chapter 11 of the book how, back in 1975, many of the scientists involved in today's hoaxes met at a meeting convened by Margaret Mead, the grand dame of the New Age, to discuss how the only way they could get people to go along with cutting back was to scare them, and how they had to fudge the facts in order to scare them. You can read atmospheric scientist Stephen Schneider's quote along these lines on page 96, "Each of us has to decide what is the right balance between being effective and being honest."

And then there is the case of Dr. Sherwood Rowland from the University of California. As you can read in the book, Rowland was one of the originators of the ozone depletion theory in 1974. Today he is the president of the AAAS. He is also one of the chief signers of the Morelia Declaration. This was published as a one-third-page advertisement in the *New York Times* twice at the end of last year. In its last paragraph, the Morelia Declaration states: "If the latter half of the 20th century has been marked by human liberation movements, the final decade of the second millennium will be characterized by liberation movements among species, so that one day we can attain genuine equality among all living things." . . .

This brings me to my last point: Can we win this political fight? My answer is yes, of course we can, if the American sheep will wake up and take their blinders off. . . .

We don't have the millions of dollars our opponents have. But we do have a powerful weapon—the truth, and we encourage you to find this out for yourselves. Buy our book. Subscribe to our magazine. Instead of baahing like a blind sheep, put the EPA, your legislators, the head of the Alliance for Responsible CFC Policy, and others like them on the spot: Ask them if they are aware of the consequences of their policy to ban CFCs. Are they aware of how many people will be killed, especially poor people? Ask the AAAS. Ask Sherwood Rowland, its head. Let's dump the Montreal Protocol and get this country back on the track of being a world leader in technology, science, and development, for it is only through advanced technology that we can have a reasonable environment.

## Columbus quincentenary is celebrated in Brazil

by Silvia Palacios

America, "rise and shine, because your light has arrived and the glory of the Lord has dawned upon you," are the words with which Pope John Paul II, bearing the message of the prophet Isaiah, called on Ibero-America to take on the role which universal history has conferred upon it, during the recent Santo Domingo meeting celebrating the Fifth Centenary of the Evangelization of America. These words also characterize the spirit that reigned during the Nov. 9-13 seminar, held in the Brazilian city of Anapolis, entitled "The Fifth Centenary of the Evangelization and Ibero-American Integration."

Cosponsored by the Saint Michael the Archangel Foundation of the diocese of Anapolis, and by the Movement of Ibero-American Solidarity (MSIA), the event featured in its closing session a special invited guest, German political leader Helga Zepp-LaRouche, the initiator of the Schiller Institute internationally and president of the Schiller Institute in Germany. Mrs. Zepp-LaRouche devoted some of her time in Brazil to holding a series of public and private meetings on the infamous political jailing of her husband, U.S. economist Lyndon H. LaRouche, by outgoing U.S. President George Bush.

She also took various opportunities to warn of the devastating effects produced by the imposition of neo-liberal economics and International Monetary Fund (IMF) conditionalities upon eastern Europe, while noting at the same time that these same conditionalities have awakened innumerable social and political forces, for which reason she has decided to take the initiative of creating an international coalition for peace and development.

On Nov. 13, Zepp-LaRouche was presented by Bishop Dom Manoel Pestana Filho of Anapolis with the following introduction: "This is a great moment for our city which the future will undoubtedly know how to value. It is a moment

of hope, because we have the internal courage to be able to change the world." Portions of Mrs. Zepp-LaRouche's remarks follow this report.

Without any doubt, it can be stated that the Anapolis seminar was the only such gathering held in Brazil which truly celebrated the historic occasion for which it was convoked, and thus the week passed with great moments of joy. To the insistent question raised by various media regarding why the event was held in a city as small as Anapolis, one of the seminar organizers responded, "because the initiative to unmask the lies of the Black Legend, which only seek to perpetuate colonial relations between North and South, had to be taken from some place in Brazil." The Black Legend is the propaganda campaign portraying Spain and the Catholic Church as murderous oppressors of indigenous Americans.

The opening session began with a presentation of the leading protagonists of the Evangelization: a caravelle, then Christopher Columbus, and then a missionary. In combination with a display of flags from numerous Ibero-American nations, the second theme of the seminar was registered: continental integration.

### 'America, rise and shine'

Lorenzo Carrasco, *EIR's* correspondent in Brazil, opened the session with a discourse on the collapse of the Versailles system—the corrupt world order of the Anglo-American elites. "We are not offering a false optimism regarding the role of Ibero-America in the current world crisis," he said. "We are simply following the indications that Pope John Paul laid out in his Sunday homily of Oct. 9, in Santo Domingo, Dominican Republic: 'The words of the prophet have been made true in the life of this continent of hope; therefore, with uncontained joy, we can proclaim anew:

America, rise and shine' (Is. 60,1). I sincerely hope that the efforts of this seminar, which will end with the founding of the Center for Ibero-American Studies and Solidarity, the happy initiative of Dean Francisco de Araujo, will help with the grace of God to enable Ibero-America to rise and shine, and to transmit its light of hope to all of humanity."

This writer presented the subject "The Genocidal New World Order," making the point that "thanks to voracious usury, the population of our continent is passing through a moment of economic, cultural, and moral ruin, worse than that which prompted Pope Leo XIII's encyclical *Rerum Novarum*." The presentation reviewed the history of malthusian thought as incorporated into the Anglo-American strategy of power.

A select group of speakers from Argentina and Brazil analyzed various aspects of the Black Legend, from its origins to its modern forms. Dr. Mario Caponnetto, an Argentine writer for the magazines *Gladius* and *Cabildo*, presented a work entitled "The Concept of Man in Hispanic Thought." Rafael Breide, director of *Gladius*, enchanted the audience with a speech dissecting the characteristics of pagan society, and arguing the superiority of Christianity. Said Breide, Christianity "is not the Church, it is a social, political, economic, cultural, and familial order: The Black Legend is intended to undermine the capacity of the Church to define the natural world."

Msgr. Emilio Silva, dean of the law faculty at the Gama Filho University, dismantled the arguments upon which the Black Legend is premised, one at a time, while inviting the audience to choose between the Aztec Indians' satanic world of enslavement, and the world, however imperfect and with all the abuses committed, brought us by the evangelizers. Dr. Henry Marques Dip addressed the theme "The Black Legend and Liberationist Eco-Communism," unleashing a heated polemic on the Theology of Liberation.

Finally, the second major theme of the seminar, an economic program for integration published in the book *Ibero-American Integration*, which has been sold continent-wide in thousands of copies, including a Portuguese edition, was presented by the MSIA's Victor Grunenwaldt and Nilder da Costa. The former president of the Brazilian Association of Nuclear Energy, Guilherme Camargo, presented the crucial challenge this continent faces in achieving sovereign control over its own scientific and technological development. Still another theme, that of the historic role played by Christopher Columbus and the Portuguese navigators of the Sagres School, was addressed by Geraldo Lino, who presented research that *EIR* has done on the subject.

### **The seed of continental solidarity**

The seminar concluded on Nov. 14 with the inauguration of the Center for Ibero-American Studies and Solidarity, created for the purpose of spreading the concept of genuine Ibero-American integration. The event was attended, among



*Dr. Humberto Rorir de Amorim and Helga Zepp-LaRouche at the inauguration of the Center for Ibero-American Studies and Solidarity in Anapolis, Brazil on Nov. 14. Dr. Amorim is the president of the new center.*

others, by Anapolis' mayor-elect and by representatives of the business community, and was opened with the national anthem presented by the police band.

It fell to Anapolis Bishop Dom Manoel Pestana Filho to open the event with a presentation on the instructive theme "The Christian Concept of Solidarity" (see box).

Helga Zepp-LaRouche invited the newly founded center and all those present to join the World Coalition for Development and Peace. The inspiration of the coalition, said Mrs. Zepp-LaRouche, will be the unity between Beethoven and Schiller: "All men are brothers."

Messages from all over the world arrived on Nov. 14, welcoming the initiative of the center, whose birth was described by some participants as "the seed of continental solidarity."

Professor Izelde, a founding member of the center who has conducted extensive pedagogical work throughout the region, posed the necessity of Brazil taking up the challenge of economic development and justice alongside her sister nations. University dean and professor Francisco de Araujo, who was the inspiration behind the founding of the center, delivered an emotional message. The ceremony concluded with the words of Humberto Rorir de Amorim, who assumed the presidency of the center.

# Helga Zepp-LaRouche: 'We need a world reconstruction program'

*The following is an extract from the speech delivered on Nov. 13 by Helga Zepp-LaRouche, head of Germany's Schiller Institute, to the conference on the Fifth Centenary of the Evangelization of America and on Ibero-American Integration in Anapolis, Brazil.*

. . . The process of human history takes its course often over long periods of time, apparently without any great changes in its direction. But now and then there are moments in which one can intervene according to a well-considered plan, moments comparable to a *punctum saliens* in classical historical drama, and then human beings can turn the history of humanity in one direction or another. One such point was 1989, and the inability to see through the Anglo-American geopolitical game, and to oppose it, let Europe lose the perhaps unique opportunity.

Ibero-Americans, too, had such an opportunity which it let go by unused. When in 1982, Lyndon LaRouche worked out a plan upon the request of [Mexican President] López Portillo, which was a plan which would have provided for the defense, integration, and development not only of the economy of Mexico, but of the economy of all of Ibero-America, the world was closer to the realization of a new, just world economic order than at any other point in time.

Had "Operation Juárez," as a plan for Ibero-American integration, been realized at that time, and if an orderly reorganization of the debts of the Third World had been carried out, then today not only would Ibero-America be on the path of economic growth and development, but the international banking system would not stand at the brink of collapse, and instead it would have been saved, although with reduced power.

But just as it was the lack of solidarity in 1989 and 1990 of western Europe with the East which brought about the tragedy, it was also the lack of solidarity in 1982, particularly of Argentina and Brazil, the other two largest debtor countries, toward Mexico which ruined the opportunity, and is today responsible for the condition of the continent, which is characterized by cholera, poverty, terrorism, and mafias.

Shortly before, Argentina tasted the medicine and was forced to discover what it means to be left alone in times of

need, and not be able to count on the solidarity of other countries, namely when NATO launched its de facto first deployment into the South in the form of the Malvinas War.

Just recently, there was almost a peaceful revolution in Brazil, when millions of people went into the streets and expressed their conviction that a government must be founded upon principles. Do not let this precious moment slip by!

But one thing seems certain to me: that human history has reached the point for the first time which is so closely connected to our fate as a species, where, due to the existence of atomic weapons, AIDS, and in general the velocity of transportation and travel, that we will either solve our problems together as humanity, or we will share the fate of our destruction.

## **Economics and the divine order**

I am convinced that it will no longer be possible to solve the problems on a local, national, or even continental basis. I therefore think it is absurd to the highest degree when certain people in Europe believe that they can close off their continent from the consequences of starvation catastrophes and wars almost everywhere in the world by changing the laws on the rights of asylum and building new walls, but this time against refugees.

I believe that we will only come out of this crisis if we bring the political and economic order of the world into accordance with the divine order of creation, since it is not possible to violate this order with impunity over such a long time and in such horrendous dimensions as has happened over the recent decades, especially.

This order of creation may be described in many ways, but it is a very close approximation to describe it from the standpoint of the Book of Genesis.

In Chapter I, verses 26-31, we read: "And God spoke: Let us make men, an image like unto ourselves, who shall rule over the fish of the sea and over the birds in the heavens and over the beasts and all the animals of the field, and over all worms which crawl upon the earth.

"And God created man in his image, in the image of God he created him, and created him as man and woman.

"And God blessed them and spoke unto them: Be fruitful

## The Earth could sustain 35 billion human beings

*The following is a summary of the speech on Christian Solidarity given by Dom Manoel Pestana Filho, bishop of Anapolis, on Nov. 14, 1992 in Anapolis, Brazil.*

Christianity is not what its opponents attribute to it. It does not destroy. It tries only to maximize human perfection.

The social question is one of respect. To the pagan, work is a form of slavery, as both Plato and Aristotle conceived it. If it is paid, that is only so that man will continue to work, as one feeds a horse to keep it going. It was this slavery which the ancient societies created, where human beings were treated like cattle. But work, in Christian terms, in Solidarity, is a collaboration with God, on various levels, but all in collaboration. No one serves another. We are all brothers who respect one another. Thus, the man who sets a stone ornament in place and is asked about his labor would say, "I am building a cathedral," and yet that man has barely set one detail.

And the Word became flesh and lived among us and, let us remember, was born in the home of a worker. Imbued with this force, men began to build their monasteries upon two pillars, prayer and work, and in building the cities thus, Christian Europe was born.

The woman in pagan society was also a slave. But woman was formed from Adam's rib. Thus she is in solidarity with him, and can save or sink man. The model of all these perfections is Mary, who transformed the hearts of barbarous men. In the Middle Age, Mary, the perfect disciple, made men into builders of cathedrals. Without exaggeration, one can say that the position woman holds in society suggests the sanity or lunacy of that society.

Also in pagan society, children were thrown into the streets, their arms cut off, their eyes put out. Girls were chosen for prostitution. There were no rights for children. But God became man. And these children are going to be the center of history. Heaven is for the children. The future of any society is measured by the status of its children. A society that kills its children is committing suicide and should not even live.

Christianity transfigured man. When man forgets that he is in the image of God, he begins to self-destruct and begins in some way to hate God.



*Dom Manoel Pestana, bishop of Anapolis, Brazil, addresses a conference on the Fifth Centenary of the Evangelization of the Americas and Ibero-American integration on Nov. 14.*

All the conditions exist for creating a marvelous world. There is science. When I think of the economy, I am afraid; the Earth could sustain 35 billion human beings, and we can't even feed the 6 billion we are today. With solidarity, the world would be very different. With the communications media, the world could be one great family. But they have made it a global village of cannibals.

We are a social body. We are all necessary; if something doesn't work, the rest is distorted. Solidarity comes from *Solus*, unity. It is the awareness that we are one, that everyone helps as a member of this social body. But society is not a physical body, as communism sees it, where one part can be destroyed, where all is expendable. For Christians, there is something more important, because we are all of the body of Christ, we are all of the blood of Christ; solidarity is part of the supernatural. And this gives us strength against satanic forces.

Latin America is a community of the children of God, a community of culture, an awareness of history. We are all brothers, and we need to save ourselves as one. We are the Continent of Hope, as Pope John Paul II has called us. This will be brought about by means of an emerging force, through both small and great initiatives.

and multiply and replenish the earth and subdue it, and rule over the fish of the sea and the birds in the heavens and over the beasts and all animals which crawl upon the earth.

"And God spoke: See there, I have given unto you all plants which yield seed upon the whole earth, and all trees with fruit which bring seed, for you to eat.

## Argentine patriots greet center for solidarity

*The following are greetings from Col. Mohamed Ali Seineldín and Capt. Gustavo Breide Obeid, chief and secretary general, respectively, of the Movement for National Identity and Ibero-American Integration of Argentina (Mineii), to the founding conference of the Center of Ibero-American Studies and Solidarity on Nov. 14.*

Santa María Magdalena Prison Camp, November 1992

Dear Ladies and Gentlemen of the Center of Ibero-American Studies and Solidarity:

In my name and in the name of my comrades in prison, I want to convey to you our great happiness for the realization of this conference on the Fifth Centennial of the Discovery of America and for Ibero-American Integration.

Great events such as this, besides giving us hope for the future of the Americas and pointing out the current cultural and political deviations, clearly indicate the correct path that must be followed, starting from our marvelous beginnings: the Evangelization of the Continent. Without a doubt, this permitted, under the protection of Christ's Cross, the union of the Indian with the European, resulting in a new race: Criollo.

I pray to God and to the Virgin of Guadalupe for you and your families, and that such noble enterprises proliferate through God and Fatherland, or Death!

America, it is still possible!

"But all animals on earth and all birds in the heavens and all creatures that live upon this earth I have given green herbs to feed. And so it was.

"And God looked upon everything He had created, and He saw that it was good."

It is just this testimony of the Book of Genesis which must be the foundation for all competent economic theory, and Lyndon LaRouche has demonstrated that this is not something optional, but necessary. The only possible sense economics can make is to guarantee the lasting survival of humanity.

One of the most important conceptions which LaRouche has developed is that of relative potential population density, which must necessarily increase if a lasting survival of humanity is to be guaranteed.

The science of political economy is based on the crucial empirical proof of the basic difference distinguishing human beings absolutely from all species of animals, and it raised human beings above animals, as the story of Creation describes it. This decisive difference is the capacity of the person to increase the potential population density of the human species as a whole by willful production, transmission, and efficient adoption of scientific and technological progress. Humanity is the only species which is capable of willfully expanding the maximal size of the human population which is maintained by its own labor power over square kilometer of surface area of land, and in the process to increase the average physical standard of living at the same time.

Even the cutest and most intelligent animals cannot do that.

If this were not the case, humanity would never have increased beyond a population of some 10 million of people all over the earth, which is the estimated population potential

of a "primitive hunting and gathering society." This is because "natural resources" employed in the process of production at any given level of technology are relatively finite. Had humanity remained at the level of hunters and gatherers, then theoretically at some point in time all of the rabbits and berries would have been consumed.

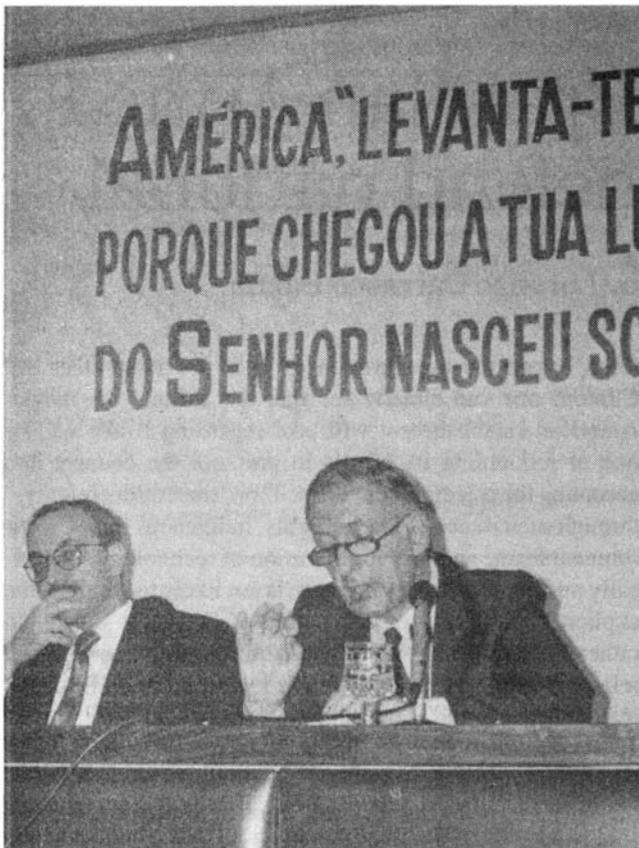
But thanks to the creative capability of the human being, which he owes to his similarity with God the Creator, the human being is able to continuously define new resources by means of scientific and technological progress and their application in the process of production, and by increasing the energy flux-density in production and consumption he increases, per capita and per hectare, the relative potential population density.

### How we must measure productivity

The increases of the physical productivity of the human being is correctly measured both in per capita and in square-kilometer terms of reference: We measure the increase of utilizable physical yield per capita and per square kilometer. The chief thing is not the simple number of objects produced. Since the point of reference is to the rate of production in the sense of the self-reproduction of the human species, the input (human consumption) and output (the product of human labor) must be measured in terms of statistics of reproduction.

We must employ a system of measurement for the input and output as functionally causal variables, which, as a social unit for quantitative and qualitative reproduction, considers not only entire societies but humanity as a whole as the household of a single family.

We must therefore distinguish the characteristics of individual members of the family according to categories such as generation, differences of age, health, mental development, life expectancy, and fecundity. We must not count



The fifth centenary of the evangelization of the Americas was celebrated in Anapolis, Brazil on Nov. 9-13. Panel: Dr. Mario Caponnetto speaking to the conference. Right: Helga Zepp-LaRouche with a child and a young girl from the new center, who presented her with a gift of Brazilian mangos.



individual objects, we must instead measure the average market-basket necessary for consumption per capita and household in the context of the corresponding causal relationships.

The essential “relationship of production” consists in the measurable productive change in nature by human beings, namely in the increase of the present and future fecundity of the earth for the purpose of the reproduction of humanity.

So that such a process, according to the commandment of the Book of Genesis, can be continued, humanity must willfully bring forth a succession of scientific discoveries in ever closer approximation to the truth, which is the cause of the increase of the standard of living and productivity. This willful progress can only occur under the condition that there is a clearly demonstrable ordering principle which leads progress from lower to higher levels of practically applicable knowledge.

Since it is necessary that these new ideas must lead to a superior knowledge of nature, the clearly knowable laws which underlie the progress in fundamental scientific discoveries are necessarily the very same laws which order the universe as a whole. The fact that we live on this earth together with some 5 billion people is the crucial proof of that.

Successions of fundamental scientific revolutions, which, since these are effective in the physical universe, are necessarily in agreement at least in ever greater approximation with the fundamental lawfulness of the order of the universe, is the capacity of the person as *imago viva Dei*. In this way, the person is a microcosm whose creative reason is in accordance with the laws of the macrocosm.

Since a transfinite-positive ordered growth of the potential population density is the general precondition [for survival], all pre-Christian axioms oriented toward natural mythologies are dangerous. It is simply not an arbitrary matter whether someone worships the Christian God or Gaia, since “Mother Earth” is not the source of human existence, it is rather the creativity of the person as the crown of Creation, as in the image of God. That the person must have respect for God’s creation, nature, is self-evident.

The neo-malthusian world view, which was propagated at the so-called Earth Summit in Rio de Janeiro in the spring of this year, which claims that one must get control over supposed overpopulation by means of population reduction and technological apartheid—all of which is touted in the name of concern for nature—is actually traced back to the

decrees of the Emperor Diocletian, who set an upper limit for population. As is well known, the Roman Empire collapsed, but population potential has increased since that time by several orders of magnitude.

There is no greater economic crime than to denigrate that which absolutely distinguishes the human being from animals, and which elevates the human being above animals. It is likewise part of this crime when the responsibility of society for promoting the divine spark of the potential of creative reason is debased.

The creative capacities of the human being must unconditionally be promoted, because that is the only way that society as a whole develops, not only by arithmetically adding up the profits individuals derive from this development, but rather because the individual participates in the benefit for society as a whole.

The reason for the billion-fold misery in the world today, is that this reality of the order of creation has been violated over such a long period of time, over centuries by colonialism and imperialism, and during the past decades by the international financial institutions. One can even say that there is no single life-or-death crisis in the world today whose roots are not to be found in neo-malthusian and oligarchical thinking. The problem is not that there are too many people, but instead that the capacities in industry and agriculture have fallen below the level, on a worldwide scale, which would be necessary to feed the present population—and this because of the post-industrial ideology of the oligarchical establishment. The solution, therefore, is not to kill the people who are not adequately provided for—the solution is to increase production in industry and agriculture to the degree necessary to provide for them, so that they can contribute to the further development of the coming generations.

In sum, we require a new, just world economic order in which the individual human being is at the center. . . . This is the same idea as is expressed in the encyclical *Populorum Progressio*.

And there is not the slightest reason why all of the concrete development programs, elaborated by Lyndon LaRouche in the last 20 years, for nearly all regions of the world, should not be realized, all of them simultaneously as a reconstruction program for the world. This includes the program of the Productive Triangle as the centerpiece of a Eurasian infrastructure program and locomotive for the world economy; it also includes Operation Juárez for the development of Ibero-America, a 50-year development program for the Pacific Basin, a 40-year development program for India, the Oasis Project for the Persian Gulf region and the Middle East, and not least, a development program for the whole continent of Africa, for construction of ports, roads, railroads, irrigation, desalination, and the production and distribution of energy as the absolute prerequisite for the development of industry and agriculture. So—we are talking about a world reconstruction program! . . .

# Brazilian Armed defend national

by Lorenzo Carrasco Bazúa

Even before the inauguration of U.S. President-elect Bill Clinton, one can already see that the attitude the Anglo-American establishment will take regarding Brazil will be one of redoubling its efforts to pressure the country into accepting the principles of “limited” or “shared sovereignty,” through such issues as human rights, indigenous rights, environmentalism, and non-proliferation of technology, specifically nuclear technology. Clinton is not likely to continue the explicit “new world order” policy of President Bush, but rather will assume the face of the Carter administration, when relations with Brazil reached their lowest point in the diplomatic history of the two countries.

As Brazilian Ambassador to Washington Rubens Ricupero stated rather complacently in an Oct. 25 interview with the daily *Jornal do Brasil*, Bush’s policy toward the Western Hemisphere was “appropriated from the Democratic agenda toward Latin America. . . . Three days after President George Bush’s inauguration, the Inter-American Dialogue published an open letter on Latin America, and the President adopted many of those ideas.”

But the clearest sign of the imminent escalation of pressure against Brazil was a report published in the Nov. 18 edition of *Veja* magazine, which tried to revive anti-military sentiments still lingering from the tragic episodes of the anti-subversive war at the end of the 1960s. The basis of the report were declarations made to *Veja* by a non-commissioned officer who was served the repressive apparatus of that time.

The gruesome details notwithstanding, the report in fact has nothing to do with real or supposed human rights violations that may have occurred at one or another moment in the war against subversion. Rather, the *Veja* story is following the orders of the Anglo-American establishment which that magazine serves, designed to revive the campaigns of the Carter era against the Ibero-American armed forces. It is no accident that Robert Civita, owner of *Veja*, is also a member of the Inter-American Dialogue, to which Brazilian Foreign Minister Fernando Henrique Cardoso also belongs, and which has long promoted the campaign to dismantle Ibero-America’s armed forces.

## Ascendancy of the Armed Forces

The reason for this campaign is the growing concern in Washington over the ascendancy of the Brazilian Armed

# Forces prepare to sovereignty

Forces' prestige inside the country, which is doubtless the main support behind the Itamar Franco regime.

On the other hand, and despite the fact that they consider the Franco government to be temporary—given that it has yet to define any concrete political direction—the Anglo-American establishment has not hidden its concern over what measures might be taken, especially in the economic arena, once Franco is securely in power. This concern explains the unusual interest of the Anglo-American press in interviewing ousted President Fernando Collor de Mello, despite the fact that no one in his right mind considers that there is any possibility of Collor's return to public life.

For example, the *Financial Times* of London on Nov. 14 interviewed Collor as a means of initiating a campaign against Itamar Franco for "talking about freezing tariffs, reducing interest rates, and getting Congress to approve each privatization. . . . They're throwing two and a half years of sacrifice by Brazilian society into the rubbish bin." Collor pleaded, "What was my crime? Was it a crime to modernize the country, to build up \$22 billion in reserves, to reinsert Brazil into the international community? Was it a crime . . . to open our market, to defend the rights of indigenous people?"

## Ready to take on 'Carter II'

Although the government of President Franco lives under the shadow of an interim period while awaiting the decision of the Brazilian Senate to definitively separate former President Collor from his post (which is likely to occur before the end of the year), Army Minister Gen. Zenildo Lucena took an important step in defining the tasks of the immediate period ahead through a document released to the national press in the form of recommendations to the High Military Command. In essence, Gen. Zenildo Lucena insisted that this interim period cannot be viewed as a mere juridical formality, nor can it be allowed to delay or postpone urgent government actions required to confront the crisis.

The document, widely considered a show of direct support for President Franco, did not limit itself to defining the strict functions of the Army, but rather attempted to define the broader national and world context within which the Armed Forces have a role to play. Above all, the document was a devastating critique of the former Collor

de Mello government.

In analyzing the global context, the recommendations to the High Command are very precise, warning against the concept of "limited sovereignty," especially from those who believe that the Organization of American States (OAS) should be converted into a kind of supranational force for hemispheric intervention. "Certain powers . . . suggest to their clients that they should entrust their external defense to these very same counselors, or to such supranational entities as the OAS or United Nations. The influence of those powers is reinforced, in many cases, by the incessant efforts of the non-governmental organizations (NGOs) in the international arena, which could make such concepts as 'limited sovereignty' or 'duty to intervene' acceptable . . . in Brazil."

In analyzing the internal situation, General Zenildo reviews the calamitous conditions in Brazil inherited from the Collor regime. "We see a picture of uncertainty generated by the process of 'impeachment' of the President, who was retired for the (supposed) interim period from the current government. . . . A certain disorganization is notable in the federal administrative apparatus, resulting from changes introduced during the first year of the Collor government. Tax revenues have fallen, due to the effects of recession . . . the great cities suffer the effects of unemployment, of overpopulation in the poor neighborhoods, of criminality and poor functioning of public services. The economic problems have in turned aggravated social inequalities, causing the proletarianization of part of the middle class and an increase in that level of the population existing on the brink of misery."

The document also notes the responsibility of the communication media in the corruption of morality. "The changes that are taking place in the family structure, the discrediting of the elites, the marginalization caused by the rural exodus, the abandonment of all standards of behavior stemming from religious norms, and the actions of the communication media—especially of television—are all leading to a weakening of the principle of authority and of a sense of morality."

It should be noted that the public release of the memorandum is unprecedented in itself, and it clearly intends to define for the country as a whole what the problems and dangers of the present period are in Brazil, as well as to demonstrate that it is the Armed Forces as a national institution which still possesses the capacity to provide leadership and direction for the nation in time of crisis. The document must also serve to alert the Clinton administration, that the Armed Forces are ready to take on any provocations from the North, just as President Ernesto Geisel responded in 1977 to the threats of the Carter administration by canceling Brazil's military agreement with the United States.

This time, however, such an action on Brazil's part against the Anglo-American establishment could run like a lit trail of gunpowder across the entire continent.

# Iran may be next to get 'Desert Storm' treatment

by Joseph Brewda

A few days after Bill Clinton won the U.S. presidential election on Nov. 3, government officials and establishment mouthpieces in Washington, London, and Paris discovered that Iran was a growing threat to the Persian Gulf region. Much attention was suddenly focused upon the fact that Iran had occupied the United Arab Emirates' Persian Gulf island of Abu Musa—in August. Then there was the concern over the Iranian purchase of two Russian submarines and a Chinese nuclear reactor, purchases that had been public knowledge months earlier. Since then, a steady stream of articles, pronouncements, and threats indicate that Iran is being set up for the "Iraq treatment." The main target of the operation, however, would be not Iran, but Europe.

The incoming Clinton administration has already made clear that its main concern will be domestic economic policy. For Clinton's advisers, this concern necessarily translates into aggressive trade war, especially against Germany and Japan. The 1990 war against Iraq occurred for similar reasons. U.S. President George Bush and then-British Prime Minister Margaret Thatcher needed to be able to interdict Mideast oil supplies by occupying the Arabian oil fields, in order to blackmail newly reunified Germany against adopting independent economic and financial policies. The type of aggressive financial and economic measures against Japan and Europe that the Anglo-Americans now envision, requires even greater blackmail capability to be successful. The occupation or destruction of Iran's oil fields is one way the Anglo-Americans may strike.

## Targeting Iranian industry

Some important features of the campaign against Iran first became evident during the second week of November, when it was reported that the U.S. had launched a campaign to cut off Iran from advanced technology imports. The Bush

administration convened a meeting of the Group of Seven (G-7) countries—the United States, Great Britain, France, Italy, Canada, Japan, and Germany—to discuss an embargo against Iran on purchases of "dual-use" technology, or technology with both civilian and military industrial applications. This was the first time such a meeting was called to discuss a particular country, and the alleged motivation was that Iran is developing weapons of mass destruction. "New revelations about how western dual-use exports helped Saddam Hussein turn Iraq into a dangerous military power appear almost daily," said the *New York Times* on Nov. 16. "It's important not to make the same mistake with Iran." The paper reported that Washington intended to place Iran on the same COCOM list of prohibited exports that it had earlier used against the Warsaw Pact countries.

The *Washington Post* reported on Nov. 17 that the U.S. government had successfully blocked Iranian efforts to obtain equipment from Argentina and China, which would have allowed it to convert natural uranium into "precursor forms of highly enriched uranium used in nuclear weapons." Zeev Eytan, an official at the Tel Aviv Center for Strategic Studies, also told the British news agency Reuters that he and other Israeli experts believed Iran would have nuclear weapons within a few years. "If they obtained plutonium, uranium, or experts from the defunct Soviet Union or the Asian republics, this could shorten the road to the bomb," Eytan said.

Earlier, on Nov. 13, Japanese Foreign Minister Michio Watanabe declared that such an embargo, covering everything from computers to chemical complexes to steel plants, was unacceptable. "We cannot agree 100% with the United States," he told a news conference, "because our ties [with Iran] go a long way back and it is different from Iran-U.S. relations."

Japan, like Germany, has major investments in Iran de-

signed to aid Iran's reindustrialization program, while simultaneously allowing for needed oil exports to both oil-dependent states. For example, the Japanese, together with the Italians and Russians, are developing a joint project worth over \$1.7 billion in the Iranian half of a giant offshore gas field that Iran shares with Qatar. Germany, Iran's largest trading partner, has just completed a \$2 billion power plant in Iran. Its exports and investments in Iran rose by 50% in 1991 alone. Through such investments, Iranian steel production increased 34% in the first seven months of 1992, the fastest rate of growth in steel production in the world at present.

### Media blitz on 'terrorism'

Fanning the flames, the U.S. media began playing up claims of Iran's supposedly unique sponsorship of international terrorism. Anglo-American agencies began encouraging Mideast countries to make similar charges (of varying accuracy) against Iran. Cable News Network reported on Nov. 16 that the U.S. had secretly indicted several suspects in the kidnaping and killing of Americans abroad in the 1980s. Quoting U.S. intelligence sources, CNN said that the Justice Department had tracked down many of these suspects to Iran.

On Nov. 14, Egyptian President Hosni Mubarak, who played an important role in the 1990 war against Iraq, denounced Iran in unusually strong language before the Egyptian Parliament. "Iran should completely stop intervening in the internal affairs of Arab and Islamic countries," he said, accusing it of being behind a wave of shootings of western tourists in southern Egypt. Egypt had previously accused Sudan of responsibility for the incidents. That weekend, Israeli Foreign Minister Shimon Peres met with Mubarak in Cairo. Afterwards, Peres announced that he is also worried about Iran's ambitions and intentions in the Mideast.

Responding to the charges, the *Teheran Times*, a mouthpiece of the Iranian Foreign Ministry, raved on Nov. 16 that "Iran will never fire the first bullet at its neighbors but rather defend them . . . but if any fire comes at the Islamic Republic, then the Egyptian President and the other mercenaries will not be alive to defend the oil-rich states."

Also on Nov. 16, the Algerian government cut its diplomatic staff in Teheran to a "symbolic level" and ordered Iran to cut its mission in Algiers to the same level. "For more than a year, the Islamic Republic of Iran has led a campaign of interference and open hostility against Algeria and its institutions," a Foreign Ministry statement reads, referring to Iranian support for the outlawed Islamic Salvation Front, which almost took over the Algerian government last year.

Accompanying all these charges were hectic diplomatic visits: Former British Prime Minister Margaret Thatcher met with Israeli Prime Minister Yitzhak Rabin on Nov. 16; the same day, the German Army's inspector general, Gen. Klaus Naumann, met with Israeli Chief of Staff Gen. Ehud Barak. A few days later, German Foreign Minister Klaus Kinkel

went to Israel to promise that Germany would combat growing anti-Semitism. That week, French Foreign Minister Roland Dumas was touring the Gulf, warning of Iran's excessive armaments and occupation of Abu Musa Island, while selling arms himself. "The danger from Iran," was a reported theme of talks between Clinton and Bush on Nov. 19.

### The destabilization of Iraq

One important feature of this media blitz is to prepare a new round of destabilization of Iraq intended to overthrow Saddam Hussein. By depicting Iran as the new threat, Anglo-American planners apparently hope to convince Iraq, and Arabs generally, that Iraq will be preserved and even backed, in order to prepare for a new offensive against Iran. The story goes like this: The Anglo-Americans are really serious about hitting Iran; Iraq is the only regional power capable of inflicting damage on the ground; therefore, the Anglo-Americans will have to lift their pressure on Iraq.

In other words, the same channels that duped Iraq into going to war with Iran in 1980, and into invading Kuwait in 1990, are at it again.

In the next phase of this destabilization, these channels will attempt to negotiate a post-Saddam succession, whereby Iraq's now endangered territorial integrity would supposedly be preserved in return for Saddam's ouster.

To aid this campaign, Anglo-American and Israeli media began surfacing the line in late October that the Clinton administration would not be as hardline Zionist as it had appeared. So, Lord Mayhew's *Middle East International*, in an editorial published Nov. 6, opined that "Governor Clinton may shed some of his committed Zionist advisors in favor of those with greater foreign experience from the Carter era." The Israeli magazine *Jerusalem Report* published a cover story in its mid-October issue warning that "insider speculation says the Democrat's Mideast advisers have a pro-Israel tilt. But several key figures, including Carter administration retreads, raise question marks for some American Jews."

The recent reorganization of the American Israel Public Affairs Committee (AIPAC), whose chairman was bounced after claiming in a taped phone call that the Israeli lobbying group had close ties to Clinton, was depicted as part of some Clinton purge. As result such ploys, recent secret Clinton camp offers to various Arabs officials were seen by some as credible.

This "discovery" of Clinton's good intentions is all the more remarkable, since it was the Democratic Carter administration, together with the British government, that was responsible for the 1979 overthrow of the Shah of Iran and his replacement by Khomeini. Shortly thereafter, the Carter administration and Britain lured both Iraq and Iran into a mutually destructive eight-year war, sustained through the arming of both sides. Among the key Carter operatives was then-Undersecretary of State Warren Christopher, now chairman of Clinton's transition team.

# Half a million Bosnians face death; Balkan war looms in next phase

by Konstantin George and Nora Hamerman

In early November, Croatia, with one-third of its territory occupied by Serbia, was told that unless it agreed to demobilize 40,000 troops, it had no hope of gaining membership in the International Monetary Fund. Vainly hoping to lift the credit embargo against his country, Croatian President Franjo Tudjman agreed to this humiliating demand, and by mid-November the 40,000 troops were demobilized.

This action, and the Anglo-American pressures that precipitated it, marked another fatal step along the way to the obliteration of the Republic of Bosnia-Herzegovina and the march toward a Balkan-wide war. Up to now, Croatian forces have been the decisive factor in preventing Serbia from completing its conquest of Bosnia. Serbia, ruled by an aggressive communist dictatorship under Slobodan Milosevic, is determined to annex its neighbors by military force and "ethnic cleansing" into a Greater Serbian empire. The 40,000 troop cut means that Croatia, which must deploy large forces opposite the Serbian troops occupying Croatian territory in Eastern Slavonia, Western Slavonia, Krajina, Baranja, the Adriatic hinterland, and Herzegovina, has lost the free energy to provide reinforcements to hold the front in central Bosnia.

About 500,000 Bosnians are threatened with death as winter approaches, trapped in hopelessly overcrowded conditions in towns such as Gorazde and Srebrenica in the east, and Tuzla, Maglaj, Doboj, and Travnik in the north and center. This is apart from Sarajevo, the Bosnian capital, which has had the international media spotlight; and in addition to the appalling toll in deaths and refugees which have already resulted from the Serbian offensive against Bosnia this year.

Sarajevo has, in reality, already fallen. Its defenses have crumbled, the Serbian forces can take it whenever they choose. Military observers in Zagreb, the Croatian capital, believe that the cynical Serbian leadership will wait, in order to avoid "negative publicity" around Sarajevo, until it has completed the capture of the rest of the Muslim part of Bosnia, and then in the final stage, walk in and grab Sarajevo.

## International backup for Serbia

The Serbian offensive to finish conquering the interior of Bosnia is expected to culminate during December. Serbia has enjoyed a series of military successes in central Bosnia, starting with the fall of Jajce and, as of Nov. 23, is close to

capturing the strategic bastion of Travnik. These victories have relied on tacit or active international support. Russia, China, and France all back Serbia more or less openly. The international arms embargo imposed by the United Nations against all of the republics of former Yugoslavia has choked off Croatia and Bosnia from supplies, while ensuring that Serbia, which inherited the formidable Yugoslav Federal Army's machine, has the military superiority and the logistical capability to wage a war of conquest unparalleled since the Nazi annexation of Czechoslovakia in 1938. U.N. "peacekeeping" troops, as *EIR* previously reported, have merely guaranteed Serbian conquests in Croatia, freeing Serbia's army for its onslaught into Bosnia.

Serbia is being assisted by numerous Russian military "volunteers" in a modern replay of what happened throughout the 19th century, when Moscow backed its Serbian imperial-minded cohorts. There has been a heavy influx of these mercenaries this autumn. Russian units played a key role in capturing Jajce, and also in the "Serbian" halting of what otherwise would have been a successful Croatian counter-offensive in eastern Herzegovina. On this front alone, at one point 250 Russian mercenaries arrived, led by a retired general, and stemmed the Croatian advance. A flow of arms and equipment from Russia, China, Romania, and elsewhere, has also been vital to the Serbian war effort.

In addition, the Serbian capture of Jajce in October occurred after highly destructive battles between what international media dubbed "Muslim and Croatian forces" in several towns of central Bosnia. But the media portrayal of local internecine warfare is—as usual—not accurate.

Fighting in Bosnia are several thousand "Mujahideen," or "Muslim" mercenaries from abroad, who are being whipped up against Croatian nationals of Christian confession as "infidels." This Muslim contingent has a heavy Turkish and Afghan Mujahideen component and is funded and equipped by countries like Saudi Arabia and Turkey, the two main Islamic allies of the recent Anglo-American colonial war in the Persian Gulf, Desert Storm.

## The geo-strategic picture

Once Bosnia were defeated, the theater of war would shift to the southern Balkans and open the way for Turkey to return to the Balkan stage in a revived version of the defunct

Ottoman Empire, which once controlled the whole peninsula. A Croatian source predicted: "Turkey has abandoned Bosnia, but will draw the line in the southern Balkans." Of course, this would be a Turkey which had lost all claim to national dignity, and become a mere pawn in the hands of the Anglo-American oligarchy.

The trigger for a Balkan war may be the Kosova province in Serbia, which in the Yugoslav federation was an autonomous province because the majority of the population are ethnic Albanians. Serbian repression has made Kosova into a social tinderbox. So far, it has not turned into a war zone primarily because of Dr. Ibrahim Rugova, the moral leader of the Kosova Albanians, who has waged a non-violent struggle for rights in the footsteps of the American civil rights hero, Dr. Martin Luther King. Dr. Rugova's tactics have frustrated the leadership in the Serbian capital, Belgrade, which is itching for a pretext to repeat in Kosova the "ethnic cleansing" of non-Serbs conducted in Bosnia through mass murder and expulsions.

Under heavy Serbian provocation, resistance may not remain non-violent. Kosova by mid-November had become tenser than at any time since the bloody eruptions in March 1981, when scores were killed. If war breaks out in Kosova, it will tend to draw in the two bordering states: Albania, for obvious reasons, and the Republic of Macedonia, which has a 25% ethnic Albanian minority.

Once that occurs, the likelihood is high that every other Balkan state—Greece, Bulgaria, Turkey, even Romania—will be in the fray, each allied with what it sees as "the enemy of my enemy." Turkey on Nov. 19 concluded its second military pact with Albania this year, when Defense Minister Nevzat Ayaz visited Tirana. It commits Turkey to fight with Albania in any conflict with Serbia. Following the pattern of past Balkan wars, Bulgaria would invade the Republic of Macedonia to prevent a southward extension of Greater Serbia. Greece would view as a vital threat the combination of a Turkish military presence on its northern border, and Bulgaria's expansion into Macedonia, and ally openly with Serbia. It has already done so de facto, witness the Greek government's role in preventing recognition of Macedonia's independence.

At the higher, geo-strategic level, this scenario includes an Anglo-American design to install Turkey as the dominant regional satrapy. Greece, Bulgaria, Macedonia, Albania, and for that matter, Serbia, too, would slaughter one another, and Turkey eventually could pick up the pieces. While Turkish Prime Minister Suleyman Demirel was in London on Nov. 22-24 for talks with John Major on the Balkan crisis, Turkish military officials were holding secret talks in Sofia, Bulgaria. On Nov. 24, the German daily *Frankfurter Rundschau*, citing "western intelligence agencies," reported that the Turks demanded transit rights for Turkish forces across Bulgaria into the Republic of Macedonia and Albania when war breaks out.

## Was Windsor Castle fire an act of God?

by Mark Burdman

Has a higher benevolent power happily decided that the era of the British House of Mountbatten-Windsor is coming to an end? Numerous telltale signs point to that conclusion.

In an unusually candid Nov. 24 declaration, Her Majesty Queen Elizabeth II confessed to a City of London audience attending a lunch in her honor given by the Lord Mayor of London, that the year 1992, which is her 40th "jubilee" year as reigning monarch, was a "horrible year" for the royal family, rather than the year of celebration it was supposed to have been. It is very rare, in Britain, for the monarch to speak so openly about the royal family's tribulations.

### A 'horrible year'

Waxing philosophical, the monarch characterized 1992 as "not a year on which I shall look back with undiluted pleasure. In the words of one of my more sympathetic correspondents, it has turned out to be an *annus horribilis*." According to the Nov. 25 *Daily Telegraph*, this reference, in Latin, to the horrible year, "raised many eyebrows" among those in the audience.

The statement was made against the backdrop of a new round of scandals centering on a reported extramarital affair of her eldest son and heir Prince Charles, the publicity about which has reached such a level in the continental European and British tabloid press, that there is now speculation that he may renounce his claim to the throne. Should this happen, one London insider affirmed, "this royal line would be doomed." The Charles scandal is the latest, in a year of scandals that have hit all of her brood.

Even worse, only four days before her City of London address, a major fire had broken out in Windsor Castle, the historic royal residence and frequent locale of state visits to the the United Kingdom. The fire raged for hours, and before it was brought under control, had caused tens of millions of dollars in damage to the royal premises. On hearing reports of what was going on at Windsor Castle, Her Majesty Queen Elizabeth II rushed to the scene. Her son Andrew, Duke of York, told the press that his mother was "absolutely devastated." Prince Charles echoed this on Nov. 22: "It's a nightmare, and I keep hoping to wake up. The whole family was devastated."

Police, firefighters, and Buckingham Palace officials are adamantly excluding terrorism as a cause of the fire. The

official explanation is centering on a mistake made by a worker in the area of the castle's private chapel, which set the fire off.

### 'A dying, not a lasting, dynasty'

Be that as it may be, it is difficult to avoid finding a "metaphysical" explanation for the fire. The Nov. 22 *Independent on Sunday* editorialized on its front page that it detected an "ominous feeling that the Windsor fire is symptomatic of the country at large, that it stems from the new national characteristic of ineptitude. . . . Nothing seems to work as it used to: government, trains, banks, courts, the economy, the monarchy. Now even a royal palace blazes in the night. Fate frowns down."

The impression must be strong, indeed, that "an act of God" is ultimately involved in the fire, that that "higher power" has "spoken" against a monarchy which has perpetuated evil across the world, with its ostentatious personal greed, and—through the activities of both royal consort Prince Philip in his capacity as president of the World Wide Fund for Nature (WWF) and of "New Age" supporter Prince Charles—its open endorsement of pagan ecologism and vehement rejection of the Christian and Judaic heritage. (Interestingly, Philip was in Argentina, on a mission for the WWF on the day that the fire broke out at Windsor Castle.)

Among telltale signs, the following must be noted. One of the areas most damaged was the timber roof of St. George's Hall, which collapsed in the flames. This roof is studded with the heraldic shields of the super-exclusive Knights of the Garter. Knights of the so-called "Most Noble Order of the Garter," their numbers are restricted to 24. The order was founded in 1348. Its Sovereign is the queen.

Also, according to palace sources, the only painting of the many that had been in the area of the fire that was not salvaged, and which was irreparably destroyed, was a portrait of King George III, painted in the last years of the 18th century by Sir William Beechey. This King George III, of course, was the wretch against whose brutal looting policies the American War of Independence was launched in 1776. The portrait was, according to reports, a favorite of Queen Elizabeth II. George III himself abhorred the portrait, and fought, unsuccessfully, to have it destroyed. Almost two centuries later, but under circumstances that he would certainly view as perverse, his wish has been carried out.

There is a certain additional metaphorical aspect to George III going up in flames. Remember that the rallying cry of the American patriots in Boston was "no taxation without representation." What the Windsor Castle fire is bringing to the fore, is a curious parallel, in modern Britain, to that 18th-century fight. The British Conservative government has declared that the restoration of the castle must be done by public taxes, under an agreement signed in 1831 whereby the government, and not the royal family itself, has ultimate responsibility for preservation and upkeep of

Windsor Castle. This has brought cries of outrage from many Britons, since the queen is not obliged, under the British system, to pay any taxes at all, so is exempt from all financial responsibility for restoration of the damaged castle!

On Nov. 24, an angry *Daily Mail* editorial commented: "Why should the population, many of whom have had to make huge sacrifices during this bitter recession, have to pay the total bill for Windsor Castle when the queen, who pays no taxes, contributes next to nothing?" The same day's *Daily Mirror* accused the House of Mountbatten-Windsor of "sowing the seeds of its own destruction. . . . Meanness, greed, and blinkered disregard for the feelings of the people are the mark of a *dying, not a lasting, dynasty*" (emphasis added). The tabloid *Sun* released the findings of a poll, which showed that some 96% of those questioned believe that "the Queen should pick up the tab for the Windsor blaze."

As a concession, the queen has finally agreed to pay taxes on her vast fortune, thereby ending a 55-year tax exemption that had been arranged by her father King George VI in 1937. According to an announcement by Prime Minister John Major in the House of Commons on Nov. 26, she is to start paying income taxes on her private fortune and on certain other categories—although she still won't be coughing up for the reconstruction of Windsor Castle.

### The wrath of God provoked?

For the British, the very figure of St. George has a great deal of symbolism, being the patron saint of the country. That a fire would destroy part of his "domain" at Windsor Castle, would cause enough of a shock. Additionally, annual commemorations of St. George are often occasions for proclamations of British cultural and philosophical outlook. On April 26, 1991, for example, with Prince Philip presiding, senior Crown representative Sir Crispin Tickell, former British ambassador to Mexico and then to the United Nations, delivered the "14th Annual St. George's House Lecture" at St. George's Chapel (not the same as the private chapel where the fire broke out) in which he abjured Christianity, and expressed his preference for the Mother-Earth Goddess, Satan's mother, Gaia (see below).

In a Nov. 22 statement on the background to the Windsor fire, former U.S. presidential candidate and *EIR* founding editor Lyndon LaRouche suggested that "the wrath of God" may have been provoked by that event, and that it were more useful to think in such terms of reference, than to speculate on what may have been the "instrumentality" for setting off the fire.

This matter of God's wrath, LaRouche proclaimed, "is not to be taken lightly. There are some things that cannot be readily explained, and one should not break one's neck, so to speak, attempting to explain them. Clarity may come in due course. The fact of the matter is, that this abomination, this worship of Satan's mother, the mother of Python, Gaia, of the Apollo-Delphi shrine, is an ideological, albeit reli-

gious, if you must, form of expression of a policy, a policy which is satanic in conception and effect; a policy sometimes called technological apartheid, of denying to the poorer people of the world, the means of maintaining their population; a policy which is typified by the criminality of certain Anglo-American interests in trying to prevent Germany from playing a leading role of a certain type in Europe, by means of such acts of prevention as unleashing the Serbian butchers against the former fellow citizens of the former Yugoslavia in the Balkans; which takes the form of food-growing set-asides at a time when the world is suffering food shortages on a scale of mass murderous famines."

LaRouche continued: "And unfortunately, the British royal family, through such agencies as the late Dicky Mountbatten and the prince consort and others, has once too often advocated the worship of Gaia and the imposition of her satanic policies of population control, explicitly and otherwise. It has played a leading role in such institutions as the World Wildlife Fund (now the World Wide Fund for Nature), Amnesty International, Greenpeace and so forth, in bringing about these satanic policies. Thus, the fiery destruction of the premises from which that obscenity has emanated, must be described as an act of God. With that, comes understanding."

### **Gaia-worship at Windsor Castle**

*Excerpts follow, from an article in EIR's Aug. 2, 1991 issue (Vol. 18, No. 29) entitled, "British Monarchy's Pagan Ecologism Endorsed by Group of Seven":*

On April 26, [1991,] Prince Philip presided over a gathering at St. George's Chapel, St. George's House, Windsor Castle, the place where the royal family often worships. The "14th Annual St. George's House Lecture" was delivered on this occasion by Tickell. Mincing no words, Tickell attacked the Christian belief that "the world was created for the convenience of mankind" and that "God had created the world and given mankind dominion over it as laid down in Genesis." He expressed his preference for worship of the goddess Gaia: "The use of the word Gaia for the sum of the interlocking balancing mechanisms by which organisms perpetuate circumstances favorable to themselves had been considered romantic. *Personally I can think of few more worthy goddesses or objects of veneration.* . . .

"What then should be the model, paradigm, or philosophy to guide us? What mask of theory can we lay over the face of suffering nature? In devising it, no single element is more important than human population increase. This is the driving force behind both global warming and the destruction of bio-diversity. Unless such increase can be brought under control and then put into reverse, all efforts to restore stability to our environment will be in vain. I fear that if we do not do the job ourselves, nature may give us a helping hand, or worse do the job for us.

"A first step towards wisdom is to get rid of some illu-

sions. There is not the slightest prospect that living standards worldwide could rise to those of industrial countries. In that event, the carrying capacity of the Earth would be around 2.5 billion people.

"As the population rises to 8 or 10 or even 14 billion in the next century, let us remember the fate—or perhaps the parable—of Easter Island in the Pacific over about 1,000 years. A handful of people arrived by boat; they multiplied; they cut down trees; they cultivated the land; they multiplied again; they divided into little nations; they fought each other over diminishing resources and deteriorating land; they cut down what remained of the trees; now they could not escape; they suffered a drastic decline in numbers and living standards; finally they achieved a miserable stability. By the time Captain Cook arrived at the end of the 18th century, he found the wreck of a society on an ecological ruin. . . .

"The price of sticking to our present systems of value and not adapting to new ones is intolerably high. So far, all past human civilizations have crashed. None over time has reached a well-regulated steady state with population in balance with natural resources. There is no reason to believe that ours is any different. Indeed current signs are to the contrary.

"For biologists a familiar experiment is that of the Petri plate. Petri plates are round dishes with transparent food on them disposed to allow the investigator to see colonies of microbes with the naked eye. From small beginnings, the microbes multiply at an accelerating rate. They are at their most prolific as they reach the edge of the plate. Then the food runs out, the microbes die in their multibillions, and extinction takes place."

In his address, Tickell praised Thomas Malthus as a "heretic" who differed from other economists because he did not believe that "resource problems" could always be solved. Tickell said: "Once again the frame is flawed. But this time there is widespread awareness of it. People may not fully understand what is happening, but they know something has gone wrong. The last 20 years has seen mounting anxiety. Milestones were the Club of Rome report in 1970; the United Nations Conference on the Environment of 1972, followed by the creation of the United Nations Environment Program; the First World Climate Conference in 1979; the Vienna Convention on ozone depletion in 1985; and most important in terms of world opinion, the Brundtland Commission Report on Environment and Development in 1987.

"Since then the pace has quickened with successive declarations from the Economic Summit of the seven main industrial countries, the Commonwealth, and the Non-Aligned Movement; debates in the U.N. General Assembly; the reports of the Intergovernmental Panel on Climate Change and a Panel of the U.S. National Academy of Sciences; the Second World Climate Conference of last autumn; and now the countdown to the World Conference on Environment and Development in Brazil in June 1992."

# Peru's Fujimori wins election, but not freedom from foreign pressure

by Gretchen Small

Despite the combined opposition of the Shining Path terrorists and the three political parties that formerly were Peru's largest, elections for a Constituent Assembly were held on Nov. 22 without a hitch. Peruvian voters turned out to give President Alberto Fujimori's supporters a solid majority in the new Assembly—providing the President with a clear mandate to continue his strategy of total war against the Shining Path terrorists, even in the face of vicious opposition by the U.S. government, the Organization of American States (OAS), Japan, and Europe.

Since April 5, when President Fujimori pushed aside cowardly politicians who refused to allow a war on terrorism, the Anglo-American Establishment has used Peru as its test case, along with Haiti, for imposing the doctrine of limited sovereignty on the Americas, transforming the OAS in the process into a policing mechanism for supranational rule carried out in the name of "democracy." The fact that Fujimori now enjoys a *democratic* mandate has not stopped the supranational schemers, however. U.S. officials and Clinton advisers have already announced that economic sanctions and OAS "supervision" of Peru's political life will continue.

There was almost a tone of disappointment in the recognition that Fujimori had won, fair and square. Predictions by Peru's APRA party and the Venezuelan government, that the Peruvian government planned to win the election through fraud, were proven false. The 250 foreign observers brought in by the OAS to oversee the vote, said it was free of all but minor irregularities.

Fujimori's slate won an easy 43-seat majority of the 80-man Assembly, with the Popular Christian Party coming in a distant second at eight seats, and the rest divided among some seven new coalitions and parties. Voters ignored appeals by the three big opponents—the APRA, led by former President Alan García, former President Fernando Belaúnde Terry's Popular Action party, and Mario Vargas Llosa's Liberty Movement—to boycott the elections or leave their ballots blank or spoiled; the percentage of invalid ballots and abstentionism was only 4% higher than it had been in previous elections.

Likewise, Shining Path proved unable to sustain a major offensive to disrupt the elections as threatened. Although five people died in a car bombing in Lima on Nov. 17, the capture several days before the election of eight members of the Lima Metropolitan Committee with plans for election day bombing

attacks in hand, helped keep terrorism to a relative minimum. Nothing demonstrates better that the Fujimori government has reestablished the authority of the Peruvian state where Shining Path used to reign supreme, than the vote in Ayacucho, the province where Shining Path began operations and which it had dominated for years. This year, voter turnout was high, despite Shining Path's threats to kill any who voted.

## Like Iraq, are sanctions to be permanent?

The Fujimori government organized the elections for the new Assembly last May, after the Bush administration arm-twisted the OAS, Europe, and Japan into joining the United States in an economic boycott of Peru until it "restored democracy." The United States imposed the sanctions after Fujimori closed Congress and ordered the judiciary cleaned out because those institutions refused to allow measures of war to be taken against Shining Path. The Peruvian government has since proven in spades that those drastic measures were necessary, putting the murderous killers on the run for the first time and arresting top leaders.

Thinking it could placate Washington by holding elections, especially if the OAS was invited to monitor them, the Fujimori government made clear it now expects these nations to normalize relations with Peru. "We call upon the international community" to drop the economic sanctions after the elections, "because the world can see . . . real democracy," President Fujimori stated in an interview broadcast by Cable News Network the day before the election. He reminded viewers that his government has done more to clean up human rights abuses inside Peru than any previous government, by its campaign to crush Shining Path—the greatest violator of human rights in Peru.

The day after the election, the answer came back from U.S. officials and Clinton advisers alike: Good work, boys, but not enough. *Promises* of aid have been renewed, but with new conditions that must be met first, including acceptance of *increased* supranational controls over Peruvian affairs.

In Washington, a senior State Department official, identified by the *Washington Times* as Deputy Assistant Secretary of State for South America Phillip McLean, gave a background briefing on Peru on Nov. 23. He called the elections "an important first step back toward fully constitutional government," and promised that the United States "will now look at the next steps in the economic . . . assistance that is

needed." But not right away, he quickly added. He specified that "President Fujimori must follow through on his guarantees that the congress will be autonomous and . . . independent," and that new "institutions" must be established to "guarantee" that the Peruvian government does not violate human rights.

In Lima, U.S. Ambassador to the OAS Luigi Einaudi told the press that President Bush wants to renew aid based on democracy, but cautioned that "democracy is not like electricity, you don't just turn it on and there it is. We are talking about a long process."

Einaudi, in Lima with the OAS election team, is both the Bush administration's pointman for the OAS "reform" project, and an old "Peru hand," going back to his days as the Rand Corporation's expert on the Peruvian military. Einaudi flaunted how he had used his junket to Peru to meddle in military affairs—less than one week after a failed coup attempt against the government. Pressed by journalists if he had met with any military involved in the coup, Einaudi answered, "a good embassy speaks with many people in periods of conflict," adding that he had used the elections to contact military officers "from the rank of cadets, majors, captains to commanders. . . . I have a certain history and interest in the military institutions of this country," he reminded people.

## The OAS game

Back in Washington, Clinton adviser Richard Feinberg and Peter Hakim, both leading officials of the Trilateral Commission-run Inter-American Dialogue, began a drumbeat for escalated OAS controls over Peru. In an opinion column published in the *Christian Science Monitor* on Nov. 24, Feinberg and Hakim argued that Clinton must make every effort to make the OAS "an effective instrument for the collective defense of democratic government," and the Peru and Haiti crises are how to accomplish this. They called for the OAS to keep a mission in Peru long after the elections are over, "to monitor the government's respect for political freedom and human rights, and its handling of upcoming municipal and provincial elections." They specified that "the mission should not be a passive observer of events," and suggested a variety of ways it should intervene in Peruvian affairs.

The core of the revamped OAS should be the creation of a "Inter-American Commission on Democracy, modeled after the Commission on Human Rights," with a mandate for action, the Dialogue spokesmen argued. That is exactly the formula put forward by Clinton adviser Robert Pastor in the latest issue of *Foreign Policy*. The article by Pastor—who gained notoriety during the Carter administration as the official most to blame, as head of the Latin America desk at the National Security Council, for putting the Sandinistas in power in Nicaragua—provides one of the most explicit outlines of the supranational OAS project behind the war on Peru yet published.

---

## Documentation

---

*The following are excerpts from the article "The Latin American Option" authored by Robert A. Pastor. It was published in the Fall 1992 edition of Foreign Policy.*

In recent years, the OAS and ad hoc groups like the Contadora Group have sought answers to individual problems. A more coherent strategy—multilateral in approach, but with strong U.S. leadership—will be essential to further progress. . . .

A new energized approach should aim first to negotiate general principles: to ensure the security of individual countries and the region; to guarantee democracy and defend human rights. . . . Then, each member state must accept specific operational goals and a mechanism for monitoring compliance. . . .

Sending military advisers to the Andes, however, has not been productive, and it could be self-defeating if it provokes a nationalistic reaction. What is needed is an OAS drug force. The OAS must overcome its reluctance to consider military options, even those against drug traffickers or in supervision of a cease-fire. The U.N. should be used when the OAS hesitates. . . .

A second security initiative should aim to reduce arms purchases and the size of the militaries in all countries in the Americas. . . . Robert McNamara, former president of the World Bank, has proposed an across-the-board 50% reduction in arms purchases by all developing countries by the year 2000. . . .

To begin the process, an independent center should be established with the authority to compile detailed information on all arms sales and militaries throughout the hemisphere. . . . The OAS would then review each government's plan, monitor reductions, and institute sanctions against violators. . . .

Using the human rights model, private, nonpartisan National Committees for Democracy should be established, made of distinguished leaders from each country. Such committees would connect through an international nongovernmental network to issue warnings when democracy seemed in jeopardy. . . .

On the international level, the OAS should legislate an automatic, escalatory sequence of sanctions, beginning with diplomatic isolation and moving to the cessation of bilateral and multilateral aid programs, the freezing of financial assets, a trade embargo enforced by the navies of OAS members, and, finally, after an appropriate period of time, bringing in an inter-American peace force to restore democracy and give it some stability during a dangerous transition. . . .

Democracy, security and development . . . all pose the same awkward questions for the hemisphere. Will countries continue to pursue those goals solely within the bounds of a narrow definition of their sovereignty, even at the cost of chronic failure, or will they define a new system of collective obligations and responsibilities?

# Britain on reckless course in Hong Kong

by Mary M. Burdman

The decision of Chris Patten, British Colonial Governor of Hong Kong, to suddenly in October promote a more "democratic" government for Hong Kong, launched Britain on a course of brinkmanship with the People's Republic of China (P.R.C.) which could be dangerous for Asia. Patten announced plans to change Hong Kong's Basic Law, previously negotiated with Beijing, to allow most citizens an indirect vote for the colony's governing Legislative Council by 1995.

On Nov. 17, Chinese Vice-Premier Zhu Rongji reacted with predictable rage, threatening to rip up the 1984 Sino-British Joint Declaration, under which British Prime Minister Margaret Thatcher agreed to return Hong Kong to China in 1997. "We cannot but ask whether we still have to stick to the Joint Declaration," he told the London Royal Institute for International Affairs.

British colonial policy is certainly *not* to promote democracy for Hong Kong. The population—which consider themselves Chinese, not British—are not fooled. "Patten never meant it," as Taiwanese law professor Hungdah Chiu said in a Washington speech Nov. 18. "The British ruled Hong Kong all this time without democracy, and now they say 'Let there be democracy!'"

Adding insult to injury, British Hong Kong Finance Secretary Hamish Macleod announced Nov. 19 that he will push ahead contracts for Hong Kong's new airport, despite Beijing's objections to the \$22 billion project.

Patten has another game in mind than defending Hong Kong from the communists. Under 150 years of colonial rule, Hong Kong had no real representative government until after the Sino-British Joint Declaration. Now, even British Foreign Office "Mandarin" China experts call Patten's move a "high-risk strategy" and very "different from past" British-Chinese relations, which were the art of compromise behind closed doors.

## Financial assets being pulled out

The British are attempting to make a big propaganda cover for their deal, which surrendered Hong Kong to Beijing. After the 1989 Tiananmen Square massacre, there was an international outcry about the 1984 agreement to turn over Hong Kong. British Prime Minister John Major, a personal friend of Patten, needs all the propaganda he can garner to bolster his government at home. The British are also trying to distract everyone with the controversy over politics—while pulling out substantial financial assets.

"There is no question that this is a British provocation of the P.R.C.," Professor Chiu told *EIR* in Washington Nov. 18, "and it could have very, very ugly consequences for the people of Hong Kong. What Patten has done is just to get Beijing irate—and then the British say, 'Sorry, old chap, we did our best, goodbye!' and just leave Hong Kong to its fate. Of course, 70% of the Hong Kong population wants a democratic government, especially those who do not have the money to leave! The danger is that those 70% without passports will stand and fight. If they do, Beijing will use that loophole in the Basic Law," allowing China to ensure the "security" of Hong Kong, "and things will get very ugly."

The reactions from Beijing have gone right to the top. Deng Xiaoping, China's supreme powerbroker, was quoted in the Hong Kong *Ming Pao* news Nov. 14 saying China should not make any concessions. Beijing sources said Deng was firm in his opposition to any democratic shift in Hong Kong before 1997, and that China now must meet the British government head on.

On Nov. 23, Chinese Premier Li Peng told Hong Kong visitors in Beijing that "any counter-proposal or any compromise plan on the basis of the Hong Kong governor's plan is unacceptable," the official news agency Xinhua reported. Li accused Patten of breaching the Sino-British Joint Declaration and the Basic Law, Hong Kong's post-1997 Constitution. The Chinese attitude is "clear, firm, and consistent. . . . This is a matter of principle," Li said, adding that "the Chinese government will never compromise or make any concession on matters of principle."

Next day, the Hong Kong Monetary Authority announced that as of next year, the Queen's effigy will be struck from Hong Kong's coins, buses, and trams, after "the matter was discussed with the Chinese side."

Nevertheless, Patten's spokesman announced Nov. 24 that the plan to extend some kind of voting rights will be submitted to the city's Legislative Council early next year. "Mr. Li Peng's statement makes no difference to that process," he said. One senior official in Hong Kong told the Nov. 19 *International Herald Tribune*, "It is very difficult to foresee where this is going to go."

Today's tensions have an interesting background. British Foreign Secretary Douglas Hurd, fluent in Mandarin and central to shaping Britain's pro-China policy in the early 1970s with Edward Heath, wrote a "political thriller" in 1969, *The Smile on the Face of the Tiger*. The plot was a British-Chinese showdown over Hong Kong.

Hurd's book is resolved with the Chinese backing down under the perceived threat of British nuclear weapons, while the British themselves (secretly) were also preparing to back down. But, as *Guardian* commentator Martin Woollacott pointed out on Nov. 21, it is *economic* as much as military confrontation that is dangerous now. The volatile Hong Kong stock market fell precipitously for days after Zhu Rongji's threats on the Sino-British Joint Declaration. It was the col-

lapse of the Hang Seng which triggered the 1987 global market crash.

As early as Nov. 5, Britain called off scheduled military exercises in Hong Kong, when local newspapers revealed they were to be based on a scenario involving a breakdown in Sino-British ties, and an invasion of the colony by Chinese troops. Beijing has for its part sent patrol boats into Hong Kong waters recently, resulting in at least one armed face-off with British ships.

Beijing has kept up a consistent propaganda campaign, comparing British policy against China to its colonial policies in India and Singapore. The pro-Beijing newspaper *Wen Wei Bao* wrote Nov. 16 that there is a "British conspiracy" to create a pro-British elite in Hong Kong as was done in India and Singapore.

The Chinese, however, are approaching British business and finance in Hong Kong for support against Patten, a method they used successfully 160 years ago. London's Lord Napier was sent as a representative of the Crown to Canton, against the wishes of local British opium merchants. The Chinese, who had no wish to open relations with Britain, played up the merchants' demand to keep trade relations smooth. They isolated Napier, translating his name into the Chinese characters for "laboriously vile." Napier soon succumbed to malaria.

## 'Nightmare' is not meant as fiction

by Kathy Wolfe

---

### **Pacific Nightmare: How Japan Starts World War III, A Future History**

by Simon Winchester

Birch Lane Press, New York, 1992

302 pages, hardbound, \$29.95.

---

*Pacific Nightmare* is poorly written, but it serves, for it was not meant as fiction. Mr. Winchester is Hong Kong correspondent of Britain's *Manchester Guardian*, and this is no novel, but a policy statement, if crass, from one faction of British Intelligence.

"We British are leaving Hong Kong quite deliberately," is the message, "to provoke Beijing into actions which we intend shall cause the disintegration of China, to British advantage. This is but another move in the Great Game; we warn you, don't get in our way."

*Pacific Nightmare* is ostensibly about China, and the reversion to Beijing rule of the British Colony of Hong Kong

in 1997. The plot has it that Beijing, retaking the colony in June 1997, breaks all promises to allow Hong Kong its freedom, tyrannizing the place.

In retaliation, Hong Kong Triad gangs, armed by freedom-loving British Intelligence, rebel against Beijing in Canton on the mainland, soon joined by army units across south China. The Chinese patriots of Canton's military leadership liberate Hong Kong, and declare a "Republic" of southern China, and civil war on Beijing.

The only fly in the ointment is Japan, which, taking advantage, invades Manchuria in north China. Beijing, which never dreamt of using nuclear weapons against fellow Chinese, aims its arsenal at Tokyo. Desperate to stop World War III, the U.S. President, advised by an Assistant Secretary of State for Asia whose brother-in-law just happens to be the British ambassador, drops a single A-bomb offshore of Tokyo. The harbor is flattened, but "only" 800 are killed. Japan withdraws her troops.

### **No laughing matter**

That's the point, for as the subtitle states, the book is really about Japan, and Britain's threat to Japan, that if Tokyo insists on economically developing China and Asia, London will get nasty. The writing is humorous, in the sense that this "sophisticated look" at the East is so superficial. The incessant typographical errors seem to flow from the author's infantile frame of mind.

For example: "Those who take the long view will say it has always been so, that what is happening is no more than the latest in an endless process of irruptions of violence that tell us much about the nature of the Oriental mind. . . . There seems invariably to have been some all-consuming fight going on somewhere around China."

Orientalists are naturally violent? To call this "standard racist British pulp" is mild. The writing about Japan makes the barroom talk of those U.S. autoworkers who like to sledgehammer little Toyotas look charitable. In a China saga, Japan is suddenly introduced on page 248, as *Monster Ex Machina*, with an inexplicable drive for "Nipponese expansion and tyranny."

The plot outline is more laughable. The Brits, the world's most rapacious monarchists, have spent the last 200 years trying to crush republicanism from the Earth.

What is *not* a laughing matter, is that all this bears an uncanny resemblance to the actual news we have from Hong Kong this November 1992. As Mary Burdman writes above, British Hong Kong Governor Chris Patten is currently provoking the maniacs in Beijing with actions which are pretty inexplicable under ordinary logic.

Page 164 also describes a 1996 conference at London's Royal Institute for International Affairs (RIIA) at which it is that proposed Britain "favour" a civil war in China between south and north. In a recent interview with the China desk at the actual London RIIA, *EIR* was told precisely that.

# Another attempt to cover up Mozart's assassination fails

by David M. Shavin

---

### **The Mozart Myths: A Critical Reassessment**

by William Stafford

Stanford University Press, Stanford, Calif., 1991  
285 pages, hardbound, \$24.95

---

There is the old *New Yorker* cartoon showing Mrs. Lincoln at Ford's Theater being asked, after the assassination of her husband at Ford's Theater in 1865, "Well, other than that, Mrs. Lincoln, how did you like the play?" One senses, after reading William Stafford's *The Mozart Myths*, that the professor never quite got the joke.

William Stafford has done yeoman's work, in reading the bulk of the extant biographical material on Wolfgang Amadeus Mozart, who died on Dec. 5, 1791, and in submitting the material to textual analysis. He clarifies how different levels of sedimentation have muddied the image of Mozart. For example, his discussion of the process behind the production of the early biographical information on Mozart, starting with the standard questionnaire that the biographer Friedrich Schlichtegroll sent to Mozart's sister Nannerl and to Johann Andreas Schachtner, the friend of Mozart's father, in 1792, is both orderly and refreshing. Further, Stafford begins to sort out the interrelationships of the early biographies of Mozart from 1791 to 1828, when Constanze Mozart published the *magnum opus* compiled by her second husband, Georg Nikolaus Nissen. However, concluding the introductory chapter with a thumbnail sketch of the landmarks in biographical work on Mozart, Stafford's book then proceeds to run aground.

He has structured his book around the idea that the circumstances of the death of Mozart have directly or indirectly haunted most of the interpretations of Mozart's life. Stafford finds in the different biographies of Mozart a subconscious thread in the approaches of the different authors, depending upon their response to his premature death. For example, those who assume Mozart was simply irresponsible with his

health, color their stories to emphasize how genius and practicality are mutually antagonistic.

The greatest defect in Stafford's book centers upon the facts surrounding Mozart's death. Early on (in Chapter 2, "Was There Foul Play?"), he feels obligated to diverge from his gentlemanly, dispassionate sorting-out of the mythologies around Mozart, to make sure that one and all know that Mozart died a natural death, without any possibility of foul play. In fact, for Stafford, nothing important about Mozart can be known except that he "certainly was not poisoned." The only other conclusions he allows himself in the book are secondary matters: Mozart had a sharp tongue; he did not always meet deadlines; he lived beyond his income; and his wife was not the cause of his ruin. Everything else, supposedly, is inconclusive.

Stafford gets even more ridiculous when he poses what he considers to be the critical question: "Why, then, was the death such a sharp turning-point in his reputation. . . ?" For Stafford, there is no puzzle, mystery, or question about Mozart's death, except to the extent that people get nervous about it. He views the most important question about Mozart's premature death only insofar as it "impacted upon" his reputation!

Unfortunately, the sheer blindness in his question is rivaled only by his deafness. Namely, in his excavation of the real Mozart, he simply does not hear Mozart's music! For example, after finishing Stafford's impressive summary stressing the difficulty in determining anything definite about Mozart from all the secondary sources, the reader surely wishes for Stafford to turn to the original source, and provide some clues from Mozart's music. But the best Stafford can do is to conclude blithely: "The real Mozart is not forever hidden behind gossip and legend; for the letters are a wonderful source." He ignores the other productions that issued from Mozart's hand—which certainly did "impact" his reputation: his music. While Mozart's letters are indeed valuable sources, when read apart from his compositional work, they turn into another source of confusion for the myth-makers. Stafford's historical method leaves no room for the central

productions of his ostensible historical subject, Mozart.

So why would a deaf professor attempt to unravel the myths about Mozart for the English-speaking world? His method for dismissing any discussion about Mozart's political enemies provides a clue as to what is on the mind of Professor Stafford.

### **Daumer and the Freemasons**

It is known that in the last three months of Mozart's life, his overwhelmingly successful opera, "Die Zauberflöte" ("The Magic Flute"), brought before the citizens of Vienna crucial issues of the connection between love and knowledge, and of the necessity for a population in a republic to make knowledge their personal acquisition. Mozart's fight to undermine and destroy the secretive, conspiratorial weapons used by the oligarchy against the American Revolution among German-speaking people was not lost upon Goethe, Schiller, Beethoven, and other republican circles of the time.

In 1861, a controversial article, "Out of the Attic," by G.F. Daumer, appeared in Mainz, Germany, alleging that Mozart was poisoned by a cultish assortment of Freemasons, Illuminati, Jacobins, and Carbonari. This evil collection was asserted to have existed over the centuries, to have used many front groups, and to be devoted to power, to free love, and to nature-worship. Daumer named several leading members of this conspiracy, including David Hume, Voltaire, Marie Jean Antoine Condorcet (a key figure in the French Revolution), and anarchist Pierre Joseph Proudhon. He even suggested that a scribbler in the British Museum in London, named Karl Marx, was one of their assets.

Daumer correctly locates the explosive role of the Lutheran chorale sung by the two armed men in "The Magic Flute," in angering those among the Freemasons who harbored un-Christian motivations. (In fact, this chorale was set to Mozart's beloved C-minor series material, an unmistakable reference on Mozart's part to his own successful fight for knowledge.) Daumer situates Mozart's poisoning in the context of similar poisonings of the Emperor Leopold II, and, earlier, of Gotthold Lessing. Daumer also takes care to distinguish the evil inner core of Freemasons from most of the men Mozart worked with.

The careful, systematic Professor Stafford does not attempt to examine history regarding these matters. Daumer's locating of Mozart's murder within the context of the murders of Lessing and Emperor Leopold provides more than enough of a basis to inquire further. Stafford simply misses the forest for the trees. But in his attempt to squelch such an investigation, more than a little can be gleaned.

Stafford's "scholarly" treatment of Daumer consists of his ill-motivated and fraudulent effort to tie Daumer's 1861 article to the rantings of Nazi General Erich Ludendorff and his wife Mathilde, in the 1920s and 1930s. In 1910, Hermann Ahlwardt's book, *Mehr Licht (More Light)*, takes Daumer's theme, and where Daumer describes the inner core of evil,

Ahlwardt inserts the word "Jew." In this form, the Ludendorffs spread the originally Nietzschean argument that Jews introduced weakness into Christian morality and undermined the Teutonic "survival of the fittest" ethic. Stafford's ill-disguised message is that if one attacks the Freemasons, one must have pro-Nazi tendencies.

Stafford cannot deal with Daumer's claims except by: 1) smearing him with guilt by association; and 2) reducing what's left of Daumer's argument to "a strained interpretation of 'Die Zauberflöte.'" Stafford's inability to hear any evidence in this opera, or in any of Mozart's music, has already been mentioned. However, in his smearing of Daumer, his academic pretense also collapses down to his level of musical sensibility.

The most obvious question here is, why does the careful professor not find it the least suspicious that Ahlwardt takes the trouble to rewrite Daumer's material to demonize the Jews and let the inner core of Freemasonry off the hook? Stafford lays himself open to the same criticisms that he makes of some of his opponents, that "they have assiduously mastered the primary and secondary sources. The problem is rather their remarkably unscholarly and uncandid use of them."

Stafford introduced his discussion of Daumer, and of the role of Freemasons in Mozart's death, as follows: "We come now to the darkest and most astonishing series of stories of Mozart's death." He proceeds to bury Daumer's charges in the mud of Nietzschean and Nazi paganism, attacking those who seek conspiracies as being overly obsessed with the battle between good and evil. He ends by consoling us that "the material considered here leaves the reader with a slight sense of defilement." On this last note, ironically enough, one can find agreement with the professor.

### **Mozart's creativity**

In the following 214 pages, having dispatched the possibility that Mozart was murdered, Stafford displays how the confusion over his subject's death haunts the interpretations of his life. Whether Mozart was a beast or an angel; whether he used women or they him; whether he was a genius or a misfit; whether or not a social misfit, whether his life was part of a larger plan or an existentialist confusion—all these different lenses are examined and are found to be lacking.

In reality, it is Stafford's methodology that is bankrupt. Mozart's life was rich enough, and substantial enough, to defeat any historiography that cannot locate his creative, compositional activity in fundamentally altering society's mastery over its creative processes. The blindness and deafness in these matters totally incapacitate Stafford's ability to carry out a competent detective's investigation of Mozart's death.

### **The failure of deductive detective work**

For example, Stafford notes in passing that I.T.F.C. Arnold's 1803 book *Mozarts Geist (Mozart's Mind)*, is the first

published argument attempting to disprove that Mozart was poisoned. However, he evinces no interest in why Arnold, a writer of gothic novels, feels compelled 12 years after Mozart's death to write such a book. Further, since Stafford seems to have no sense as to what is at stake in the dialogues between Joseph Haydn and Mozart over the development of sonata form, he consequently displays no interest in evaluating why this same scribbler Arnold would be involved, so soon after his first book appeared, in providing a watered-down version of the Haydn-Mozart relationship.

Here again, Stafford quotes from a fascinating memorandum by Mozart's son Karl Thomas, about his father's poisoning, but shows no ability to fathom what it means historically. Karl Thomas wrote: "Another indicative circumstance is that

---

---

*In reality, it is Stafford's methodology that is bankrupt. Mozart's life was rich enough, and substantial enough, to defeat any historiography that cannot locate his creative, compositional activity in fundamentally altering society's mastery over its creative processes.*

---

---

the body did not become stiff and cold, but remained soft and elastic in all parts, as was the case with Pope Ganganelli and others who died of organic poisons." Stafford's only treatment of this quote is to speculate whether or not Constanze also shared Karl's opinion, indicating he had little knowledge and/or little concern with the implications. What would a competent evaluation of Karl Mozart's observation need to begin to take into consideration?

In brief, Ganganelli was Pope Clement XIV, who had banned the Jesuits in 1773. In the year following his edict, he was greatly agitated over the possibility that he would be poisoned. The fact that in 1774 he did die under mysterious circumstances, did not allay rumors that he was being overly suspicious. Republican circles generally assumed that he was poisoned (e.g., Friedrich Schiller's reference to Ganganelli's suspicious death in "The Ghost-Seer").

Though the forces that allied with Pope Clement XIV in banning the Jesuits included such unhealthy elements as those around the Duke of Orleans, they more generally represented exactly the same forces that would shortly constitute the League of Armed Neutrality, including Minister of France Etienne Choiseul, Charles III of Spain, and Joseph II of Austria. An analysis of the details is beyond the scope of this article; however, it can be summarily stated that the factional alignments in the period around the American Rev-

olution among Mozart's circles are substantially those that Ganganelli also faced.

With the Jesuits banned, Mozart's friends Baron van Swieten and Joseph von Sonnenfels headed up the Education Ministry for Joseph II's Austrian Empire. Certainly a key component in the success or failure of the cultural and education policies of these people was Mozart. Thus, for Karl Mozart to compare the circumstances of his father's death with what he took to be the poisoning of Ganganelli is not insignificant. One would have to be ideologically committed to the complete disassociation of creativity from the making of history, not to pursue Karl Mozart's observation.

### Heavy-handed footnotes

A final anecdote might put the deficiency in Stafford's book into perspective. *The Mozart Myths* takes care to heavily footnote most of its many details. Stafford intends for the book to sort out the wealth of myths regarding Mozart, and he takes care to track the more insubstantial matters. However, early on, for no apparent reason, Stafford feels compelled to footnote the statement: "Today Mozart's genius, his immense natural gifts and his universality as a composer are unquestioned." He refers to the last page of Stanley Sadie's 1965 book *Mozart* for validation.

But who would footnote such a statement? What was on Stafford's mind that he would seek a footnote for the statement that the cited qualities of Mozart's genius are "unquestioned"? To be sure, the cited concluding paragraph of Sadie's biography on Mozart speaks of him as the "most universal artist" among musicians. But what is going on here?

It is possible that this is just a case of a deaf professor bowing to another authority, in a somewhat ridiculous gesture. However, it may not be unrelated that this curious academic obeisance immediately precedes Stafford's monumentally stupid question cited earlier, where he introduces the central subject of Mozart's death, only to focus on how the death was "such a sharp turning-point in his reputation." Perhaps it is to the professor's credit that, just prior to telling a big whopper, he displays the equivalent of a facial tic.

Stafford's book is interesting because, in fact, most of the myths around Mozart are related to difficulties people have with his early death. Also interesting is the fact that Mozart's life, his creative work, and the political and cultural struggle surrounding his life and death totally overwhelm the professor's attempt to neutralize his subject. Since Stafford does not deal with most of Mozart—his works—it is upon the issue of Mozart's death that Stafford's methodology is smashed.

Having finished a book structured around Mozart's death, the reader might conclude: "Well, except for that messy death, the book was an interesting adventure." But in Stafford's *The Mozart Myths*, the joke is not told nearly as well.

## Coming apart at the seams

*With no popular support and all-out war among the mafias that comprise it, how long can the Endara government last?*

The U.S.-installed government of Guillermo Endara appears to be on the verge of self-destruction. The different factions of the mafias that make up the ruling coalition have been going at each other tooth and nail, while the vast majority of the population has turned its back on the regime. The country has become even more ungovernable since the Nov. 15 plebiscite, when the electorate overwhelmingly refused to erase the right to an army from the country's Constitution, as demanded by the United States and the regime George Bush put in power with the 1989 invasion.

Workers at the Social Security administration, which runs most of the country's hospitals and clinics, as well as the pension system, have been striking for most of November. Employees at the National University have been on strike several weeks. Xiomara Ambulo, leader of the union that represents the university workers, accused the Endara regime of corruption, according to the Nov. 20 issue of *La Estrella de Panamá*. Everybody knows that the President and his ministers "are always appointing their mistresses and relatives to key jobs, to the detriment of low-paid public employees who are getting hunger wages," said Ambulo.

The strike wave was joined on Nov. 18 by the postal workers. Postmaster Venus Cárdenas announced that people from the ranks of the 35-40% who are unemployed would be hired as strike breakers. Thousands showed up, only to be told that the government could not handle their job applications. Riots broke out in several parts of the country

and police had to be called in to put down the disturbances.

The Endara government, which is now facing the wrath of the strikers as well as the unemployed, appeared on the verge of adding to its list of enemies when Cárdenas announced that employees from another government agency, Digedecom, would be used to replace the strikers. All these job actions will pale in comparison if the employees of the government-owned national power company, IRHE, make good on their threat to strike for back pay and to protest government plans to privatize the agency.

"The middle class has been pauperized," said a source. "Not even with two salaries can one cover basic needs. There is just no government."

Before Bush sent in the troops, ostensibly to fight drugs, there was no serious drug consumption in Panama. Now, "Panama has the worst drug problem in all of Latin America and the Caribbean," according to a study by the U.S. Agency for International Development (AID), reported *El Nuevo Herald*, the Spanish edition of the *Miami Herald*, on Nov. 20. Before the invasion, a gram of cocaine sold for \$50; now it goes for \$5. Crack cocaine, virtually unknown before the U.S. invasion of December 1989, can be obtained on virtually any street corner for 35-50¢ a dose, less than a pint of beer. Everyone is affected, according to *El Herald*; patients at one treatment center include a surgeon, a dentist, and a lawyer.

Meanwhile, in the United States, Gabriel Taboada, one of the key witnesses that the U.S. government used

against Gen. Manuel Noriega, is threatening to retract his testimony because the government has not given him the promised payoff, according to the Nov. 20 *El Nuevo Herald*. "I will testify that what I said was not true," said Taboada, a convicted drug trafficker who was used by the United States to testify that he saw Noriega meeting with drug cartel leaders in Medellín, Colombia, a city that Noriega's attorneys say the general never visited in his life. Taboada said prosecutors were supposed to get him out of jail, where he is serving a 20-year drug-trafficking sentence, but that hasn't yet happened.

The drug bankers whom Bush installed in power are openly accusing each other of incompetence and corruption. Vice President Ricardo Arias Calderón was recently accused by Comptroller General Rubén Darío Carles of "collecting a paycheck for not working," a reference to the fact that he continues to unlawfully draw a salary plus expenses, although he left the government months ago.

Attorney General Rogelio Cruz, a former drug banker himself, was recently rebuked by his former drug-banking partner, Supreme Court Chief Justice Carlos Lucas López, for releasing millions of dollars in accounts seized in suspected cases of drug trafficking. Cruz is also engaged in a running dispute with another former drug-banking partner, Treasury Minister Mario Galindo, over Cruz's attempts to have the head of Customs, Rodrigo Arosemena, fired for abetting smuggling. In turn, Carles and Galindo, both former employees of Chase Manhattan Bank, are engaged in a factional scuffle within their own Moliarena party with Panama's Second Vice President Guillermo "Billy" Ford, formerly a co-owner of the drug money-laundering Dadeland Bank of Miami.

# International Intelligence

## ***NATO to be enforcer for U.N. Security Council***

Under the pretext of dealing with the war in former Yugoslavia, the United Nations and the North Atlantic Treaty Organization have pushed through an important alteration of both the U.N. and NATO charters, effectively making NATO a military arm of the U.N.

On Nov. 16, the U.N. Security Council unanimously passed a resolution which, under the rubric of stopping the arms flow into the region, asks and authorizes NATO and the Western European Union (WEU) to board ships in the Adriatic Sea, to inspect their cargoes, and to fire warning shots across the bows of vessels that refuse to stop. There is no formal U.N. relationship with NATO, and the request is formally in contradiction to the U.N. Charter.

In a statement issued on Nov. 18, NATO reported that at its weekly meeting it "agreed in principle that NATO maritime forces would enforce compliance" with U.N. Security Council resolutions. "NATO forces would coordinate and cooperate with the WEU and possibly other countries wishing to operate under the same U.N. Security Council resolutions." NATO Secretary General Manfred Wörner was mandated to immediately inform U.N. Secretary General Boutros Boutros-Ghali of the decision.

NATO and the WEU have each, contrary to their charters, operated ships in the Adriatic since July, to monitor shipping movements.

## ***Albanian President fears 'third Balkan war'***

Any "ethnic cleansing" in Serbia's Kosovo province could lead to a third Balkan war, and the Albanian government will not allow ethnic Albanians to be forced from their homes there, Albanian President Sali Berisha told Austria's *Kurier* newspaper in an interview published on Nov. 19. He said that Albania would do everything possible to prevent war in Kosovo. "We will stick to all

international agreements," he said. "But we will not accept ethnic cleansing. If the situation gets worse, it will come to a third Balkan war." The first and second Balkan wars sparked World War I.

In a related development, Turkey, which now has a military treaty with Albania, called for a meeting of all Balkan states in Istanbul to discuss the situation in the area, a foreign ministry statement released Nov. 19 stated. The statement said that fighting in Bosnia could spread to Kosovo and Macedonia.

Also, the Iranian government is calling upon the U.N. to end the arms embargo to Bosnia.

## ***Shubeilat 'disappointed' in cowardly lawmakers***

"I was not frightened, but I was disappointed by the cowardly MPs who left me exposed and said nothing, although they knew the truth," said Jordanian parliamentarian Leith Shubeilat, in an interview with the London *Independent* published on Nov. 18. Shubeilat was subjected to a frameup trial, given a sentence of 20 years' hard labor on Nov. 10, and then granted a pardon by King Hussein. He had been charged with plotting against the state, in cahoots with Iran.

According to the newspaper, Shubeilat is "known as a moderate Islamist; he is a man who must surely be believed, particularly as he sits in the simplicity of his own home where Islam presents itself at its least threatening."

Referring to his arrest and trial, Shubeilat said: "I thought there was nothing on my file so they couldn't get me." He attributed his ordeal to the fact that he was asking questions about very powerful people. He had "opened too many files" as head of a committee investigating corruption—including a file on the Mukhabarat, the secret police—and had called for a larger political role for the Parliament. He said he warned King Hussein on the role of the Mukhabarat: "I had told the king these people had a vested interest in frightening him." The king was lied to, Shubeilat charged. "He knows I'm

a moderate, I have spoken against Iran, and I'm on his side on democracy. They must have convinced him he was in danger to scare him."

Describing the concocted "evidence" presented against him at his trial, Shubeilat said: "When they opened the file, I knew nobody could believe what then came out. They produced a newspaper clipping of a public meeting I attended in Iran as proof of my plotting. They said I had arms and explosives and produced three pistols. Most MPs in Jordan have machine-guns."

## ***U.N. zone in Balkans really run by Serbia***

The areas supposedly under U.N. protection in former Yugoslavia are really controlled by Serbia, wrote Rupert Neudeck, head of the German medical agency Cap Anamur, in the daily *Frankfurter Allgemeine Zeitung* of Nov. 16.

Dr. Neudeck reported that when he reached the so-called U.N.-zone near Karlovac in a car with two Croatian parliamentarians and a German diplomat, the Serbian border guards shrieked: "Nobody from Germany, Austria, or the Vatican States gets in here."

Dr. Neudeck warned of the impending doom of Kosovo, due to the failure of the West to act to stop the Serbian genocide. He described an incident in which an Albanian teacher tried to drive him and a German journalist to Pec, through a forest of Serbian Army roadblocks; they were stopped by a Serbian soldier, who threatened the Albanian for "driving German spies," bellowing, "We will do far worse to you guys than even what we're doing to the Muslims in Bosnia."

In Kosovo, where only 10% of the people are Serbians, those who need medical care, including pregnant women, are afraid to be taken to a hospital, because every single Muslim doctor has been replaced by Serbians.

In a related development, the German daily *Die Welt* reported on Nov. 21 that Slovenian Foreign Minister Dmitri Rupel has sent a dramatic appeal to his Austrian coun-

## Briefly

terpart, Alois Mock, comparing the Bosnian capital of Sarajevo to "a concentration camp," and stating that "the [Serbian] aggressor has destroyed everything of a cultural and European significance."

### **Cardinal Ratzinger addresses moral crisis**

Josef Cardinal Ratzinger, the Prefect of the Congregation for the Doctrine of the Faith at the Vatican, reaffirmed the Christian doctrine that man is made in the image of God, in an interview published in the French daily *Le Monde* on Nov. 17. The occasion for the interview was the Vatican's release of the new "universal catechism," the first since the Council of Trent in 1566.

Asked for his reaction to the charge that the Church's strictures are designed to turn human beings away from pleasure and happiness, he replied: "It is entirely the opposite. We even want to say that to be human, is to live in the most complete sense of the term. That was already at the heart of the ethic of Saint Augustine. . . ."

"Christian morality, in effect, cannot reduce itself to a catalogue of things that are permitted or forbidden. It cannot be abstracted from a fundamental vision, which unifies being and human life. The account of the Creation shows that man was created in the image of God and expresses the sacred character of human existence. Beyond this, in incarnating himself, God shows that the entire human attitude is expressed by the expression of love. We see the radicalness of God's respect for human life. That sacred dimension of man is the pivot for the entirety of Christian morality."

### **Yeltsin: Russia looks more toward the Pacific**

Russian President Boris Yeltsin, in a speech in Seoul, South Korea on Nov. 19, declared, "Today our foreign policy is shifting from the United States and western Europe for Asia and the Pacific." This was Yeltsin's first official visit to an Asian country.

Yeltsin and South Korean President Roh Tae-Woo signed a 15-point treaty governing bilateral relations, and, although no official announcement was made, Yeltsin made it clear that Russia is willing to sell weapons to South Korea. Yeltsin announced that Russia is "reviewing" the clause in the 1961 treaty between the U.S.S.R. and North Korea which provided for automatic intervention in the event of an attack on North Korea. Yeltsin said that Moscow did not consider that it had a single enemy in Asia.

On Nov. 17, Russia announced new loan guarantees for Korean investors in Russia, which will meet South Korea's conditions for restoring a \$3 billion aid package first granted in 1990, but then frozen.

### **PLO seeks new Vatican intervention in Mideast**

The Palestine Liberation Organization has asked the pope to create a Palestinian-Holy See commission similar to the Israeli-Vatican one that was set up this year, the PLO's office in London announced on Nov. 20. Afif Safieh, head of the PLO's British office, said in a letter to Pope John Paul II that such a commission was needed since relations with the Holy See were "by definition and by necessity triangular"—Vatican, Israeli, and Palestinian.

Safieh, a Roman Catholic born in Jerusalem, said in his letter that he believed it was inadvisable that Israel and the Vatican should re-establish diplomatic relations before a solution has been found to the Arab-Israeli conflict. Talks between the Holy See and Israel, he said, would be "synchronized with the peace process in the Middle East so as to act as a much needed catalyst and incentive for peace-making rather than a premature and undeserved reward."

Safieh welcomed what he called the pope's "genuine concern for the plight of the Palestinian people" and thanked him for his "frequently stated . . . support for Palestinian self-determination." A PLO spokesman said the Vatican had given a preliminary response to the letter, but he declined to give details.

● **SERBIA'S** government and organized crime are now interchangeable, according to a report in the *Daily Telegraph* of London published on Nov. 17. Dobrije Radovanovic, head of the Belgrade Institute for Crime Research, told the newspaper: "It's like the Prohibition in America. Gangsters flout the law because they know the state is directly enmeshed."

● **TURKEY** is seeking to convene a conference on the Balkans, to take place in Istanbul soon, to discuss political, strategic, and economic perspectives for all of southeastern Europe. The government in Ankara has established contact with the governments of Greece, Bulgaria, Romania, Albania, Serbia, Croatia, and Macedonia on the project.

● **THE VATICAN** will send a high-level delegation to Vietnam to discuss church-state relations in the communist country. The delegation, headed by Bishop Claudio Celli, the Vatican's deputy foreign minister, will hold talks with officials in Hanoi starting Dec. 1. There are 2.5 million Catholics among Vietnam's 60 million people, the Vatican said.

● **SYRIA** wants a special relationship with Russia similar to its close ties with the former Soviet Union, Vice President Abdel-Halim Khaddam said on Nov. 18. Khaddam told Syrian newspapers, "There are contacts between the Syrian and Russian governments to discuss the possibility of making Russia a real and serious inheritor of the Soviet Union."

● **PHILIPPINE** President Fidel Ramos aroused the anger of the Catholic Church, with a speech on Nov. 23 urging efforts to control population growth. Ramos, the first Protestant President of the Philippines, has previously avoided any direct clash with the Catholic Church. He opposed any effort to overturn a constitutional ban on abortion, however.

# Reconstruction: the Civil War battle yet to be won

by Fredric W. Henderson

Around the world today, there is a crying need for a program of economic reconstruction. The newly created nations in Europe, like those of the former Yugoslavia; the continents of Africa, Asia, and Ibero-America which have been devastated by the genocidal economic policies of the International Monetary Fund; and the former Soviet Union, which is now facing uncontrollable chaos, must not merely survive, but must be able to develop and contribute to the betterment of their own peoples and of humanity in general.

The issues posed today are the same as those that faced President Abraham Lincoln and the congressmen and senators who came to be known as the "radical Republicans" at the outset of Lincoln's second term. Although Lincoln was assassinated in April 1865, before he could fully elaborate and carry out a program of economic reconstruction for the South, the radical Republicans were spurred to continue the fight. They were led by the great nineteenth-century economist Henry C. Carey, who conceived of the fight to rebuild America's South as part of a global war against the imperial policies of Great Britain then being brutally implemented in India and which had dominated the cotton-based economy of the U.S. South. Carey's principal ally in the U.S. Congress was the unflappable, uncompromising congressman from Pennsylvania, Thaddeus Stevens, who led his allies in the Republican Party in defining the nature of the work to be completed in the South. Stevens refused to back down from what he knew to be the principles which would complete this second American Revolution, by developing in the South an economic system based on free labor, and expanding infrastructural and industrial development in that sadly underdeveloped region of the country.

Today, Carey and Stevens's names are practically unknown; yet they were the two who best understood that their battle was not against a bunch of "unreconstructed" Southerners, but against the economic parasitism of Great Britain.

The broader outlines of the battles waged during this period have been masterfully described by W. Allen Salisbury in his book *The Civil War and the American*



*The murderous Ku Klux Klan, shown here in a contemporary cartoon, fueled the fires of insurrection against the Reconstruction policy of the American System leaders. Behind the KKK stood the British and Freemasonic interests typified by Gen. Albert Pike, whose statue is shown on our cover.*

*System: America's Battle with Britain 1860-1876* (New York: Campaigner Publications, 1978). To him, for that work soon to be reprinted by *EIR*, all of mankind is indebted. However, there are also key aspects of the battles in Congress that are essential to fully understanding this period.

All historical debate about what occurred following the U.S. Civil War, has centered on the efforts of the so-called radicals in the Republican Party to assure through Reconstruction a solid Republican South to maintain their political control over the nation. Such issues as black suffrage, disenfranchisement, and the exclusion of former Confederate officials from holding office after the Civil War, have become the yardstick by which the motivations of postwar congressional leaders are measured.

This misses the essential point: How Reconstruction policy for the South was defined, would be critical to what types of policies would prevail nationally. There can be no question that such leaders as Carey, Stevens, Congressman "Pig Iron" Kelley of Pennsylvania, and Senator Benjamin Wade of Ohio saw the Reconstruction of the South as the economic, political, and social battleground that it was. But their object was broader, for they also viewed Reconstruction as the completion of the American Revolution: It was to be the means to eliminate the influence and control of British power in America. A South rebuilt along the lines of the American System of political economy would serve, along with the West, Midwest, and Mid-Atlantic, as an irresistible force against the New York and New England centers of British-

allied financial power and economic, social, and political doctrine. The transformation of the South, which before the war had accepted British free-trade policies with open arms, into a prosperous region within the Union, based on American System economic development measures, would have helped to bankrupt British-allied financial power in the United States, and with it, Britain.

The opposing faction, committed to British free-trade economic doctrines and British "liberal" political dogma, included President Andrew Johnson, Treasury Secretary Hugh McCulloch, Secretary of State William Seward, "transcendental" Senator Charles Sumner of Massachusetts, Congressmen James Garfield and George Julian, and August Belmont and his pro-British, pro-Confederate Democratic Party. They were committed to the sabotage of Reconstruction, which would, in turn, create an unbreakable stranglehold over the nation through an alliance of the New York and New England banking interests with an unreconstructed South.

The battle between these two factions, which would determine the policy direction for the United States to the present day, raged during the years 1865-68 and culminated in a dramatic attempt to impeach President Andrew Johnson; this was a failed effort which can only be described as an attempted constitutional coup d'état by the American System wing of the Republican Party, in a bid to restore those policies of the war years that had been wiped away with Lincoln's assassination and Johnson's subsequent traitorous sabotage

of both Reconstruction and national economic policy.

For these reasons, it is important to accurately describe how this battle was waged, and why it was lost.

### Carey and Stevens define the issues

From 1865 to 1868, Stevens, Carey, and their allies hammered away at what they saw as the crucial issues the United States had to face if it was to throw off the yoke of foreign political and financial control of the nation: protection of U.S. domestic industries, confiscation of the large Southern plantations and their redistribution in the form of family-sized farms, defense of the nation's currency and credit, and, much like today, dealing with the massive national deficit created by the Civil War.

Carey's most direct and powerful address on the issue of Reconstruction came in the form of his August 1867 pamphlet "Reconstruction: Industrial, Financial, and Political; Letters to the Hon. Henry Wilson." Carey timed his publication of the pamphlet with Congress's passage of the first of the Reconstruction Acts. He directed himself to Wilson because Wilson was a leading "radical" Republican of a distinctly pro-British, pro-free-trade stripe. Wilson was also a U.S. senator from Massachusetts who, along with Charles Sumner, had been instrumental in compromising congressional Reconstruction because of these pro-free-trade views. Wilson and Sumner believed that cotton, which was Britain's hook into the U.S. economy, should remain king in the South, and that the newly freed slaves should remain agricultural field hands. For them, all that had changed was that 4 million slaves were now free. Their pro-British bent was preventing any fundamental change in the feudal economic character of the South from being implemented.

Carey's pamphlet thus was designed to address Wilson and Sumner's fundamental error with respect to the issues of Reconstruction. "British policy," warned Carey, "looks to arrest the circulation of the world by means of compelling all

raw materials produced to pass through its little workshop. It is a monopoly system, and therefore it is that poverty, disease, and famine, all of which unite for the production of slavery, are chronic diseases in every country wholly subjected to British influence.

"Therefore, too, has it been that British agents have been always in such close alliance with the slave-holding aristocracy of the South; and that throughout the late war, British public opinion has been so nearly universally on the side of the men who have publicly proclaimed that slavery was to be regarded as the proper corner-stone of all free institutions.

"British free trade, industrial monopoly, and human slavery travel together, and the man who undertakes the work of reconstruction without having first satisfied himself that such is certainly the fact, will find that he has been building on shifting sands, *and must fail to produce an edifice that will be permanent*" (emphasis added).

In the remaining 14 letters, Carey outlined how British policy had created the slave-based economy of the South, and how, for 30-odd years, the battle over whether such British economic and political policies would prevail nationally had been at the center of the fight to shape America's future. He then made clear that the result of the dominance of such British measures was the root of secession, and that it had been Britain's use of its allies and agents, North and South, that had provoked the conflict of 1861 in an effort to relegate the United States to a grouping of "independent" but impotent satrapies, easily exploited by British power.

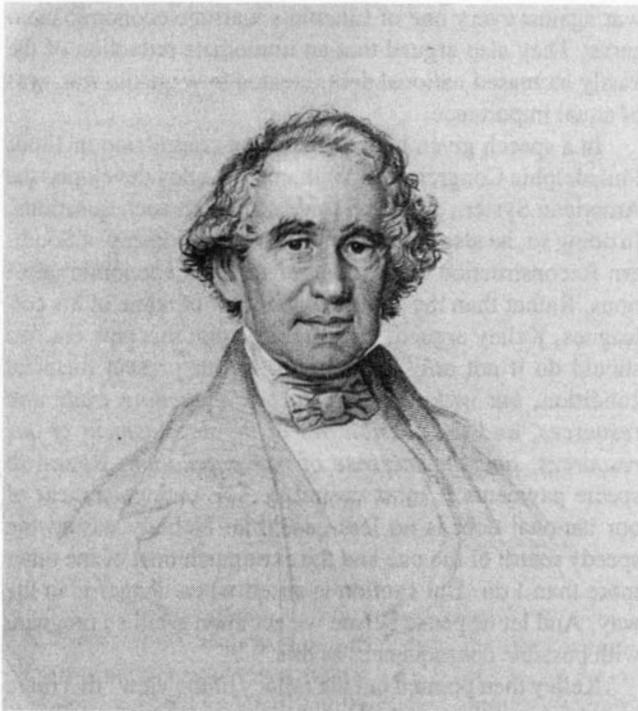
If those policies prevailed after the war, Carey warned, the victory over Southern secession would be meaningless: America would be torn apart by the very same forces that had provoked the conflict in 1860-61.

### Free trade vs. the American System

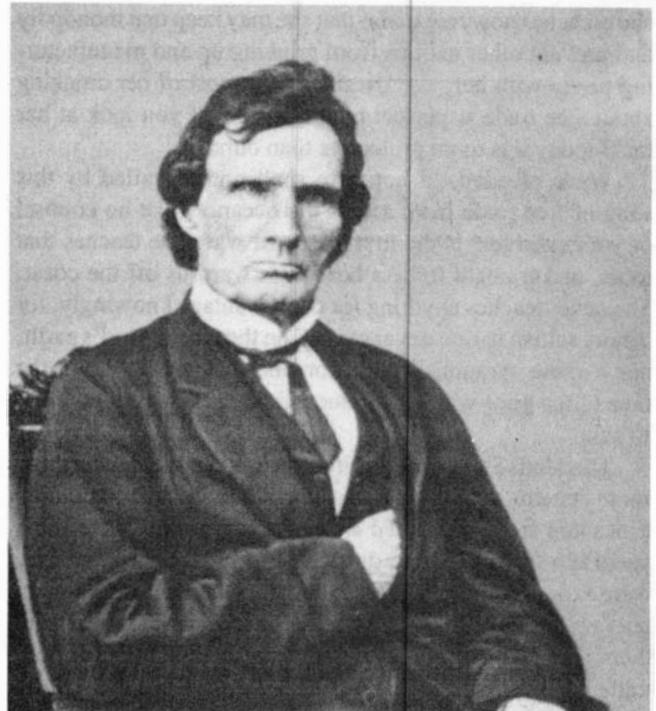
This view, which was also held by Stevens, Kelley, Wade, and their allies, was central to Stevens's proposal for confiscation and redistribution of the former large plantation holdings in the South, and the development of Southern economic resources. Stevens considered confiscation the most important component of any policy imposed by Congress, as an issue which separated the free traders in the Republican Party from the defenders of the American System of political economy who had successfully been re-established during Lincoln's presidency. Sumner, Seward, Treasury Secretary McCulloch, Johnson, and the influential, liberal *New York Tribune* editor Horace Greeley cringed at the idea of dirigist economic development in the South. The Reconstruction legislation proposed by Stevens was not merely opposed to free trade, but was meant to enforce an economic outlook consistent with, and essential to, the fulfillment of the principles of political and civil equality, which were at the center of the battle over political reconstruction—i.e., the full return of the Southern states into the Union.

Carey, Stevens, and their allies found themselves opposed on these economic questions—on the real core of Re-

**Editor's note:** In a recent response to a reader's inquiry about Frederic Henderson's article "Time to Bury the Dead Culture of the Confederacy" (*EIR*, Aug. 28, 1992), we announced plans to publish a sequel to his study, on the topic of "Free Trade, the Confederacy, and the Political Economy of Slavery." It turns that an article by that title was published in the *New Federalist*, Nov. 11, 1991, as well as a conference presentation on this topic, "This Planet Cannot Endure, Permanently Half Slave and Half Free," in *New Federalist*, Oct. 5, 1992. Since this material is available, we are publishing instead this exclusive report on the political battle over Reconstruction. It sheds further light on the vital issue of the British System ("free trade") vs. the American System.



*Henry Carey, the great economist of the American System, who challenged the British policies of free trade and malthusianism.*



*Thaddeus Stevens of Pennsylvania, Carey's principal ally in the U.S. Congress.*

construction measures—by this grouping of pro-British free traders and radical abolitionists. Sumner and his cronies within the Republican Party purported to fight for political and social reform in the South, while stripping the nation of economic measures implemented under wartime pressures—measures that had made the abolition of slavery and the defeat of the Confederacy possible. They thus became, along with the still pro-British, pro-Confederate wing of the Democratic Party controlled by August Belmont and his friends, the most powerful allies of the very Southern slave system they had so violently attacked before the war—ironically, thus ensuring that the root causes for such a system would never be eliminated from the South.

### **Protection of U.S. industries**

After the war, advocates of free trade, both North and South, Democratic and Republican, wished to use the issue of the U.S. war debt, in conjunction with efforts at specie resumption, tariff reduction, and currency contraction, to subvert American economic policy and power. One of the goals of the free traders was the elimination of the wartime protective tariff. A second was the refinancing and repayment of the national debt in specie (gold), as opposed to U.S. currency (greenbacks). These measures, if accomplished, would enable the New York and British financial houses to subvert American economic power. This was a continuation of America's ongoing fight to control its financial institutions and to direct its economic development, rather than succumb

to foreign, primarily British, economic domination.

Sen. Benjamin Wade of Ohio made this point clear in a speech he gave in favor of the Tariff Bill of 1866, urging the Senate to put off no longer what he considered a critical measure for fostering the development of industry in the South as well as the rest of the nation. Wade began with reference to his own state, noting that in Ohio, "what few manufactories we have are in their infancy and free trade would annihilate them at a blow." Wade pointed out that without a tariff during the Civil War, the war "would have been a failure and your bonds would have been no better than confederate bonds today if you had no tariff. Your paper [money] would have been multiplied endlessly, and would be worth nothing. It was your tariff that upheld it. It is your tariff that by encouraging American labor must keep your specie from going out of the country. There is no other way to do it."

Asked Wade, "Why does Great Britain send her emissaries here preaching free trade all the time, subsidizing presses to advocate it, hiring traveling agents to preach it, expending millions to pervert our minds on the subject? Why, sir, her people were the most highly protected on the face of the earth, until encouraging her own labor and building up her own manufactures she had acquired the monopoly of manufactures throughout the world by the very process of protection; and when she stood so high, with her machinery all perfect, her wealth infinite and ready to annihilate any infant establishment, then, for the same reasons that she had se-

cured the exclusive manufactures of the world by protection, she preaches now free trade, that she may keep that monopoly and prevent other nations from growing up and manufacturing to vie with her. . . . Besides . . . most of her croaking about free trade is perfect hypocrisy; for if you look at her tariff today it is more protective than ours.”

Wade pleaded, “I hope we shall not be guiled by this song of free trade from across the ocean. ‘Take no counsel of your enemies’ is the first lesson of war. She teaches that to us, and it ought to be a beacon to warn us off the coast. She never teaches anything for our advantage knowingly; for a more selfish nation never existed on the face of God’s earth, nor a more tyrannical one, nor one that grinds down the face of the poor with such remorseless energy as does Great Britain.”

Thaddeus Stevens added his voice to Wade’s during these same debates by pointing out that “All those free-trade doctrines that are now located along the Mississippi were some years ago further located down South. I had hoped that they were expunged from the free industrial manufacturing North, but I was mistaken. Whatever else the secessionists took with them, I am very sorry they did not take all their relics of free-trade doctrine with them. But it seems they did not; a little of the seed is left.”

### **The national debt and the destruction of the national currency**

The elimination of the greenbacks, or what was termed currency contraction, was central to the plan of the New York banks, and their British allies, to ensure destruction of American economic independence. The greenbacks were a national paper currency created by the Lincoln administration and its allies in Congress during the war to allow the financing of the war effort and general economic expansion. This was only possible because, by creating a national currency, the government directly controlled the nation’s credit, and as a result was not dependent on either American or foreign banks for its ability to finance itself. Lincoln and his congressional allies, most notably Thaddeus Stevens, had thus severed the U.S. economy from the British-controlled financial markets, destroying their ability to manipulate American economic policy. Eliminating the greenbacks, resumption of payments on United States bonds in specie, elimination of the wartime protective tariff, and the refinancing and repayment of the national debt, represented the major mechanisms for British subversion of American economic power.

Advocates of contraction argued that the greenbacks did not represent a sound currency since, they claimed, it was inflationary. They proposed that a combination of their withdrawal from circulation and a return to payments in specie (or gold) of both interest and principal on government bonds was the only way to ensure the financial community’s “confidence” in U.S. credit and, therefore, economic stability. But the “confidence” they sought was from the very institutions which they represented: the New York and international

banks, the very banks that had waged political and financial war against every one of Lincoln’s wartime economic measures. They also argued that an immediate reduction of the vastly increased national debt, created to wage the war, was of equal importance.

In a speech given in the debates on contraction in 1866, Philadelphia Congressman William D. Kelley developed the American System approach to dealing with such questions. In doing so, he also made clear the interrelationship of Southern Reconstruction and the larger national economic questions. Rather than the short-sighted view of some of his colleagues, Kelley argued, “In entering upon this new era, we should do it not only in reference to our present financial condition, *but with reference to our expanding trade and resources, and the possibilities of the development of our resources, and the increase of our population.* Return to specie payments is most desirable. The extinguishment of our national debt is no less desirable. Nobody wishes the speedy return of the one and the extinguishment of the other more than I do. But caution is speed when danger is in the way. And let us pause before we act upon a bill so pregnant with possible consequences as this.”

Kelley then pointed out the fallacy of the view “that there is only one way in which to approach a return to specie payments, and that is by contracting the currency”: This, he said, was the sure road to economic ruin. He pointed out that such a view “is a mistake, but it brings me to consider the vastly greater and more dangerous powers contained in the authority to be given the Secretary of the Treasury to redeem the greenback and fractional currency, our only non-interest-bearing loans. . . . There is another way [which] leads to wealth and power.”

Kelley then elaborated this route to real financial solvency, arguing for economic development and not austerity, in the form of contraction, and against a single-minded commitment to the repayment of the national debt. He noted, “We mine more gold and silver than any other nation on earth. And under the good influences of the Committee on Mines and Mining of this House, of the construction of the Pacific railroad, and the return of peace, we will mine gold and silver enough in one year to pay our debt. But what is the use of mining it? It all goes to foreign lands.” Kelley further explained the effects of such myopic thinking, in regards to economic activity. “We raise grain; but it rots in our fields, or we consume it for fuel. We raise cotton; but we send it to Europe to be manufactured; and we send the manufactures as much grain as they need to feed their workmen, and then we send them our gold with which to pay them for making our iron and spinning and weaving our cotton and wool. Let us modify that.

“The people of the Northwest are the great importers of grain into this country. While their wheat is rotting in their fields, and their corn blazing in their stoves and heaters, they are importing grain. Yes sir; grain condensed into railroad iron, condensed into cloth, condensed into every article they

wear and use, and which they import, but might manufacture. I say that the question of specie payment connects itself with the question I am now touching upon—the fostering of the skill and industry of the country.”

He argued that the expenditures of the war years had been made to guarantee the future of the nation: “Mr. Speaker, we fought this war for posterity, and I am willing posterity, as the price of the blessing we transmit, shall pay the pecuniary debt we have contracted. . . . I am willing it shall pay the debt with which we have mortgaged the magnificent estate we are to leave them.

“I am not willing to tax the widows and orphans of our soldiers to hasten the payment of our debt. One half of our country is devastated by war, its system of labor demoralized, and it has its widows and orphans; and I am not willing to tax them and their wasted estates in order that we may hasten to pay this debt.”

Noting the measures that should be taken instead, he indicated the result: a vastly *greater* capability to deal with such financial questions, which is the result of real economic expansion. “Let us so legislate that there shall be no expansion of the currency. Let us so legislate that there shall be no increase in the debt. And let us so legislate as to relieve our labor of taxation to the amount of the difference between our income and our expenditures. . . . Let us relieve all those branches of industry which are now impaired or destroyed by our internal taxation. Promote the development of our resources and stimulate our industry by repealing taxes in the amount of one hundred and fifty or two hundred million dollars per annum. Let us promote the recuperation of the South and give employment to the discharged soldiers of the North, and in five years the principle laid down by the gentleman from Massachusetts, that the extensive development of the resources of the country and the increase of population creates uses for money will be demonstrated, and we will have a population which will carry the amount of currency which now indicates undue expansion. . . .

“Then, sir, what will be the case? Why, ten years hence the employment of American labor, steadily and at liberal wages, will, by inviting emigration, have doubled our population, and will not only have quadrupled, but twice quadrupled our material resources. You cannot calculate the ratio of the increase of our taxable wealth. For, sir, what was known until within a few years ago as the great desert which was forever to divide the Atlantic and Pacific States is found to be one vast mass of gold and silver and precious stones. So that into the desert so many men are swarming in busy hives and are drawing from the earth treasures in comparison with which the storied wealth of ‘Ormus and of Ind’ are not to be named. At the end of ten years our population may be doubled and our taxable property will have doubly quadrupled, and your share of our debt, Mr. Speaker, will be lessened just in proportion as we shall have increased the number of consuming and taxable citizens, and that of your estate will be diminished by the vast aggregate of wealth developed

by enterprise or accumulated by industry.”

Kelley ended by noting that something more than the ability to create a balanced ledger sheet was needed if the nation were to prosper: “I hope the power to contract the currency by redeeming our non-interest bearing debt, the legal tenders, will not be granted. I do not lack confidence in the qualities of the Secretary of the Treasury as a banker. I believe him to be one of the ablest in the country; but I believe that bankers’ wisdom is a delusion in these days. What we want is, the sagacity, grasp, and courage of statesmanship, and his propositions, as disclosed in this bill, do not, I think, display these qualities.”

### **Confiscation was the central issue**

Reflecting the global nature of the fight involved in reconstructing the United States, Henry Carey, in a pamphlet strategically published after Ulysses S. Grant’s election to the presidency, his 1868 “Letters to President-elect U.S. Grant,” put before Grant, the Congress, and the nation the example of the extraordinary transformation that had occurred in Germany in less than 30 years because of the adoption of Friedrich List’s system of protection for Germany, known as the Zollverein.

Carey pointed out the importance of List’s American System measures to another economic revolution which had occurred in Germany, that of the Prussian land reforms: “[Baron H.F. vom] Stein gave the Prussian people that freedom which has everywhere been seen to result from division of the land but to make it permanent, . . . To prevent the retrograde movement which must inevitably have resulted from persistence in a policy which separated producers from consumers, and which looked to constant exportation of the soil in the form of rude products, it was needed that another great man, List, should make his appearance on the stage. At the cost of both property and life he did the work, and if we now seek his monument, we shall find it in the remarkable empire that has so recently appeared upon the European stage, described in my former letter.”

That wasn’t all. Knowing full well of the strategic alliance which had existed between Russia and the United States during the Civil War, Carey pointed out that “Russia, by dividing her land among those who previously had owned or cultivated it, has made one great step towards the establishment of freedom for her whole people. Thus far, however, the Emperor seems to have failed to see that there can be no real freedom for men who are compelled to waste their labor and to exhaust their soil by sending its products in their rudest forms to foreign markets. The day must, however, come when his eyes will be open to that great fact.”

But, said Carey, unlike Prussia and Russia, the United States, “failing altogether to profit by the great examples that had thus been set for us, we have proclaimed emancipation while leaving all the land in the possession of its opponents; and have given the right of suffrage to [the freedmen], men who, as the recent election has proved to be the case, must

exercise it in a way to please their late masters, or forfeit power to obtain bread for their wives and children.”

Thus the 4 million newly freed slaves were only “nominally free,” and, wrote Carey, their condition without land “must be far worse than it had ever been before.”

Carey urged Grant, “Let it now be understood that men and women who give themselves to the work of Southern development both can and will be sustained by all the powers of government, and the negro will become really free, while the nation will become as really independent.” If this were not done, he warned, “the negro will be re-enslaved; the Union will be split up into fragments, as so recently has been the case with the great empire [Germany] which now stands in the lead of Europe; and the men who have so nobly carried us through the late rebellion will have to regret that their labors have resulted in leaving the country in a condition far worse than that which had existed when Fort Sumter had been first assailed.”

Stevens and Carey saw eye to eye on this issue. The congressman attempted, unsuccessfully, to include provisions for such a redistribution of Southern land into Congress’s Reconstruction measures, in the form of the initial proposed Acts of Congress for Southern reorganization. Having succeeded in the initial redistribution of Southern lands through the wartime Confiscation Acts, and Freedmen’s Bureau, signed into law by Lincoln, but wrecked by Andrew Johnson’s mass pardoning of former rebels, he wished to see the issue addressed head on. He also fought, again unsuccessfully, to ensure that such a provision be included in the body of the Fourteenth Amendment to the Constitution.

Any talk of confiscation was enough to make the likes of Horace Greeley hysterical. Greeley editorialized in the *New York Tribune*, in opposition to this “radical” proposal: “We protest against any warfare against Southern property . . . because the wealthier class of Southerners, being more enlightened than the ignorant and vulgar, are less inimical to the blacks.”

As Stevens was quick to point out, however, it was this very “wealthier class of Southerners” which had, to a large degree, led the South into rebellion and which constituted the most virulent opponents of political and economic equality for the freedmen.

Besides such editorial response, however, a more significant effort was being engineered by Massachusetts cotton broker and “radical” ideologue Edward Atkinson, who was also a free-trade propagandist. Atkinson informed Johnson’s treasury secretary, Hugh McCulloch, in August 1867: “I am endeavoring with some others who are known as extreme radicals to give such direction to the reorganization of the South as shall prevent the creation of an exclusive black men’s party and also to kill the scheme of confiscation. I also hope we may be able to secure the election of a Southern delegation who shall not be under Thad Stevens’s lead on tariff and currency questions, but of this I am not hopeful. The new men of the South will be likely to be the very men

who will follow Stevens even to prohibition of imports; they will be misled by the desire to establish manufactures and to diversify employment.”

Stevens’s proposal thus served as the starting point for the heated debates which would follow over the transformation of the South. He was the first to elaborate a congressional policy for Reconstruction as an alternative to that of President Johnson. What Stevens had in mind is clear from his introduction to his proposed Acts explaining the need for seizing the property of this grouping of Southern rebels:

“Reformation must be effected,” said Stevens. “The foundation of their institutions, political, municipal, and social, must be broken up and relaid or all our blood and treasure have been spent in vain. . . . Heretofore Southern society has had more the features of aristocracy than democracy. The Southern States have been despotisms. It is impossible that any practical equality of rights can exist where a few thousand men monopolize the whole landed property. . . . How can republican institutions, free schools, free churches, free social intercourse exist in a mingled community of nabobs and serfs, of owners of twenty-thousand-acre manors, with lordly palaces, and the occupants of narrow huts inhabited by low white trash? If the South is ever to be made a safe republic let her land be cultivated by the toil of its owners, or the free labor of intelligent citizens. This must be done, even though it drive the nobility into exile. If they go, all the better. It is easier and more beneficial to exile seventy thousand proud, bloated and defiant rebels than to expatriate four million laborers, native to the soil and loyal to the Government.”

Stevens thus proposed to crush Southern oligarchical power by confiscating their immense land holdings, providing land and economic independence for the newly freed blacks and poor whites of the South. Confiscation simultaneously would have established the basis for enduring republican institutions based on development-oriented economic policies. Stevens viewed the issue as so central, that when he presented it to the Congress on March 19, 1867, he said, “Whatever may be the fate of the rest of the bill I must earnestly pray that this may not be defeated. On its success, in my judgment, depends not only the happiness and respectability of the colored race, but their very existence. Homesteads to them are far more valuable than the immediate right of suffrage, though both are their due.”

Stevens also proposed to take the proceeds from the sale of those confiscated lands, to provide for the payment of the costs of the war that these aristocrats had provoked and supported. This included the creation of the funds to provide pensions for veterans and their families, to pay the damages done to loyalists whose property had been seized or destroyed as a result of the war, and to pay the war debt.

However, Stevens’s “confiscation” measure implied far more than simply necessary redistribution of Southern agricultural land, and a just repayment of the costs that resulted from such Southern agents of disunion, in their efforts to

destroy America in the interests of the British financial oligarchy.

Not only did this small group of the Southern population control almost all land, and through the slave-based plantation system, monopolize and direct all other Southern economic resources, but because of the usurious character of the financing of Southern agriculture, they owed massive amounts in credit extended by the factors, brokers, and merchants of the international cotton trade. Such British-allied New York finance houses as Brown Brothers, and such British financiers as the Baring and Rothschild interests, whether directly or indirectly, controlled well over 90% of Southern cotton production, and thus the majority of Southern debt was in the hands of these New York, London, and Liverpool houses.

For well over 10 years prior to the war, from the Compromise of 1850, the circles of New York finance and business, almost to a man, tirelessly worked in behalf of Southern interests. Tied economically to London and the slave-based cotton economy of the American South, they functioned as the center of Northern support for British free trade and its maintenance in the form of support for the growing influence of King Cotton.

Stephen Colwell, a collaborator of Henry Carey and a preeminent economist, calculated, in 1859, that over \$200 million a year in trade with New York came from, and therefore was dependent on, the Southern cotton economy.

For such reasons, New York bankers and businessmen were among the leading advocates of free trade and of slavery; they also went into a virtual panic with Lincoln's election and the South's break with the Union. New Yorkers' fears of repudiation by Southern planters in 1860-61 were so intense that a large number of them began to organize for New York City itself to leave the Union, furthering the British effort to "Balkanize" the United States, and set itself up as a free city. They hoped that in so doing, and becoming, as August Belmont would argue, "the Venice of the West," they would ensure that neither Southern debts nor their special relationship to the South and to British finance would be lost. One pro-secession New York financier argued in December of 1860, "I would have New York a free city—not a free city with respect to the liberty of the negro, but a free city in commerce and trade. . . . There is . . . no other way in which New York City can preserve her position, retain the value of real estate, prevent the breaking up of all the material interests with which the city is identified and saving her merchants from ruin."

Thus, Stevens's proposed confiscation and sale of such Southern land was a bombshell thrown in the midst of the international financial community. Stevens calculated that land to be worth \$3.5 billion, and he intended, not only to force those who had caused the war to pay off three-quarters of the national debt, but to cripple the real financial power behind such an oligarchical system.

As Stevens argued: "Those who will be affected by this bill will not exceed seventy thousand out of a population of

six million whites, for this is a people of aristocrats and subjects; of a proud nobility and a cringing, poor peasantry. Those seventy thousand persons own about three hundred and ninety million acres of land out of the five hundred millions in the confederate States. This, together with the town property, cannot be worth less than \$10,000,000,000. This estimate includes no man's property who was worth less than \$10,000; nor does it include any personal property, which may perhaps swell it to \$12,000,000,000."

---

---

*Given the implications of what Stevens and Carey had in mind, it should come as no surprise that Great Britain and its allies launched what was virtually a second war to ensure that they would not prevail. Begun with the assassination of Abraham Lincoln, that war would be waged over the same issues that had been central to that which was fought from 1861-65.*

---

---

The implications of such a proposal were staggering to those free traders who hoped to carry the day in their efforts at the destruction of "American System" economic measures. They were potentially even more devastating to the two centers of financial and political control behind the free-trade onslaught against America. For with the confiscation of the property of the approximately 70,000 cotton barons who controlled the wealth of the South, the more than \$300 million debt owed to the New York banking consortium and its British allies would be wiped away. (This was the same consortium which had waged political and financial war against every one of Lincoln's wartime economic measures and which, with the New England textile merchants, represented the center of free-trade agitation in the United States.) Even more significantly, Stevens's proposal would also have wiped away some \$1 billion in indebtedness to London and Liverpool factors, shaking the British financial system to its foundations.

Given the implications of what Stevens and Carey had in mind, it should come as no surprise that Great Britain and its allies launched what was virtually a second war to ensure that they would not prevail. Begun with the assassination of Abraham Lincoln, that war would be waged over the same issues that had been central to that which was fought from 1861-65. However, this war would be designed to ensure that any remnants of a commitment to the American System were eliminated from American policymaking.

The composition of the 39th and 40th Congresses, which

sat during 1865-67 and 1867-69, respectively, played as large a role as Britain's agent-in-place, Secretary of the Treasury McCulloch, in determining the outcome of the critical battles over congressional Reconstruction. Lincoln, Carey, and Stevens's ability to shape a national mandate for the policies adopted during the war, and thus to control a majority in the Congress, had been critical to the defeat of the Confederacy. With the advent of peace in 1865, even despite Lincoln's assassination, a national consensus still existed; but it would very quickly be destroyed by a massive operation to guarantee that what had been lost on the battlefield, would be victorious even with military defeat.

### **Why Reconstruction failed**

In the two years following the war, the battles over post-war measures became a struggle over which faction of the Republican Party would prevail. By 1867, although not all of the measures that Stevens and his allies had proposed had been implemented, it was clear that national policy was moving steadily toward the outlook they represented. The Stevens Republicans were beginning to prevail, and the disastrous effects of McCulloch's contraction policy and moves toward resumption of specie payments created significant economic dislocation throughout the nation. In the South as well, the political leaders and institutions in the former states of the Confederacy were certain to follow the lead of Stevens and Carey, and support the measures that they had been fighting for. Thus, the readmission of Southern states to the Union and the return of their senators and congressmen to deliberations in Washington, D.C., could very well doom the free traders in America.

These four sessions of Congress would be controlled by Republicans, but within that Republican majority, there were essentially three groupings. Historians have tried to describe the alliances within these bodies in every imaginable way, but by blacking out the crucial role played by Carey, as well as the ideas of American System economics, they have never really been capable of understanding the strategic significance of the battle then under way.

One faction was committed to the restoration of the American System economic policies which had won the war and transformed the nation. Led by Thaddeus Stevens and William Kelley in the House and Benjamin Wade in the Senate, they have been labeled "extreme" radicals by historians. In fact, their "extremism" was the result of their commitment to the doctrines upon which the United States had been founded, the same principles of political economy advocated by Benjamin Franklin, George Washington, and Alexander Hamilton. Like the founding fathers, they saw the fulfillment of the political principles of the Declaration of Independence and Constitution as the basis for the Reconstruction of the South and a realignment of national political power.

Their opponents were proponents of British economic, social, and political doctrines, Americans who had surrend-

ered their loyalty to the principles of American republicanism. This alliance included some rather strange bedfellows, like the radical abolitionists Sumner and Julian, as well as more moderate Republicans like Rep. Roscoe Conkling, a leader in the New York political machine of William Seward and James Garfield, all of whom were joined on the Democratic side by August Belmont's Democrats.

The "swing" group in this battle were the "middle ground" Republicans of both radical and moderate outlook, who generally either knew nothing or very little about economic questions, or whose views could be shaped by what they thought was politically expedient. In general, they had supported Lincoln's policies during the war because they believed them to be necessary to ensure that the war effort could be sustained. They were also likely to support similar measures after the war, if they could be made to understand that they were necessary for the survival of the nation. This group included Sen. John Sherman and Congressmen Robert Schenk, Samuel Shallabarger, and John A. Bingham. Ulysses S. Grant was in this category, and his weakness on economic questions would prove disastrous.

To understand why Reconstruction failed, it is essential to understand the way in which the "middle ground" Republicans were counterorganized and misled. This is what accounts for the dramatic swing in congressional support on such issues as currency contraction, specie resumption, and the refinancing of the national debt. Certainly, those Republicans who made an abrupt about-face on such questions, many of whom were uncompromising on Reconstruction issues like black suffrage and assertion of federal power to protect the political and civil rights of the freedmen, were men of some conviction and, unlike their free-trade radical colleagues, had no fundamental ideological commitment to such economic measures.

Opponents of congressional Reconstruction often mocked Stevens and his colleagues for "waving the bloody shirt," that is, for attempting to put before the Congress evidence of the burnings of newly opened public schools for the freedmen and whites in the South, of harassment and threats against black and white Republicans, of the beatings and lynchings occurring in the South as a means to intimidate the nascent Republican Party in the states of the former Confederacy. The "bloody shirt" would come to be a term of derision, both for congressional opponents and historians, meaning an exaggerated, emotional plea used for partisan purposes. Ironically, within the Congress itself, such "radicals" as Sumner and Julian on the Republican side were engaged in their own form of political lynching of those congressmen who tended to side with Stevens, Kelley, and Wade on economic issues.

In other words, the means for manipulating the "swing" Republicans, to guarantee the triumph of British free trade, was achieved through a process of "bloody shirt" waving against them, many of whom were solid "radicals" on politi-

cal questions dealing with the South, which produced a campaign of intimidation and a bludgeoning into line on free-trade economic measures. In doing this, the allies of British free trade made adept use of the hated Copperheads (pro-Confederate Northern Democrats of the war years), President Johnson, and the unrepentant rebels of the old slave aristocracy of the South.

Amazingly, Democrats who had been thoroughly discredited by their Confederate sympathies during the war, and who opposed the Republican majority on Reconstruction measures, saw the issue of economic discontent as the vehicle for their political resurrection. As a result, such pro-Southern fanatics as Clement Valladigham and George H. Pendleton became the spokesmen for radical soft-money, anti-resumption economic doctrines. Both men, who during the war had strenuously opposed the protective tariff and the Legal Tender Acts which had created the greenbacks, now organized Democratic politicians from the western states around a plan for maintaining the greenbacks and paying off the national debt in legal tender, not specie.

Such a posture was a parody of the American System measures of Republicans like Wade, Stevens, and Kelley, since the national party was still completely controlled by the Belmont-led free-trade faction. This development laid the basis for forcing the Republican Party into a “sound” money posture and served as the foil for radical free-trade Republicans in their attacks on those Republicans who supported American System measures. It would thus be used in an effort to isolate the Carey faction in the party, and for the free-trade faction had the added advantage of preparing the way for the defeat of Carey’s allies, starting with Benjamin Wade in the Ohio legislative elections of 1867.

Beginning in 1867, those Republicans who allied with Stevens, Kelley, and Wade on such issues as support for the greenbacks and opposition to contraction, were subjected to the attacks of the free-trade Republicans for joining hands with such Copperhead heretics as Valladigham. While leaders of the American System faction of the Republican Party continued to make clear that the issue was economic policy, not who supported it, moderate Republicans preoccupied with political expediency began to become disoriented.

Sumner’s tactic was to paint a grim picture of Northern Copperheads and Southern traitors in an alliance to undermine the rights and freedom of blacks in the South. But it was precisely because the measures proposed by Stevens were not implemented—and because of the criminal actions of President Johnson—that former rebels were able to launch an effort to undermine the congressional Reconstruction program. Just as Sumner and other radical abolitionists had argued that slavery had been the one and only reason for secession and the war, they now argued for “radical” orthodoxy on a program of ensuring black political rights in the South and free-trade economic measures. Republicans who had no understanding of political economy nor of the implicit

connection between Reconstruction and national economic measures, found themselves attacked as allies of the Democratic and Southern traitors, for joining with Stevens.

With foot dragging and compromise on the Reconstruction issues, and a back-and-forth battle on economic issues, the instability of the situation was increased with the British/Freemasonic-inspired insurrection against Reconstruction by the Ku Klux Klan, which threw the South into political turmoil. Finally, the controversy over the impeachment of President Andrew Johnson erupted.

### **The unsuccessful bid to impeach Johnson**

Since Johnson was probably the most lame duck of Presidents America has ever produced; since Congress had well over the two-thirds majority needed to override any Johnson veto; and since Johnson had less than a year remaining in office, why the drive to remove him—especially at a time when the very profound questions of the relationship of congressional and presidential power and prerogative were at issue, and the constitutional provision for impeachment had never before been utilized against a chief executive?

Johnson as President exerted a powerful influence over the Reconstruction of the Southern states. He advised Southern opponents of congressional Reconstruction to disobey, impede, and resist the law of the land, as embodied in the Acts of Congress related to Reconstruction. Such advice was not only criminal, but tended to fuel the process started by his own pro-Confederate policy in 1865-66, feeding the fires of insurrection in the South initiated by the Ku Klux Klan. His role as commander-in-chief and his control of patronage still allowed him to determine who would be the federal officials in not only the South, but in the rest of the nation as well. Johnson exercised that power to remove *en masse* appointees allied with his congressional opponents; by 1867, he had also removed every military commander in the South and replaced them with officers hostile to Congress and the Reconstruction Acts.

Equally important, the influence and prestige of the presidency was an essential ingredient in securing national consensus for such critical measures as Reconstruction and a national economic policy. A leader guiding the nation in the implementation of such measures, rather than subverting and impeding them, would have ensured the success of this “second American Revolution” for generations to come.

With Johnson clinging to both McCulloch and those free-trade policies that would dismantle the nation’s economy, and continuing in his criminal obstruction of Congress on Reconstruction, those allied with Henry Carey decided it was time to be rid of Johnson once and for all. Despite the support for impeachment for other reasons by the likes of Sumner, Julian, and Wilson, there was a very legitimate sense of outrage throughout the nation at Johnson’s actions to undermine congressional efforts to deal with the South. It was this sentiment, along with that generated by McCulloch’s



*The impeachment trial of President Andrew Johnson in the U.S. Senate. Johnson was acquitted by one vote. He deserved to be convicted, but not for the reasons contained in the articles of impeachment.*

economic measures, that those like Stevens, Kelley, John Ashley of Ohio, and Wade wished to direct into removing Johnson and replacing him with Wade and a cabinet committed to American System policies.

The very first calls for impeachment came from the business and manufacturing layers allied with Carey and with which such congressmen as Stevens and Kelley, and senators such as Wade, agreed. E.B. Ward and his Iron and Steel Association, along with George Wilkes, editor of the influential magazine *Wilkes' Spirit of the Age*, in early 1867, after Johnson's veto of the Civil Rights and Freedmen's Bureau bills, and his call for rejection of the Fourteenth Amendment, first raised the call for Johnson's impeachment.

Johnson was also under considerable pressure to remove McCulloch as treasury secretary, and he had even considered trying to soften the effect of removing Edwin Stanton as secretary of war, by simultaneously removing McCulloch.

John Covode, a Carey ally from Pennsylvania, introduced the initial resolution for impeachment. Immediately afterwards, Johnson's annual message, with its strong endorsement of McCulloch's contraction and resumption measures, brought strong pressure on Republican conservatives and free-trade radicals against impeachment. As a result, Covode's measure was voted down. T.W. Egan, a friend of both Atkinson and President Johnson, wrote to Johnson, "All the great Northern capitalists are afraid of the consequences of impeachment. To use the words of one of them—'the President might be crushed, but the finances of the country would go to ruin.'"

The key turning point occurred with Wade's election as

president pro tem of the Senate, placing him in the position to succeed Johnson if the President were impeached and removed from office. The influential free trader Edward Atkinson knew that should Johnson be impeached, Britain's agent-in-place, McCulloch, would be ousted. He also knew that Wade was a staunch proponent of American System economic measures and fully aware of the role of British influence and power in efforts to destroy America. Atkinson argued to numerous of his free-trade friends in Washington that the only "irreparable injury" that a chief executive could inflict "was to tamper with the currency. Upon this question, Johnson has been right and Mr. Wade is suspected of being wrong. Should such be the truth I would regard the removal of Mr. Johnson a great misfortune in its ultimate effects." He wrote to Senator Sumner that Wade's elevation to the presidency, because of his soft-money, high-tariff views, would mean that "the Republican Party would cease to exist."

Another free trader, editor Horace White, wrote to Rep. E.B. Washburne, Grant's closest political confidant, "I don't know how it may look to you, but the gathering of evil birds around Wade (I refer to the tariff robbers) leads me to think that a worse calamity might befall the Republican Party than the acquittal of Johnson."

Most violently of all, James Garfield, aware that Wade, if he became President, intended to appoint E.B. Ward, a leading opponent of contraction and other free-trade measures, as secretary of the treasury, attacked Wade: "They say that [Johnson's] Conviction means a transfer to the Presidency of Mr. Wade, a man of violent passions, extreme opinions, and narrow views; . . . [with] a grossly profane coarse nature

who is surrounded by the worst and most violent elements in the Republican Party.”

It is in the context of this overall battle that the impeachment proceedings against President Johnson must be considered; otherwise, the Johnson impeachment seems unintelligible.

With it now clear that impeachment would lead to the loss of the Executive by the advocates of free trade, yet with the push for Johnson's ouster at fever pitch, it was apparent that the only way out for this free-trade faction was to sabotage the effort. It was at this point that an emboldened President moved to fire Secretary of War Stanton, an ally of the radicals on Reconstruction measures. The issue of impeachment exploded again; however, this time it was not Stevens who moved to draft the articles, but Representative Julian and George Boutwell, a crony of Sumner and Wilson from Massachusetts.

But the character of the impeachment proceedings as shaped by Boutwell, with their fixation on Johnson's violation of the Tenure of Office Act (constitutionally dubious at best) ensured that the proceedings were turned into a political circus.

Thaddeus Stevens had adamantly opposed the use of the Tenure of Office Act as grounds for impeachment, and had drafted his own articles for impeachment, which he unsuccessfully fought to put through as the basis for Johnson's indictment. Throughout the whole of the impeachment proceedings, Stevens and his allies continued to focus on the simple reality of Johnson's real crimes in obstructing Congress as the reasons for impeachment. Stevens reiterated again and again that the core of Johnson's malfeasance was his commitment to policies contrary to the legislatively mandated policy of Congress and thus the law of the land, and the dangerously destructive character of this fact for the nation's future and well-being.

In this way, Stevens fought to have the proceedings premised on a higher legal, constitutional, and political ground. When he realized that he would not prevail, he reluctantly added the two final articles of what became the House's bill of impeachment, hoping they would become the basis for a trial on what he considered the real "high crimes and misdemeanors" for which Johnson should be impeached. Even with these included, he was far from convinced that such would really occur, and warned that the impeachment process would fail, leaving in its wake a political disaster for himself and his allies.

On the eve of Johnson's trial before the Senate, Stevens wrote to Rep. Benjamin Butler: "As the Committee are likely to present no articles having any real vigor in them, I submit to you if it is not worth our while to attempt to add at least two other articles. With all this struggle of years in Washington, and the fearful sacrifice of life and treasure, [if we fail] I see little hope for the Republic."

After Johnson's acquittal, Stevens reintroduced his pro-

posed indictment, in an attempt to salvage the situation. But by this point, the process was irreversible, with the deals in the Senate having been made, and those members of the House who had supported impeachment being so demoralized that another effort seemed futile. Before the new resolution could be considered, the House adjourned, killing once and for all any effort to try Johnson on grounds for which he truly deserved conviction. As a result, what was created was a pathetic exercise in what appeared to be political vindictiveness, rather than constitutional principle.

Johnson was thoroughly discredited, yet he remained President. Most importantly, McCulloch remained secretary of the treasury, with his position actually strengthened. Wade was prevented from succeeding to the presidency, and the deals which most certainly had been made before the trial began, were consummated. They would not be unimportant for future developments in Congress.

In return for Johnson's agreement to cease his objectionable and illegal behavior in regard to the Reconstruction Acts and other measures dealing with the South passed by Congress, for example, the key votes against impeachment were garnered in the Senate. However, Senator Grimes, a key free trader in the Senate, who engineered the compromise, would also elicit an agreement from such key senators as Ross, Pomeroy Fowler, and Fessenden, that their votes would be cast in the future for anti-tariff, pro-free-trade economic measures. The deal with Johnson included an agreement that, in return for his acquittal, he would retain McCulloch.

The issues of real political importance, those raised by Carey and his allies, became obscured in this battle which trivialized the fundamental disputes between Congress and the President, and between the two factions of the Republican congressional majority. The only ones to benefit from the affair were the advocates of the British political, economic, and social doctrine, who would soon overwhelm the nation. The "bloody shirt" would become redder, and would soon be waved with as much vengeance against those who dared to advocate American System measures, as against the enemies of American republicanism in the defeated South.

This would become clearer when, in his last Presidential Message, Johnson, totally reversing himself, would call for economic measures more extreme than even the "Pendleton Plan" of the western Democracy. Johnson by this point was as dead politically as one could possibly be, having been unceremoniously spurned for the nomination for President in his own right by even the Democratic Party.

In conjunction with the erosion of the congressional leadership of the pro-Carey faction, with the defeat of Wade, the death of Stevens in 1868, and the destruction of a real Southern Republican Party, these pressures were to prove too great for the "middle ground" of the party to withstand. They thus opted for compromise, both on Southern Reconstruction and on national economic issues. The result was disastrous for the nation.

## Two cities demand demolition of KKK founder Pike's statue

by Patricia Salisbury

The national effort to remove the statue of Ku Klux Klan founder Gen. Albert Pike from Judiciary Square in Washington, D.C. won a victory in mid-November, with the passage of resolutions in the city councils of Buffalo, New York and Newark, New Jersey demanding that the statue come down. A mobilization around this issue was launched in September by the independent presidential campaign of Lyndon H. LaRouche, Jr. and Rev. James Bevel. The statue of the Confederate general and Scottish Rite Freemason, they said, is a blight upon the nation's capital; the failure of official Washington to remove it forthwith, is a telling indication of exactly what is wrong with our government today.

The resolution passed on Nov. 10 by the Buffalo Common Council cites the fact that Pike, known as a leader of Civil War-era Freemasonry, was a chief founder and strategist of the Ku Klux Klan, Chief Judiciary Officer of the Klan, and the Grand Dragon of the Ku Klux Klan in Arkansas. The resolution states that the Pike statue is an insult to all those who look to the capital of the United States as the center of liberty and justice. The resolution is addressed to the President of the United States, with copies forwarded to the Department of the Interior and the Department of Labor, the two government agencies that spend taxpayers money to maintain the statue.

On Nov. 11, retiring Newark city councilman George Branch introduced a resolution calling for the removal of the statue and held a hearing on the matter on Nov. 16. The resolution passed unanimously.

The Pike issue continues to draw coverage in the media nationally. On Nov. 10, the *Arkansas Democrat Gazette* printed a four-page article titled "Down the Pike in Washington, Did Statuesque Arkansas Hero Have Klan Ties?" The article, written in response to the growing momentum to

remove the statue, attempts to deny Pike's Ku Klux Klan connections. Walter L. Brown, a retired University of Arkansas history professor who is described as the state's foremost authority on Pike, told the paper he had received a dozen phone calls from Washingtonians seeking to learn more about Pike, his Freemasonry, and his Klan ties.

The Buffalo and Newark resolutions are closely modeled on a resolution introduced into the City Council of the District of Columbia on Oct. 22, 1992 by council member William P. Lightfoot. So far there has been no action on the Lightfoot resolution, despite the fact that eight members of the City Council, Mayor Sharon Pratt Kelly, and former mayor Marion Barry have all signed a petition calling for its removal.

The issue is particularly hot in Washington, where LaRouche-Bevel campaign workers distributed hundreds of thousands of leaflets exposing Pike's background. Reverend Bevel, LaRouche's running mate, campaigned throughout the District and led rallies at the Judiciary Square site which were also addressed by leading political figures including Florence Pendelton, one of the District's two "shadow" senators, and leaders of the Washington religious community. With the spotlight focused on the scandal in a city with a large minority population, the removal of the statue seemed a foregone conclusion.

### KKK and ADL defend statue

Campaign organizers have been told by informed sources, however, that the D.C. resolution is locked in committee and is likely to die without coming to a vote. Whatever behind-the-scene pressures are being brought to bear on City Council Chairman John Wilson, who will determine whether the resolution goes to a vote, the key institutions which have declared themselves openly in defense of the statue are: 1)

the Ku Klux Klan, and 2) the Anti-Defamation League of B'nai B'rith (ADL).

In the days just prior to the Nov. 3 election, the offices of rally organizers received threatening phone calls from individual identifying themselves as members of the Klan and leaving the phone number of a Klan office in Manassas, Virginia. The callers vowed, amid a stream of profanities, that the statue would never come down. Singled out for abuse in the calls was Reverend Bevel.

On Nov. 13, D.C. Park Police broke with their previous practice of permitting peaceful assembly on the base of the statue and arrested Reverend Bevel and author and historian Anton Chaitkin, who has developed much of the documentation on the history of the statue and Pike's KKK and Freemasonic connections. Reverend Bevel stated at the time of this arrest that the D.C. government was acting on behalf of the Klan.

More recently, the regional office of the ADL, the organized crime front masquerading as a civil rights agency, defended the statue in response to a Washington-based reporter who called asking about the campaign to bring the statue down. The ADL spokesman told the reporter that "it is an idiotic charge that Pike was affiliated with the KKK. There is no documentation of that. We don't know of any connections. This is the LaRouche people. They always come up with conspiratorial charges. However, even if there is documentation, it is still a small issue relative to the larger issues in the world today, like racism."

Informed Washington sources have told organizers for the ongoing LaRouche-Bevel campaign that the word is out that because of the "LaRouche connection," the campaign is perceived as "anti-Semitic." The ADL has a lot to lose with this issue, since any scrutiny of Pike's history leads directly to the common roots of the KKK and the ADL itself in the Freemasonic networks that have conducted both overt and covert warfare against the United States. Indeed, by defending Pike and the KKK, the ADL is defending itself.

The ADL's "big lie" technique will encounter more obstacles than usual, given the passionate nature of the issues around the Pike statue. It remains to be seen whether ADL methods of intimidation can keep D.C. political figures from voting to remove the statue, which Mayor Kelly termed "offensive" when she signed the petition calling for its removal.

Debate on the Pike statue has become so pervasive in D.C. political life, that it broke out at the much-publicized walking tour of President-elect Clinton. Volunteers circulating petitions to bring down the statue spotted D.C. delegate Eleanor Holmes-Norton among the dignitaries, and asked her to endorse the campaign. Holmes-Norton, who had received a dossier on General Pike, but had apparently become a victim of the ADL propaganda machine, said only that her staff was "researching the issue." Reminded that she had been supplied with documentation weeks ago, she snapped that "this did not count because it was supplied by the LaRouche

people." However, realizing that she was still on the spot when members of the crowd loudly asked, "When are you going to bring it down?" Holmes-Norton said that she was calling for a federal investigation, and that this call was "on the record."

Mayor Kelly has had a very different reaction; reiterating her commitment to seeing the statue come down, she expressed surprise and disapproval concerning the arrest of Reverend Bevel, and pledged that she would contact police authorities to look into the matter. "Reverend Bevel is a wonderful man," she said. "I think the world of him, and I think the work these people are doing is very important."

LaRouche-Bevel campaign organizers are redoubling efforts to bring the statue down. Despite police harassment, rallies at the statue have continued every Friday, and a major demonstration which will draw people from throughout the East Coast and the South has been set for Dec. 4.

## New evidence

New proofs of the Pike-Klan connection continue to fuel the campaign. Historian Anton Chaitkin has added to the dossier, materials in the public record in the Virginia court system. Documents obtained by Chaitkin establish that in 1926, the "Albert Pike Klan No. 32," the official name by which the KKK was known in Norfolk, Virginia, filed a court action in its own name.

Virginia KKK leader J.R. Kemp petitioned for an injunction against officers of the Klan's Norfolk subsidiary, which had taken the camouflage name of the Puritan Club, to force them to return control of their clubhouse to the official Albert Pike Klan No. 32. The Albert Pike KKK lodge lost the suit, when the court decided not to interfere in an internal KKK squabble.

An article in the Norfolk *Virginian-Pilot* covered the judicial action on June 4, 5, 8 and 12, 1926, reporting on June 8 under the headline, "Court Dismisses Contempt Action Against Klansmen," ". . . The controversy between Albert Pike Klan No. 32, Knights of the Ku Klux Klan, Inc., and the Puritan Club for possession of the records of the club, is scheduled to begin this morning in the court of Law and Chancery, Judge McIlwaine on the bench."

Chaitkin points out that Albert Pike's KKK had a strong presence in Virginia life in 1926. In late March, 112 robed Knights of the Klan marched in the burial procession of a Norfolk police sergeant. In May, a month before the cited court action, the Norfolk Academy of Music put on a show called "The Awakening," a musical rendition of the D.W. Griffith KKK propaganda film "Birth of a Nation." The production was staged for the benefit of a fund to build a temple for the Albert Pike KKK. The show broke all attendance records in Norfolk's theatrical history. The hit number was a song and dance routine entitled "Daddy Swiped Our Last Clean Sheet and Joined the Ku Klux Klan."

# Atlantic Council sees split with Europe

by William Jones

An ominous message was broadcast by the conference which the Atlantic Council held at the U.S. State Department on Nov. 20. The Atlantic Council, a public policy center which serves as an informal political forum for parliamentarians from NATO countries, prides itself on promoting political understanding between western Europe and the United States. But now, the grouping is warning of a serious rift, and even debating whether or not war is possible between the allies, as the worldwide depression deepens.

Harold Brown, who was secretary of defense during the Carter administration, told the group that "if there is a continued recession," this "could lead to a split" between Europe and the United States. There are tendencies in the relationship, he said, which "could become adversarial."

Greater independence on the part of a reunified Germany, which has shown some capacity for acting in defense of its strategic interests, is one thing which has caused dismay in the ranks of the Anglo-Americans. The German push for recognition of Croatia and Slovenia, in opposition to British and American coddling of Serbian strongman Slobodan Milosevic, was one example.

For another example, during the recent European currency crisis, efforts were made to maintain the value of the French franc, while the British pound was left to fend for itself. By such actions, Germany ruffled the feathers of its would-be Anglo-American taskmasters. At the conference, this could be seen through the criticism of this show of independence on the part of the government of German Chancellor Helmut Kohl.

## War between democracies?

Conference attendees included most of the foreign policy elite of Washington, D.C., as well as a good chunk of the diplomatic and the international press corps. After tepid presentations by former World Bank Director Barber Conable and Brookings Institution analyst Alice Rivlin on the "global marketplace," the heavy salvos came from Harold Brown, who began the second panel entitled "Shaping a New Relationship with Europe."

Brown noted the decline of U.S. military superiority (which he bears as much responsibility for as anyone), and with that, he said, the U.S.-European relationship, always

both cooperative and competitive, would now become increasingly "competitive," even "adversarial." In a discourse about whether democracies could go to war with each other, Brown concluded that, as was manifest in the wars of the Delian League in ancient Greece, "there are convincing arguments" that they can. Brown said that he thought that such a war would never occur, however.

Although Germany was Brown's main target, France, with its increasing "desire for more independence from the United States," also came in for a lambasting. He warned about "a Europe dominated by any single European power," along with renewed Russian expansionism and the emergence of a third nuclear power, on his list of strategic dangers facing the world. Brown recommended that NATO be used to maintain order in the ranks.

Although in the area of military policy, the interests of Europe and the United States "largely coincide," the economic picture is characterized by a "growing competition. "If there is a continued recession," said Brown, "there could be a split between Europe and the United States." He assured his listeners, however, that the danger did not come from Europe "west of the Oder," but rather from the "new European configuration."

## The view from Goldman Sachs

Brown's warnings were seconded by investment banker Robert Hormats, the vice chairman of Goldman Sachs International, who is close to Bill Clinton. "The people who are to build a 'new Europe' have failed," Hormats lamented. "If Germany becomes unhinged from Europe, it will be due to forces here and elsewhere who have not dealt with the problem."

However, it seemed to be not so much a Germany "unhinged" from Europe, but rather a Europe "unhinged" from Anglo-American policy, which was the real problem for Hormats. He was quite perturbed by the fact that the recent measures to bolster the franc were accomplished by a Franco-German operation, with no involvement on the part of the Anglo-Americans. "The United States should have intervened more actively to keep the deutschemark and the franc together," Hormats said. "The absence of the United States there has weakened U.S.-French monetary cooperation."

Hormats gave an indication of what was in store for nations that aren't prepared to toe the line, warning that the "Wilsonian argument of sovereignty" would no longer apply. "Self-government could very well turn into fascism," he said. Hormats urged that the European Community be used as a pillar of the "New Europe," that Clinton transform the Group of Seven industrial nations into an organization which can bring order to their ranks, and urged "multilateral action" to deal with environmental problems and "human rights" issues.

## 'Messiah' and 'The Creation' for Christmas

Handel, "Messiah," conducted by Martin Pearlman, Telarc CD 80322

Handel, "Messiah," conducted by Otto Klemperer, EMI CDMC 63621

Haydn, "The Creation," conducted by Robert Shaw, Telarc CD 80298

Haydn, "The Creation," conducted by Karl Münchinger, London OSA 1271

These two beloved oratorios always help reconnect us to the spiritual basis of the Christmas season, often forgotten in today's paganized world. They also demonstrate the scientific rigor which characterized all classical music and which was accepted by both Handel and Haydn as in harmony with their religious faith.

Telarc's new "Messiah" by the Boston Baroque on original instruments is pitched low, at about  $A=415$  cycles per second (Hz)—more than a half-tone below  $A=440$  Hz, today's freakishly high International Standard Pitch. While Handel's "A" was around 430, the disc does bring out a scientific point: Handel composed "Messiah" (1742) around the principle of human vocal registers.

As the Schiller Institute's 1992 book, *A Manual on Tuning and Registration*, shows, the lower, middle, and upper ranges of each trained voice are produced by different technical means and are heard as having a different timbre or vocal "color." These registers poetically suggest many voices, or *polyphony*, from one voice.

At  $A=430$ —corresponding to  $C=256$  in older physics texts—the note at which a voice species shifts from one register to the next, is set at geometrically defined points in the scale: namely, F-sharp for sopranos and tenors, the commonest voice

types; one whole step below, at E for mezzo-sopranos; and so forth.

Thus the mezzo-soprano aria in E-flat, "He Was Despised," from "Messiah," uses the E-natural register shift to convey the meaning of the text. The tonic E-flat and its leading tone, D, drop into the low register for emphasis on the word "rejected." This results in a line which rises out of, and falls back into, the first register, for tragic emphasis: "He was despised, despised and rejected."

## Modern pitch distortion

The modern  $A=440$  distorts this, because in the higher tuning, a well-trained mezzo-soprano will tend to place each E-flat, which belongs in the first register, up into the second: "He was despised, despised and rejected" (for musical figures, see *A Manual on Tuning and Registration*, p. 70, Figures 4.10 and 4.11).

Boston Baroque's mezzo-soprano Catherine Robbin's beautiful voice makes the voice registers richly clear in this aria. Luckily, there is little difference—in the essential registral points just mentioned—between E-flat and D, the key into which Boston Baroque's  $A=415$  pitch has effectively transposed the aria. The too-low tuning does create problems for other voices, such as the soprano.

First-time buyers of "Messiah" would do best overall with Otto Klemperer's 1963 EMI Angel recording with the voices of Elisabeth Schwarzkopf, Grace Hoffman, Nicolai Gedda, and Jerome Hines, all good bel canto artists of the Italian school, pitched at  $A=435$ . Boston Baroque's singers and chorus do not live up to Robbin's level. Affecting the "unisex" prepubescent sound popular in Britain today, they ignore the fact that Handel himself, and much of the music in London in his day, was rooted

in Italian opera. Klemperer's conducting is also far the more powerful.

## Man and Creation

"The Creation," as Telarc's intelligent notes point out, was inspired by Haydn's hearing of Handel's "Messiah" in London, and is beautifully conducted by Robert Shaw, of the Furtwängler-Klemperer school. If you want the English version of "The Creation," this is the one to buy. Yet to educated ears, the modern  $A=440$  pitch and English words create some problems.

The tenor angel Uriel's aria "Mit Würd' und Hohheit" ("In Native Worth") is an example. "The Creation" (1798) celebrates the transformation of the universe by God's creation of man. At  $A=430$ , Haydn uses the tenor's dramatic shift into the third register to express this change. After a series of high F-naturals, at the top of the second register, Haydn interjects a key change at the point when man is created, and the tenor shifts into the third register on F-sharp on "und König der Natur!" (For musical figures, see *A Manual on Tuning* p. 97, Figure 6.5). The  $A=440$  tuning forces the F's into the high register, so there is no difference at these crucial words, and indeed, tenor Jon Humphrey does not differentiate.

While only slightly lower at  $A=435$ , Karl Münchinger's 1968 London recording in German is first choice. Münchinger's soloists have a better command of the Italian round sound than Shaw's. Further, Haydn wrote his music not to the English libretto (by a friend of Handel's), but to the German translation by Baron van Swieten. Haydn took care to set the rounder vowels "u" and "o" on the high notes, where they favor the register shift. "Und König" on the cited high passage turns into the harsher "and king" in English.

# National News

---

## Klan recruitment worries Europeans

The Ku Klux Klan is building a paramilitary organization in Britain, targeting unemployed whites in Derbyshire, reported the London daily *Guardian* on Nov. 16, which wrote, "The U.S.-based race-hate organization has set up its British headquarters somewhere in the county, believes Derbyshire's equal opportunities officer." Ironically, the Klan was founded in the United States after the Civil War by British agent Judah Benjamin and Confederate Gen. Albert Pike.

The German state of Baden-Württemberg also issued a report expressing its concern that the "Skins" (Germany's neo-Nazi gangs who imitate the British Skinheads, adopting even the English name) are increasingly coordinating with the Ku Klux Klan. The report from the state's investigative agency said, "Most recently, evidence is frequently coming in of contacts of the Skinhead scene with KKK groups that are active in Germany. The German section of the KKK is the subject of an official probe on charges of formation of a terrorist group, meanwhile." The report also notes that neo-Nazi rock music groups like "Screwdriver" from Britain have even openly depicted the KKK's white hoods on their album covers.

---

## Editorial blasts Va. death penalty

In an editorial entitled, "Crapshoot: Can't Pay for Innocent Life Lost," the *Roanoke Times* and *World News* editorialized on Nov. 17 that Virginia should abolish its death penalty law, as Massachusetts did in 1975.

The editorial's taking-off point is the Massachusetts case of Bobby Joe Leaster, convicted of murder in 1970, despite the fact that he maintained his innocence. Because "the death-penalty variables lined up in Bobby Joe Leaster's favor," the jury sentenced him to life imprisonment instead of execution. In 1986, new evidence surfaced and prosecutors declined to retry the case,

freeing Leaster after 15 years of wrongful imprisonment.

Leaster was awarded a \$1 million annuity by the state for being wrongfully imprisoned for 15 years. But, said the *Roanoke Times*, "There is no way to compensate for the loss of innocent life: in most cases, the lives of the victims, and in a tiny few, yet still unacceptable number of cases, the life of the accused. And the variables for who lives and who dies remain too many and too arbitrary. Execution is still administered, to an intolerable extent, by the luck of the draw." "Massachusetts got rid of its capital punishment law in 1975. Virginia still has one, which is wrong," the editorial stated.

Virginia Gov. Doug Wilder currently has two clemency petitions before him. One is from Charles Stamper, the paraplegic whose execution was stayed by the governor about a month ago, but who has not received clemency. The second is from Timothy Dale Bunch, who is scheduled to be executed on Dec. 10. Bunch's attorneys have dropped further appeals.

---

## Review of 'ozone hole' book breaks blackout

A highly favorable review of *The Holes in the Ozone Scare* by Rogelio Maduro and Ralf Schauerhammer appeared in Nov. 22 issue of the *Tri-Cities Herald*, which serves Richland, Pasco, and Kennewick, in Washington state, all near the U.S. Department of Energy's Hanford nuclear facility. The book, portions of which were published in advance by *EIR*, has received no publicity in the pro-environmentalist major media.

The *Herald's* reviewer, physicist James K. Briant, wrote: "The hole that occurs over a pole during the winter is a completely natural phenomenon, as explained in the book. . . . The only question should be whether . . . man-made chemicals increase the size of the hole. Maduro and Schauerhammer make a convincing argument that this is not the case. . . . Maduro and Schauerhammer present a thorough overview of stratospheric chemistry and the atmospheric dynamics, replete with references to published scientific works. . . . The ban on CFCs will have a dramatic impact on all of us. . . . The

monetary cost of a total ban will be tremendous (trillions of dollars). . . . But the human-life cost may be even greater. . . . We need to be aware of these costs and insist that our legislators make responsible decisions before banning one of the safest, most useful chemicals ever made."

---

## Kevorkian kills another woman

Serial killer Dr. Jack Kevorkian murdered 46-year-old Katrin Andreyev using carbon monoxide in late November. Mrs. Andreyev, of Pennsylvania, was suffering from lung cancer. The event was given extensive coverage, and at least one radio station interrupted its regular programming to broadcast the press conference from Kevorkian's Michigan house, given by the unemployed pathologist's lawyer.

The previous Kevorkian killing had the effect of moving legislation legalizing physician-inflicted suicide in the Michigan legislature, where it has passed the State House. This killing coincided with a Nazi-style euthanasia conference in Minneapolis, on "Managing Mortality: Ethics, Euthanasia, and the Termination of Medical Treatment."

---

## Brits back opening reservations to gambling

The British gambling and brewery multinational Bass Ale, and its subsidiary British-American Bingo, is financing a legal drive in the U.S. to allow casino-style gambling on Indian reservations. The firm already manages the gambling affairs of six Indian tribes, and seeks the spread of Las Vegas-type casinos which the firm will supervise.

Rhode Island opponents of the campaign told *EIR* of Bass Ale's efforts, which many residents believe will hand the state over to organized crime control. The Providence *Sunday Journal* reported on Aug. 16, that a "costly court fight now looms [in Rhode Island], but if there is one thing that Bass PLC has, it's money. One of the com-

pany's executives recently boasted that Bass 'has more assets than all of New England'—\$10 billion worth of hotels, breweries, pubs, bottling plants, bingo halls and betting parlors."

British Bass Ale owns the U.S.A. Holiday Inns and makes slot machines which it distributes worldwide. Bass paid lawyers to press the gaming demands of the Cow Creek Umpquas in Oregon, and runs the bingo parlor for the Tachi tribe near Fresno, California.

In related news, Minnesota has become one of the states with the largest income derived from Indian reservation gambling. The state's 13 casinos bring in an estimated income of \$180 million. The Hubert Humphrey machine played a national role in 1987 in getting the Indian Gaming Regulatory Act passed. One of the Chippewa tribes in Minnesota has been described by the *Duluth News Tribune* as the source of organized-crime infiltration into Indian gambling.

## Victims of CIA drug experiments settle suit

The CIA's MK-Ultra program, which involved experimenting on unsuspecting victims with hallucinogens such as LSD, received unwanted attention in the Nov. 19 *New York Times*, which reported that the Canadian government has settled a long-standing lawsuit brought by at least 30 victims of the experiments carried out at Montreal's Allen Memorial Clinic. The experiments, which were carried out on uninformed patients seeking psychiatric care for minor problems, involved long periods of drug-induced sleep, electroshock, large doses of LSD and other hallucinogens, and exposure to taped messages repeated over and over. The CIA put large amounts of money into the Allen Memorial Clinic work, which was directed by Dr. Ewen Cameron, a British Tavistock Institute-linked psychiatrist. The *Times* interviewed one victim of the Cameron experiments, Linda McDonald, and described her experience: "Diagnosed as an acute schizophrenic—she had gone to Dr. Cameron for treatment—she spent 86 days in the 'sleep room' and was subjected to 109 shock treatments

and megadoses of barbiturates and other drugs. When she got out of the experiment, she could not read or write, had to be toilet-trained and could not remember her husband, her five children, or any part of the first 26 years of her life."

Cameron's work for the CIA was part of the agency's effort to develop methods of brainwashing, ostensibly to combat Korean communist brainwashing techniques. Some of Cameron's MK-Ultra colleagues, like Dr. Louis Jolyon West and Rabbi Maurice Davis, followed in his footsteps by setting up the American Family Foundation and Cult Awareness Network, which target political and religious organizations for "brainwashing" supporters. Cameron's efforts are also featured in *EIR's Special Report*, "Satanism: Crime Wave of the '90s."

## U.S. radio ads offer bounties for 'terrorists'

French Radio Monte Carlo has refused to carry Arabic-language advertising from the U.S. government that offers bounties for suspects in the kidnaping and murder of Americans abroad in the 1980s, whom the U.S. Justice Department has indicted. Cable News Network (CNN) on Nov. 18 quoted intelligence sources as saying the U.S. Justice Department has kept the indictments under seal while U.S. law enforcement agencies try to track down the suspects.

According to Reuters, the government has tried to cast doubt on the CNN report. Many of the terrorists are said to have been given refuge in Iran, and CNN said the Justice Department was stepping up its efforts to indict more terrorist suspects.

The State Department confirmed that it is running advertisements around the world seeking information on terrorism and offering rewards of up to \$4 million for any clues on past acts of terrorism or any planned for the future. "We are advertising the terrorism rewards program, which has been ongoing for several years," spokesman Richard Boucher told reporters. "We periodically, I think, about this time every year have placed a series of advertisements in posters and done things to bring attention to the terrorism rewards [sic] program."

## Briefly

● **CORNELIUS SINGLETON**, an Alabaman with an IQ of 60, was executed Nov. 19. The U.S. Justice Department Civil Rights Division has declined to investigate the case, saying that it found "nothing prosecutable" in executing a retarded man "under the federal civil rights statutes."

● **VIRGINIA'S** Court of Appeals denied the petition of LaRouche associate Donald Phau for a rehearing of his appeal before the entire court. Phau, who is facing a 25-year sentence in the Virginia "get LaRouche" cases, will appeal to the state Supreme Court.

● **FRANK MCCLOSKEY** (D-Ind.), who is on the House Armed Services and Foreign Affairs committees, urged immediate U.S. action, including air strikes, against Serbian positions in Bosnia-Herzegovina, saying to wait until the Clinton administration takes the helm could spell disaster for Bosnia, in an interview with the *Washington Post*.

● **MASSACHUSETTS** Democratic Party chairman Steve Grossman, a millionaire with strong ties to the incoming Clinton administration, said Nov. 20 that he was named to head the American-Israeli Public Affairs Committee. AIPAC chairman David Steiner was forced to resign after boasting of AIPAC's influence over the Clinton camp.

● **'SIXTY MINUTES'** devoted part of its Nov. 22 broadcast to the case of Alabama death row inmate Walter McMillan, who claims he is innocent and was framed up six years ago for murder because he is black and his girlfriend is white.

● **SEN. SAM NUNN** (D-Ga.) has received backing for his call for a crisis coordinator to run U.S.-Russian relations during the presidential transition from Sen. Richard Lugar (R-Ind.). Nunn wants the President and President-elect to agree upon such a coordinator, the Nov. 26 *Washington Post* reported.

### *It's your responsibility*

Despite widespread recognition that we are now in the midst of a worsening, worldwide depression, many still fail to understand the nature of this crisis. It is not a failure of leadership *per se*, although indeed the quality of leading political figures is frighteningly low in a time which demands the statesmanship of a Charles de Gaulle. Key to the present debacle is not personalities, important as these are, but the collapse of a centuries-long Anglo-American policy which has shaped the past hundred years, and has brought us to our present pass.

The point of economic collapse was actually reached over the period between 1966 and 1982; but it was exacerbated by the growth in the 1980s of the greatest financial bubble in world history internationally.

Despite the admitted catastrophe of what was once the British economy, and despite the poor economic situation in the United States, the Anglo-Americans so far will brook no efficient action which might tend to revive the world economy, because they recognize that to do so, would threaten the last vestige of their financial and related power. This is the situation which faces other nations that might wish to introduce saner policies. Reality dictates that unless the presumption of the Anglo-American cabal that they will remain at the center of power is taken on, no effort to reverse the slide to a new Dark Age will work.

The cabal of interests comprising the dominant Anglo-American combination has ruled the world over this century, and has been responsible for two world wars. Now it is committed to fomenting small-scale wars everywhere. In place of world war, they wish to substitute wars of depopulation which especially target those peoples whose skin colors are darker than the Anglo-Saxons'—in other words, most of South and East Asia, Africa especially, and Central and South America.

This warfare is particularly directed against civilians, and uses famine, disease, and civil strife to ac-

complish its end: Man is set against man, plunging into barbarism. The intent in fomenting many local conflicts is to break up states and replace them with little entities which are unable to sustain the needs of those governed. This strategy is aided by cultural anthropology, which seeks to provide the justification for the replacement of nations by ethnic units. It is abetted by cynical references to "human rights," of the British Intelligence-Amnesty International flavor.

The cabal which is promoting this policy has consciously modeled itself on the Roman Emperor Diocletian, whom they have studied intensively since at least the time when Edward Gibbons wrote his famous history of the decline and fall of the Roman Empire. The Diocletian model calls for banning all investment in technological progress and infrastructure development.

But to save western civilization, precisely the opposite is required. We need a massive international infrastructure development program in water systems, power systems, modern transportation systems, education, and medical care.

It is possible that the discrediting of the Tories in Britain, the cumulative disaster of Thatcherism compounded by John Major, may bring about a shift within the ruling Anglo-American institutions, a shift toward saner policies. It is also possible that the present centrifugal tendencies which are tearing the European Community apart, will lead the continental Europeans to make a healthy break with the British and their epigones in the United States.

One thing is sure: Those who want our civilization to have a future, must work to shape a major transformation in the populations of these countries away from small-mindedness and local chauvinism. Without a moral renaissance, any mere change of government under the present crisis conditions, will be impotent. Men and women of good will are needed who are committed to ensuring a future, not only for their own posterity, but for all children, born and unborn, and yet to be conceived.

# SEE LAROUCHE ON CABLE TV

## ALASKA

- ANCHORAGE—Anchorage Community TV Ch. 46  
*The LaRouche Connection*  
Wednesdays—9 p.m.

## CALIFORNIA

- MODESTO—Public Access Bulletin Board Ch. 5  
*The LaRouche Connection*  
Thurs., Dec. 25—6:30 p.m.

- MOUNTAIN VIEW—MVC-TV Ch. 30  
*The LaRouche Connection*  
Tuesdays—4 p.m.

- SACRAMENTO—Access Sacramento Ch. 18  
*The LaRouche Connection*  
Wed., Dec. 9—10 p.m.  
Wed., Dec. 23—10 p.m.

## DISTRICT OF COLUMBIA

- WASHINGTON—DC-TV Ch. 34  
*The LaRouche Connection*  
Sundays—12 noon

## GEORGIA

- ATLANTA—People TV Ch. 12  
*The LaRouche Connection*  
Fridays—1:30 p.m.

## MARYLAND

- MONTGOMERY COUNTY—MC-TV Ch. 49  
*The LaRouche Connection*  
Thursdays—2:30 p.m.  
Saturdays—10:30 p.m.

- WESTMINSTER—Carroll Community TV Ch. 55  
*The LaRouche Connection*  
Tuesdays—3 p.m.  
Thursdays—9 p.m.

## MINNESOTA

- MINNEAPOLIS—Paragon Ch. 32  
*EIR World News*  
Wednesdays—6:30 p.m.  
Sundays—9 p.m.

- ST. PAUL—Cable Access Ch. 35  
*EIR World News*  
Mondays—12 noon  
Thursdays—5:30 p.m.

## NEW YORK

- BROCKPORT—Cable West Ch. 12  
*The LaRouche Connection*  
Thursdays—7 p.m.

- BRONX—Riverdale Cable CATV-3  
*The LaRouche Connection*  
Saturdays—10 p.m.

- BUFFALO—BCAM Ch. 32  
*The LaRouche Connection*  
Tuesdays—6 p.m.

- MANHATTAN—MNN Ch. 17M  
*The LaRouche Connection*  
Fridays—6 a.m.

- ROCHESTER—GRC Ch. 19  
*The LaRouche Connection*  
Fridays—10:30 p.m.  
Saturdays—11 a.m.

- STATEN ISLAND—SIC-TV Ch. 24  
*Rev. James Bevel's Struggle for America's Future*  
Sat., Dec. 5—Midnight  
*End Confederate Justice in the U.S.*  
Thurs., Dec. 10—11:30 p.m.

- SUN., Dec. 13—10:30 a.m.  
Mon., Dec. 14—8:30 p.m.  
Tues., Dec. 15—4 p.m.

## TEXAS

- HOUSTON—Public Access Channel  
*The LaRouche Connection*  
Mondays—5 p.m.

- *Mussolini Wins*  
Mon., Dec. 7—6:30 p.m.  
*Masonic Racism*  
Tues., Dec. 15—6 p.m.  
Thurs., Dec. 17—11 p.m.  
Fri., Dec. 18—4 p.m.

## VIRGINIA

- ARLINGTON—ACT Ch. 33  
*The LaRouche Connection*  
Sundays—1 p.m.  
Mondays—6:30 p.m.  
Wednesdays—12 noon

- CHESAPEAKE—ACC Ch. 40  
*The LaRouche Connection*  
Thursdays—8 p.m.

- CHESTERFIELD COUNTY—Storer Ch. 6  
*The Schiller Institute Show*  
Tuesdays—9 a.m.

- FAIRFAX COUNTY—Media General Ch. 10  
*The LaRouche Connection*  
Wednesdays—6:30 p.m.  
Thursdays—9 a.m.  
Fridays—2 p.m.

- LEESBURG—MultiVision Ch. 6  
*The LaRouche Connection*  
Mondays—7 p.m.

- RICHMOND & HENRICO COUNTY—Continental Cable Ch. 31  
*The Schiller Institute Show*  
Thursdays—6:30 p.m.

## WASHINGTON

- SEATTLE—Seattle Public Access Ch. 29  
*The LaRouche Connection*  
Sundays—1 p.m.

# Executive Intelligence Review

U.S., Canada and Mexico only

- 1 year . . . . . \$396
- 6 months . . . . . \$225
- 3 months . . . . . \$125

## Foreign Rates

- 1 year . . . . . \$490
- 6 months . . . . . \$265
- 3 months . . . . . \$145

I would like to subscribe to  
*Executive Intelligence Review* for

- 1 year  6 months  3 months

I enclose \$\_\_\_\_\_ check or money order

Please charge my  MasterCard  Visa

Card No. \_\_\_\_\_ Exp. date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

Phone ( ) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_

Make checks payable to EIR News Service Inc.,  
P.O. Box 17390, Washington, D.C. 20041-  
0390.

*The book that will unleash a musical revolution—*

A Manual on the Rudiments of  
*Tuning and  
Registration*

BOOK I:  
*Introduction and  
Human Singing Voice*

From Tiananmen Square to Berlin, Beethoven's Ninth Symphony was chosen as the "theme song" of the revolution for human dignity, because Beethoven's work is the highest expression of Classical beauty. Now, for the first time, a Schiller Institute team of musicians and scientists, headed by statesman and philosopher Lyndon H. LaRouche, Jr., presents a manual to teach the universal principles which underlie the creation of great works of Classical musical art.

Book I focuses on the principles of natural beauty which any work of art must satisfy in order to be beautiful. First and foremost is the bel canto vocalization of polyphony, sung at the "natural" or "scientific" tuning which sets middle C at approximately 256 cycles per second. Copious musical examples are drawn from the Classical musical literature to show how the natural registration of each species of singing voice, along with natural tuning, is the composer's indispensable "raw material" for the rigorous creation of poetic ironies without which no work of art can rightly be called "Classical."

"This Manual is an indispensable contribution to the true history of music and a guide to the interpretation of music, particularly regarding the tone production of singers and string players alike. . . . I fully endorse this book and congratulate Lyndon LaRouche on his initiative."

—Norbert Brainin, founder and first violinist,  
Amadeus Quartet

"... without any doubt an excellent initiative. It is particularly important to raise the question of tuning in connection with bel canto technique, since today's high tuning misplaces all register shifts, and makes it very difficult for a singer to have the sound float above the breath. . . . What is true for the voice, is also true for instruments."

—Carlo Bergonzi



**\$30** plus \$4.50 shipping and handling  
Foreign postage:

Canada: \$7.00; for each additional book add \$1.50

Mexico: \$10.00; for each additional book add \$3.00

South America: \$11.75; for each additional book add \$5.00

Australia & New Zealand: \$12.00; for each additional book add \$4.00

Other countries: \$10.50; for each additional book add \$4.50

## Ben Franklin Booksellers

107 South King Street, Leesburg, VA 22075

Phone: (800) 453-4108 or (703) 777-3661

Fax: (703) 777-8287

Visa and MasterCard accepted. Virginia residents please add 4.5% sales tax.