

# EIR

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**Housing people in  
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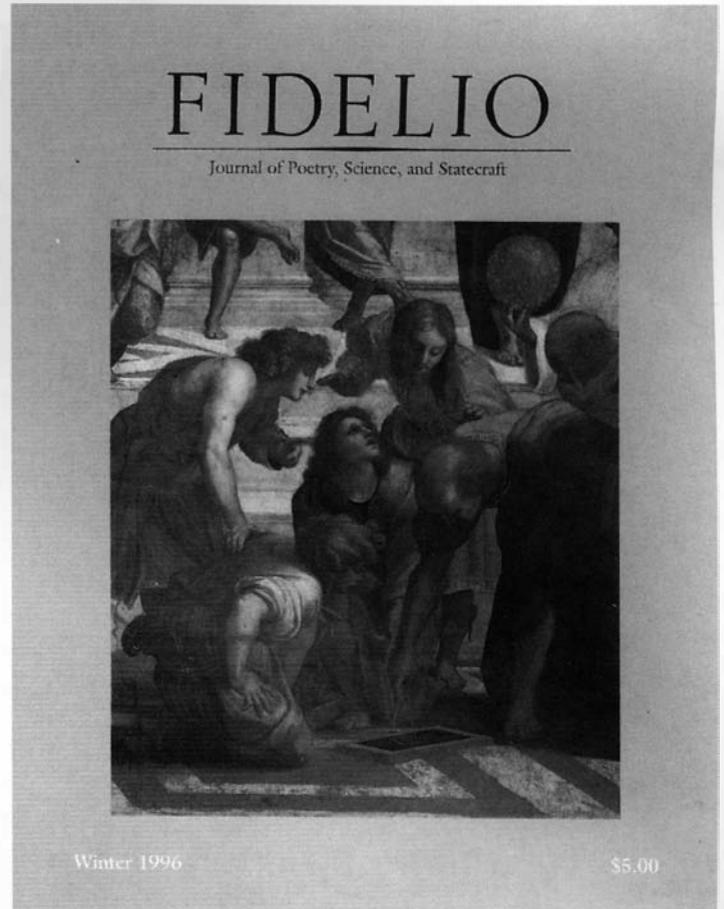
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## From the Associate Editor

The past year at *EIR* has been a very lively one, shaped by numerous policy initiatives by Lyndon LaRouche, and especially by his campaign for the Democratic Presidential nomination. We have elaborated the most important theme of that campaign: overturning the *false axioms* of our countrymen, which have brought the world to the brink of the worst economic crisis in history. Here are just a few highlights of our coverage in 1996:

- Major theoretical articles by LaRouche: “Now, Rid NATO of the Entente Cordiale!” “SDI: The Technical Side of ‘Grand Strategy,’” “U.S. Law: Neither Truth Nor Justice,” “Today’s Echoes of Civil Wars in Ancient Rome,” “The Essential Role of ‘Time Reversal’ in Mathematical Economics,” “On the Subject of Evolution: The Descent to Bush from Man,” and “Russia’s Relation to Universal History.”

- Studies in physical economy, under the rubric of LaRouche’s “triple curve” graph, which showed how the hyperbolic growth of financial and monetary aggregates leads to an inevitable collapse of physical production. As LaRouche emphasized, we are not predicting a collapse on *any particular date*; we are presenting a *diagnosis* of a terminally ill economy. In studies of the U.S. “market basket,” we have ripped apart the fraud of the so-called economic “recovery.”

- We have shown how those who demand free market economics—managed health care, the privatization of Social Security—are committing Nuremberg crimes against humanity.

- In strategic analysis, we have exposed the evil role of the British oligarchy and the Anglo-French Entente Cordiale: “The Sun Never Sets on the New British Empire,” “British Monarchy Rapes the Transcaucasus—Again,” “The Anglo-French Patrons of Syria’s Hafez al-Assad.” We have focussed on LaRouche’s dialogue with the Russian intelligentsia, and on China, which Helga Zepp LaRouche visited in May, bringing back the exciting story of Beijing’s strides forward in implementing the policy of the Eurasian land-bridge.

- We have taken the lead in exposing drug super-kingpin George Bush, publishing two *Special Reports* on who really ran the Cocaine Contras, and leads on the assassination of Sweden’s Olof Palme.

A note on our schedule: This is the last issue of 1996. The next issue will be a special one for the New Year, dated Jan. 1, 1997.

*Susan Welsh*

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## Patriots fight privatization of Brazil's mining company

by Silvia Palacios

Brazilian nationalists are up in arms over President Fernando Henrique Cardoso's plans to privatize the strategic mining conglomerate Companhia Vale do Rio Doce (CVRD), scheduled for early in 1997. A civic-military alliance opposes the destruction of Brazil's national patrimony and the handing over of state-run infrastructure companies to international usury, as if Brazil were merely a colony, only good for raw materials extraction.

Broad-based forces of great institutional weight are participating in the mobilization to stop Vale's privatization, and it could very well be that following Mexico's backtracking from privatizing its petrochemical industry, Brazil, as a result of internal nationalist resistance, will succeed in halting the privatization of one of the world's largest companies, thus delivering a major defeat to those oligarchical powers behind the drive for globalization.

The outcome of the battle over CVRD's privatization could also determine President Cardoso's political future. The failure of his monetary stabilization program, reflected in growing trade and balance-of-payments deficits, has forced him to offer up CVRD as a way of guaranteeing the continued flow into Brazil of the speculative capital to which his government has become addicted.

The exact value of Vale's stock held by the Brazilian government is not known. The figure varies between \$5-6 billion, or half of CVRD's total value. Top international financial officials characterize the privatization scheme as the biggest business deal of 1996-97, and obviously, there is a long line of multinationals from the British Crown's Club of the Isles, all of them eager to grab CVRD. Among these are

the world's leading mining firms, such as Britain's Anglo American, Rio Tinto Zinc, Canada's Noranda, and the Japanese Mitsubishi and Western Mine.

Notwithstanding the vast natural wealth CVRD represents, the real threat to the national interest is, that its privatization takes into consideration neither the company's actual wealth, nor the strategic position it occupies as the most important presence of the Brazilian state in the rich and coveted Amazon region. Moreover, the criterion used in determining CVRD's value is absurd, since it doesn't take into account the drop in raw materials prices over the last 30 years. In the face of an imminent international financial collapse, these depressed prices would change dramatically. The oligarchy deems that strategic mineral reserves would become their greatest reserve source of wealth, sparing them from general collapse. Aside from guaranteeing them free access to the rich Amazonian region, CVRD would give the oligarchy power over the world's third largest mineral commodities' company, with a chokehold over many strategic minerals (see box).

To get an idea of what's at stake here, one example suffices. Australia and Brazil are responsible for placing on the international market 52% of the iron ore consumed worldwide. Australia contributes 27% and Brazil 25%, with its major supplier being CVRD, which in 1994 exported 69 million tons of the mineral. This comes from the Carajas mining complex, considered to be the world's largest mining province.

In addition, Brazil has the world's third largest reserves of bauxite and aluminum, with 3.8 billion tons, of which

3.75 billion, or 98%, are found in the Amazonian subsoil. CVRD controls 3.23 billion tons.

### **Pillar of economic sovereignty**

Companhía Vale do Rio Doce was founded in 1942, a twin of the National Steel Company. They were the first two state-run infrastructure companies in Brazil, conceived of as pillars of the state's economic sovereignty. Diverse political currents have joined together in defending CVRD, constituting a legitimate national movement, including sectors of the Armed Forces, businessmen, the Catholic Church, political parties, and prominent personalities.

On Nov. 19, several former Presidents and other prominent figures, among them former President and current head of the Senate, José Sarney, former President and current ambassador to the Organization of American States, Itamar Franco, and former Vice President Aureliano Chavez, issued a manifesto entitled "Vale do Rio Doce and the National Interest," stating:

"Vale cost Brazilians more than just financial investments. It was created through agreements with Washington which established Brazil's participation in the Second World War," and "there is no argument which justifies the transfer of its controlling stock, as the president of BNDES [National Bank for Economic and Social Development] admitted in announcing the plan to sell it. . . . Vale do Rio Doce is a political and technological conquest of Brazilians. Its [mineral] deposits are its primary patrimony."

The movement's organizers are now circulating the manifesto for signatures, and by early this month they will have become a nationwide, supra-party movement to coordinate the offensive against CVRD's privatization.

### **The Armed Forces and the Amazon**

On Nov. 21, former Army Minister Gen. Leonidas Pires Gonçalves, one of the most influential retired officers within the Army's high command, signed the manifesto, warning that selling Vale could damage Brazil's sovereignty. "I know the region like the palm of my hand, and I know it is an object of international greed," the general said. It is "the last pillar of our nationality; we must flood the Amazon with civilization."

Brazil's most important military publication *Ombro a Ombro* vehemently defended CVRD in its November editorial. The newspaper asked how it were possible to defend national interests in the Amazon, while at the same time handing over such a strategic enterprise as Vale to foreign cartels. The defense of CVRD must be the centerpiece of a campaign to defend the nation-state, *Ombro a Ombro* said, calling for a broad national mobilization "above any ideological division or divergence." The editorial asked that the Military Club of reserve officers assume leadership of the national movement to defend Vale, recalling the Military

Club's role in the 1950s when it led the civic-military movement which resulted in the creation of Petrobras, the state-owned oil firm.

The Armed Forces have previously demonstrated their discontent with CVRD's privatization. Last Aug. 15, Luiz Carlos Mendonça de Barros, the director of the National Bank for Economic and Social Development (BNDES), the state bank which is managing Brazil's privatizations, spoke at the Superior War College on the alleged benefits that Vale's privatization would bring the country. He complained to reporters afterward of resistance to the plan. "I confess I had no idea that the nationalism of the Armed Forces were so strong."

As a high-level Army officer told *EIR*, as far as the Armed Forces is concerned, the Amazon doesn't just belong to Brazil—it *is* Brazil. Anglo-American pressures on the region are great, having intensified especially during the 1988-92 government of U.S. President George Bush and his New World Order, and culminating with the creation of the Yanomami Indian reserve decreed by Brazilian President Fernando Collor de Mello, whom Bush called "my kind of guy." For these reasons, the Armed Forces are now on alert, monitoring any movement aimed at penetrating or internationalizing the Amazon.

This was evident last October at the Third National Strategic Studies Conference organized by the Superior War

## **Huge mineral reserves**

The Companhia Vale do Rio Doce is the largest steel producer in the world, yielding nearly 25% of world production and with reserves of high-quality iron ore expected to last at least 200 years at current production levels. In addition to this, the company controls 98% of national reserves and 14% of world reserves of bauxite, key to the production of aluminum, as well as more than 90% of Brazilian reserves of manganese, of which the country is the world's third largest producer.

These figures, which do not reflect significant reserves of other minerals, such as titanium, copper, gold, and nickel, give some idea of the importance CVRD holds for the oligarchic Club of the Isles.

Companies belonging to the British Empire, among which are Anglo American and Rio Tinto Zinc (RTZ), control 59.5% of world gold production, 40% of nickel production, 25% of copper production, 21% of steel reserves, 42% of manganese reserves, and 47% of titanium reserves.

College, which included a panel on "The Amazon and Poles of Power." Gen. Leonidas Pires Gonçalves, a participant, affirmed, "We must defend our sovereignty and independence. We've invented a wave of pacifism, when now is the time to fight." Also participating were the best-known specialists on the Amazon region. Air Force Lt. Col. Marcus Vinicius Belfort Texeira harshly attacked the creation of the Yanomami Indian reserve, and named the enemies of Brazilian sovereignty behind it, prominently including the non-governmental organizations (NGOs).

The movement to defend Vale is also a vehicle for channeling discontent with other aspects of Fernando Henrique Cardoso's demilitarization policies, particularly his insistence on subjecting the Armed Forces to so-called civilian authority, and his cooperation with the NGO international apparatus and the British-run ecology movement.

The nationalist mobilization has caused such fear among Anglo-American ranks that some of the Bush crowd's spokesman have had to show their faces more publicly. For example, Colonel Jarbas Passarinho (ret.), the former justice minister in the Collor de Mello government responsible for the signing of the Presidential decree creating the Yanomami reserve, penned an article in *O Estado de São Paulo* entitled "Nationalism Has Returned."

In a vain attempt to ridicule nationalist military demonstrations, characterizing them as diatribes, Jarbas instead tightened the noose around his own neck. Justifying his signature on the decree and denying that he has been a tool of Collor de Mello's desires, he stated, "In all fairness, I received not even a hint of pressure from the President, nor any reference to his meeting in the United States with then-President Bush. It is my conviction that he was not submitting to foreign orders."

The present Cardoso government has reacted nervously to the national movement against Vale's privatization. Cardoso's anxiety is undoubtedly related to the difficulties he's having in meeting his commitments to the British Crown, given that the latter has planned to have the Brazilian President knighted when he visits England next year, as Queen Elizabeth herself announced recently.

Cardoso is currently touring Africa, visiting Angola and South Africa. While in South Africa, he is hoping to ratify agreements for CVRD's privatization with representatives of the world's most powerful mining companies, which form part of the select Club of the Isles, the economic power behind the British throne.

Before the Presidential trip, Brazil's *Jornal do Comercio* commented that during the South Africa portion of the visit, Cardoso and his entourage were hoping to meet with representatives of mining giant Anglo American, to discuss CVRD's future. According to the Brazilian media, the person who ended up meeting with Anglo American's representatives in South Africa was CVRD President Francisco Schettino.

## Bush to Ibero-America: 'I'm in charge here'

by Gretchen Small

Sir George Bush's Nov. 20-25, five-nation tour of Ibero-America, bankrolled by his current piggy-bank, the Rev. Sun Myung Moon, was an Al Haig-style routine. In each of his incoherent speeches, Bush delivered a two-part message: creation of a Western Hemisphere Free Trade Accord (WHFTA), which he had set into motion as President, must be made the number-one priority of the region; and, that, ready to lead that program into the next millennium, are Bush's sons, the politicians of the future in the United States, with whom people will have to deal.

Here was a post-election power play, indeed. Bush, under investigation at home for his role in directing the secret government's arms- and cocaine-trafficking apparatus in the 1980s, flew off to Ibero-America to line up foreign assets, crush national opposition to the destruction wreaked by the British free trade he champions, and, while at it, put a stop to the Clinton administration's anti-drug offensive in Ibero-America.

Bush was received by the Presidents of Venezuela, Brazil, and Peru, and he was even housed as a guest in the home of Argentina's President Carlos Menem. They, along with hundreds of Venezuela's oil and business elite, São Paulo businessmen, would-be prominent Limeños, and Argentines eager to be seen hobnobbing with Reverend Moon, were told to forget President Bill Clinton; his unfortunate second term will be but a brief interruption of the Bush dynasty, and its march toward a new world order.

Not that all went well for the former President. In every country, he was greeted by advertisements and press articles denouncing him, and his piggy-bank, Moon, for their various crimes, from destroying Iraq and Panama, to trafficking cocaine and arms. By the end of his trip, Bush appeared to have become unglued by the opposition, as he had Peruvian police arrest three Ibero-American Solidarity Movement organizers, for leafletting against his presence, using material from *EIR!*

### The 'Bush dynasty'

Bush's "Bush dynasty" rap began from the first event of the trip, a well-paid chat to a conference organized by the educational institute of Venezuela's state oil company, Petroleos de Venezuela. Bush charged that President Clinton had put only talk, not action, behind the expansion of the North American Free Trade Agreement (NAFTA) to include other nations. "You've got to go to the Congress and fight for

a fast track authority. . . . We should also pursue extending free trade agreements eastward and westward. . . . Privatization, less regulation, free market," are needed, he said.

There, as in every other stop, Bush trotted out his Mexican daughter-in-law, to prove that he gets along with the "natives." He told his audience, as he did in every other stop: "Our politics are with two sons. Our second son, Jeb, who almost was elected governor in the fifth-biggest state in the nation, Florida, and I think will run again, and I think will win, and who loves Latin America with passion; and George, the current governor of the second-biggest state in the nation, Texas. If I ever get any political urge, all I have to do is call up Jebby [sic] in Florida, or call up George in Austin, Texas, and the urge for me goes away. These are good, decent men."

Bush also spent an hour conniving on U.S. policy for Ibero-America with Venezuela's former President, and convict, Carlos Andrés Pérez, at a meeting at the home of the U.S. Embassy's chargé d'affaires. Pérez later told the press that he had urged Bush to "pressure President Clinton to pay greater attention to Latin America." The two "reviewed some of the problems of Latin America," and discussed a Free Trade Treaty, the need for a U.S.-Cuba "understanding," and how the Helms-Burton law against Cuba must "be abolished." Said Pérez, whose ties to the Cali Cartel are notorious (see *EIR*, Aug. 18, 1995): "A very pleasing" meeting; "I have a magnificent friendship with President Bush."

### **Bush: Down with drug-money legislation!**

Bush's last stop, a visit to Lima, Peru, was a flagrant deployment against the Clinton administration's anti-drug policy. Bush did not say so in so many words (at least not publicly), but words were not necessary: His trip to Peru was arranged by Interbank, whose managing director, Ismael Benavides, is leading the campaign against a new banking law now before the Peruvian Congress. Interbank just happens to be partly owned by Bush's former treasury secretary and his good friend, Nicholas Brady, who accompanied him in Lima.

The proposed new bank regulation law includes provisions against drug-money laundering. Passing such tougher legislation was one of the main themes of the October visit to Peru of Clinton's anti-drug policy adviser, Gen. Barry McCaffrey. He told Peru's *Gestión* on Nov. 4, in discussing Interbank's campaign against the bill, "I think that [narco-money laundering] is a matter which is not controlled by a law, but through trying to know your clients."

Bush went all out for Interbank during his 30-hour visit: He met with the board of directors, attended a ceremony to lay the cornerstone for a new bank building, and had Interbank executives on the dais when he gave his one public speech. As Peru's *Si* magazine said Nov. 26, Bush's trip was the banks' "last card" against the law.

Not four days after Bush left the country, the National Anti-Drug Court announced the freezing of 100 bank accounts held in four Peruvian banks, all of which belonged to

a recently captured drug trafficker, Wilder Alvarado Linares, and his family members. The Banco de Credito held 74 of the accounts; Banco Continental, 18; Banco Wiese, 3; and Brady's Interbank, 5.

There was no way these banks did not "know their clients," and what they were doing. Transactions were carried out daily in each account, most of them deposits made in the banks' branches in Iquitos, a city in the Amazon known for its dope activity, only to be then withdrawn from accounts in Lima, the following day.

### **Teddy Roosevelt's retinue rides again**

Bush's stop in Buenos Aires gained the most international notoriety, as he there served as the star speaker for the inauguration of Moon's new newspaper, *Tiempos del Mundo*. The paper lost no time in identifying itself as an instrument of the filibuster-Teddy Roosevelt tradition, which has long sought to absorb the Ibero-American nations into the United States as colonies, under the banner of "pan-Americanism," and opposed the efforts of such U.S. patriots as Secretary of State James Blaine, who sought to foster the spread of the Hamilton-List American System throughout Ibero-America.

An editorial in the Nov. 28 *Tiempos del Mundo* attacked those who oppose hemispheric free trade zones, as "sectoral interests which try to keep this consolidation of pan-Americanism from being concretized," and proclaimed that those who warned that NAFTA would bring economic ruin and loss of sovereignty, were wrong.

The same message was delivered by two prominent Bushmen also in town for the Moonie festivities: former Canadian Prime Minister Brian Mulroney, Bush's partner in Barrick Gold Corp., and former Assistant Secretary of State Elliott Abrams, the point man for Bush's Contra operation at the State Department in the 1980s.

Mulroney and Abrams pushed the free-trade line at a symposium on "The Americas in the 21st Century," organized in Buenos Aires by Moon. Abrams, once known as "Mr. Narc-Contra," called for a war upon those who oppose NAFTA. "We have to stop the United States from retreating. There is always someone who loses, and those who lose, fight; they must be defeated so that free trade can advance," he said. Out with industrial growth, he argued. The United States should have "invested in human resources and education, basically. Nothing for roads, nothing for ports. Too much was invested in physical infrastructure."

In an interview with *Tiempos del Mundo*, Abrams attacked the Clinton administration for pressuring Ibero-American countries to take action against drugs, threatening that if it continues to do so, "internal" problems will become "inter-American" problems. His solution? That nations privatize their customs facilities! He forecast that the drug problem could spread throughout Ibero-America, to the same degree as it has today in Colombia and Peru. With this program, it certainly will.

## LaRouches visit Italy

From Nov. 30 to Dec. 5, Lyndon and Helga LaRouche made a week-long visit to Italy, participating in public conferences in Busseto and Milan, and having high-level political meetings in other cities. Whereas the theme of the Busseto conference was cultural (see article, p. 49), the Milan event was on the subject of international strategy and economic policy. The conference, which took place on Dec. 2 at the prestigious Circolo della Stampa, was co-sponsored by the Italian Solidarity Movement and the CDU party, represented by Lombardy regional secretary Aldo Brandirali. Former Christian Democratic chairman Flaminio Piccoli, now with the CDU, sent a message of greetings to the conference.

LaRouche described the current global financial collapse and called on the audience to turn to the existing sources of Classical culture, so abundant in the Italian nation, to gather the moral and intellectual energies necessary to face the crisis. Answering questions from a packed audience of supporters and journalists, LaRouche exhorted them not to follow the suicidal path of the so-called Maastricht agreements, which mean the end of the nation-state. "The European Single Currency Union is like an unfinished highway. It leads to nowhere, and along the road it displays the corpses of the nations which died in the effort to reach the end."

LaRouche's ideas and programs for a financial reorganization and a development program for the economy, found attentive ears in Italian political circles, both in government and the opposition. His visit fell right in the middle of an unprecedented banking crisis, exemplified by the ongoing bailout of the Banco di Napoli, the 80th largest national bank and the largest in the Mezzogiorno region. City of London-connected financial interests, such as the Rothschild bank or George Soros, and the European Commission want the government to privatize the bank, in order to grab the 50,000 billion liras (roughly \$33 billion) worth of deposits. National forces are trying to outflank that, by organizing a bailout consortium. On Dec. 4, the European Commission intervened in support of the speculators, by sending a delegation to Rome and insisting that the government must wait until Dec. 20 before starting the bailout. Many believe that it would then be too late to save the bank.

The Banco di Napoli crisis reflects the crisis afflicting the whole national banking system. All major southern banks, such as the Banco di Sicilia, the Cassa di Risparmio di Puglia, and the Cassa di Risparmio di Calabria, are either in receivership or have been bailed out by northern banks. The recent

crisis of the Kredittna Bank in Trieste, however, indicates that also in northern Italy, the situation is serious. The total official bad loans figure is 130,000 billion liras, but experts insist that the real figure is double that. In its latest quarterly report, the International Monetary Fund has pointed to Italy, together with France and Japan, as national sectors which would trigger an international banking collapse.

The serious economic situation and the Prodi government's recent flight forward in enforcing severe budget austerity, have provoked a political reaction against the Maastricht Treaty. Whereas scandals are hitting Prime Minister Romano Prodi, and he may not be head of the government by next year, the anti-Maastricht mood was demonstrated by an editorial in the Turin daily *La Stampa* on Dec. 5. Two days after LaRouche's public appearance in Milan, Barbara Spinelli wrote: "Maastricht risks becoming a deadly machine. . . . The risk is not only to put an end to national sovereignties—which are eroded by the globalization of trade and production—but to kill the very figure of the sovereign. One cannot forget that similar strategies [of outflanking and discrediting the national leadership] were adopted by central banks in the 1930s: a ferocious deflation was imposed by governors—by Montagu Norman in England, by Hjalmar Schacht in the Weimar Republic—with lethal results, which in Germany allowed the coming of Hitler."

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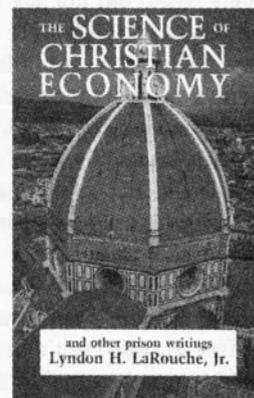
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### How foolish can you get?

*A sign of the times: The railway workers union passed a "green" resolution against maglev development.*

Something has changed in the usually rather quiet Germany: There are labor strikes and protests every day, covering all branches of industry and all layers of society. On Dec. 3, for example, several tens of thousands of employees of health care services, hospitals, and other medical institutions took to the streets in protest against the government's plans for "reform" of health care—the German equivalent of the U.S. managed health care policy. In Berlin on Dec. 2, more than 5,000 workers and employees of the public service sector marched against the government's recently passed law which is decreeing cuts of 20% in sick pay.

The last week of November saw the beginning of an unlimited strike in a branch of industry that is traditionally characterized by its "harmonious" labor relations—the producers of candy, cookies, and other sweets. All the big names of that branch, such as Schwartau, Lindt, Ritter, Stollwerck, which employs 53,000 workers and produces 20 billion deutschemarks (about \$13.2 billion) worth of sweets every year, were hit by a strike demanding the re-institution of full sick pay, just as the industry's crucial Christmas season approaches.

The union of the food-processing workers, NGG, which organized this strike, is one of the smaller labor unions in Germany, and the fact that it was chosen to send up the barrage balloon against the new sick pay law, says a lot about how the German labor union bureaucracy works. Strikes by smaller unions cost less in strike sup-

port payments, than actions by the big unions. It is the big unions, such as the metal workers with 2.8 million members, and the public sector workers with 2.3 million members, that should have launched the strike.

There certainly are legal reasons for this restraint, such as strike laws which call for a cooling-off period. In the case of the metal workers, whose talks with management about sick pay collapsed at the end of November, the laws make any strike action illegal before the end of January. But on the other hand, the concentrated warning strikes in the automotive industry during the first week of October, which mobilized up to 150,000 metal workers every day, was very efficient: Management backed down and offered to leave the old 100% sick pay intact, at least until the end of the year.

The strikes in the automotive sector were of a more spontaneous character, more like wildcat strikes, which put pressure on the leaders of the IGM metal workers union. The labor bureaucrats prefer not to call for strikes, because strike support payments make them quite expensive, and because the labor leaders have invested union funds in risky financial market operations, to make some extra money. Insider trading scandals brought the career of longtime IGM Chairman Franz Steinkühler to an abrupt end, in 1993. Financial deals like these caused losses of DM 120 million to the IGM.

These financial deals are one big, dark blot against the image of the German labor movement. The other black mark is a green one: the captivity of

the labor 'crats in the web of ecologist illusions, which has become the subject of a heated debate among labor union members in recent months. There are those who insist that the unions must concentrate on the defense of industry against the destructive effects of globalization and corporate downsizing, and there are those who claim that industrial jobs are a thing of the past, and that jobs in the environmental-products sector are the wave of the future.

The former tendency won a battle in this war of ideas, at the mid-November convention of the labor federation DGB, in Dresden (see *EIR*, Nov. 15). There, the new programmatic policy platform of the DGB denounced free market neo-liberalism and globalization in strong terms. But, after that convention, the ecologists struck back.

On Nov. 24, the convention of the railway workers union in Hamburg passed a resolution opposing the project to build the first maglev train connection between Hamburg and Berlin. The resolution parroted the Green movement's language against the project as "a waste of money," "technologically immature," and "incompatible with the existing transport grid."

On Nov. 30, DGB Chairman Dieter Schulte keynoted the national Green party convention in Suhl, thanking the Greens for their "support to labor" in the fight against the German government's austerity policy. And on Dec. 1, IGM Chairman Klaus Zwickel endorsed a "pact between industry and ecologism" and called for a tax against pollution, which would make the consumption of energy and resources more expensive. That "ecology tax" is a trademark of the German Greens.

With leaders such as these, the German labor movement will not survive, as a movement of industrial workers.

# Business Briefs

## Infrastructure

### ASEAN leaders discuss rail, bridge projects

Among the subjects discussed at the Association of Southeast Asian Nations heads of state one-day summit in late November, were extending rail connections linking China to Southeast Asia, via the route from Kunming, China, passing through Laos and Cambodia, to Bangkok and Singapore.

President Suharto of Indonesia, which hosted the ASEAN summit, and Prime Minister Mahathir Mohamad of Malaysia also held informal bilateral talks, in which Malaysia said it had no objection to Indonesia's proposal to build a gas pipeline linking the Natuna Island fields in the South China Sea to Thailand. The two also discussed a proposal to build a bridge across the Malacca Straits, linking the Indonesian island of Sumatra to mainland Malaysia.

Coinciding with the summit, Indonesia's state oil company, Pertamina, released a statement Nov. 30, announcing that it had signed a memorandum of understanding with Myanmar to help upgrade its oil refineries and further exploration.

## Asia

### Indonesia, Malaysia plan for outer islands

Indonesia and Malaysia are planning to increase the rate of investment in infrastructure to develop their outer islands, according to reports in the Indonesian daily *Republika* on Oct. 30 and *Asia Times* on Nov. 18.

Malaysia's Sarawak (North Borneo) has been targeted for \$23.75 billion in infrastructure development over the next decade, including road, sea, and air networks, telecommunications, and agribusiness. Growth is projected to be twice the national rate.

In Indonesia, Minister for National Planning and Development Ginandjar Kartasmita said Jakarta will "create an atmosphere conducive to investors," by creating infrastructure in the outer islands, even if it is not cost-effective in International Monetary

Fund accounting terms. "The government has decided to build road infrastructure, although users do not yet exist," he said, in addition to granting tax incentives and other perks. He ruled out moving the capital, as a gimmick which has failed elsewhere to spur development, such as in Nigeria.

## South Africa

### Labor calls for new economic policy

The Congress of South African Trade Unions (Cosatu), South Africa's largest labor federation with a membership of 1.5 million, proposes to restructure the Central Bank, implement punitive taxes to discourage speculation, and lower interest rates, in a document released in November. "High interest rates and lack of commitment to economic development have resulted in hot, speculative investment," it says.

The plan, according to wire service reports based on a discussion document, "would represent the most serious concrete challenge by the democratic forces to the relations of economic power in the country." The document says that the Reserve Bank would have to be transformed to ensure that monetary policy assists rather than frustrates expansionary and developmental economic policies. "Measures to ensure productive investment should include prescribed assets which provide that a certain proportion of investments have to go into public projects and the introduction of tax disincentives to penalize speculation." It proposes a "reconstruction bond" for investment in public projects, a national training levy, and a national compulsory pension fund.

The document adds, "It is an opportunity for business to make reparations for the devastation they have created in this country over the apartheid years, to create social stability."

Other statements pulled from the document address income disparity: "A flattening of the wage and salary structure between the top and the bottom would represent a massive gain for economic redistribution, and reduction of inequality, given the size of the gap we have inherited." Cosatu proposes that

any "social accord" aimed at economic growth would need to "reorganize the wage structure and raise the living standards of the majority of workers. This may entail restraints or cuts for the high-paid, including management."

The document targets speculators and "hot money" which has hammered South Africa's currency, the rand, over the past year, and would drop South Africa's interest rates—among the world's highest in real terms. "There should be a deliberate policy of lowering interest rates," it says.

The African National Congress's Reconstruction and Development Program, launched in April 1994 when Nelson Mandela first came to power, has been farmed out to government ministries and has moved nowhere. Thus, Cosatu is attempting to resurrect the program, and is proposing that its rank and file approve a new package.

## Italy

### Indictments requested against British agents

Rome prosecutors have concluded a months-long investigation with a request for the indictment of Italian Prime Minister Romano Prodi, Mario Draghi, and other persons who in 1993 sold some state-owned companies for prices below their real value, Italian papers reported on Nov. 27. The investigation was prompted by parliamentary interrogations presented by Rep. Antonio Parlato (AN), who exposed the case involving three food companies belonging to the state-owned IRI conglomerate. A scheme for privatizations was discussed aboard the British royal yacht *Britannia*, on June 2, 1992. Draghi, director general of the Italian Treasury and chairman of the Privatizations Committee, was host at that meeting.

Prodi, Draghi, and a few others, including former board members of IRI, are accused of having sold the Cirio, Bertolli, De Rica (CBD) group below price, to a frontman who then turned it over to the Anglo-Dutch multinational Unilever and City of London-connected financier Mario Cragnotti. CBD had a turnover of 2,000 billion liras (over \$1.3 billion), and Prodi set the sale

price at 500 billion liras. The front-man, a southern Italian small businessman named LaMiranda, paid for the CBD group, in part, by immediately re-selling one of the companies, Bertolli, to Unilever, for L 186 billion. The rest of the money came through a capital increase of LaMiranda's firm, bought up by Cragnotti, who then became owner of the remainder of CBD.

Prosecutors requested the indictment also because Prodi, who at that time was chairman of IRI, was, until a few months earlier, a paid adviser to Unilever. By taking over Bertolli, the Anglo-Dutch multinational got a strong position in the Italian olive oil market, threatening domestic producers with cheap foreign imports.

## *Eurasia*

### **Indian defense analyst calls for land-bridge**

A member of the Indian government-linked Institute for Defense Studies called for India to develop a land-bridge linking India, Southeast Asia, and Europe, in an article in the *Hindu*, the leading Indian daily, on Nov. 28. The article appeared as Chinese President Jiang Zemin arrived on an official visit, and was entitled "China and India, Between Cooperation and Competition."

"In addition, China is rapidly expanding its political, economic, and diplomatic role, through a promotion of the Eurasian land-bridge plan—the Silk Road—linking it with Russia, Central Asia, and Europe," the author wrote. "Vast untapped markets, resources, and trade would be opened up by such a high-speed communication and rail network. It is vital that India actively promote a similar land-bridge, linking it to Southeast Asia, and through Pakistan and Iran, to Europe. Enormous gains are possible, as the route opens up energy, agriculture, and industrial transfers through the entire region and transforms the economies of all states involved."

One source, who recently met various of India's leaders during a visit there, said that the economic and cultural developments in China in recent years, are prodding Indian elites to re-think what must be done to get

India more fully on a development path.

"It's an interesting evolution," he commented. "In the economic field, they are slowly realizing that they have been left behind, in a dramatic way, by China. The Indians were very comfortable that, whatever poverty they might have, it was not on a level comparable with China. But recently, things have changed. China has been having incredible progress, and not only in the economy. Also in terms of combatting illiteracy, for example, India is being left behind. The leading people are now beginning to grapple with the implications of this immense jump forward by China."

## *Medicine*

### **Possible treatment for Ebola reported**

According to the South African daily *Mail and Guardian* on Nov. 22, "South Africans may have stumbled across a treatment for the Ebola virus," a highly lethal hemorrhagic disease. It reported that "American scientists may shortly begin new experiments after the Gabonese doctor who brought the virus to this country responded well to steroids given to him by doctors who did not know he had the virus. Johannesburg Hospital's Prof. Guy Richards said he had quite recently treated 15 to 20 patients suffering from viral chicken pox pneumonia with steroids with 'magical results,' and he gave these to the Ebola patient. The patient's response has been passed on to American researchers, who say they will begin tests on primates soon."

The paper noted that at the forefront of the success is the National Institute for Virology (NIV), which was started 17 years ago after two young Australian tourists suddenly became ill in South Africa with high fevers, after travelling elsewhere in Africa. The name of the virus then identified was Marburg. "Spiders had been seen near where the Australians were bitten, and it was widely reported these may have been the cause of the virus. But it has never been proved. No one knows what hosts the almost identical viruses, Marburg and Ebola," the paper commented.

# Briefly

**BENAZIR BHUTTO** is fighting the International Monetary Fund loan being negotiated by Pakistan's caretaker government. In a letter to President Farooq Leghari released Nov. 24, the former prime minister said, "The nation demands to know what conditionalities you are discussing and promising without its consent."

**SOUTH KOREA'S** parliament on Nov. 26 ratified the proposal to join the OECD, under heavy pressure from President Kim Young-sam, Korean sources said. Opposition leader Kim Dae-jung said the OECD's extreme free trade policies would hurt Korea's economy.

**THE BANK** for International Settlements quarterly report warned against a sudden reverse in market "euphoria" because of a possible "turn in the interest-rate cycle." I.e., expect a market collapse as soon as some central bank raises interest rates.

**THAILAND'S** new government will be dictated by Amnuay Viravan, the main culprit who brought on the crisis that toppled the previous government. Amnuay, former chairman of Bangkok Bank, a drug bank, will head a "dream team" of economists, and fill economic positions. The team will push "liberalization, privatization and deregulation, and fiscal discipline," he said Nov. 18.

**TRADE UNIONS** should mobilize against the "conservative revolution," its free trade and austerity policies, with a renewed form of international cooperation, Pierre Bourdieu told a Paris conference on Nov. 23. The call for a "new internationalism" was backed by Bernard Thibault, general secretary of the General Confederation of Labor railway workers.

**THE BANK OF MONTREAL** said Nov. 26 that it made a record \$1.17 billion profit in 1996. It promptly went on the offensive, saying that it paid more than that in taxes. Analysts predict the "Big Six" Canadian banks' profits will top the \$6 billion mark.

## Housing people in a 'post-industrial' U.S.A.

by Lyndon H. LaRouche, Jr.

Nov. 26, 1996

In a time of such perversities, that an ex-U.S. President is otherwise known as Britain's Sir George Bush, and is employed as a high-paid hustler for the Moonie cult, it must be said, that what public opinion deludes itself into believing, is more dangerous than its lapses into simple ignorance. As today's popular classroom delusions respecting both transcendental functions and prime numbers vanish, once we depart the mere virtual reality of the Euler-Lagrange mathematics for the experimental actuality of the Leibniz-Gauss-Riemann domain,<sup>1</sup> so, U.S. government policy-making is freed from the delusory virtual reality of today's university economics, when we depart the classroom's fantasy-life for the real-world science of physical economy,

For example, in a day when the Congress's Republican majority virtually punctuates its sentences with ritual allusions to "family values," why are those same Republicans continuing to push programs under which more and more working Americans are unable to afford the decent housing

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1. Riemann's fundamental discoveries in physics, beginning his 1854 habilitation dissertation, demolished for once and for all any allowable return to the neo-Newtonian delusions of Frederick II's Euler-Lagrange coven, respecting both transcendental functions and a general theory of "prime numbers." Once we apprehend the physical significance of a succession of Riemannian physical-space-time manifolds, we can no longer tolerate the delusion that "transcendental functions" are an expression of "transcendental numbers." Also, the solution which Riemann derived for the so-called "prime number" domain, from such a principle of manifolds, is not, as some moderns delude themselves, an "approximate solution" for prime-number determination; it is the only solution: prime numbers do not exist as "natural numbers" of cabalist Leopold Kronecker's Babylonian domain; they are defined, in their very nature, by the manifold within which they are subsumed! This has direct conceptual relevance for the problem of housing addressed herein.

upon which family life axiomatically depends? To understand what went wrong with the U.S. government's housing policy, start with a time when the U.S. government's economic-policy-thinking was still more or less sane, about thirty years ago: See the difference between then and now through the eyes of the physical economist.

Take as a model of reference, the case of housing conditions in Boston, Massachusetts. The neo-Malthusian cult of post-industrial utopianism hit northern New England, early, fast, and hard. It began, during 1966-1967, with a wave of unemployment hitting aerospace-related scientists and engineers along Greater Boston's famous circumferential, suburban Route 128. Over the past three decades, the impact of deindustrialization has been cumulatively savage. The leading expression of the impact of deindustrialization upon that area's worsening social crisis in housing, is the relationship between an organization known as the Vault, and the way in which Federal and other programs, such as those of U.S. Department of Housing and Urban Development (HUD), are used, against the interests of both senior citizens and others, to the purpose of enriching immensely wealthy, essentially parasitical financier interests.

Politically, former Democratic Governor Michael Dukakis was an asset of the Vault's special interests. Republican Governor William Weld's financial connections to both the family of George Bush and to the Bank of Boston's interests, put him in the same Vault with Dukakis. To understand Greater Boston's social crisis, one must take those connections into account.

The kernel of the Greater Boston housing crisis is this. Once a formerly industrialized region, such as the New England environs centered upon Greater Boston, is virtually stripped of both its most modern and traditional sources of

productive employment, whence does state and local government derive the tax revenues upon which budgets for essential public services depend? Without the income directly and indirectly derived from productive employment, state and municipal governments, like the Federal government, are tempted more and more, like New York City, into the lure of usury, especially usury in the form of ground-rent. As the lemming-like lunacy of neo-Malthusian, "post-industrial" utopianism, plunges more and more communities around the nation over the cliff, into similar circumstances, HUD has been corrupted into serving as an accomplice of this dive onto rocks of ground-rent speculation.

The crux of the speculative real-estate binge is, that a municipality which is stripped of much of its places of productive employment, is degraded more and more into the logic of ground-rent. Its taxable revenues are measured in acreage; balancing budgets means, more and more, simply increasing the taxable rental, or analogous monetary flows which might be generated through the various plots of that acreage. Once the City Fathers have come around to that radically monetarist view, the question is, how do they foster the increased rates of taxable financial flow through the property-titles associated with the particular bit of acreage being considered? Up pops the Devil, straight from the Vault.

The scenario runs something like this.

Go back a couple of decades; the relevant Devil is speaking to a group from among the proverbial City Fathers: "Let us look at this area of tax-revenue here. You now have a concentration of multiple-dwelling structures here, with an average capital valuation of \$40,000 or so per family household. We propose to clear this land-area for high-rise structures which will command a leveraged market price of \$100,000 or more per dwelling unit." Today, the figure would often be nearer \$250,000, or higher. "Therefore," the Tempter continued, "if the City could make an arrangement with us, which reduces the tax rate per thousand of assessed valuation, after we take over this area, the city would reap a harvest of increased revenues by making new types of agreement for sharing part of the gross financial flows, which our redevelopment operations will bring to this area. This means, of course, that we must move the present families out to clear the way for our plans."

That, in short, is the underlying logic of the long-wave process of "Negro removal," and similar manner of corrupt fruits of the Yuppie age's so-called "gentrification" fad, the which are delivered to such localities as a post-industrial Boston. This is the key for understanding the nationwide epidemic of homelessness among the working and pensioner poor.

### How to understand the unreal-estate business

So far, a sizeable ration of our citizens pretend, at least, to see nothing economically foolish, or even morally wrong in those forms of ground-rent speculation. The axioms responsible for the disorientation of such people, are of the

type associated with the Physiocratic dogma of the celebrated, Eighteenth-Century, pro-feudalist reactionary Dr. François Quesnay. That is the Quesnay whose dogma of *laissez-faire* was plagiarized as the doctrine of "free trade" by the British East India Company's Adam Smith, a dogma which Quesnay, in turn, had plagiarized from the pro-satanic recipe of Bernard Mandeville's "Fable of the Bees." Thus, present-day academia's ground-rent fanatics may be seen as in the intellectual company of those decayed old aristocrats to whose highly original dogmas they devote such affectionate attention. The evil Quesnay provides our inquiry a clinical benchmark.

The import of Quesnay's *Tableau Economique* is the fallacious presumption which Quesnay shares in common with the famous Twentieth-Century hoaxsters Norbert Wiener and John von Neumann, among others: the presumption that "commodities produce commodities": Quesnay's arbitrary claim, that it is the land itself (e.g., "nature," Gaea herself) which produces wealth, rather than mankind.<sup>2</sup>

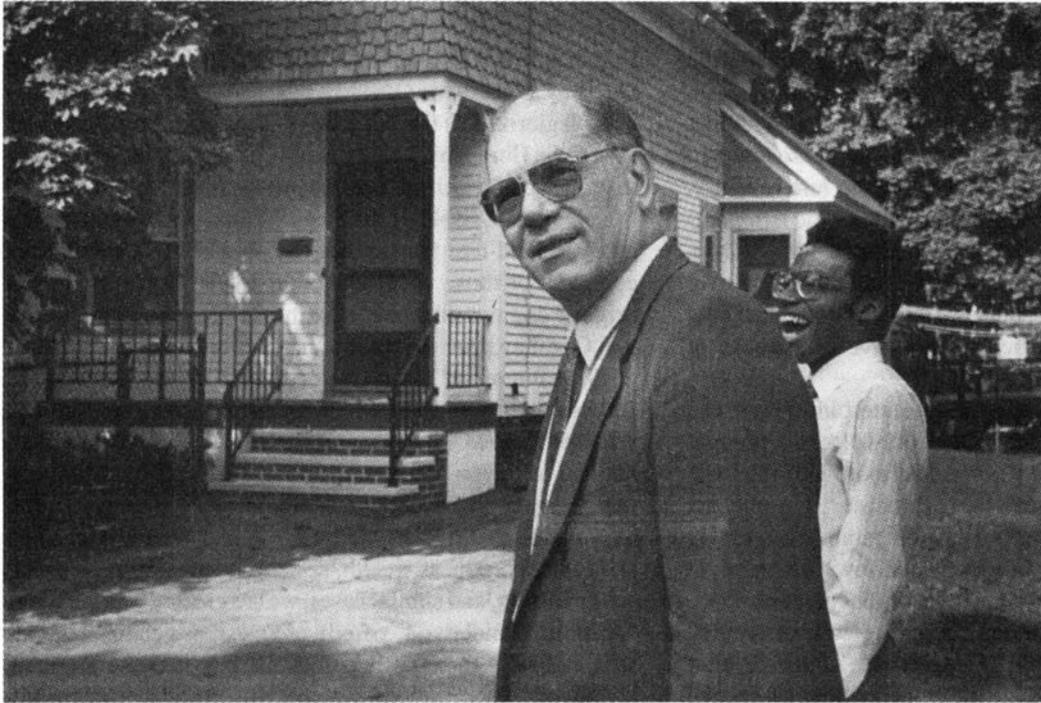
In Boston, and similar cases, we are greeted by a perverse, "Alice in Wonderland" parody of Quesnay's claim. The current, radically monetarist parody is, that it is the artificial, leveraged "market price," which a rigged market assigns to a mere title to real estate, rather than the real estate itself, which secretes the epiphenomenon called financial "wealth." This latter may be regarded, clinically, as but typical of the post-1966-1972 adult generation's increasing preference for "information-age virtual reality," rather than reality.<sup>3</sup> This "New Age" monetarist version merely substitutes the variability of financial "virtual reality," in place of the pagan idea of nature in Quesnay's equation; but, the mathematical form of the argument is otherwise identical.

As this writer has emphasized, consistently, during more than four decades to date, the sole source of sustainable "macro-economic" profit of a society, is "the productive powers of labor."<sup>4</sup> This construction is represented in the following way.

2. See Lyndon H. LaRouche, Jr., "While Monetarism Dies," *Executive Intelligence Review (EIR)*, Oct. 25, 1996; and, "Russia's Relation to Universal History," *EIR*, Nov. 30, 1996. On the subject of Wiener as a hoaxster, Göttingen's Richard Courant and David Hilbert may be cited. On von Neumann, see also, "The Descent to Bush from Man," *EIR*, Nov. 15, 1996.

3. The mathematically fastidious reader will wish to be informed, that the use of "virtual reality" as a simulation of actual phenomena, is an extrapolation of the absurd axiomatic presumptions of simple mathematical continuity which underlie the heritage of the Euler-Lagrange hoaxes respecting both infinite series and hereditarily related notions of analytical functions. In short, "virtual reality" hangs upon the presumption of linearization in the very, very small. As soon as a scientist becomes sufficiently literate to acknowledge the principle of the Riemannian series of physical-space-time manifolds, he or she will exclude the delusion of the Euler-Lagrange construct, and the derived absurdities of "information theory," from his, or her practice.

4. Cf. U.S. Treasury Secretary Alexander Hamilton, *Report to the U.S. Congress: On the Subject of Manufactures*, December 1791. See Nancy Spannaus and Christopher White, eds., *The Political-Economy of the American Revolution*, 2nd edition (Washington, D.C.: EIR News Service, 1996).



*Lyndon LaRouche (left) and associate Dennis Speed outside LaRouche's birthplace, in Rochester, New Hampshire, during the Presidential election campaign in 1987. "To the occasionally returning former native of the region, the tempo and outcome of the physical, economic, and intellectual degeneration of that area since the 1967 phase-down of the Route 128 aerospace sector, has been stunning."*

First, measure the relevant inputs of the society's productive cycle in market-baskets. Define such market-baskets for labor-force, family households, basic economic infrastructure, agriculture and related, industrial production and related, for education, for health-care, and for essential science and technology services such as scientific research. Measure these market-baskets in terms of per capita of labor-force, per family household, and per square-kilometer of relevant area.<sup>5</sup> Include in these market-baskets only three categories of professional services, in addition to physical goods requirements: health-care, education, and science and technology services.

Second, map the flows of these goods, as inputs, and as outputs, in terms of applying corresponding bills of materials and process sheets to a grid-system representing the national economy.

Third, estimate the variability of the relationship between contents of market-baskets and per-capita physical-productive powers of labor, discounting for inhering "technological attrition."<sup>6</sup> Estimate the associated power-intensity and (physical) capital-intensity, as expressed in market-basket equivalents, for the current level of technology and physical productivity.

5. On the shrinking of U.S. market-baskets, see "EIR Special Report," *Executive Intelligence Review*, Sept. 27, 1996, pp. 12-37.

6. The various aspects of marginalization of physical cost of materials, arising through increased use of "raw materials," can be offset only through technological progress. Also, as technology advances, a new round of further advances in technology becomes necessary. Such combined, and related effects are classed under the rubric of "technological attrition."

Fourth, define all necessary market-basket costs of input for the total economy as the physical-economic process's relative "energy of the system." Power-intensity and capital-intensity to be maintained are included. The excess of output of the content of market-baskets over required input, is treated as the relative "free energy" of the process. The not-entropic precondition for assigning "profit" to the relative "free energy," is the requirement, that the ratio of "free energy" to "energy of the system" must not decline, despite the required increase in the relative energy of the system per capita of labor force and per square kilometer of relevant area.

Whence the increase of the sum of the outputs of all productive nodes of the economy's network, over the sum of all of the inputs? How is the transformation of the inputs into a gain in output accomplished, by what agency? Here, as we have noted in locations referenced above, is the point on which all of today's generally accepted university classroom versions of economics descend into babbling quackery.

Now, make the following statements with an eye to the assumptions underlying a deductive, deterministic type of mathematical representation of the considerations just sketched.

The sole agency of "cause" for increase of output over input, in an attempted mathematical description of the physical-economic input-output process, would be the productive powers of labor of the employed labor-force. The only available mathematical representation of the specific action by that labor of individuals which produces this desired outcome, is the Riemann model of a sequence of physical-space-time manifolds. This Riemannian model, employed to represent

the relationship of the developed cognitive processes of employed labor to the productive process, defines the characteristic feature of the physical-economic profit function.<sup>7</sup>

Other physical considerations, excepting this cognitive function of employed labor, are not regarded as “causes,” but as constraints imposed upon the conditions of production. These constraints represent values which must be satisfied as a precondition for effective employment of the productive potential of the employed labor-force. The development of the land-area, i.e., its infrastructural characteristics, is an example of this. Similarly, tools do not work; people do.

Look at the economic history before and after the recent thirty years’ degeneration of the productivity and culture of the Greater Boston area, and immediately adjoining areas, in light of the physical-economic principles just identified.

### **Apart from the opium-traffickers**

The selection of the Boston area for this case-method treatment of the housing crisis, has much to do with the fact that the writer was born in Rochester, New Hampshire, about 70 miles north of Boston, in 1922, and moved to Lynn, Massachusetts, a few miles north of Boston, in 1932, where he was schooled and domiciled until moving to New York City in 1954. During the 1950s, and later, he visited the area not infrequently. To the occasionally returning former native of the region, the tempo and outcome of the physical, economic, and intellectual degeneration of that area since the 1967 phase-down of the Route 128 aerospace sector, has been stunning. The writer is situated thus, to provide relevant insights into the case-history of that region, which most other reporters would lack the professional qualifications to develop, and to note facts whose significance most residents of the area would tend to overlook unless prompted to examine the history of the locality in a fresh light.

Acknowledge the fact, that Boston’s area, like Yale’s, has been dominated by what has been apparently a genetically treasonous pack of wealthy parasites associated with the descendants of old Judge Lowell, the Perkins Syndicate, and Russell & Company opium-traffickers. Those “Boston Brahmins” aside, there used to be a good side to the identification of Boston as “the Athens of America.”

This good side had a great deal to do with Boston’s role as a center of relatively good secondary education and higher education, musical culture and the practice of medicine notably included.<sup>8</sup> This good side of Boston is exemplified by the

influence of Benjamin Franklin’s great-grandson, Alexander Dallas Bache of Philadelphia, on pre-Eliot Harvard University. Bache was the most direct link of the United States to the world’s center of scientific progress, the Germany of Carl F. Gauss and Alexander von Humboldt. Until President Eliot’s subversion, Harvard was a leading U.S. center for those scientific and related Classical connections. Discounting the fact, that the Massachusetts Institute of Technology (MIT) was set up by members of the Lowell family’s tribe as a countergang to Bache’s influence at Harvard, the greater Boston area was a key concentration of scientific and related education and activities. It was the impact of Boston’s quality as a center of education with those kinds of Nineteenth-Century continental connections, which imbued the labor-force of the area with a relatively high quality of productive potentials. The Route 128 aerospace development of the 1950s and 1960s, and the temporary, but nationally celebrated business success of the writer’s old chessboard acquaintance, Lynn’s Izzy Bakalar, typified the benefit.

The “New Age” hit the Boston area hard. Already, by the late 1960s, the writer’s one-time home city of Lynn was a disaster on the way to becoming a catastrophe. In his more recent visits to old haunts in New Hampshire and the Boston area, his emotion was one of combative sadness: How could this have been allowed to happen, as it did?

Against that background: that region of New England was formerly a great center of wealth-creation through production. Through affinities with a major General Electric plant there, Lynn once bragged of being “the best lighted city in the world.” In that region, citizens who were assembled as labor-force, to work the facilities located on some plot of land, produced wealth. Now, relatively speaking, many subsist in reduced circumstances, in ways which suggest “taking in one another’s laundry,” ways euphemistically described as the “service economy of the information age.”

Similarly, today, the U.S. economy as a whole produces no net physical-economic profit. It has not done so for about twenty-five years. All talk of “net growth” in the U.S. economy, is hoax, or merely hype. Measured in market-baskets, as that approach is outlined above, the U.S. physical economy has been contracting at a rate in excess of 2% per year, throughout the 1971-1996 interval. Exemplary: two to three jobs are needed to afford today’s family household a real income significantly less than that of a comparable family twenty-five to thirty years ago.

In the Greater Boston area, the “gentrification” is a mere facade, the show of prosperity, that of a “Potemkin Village.”

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ducting Tchaikowsky, a selection which did not greatly please this writer, until he heard the performance under Furtwängler, and knew, at that first hearing of a Furtwängler performance, that he was meeting the world’s greatest conductor. In the late 1940s, the idea that an ordinary citizen would fight, in that or kindred ways, to build up Boston’s role as a world center of science and art, was still an entertainable proposition, given what Boston was otherwise, Brahmins and all.

7. Lyndon H. LaRouche, Jr., “While Monetarism Dies,” op. cit.

8. It is not irrelevant, or otherwise inappropriate to note, that in late 1940s Boston, the writer considered it a reasonable proposition, to canvass Boston circles on behalf of supporting those who proposed to bring the world’s leading conductor of that time, Wilhelm Furtwängler, to head the Boston Symphony Orchestra. Earlier, at the close of World War II, in coming back to India from northern Burma, the writer had reached the replacement depot with a ravenous appetite for music. What could be scavenged from the Red Cross center outside Calcutta was an HMV recording of Furtwängler con-

Behind the facade, all is tawdry and downright mean, and becoming worse by the season.

Ah, but some people are still enjoying profit! None of the lower sixty percent of the income-brackets, certainly. Actually, taking into account interest accumulated on credit-card debt, none of those in the lower eighty percent are doing better than holding some of their former ground. Perhaps, the top five percent is better off financially than a decade or so ago? Certainly, the top one-half of one percent has not yet felt its oncoming moment of great pain. From whence is the gain of those small percentiles of the society derived, while the national economy as a whole has not seen a net physical profit in more than twenty-five years? Obviously, one man's profit must come chiefly out of a lot of other people's hides.

Ground-rent speculation, by wealthy parasites, working in conjunction with state, local, and Federal elected officials and bureaucrats, is typical of the means by which some increase the increased misery of the many, to eke out thus the profits of a few. Other tricks of the financier pirates included the hoax called "Outcome Based Education" and the swindle called "Attention Deficit Disorder." The hottest swindle on the financial market-place today, is the actuarially mass-murderous scheme called "Health Management." A common name for all such swindles, combined, is the argument that "lowering the tax-rate on financial capital gains" will be good for the economy. A generic name for that, is "Pass the balanced-budget amendment."

Who are the perpetrators who should be consigned to the tumbrils? The blame for allowing this, lies, not so much with the relative handful of the useless Yuppie rich, but those ordinary U.S. eligible voters, the victims, who, have gone along, year after year, for now about thirty years, with that "post-industrial" agenda which has destroyed most of the wealth-producing base of our national economy.

From the founding of the United States as a Federal constitutional republic, until thirty years ago, the conditions of life in the Greater Boston Area were still tolerable for ordinary family households. Until thirty years ago, during every period of the successful economic growth of the United States, the axiomatic principles guiding national economy policy were those of Alexander Hamilton's 1791 Report to the U.S. Congress *On the Subject of Manufactures*. The vast superiority of U.S. productivity, over that of the imperial United Kingdom's parasite-economy, for example, was located in the fact, that most of us, putting slave-owners and kindred degenerates to one side, were committed to government's leading responsibility for promoting investment and maintenance of basic economic infrastructure. We were committed to fostering investment in scientific and technological progress, as the means for increasing the productive powers of labor. We were committed to policies of public and higher education which aimed at developing the intellectual character of future citizens, as well as their potential for participating in scientific and technological progress.

We were a nation which abhorred "recreational" use of drugs, because we recognized that general happiness depended upon promoting the mental states associated with that practice of Classical art and scientific progress which is the difference of man from the beasts. We enjoyed living within our minds, and had good reasons to do so. We lived in a society where people "got a head by using it properly."

In short, the blame for the suffering of the majority of our people is essentially, that until most Americans recognize that the cultural paradigm-shift induced, first, among college-age youth, thirty years ago, was the root of all of the disasters now coming down upon our collective heads, matters will only become worse. Let those who do not wish to correct that mistake cease to complain: whatever their suffering, they have brought it all upon themselves, and many others, innocent victims, besides. The housing crisis is like the venereal disease the man brought home to his family; he did not invent the disease, but he fostered its spread. The citizens do not need to know whom to blame, as much as to clear their own heads of the "New Age" slop and delusions which caused them to allow the cult of "post-industrial society" to wreck our national economy during the past thirty years.

### **Meanwhile, on housing as such**

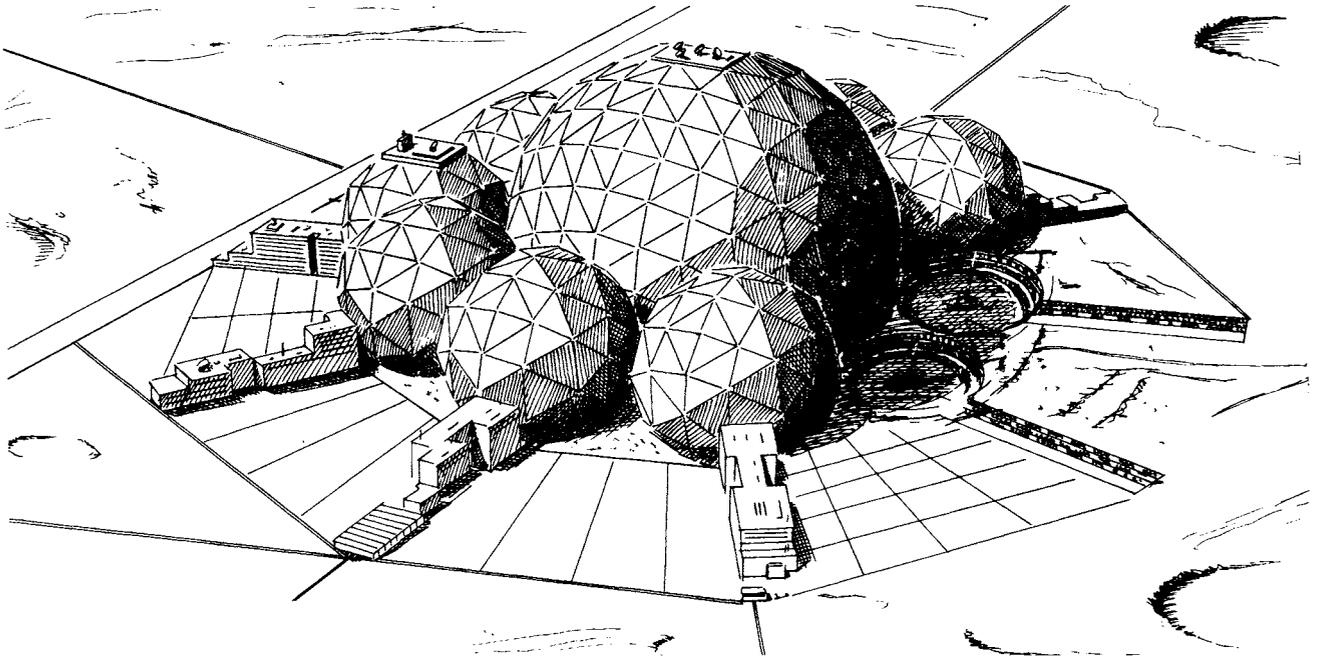
This brings us to the crucial issue underlying the social crisis in housing in the U.S.A. today. The horrifying human failure of the past thirty years' trends in real-estate policy and practice compels us to examine afresh a point recently raised in Russia. We live in times, not only in Russia, during which we must reconsider the need for reforms in those conceptions of real-estate policy to which we have been habituated by generations of life under the recently failed economies, such as the former Soviet Union, and also the U.S.A. today. We require, as Russia's Academician Lvov has noted for the case of Russia, a fresh, functional approach to the notion of property-rights in land-use.<sup>9</sup> Have we learned nothing, on this account, from the experience of this century?

To understand the physical-economic reality of the real estate of the planet Earth, let your imagination look a half-century ahead, to a time when scientists and others are traveling in significant numbers, from Earth-orbiting space-stations, toward scientific colonies, under artificial "domes," on Mars. In your imagination, turn your thoughts back, to compare the development of colonies on Mars—and who knows where else beyond, to come?—with the use of real estate on Earth.

To make short of the matter, your point of view is shifted, away from petty notions of real estate on either Earth or Mars colonies; you are forced to abandon all the nitty-gritty nonsense associated with popular thinking about real estate today. You are forced to think of man creating and developing the

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9. Academician D. Lvov, "Toward a Scientific Grounding for Economic Reforms in Russia," *EIR*, Aug. 25, 1995.



*An artist's conception of a colony on Mars, shown here in the construction stage. "To understand the physical-economic reality of the real estate of the planet Earth, let your imagination look a half-century ahead, to a time when scientists and others are travelling in significant numbers, from Earth-orbiting space-stations, toward scientific colonies, under artificial 'domes,' on Mars."*

preconditions for human life and activity in the universe at large. As you think of doing just that in the universe beyond Earth's biosphere, you are forced to adopt a fresh, healthier view of man's development of Earth itself, as the rehearsal of a principle essential to the exploration and colonization of space. That healthier view, is key to solving the social crisis in housing here on Earth today.

Had the Greater Boston Area of this century not suffered that reversed cultural evolution manifest there today: What general principle of the past, present, and future history of the human species, might the folk of that region rightly adduce from space-age experience, respecting some functional principle underlying the mortal individual's transient occupation and use, or ownership, of land? What should we say of the relevance of the opinions of actual, or would-be policy-makers, who lack a notion of the relevance of such a principle? Once we have acknowledged the manifest lunacy, and unnecessary cruelty of the presently worsening, past thirty years' trends in U.S. economic and real-estate policy, how is that principle to be applied to effects bearing upon today's U.S. social crisis in housing?

If we combine what science and history show us to be the essential, functional distinction, unlike that of any animal species, of man's relationship to the universe, the fact that mankind has begun to enter nearby space obliges us to recognize, however belatedly, the functional role of use of Earth's land-area to the successfully continued existence of our species.

For reasons of scientific principle which we have indi-

cated in earlier locations, the test and the practical effect of progress in human knowledge, is the increase in mankind's relative domination of nature, man's increased power, both as a species, and per capita, in the universe at large.<sup>10</sup> In the language of the King James' Authorized Version's *Genesis* 1, man's dominion over nature, as man's first landing on the Moon enriches our knowledge of the relevant principle.

When we consider the functional transition of the actions of our species, from man on Earth within the universe, to man from Earth acting upon the universe, we do not abandon any principle which was true for man as no more than an inhabitant of the Earth; but, we may be impelled to refine our appreciation of that principle. Specifically:

1. For mankind as a species whose willful efficient relationship to the universe is confined to actions upon Earth, the functional measure of human cultural development, is potential relative population-density.

2. For a mankind which, as a species, is transforming Earth into a platform from which to extend the principle of human dominion into the universe beyond our biosphere, the degree of mankind's potential relative population-density relative to, rather than merely on Earth, assumes the form of an implied measure of man's potential dominion in the universe at large.

The second vantage-point obliges us to view man's relationship to nature on Earth, as subsumed by the principle

10. e.g., Lyndon H. LaRouche, Jr., "The Descent to Bush from Man," op. cit.

governing man's relationship to nature in the universe at large. Effecting that shift in viewpoint now, rather than later, has very significant implied benefits for life on Earth.

During the years 1985-1988, this writer designed and elaborated a forty-year program for establishing the first science-city colonies on Mars. The superiority of that program over any other which appeared during that period, or later, lay in the uniqueness of the appreciation, incorporated axiomatically into that design, of certain social and scientific principles. For example, the forty-year program was premised upon an adopted assignment of mission, governing space-exploration and colonization in general. This included the application of principles which Leibniz located under *Analysis Situs*, to the design of the scientific missions.<sup>11</sup> It also included emphasis on the social principles necessary for an Earth which is oriented toward science-driver modes of space-colonization. That social principle was typified by stress upon the fact, that solving the challenge of designing science cities to be constructed on Mars, providing the confined artificial climates required, provides, as a by-product, the technology needed for improved forms of habitation on any part of Earth.<sup>12</sup>

The problem on which such views of the by-product benefits of space-exploration may be focussed, is the following.

During the past fifty years, since refugees from the ground-rent speculators' wasting of New York City, were dumped into the first Levittown, and especially since crafty financiers turned the Eisenhower period's national defense highway-system into a real-estate "developers'" shopping-mall bonanza, but more especially since the mid-1960s shift to "post-industrial" utopianism, the United States has been dominated by an unconscionable degeneration in land-use policy: destroying our urban centers, the most efficient economic machines yet invented, for the delights of a costly, grossly inefficient misuse of "suburban sprawl."

For people, especially those who walk, or travel in personal vehicles, increase of distance from residence to essential services and workplaces costs time and money. The economic efficiency of Japan, prior to the destruction wrought by the "bubble economy," was a curious benefit of the fact that land-use in Japan is highly concentrated by geographic necessity. Stretch the distances between two functions frequently employed by some members of the household during the week or month, and the cost-efficiency and quality of life are depleted accordingly. To be within (safe) walking-distance of "virtually everything,"—schools, libraries, alternate places of employment, and so on—is the modern, technologically progres-

sive, and clean urban industrial center's great contribution to economy and to quality of personal life. The point is to make such urban centers as cleanly, and as technologically and culturally progressive as they can be. Thinking about designing science-cities on Mars, brings all of the principled questions for Earth's urban-development policies sharply into focus.

For example, turning attention again to Japan. Tokyo is much too big, at least a Tokyo relying upon existing technologies. Cities, like good industrial products, are each produced in "economical-lot quantities." An urban area should be designed not to exceed some specific number of resident households; an optimum balance should be built into the design of such a city, a balance which should foresee a millennium to come. With modern methods of magnetic levitation, times between urban centers, or from the center to an agro-industrial periphery, and return, can be reduced to a relatively minimal lapsed time, comparable to that of movement within the city, and a relatively trivial incurred physical cost. With water management and new-city development according to space-oriented principles, the vast wastelands of the United States' "Great American Desert" could be sprinkled with prosperous such new cities, each designed for a maximum specific lot-size, ranging from a 100,000 resident households, upwards.

The proverbial "catch" in designing such urban centers, is not cost of operation, but, rather, the required per-capita capital investment. It is like the problem of designing a family automobile with a life of twenty-five years of low-cost repair; it is not the upkeep, but the original capital investment, which is the hurdle we must leap. Our attention is returned, thus, to the "not-entropic" principle referenced above. That reference implicitly exposes the leading economic issues of long-range urban policy, with which the United States must now confront itself.

Recall the referenced "not-entropic" principle of physical economy. The ratio of "free energy" to "energy of the system," must not decline, although the per-capita ration of "energy of the system" must increase. The latter increase, as in the instance of future cities, is chiefly for reason of capital factors. In the instance of the city, as in the economy's productive sectors, the increase of (physical-economic) capital-intensity is not merely allowable, but required, since the gains in productivity permitted by that investment are greater, by the yardstick of the "not-entropic" principle, than the costs of maintaining that capital improvement.

Think of the days when there was some semblance of reason for referring to the Greater Boston area as an "Athens of America." Put the emphasis, thus, upon urban cities whose primary economic function is the development of a population of households typified by a cognitively highly developed labor-force. Thus, that area would require urban policies centered around a density of educational institutions typified by certain parameters. First, a Classical humanist method of edu-

11. The relevant *Analysis Situs* is discussed in locations such as Lyndon H. LaRouche, Jr., "Russia's Relation to Universal History," op. cit.

12. "The Science and Technology Needed to Colonize Mars," *Fusion*, November/December 1986, pp. 36-61; "Designing Cities in the Age of Mars Colonization," *21st Century Science & Technology*, November/December 1988, pp. 26-48.



*Boston's Quincy Shipyards, closed since 1986. "Once a formerly industrialized region, such as the New England environs centered upon Greater Boston, is virtually stripped of both its most modern and traditional sources of productive employment, whence does state and local government derive the tax revenues upon which budgets for essential public services depend?"*

cation, as typified by the Schiller-Humboldt model for Germany, and Alexander Dallas Bache's model for U.S. secondary schools. Second, teachers, qualified in that Classical humanist method, in those classrooms, whose classroom teaching duties do not exceed three to four hours of a working day. There must be emphasized a goal of fifteen to eighteen pupils, modally, per class, so that cognitive interaction among teacher and class members may be optimized. Third, secondary schools and universities must be enriched by the presence of advanced research institutions, and suitable forms of employment opportunities for the cognitively developed, in that locality. Fourth, the educational programs must be situated in a local environment featuring not only scientific achievement, but also exemplary representation of Classical art-forms. The development of the cognitive potentials of the individual and household, is the primary economic goal of a good city. Once that primary goal is established, the choices for a cohering form of work-places for industrial and related production and development, are readily selected.

The source of the means for amortization of the increased capital investment, is the increase of the productive powers of labor made realizable through that capital investment. That well-spring of the potential for that increase, lies in the development and motivation of the households of the community, especially those representing the development ages under twenty-five years of age.

The abuses our nation suffers as a consequence of the

morally corrupt practices of ground-rent speculation, are quite literally mass-murderous, and otherwise monstrous. However, it would be a delusion to think that we could remedy the social evils the speculators have fostered, without eliminating the conditions which fostered the cancerous spread of such speculation. We must not evade the distinction between alleviating even potentially fatal symptoms, and destroying the disease which produces those symptoms.

The disease of our cities is the product of a set of interacting co-factors. During the past fifty years, especially the most recent thirty years, government at all levels appears to have lost all sense of rational land-use and of urban-centered economic development. In both urban centers and sprawling suburbia, the waste and other lack of simple governmental rationality are fairly described as of a lunatic quality. The summary conclusion which might be drawn by an intelligent observer from outer space, is that Americans today greatly overprice, but even more greatly undervalue land-area.

Let man's continuing first steps into space-exploration provide a spur to resumption of sanity in U.S. urban policy. Let us once again think of modern cities as the greatest engines ever devised for fostering the development of the productive potential and other most desirable qualities of their people. A commitment to placing priority on capital investment in urban centers so dedicated, will foster the increased wealth wanted to warrant the capital investment incurred. We require, urgently, a new commitment for our cities.

# America's housing is at a crisis point

by Richard Freeman

America is in a severe housing crisis, in which housing stock does not exist to house a growing portion of its population: A significant segment of housing is decrepit and unfit for habitation, the average age of the housing supply is rising, and new housing construction is vastly inferior to that of 30 years ago. Tens of millions of U.S. households, whose consumer market basket, and, hence, purchasing power, has collapsed by 50% over the past 30 years, must now spend 30-60% of their monthly income on housing, and many cannot afford it. In 1963, America produced 0.029 housing units per household per year; today, it produces 0.013 housing units per household, a collapse by more than half. Over the past 30 years, America's ability to adequately house its population, has begun to disappear.

This crisis stems from the post-industrial-society policy that British oligarchical financiers imposed upon America in the mid-1960s. This policy collapsed physical economic production and the consumer market basket, while transforming housing into a speculative instrument. Today, housing is at the heart of the financial bubble. Financiers loot more wealth out of the population in rent and home mortgage payments, than at any time in U.S. history.

The housing crisis seriously affects all but the top 20-30% of households, in terms of income. But it most severely affects the low-income household, whose circumstance today foretells that of the entire population: 17.6 million households of the 33.5 million households that rent in America, that is, more than half, are in such an extremely precarious position, that they are a few missed paychecks or a major medical bill away from eviction. Were the ongoing economic depression to reach the point of disintegration, which Lyndon LaRouche has been warning about, it would make nearly all of them—45-50 million people, nearly one-fifth of the U.S. population—homeless within a month. Already, according to a 1993 study, approximately 7 million Americans experienced homelessness during the late 1980s.

The threat of homelessness exacerbates the housing crisis. For example, consider conditions in New York City, where thousands of families are reported to be squeezing into often illegal, one-room apartments which have poor ventilation, inadequate fire-safety features, often no sink or stove, are

rodent-infested, and the tenants are charged exorbitant rents. In one reported case, 12 people are sleeping in one room, but they don't complain about the horrid conditions, because the alternative is being out on the street.

Such situations confirm the report of the research staff of the New York Rent Stabilization Board, that 52% of New York City's 2.98 million dwelling units are defective in one way or another.

## The housing bubble

Driving this deterioration in housing stock, is the speculative bubble in housing and real estate, which is growing at a hyperbolic rate, created by the mid-1960s imposition of the post-industrial-society policy in the United States. The growth of this bubble can be seen in the workings of blue-blood families of the Boston Vault, which employ "urban renewal," i.e., removal of blacks, to fuel their speculative windfalls.

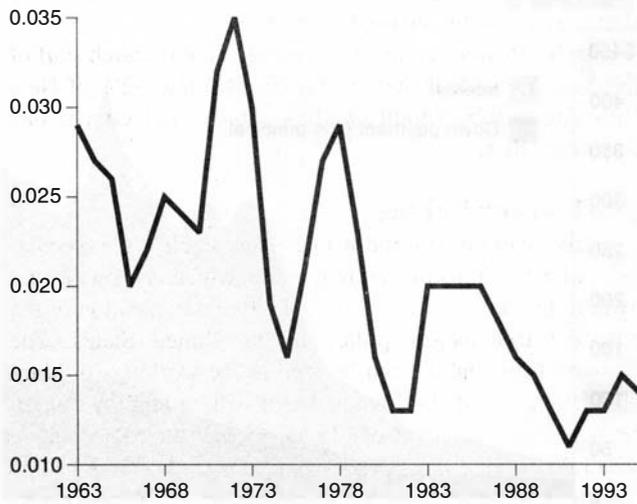
The LaRouche movement first looked at the residential real estate bubble during the 1960s and 1970s, in New York City, the residential real estate capital of the United States. In one case study, an apartment building, which was valued at \$175,000 in 1913 when it was built, saw its value in current dollars rise to \$375,000 by 1975, a more than doubling in price. The building, now 60 years old and in worse shape, in physical and replacement terms, was now worth less to the tenants, but the rents were higher. The building had changed ownership a few times; the value of the mortgages had gone up. The landlord, in order to pay off the ballooning mortgage payments to the banks, looted the building by not making repairs (letting the boiler fall apart, and so on), and kept raising the rents.

Now, single family homes have also become prey to this practice. Banks and financial institutions now hold \$3.4 trillion in single-family home mortgages, at interest rates of 7-12%, an earnings bonanza. Because of this policy, the single-family home, for 4-6 people, in the price range of \$40-50,000, has become extinct.

But consider what a tragedy is now unfolding, because housing is one of the most critical elements in the consumer market basket, necessary for the reproduction of the human species.

In the preceding article, economist Lyndon LaRouche has defined the role of housing from the standpoint of land use and creating cities, and, thus, in increasing the free energy of the system, the not-entropic development of the economy. It provides shelter, but it is also profoundly social. It constitutes the setting in which family life occurs, discussions are held, and solitary thinking can occur; where the raising, nurturing, and education of children, the future workforce, takes place. Properly constructed, housing is a crucial element of the well-organized city. The housing collapse accelerates the breakdown of the reproductive capability of the U.S. labor force and economy.

**FIGURE 1**  
**Housing starts per household, 1963-95**



### The decline of U.S. housing

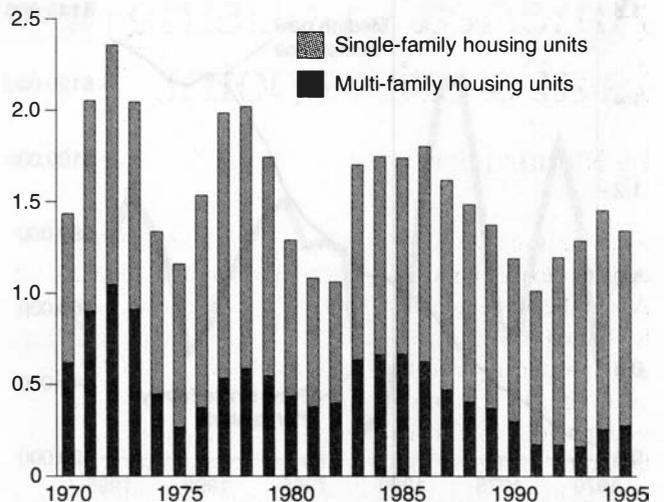
In examining America's housing stock, one comes across a problem assessing the condition of housing stock: The U.S. Census Bureau's decennial housing census lists a building as sound so long as it has indoor wiring, indoor plumbing, and doesn't have an egregiously bad structural problem. According to the Bureau of the Census, approximately 96% of U.S. housing is in "sound" condition. That is nonsense. To get at the real picture, this report uses crucial anecdotal material, and looks at the destructive role of the financial bubble in housing.

Figure 1 shows that, in 1963, the United States produced 0.029 housing starts per existing household; today, it is producing 0.013. This is less than half the 1963 level. By stating production or consumption on a per-capita, per-household, and per-square-kilometer (or per-square-mile) basis, one represents the prospective power that each household has in the transformation of the economy. It also shows the availability of the commodity produced.

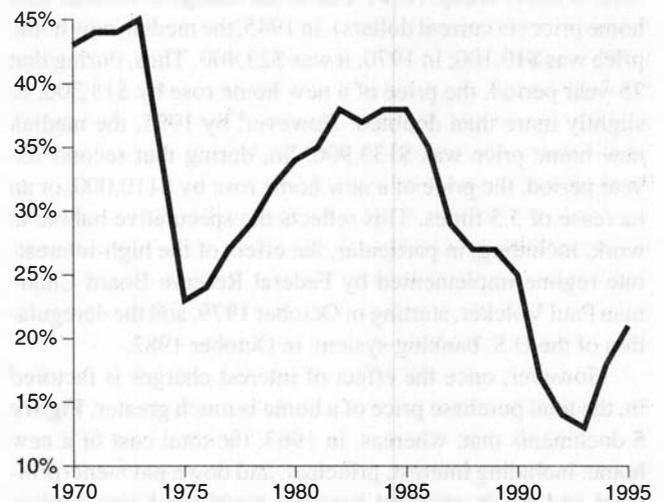
Figure 2 shows the absolute number of new housing starts for 1970-95 (not expressed on a per-household basis), and distinguishes between multi-family and single-family housing production. The overall downward slope is clear.

A single-family unit represents a single-family home, although it can include 2 to 4 household units. A multi-family unit frequently includes 2 to 4 household dwelling units, but most are comprised of dwellings of five household units or more, most of which are apartment complexes. Notice that the absolute number of multi-family dwelling units has declined. Figure 3 depicts the same data, showing multi-family housing units as a percentage of all housing units constructed. In the

**FIGURE 2**  
**New housing construction, single- and multi-family units (millions)**



**FIGURE 3**  
**Multi-family units as percentage of new housing units constructed, 1970-95**



early 1970s, multi-family units constituted nearly 45% of all housing units constructed; today, this has plunged to one-fifth. This has not occurred because the production of single-family units has grown; in fact, the construction of all types of homes declined. This decline in apartment construction has had a great impact on urban centers especially, where housing

FIGURE 4

**Median new home price soars, while single-family housing starts fall**

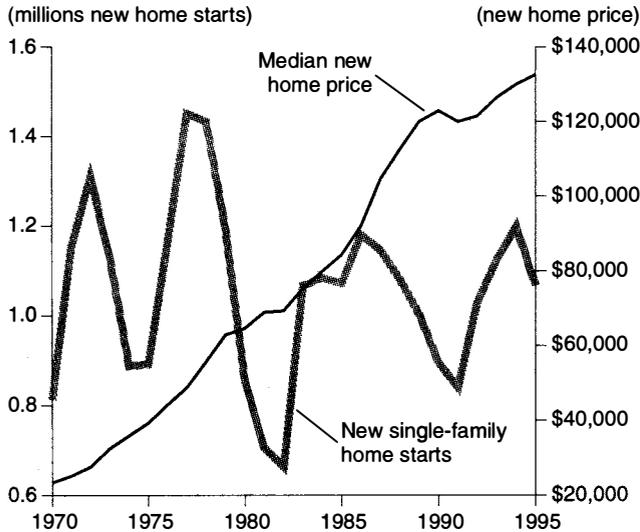
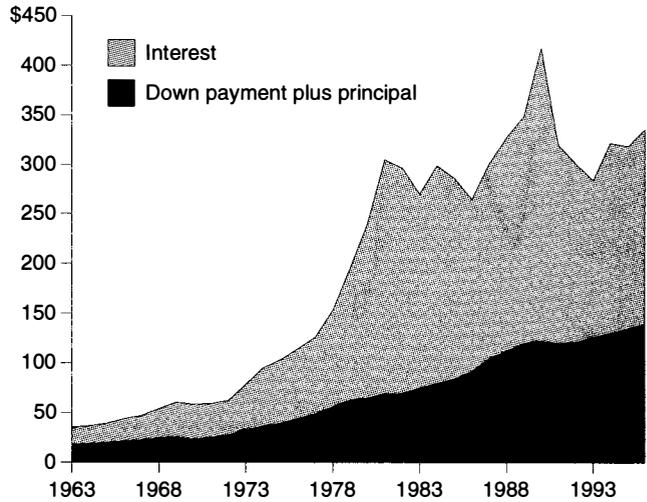


FIGURE 5

**Interest increases total cost of new home (thousands \$)**



stock is already decrepit and cramped.

**Figure 4** shows new single-family home starts. Notice that the high point was reached in the mid-1970s, and that the level is lower today. Now, look at the change in median new home price (in current dollars). In 1945, the median new home price was \$10,100; in 1970, it was \$23,400. Thus, during that 25-year period, the price of a new home rose by \$13,300, or slightly more than doubled. However, by 1995, the median new home price was \$133,900. So, during that second 25-year period, the price of a new home rose by \$110,000, or an increase of 5.5 times. This reflects the speculative bubble at work, including, in particular, the effect of the high-interest-rate regime implemented by Federal Reserve Board Chairman Paul Volcker, starting in October 1979, and the deregulation of the U.S. banking system, in October 1982.

However, once the effect of interest charges is factored in, the total purchase price of a home is much greater. **Figure 5** documents that, whereas, in 1963, the total cost of a new home, including interest, principal, and down payment (principal and down payment together equal the home median purchase price), was \$33,300, in 1995, the combined cost was \$318,700 (the calculations assume a 10% down payment, a 30-year mortgage, and whatever new home median purchase price and 30-year mortgage interest rate prevailed for a particular year). To put this into perspective, today, the interest cost is one-and-a-half times the principal cost.

This practice of usury now makes clear the dynamic of the past 20 years. A deliberate policy decision was implemented to cut back the supply of housing, while simultane-

ously raising the price. Housing was priced in the range of two groups: upper-income households, and those willing to load themselves up with a huge amount of debt in order to buy a home. The banks reasoned that they could make more money financing five homes at \$200,000 or more apiece—each of which would earn interest charges of \$300-500,000 over the life of the mortgage—than financing 10 homes at \$50,000 apiece. Housing was built for the upper 20% of American households in terms of family income, or those who were willing to go heavily into debt. Housing for the rest of the population ranged from sparse to nonexistent. The wealthy got homes they could afford, while the home in the range of \$40-50,000 for a working family of 4-6 people disappeared from the market.

Another way of stating this point is shown in **Figure 6**. In 1945, the total occupied housing stock of the United States was 36 million dwelling units. In 1995, it was an estimated 98 million units, an increase of two-and-two-thirds times, with much of that increase reached before 1982. But, in comparison, consider the volume of single-family-home mortgage debt pyramided against the collateral of this housing stock. Single-family-home mortgage debt, which was \$21 billion outstanding in 1945, was, up until 1975, still below one-half-trillion dollars. But, it leapt to \$1.4 trillion by 1985, and to \$3.4 trillion by 1995. Between 1945 and 1995, single-family-home mortgage debt skyrocketed by a factor of 162 times. As the price of up-scale homes rose, the prices of average homes also shot up. The same process is under way with regard to rental units.

**Figure 7** shows the number of weekly paychecks it takes

FIGURE 6

**Hyperbolic growth of single-family home mortgage debt**

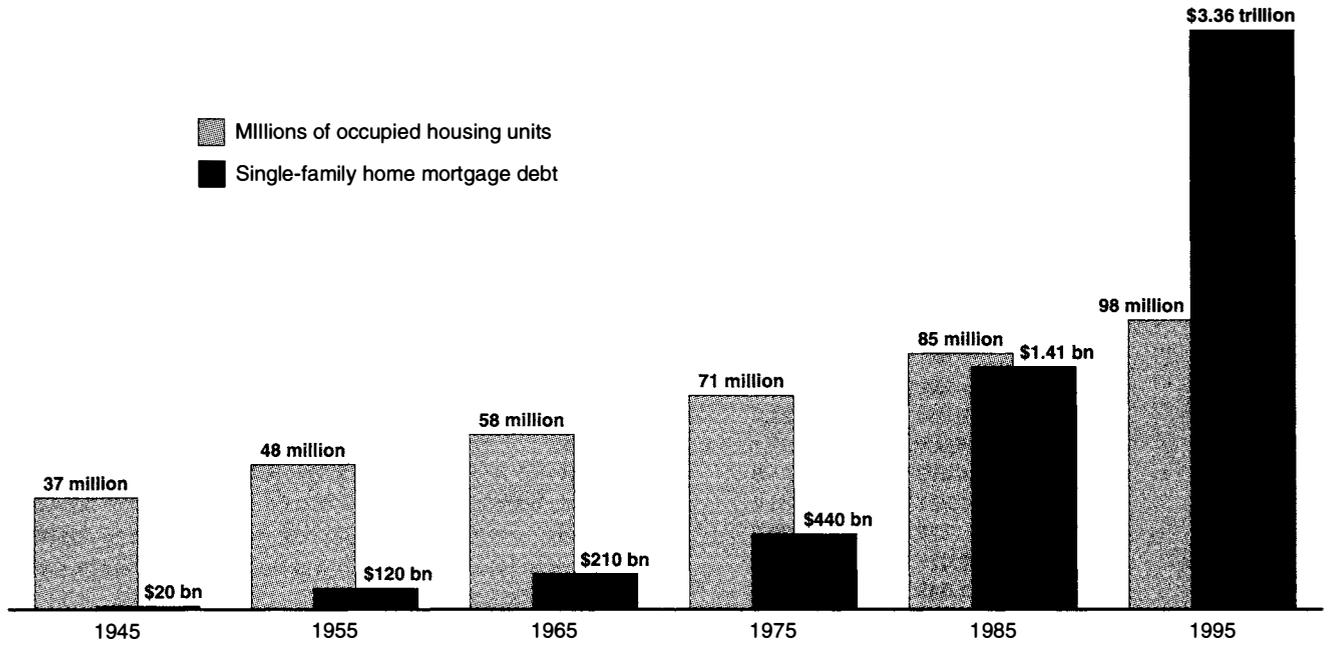
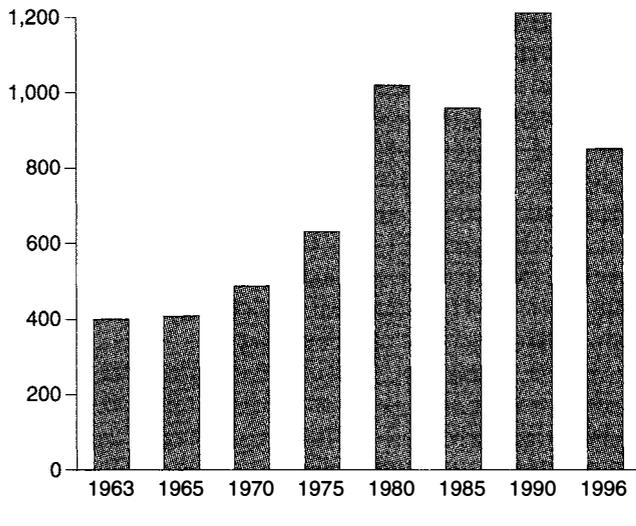


FIGURE 7

**Number of paychecks needed to purchase a new home**



to buy a new home, based on the average weekly wage of a full-time worker in non-agricultural industry. This reflects two distinct, but interacting processes. First, it reflects the speculative rise in the price of housing and rental units. Sec-

ond, and more important, it reflects the collapse in the consumer market basket by 50% since the mid-1960s, as measured by the productive output of the economy and the productive versus non-productive composition of the labor force. The fall in the family's purchasing power, as measured by the consumer market basket, and the sharp rise in the price of housing, together have caused the cost of a home to rise from 399 paychecks in 1963, to 877 paychecks in 1996. Thus, today, a worker must work 478 weeks, or 119.7% longer, to acquire a new home. Conversely, a worker's standard of living has fallen 59.1%, compared to 1963, with respect to the ability to buy a home.

**Growing dilapidation of housing**

What about the physical condition of housing? From the age, frame, foundation, and basic building materials of the house, to the inside facilities and living space available, the quality of American housing is deteriorating.

First, look at construction. Often, new homes are made with the cheapest and shoddiest materials. New homes, sometimes priced at a quarter of a million dollars, are built with doors made of cardboard cores instead of wood; no cross-braces under the joists of floors to support them and prevent shaking, and the proverbial 2x4 piece of wood shaved down to 1½x3½. Whereas 50% of the siding in a house in the 1970s was made of brick (in the 1950s, entire homes used to be made out of brick), today less than 30% of house siding is made

TABLE 1

### States in which one-quarter or more of housing stock was built before 1939

	Housing units (thousands)	Percentage built before 1939
Massachusetts	2,472	38.9
District of Columbia	279	37.7
Vermont	271	36.5
New York	7,227	35.7
Pennsylvania	4,938	35.1
Iowa	1,144	35.0
Maine	587	34.9
Rhode Island	415	34.0
Nebraska	661	30.5
South Dakota	292	30.4
Wisconsin	2,056	28.5
Illinois	4,506	27.1
Ohio	4,372	25.8
Connecticut	1,321	25.5
North Dakota	276	24.7
New Jersey	3,075	24.6
Minnesota	1,848	24.5
Kansas	1,044	24.5
Indiana	2,246	24.2
West Virginia	781	23.7
U.S. total	102,264	18.4

Source: Statistical Abstract of the United States, 1994-95.

of brick, replaced often by siding made of a cheap plastic compound. Moreover, the material placed between the house frame and the siding, called the sheathing, is overwhelmingly made from either aluminum foil or foam. Both are good insulating materials—one of the functions of sheathing—but they have no racking strength, that is, the ability to stand up to high winds. As one contractor put it, “The aluminum-foil-covered sheathing has about as much racking strength as hanging down a few strips of tin foil.” This is one of the reasons that so many homes disintegrate in hurricanes, floods, and other natural disasters.

Second, there is age. **Table 1** shows that in 20 states (including the District of Columbia) approximately one-quarter or more of their housing stock, including single- and multi-family dwelling units, was built before 1939, or nearly 60 years ago. In Massachusetts and the District, nearly two-fifths of their housing stock was built before 1939. The national average of housing stock built before 1939, is 18.4%. While much pre-1939 stock was built better than today’s housing, after 60 years, some of it is very run down. Approximately one-quarter of it needs to be rebuilt or replaced with new units. That is 4.7 million new or rebuilt units right there that are needed. (*EIR* will show in a future issue, that approximately 11 million new housing units are needed in America,

on top of what is being built.)

Third, is an anecdotal picture, which is nevertheless revealing. New York City has 2.985 million dwelling units: 2.047 million are rental, 0.827 million are owner-occupied, and 0.111 million are unavailable for rent or sale. On Nov. 19, a researcher for New York City’s Rent Guidelines Board told *EIR* that 52% of New York City’s 2.985 million dwelling units have defects of one form or another. These include 34.6% of all owner-occupied units, and 59% of all rental units. The defects include heating breakdowns, cracked walls, rodent infestation, and so on.

Granted, that housing in New York City is older than in some other cities. But, if more than half of New York City housing is defective, it is likely that between one-fifth and one-half of other major cities’ housing is also defective. This begins to give a real picture of the status of defective housing in America’s major cities.

But this is only half the story. Added to the decrepit state of New York’s housing stock, is a level of unsafeness and additional breakdown, triggered by the extreme housing shortage in New York, which has been exploited by the landlords and the bankers.

Tens of thousands, and perhaps hundreds of thousands of New Yorkers are now shoved into illegal housing, or overcrowded legal housing, in attics, cellars, or apartments that have been subdivided 4 or 5 times, with as many as 12 persons to a room. The housing was not built to hold this many people; it is unfit for human habitation. But, for the residents, the only alternative is to sleep on the street. In this, New York City is a microcosm of the nation.

In a series of articles Oct. 6-11, the *New York Times*, which interviewed hundreds of New Yorkers, reported on three cases with respect to housing:

- Maria Pagan, an 83-year-old retired cafeteria worker, who lived in a collapsed room in the Bushwick section of Brooklyn. “Because the bathroom sink did not work, Miss Pagan had to scoop water from her toilet to wash her hands and brush her teeth.” Pagan’s landlord was New York City; the city took over and poorly runs tens of thousands of housing units abandoned by delinquent landlords (the city has since moved Miss Pagan out of the building).

- “Mr. Zheng, 35, [who emigrated from the Chinese coastal province of Fujian] is still working off a \$30,000 debt to the smugglers who secured him passage on a series of ships. He can devote very little of his meager busboy’s salary to rent, so he has 11 roommates. They share a studio bracketed by triple-tiered bunk beds, with a narrow passage like a gang-plank between them.” The inhabitants keep their belongings in plastic bags above their mattress. This exists for immigrants all over the city. For example, Mr. Zheng’s den is one of two dozen “bachelor complexes” squeezed into three low-rise buildings on Allen Street, in Lower Manhattan.

- Miss Ana Nunez and her three children, Kenny (18

years old), Wanda, and four-year-old Katarin. They are stuffed into an illegal apartment in lower Manhattan. This is a \$350-a-month rectangle, which has no sink and no toilet. They must go down the hall to share a tiny bathroom with five strangers. The two older children share a bunk bed, while Miss Nunez squeezes into a bed with Katarin. Last winter, Kenny got tuberculosis, and he spread it to his mother, who then spread it to Kenny's two sisters—a picture right out of the 1910s.

This gutting of housing has been exacerbated by the drastic cut in the number of housing inspectors. In 1970, New York City had 650 housing inspectors: not a lot for 140,000 apartment buildings, but at least they had regularized schedules to basically inspect every building during the course of a year. The number of housing inspectors was cut to 400 by 1990, and then halved to 200 by 1995. The inspections are now often perfunctory and fruitless: There are now 3,094,779 outstanding housing code violations. The landlords are having a field day.

"There is no real enforcement," New York City Housing Commissioner Barrios-Paoli said. "We don't have a system where an inspector can go into a building, slap a bunch of violations on it and force the owner to address them. The owners know that nothing will happen to them unless the situation is pretty egregious." In fact, most of the fines are only \$250, and the city has less power over negligent landlords than the Parking Violations Bureau has over double-parkers.

The city mails out forms to landlords to get them to comply with housing rules and to register their addresses. The landlords are on an honor system to fix their apartments. But a study by the city comptroller last year found that about 40% of landlords falsely claimed to have corrected violations on their property. Moreover, one-third of the landlords' addresses are wrong or outdated, so that whatever the city mails to them never gets there. Of course, the real estate mob, which has one-half to three-quarters of a trillion dollars invested in New York City real estate, is engaged in keeping it this way.

### Acute crisis for the low-income and poor

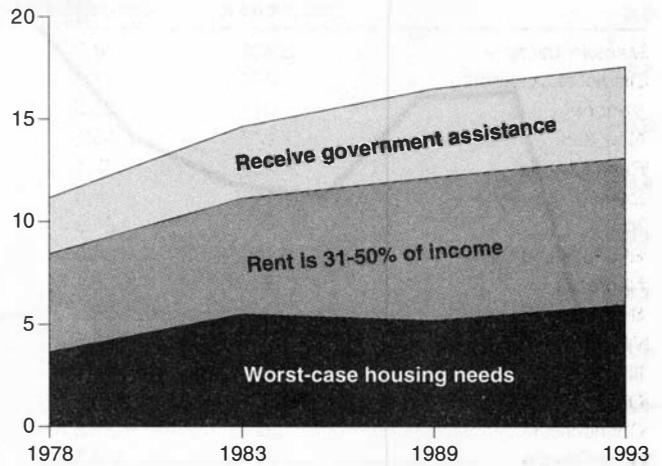
New York City epitomizes the development of an underclass which is growing, and is housed in a subterranean level of the market that is unsafe, often illegal, and unfit for habitation. New York City housing is perhaps an extreme example, but the rest of the nation is not far behind. A significant part of housing, perhaps half of all rental housing, is a way station, potentially on the way to homelessness.

The U.S. government officially reports homelessness to be 600,000, based on a study by the Urban Institute conducted in 1987. But the Urban Institute's figure is a snap-shot, if you will, of how many may be homeless on any single night. A more accurate picture is given by a 1993 study conducted by

FIGURE 8

### Number of renter households in extremely precarious condition

(millions)



Dr. Bruce Link of Columbia University, and reported on by the U.S. Inter-Agency Council on Homelessness, located in the Department of Housing and Urban Development (HUD). This study said that during the latter part of the 1980s, between 4.95 million and 9.32 million American adults and children experienced homelessness. The mid-point figure of 7 million Americans in the homeless milieu is probably more accurate: They may find housing for a few months, only to be without a home or shelter soon thereafter.

As of 1993, there were 61.251 million U.S. households headed by homeowners and 33.472 million households headed by renters of homes, or more likely of apartments (thus, renters comprised 35% of all households). Of the 33.472 million households that are renters, 17.6 million, or 53% of the total, are in a category called "extremely precarious": They could end up homeless. For comparison, in 1978, some 41% of all renters in the nation were in this extremely precarious category.

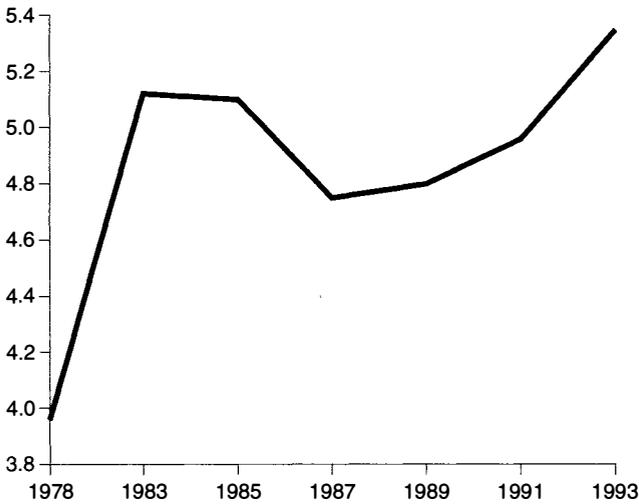
Figure 8 shows the situation for 1978-93. Three groups make up the renters who are in the "extremely precarious" category. The households in these groups are usually either very-low-income, i.e., earning 50% of the median family income in their area, or extremely-low-income, i.e., earning 30% of the median family income in their area. The three groups are:

- The 4.457 million very-low- and extremely-low-income households that receive public housing assistance from the federal government. This group is subdivided into 1.25 million households living in public housing (which public housing stock is currently shrinking), and 3.2 million house-

FIGURE 9

**Steady rise in households facing worst-case housing needs**

(millions)



holds that receive government assistance/subsidies in paying their rents in either project-based assisted housing or tenant-based assisted housing. The latter two programs are designated as “Section 8” under the HUD housing programs. Without federal government housing assistance, these 4.457 million households would be either paying 50% or more of their income for housing, or living on the street, or with relatives.

- The 5.35 million households that the federal government designates as “worst-case needs” or “acute housing needs.” These are very-low- or extremely-low-income households that meet either one or both of two qualifications: They are paying more than half of their income for rent, and they live in what is defined as “severely inadequate housing.” These 5.35 million households are displayed separately in **Figure 9**. These households meet the qualifications to receive U.S. government public housing or rental assistance, but either the housing stock is simply not there, or the government assistance is not forthcoming. They simply hang on the best they can, and many of them drift in and out of homelessness.

According to a March 1996 HUD report, entitled “Rental Housing Assistance at a Crossroads: A Report to Congress on Worst Case Housing Needs,” *“Despite their priority for admission under current program rules, these [worst-case needs] people do not receive Federal housing assistance. Without Federal assistance, they lack the income to afford adequate, market-rate housing. Only one missed paycheck, an unexpected medical bill, or another emergency separates many of these families from homelessness.”* (Because of

TABLE 2

**Loss of housing affordable to low-income families\***

	Percent share of all rental units	% loss over four-year period	number of units
Anaheim (1986-90)	12%	-48%	-9,500
Boston (1985-89)	38%	-38%	-40,700
New York (1987-91)	36%	-37%	-138,700
Portland, Oreg. (1986-90)	48%	-33%	-28,600
Seattle (1987-91)	42%	-32%	-38,500
San Bernardino (1986-90)	26%	-31%	-8,700
Los Angeles (1985-89)	22%	-30%	-63,000
Phoenix (1985-89)	23%	-29%	-12,800
Philadelphia (1985-89)	38%	-28%	-44,000
Houston (1987-91)	75%	-28%	-136,300
San Francisco (1985-89)	29%	-27%	-33,500
Newark (1987-91)	34%	-25%	-40,400
Washington, D.C. (1985-89)	42%	-21%	-34,600
Hartford (1987-91)	43%	-21%	-7,100
Miami (1986-90)	24%	-19%	-11,000
San Antonio (1986-90)	49%	-14%	-7,000
Chicago (1987-91)	46%	-14%	-52,000
Baltimore (1987-91)	47%	-12%	-10,800
San Diego (1987-91)	15%	-10%	-2,200

\* i.e., families 50% of or below median income

Source: “Rental Housing Assistance at a Crossroads: a Report to Congress on Worst Case Housing Needs,” published by the Office of Policy Development and Research of the U.S. Department of Housing and Urban Development.

the different technical ways that HUD counts this group in different reports, the HUD figure for this group of 5.95 million is used in Figure 8.)

- The 7.157 million households that pay 31-50% of their income for rent. These households do not qualify for government assistance under the current formulae.

**Table 2** depicts the fact that already during a four-year period, which is different for each city but roughly covers the end of the 1980s to the beginning of the 1990s, the supply of rental housing affordable to low-income families, sharply contracted. The first column shows the housing affordable to low-income families represented as a percentage of that city’s total rental housing stock.

The Gingrich-led Conservative Revolution crowd is relentless in its drive to worsen the crisis. It slashed the HUD budget from \$25.2 billion in fiscal year 1993, to \$19.5 billion in FY 1996, a cut of one-fifth. This slashed the funds going to the 4.457 million households which receive U.S. government housing assistance. Under such an assault, the number of poor who are semi- or permanently homeless will swell—45 million people could end up in that condition very soon, with many millions perhaps to follow. This is the point to which America’s housing crisis is heading.

# The 1949 Housing Act versus 'urban renewal'

by Richard Freeman

In 1949, the United States adopted the first comprehensive housing act in its history, whose intention was to provide every American a decent home within a generation. Its thrust paralleled that of the Hill-Burton Act of 1946, which provided for building hospital infrastructure, and mandated a minimum beds-per-population ratio. The emphasis was on physical economy.

The 1949 Housing Act embodied the belief of a generation that had just fought World War II, in the General Welfare clause of the Constitution: that government must play a dirigistic role in fostering the general welfare, by promoting economic growth, including the education of its citizens and construction of necessary infrastructure. The 1949 act used the government to stimulate private sector housing, but, above all, made provision for low-income and poor families, by creating a class called "public housing," that would be constructed through government financing, and would have low rents.

Public housing by itself is not a solution. Only a real economic recovery, with full employment in decent-paying, productive jobs, will enable the population generally to produce and purchase adequate housing. But, lacking that recovery, public housing is vital. The 1949 act also viewed home construction as a means to create jobs. Passage of the act involved a Congressional brawl, in which the bankers and their representatives counterposed urban renewal to public housing. Within 15 years of passage of the 1949 act, the bankers' policy of urban renewal, or "Negro removal," as its victims bitterly called it, under the controlling hand of the Massachusetts Institute of Technology's Robert C. Wood, had triumphed as the nation's housing policy. Today, public housing is in a decrepit state and is being ripped down.

### Earlier programs

During the late 19th and early 20th centuries, the United States had passed some housing acts, but their scope, in terms of construction, was minuscule.

During the 1930s, Congress created some housing financing agencies. This included the July 1932 creation of the Federal Home Loan Bank Board, with authority to make advances secured by first mortgages to member home-financing

institutions; the June 1934 creation of the Federal Housing Administration (FHA), with authority to insure private lending institutions on their long-term mortgage loans made for home purchases and alterations; and the February 1938 creation of the Federal National Mortgage Association (Fannie Mae), to provide a secondary market for the purchase of home mortgages. These agencies were helpful, but they provided loans and/or insurance guarantees on loans to the private housing sector. They depended on market conditions, and public housing construction was not envisaged.

By the end of World War II, America's housing stock was in bad shape, and couples had put off family formation. Half of the nation's stock of 37 million houses, shown in the 1940 Census, was rated as deficient and/or deteriorating, lacking hot water, plumbing, or other facilities. Perhaps 15-20% of the nation's stock fell into the category of "dilapidated," a more serious condition. During the war, as part of the effort to conserve materials, new home construction was restricted. In 1944, the level of new home starts fell to only 141,800 units, a level far lower than in 1929.

During 1944-46, some 15 million veterans returned home. Many GIs were single, and those who were married, for the most part, had postponed having children for 5-6 years, or had only one or two. The new or expanding families needed homes. Thus, the pent-up postwar demand for housing was great.

### The 1949 Housing Act

In September 1945, President Truman introduced a housing bill which met the backlogged demand, but in such a way as to redefine U.S. housing policy to cohere with the General Welfare clause. The bill's thrust and motivation were shaped by the FDR wing within the Democratic Party. Truman stated:

"The largest single opportunity for the rapid postwar expansion of private investment and employment lies in the field of housing, both urban and rural. . . . There is wide agreement that, over the next ten years, there should be built in the United States an average of from a million to a million and a half homes a year. Such a program would prove an opportunity for private capital to invest from \$6 to \$7 billion annually . . . [and] could provide employment for several million workers each year. . . . Housing is high on the list of matters calling for decisive Congressional action."

The 1945 housing bill was defeated, but, with modifications, eventually became the 1949 act. The Housing Act of 1949 defined the national policy goal as to provide "a decent home and a suitable living environment for every American family." It had six titles, or main sections, the unique one being "Title III—Low-Rent Public Housing." It proposed that 810,000 units for low-income families be authorized over six years (or 10% of the total estimated American need for new houses during that period), at a maximum federal cost of \$308



*The 1949 Housing Act was designed in the spirit of President Franklin Roosevelt's "Four Freedoms." Its intention was to provide every American a decent home within a generation. President Roosevelt is pictured here on Nov. 8, 1943.*

million annually, or \$1.848 billion over six years. At between 4.5 to 5 persons per family, this construction program would house between 3.5 and 4.0 million persons.

Preference in the low-rent public housing was to go to World War I and II veterans and families displaced by urban redevelopment, but it was open to all who qualified and who were either considered to be poor or low-income. Local housing authorities were to keep rents at least 20% below the lowest rents charged in the community for comparable private housing. The act also expanded the financing and powers of U.S. government agencies, such as the Federal Housing Agency (FHA), which provided credit to the private sector to expand housing for middle- and upper-income layers. Housing was to be expanded across all income categories.

But the banker-controlled wing of the Republican Party opposed the act. Jesse P. Wolcott (Mich.), who chaired the Banking Committee in the Republican-controlled House, called the Housing Act "socialistic." The U.S. Chamber of Commerce labeled it "creeping socialism." In 1948, at a point when the bill was deadlocked, Sen. Joe McCarthy (Wisc.) introduced a proposed "compromise" that would have eliminated the public housing.

During the summer of 1949, the Senate approved the bill by a vote of 57-13; the House by a vote of 227-186. Truman signed it into law on July 15, 1949.

### **Eisenhower blocks public housing**

Under the 1949 Housing Act's terms, America was to build 810,000 units over six years, or 135,000 units per year, starting in 1950. However, only under considerable pressure did President Dwight Eisenhower support the goal of building public housing. In 1953, he introduced a housing bill which called for construction of only 35,000 public housing units, and for only one year. The Republican-controlled Congress was even more fanatically against public housing than Eisenhower. Thus, each year during the 1950s, appropriations were approved for only between one-sixth and two-fifths of the targeted figure of 135,000 units per year; the public housing section of the Act was circumvented.

In September 1953, President Eisenhower established an Advisory Committee on Government Housing Policies and Programs, under Executive Order 10486. This advisory committee "signal[ed] the greater emphasis on urban redevelopment and rehabilitation," according to *Congress and the Nation*, a research source book on the history of the period. This is urban renewal; Eisenhower's 1954 Housing Act called for urban renewal by name. While couched in terms of eliminating urban blight—and, in part, intending to do that—the concept of urban renewal, which had been present in a more minor way in the 1949 Housing Act, was brought to the fore. This meant primarily driving poor people out of their homes, i.e., black and minority removal, and building on the vacated

premises luxury housing, commercial projects, and so on, which are profitable to speculators, and have a higher per-square-foot tax revenue base.

This thrust became clear in the debate on the 1956 housing bill. Sen. Prescott Bush (R-Conn.), a Harriman banker and father of crack cocaine kingpin George Bush, introduced an amendment to the bill that would require cities to have a "workable program" for slum clearance before they could get subsidies for public housing. That meant that whatever meager amount of funding for public housing would be authorized, would be tied to urban renewal being carried out first. The Bush amendment was defeated.

### The 'Model Cities' program

The thrust of U.S. housing policy was changing. President John Kennedy's 1961 Omnibus Housing Act, the most comprehensive since the 1949 Housing Act, had two aims. On the positive side, it expanded housing for low- and moderate-income families (it authorized construction of 100,000 public housing units per year), while cheapening the cost of housing credit. On the other hand, it pushed urban renewal into the big time, and gave the act a decidedly local control flavor.

However, during the mid-1960s, public housing construction was supplanted by the urban renewal policy of clearing out the poor, and fostering speculative boondoggles. A key role in effecting this policy shift was played by Robert C. Wood, a creature of the Lowells, the Cabots, the Coolidges, and other Boston Brahmin families that ran the Vault, the city's financial power. During 1969-70, Wood headed the Harvard-MIT Joint Center for Urban Studies, which directed urban renewal. In 1964, President Lyndon Johnson set up the Task Force on Urban Problems, and appointed Wood to head it. In late 1965, Wood and the task force issued a final report, whose conclusions were the substance of Johnson's 1966 housing act, which created the "Model Cities" program. In January 1966, Wood was appointed undersecretary of the newly created Department of Housing and Urban Development, to oversee implementation of what would become the "Model Cities" program. He became secretary of HUD in 1969.

Originally called "Demonstration Cities," that title, indicating to inner-city residents that they would become bankers' guinea pigs, was changed to "Model Cities." Johnson's 1965 and 1966 Housing Acts appropriated \$2.9 billion, a huge sum for the day, to urban renewal to "relocate" blacks and minorities out of their quite collapsed housing. Under the acts, real estate developers could now move in and develop luxury housing, or create "beautification" or "open-land" zones, around which they wove all sorts of commercial real estate enterprises. Some land was simply taken to become part of "historic preservation" trusts, run by the Astors, the Biddle Dukes, and other blue-bloods, who used this to drive up the value of real estate in surrounding areas.

Throughout the 1960s and 1970s, private housing continued to be created, thanks largely to the lending of the savings and loan institutions which, with government help, had come into their own after World War II. But American housing policy, of providing decent housing to every person, as embodied in the 1949 Housing Act, was being eclipsed. During the 1970s, public housing expanded a limited amount, but under the Reagan-Bush administration (1981-89), and Bush's Presidency (1989-93), public housing was effectively smashed.

In 1990, the United States had 1.40 million functioning public housing units. By 1995, that was down to 1.25 million units. HUD has announced it will rip down at least another 70,000 units by the year 2000. Earlier this year, the Newt Gingrich-controlled House passed legislation repealing an existing provision that prevents public housing agencies from charging rents higher than 30% of a tenant's monthly income. It would also lower current set-asides of up to 85% of public housing units for very-low-income families, to 35%. The legislation did not pass the House-Senate conference committee, but it will be reintroduced in the new Congress. If it passes, public housing will be turned into a for-profit, gentrified operation. Policy in the spirit of the 1949 Housing Act, will cease to exist.

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## The vital issues of statecraft facing America in 1997

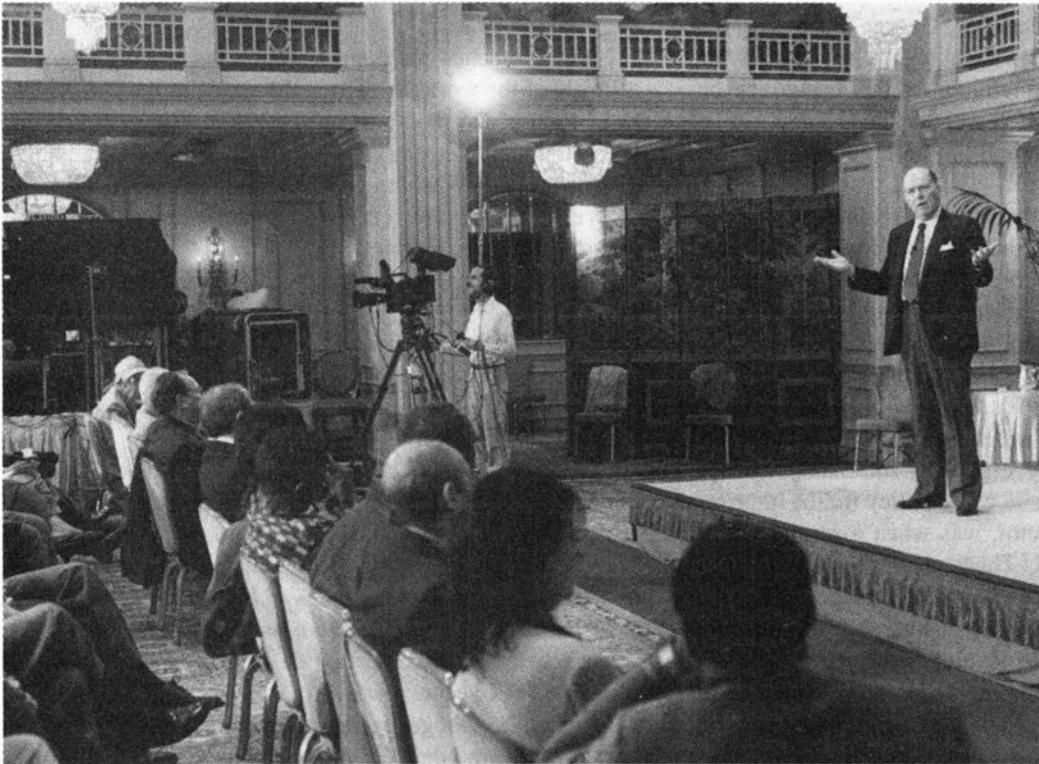
by Lyndon H. LaRouche, Jr.

*This speech was given on Nov. 19, 1996 at a forum sponsored by EIR in Washington, D.C.*

What I shall give you, is something of a strategic briefing. And, I'm not using the word "strategic" in the way you might read it in the press, or hear it, or see it, or whatever on the television set. But, I'm talking in strictly military analogies. Because we have a situation in which the majority of the institutions, and the majority of members of institutions are not capable of getting this world out of the present mess. We are in a biblical situation, where what is required is a Gideon's Army. If you wait for a majority, you're going to lose. If you wait for consensus, you will lose the world. And, I'll indicate what that means.

Therefore, the question is, you have to go to that tradition which begins in historical-military science with the great victory of Alexander the Great, with about 75,000 Macedonians and Greek *hoplites*, who destroyed the million-man host of the Persian Army outside the city of Arbela on the Plains of Gargamela; which was an exercise which was known to a fellow called Hannibal, who repeated the trick, in much less impressive ratios of numbers, at Cannae, where a superior Roman force was destroyed by a numerically inferior force commanded by Hannibal, by the method of flanking the enemy.

And, thus, we are in a period where small forces' flanking situations will have to rout the opposition in the way that that great general, the so-called "hammer" of Grant's "anvil," William Tecumseh Sherman, cut through Alabama and Georgia, and into the Carolinas: by hitting them on the flanks so far, they didn't know which way they were going, and they could never mobilize forces to stop him. So, a certain kind of pre-emptive political tactic, which is directly comparable to military flanking operations, conducted by minority forces, whose victories can impel majority forces into motion, is the only way the world is going to get out of the mess which I shall now describe to you.



Lyndon LaRouche addresses EIR's forum in Washington, D.C. on Nov. 19, 1996. "What is required is a Gideon's Army. If you wait for a majority, you're going to lose. If you wait for consensus, you will lose the world."

## Global depression has already hit

We are already in a worldwide economic depression. All talk from Washington or elsewhere about successful economic growth in the recent period, is a damned lie, or a piece of insanity. The fact of the matter is, if you measure economic performance, as many of you know (being somewhat older, and having been adults back in the '60s); that if you measure performance in the following terms, you come up with a figure. The terms are: Take, first of all, *physical commodities*; not just those which are essential to households, but those which are essential to agriculture, to keep agricultural production going, to keep industries going, to maintain public infrastructure. And, also, three categories of services: health care, education, and science and technology services such as research; these three things.

Forget all the other nonsenses about the "services": prostitution and other similar kinds of services. Forget those, those don't count. They're not economically beneficial.

If you measure the incomes of households in terms of *per-capita income of wage earners*, or people who *should* be employed; if you measure this in terms of infrastructure, maintenance of infrastructure; for example, how old is the sewer system? How old is the water system? How old is the power system? What are the ratio of brown-outs, because of lost generating capacity, and things of that sort? What's happened to the school? What's the size of the class, pupil size, population of the class in the school today, as compared to 25 years ago? What can a single wage earner—say in Bir-

mingham, working in the steel mills—what kind of income can that wage earner provide for a family of four or five people, as compared with 25 to 30 years ago; the same skill, the same quality of job?

The answer in general is, that per member of the labor force, that is, per working person or person who *should* be working, the income and output of the U.S. economy is *half* of what it was 25 years ago. The U.S. economy has been contracting at a rate in excess of 2% per year since 1971. *There has been no growth in the U.S. economy since 1970*, when we turned the corner on infrastructure, and we began to use up more infrastructure than we were maintaining. We lost railroads, we lost highways.

I went down to Louisiana; and, parts of the roads hadn't been built up or repaired, it seems, since Huey Long, out in rural Louisiana. That's typical, eh? And, in states like the southern states, you see a lot of that, areas which are just about as dirt-poor as they were, in a sense, for ordinary people out there in the boondocks, as they say, as they were 25 or 30 years ago.

So, we're a poor country.

Now, this is the situation around the world, the situation in the developing sector. Take below our borders, Central and South America; this part of the world has been collapsing catastrophically since 1971, *especially* since 1982, which was a turning point. There has been a plummeting collapse of Mexico since that time, for example. Central America: Forget it. Colombia is being disintegrated. Argentina has *already*

disintegrated; and, the undertaker, George Bush, is going down there as a Moonie. Yes, he's taking the Rev. Sun Myung Moon down there, to "bring religion" to the Argentines, because they've now gone to Hell and they need a new kind of religion. And, George Bush is filling in for Mephistopheles on this one.

In Brazil: Brazil is on the verge of disintegration. Peru also. Venezuela is totally on the edge of a coup, which could lead to a process of disintegration. Chile is a corpse which, unlike the other states, is embalmed and quiet, whereas the others are a little more tumultuous, because of the Milton Friedman policy and similar policies. That's the truth there.

Africa: Africa, in the 1970s, was *red-lined*, as we say in the United States. *An area which has had no net aid of any kind*. It has been looted only, especially sub-Saharan Africa, since 1971. The last time there was a policy for the improvement of the developing sector, was when a former United Nations secretary-general, U Thant, presented in 1967 a program called the "Second Development Decade." And, that was a plane that pulled out of the hangar, but it never took off. It never flew. There is *no* development.

Now, look at the world in general. Europe is collapsing at a catastrophic rate. If you just take industries, key industries, whole sectors of industry in western continental Europe are collapsing.

In 1989, the former Soviet sector joined the Third World, and has overtaken the Third World in looting and degeneration ever since.

In the meantime, in the United States, we went through a series of worsening changes. We went, in 1982, through the Garn-St Germain bill and the Kemp-Roth bill and some other arrangements which George Bush led as Vice President; we made a number of changes in policy which opened up the so-called junk bond era.

First of all, they ate up the savings and loan banks. They *stole* them. And, George's kid, his son there, Neil Bush, the one who was going to meet with the brother of the [would-be] assassin of Reagan the day after the assassination attack—Hinckley's brother. *That* Bush, among the other Bush babies coming down out of the swamp trees, eh? He was involved in stealing savings and loan banks, and savings banks.

The junk bond era, with the aid of deregulation, looted what was left of our railroads; transformed once-prosperous airlines into flying, dangerous junkheaps; and so forth and so on. Industry after industry has been stolen in hostile takeovers. Communities that used to look for industry are now talking about legalized gambling, which we used to consider the kind of thing that a self-respecting adult member of a household would never do with a family income.

In 1987, after the great collapse on the stock market, it went into a new phase; again, organized by George Bush's friends, at that point. It became known as the derivatives phase. Now, every day, we have about \$3 trillion that's turned over in gambling, in the form of derivatives on international

financial markets.

We've reached the point at which the leading financial officials of the world, except in the pages of the U.S. press, except out of the mouth of our President, except out of the television news; in every other part of the world, including dispatches from Washington, D.C., last September, the word is: We are facing now a *collapse, a chain-reaction collapse* of the world's banking systems.

There was just a report published in Germany, that in 1995, as a part of the U.S. government's attempt to postpone the great collapse, a *half-trillion dollar line of credit was committed to be available to Japan*, for the purpose of trying to save the U.S. dollar from the possibility of a Japan chain-reaction collapse.

The French banking system is bankrupt. The largest bank of France, Crédit Lyonnais, is on a life-support system which is breaking down, because there's not enough to keep it going. The German banking system is in a similar condition. Italy is no longer a nation. It was destroyed by a plot hatched on the royal British yacht, the *Britannia*, some years ago, when there was a scheme made to destroy the government of Italy and carve it up into several parts.

Africa is a pit of genocide. If three nations go, all of Africa goes. Those are: Nigeria, Sudan, and the Republic of South Africa. Those three states are destabilized, and they're targeted; I'll get to that in a moment here. There's a dispatch this morning from Europe. If those three states go, or even *one* of them, all of Africa goes into deep genocide. And, *it is the intent of the British government and their friends and admirers in the United States government, that that should happen*. That Africa should be depopulated; that the existing nations of Africa should be chopped into small pieces, and depopulation should go on.

So, we're now in a situation where not only banking systems are collapsing, including the U.S. banking system, which is threatened. But, we're coming to a new point. And, some people say, in Europe, that it could come under the Christmas tree. And, that is the "Big Bang."

Now, one would hope, first, there would be a small bang. That is, one would hope that the Wall Street exchange would suddenly collapse to about 1,000 on the Dow, from about 6,000. That would be the *best* thing that could happen to the United States right now. Why?

Because, at present, *no one in government in the United States is even considering considering*—that is, not just considering, but *considering considering*—the measures which will be necessary to save the lives of the American people should the Big Bang come. So, it would be very good to have a collapse of the stock market *right now*, from 6,000 to 1,000. The sooner those things are wiped out, the better. Why?

Because, only a tremendous shock administered to the political process will arouse the President, and the people around him, to come out of Cloud Nine and face reality, that *this system is doomed*. And, all this talk about prosperity, and

progress, and growth, and management, and dealing with the Republicans: All that is nonsense.

The danger is that the big one, which can come very soon, that the big one would come with a U.S. government totally unprepared to react appropriately to it. Let me indicate what that big one is.

You now have 98% of the turnover of financial foreign exchange transactions, throughout the world financial system; more than 98% are devoted to pure speculation. There's nothing behind them.

I'll give you an example, as I've quoted the figures before. Back between 1956 and 1970, a period in which the United States kept some rather consistent figures on the relationship between foreign trade, that is, imports and exports, and foreign-exchange turnover; during that period, 70% of the foreign-exchange turnover of the United States involved imports and exports: merchandise. *Real stuff*, shall we say.

Today, *one-half of one percent* of that turnover involves imports and exports.

Why? Because the great flood of money is going into pure gambling in derivatives.

Now, we have a bubble, which is the biggest financial bubble in history. Every financial institution in the world is hypothecated up to the wazoo, with obligations based in this financial system. The turnover is about \$3 trillion a day, on international markets. *Three trillion dollars a day!* One-half the annual calculated GNP of the United States equivalent, is turned over every day, 365 days a year, on the international financial markets. We're talking of *hundreds of trillions of dollars of obligations outstanding*; many invisible, but they make themselves visible when somebody tries to collect. It's like a gambling debt, you know. When the guy comes around to collect, it's kind of visible. The family is aware of what's going on.

Now, a chain reaction, in which people are rushing to try to collect; because, not the Wall Street stock market, but the derivatives market is collapsing, and banks are trying to save themselves, speculators are trying to save themselves in a great rush. Within a period of as short as three working days, you will not have a collapse of banks: The entire financial system, or virtually the entire world [financial system], *will vaporize*. An implosion; because of the ratio of the unpayable debts coming due, at once, hitting the virtually non-existent margin of assets to cover it.

For example, I tell people: Look at your pocketbook. How many of your exchanges are in electronic form? How much of your money is actually *cash*? How many dollars do you withdraw from the bank, and deposit—money—as opposed to *electronic* deposits and electronic withdrawals? How much credit that you rely upon, comes in the form of *electronic credit*, as opposed to cash?

What does that electronic credit mean? It means you have a banking institution which guarantees the conversion of that electronic credit into money, in somebody else's opinion.

Now, what happens if that institution, your credit card, your bank, electronic transfer—suddenly, the institution that processes this electronic exchange, no longer functions? You're there with a card; it's no good.

Now, what happens in about three or four days at the local grocery store, at the supermarket? They are functioning on electronic money. What happens when the current stock of groceries runs out—and there will be a rush for the groceries. What happens? They can't get more groceries. Institutions break down. In a country like the United States. You don't realize *how vulnerable we are!* We no longer have local farms. We no longer have, as they have in eastern Europe, little gardens, where they have dachas, where they grow some food, which is the only reason that part of the world holds up. We depend upon credit, especially electronic credit, and local stores, and we get by through the week, day by day, week by week, largely on the basis of electronic credit.

What happens if that system of electronic credit breaks down? Then you actually get conditions of mass starvation throughout most parts of the United States, as well as around the world. And, *that is what we are facing*, unless something is done to deal with that.

## What President Clinton must do

The only agency that can do that, on a world basis, outside of China; or on a national basis, is the government of the United States, the federal government of the United States. The responsibility lies primarily with the President of the United States, who, under acts which were enacted back in the 1970s, as well as implicit powers of the President which are embedded in the Constitution and in tradition, and precedent; the President of the United States must act within minutes, or not more than an hour—but, it also could be *minutes*—to issue emergency Executive Orders under the powers he has to stop the hemorrhage. It can be done.

He then *must* put the entire banking and financial system into receivership, *federal government receivership*, and freeze things, so that you don't get a hemorrhage where everything runs out in the streets and institutions actually shut down.

Then he must go to the Congress, a bill initiated in the House of Representatives; and, *he must get an issue of at least \$1 trillion* in newly created federal U.S. Treasury note credit, even to manage the effect upon the U.S. system. And, by a system of guaranteed payments and financial reorganization, keep this economy functioning so the groceries move to the store, and payments continue.

And, we'll take the bankrupt banks, and we'll do what we do with a bankrupt bank, or a bankrupt financial institution: You put them through a well-known process which any attorney with any experience, particularly in government, will tell you is the normal bankruptcy procedure. So, we put the whole thing through federal government, primarily under federal law, receivership, in order to keep chaos from destroying the

system. To keep people working; to keep essential industries, private industries and others, functioning. Then we get up off the floor, and get things back in order.

But, if you do not take the action which prevents chaos, you could have, throughout this planet, including the United States, you can begin to have, within two weeks after such an event (which could come under the Christmas tree; some people in Europe are saying it's coming under the Christmas tree this year. It may not, but it could come. No question of that); you can have mass starvation, *starvation to death* in entire communities in the United States and elsewhere on this planet.

And, the only thing that can stop that, because no other agency outside of China can do this alone, is that the United States government, *the President of the United States*, must act to use the constitutional power of the Presidency of the United States, to get the United States to take certain actions, and to bring other nations together with the United States, in joint actions, on a global scale, to bring this thing under control.

To do that, you must have a President who understands this, who is prepared *to act* as necessary. We don't have it.

Therefore, nothing would be more delightful than to have a pre-shock, a pre-earthquake shock, of a drop of the Dow-Jones industrials from about 6,000 down to 1,000, or some other merry amount like that, all within a few days. Because, that would deliver the shock to tell the *fools* that this is not Paradise, this is not prosperity, and this is not End-Times, one hopes, unless you want to manufacture them; but, this is a time *for changing our thinking* about how we look at the condition of our world, and life.

## Fascism in America

That's pretty much the situation around the world. We are a junkpile. The United States is a disgusting piece of junk, including the minds of most of the people.

Look, you have idiots in Washington who are talking about a "mandate," on the basis of a few scraggly Republicans getting in, constituting a marginal majority in the Senate and House.

Who's afraid of a few scraggly Republicans? They can be dealt with. Sherman would know how to deal with these guys. And, you don't even have a consistent Republican Party. It's sort of like a—well, some of you come from a part of the country where you know this thing; it's sort of a certain kind of animal eating out the inside of the carcass. The Republican Party is effectively dead, and you've got some funny animals there, who are eating out the insides of the dead creature. The old Republican Party is finished.

That was what happened to Bob Dole. Bob Dole was an institutional man. He was Bob Dole, which means he was reasonably mean-spirited. But, nonetheless, he was institutional; and, when it came to a question of wrecking the United States government and Constitution, he said, "Wait a minute.

I'm not going to do that. I'm not going to do that." So, in 1994, Bob Dole was very shocked when he saw that animal, this Ollie North, running for Senate on the Republican ticket in the primary in Virginia. And, that was really, merely the last gasp, that year, 1994-95, where Dole was still Dole.

But, the election of Gingrich, and the election of this group—which are frankly fascists. There's no other term for them. They may not be exactly like Mussolini fascists, or other kinds of things in Europe of the 1930s, but, they're fascists, pure and simple. And, anyone who's studied fascism knows this: These are fascists. Gingrich is a fascist. Arney is a fascist. Trent Lott is a fascist. No question about it. They're American fascists, and American fascists tend to be racists.

And, if you look at the map, you'll see the states where this phenomenon predominates. You have the western states up there. Then you have the southern states, where the Democratic Party laid down and died, to let the Republicans take these states, in the so-called "Southern Strategy." But, it wasn't the Republican Party. There may be a few old Republicans left in the wood-pile there, but they're not really Republicans. They are fascist, they are a new breed which is taking over the Republican Party.

We have some Democrats who are of a similar disposition. As a matter of fact, many of these Republicans were formerly Democrats. They were formerly *racist* Democrats. And, they decided to join the Republican Party as an aftermath of the Southern Strategy, which started back in the middle of the 1960s, for the Nixon, or the pre-Nixon run for the Presidency, when this whole game started in that form. So, you have this problem.

Forty-nine percent of the eligible voters; that's not people who *could have registered and voted*, but people who could have voted because they are registered, and didn't: 49%, *in a Presidential election!*

What does that tell you? What that tells you, is, what I've spoken about before, what you know. You have a number of groups in this country which consider not only the federal government, but the state government, and, sometimes, also, the local government, to be *personally* their mortal adversary.

Now, let's make a list of some of these groups. Who are they? Well, you have a group called the militia *tendency*, not just a militia organization. These are generally veterans of military service, or people who see themselves as prospective veterans of military service. They are convinced, as things like Ruby Ridge and Waco attest, that the federal government will come in, with state government, and, on any pretext, just because it's in the mood to do so, will kill them and their family. Are they wrong? Are they paranoid? No, they're not. But, they're *convinced* of it. That's the difference. They see federal and state government, and sometimes local government, *as their mortal adversary*. And, they don't see any significant difference between Democrat and Republican on this issue.

Why? There must be a reason for it.

Then you have people who—African-Americans, who see government at all levels as their mortal adversary; and about everything else, too. And, there's a reason for that. It may be the wrong attitude, but it's not without grounds.

And, similarly, other groups. Senior citizens: Senior citizens, which is anybody over 55, if you look at the way the insurance companies calculate these days, *are in mortal danger* from their government—state, federal, and local. Medicine is not being practiced today by physicians, but, physicians are merely clerks who practice medicine according to instruction from financial brokers and accountants. And, they can go to jail, if they prescribe according to medicine, if the accountant says differently.

They go to their computer, they punch into the computer. An accountant says, "Here's what's allowed." If the physician says, "That's going to kill my patient, by withholding that and giving this instead," (or you have these lube-job mastectomies which are being proposed now, part of the same thing), *we are increasing, accelerating* the morbidity of the population. We are increasing the death rate among people by putting them into HMOs. And, if you are a person of limited means, over 55 years of age, you are vulnerable, and there's very little, on the average, you can do about that. Unless government intervenes to save you.

But, government generally, as typified by Governor Weld of Massachusetts; Governor Wilson, who's a Bush—got a Bush deal out there in California; or Governor Ridge of Pennsylvania: *They are killing citizens*, by these kinds of explicit instructions. And, *there is no difference in what they, as persons, are doing, whether as professionals or as officials of government, and that for which we indicted, convicted, and sentenced people at Nuremberg for crimes against humanity.*

They're committing crimes against humanity. There is no difference between them and what we accused the Nazis of doing, and convicted Nazi officials of doing. No difference.

Now, it gets worse; because, you get another way of killing people: Cutting out hospitals. That is, you are actually depriving people of care, replacing nurses with technicians, a guy who knows how to jab a needle. You don't have a registered nurse. Then, they are brutalizing the nurses. Nurses are working two or three jobs sometimes, to make ends meet; because, they don't hire full-time nurses, they hire them part-time, and don't pay them fringe benefits. And, they don't allow them to do the things that nurses used to do.

So, therefore, you are *increasing the death rate, the sickness rate*, among populations. So, senior citizens, people who have chronic diseases, other vulnerable people *know* that the government which condones this, on the state level, as well as the federal level; the Gingriches, the Republican majority in the Congress, *is their mortal adversary*. And, the same thing is true of everybody else who gets dumped into this underclass target category.

## Rights in a production-oriented society

Now, as I said, there's also a worse feature to this business. Americans hate each other. Why? It's very simple: too much television. No, it's not because of the violence on television, or the fact that you have to watch television to learn how to undress (that's educational television).

The reason is, as John Kenneth Galbraith—who is 80-odd years old, about 87, up in Boston, gave an interview to the *Herald Tribune*. And, this guy is still smarter than all Baby-Boomers put together. He has his shortcomings, but, nonetheless, he's not an idiot. And, he said, in this interview with the *International Herald Tribune* a month or so ago, that the United States has become an entertainment society.

Let me just go through that with you, because some of you are older people, and know what this problem is.

Before 1966, those of us who were adults before 1966, before the Baby-Boomers dropped from the tree, we lived in a society which was production-oriented. And, there was nothing more typical of that, than the orientation of civil rights under the leadership of Martin Luther King. Particularly, as you saw, once we got the Voting Rights Bill out of Johnson, the next stage was to move to the question of fulfillment of economic opportunity, and economic conditions of life, for everyone.

What did that mean? That meant, generally, for most people, that you could go to the local factory and get a job, and climb up the economic tree, and have the opportunity to move up there. But, they shut down the factory. That meant that you had a chance to get into a learned profession, and could practice that profession with pride. It meant those kinds of things. It meant you could become an engineer, you could become an astronaut; these kinds of things. Normal life for all Americans, and Martin put it properly: This is not a racial question. This is a question of making the Constitution real. By taking and *removing the right of people to deny* to some of our people, that which the Constitution is committed to do, we ensure, therefore, the rights provided in the Constitution to all our people; by not allowing anybody to deny anybody those rights.

And, that we extend that same view to people outside the United States internationally. They, too, should have the same rights to which we aspire for ourselves. And, therefore, by cleaning up our own house, and reaching out to people in other parts of the world, we're making a safe world, a world which should be safe for our children, grandchildren, and those who come after them.

That was our standard. What was the basis of it? *Production!* Everything was based on the assumption that, if we *need* something, we will produce it; that we will employ people to enable us to produce; that we will educate them so they can produce it. We will increase our productive power by educating and developing our population, investing in scientific and technological progress, improving health as a way of improving productivity, among other things. Lower the school class

size of pupils, to between 15 and 17 pupils per class, which is what you would do if you are serious about education. And, don't let an idiot get in there instead of a teacher. You get a well-trained professional teacher, like the old style, who is there, working, not with a computer, but with 15 to 17 pupils in a class, which is about as much span as a good teacher can handle, in giving direction to the educational process through the interaction of the members of the class.

We thought about the skills that we'd bring to industry. We thought about production. You'd plan something, you would plan how you were going to produce it. If you needed something, how are we going to produce it?

What happened after 1966-1972, that period? We went to becoming, instead of a *producing* society, we went to becoming a *consuming* society. Even in the middle of the 1960s, you had around the "lefties," the victims of college in those days, who were being brainwashed to become New Age people, would talk about consumerism: The producers have to fight the consumers. In the United States, before 1966, we were *all* producers *and* consumers. There was no difference. We may have produced different things, and consumed something of everything; but, we were producers. There was no "class" of producers against a "class" of consumers. People who produce, were supposed to eat, too. Or, live in houses, too, support families. But, no, we went to this consumer society.

### The 'Triple Revolution' fraud

Then we went to the so-called "Information Society." That began in 1964, with a fellow called Robert C. Theobald, who was the principal author of a Ford Foundation piece of trash called "The Triple Revolution," which said that African-Americans should not be asked to exercise cognitive powers, they should receive information. Because African-Americans don't like to think, they like to be associative, and they like to receive information.

That was part of the program. Because, they said, Theobald prescribed that we're going to produce a vast underclass in the United States, which would no longer have access to the factory gate for employment, and would sit out there in a ghetto, underpaid, looking at burgeoning warehouses where the factories were producing the goods, and they wouldn't have the jobs. And we were going to have a welfare society, in which we would supply chits, like foundation grants, OEO [Office of Economic Opportunity] handouts, by which some of the poor people sitting outside, with no jobs, could apply to the warehouse, and get something out of there.

So, it meant you came into the "hustle society," the underclass of hustle. That people who would formerly go forward to productive jobs, would not; they would go be employed in services. Engineering, science, all serious study at universities began to drop. You had deconstruction in education. You may have had a course in English, but you couldn't learn to speak or write out of that course. You only learned to deconstruct English.

So, we had a vast undereducated people. You no longer had a purpose in life. You were in the "No-Future Society": "Oh, look, there are too many people already, too much technology. Society has come to an end, there is no future, we've got to conserve and go backward now."

"So, what do you do?"

"Well, you have to find ways of multicultural entertainment, amusement."

We became an entertainment society. Drugs: a form of entertainment. Free love, sex, became a form of entertainment. Bored? Distracted? Have sex with a fireplug! That's what was done, you know? If you can't stand the world around you, go to an all-night rock concert, and that'll beat your brains to death. You won't be able to think about anything then. No worries.

We became an entertainment society. And, the boob-tube, which is rightly described as the boob-tube, became the paradigm of this. The rock concert, Woodstock, the boob-tube, LSD, pot, etc. We became a drugged society, drugged by entertainment as well as drugs.

So, what happens? You're sitting around, in front of your television set, your neighbor next door is suffering. Someone down the street is suffering. Where are you? In the old days, this would be a problem for you, in the days of production. You'd be concerned about what's happening on that side of town—at least, if you were a decent, average person. No longer. "Well, look there's nothing you can do about it."

### An American form of Nazism

For example, take one crucial test, which you can make very easily. You say, "Those who propose to cut entitlements to such effect that they should know they're going to increase the death rate among those who suffer from these cuts, are committing a crime for which we hung people at Nuremberg as Nazis." And, someone will say, "You can't call them Nazis! You can't compare them to Nazis! Don't you realize it's important to balance the budget?"

Well, that's what Hitler said. We can't afford the useless eaters. We have to balance the budget. He started that in the 1930s. *We* started that in the 1960s.

*It's Nazism*, in an American form. And, being American Nazism, it tends to be racist, because that's the history of slavery, the history of John Locke, who said slavery was all right, who is taught as a respectable person in law school and elsewhere these days.

So, what happens? You believe that your life depends upon balancing the budget, so you can enjoy more of that television. Your neighbor down the street is screaming, because someone in their family is dying because of cuts which have been made in entitlements, in order to, presumably, balance the budget. Of course, none of this balances the budget; and, none of it ever will.

So, they're only *pretending* to balance the budget. No one has actually put forth a plan which would actually balance the

budget; no one in Washington in recent years, not in the past 15 years. No one has proposed in the Congress a bill which would actually, effectively, balance the budget. They don't even think of it. They wish to propose a bill which will make it *appear* that they're about to balance the budget.

Look at Gramm-Rudman: Gramm-Rudman and Kemp-Roth, which are supposed to balance the budget, Kemp-Roth in one way, and Gramm-Rudman in a more lunatic way, *increased* the deficit. But, it was supposed to balance the budget. *Every bill that's been proposed, would not balance the budget, it would increase the budget deficit.* But, the issue is to appear to balance the budget, not to actually do so.

*This is virtual reality.* What is virtual reality? Virtual reality is looking at a television set, watching some blood and gore and sex, and thinking that's reality: the entertainment society, the flight into fantasy.

Now, your neighbor over there, who's saying, "But, I'm being murdered by these Nazis who are cutting entitlements"—he's an embarrassment to you. And, you look at that neighbor—how? You don't go kick him in the head, generally; some people might do that. But, what you do, is you turn toward that neighbor the face of what I characterize as merciless indifference: You don't care. "I don't want to be bothered with that, we've got to balance the budget."

What does this do, as each section of the population becomes a victim, in turn, of somebody else's agenda? And, nobody responds and says, "Well, this is bad, because it's hurting somebody! We've got to rethink this. Do we want to do this?" No! "We want to do what we want to do. This is our thing," right? "We have a right to do 'our thing,' and, they have a right to do *their* thing. Today it's their turn to suffer, tomorrow it's ours." The Victims' Society.

We like victims. We like to watch television. What do you see on television news? Victims, victims, victims, victims! The news media glories, they drool over victims. "Mrs. Jones, how did you feel when you saw your family chopped to pieces?" That's the news! They *drool* over victims! And, we've become a society based on that immorality of merciless indifference.

What's the result? No one trusts anybody else. Because when you're in trouble, you get merciless indifference.

What's the best paradigm of this? What about people 50, 55, who now begin to look at that little chunk of money their parents have. Their parents become ill, and they say, "Gee, where's Dr. Kevorkian?" That's characteristic of our society. *That is a creeping evil inside the Baby-Boomer culture.*

What do the parents then think about their children? They're *terrified*, first of all. "I don't want to estrange them, they'll have me killed. They'll throw me in a nursing home, and I'll be killed."

This is the kind of culture we've come to. Americans no longer trust each other. They no longer believe that the other American is potentially a Good Samaritan. So, they *hate and fear* government, increasingly; they *hate and fear* everybody

else, who might make *them* a victim of "their thing"; and, they're obsessed with their right, to impose their "thing" on society, no matter how many victims it creates.

So, we have, in this society, in this culture, not merely an economic crisis: We have a moral crisis beyond belief, compared with what things were 30 years ago, or 25 years ago. We have gradually gone down the slippery slope toward evil.

## **How the British are creating worldwide chaos**

And, thus, look at our foreign policy. I want to get back to this question of [the dispatch] I got this morning. There is an evil man who is a representative of British Intelligence, of Irish extraction. His name is Conor Cruise O'Brien. He first came to notoriety in 1960, when an area today called Zaire was then called Congo, the Belgian Congo. It was a period of the overthrow of Patrice Lumumba, who was elected President of Zaire. And, in this period, Conor Cruise O'Brien was the UN official in charge of a part of Zaire, today's Zaire, which is one of the most mineral-rich areas of Zaire. It was then called Katanga Province. It is the northern reach of the South African shield; it is today called Shaba Province. And, next to it, you have Kivu Province, in a sense, which is also fairly mineral-rich.

Now, this Conor Cruise O'Brien, who was a key figure in orchestrating things which led to the assassination, or the *butchery*, of Patrice Lumumba, is British Intelligence. He came prominently to attention in 1989, when he spoke on behalf of a new British policy. He, together with one of Thatcher's ministers, Ridley, Nicholas Ridley—they made very loud addresses in the last quarter of 1989, on the subject of the danger of the Fourth Reich.

What they said was the following: Eastern Europe is crumbling. The great danger is that the Federal Republic of Germany will unite, reunite, with the eastern part of Germany, as the eastern part of the communist regime tumbles. That must not happen.

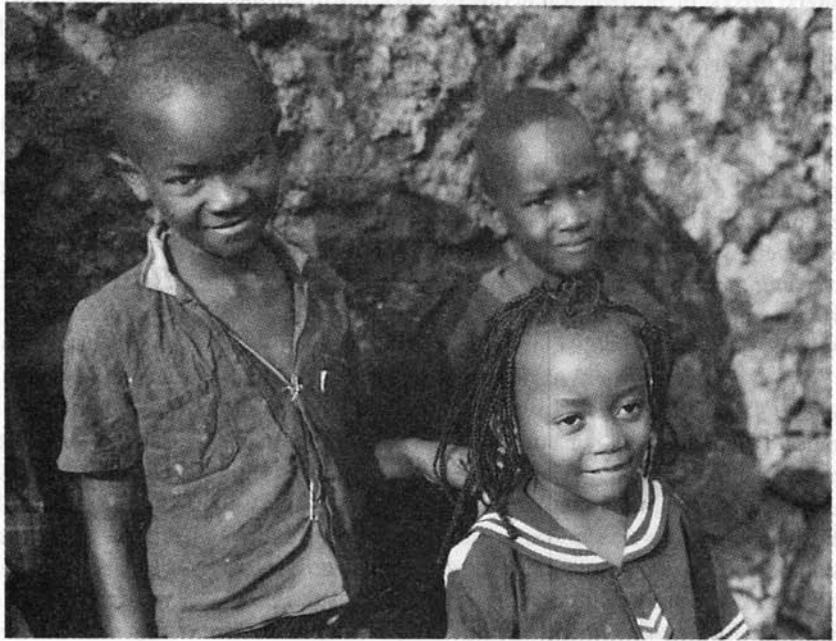
Why? Because, then, Germany would orient, with its economic potential, toward eastern Europe, to try to develop eastern Europe, and to develop a new economic revival on the continent of Europe. *That must not happen.* This is called the Fourth Reich policy; it is also called the Maastricht policy. And, only a number of pressures coming on Bush, prevented Bush from actually intervening to *stop* the reunification of Germany. Bush, of course, is nothing but a puppy-dog, a decorticated, Pavlovian puppy-dog for Margaret Thatcher, as she describes the arrangement in her memoirs. He didn't come down from the trees, he fell out of them.

But, this fellow, and the policy he represented, was a tip-off to this policy, which was actually imposed, which is called the reform policy, which has brought Russia today to the point of an explosion. Not that this will cause a general thermonuclear war; but, an explosion in Russia will cause radiation of destabilization, spreading out of the area of the former Soviet

## The British scenario for destroying Zaire

“This Time, Let Zaire Fall Apart,” was the headline of an article by Conor Cruise O’Brien, published in the London *Times* on Nov. 19. Zaire, according to him, has been in a condition of “semi-anarchy” for years; President Mobutu Sese Seko is “dying and comprehensively discredited,” and it is only the French who are “seeking a restoration of Mobutu’s authority over the whole Congo.” While some tribes in western Zaire are committed to the unity of the nation, “there are also a great many who simply put up with Zaire, without identifying with it as their nation.”

Noting the increase of centrifugal tendencies, he concludes: “Zaire’s condition now appears to be terminal, and international efforts to preserve its



Rwandan refugees in Goma, Zaire, Aug. 4, 1994.

integrity will only increase the agonies of its peoples. It should be allowed to assume such shapes as the energies and aspirations of its various peoples may eventually assign to it. The energies of international diplomacy should

be confined to holding the ring, and discouraging the internationalization of the tremendous internal conflict. The French seem to need discouraging more than any other power. John Major should watch out.”

Union and Warsaw Pact, into other parts of the world. So, instead of having a nuclear war, you can have an engulfing chaos spreading throughout the world, which will come to us.

Now, this same creature said, in a statement reported today, in the European press, that there should be no assistance to stop the genocide in Zaire; that not only should Zaire be broken up, and Shaba turned over to somebody else; but, that *all of Africa*, from Sudan south, could be chopped into pieces of micro-states, in the kind of process which is happening in Central Africa, which is happening chiefly on the initiative of the British government, or the British state, including Prince Philip of the World Wildlife Fund, or World Wide Fund for Nature. It is genocide.

The genocide that is occurring in the so-called Great Lakes region of Central Africa, is organized by the British Overseas Development Minister, which is a name for Colonial Minister, Lady Lynda Chalker, Baroness Lynda Chalker; with her puppet, the President of Uganda, who is the butcher responsible for the whole process in Rwanda; who is the butcher responsible for, on British behalf, the whole genocide in Burundi; who is responsible for the invasion of eastern Zaire by his troops, on behalf of the British.

Now, you’ve got a conflict going on; just to get an example of what kind of world we live in, and what this guy is talking about.

Colonial Africa is divided into two principal groups. They’re called Anglophone and Francophone groups; that is, those who were colonized by French-speaking European powers, and those who were colonized by English-speaking European powers—British.

Under feudalism in Europe, the way you got population, serfs, is that, if you were given the title to a certain area of land, and you became the Duke of This, or the Count of That, or the Baroness of This, then you got, as a bonus for getting the land, you got to own the people who lived on that land. They became your serfs, your subjects; and, you could do with them pretty much as you liked.

In Africa, it works somewhat differently. If you control the people, you control the land which they occupy. If you have Francophone land, that is, Rwanda, Burundi, eastern Zaire, and you want to steal it, what do you do? What you do, is *you run genocide, ethnic cleansing* of the Francophones, and replace the Francophones with the Anglophones.

Now, the French imperial government of Chirac, is not a

humane government; but, it does object to losing valuable mineral real estate in Africa, which was Francophone, and losing it to Anglophones.

So that you have a genocide which is being perpetrated in all of Africa, particularly all of Black Africa, perpetrated on the initiative, chiefly, of the British government, with the support of the No-Good Organizations, as they're called, of the United Nations, the NGOs. But, supported in general by the French; except the French *object* to the British making a profit out of the process, by killing off Francophones, in order to turn the territory over to an Anglophone/British-controlled area, or to British interests.

So, the French government is bucking the British on this question. And, Conor Cruise O'Brien says, "No, that shouldn't happen. And, one would hope that the British wouldn't do anything to help keep Zaire alive, or to interfere and reverse the process of chopping up all of sub-Saharan Africa from Sudan south, into a mass of depopulated micro-states, and turning the territory over to these people."

This is the kind of world we live in. This is what they're doing in eastern Europe. This is what they did in the Balkans; and, the British organized, with the French (Mitterrand), organized the Balkan war. It wasn't organized by anybody in the Balkans; it was organized by the British and the French. And, it was organized with the help of the Canadians. And, it was organized *in the name of* geopolitics, just like the Fourth Reich policy.

It was the policy of the British, ever since the Civil War in the United States, when people such as the great economist Henry Carey—Henry C. Carey—said, you know, Lincoln had a war plan for occupying Canada and sending a fleet of Erickson's ocean-going Monitors to Europe, to blockade every British port, and to bring the British to their knees, and destroy the British Empire, and eliminate its power from this planet forever.

And, as a complement to that; remember, in those days, we were allied with Germany (in those days, Prussia), and friendly to China, and allied with Russia, which helped us against the British and Confederacy by threatening to make war throughout Europe, and actually sent the Russian naval fleet to our coast to assist us, should the French and British attack us. During most of the Nineteenth Century, the British and the French were our enemies, as they have become again today.

But, during this period, Henry Carey proposed that our success in the United States in developing the continent by building railway corridors of development, from the Atlantic Coast to the Pacific, should be applied in Europe. And, that from the coast of France, the Atlantic Coast of France to the Pacific Coast of Japan and China, and down to the Indian Ocean, that Europe should work, with the United States' support, to develop railway corridors of development, which would unify Eurasia as a great productive force, and eliminate the power of the British Empire.

In response to this policy, the British developed a policy which was later called geopolitics. And, over the course of the late Nineteenth Century, they developed an idea of naval domination of the world's seas, by British Dreadnoughts, or what we call today battleships, which was the policy of the Prince of Wales, later King Edward VII.

Now, their great concern was that France, Germany, and Russia would connect with the independence movement in China, would connect with Japan (that is, prior to 1894), with support of the United States or in alliance with the United States, and, that the unleashing of economic development throughout Eurasia, would destroy the power of the British to dominate the world, forever.

Therefore, the British concern since the late Nineteenth Century, has been to split the United States from France, which, in the late Nineteenth Century, was civilized, particularly under Sadi Carnot and Gabriel Hanotaux; to split it from Russia, which was then allied with Germany in the late Nineteenth Century, and to prevent a combination of France, Germany, and Russia, from uniting with China and Japan, to create Eurasian economic development, through railway development corridors.

That was the entirety of British policy from the latter part of the Nineteenth Century, to the present day. So, we got Teddy Roosevelt here, who reversed the patriotic tradition of our country. We became an Anglophile country. We became degenerate. And, if that wasn't bad enough, we got Woodrow Wilson, the Ku Klux Klanner and Anglophile, and lunatic, as President. And, our country has not been the same since.

Germany, and France, and Russia were set at each other's throats, beginning 1898. Japan was turned against the United States and China, in 1894-95, with the first Sino-Japanese War, under British pressure; and so forth and so on.

And, this, again, is the same thing: The *fear* that, in the collapse of the Soviet system, France, Germany, Russia, and other countries might unite to develop a rational system of economic development and cooperation based on modern technology, was considered by the British the greatest threat. And, we have people in the United States, like Bush, who shared that concern.

### **British geopolitics today**

And, now, we see the ugly hand of the same forces, and the same voice which, in 1989, enunciated the revival of British geopolitics, in the collapse of the eastern empire, or the Soviet empire, has now prophesied, with the same precision and accuracy that he prophesied the British policy in 1989, that the policy in process in Africa today, is genocide, through chopping up every part of Africa south of the Sahara into micro-states, by various kinds of insurrection, using instruments like Museveni. And that's the policy which is now in progress.

We have, in the United States, again, in the State Department, in the military, in the Justice Department, and so forth,

we have institutions here which are fully in support of that policy, and a President who is weakened by the fear that his wife is going to jail, because George Bush is out to send her to jail, through George Bush's hit man Kenneth Starr, with his Starr Chamber operations. The President is so obsessed with these kinds of considerations, that he's not paying attention to business.

And, therefore, the United States is on a policy which means—what? If the President continues with this kind of foolish policy which came to light when he refused to veto the welfare reform bill, which is what lost him control of the House of Representatives, which he'd have won back otherwise; if he continues to make those kinds of mistakes, *he will be self-isolated, and the sharks which are swimming in the Republican pool in Washington, will eat him*, quicker than you can say "Dick Nixon." They're out to do it.

And, if he cuts himself off from his core support, as a President of the Democratic Party, then he will be destroyed. Though his inclination has been to propitiate his enemies.

He belongs to the Baby-Boomer generation, which was a mixture of draft-avoiders and draft-dodgers, largely. When faced with an enemy, they don't fight: They "dialogue"! They'd try to dialogue with the Devil! They'd try to dialogue their way into Heaven, and end up in Hell, which is what they often do.

And, thus, it comes back to the same thing: That we who are willing to think like Sherman, or Alexander the Great, who know that we are only a Gideon's Army, at best, must refine our perceptions of the situation, and resolve to act as a flanking force to whip the majority institutions into doing what they must do, for their own good!

## The fundamental economic issue

Let me just conclude this presentation on the strategic situation, with one point. You will note, those of you who watch what I do in *EIR*, that I've laid great emphasis, forceful emphasis, shall I say, on a very important point in economics, which fits in here. And, I'll explain why that is so important now. There are two importances to it.

First of all, as I demonstrate, *every branch of taught economic theory in every university in the United States, is bunk*. Everything that is believed in Washington, in political circles, to be economics, is bunk! It's total incompetence.

What's the issue? There's a central issue here. The issue is very simple.

When we produce—and, of course, those of us who remember when we were a productive society can understand this. Maybe people who are from a consumer society, don't know about this. But, in productive society, we know about this. The way production is organized: You have flows; you have flows of infrastructure development, flows of materials, flows of productive process, transportation and so forth, all flowing into nodes, nodal points where operations are performed, typified by production operations. And, out of these

nodal points, you have flows. And, the flows are services and goods, which are transformed in the production process.

Now, in the old days, when we still were sane, 25 or 30 years ago, it was the general rule that in the economy as a whole, you had more coming out of these nodes, than you had going into them. That is, there was a gain, an increase of wealth; that the wealth consumed by households, by production, by infrastructure, was *less than* the wealth produced by production by society.

Where does the gain come from?

If you look at every theory of economics taught, or every accounting theory that you get in accounting schools or from an accountant, you will get these ratios. They will tell you that you have to spend so much to get this, and you should only spend so much to get that. They compare the input and the output of production; but, they don't tell you what happens in between.

Why do you get more out, than you put in, in a sane society? And, *when* do you get more out?

You get more out, if you provide infrastructure; that is, if you improve the land with water systems, transportation, power, so forth. You get more out, if you have better schools. You get more out, if you have better health care. You get more out, if you have better science and technology services.

But, what makes the transformation? How is it possible that on this planet, when man is involved in the nodal point of production in a healthy society of the type we used to have, that you get more out, than you put in? Where does the more out come from? And, these are physical objects. You get more and better clothing, housing, vehicles, and so forth. You get better services coming out, than you put in.

Where does this bonus come from? That ought to be the central question of economics, right? Where do you get the profit? That is, the real profit, apart from stealing and eating your neighbor.

You get the profit from the mind of the individual person, the developed mind of the individual person; the creative power of reason which the individual applies to the productive process. It's the mind of man. It's man expressing what the first chapter of Genesis expresses as man made in the image of God, to exert dominion in this universe. It is the mind of the individual, the human, on which all the goodness of society depends, including the goodness of production.

Therefore, if you want to have a healthy society, healthy economy, what should you do? You should develop the mind of every person in the society, to develop that creative power which causes this transformation.

What are they doing now? We're saying, "Well, in order to balance the budget, what we have to do is cut education. We have to cut health care. We can no longer afford to invest in infrastructure. We have to increase class size. We have to give no relevant education to irrelevant people."

What are we doing? *We are destroying the source of wealth!* The source of wealth is not this or that. The source of

wealth is the ability of the human mind, properly developed and properly employed, to act in concert, human minds in the productive process and so forth, to produce more than it costs to maintain and develop those minds. Therefore, the development of the individual mind, the development of health, longevity, productive power, investment in power, investment in infrastructure, these kinds of things: These are the things which make an economy grow.

If you want to balance the budget, what do you do? You have to balance the minds, and get the unbalanced minds out of the Congress and similar places. Because, you have to have a policy which *was* the American policy. You won't find this exactly in Hamilton, in his *Report on the Subject of Manufactures*. But, the essential thing, the term that was used back there in the Eighteenth Century, which came out of Leibniz, we called it "artificial labor," which meant that there was something about human labor, which was different than the labor of an ox—unlike some of the people we elect to the Republican ticket these days. Their mentality *is* about that of an ox.

This is called artificial labor. What was this? Power, technology, education, infrastructure. Increase the energy-intensity, the capital-intensity of production; increase infrastructure, education. To increase, as Hamilton says, the productive powers of labor. And, the productive power of labor is not achieved by beating a man the way you beat a horse, or a donkey. It's achieved by developing the mind, and giving that mind the opportunity to express itself in a productive way, in some function in society which is beneficial to the whole process.

Therefore, the way you balance the budget, the way you solve our problems, is, you get us back to being a productive nation. But, you *can not* make us a productive nation, unless you have a yardstick to govern policy. And, the yardstick is: the development of the human mind. And, the provision of the opportunities for that developed mind to do something useful which fits the needs of this process, is the way to build society.

What we've lost, is, we say, "We have too many people. People cost too much. People must do without. They must do with less education, and so forth," and what we're doing in the process, is, we're destroying the very thing which makes us human.

And, this quality of society, this quality of hatred that I referred to, merciless indifference, as I called it; the condition in which the average person thinks government hates them as their mortal adversary; these are the fundamental things you have to address.

And, you have to say, *you have to recognize, that in the biblical sense, but, also, in this scientific sense, every individual human mind is made in the image of God.* And, you have to have a commitment, a loving commitment to humanity which is based on that principle. And, sometimes, you will act as a Good Samaritan, not because there's any profit in it,

in a direct sense. But, because you have to have the kind of society, that the act of the Good Samaritan represents. You have to treat a human being in this way. That's your fundamental policy. Because if you treat human beings in that way, in every country, including our own, then you have a policy toward man, toward man as in the image of God, toward the creative powers in man, which define him as in the image of God.

And then, when you meet together, you now have a yardstick by which you can say, "How will we judge which of us is right?" If you have a difference: "How are we going to judge? By our prejudices, by dialoguing about our prejudices?" No! You judge on the basis of, what is the effect of the policy on the condition of mankind? What is the effect of the policy on the productivity of mankind per capita? What is the effect of the policy on the quality of land area per square kilometer in which we live? What is the effect of the policy on the relations among people in society? Have we eliminated merciless indifference? Is this the policy of a caring society? Is this the policy of a nation which cares for other nations as humanity as a whole?

And, therefore, this economic question that I referred to is vital. These so-called "practical people," are nothing but morons and idiots when it comes to policy, as they've demonstrated with the results they've achieved over the past 25 years, by leaving the fact of the creative power of reason of the individual out of the equation of economics, and failing to see why it's important to have schools with class sizes not more than 15 to 17 pupils, with a qualified teacher to maintain the dialogue, instead of a computer, or instead of a "wired society"; why it's necessary to have a health care system which increases life expectancy to 85 to 90 years of age, and sustains people at that level; why it's necessary to treat people in a certain way; why it's necessary to rebuild our cities, to rebuild our water systems, our sewage systems, our canal systems, our power systems; why it's necessary to help other nations, not just attend to business at home.

That if we don't understand that point, which is an economic point—this is the core of all economics since Leibniz. *It is the productive powers of labor*, in the form of what Hamilton referred to as "artificial labor"; the development of the powers of labor in a technology-intensive, science-intensive, capital-intensive, power-intensive manner, in improvement of development of infrastructure; *that is the means by which the wealth of a nation is produced.*

And, to the degree that we help other nations to become more productive, *we* become richer. Because, as the whole planet becomes more productive, we all share in the benefit of that productivity.

That's what we have to understand; that has to be our motivation. And then we, as a flanking force, with that understanding, with understanding the *moral* aspect of this, the scientific aspect as well as the simple practical aspects: We have to kick butt, fast!

## Serbian rebels against IMF brand of communism

by Umberto Pascali

Mass demonstrations have been sweeping the Serbia of communist dictator Slobodan Milosevic since Nov. 18. Every day, in the capital city of Belgrade and several other cities, demonstrators march, protesting the annulment of the Nov. 17 regional elections, in which Milosevic's regime lost, in the most important cities, to the coalition of opposition parties that gathered under the name Zajedno ("Together"). Fifteen of the most important cities, including Belgrade, were won by Zajedno.

After having originally acknowledged the defeat, the regime put on the brakes. Milosevic's Socialist Party accused the opposition of having "prematurely" declared victory. The electoral results in the most important cities were annulled, and a new electoral round was set up for Nov. 27. In the meantime, the Supreme Court rejected an appeal from the opposition and certified the local election as "irregular." On Nov. 25, students and teachers in Sarajevo, Bosnia joined the protest, in a demonstration of over 100,000 people.

The number of protestors kept growing. Despite the tight control Milosevic has on the Serbian trade unions, workers began to join the anti-Milosevic movement. The biggest factory in Belgrade is on strike as we go to press, and others are joining every day. On Nov. 28, the chairman of Serbia's Association of Independent Trade Unions, which is said to represent 700,000 members, called for joining the protest.

The "traditional" methods Milosevic had routinely used in the past to exercise dictatorial control, with the more or less silent complicity of the West, this time did not work. Almost all the media are closely controlled by the regime, and they reported the words of the speaker of the Parliament, Dragan Tomic, who denounced the demonstrators as a "Hitler movement." On Dec. 3, the only two anti-Milosevic radio stations, B-92 and the small student-run Radio Index, were suddenly

ordered to stop broadcasting. The police carried out the first arrests of demonstrators.

The official TV news broadcast images of violent demonstrators, throwing stones—something that, according to observers, has been rather rare. Finally, a sort of ultimatum was issued: Milosevic's spokesmen made clear that further protests were not going to be tolerated. In 1991, facing a wave of protests, Milosevic had sent tanks into the streets, and ordered his police to attack the demonstrators with water cannons and other means. At that time, he easily re-established "order," without suffering any real consequences internationally on the "human rights" front.

This time, the situation was quite different. Milosevic received a warning from the United States: The cancellation of the elections is "unacceptable." He was further warned not to use the police against the demonstrators. In private and in public, he was told that he needed the United States much more than the U.S. needed him.

### Sponsor of 'Greater Serbia'

Milosevic, of course, has been credited as the "key" to the Dayton peace accord, which ended the worst phase of the war of aggression and the genocide against Bosnia by the Greater Serbians. His main internationally recognized "merit," is to have kept under control the insane bestiality of the Bosnian Serb butchers Radovan Karadzic and Ratko Mladic, thus "guaranteeing" an end to the war.

In fact, it was Milosevic who was the architect of that aggression. He has been the sponsor of the modern form of "Greater Serbia" racist ideology. Under the banner of raving racial chauvinism, Milosevic had taken over the ruling Socialist Party and Yugoslavia.

Milosevic, who was originally trained as a banker by the

Kissinger group, quite lawfully represents the last communist dictator in Europe, but is also one of the first protégés of the World Bank and International Monetary Fund (IMF) in eastern Europe. The World Bank fully appreciated Milosevic's abilities. With him, they had an open door in Yugoslavia/Greater Serbia for further looting. It was one of the first mad experiments of economic shock therapy that precipitated the crisis in Yugoslavia, increasing to an unbearable level the traditional transfusion of wealth from the republics to the Belgrade central government. To the usurers, a strong Nazi-like regime such as Milosevic's appeared as the ideal way to smash any resistance to austerity. The banker-dictator Milosevic has been engaged in a plan for privatization of the Serbian economy. Recently a scandal broke out, when it was revealed that the privatization of the huge Serbian Telecom and other groups, was organized by Milosevic through former British Foreign Minister Douglas Hurd.

### **The 'Peacemaker'**

Originally, Milosevic's political strategy—supported by the Anglo-French Entente Cordiale and by the gullible panslavic masochists in Russia—was to transform Yugoslavia into a racist Greater Serbia, in the context of a geopolitical game pushed by London, in order to maintain its control and prevent the economic integration and the mutual development of Europe and the whole Eurasian continent.

The initial resistance of Croatia, and above all the unexpected and exceptional resistance of President Alija Izetbegovic's Bosnia, delivered a powerful blow to the plan. Under the incredulous eyes of the British and Milosevic, Bosnia was able to defend itself against the heavily armed paramilitary gangs of war criminal Ratko Mladic, which had been trained, supplied, and "remote-controlled" by Milosevic's Yugoslavian Army. That unexpected resistance, a kind of modern "Thermopolis," won precious time for the U.S. Presidency to break free, for a moment, from London's tricks, plots, and fifth columns, and to launch a military blow against the logistics and communications of the genocidal machine.

No further direct initiatives were allowed by London against the Greater Serbians. At that point, in the summer of 1995, Milosevic, who had already shown a propensity to "adapt to a credible threat," became the "mediator," the indispensable guarantor of peace, a role that he carried into the U.S.-sponsored Dayton conference. In exchange, Milosevic expected that his power position in Serbia would be secure.

Despite the Dayton accord's formal stress on Bosnia's territorial integrity, sovereignty, return of the refugees, arrest of war criminals, and economic reconstruction, in the one-year period following the accord, none of those points was really implemented. The "Serbian entity" of Bosnia (Republika Srpska) was allowed to remain under the mafia-like control of the Karadzic-Mladic group.

It was only after several months of blackmail, that Karadzic, first, and Mladic, second, accepted to step down—de jure,

but not de facto—from their positions of political and military supreme leadership. Indeed, the two war criminals still retain their power. Recently, they have created Ku Klux Klan-style vigilante formations that act especially during the night, assaulting, bombing, or burning the houses of refugees in Republika Srpska, or confronting refugees who try to return to their homes.

Concerning the arrest of the war criminals, nothing has been done. In July, the London *Sunday Times* even launched a provocation to make sure that nothing would even be tried. The paper denounced an alleged secret plan ordered by President Clinton to arrest Karadzic using U.S. Special Forces. It reported statements by the British defense minister, the British Chief of the General Staff, and anonymous U.S. high military officers, ridiculing the plan and making clear their coordinated opposition.

Concerning reconstruction, the fraud is even more shameful. Nothing has been done. Sarajevo still does not have water. The amount of money promised by the "donors," even the amount the World Bank says has been disbursed, does not correspond to the truth. This gap was even denounced by Richard Sklar, President Clinton's special envoy for reconstruction. The recent polemics of International Coordinator Carl Bildt (see *Documentation*, p. 46) illustrate the point.

### **Entering a period of mass strikes**

After having tried the "normal" methods to stop the protests, Milosevic is trying now to "reduce tensions." The Belgrade electoral commission has announced that it is going to re-analyze the election results. The B-92 and Index radio stations received preliminary permission to broadcast. The government has even announced the reduction of electric bills, and says it will pay pensions due since October, and issue grants to students.

But the economic situation in Serbia is terrible, after Milosevic's World Bank/communist experiment. Average per capita income went from \$3,000 in 1989 to less than \$1,500 now. An average salary is less than \$140 per month, that is, barely enough to pay for utilities. More than one-third of the population lives below the poverty line.

Former Foreign Minister Ilija Djukic said: "It is obvious that the citizens are motivated, not by support for Zajedno, but because of real problems—the terrible economic situation, Yugoslavia's international isolation, and rejection of already compromised authorities."

A similar situation, though not so extreme, exists in Croatia, where a strike of the railworkers has blocked the country. It must be clear to the "only remaining superpower," as Istvan Webel (see interview) calls the United States, that a situation of economic and political insanity created by London's geopolitics and World Bank shock-therapists cannot be "controlled." A situation of uncontrollable chaos could ensue soon, if the people of the Balkans are not given the chance to live like human beings.

## 'Last chance to get rid of the bandit'

*Istvan Webel and his wife, Vera Webel Tatic, are the leaders of the Center for Anti-War Action in Ada, a city about 100 miles north of Belgrade. They have been active against the genocidal assault launched by Serbia's Duce, Slobodan Milosevic, against several of the peoples of former Yugoslavia, in order to create a racially pure "Greater Serbia."*

*While an organized opposition to Milosevic inside Serbia has emerged only recently, the Center has been one of those rare groups that opposed the horrors of ethnic cleansing from its very start. "In Ada we were the first to start the protests; it was at the beginning of the insanity," as Mr. Webel put it. They were able to conduct, in the middle of unimaginable difficulties and mass chauvinistic hysteria, a courageous testimony of real patriotism. Already in 1995, in an interview with EIR (Aug. 18, 1995), the Webels had pointed out that, in reality, Milosevic was weak, and a large resistance inside Serbia could have bloomed, but for the support that Milosevic got from the West, especially Britain. At that time, Mr. Webel compared the situation in his country with the attempt to create an effective resistance inside Hitler's Germany. "We know that the leaders of the German resistance to Hitler asked the British for help, and the British betrayed them to Hitler. They gave Hitler the list of their names. . . . And we see what the British are doing today."*

*Mr. Webel talked to Umberto Pascali on Nov. 28, and again on Dec 3. What is striking for an "outsider," is the trust that the Webels feel toward the United States, and the terrible bitterness provoked by the role of "main interlocutor" granted by the West and the United States to Milosevic. Mr. Webel issued a statement for publication in EIR when the U.S. position seemed stuck in the old relations with Milosevic. In subsequent conversations, the Webels stressed that they had regained confidence that the United States could play a new, positive role. All the time, the message was: "Tell the Americans they have to act as Americans."*

**EIR:** You have a message for U.S. citizens?

**Webel:** Yes. America is concentrating far too much on the Dayton agreement as such. It seemed obvious, until now, that the interest of America was to keep Milosevic in place, because he was the one who signed the agreement concerning Bosnia. But even from this standpoint, Bosnia cannot be

helped, if America does not help the democratization process in Serbia and Croatia. When this happens, then Bosnia's situation will also improve. But one should not concentrate only on solving Bosnia's situation as such. People here can help with this process. America must have contact also with the opposition in Serbia. The actions of Milosevic and his accomplices should be denounced.

**EIR:** Could you give us an insight into the coalition that forms the Zajedno opposition?

**Webel:** Because it is a coalition of different parties, of course there are differences in their program. We should remember that none of these parties were active at the beginning of Milosevic's war. Looking at the future, it is probably easier to work together if you are in power, than if you are in the opposition. If they can go through all this process, it will make them stronger and more homogeneous. The main difference between Milosevic's Socialist Party and the opposition is that the opposition is interested in working for democratic ideas, and not for power.

With all the limitations, you should see the leaders of the opposition as a cohesive body with a division of tasks. . . . In their program, they accept international rules. Milosevic will never accept international norms. If Milosevic stays in power, the economic situation will worsen. If the coalition takes power, the economic situation and the democratic situation will get better. For example, Milosevic's enormous police force—120,000 men—will not be necessary. Of course, it also costs a lot of money.

But the future of individual leaders is not the focus of discussion. They will work together as a team: Everyone will do what he or she does best. . . . But there is no grandiose plan. None of them is power-hungry. Their task will be to work together for the good of Serbia.

**EIR:** If, hopefully, Milosevic is weakened, if the West takes its distance from him and there is a big change in Serbia, people must be made aware of the role of international financial institutions such as the World Bank and the International Monetary Fund. These groups sponsored Milosevic, and they will try everything to gain influence among the opposition.

**Webel:** We are fully aware that these leaders are not perfect. We want to make sure that these leaders are not like Milosevic. If they show that they are inadequate to the task, they can be replaced. But they are the best we have, and they . . . are going in the right direction.

**EIR:** Do you see the immediate possibility that Milosevic will be forced to step down?

**Webel:** Yes, there is the possibility, but the West and the international community have to show their support, and that the actions of Milosevic are unacceptable. This is the last chance for the outside world to get rid of the last communist

dictator and bandit in the Balkans. It can be done. And if this does not happen, it will only get worse. The situation will never change in a normal way; this has been demonstrated with the Nov. 17 election. Even if the opposition gains the majority of votes, Milosevic will change the rules illegally, or use police and terror. If a change is to happen, it has to be done now, right away; there is no time to waste.

**EIR:** How do you judge the attitude of the European countries?

**Webel:** After World War II, it is obvious that in this kind of situation, you cannot count on the countries of Europe. But there is one superpower, America. It showed that it could solve the situation of World War II, and it solved the situation in Bosnia—although it did not do it in the best possible way. So, it is the responsibility of the U.S., as the only superpower, to take the initiative. We count on the actions of America; we do not really count on the help of other European countries.

**EIR:** What is the attitude of the opposition coalition toward Bosnia?

**Webel:** The opposition fully accepts the Dayton agreement, and insists especially on the right of all refugees to go back home, regardless of their ethnic group. The opposition insists that all war criminals must be brought before the War Crimes Tribunal in The Hague.

*On Dec. 3, Mr. Webel communicated that the situation,*

*though still extremely dangerous, was developing in the right direction:*

**Webel:** I realize that the appeal I sent to you is rather bitter, but we are desperate here. I must say that I am very pleased that this resistance has not lost anything in continuity. I am happy to say today that four American congressmen participated in the demonstrations in Belgrade. It was announced by Radio Free Europe. Today, also, the last independent radio station, Belgrade's B-92, was shut down by Milosevic. No independent electronic media are reporting any more. At 2 p.m., the station lost its legal right to broadcast. Also, the informal student radio station Index was shut down. We are in a total media blockade; we depend for information only on foreign TV stations, and especially Radio Free Europe.

But, spirits are high. The Association of the Free and Independent Trade Unions called their members to a general strike, so that, as of yesterday, the biggest tractor factory in Belgrade is on strike. These are the real trade unions. The trade unions close to the regime are like a police organization, they are a fictitious body, the loudspeaker for Milosevic. Anyone who has the possibility to do so, forms independent trade unions, and they are against Milosevic. One of the biggest is the Metalworkers, workers employed in the armament industry from Kraguevica, and they are on the side of the democratic forces.

The big danger now, is that Milosevic will react against the demonstrations; he can still count on his police. . . .

## An appeal to the U.S.

*Istvan Webel, of the Center for Anti-War Action, wrote this on Nov. 29.*

The citizens of Serbia are bitter. Not only about Slobodan Milosevic, from whom we did not expect anything different from what he did, but also about the international community, and especially about the U.S.

For 50 years we have been listening, through Radio Free Europe and the Voice of America, to reports about American democracy, and now, when our democracy is at hand, we are witnessing the spectacle of an otherwise ineffective U.S. foreign policy, being put at the service of the dictator of the Balkans.

During the unfair pre-election campaign, officials of the U.S. administration were parading like majorettes on Milosevic's TV, like the cheerleaders we saw during the U.S. Presidential campaign. In fact, it was only *after* the

first round of elections in Serbia, that Mr. John Shattuck [in charge of Human Rights at the U.S. State Department] made a statement, saying that the use of the media by the ruling Socialist Party did not guarantee fair elections for the opposition. It is indeed hard for us who believe in democracy, to see Serbian students, during the demonstrations, setting the American flag on fire.

We have an important question to ask: What have we believed in for the last 50 years? Or was it all a lie? . . .

There will not be peace, neither in the Balkans, nor in Bosnia, until democratic government, based on the people's will, is established.

We are not opposed to dialogue with Milosevic, we have to talk to him, but it must be in The Hague. In the Nuremberg Trials, it was the Nazi leadership that was brought to judgment, not the guards of the concentration camps.

If America wants to keep its democratic image and its image as the only superpower in the world, it must conform its foreign policy to this image. If not for any other consideration, because the U.S. still has many friends in Serbia.

# Bosnia fights for its right to reconstruction

At a press briefing of the Implementation Forces (IFOR) on Nov. 28, **Colum Murphy**, spokesman for High Representative Carl Bildt, lashed out imperiously at Bosnian Prime Minister Hasan Muratovic, who has been demanding that the so-called international donors live up to their commitments for the economic reconstruction of Bosnia-Herzegovina.

Said Murphy: "I am instructed by the High Representative, Mr. Bildt, to say the following: that he continues to be concerned with remarks made by Prime Minister Muratovic on subjects [of] economic reconstruction.

"It is the view of the international donor community that there are significant shortcomings in the way in which the Bosnian authorities are handling the economic and social situation in the country. But we do not accept that these authorities try to put the blame for their own shortcomings on us. This will not be tolerated. I'm instructed to remind you, that there has been an unprecedented amount of economic assistance given to Bosnia this year. About U.S. \$1 billion disbursed towards the end of the year. And local procurement by IFOR and others, perhaps up to half of the amount, on top of this figure.

"But failures are obvious when it comes to the Bosnia-Herzegovina authorities implementing sound economic policies. Setting up the common institutions, called for in the Peace Agreement, and creating proper conditions for economic growth and social progress. I am to underline that the level of concern in the international community over these issues is rising. And that we would strongly advise the Bosnia-Herzegovina authorities to take this seriously."

This tirade is the latest in a series of clashes dating back to July, which we chronicle here:

In a briefing at the National Press Club in Washington, D.C. on July 17, **Prime Minister Muratovic** said:

"The most important part of civilian part of the agreement is economic reconstruction. . . . The money for reconstruction is not coming, neither in promised amounts nor in time. We have big problems with some donors who are not available for their disbursements and for the implementation. There is a lot of conditioning also for the donations that have been promised, either to deliver goods or to have special arrangements with special companies for implementation, and so on. . . .

"I must say we have also some problems with the World Bank. The World Bank is also putting some conditions which

are very difficult to reach. And I must say that for the time being, we've been taking credits from the World Bank, which are part of our agreement for reconstruction of our previous debts and new loans."

On Sept. 30, **Muratovic** said that many international donors have failed to honor their financial pledges, AFP reported. He said that only 40% of the pledges made at conferences in December 1995 and April 1996 have been committed to concrete projects. He called for reducing and rescheduling Bosnia's debts, saying that this was "a precondition for successful restoration of the country's borrowing power and for attracting additional funds for reconstruction."

Then, on Oct. 9, **Dragoljub Stojanov**, Bosnian minister without portfolio, gave an interview to Reuters, elaborating the concerns of the Bosnian government:

"We're only getting financial support for small enterprises which cannot employ nearly as many people as we have jobless," he said. "We need to get more international credits to restart production at larger enterprises."

Stojanov said that the International Monetary Fund and the World Bank were to blame in large part for the lack of investment in big enterprises, most of which are in state hands. "They don't believe that these enterprises can work efficiently," he said. Stojanov said there was no point in supporting only small-scale enterprises, since that strategy would neither create enough jobs nor generate sufficient exports to provide desperately needed foreign exchange. "We don't know what to do with all that [donor] money, if the World Bank tells us to destroy our big enterprises," he said.

It would only take relatively small capital injections to restart production at a number of companies, mostly in the energy and heavy industry sector, he said. Stojanov added that the international community should step up its efforts to support a decision-making infrastructure in the country. "Bosnia has become some kind of economic Frankenstein monster, because it does not have any instruments of macro-economic policy at its disposal," he said.

"If we don't solve these problems soon, we're going to face huge misery among the population, and you know what that can mean politically," he added.

On Nov. 22, at a meeting in Sarajevo of the Organization of the Islamic Conference, representatives of 12 countries and the Islamic Bank discussed economic, social, humanitarian, and military issues, according to the daily *Oslobodjenje*. Bosnian **Prime Minister Muratovic** told the group that the Islamic world has provided 15% of the total amount of reconstruction aid to date.

Muratovic criticized High Representative Bildt for trying to postpone some reconstruction projects until the three-man Presidency agrees to appoint the Council of Ministers. Muratovic also complained that Bildt was attempting to postpone a forthcoming donors' conference in Brussels. "If Bildt does not change his attitude very soon . . . we'll be forced to ask for diplomatic help from our friends," Muratovic added.



## East Africa's 'ethnic war' is really Britain's doing

Former Burundian Ambassador Jacques Bacamurwanko cleared the cobwebs from the media's racist obfuscation of the genocide in Africa's Great Lakes region, in an interview with the "LaRouche Connection" cable broadcast on Nov. 19. Bacamurwanko has been unable to return to his country since Burundi's first democratically elected government, whose late President Melchior Ndadaye was also the country's first Hutu head of state, was overthrown by the Tutsi-dominated military in 1995. Jacques Bacamurwanko was appointed ambassador to the United States by Ndadaye and was, as he described it, "abruptly dismissed" by the junta, headed by Pierre Buyoya. Bacamurwanko, currently the North American coordinator of the National Council for Defense of Democracy (CNDD) in Burundi, has been speaking in the United States as part of the Schiller Institute's mobilization to defend the sovereignty of Zaire and stop the genocide in the region.

The ambassador described the CNDD as "a liberation movement" that was started by the majority party in order to restore the democratic process after Ndadaye had been assassinated. "Shortly after the assassination," he said, "the democratic forces and the remainder of the decimated elected government did make appeals to the international community to get some help, to put some pressure on the military, to surrender and give the power back to the democratically elected institutions. We waited, and we waited, and we didn't get any help.

"We were asking for a peacekeeping force," he said, "whose mandate was, among other things, to help restructure the military institution in Burundi, which has always been monopolized by a tiny minority of Tutsi, which makes up only 15% of the entire Burundi population, but which is represented in the military army by over 99%. . . . The international community didn't want to come to the rescue of the democratic process that had just been killed. . . . So we decided to start this movement under the leadership of the former interior minister, and also member of the Burundi National Assembly, Mr. Leonard Nyangoma, who lives in exile, just like most of the CNDD leadership."

Bacamurwanko confirmed that the CNDD represents both Hutu and Tutsi Burundians. "We are speaking in terms of restoration of democracy," he stressed. "We're not speaking

in terms of ethnic affiliation. You can see it from the leadership at the top, all the way down—including even in the armed branch of our movement—we do have, indeed, elements from the two major ethnic groups." CNDD's platform is to restore national unity, national reconciliation, and to end the country's tragic division.

Bacamurwanko described the events that led up to the current genocide facing over 1 million refugees in eastern Zaire, where that country borders Rwanda and Burundi. The crisis began in 1994, when the plane carrying the Presidents of Rwanda and Burundi was shot down as it landed in Kigali. He said that although it will probably never be investigated, the evidence points to Belgians among the peacekeeping forces as being responsible for shooting down the Presidents' plane. Belgium is the former colonial power of these three countries, which used to comprise the Belgian Congo.

He refuted the media lies that the Rwandan Hutu refugees in Zaire were caught in a "cross-fire" between Rwandan Army forces and "Hutu militias," as well as "Zairean Tutsi rebels," who are holding the refugees hostage. "We have a humanitarian tragedy of millions of Hutu refugees," he said, "who are threatened by lack of food, lack of water, by lack of medicines, and for whom the international community has no sympathy," and which concocts myths to justify its non-intervention.

The head of the mythical "Zairean rebels," Bacamurwanko continued, is one Laurent Kabila, who, far from being a Zairean, is a longtime mercenary who has been operating around Zaire's southern border with Angola, using several aliases, and is now being paid to head up a synthetic "Tutsi rebel" movement in Zaire. Bacamurwanko agreed, when host Webster Tarpley's described Kabila's mercenaries as a "sort of mixed bag of British Special Air Services mercenaries, who had been notorious for their involvement in all the conflicts that have plagued this part of Africa since the so-called independence period of 1960."

Tarpley asked the ambassador to clarify the question of the Hutu death squads, known as the Interahamwe. "In the aftermath of the genocide that occurred in Rwanda, in 1994," said Bacamurwanko, "there were young Hutus who were involved in killing massive numbers of Tutsis. This did happen. And these young male Hutus, who were engaged in these genocidal acts, called themselves Interahamwe, which means

'those who attack together.' " When the Rwandan Army was routed by the Ugandan-Rwandan invaders in 1994, these killers fled to Zaire along with the flood of innocent Hutu refugees, and are "still very much part of that population." But, he added, "we don't know the extent to which the Interahamwe continue to harass their fellow Rwandan citizens in the camps in Zaire."

### **Lady Chalker's hidden agenda**

The international community and the on-site non-governmental organizations have raised an international outcry that the problem is to return the Rwandan Hutus to Rwanda to stabilize the region, said the ambassador. "But, the real problem—which we are not told—is that there is an agenda behind this call; which is engineered, and manipulated, and implemented on the ground, designed, of course, in London through the good offices of Uganda's President [Yoweri] Museveni—the aggressor, who pulls the strings on the puppet Tutsi governments in the region—so they can bring about the agenda set by London and by other Western powers. . . .

"The genocidal policy designed by the British Foreign Office, by the notorious Lady Lynda Chalker and Baroness Cox there, is, to put it very simply: The leaders who should rule Uganda, Rwanda, and Burundi should be minority Tutsis; and, secondly, that these countries are much too populated, and, therefore, one of the priorities is to implement population control—which is nothing other than population reduction, killing people, genocide. The third thing is, once you've killed people and put in place people who are subservient to you, they will give you access to whatever resources are there. And we know that mineral resources abound in that region and the ultimate aim, therefore, is the looting of the riches that abound there by Britain." Tarpley remarked that the mineral wealth of the areas such as Zaire's Shaba province, included some of the most important deposits of copper, cobalt, diamonds; Burundi has very significant nickel deposits, plus copper, cobalt, vanadium, tin, tungsten; Rwanda has tin and tungsten. The last two countries, although small, he added, have very high population densities which are, nevertheless, food-exporting areas.

There is nothing ethnic about this war, Bacamurwanko told Tarpley: "It's really a weird game that's being played, whose pieces are put together out there in London and in the agencies that London finances, in the multilateral organizations, or NGOs, on the ground there. It's definitely not a home-grown problem, because we know that the Hutus and the Tutsis have always lived together very peacefully, next to one another in villages for centuries, from the 15th century to today! Even today, as the crisis goes on, we do see quite a few instances of possibilities for the Tutsis and the Hutus to continue living together, and to control their destiny together—were it not, of course, for the continuous game that the destabilizers and the genocidal policymakers, and their puppet governments continue to implement on the ground,

through these very characters: Museveni of Uganda, [Paul] Kagame of Rwanda, and Buyoya of Burundi."

### **Prospects for peace**

Bacamurwanko described the peace efforts that have been undertaken by African leaders to stop the British project for a "Tutsi-Hima empire" under London control. Zaire's President Mobutu Sese Seko is "a figure who has been able, since the days of independence, to keep the huge territory of Zaire together. I mentioned earlier, Zaire has more than 400 tribes. In Burundi and Rwanda, we don't have any ethnic groups, so to speak, because people speak the same language, they have the same culture—but in Zaire, there are different tribes, with different cultures and traditions. But, Mobutu was able, in spite of the colonial game that was set up to rip up Zaire in the days of Moïse Tshombe, and Lumumba—this hero who was killed by the colonial masters because he wanted Zaire to remain united—Mobutu has been able to keep Zaire united.

"Now, what we see in the background of this humanitarian tragedy, is that they want to set up Mobutu as an impotent leader today, who should give up his post to some other leader, most likely from the Tutsi-Hima, so the empire can grow even larger.

"But, as we know, Mobutu is capable of bringing things together, and what he needs, is for Zaire's capacities, in terms of its government, its military equipment and operations, to be bolstered and strengthened, so that he can deal with this invasion; and that's what the international community should be emphasizing, that the Zairean territory has been clearly invaded, and that Zaire should be given every possible means to deal with this invasion—and then other problems can be taken up from there."

He added that "most of the leaders in the region—in Kenya, Tanzania, in Ethiopia—have realized how dangerous this Hima-Tutsi virus can be. So, as a result, they have developed a regional mechanism for consulting with each other on a regular basis, partly in order to prevent genocide from ripping up Burundi, and having a worst-case catastrophe erupting there, the way things were in Rwanda two years ago. So, they've put their efforts together, and the former Tanzanian President [Julius] Nyerere has been leading these efforts, particularly to mediate the conflict that is evolving in Burundi and Rwanda. Another very dynamic figure is the Kenyan President Daniel arap Moi, who has been playing an extremely vigorous role, as has the current Tanzanian President Benjamin Mkapa.

"These are leaders whom Africa should look to, whom the Organization of African Unity should utilize to help stabilize the region, and Mobutu should definitely be counted on with this process." Tarpley remarked that some of these leaders have pointed out the absurdity of proposals for Canada to take the lead in resolving the situation, excluding the countries in Africa from participating in reaching a peaceful solution.

# LaRouche celebrated in Verdi's hometown

by Claudio Celani

A piece of history was made on Nov. 30, when Giuseppe Verdi's hometown, Busseto, Italy, hosted Lyndon LaRouche and Helga LaRouche at an event designed to help launch a movement to return to the "Verdi tuning," and revive Classical principles in musical composition. In the Casa Barezzi, in the very room where the young Verdi studied (today the property of the "Friends of Verdi" association), LaRouche was celebrated by famous singers such as Carlo Bergonzi and Piero Cappuccilli, who praised and supported his efforts. LaRouche addressed more than a hundred distinguished guests who had gathered for the occasion from throughout the country, and answered their questions.

The occasion for LaRouche's presence was the presentation of *Canto e diapason*, the Italian edition of *A Manual on the Rudiments of Tuning and Registration, Book I*, published in the United States under his direction (see *EIR*, Aug. 16, 1996, "A New Front Opens in the Battle for Scientific Tuning," for coverage of the release of *Canto*). The editors of *Canto e diapason*, Maestro Arturo Sacchetti, and Liliana Celani of the Schiller Institute, were also present, together with Bruno Barosi, a physicist and former director of the International Institute of Violin Building in Cremona. Musical examples were provided by soprano Antonella Banaudi, and the chorus of the Collegiate of San Bartolomeo, an amateurs' group led by Rev. Tarcisio Bolzoni.

Busseto, besides being the hometown of Verdi, Italy's most famous and beloved composer, today hosts a renowned school of opera singers under the direction of Carlo Bergonzi. Bergonzi, a native of Busseto, is known to all opera fans as one of the best "Verdi tenors" in this century. At 73, and having had a heart-bypass, Bergonzi is still singing as if he were 20. Last year, at the jubilee for conductor James Levine at the Metropolitan, Bergonzi brought down the house with his performance of Verdi arias.

Another singer with an astonishing musical longevity is baritone Piero Cappuccilli, who is this year celebrating his 40-year career. Cappuccilli, 70, no longer performs full opera roles (because of a car accident, which he miraculously survived a few years ago), but his voice, similar to Bergonzi's, has lost nothing of the original extension, elasticity, and vigor.

The secret of such musical longevity is the mastering of a perfect singing technique, which includes the use of vocal registers as they are naturally defined for all species of human voices. A register shift means that, with a middle C tuned at

256 cycles (Hertz), a tenor or a soprano will generally move from a "chest" voice into a "head" voice, passing from the F to the F sharp. The same goes for all other voice species: a baritone and mezzosoprano will shift on the E, a bass and contralto on the D.

## The importance of register

All great classical composers, including Verdi, were well aware of the existence of registers, and composed their music, taking them into account. They also composed for a tuning which was defined by an A between 427 and 432 Hz, a range corresponding to a middle C=256 Hz. But what happens when the pitch goes higher than that, reaching today sometimes A=444, or A=450? Not only does a high C become a C sharp, but the whole system of vocal registration is shifted, with catastrophic results: The voice is no longer in the proper place, and singers are forced either to shout or to shift register earlier, thus distorting the poetic intention of the composer. Furthermore, the attrition of vocal organs brings brilliant careers to a premature end, and has already caused the virtual disappearance of some species of voices, such as real contraltos or dramatic sopranos.

As the daily *La Repubblica* commented the day after the Busseto conference: "It is a war started at the 1815 Congress of Vienna. . . . It seems that those who started the escalation were the Russian military bands. 'Because of purely political reasons,' says Lyndon LaRouche in his *Canto e diapason* manual: At the Vienna Congress, right when the powers were deciding the new post-Waterloo European order, the jump to 440 was imposed. Now, it is the orchestras, continuously looking for brilliancy, that impose it on singers."

Bergonzi stressed the importance of the international effort initiated by "the great LaRouche," reminding the audience that he had already supported the initiative in a conference at Carnegie Hall. Both Bergonzi and Cappuccilli, who were interviewed together with LaRouche by national and local television networks at the beginning of the conference, reminded viewers that LaRouche's effort corresponds to the one by Verdi who, in 1884, also supported a "scientific tuning" set at A=432. "If Verdi said that, we must do it," Cappuccilli stated emphatically.

Both singers commented on musical examples provided by Antonella Banaudi, one of Italy's most promising young dramatic sopranos, who sang arias from Verdi's *Attila* and *Aida*, first with the current, higher tuning (A=440), and then with the lower tuning (A=427). As Cappuccilli readily observed, contrary to normal expectations, the difference was not so much in the high notes, which the singer can perform anyway, but rather in the lower register. Critics of the lower tuning, in fact, insist that if the pitch were lowered, high notes would be comfortable, but the lower ones would be more difficult to sing. To the contrary, Banaudi demonstrated that with the lower tuning, not only does the whole voice acquire a rounder, darker sound, but even the lower notes, as Cappuc-



*The chorus of the Collegiate of San Bartolomeo, directed by Rev. Tarcisio Bolzoni, performs Mozart's "Ave Verum Corpus."*

cilli indicated, become richer.

Banaudi was accompanied by Maestro Serenelli, who works with Bergonzi's academy in Busseto, and performed examples with the low tuning on Verdi's original fortepiano, which as of today will sport a plaque, saying that it is tuned to the original "Verdi tuning."

The musical demonstration was so self-evident that it did not need more technical explanation. The audience, composed mostly of musicians, turned its attention then to LaRouche, who explained why he had the idea to launch the international campaign for the Verdi tuning.

### **'We have to save civilization'**

The problem, LaRouche explained, is very practical: We have to save civilization from a general intellectual decay, which is dramatically shown in the younger generations, whose origin is in the Romanticism-induced separation of science and art. The American statesman recalled his own experience, when, in an effort to discard "artificial intelligence" theories in the 1950s, he realized that an immersion in great Classical music regenerated those creative powers of the mind which he relied on in his scientific work. "Classical music is a representation of how the mind works," LaRouche said. The point is that people are no longer able to distinguish real great music from what is just labelled as "classic." Great Classical music is based on what St. Paul calls *agapē*, or Christian love, as opposed to *eros*, or sensual pleasure. "That is why, after the performance of a Wagner opera, there is no dry seat, whereas after Mozart, there is no dry eye," said LaRouche, amid general laughter.

To illustrate the Classical principles of composition, which is the theme of the second volume of the *Manual* soon to be published in the United States, Maestro Arturo Sacchetti took on the task of analyzing Mozart's "Ave Verum Corpus," a piece chosen by LaRouche because, although very short, it

contains all aspects of a great Classical composition. (See LaRouche, "The Essential Role of 'Time-Reversal' in Mathematical Economics," *EIR*, Oct. 11, 1996.)

The "Ave Verum" was performed by the chorus of the Collegiate of San Bartolomeo, in the nearby Santissima Trinità Church. This is the church where, on May 4, 1836, Verdi married Margherita Barezzi, daughter of his patron, Antonio Barezzi.

Maestro Sacchetti showed how Mozart had built the short, but intense composition, as if working backwards from the end, where the key passage on the "test of death" is located. In doing that, Mozart made great use of the interval of the fifth and its inverse, the fourth, which occur again and again in the composition. The other key element, the chromatic progression, is first stated in the soprano line and then repeated, in imitative or reversed form, in all other voices. Unfortunately, Sacchetti said at the end, what you heard today is not Mozart's "Ave Verum," because the church's organ is tuned a half-tone higher than at Mozart's time.

The conference then moved back to the Sala Barezzi, where Professor Barosi explained the damage wreaked on historical instruments, such as the Stradivarius violins, by the high tuning. Stradivariuses, Barosi explained, are the best violins in the world, but they are not eternal. They last up to 500-600 years, then their descending parabola starts. By tuning them high, Barosi said, we have already started the descent of their parabola.

After that, Maestro Sacchetti presented a series of musical examples, both vocal and instrumental recordings, some of them as old as 70 years, to show the progression toward high tuning. A lively debate followed, with singers, instrumentalists, and medical doctors intervening and asking questions to Sacchetti and LaRouche. After the five-hour-long conference, participants left with a new commitment and a formidable weapon, the *Manual*, with which to fight for great culture.

# The choice facing Central Asia: development or geopolitical strife

by Our Special Correspondent

In 1989, with the fall of the Berlin Wall, the captive nations of eastern Europe looked with optimism toward the perspective of recovering their nationhood, through economic reconstruction which, they had good reason to hope, the United States and western Europe would facilitate. Instead of reconstruction, however, they received the International Monetary Fund's (IMF) shock therapy treatment, which has razed the economies of Russia and most eastern European countries, and looted whatever raw materials might be there for the taking. This occurred for clear political reasons: Those forces in the West, typified by Deutsche Bank chairman Alfred Herrhausen and American economist and political figure Lyndon LaRouche, who had designed and promoted economic projects for mobilizing western European industrial capacity to revolutionize infrastructure development of the East, were defeated by the forces of British intelligence. Herrhausen was stopped by "terrorist" assassins deployed by London under the label of the Baader-Meinhof Gang, and LaRouche was incarcerated, under the same George Bush regime which was working in tandem with Margaret Thatcher to contain Germany. Those political leaders in Europe, such as Germany's Chancellor Helmut Kohl, who should have implemented the cooperative economic approach, cringed under the attack, and let the IMF take over policy direction.

In 1991, with the collapse of the Soviet Union, a similar perspective opened up for the Central Asian Republics (CAR). The People's Republic of China lost no time in seizing the opportunity created by the new open borders, to extend parts of the continental rail network, known as the Eurasian land-bridge, which it has been building since 1985, into the CAR. From the first rail links established from China into the CAR in 1992, to the historic inauguration, in May 1996, of the rail link between Mashhad in Iran and Tadjan in Turkmenistan, through Sarakhs, one continental line has come into being, making it possible to travel from China to Europe overland. The same British policy establishment which had orchestrated the operations against unified Germany's efforts to help develop the continent, reacted vigorously to sabotage the land-bridge project, fomenting "ethnic" insurgencies along the prospective routes, from the Kurdish-populated areas of

Iran-Iraq-Turkey-Syria, to Chechnya, to Afghanistan and Tajikistan, and into the Xinjiang province of China. The conflict in Afghanistan has become emblematic for this strategy.

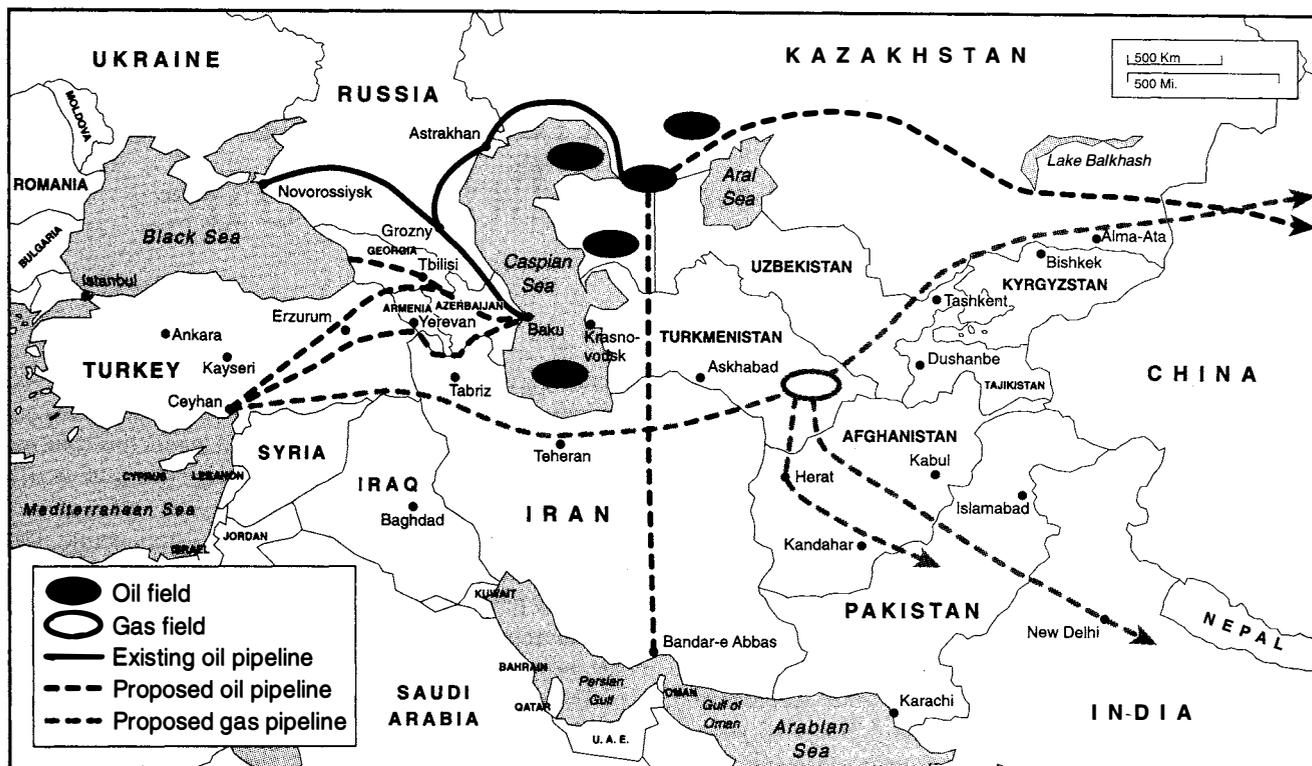
The question, whether the land-bridge perspective will prevail, or whether London will succeed in drowning it in blood, is open. On the outcome of this historic battle, will depend the recovery of the world economy and the possibility for world peace. On it, too, will depend whether or not the Central Asian Republics will be able to develop their potentials fully, to become full-fledged nation-states.

These issues were the subject of intense debate at a workshop held Nov. 25-27 in Pakistan, on the theme, "Central Asia: Internal and External Dynamics," organized by the Institute of Regional Studies in Islamabad, in collaboration with the Konrad Adenauer Foundation of Germany. The workshop drew together representatives of governments and government-related think-tanks, as well as area specialists from leading press organs, from China, Uzbekistan, Turkmenistan, Kyrgyzstan, Kazakhstan, Pakistan, and the United States. Among the American delegates were a spokesman for the Rand Corp., and a representative from the Schiller Institute, filling in for Lyndon LaRouche, who regretted that he was unable to attend. The audience was composed of diplomats, military and political personalities, academics, and press.

From the keynotes delivered on the first day, two distinctly juxtaposed approaches emerged during the workshop: One, embraced by Rand, some Pakistani delegates, and several "area specialists" from the geopolitical think-tanks, focussed on identifying possible or actual conflicts affecting the Central Asian Republics, on the basis of, especially, ethnic profiling; the other agenda, put forward by China, the CAR, and the Schiller Institute, emphasized economic cooperation among sovereign nations as a means of ensuring stability and development, and preventing "ethnic" strife. The Eurasian land-bridge was referenced by several speakers in this context.

The two different approaches clashed in particular around the issue of Afghanistan, which was the central theme of the second day of the workshop. The position presented, was that the Taliban takeover would help stabilize Afghanistan, to

FIGURE 1  
Eurasian oil and gas pipelines



allow foreign interests to build a Turkmen-Afghan-Pakistani pipeline, to export Turkmenistan's oil. The Schiller Institute's denunciation of British geopolitical operations using ethnic movements like Taliban to break up nations, and to sabotage the Eurasian land-bridge, polarized the debate.

### The great powers' view

Just what U.S. policy on Central Asia is, could not be clarified in the workshop, because there was no official spokesman for the Clinton administration present. A certain confusion arose, in fact, as Dr. Zalmay M. Khalilzad, from the Rand Corp., pretended to represent official Washington, although he claimed at the same time, to be speaking in his capacity as a private individual. Dr. Khalilzad, of Afghan origin, has held undersecretary positions at the Defense Department and State Department, but in the Bush administration. Speaking on the first panel on "Major Powers' Perspective on Central Asia," Dr. Khalilzad said that the United States had pursued the following aims, since 1991: support for independent CAR, to prevent imperial tendencies in Russia from prevailing; transfer of nuclear weapons from Kazakhstan to Russia; prevention of traffic in weapons of mass destruction; promotion of a free market economy; integration of the CAR economically, financially, and politically, into the world com-

munity; opening up more access for the United States to the natural resources of the CAR, to develop its oil and gas for the world market; integration of eastern Europe into NATO, and consolidation of the Partnership for Peace; preservation of independence of Ukraine and the Baltic states; isolation and containment of Iran.

Khalilzad's approach was exquisitely geopolitical: Using cliché profiles of the peoples in question, he projected their policy options in terms of playing one power against the other. In his treatment of the CARs themselves, for example, he characterized them as being suspended between their "northern concern" (fear of Russian hegemonism) and their "southern concern" (fear of flows of refugees, drugs, opposition groups, and Islamic extremists from the south).

Khalilzad betrayed his real interest in the CAR in remarks about the importance of their energy resources for development. By "development," he meant they could begin exporting 5 million barrels per day by the year 2010. Given the instability in the Persian Gulf and the growing Asian market, he said the CAR had great opportunities. Eyeing Turkmenistan's massive natural gas resources rather covetously, Khalilzad said the United States supported multiple routes for export. These, again geopolitically defined, would run through Russia, Turkey, Afghanistan, and Pakistan; but, he said, the

United States was “not positive to routes through Iran, which would benefit Iran politically, economically, and otherwise.”

When asked how the anti-Iran policy could be justified, in light of the crucial contribution Iran could make—is indeed making—to CAR economic development, through its extension of rail infrastructure and its arrangement of swap deals for oil and gas, which are more beneficial to the producer countries, the Rand representative excluded a “critical dialogue” with Iran with the curious notion that “in the art of policymaking,” Iran’s alleged support for terrorism and rejection of Mideast peace, should weigh more heavily than its positive contribution to CAR economic stability. The “strategic conflict of interests between the U.S. and Iran in the Gulf” weighed in more heavily than peace through development.

Nothing could have provided a sharper contrast to Khalilzad’s geopolitical musings, than a speech presented on the same panel, by Mrs. Shi Yuyu, from the Chinese Academy of Social Sciences. This delegate, representing the other superpower, spoke on “Relations Between China and the Five Central Asian Countries: Policy, the Present Situation, Prospects.” Since 1991, she said, both China and the CAR “have implemented the policy of mutual respect for territorial integrity and sovereignty, good neighbor policy, equality, and mutual benefit.” On this basis, cooperation has developed, she said, as shown in several visits of leaders from all countries involved. The July 1996 visit of Chinese President Jiang Zemin “filled the relations with new energy, carried the mutual relations to a new stage, and brought the cooperation of politics and economy into a new age. The building of the Eurasian land-bridge will be more conducive to mutual complement and the expansion of mutual economic cooperation between China and the Central Asian countries. From now on, on the basis of the interests of each country’s own internal reform and development, the long-term, stable, equal, and mutually beneficial cooperation will further develop for the purpose of prosperity, development, and progress. We both ‘will jointly create a brilliant future of friendship and cooperation.’” She quoted Jiang Zemin further: “More than 2,000 years ago, the world-famous Silk Road was not only a road of trade and civilization, but also a road of friendship and cooperation as well. The ancient path ‘had linked’ the people of China with the people of each Central Asian country a long time before.”

Summarizing the last five years’ developments, during which China signed “economy-trade cooperative agreements” and “government credit agreements and various cooperative agreements of encouraging and protecting mutual investment,” she said, “the mutual trade is developing so quickly that China has already [become] one of the most important trade fellows of each Central Asian country.” For example, China-Kyrgyzstan trade increased from 10 million Swiss francs (about \$8 million) in 1991 to \$100 million in 1994, and \$231 million in 1995. Trade with China moved from 1-2% of Kyrgyzstan’s total foreign trade in 1990, to

28% in 1996. China has become the second trade partner of Kyrgyzstan, after Russia. And trade with China accounts for the largest percentage of the total, for Kazakhstan.

Mrs. Shi also pointed to military cooperation, as in the April 26, 1996 “treaties on strengthening mutual trust or shared military border areas, between China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan.” She stressed the fact that, since the establishment of diplomatic relations, the character of relations between China and the CAR has been defined by their common commitment to ignore different ideologies, to respect sovereignty and non-interference, for example, by refusing to “join any military and political organization . . . [or] conclude agreement with a third country to impair the sovereignty and safety of the other”; and to emphasize economic cooperation for long-term stability and growth. She also reiterated China’s view that such cooperative relations are advantageous to the parties concerned, “and advantageous to peace and development of the world.” She concluded that China’s economy has continued developing as a result of such relations, and that the economies of the CAR, “after having experienced years of recession,” are beginning to recover. She said that economic integration would be strengthened in the future, “including the building of the Eurasian land-bridge.”

Although questioners plagued Mrs. Shi with queries about the “Pan-Turkic and Pan-Islamic movements” in Xinjiang province, about the “Greater Turkey movement” and its effects on relations between Ankara and Beijing, and about a presumed “Russian threat,” the Chinese delegate coolly denied that any of them were a serious threat to China, and refocused attention on the importance of forging ties of economic cooperation, in order to produce a kind of economic interdependence.

### **How the Central Asian Republics see it**

Lt. Gen. Nishat Ahmad, president of the Institute of Regional Studies, who had opened the conference, referenced various scenarios being spun about the republics, some of which project their absorption into imperial Russia or their collapse into chaos. His institute’s view, he said, was that the CAR were destined to undergo peaceful change, especially through cooperative agreements with the Community of Independent States (CIS), Europe, the Organization of Islamic Conference, and China. With their strong cultural moorings, they would succeed, he said, in building viable nations. It is to the institute’s credit, that it organized the workshop with high-level representatives from all the CAR (except Tajikistan, due to the civil war there), who laid out the steps being taken in the nation-building process, particularly with regard to economic development.

Ambassador Bahadur Abdur Razakov, from Uzbekistan, who held many diplomatic posts under the Soviet Union, in Cairo, Dakar, and Kabul, concentrated on the political aspects of the evolution of the CAR. Underlining the fact that the

independence of the CAR came about abruptly and unexpectedly—not due to domestic liberation movements—he explained that the cadres in these republics had been educated in the “spirit of socialism and internationalism,” and had therefore never contemplated separation from Russia. In response to pressures from abroad, and statements by several participants in the workshop, that the CAR governments were still run by ex-communists, and maintained autocratic structures, Razekov said, “We do not need democracy for the sake of democracy, but we need to strengthen the state.” He pointed out the problem, that “the population there never lived under democracy, and only fought for relief from oppression.” Therefore, the situation of the CAR “cannot be compared to the U.S. or Europe.” He said that forcing democracy would lead to anarchy, that “the idealization of democracy is as dangerous as the denial of democracy.” He said that one had to understand they were in a transition, from one system to another, and that what was important was “the direction toward democracy.” The CAR, in Razakov’s view, should seek to strengthen cooperation through bilateral and multilateral contacts, and “act jointly at the UN, without a federation or confederation.” He emphasized that the Central Asian Republics “are not passive observers,” that “Central Asia is an important, strategic region.” On the question of security, Ambassador Razekov referred to the December 1994 Budapest agreement, which outlined guarantees for Belarus, Kazakhstan, and Ukraine, in the context of the nuclear agreements. He called for security guarantees to be made for the other CAR, and Afghanistan, under UN auspices.

But the central concern which emerged from the contributions of the other CAR spokesmen, was economic: how their countries can benefit from the Eurasian land-bridge and from increasing economic integration among themselves. Dr. Omerserik Kasenov, of the Kazakhstan Institute of Strategic Studies in Almaty, under the Presidency, illustrated how the resource-rich Central Asian Republics, wedged between two nuclear superpowers, China and Russia, are seizing this “new opportunity” to develop cooperative relations with both. Citing the rail connections from China through Kazakhstan, he said, “It is now possible to travel from western Europe to China,” and cited the May 1996 opening of the Turkmenistan-Iran rail link, in the Eurasian land-bridge. He said that the land-bridge project was “being fulfilled,” and that Kazakhstan “has already begun exercising the right to use Chinese sea ports, giving it access in the Asia-Pacific region.” Although there are obstacles, in customs laws, etc., he expressed confidence that the land-bridge would “provide stimulus for our own economy, also through the trade between western Europe and the Asia-Pacific” region which the land-bridge will facilitate.

In addition to this new infrastructure network which brings the CAR into continental communication, some of the republics have initiated the process of economic integration.

As Dr. Kasenov explained, interstate councils were founded by three of the CAR—Kyrgyzstan, Kazakhstan, and Uzbekistan—in 1994, on the prime minister level, with a rotating executive committee in Almaty. These councils have outlined joint projects, especially in the economic field. In addition, a council of defense ministers was created. Most important, he introduced the Central Asian bank for development and internal development, which has financed regional projects for \$9 million thus far. Kasenov explained that this allowed the CAR to cooperate with one another, whereas under the Soviet system, they had related only to Russia.

Sultanbayev Temirbek, deputy head of CIS affairs, at the Foreign Ministry of Kyrgyzstan, showed how, following the 1992-93 period of disintegration, due to the collapse of the Soviet Union and related trade, in 1993, and until April 1994, they began building market economy relations, and, since April 30, 1994, have been developing the agreement among Kyrgyzstan, Kazakhstan, and Uzbekistan, for a single economic space. He illustrated the economic disruption which ensued after the collapse of the Soviet Union, which had operated “as an indivisible economic complex,” in which “critical skills were enhanced in one or another republic to the neglect of other capabilities necessary to a diversified local economy.” Temirbek also highlighted the economic treaty mentioned by Kasenov, and its 53 joint projects, in agriculture, industry, and the metallurgical sector. The joint banking and financial structures, he said, would finance joint ventures, including a project for railway construction, and spare parts production.

None of this economic reorganization has escaped the notice of the IMF. Indeed, in the case of Kyrgyzstan, about 59% of the economy has been privatized, 76% of industry, 42% of agriculture, and 53% of the construction sector. In addition, the IMF has put pressure on Kyrgyzstan, to lift crucial price supports and social programs. Orozaliyeva Zulaihu Sultanovna, of the Kyrgyz Institute of Strategic Studies, under the Presidency, presented some of the problems encountered in the transition from a state-planned economy to a market economy. Without naming the IMF, she listed the effects of its policy there: rising prices and unemployment, declining production, unpaid wages. “The persistent problem in all of the new republics is that people, while perfectly content to accept the benefits of a changed economic and political environment, are extremely reluctant to accept the loss of benefits which they enjoyed under the old system.” To wit: “Pensions, health care, education, and medical care have all eroded since the Soviet days.”

Mrs. Sultanovna hammered away at the importance of economic integration of the CAR in an economic bloc, so as to avoid remaining raw materials exporters. She pointed to the highly skilled labor force, rich energy, mineral, and agricultural resources, and the great technological and scientific potential in the military-industrial sector, which the CAR

have as economic advantages. In underlining the common characteristics of the CAR, she said, "ruling elites always find it expedient to make people concentrate upon what makes them different from other people, rather than have them become aware of their similarities." She regretted the fact that the United States seems to have shifted its support from the "more democratic" nations of Kyrgyzstan and Kazakhstan, to Uzbekistan, which the United States, she said, views as a strategic partner. She suggested that the United States should seek such a relationship with the three Central Asian Republics.

Turkmenistan appears to be resisting the pressures of the IMF, to the extent possible. Nurmurad Durdyev, from the Asia Pacific Division of the Foreign Office of Turkmenistan, placed emphasis on his country's neutrality, and on economic agreements. He said, Turkmenistan's "Ten Years of Prosperity" program, issued following the collapse of the Soviet Union, called for transforming the economy from a raw materials exporter to a national economy. Basic utilities like gas, water, and electricity, he said, were still free for the population, and prices of consumer goods were still fixed, in marked contrast to policies dictated by the IMF. As for that agency, Durdyev said, "The IMF has an office in Ashkabad, but we have no debts to the IMF." Turkmenistan is trying to generate funds for development, from its own raw materials export revenues.

Contrary to the profiles worked up by the think-tanks, which identify Russia and China as "superpower threats," and Iran and Turkey as "regional hegemonists," the picture presented by the protagonists is quite different. The Kazakh delegate, Dr. Kasenov, denied that there were any real threat from Russia to the CAR, and ridiculed Vladimir Zhirinovskiy's statement, that the CAR, if left to their own devices, would "come crawling back to Moscow." He and other speakers reiterated their desire to maintain relations with Russia, but on a new basis. He said they had good relations with Iran and Turkey, and denied that Iran had any intentions of conquering Central Asia. The "real threat," he spelled out clearly, "is the division of Afghanistan along ethnic lines, which is also a threat to Pakistan, through a possible Pushtunistan." Any change in Afghan borders "would be a dangerous precedent for revising borders throughout Central Asia." In answer to questions regarding border disputes among the Central Asian Republics, he said, "The CAR emerge from traditionally multi-ethnic societies, in the Khanates. It is dangerous to build states on ethnic lines," and pointed to examples in Africa. "Any attempt to revise borders along ethnic lines means bloodshed." In answer to questions, he again stressed, "our purpose is *not* to build an ethnically 'pure' state." For Mrs. Sultanova, the continuing Tajik civil war and the Afghan war, are the real sources of destabilization of the region, including emphatically through the drug trade.

## **Afghanistan: fatal illusions**

The chairman of the workshop, Lt. Gen. Nishat Ahmad, had pointed out, that when his institute planned to hold its workshop on Central Asia one year ago, there was no way of knowing how rapidly events in Afghanistan would unfold. In the interim, the insurgent Taliban movement had conquered the capital Kabul, sending waves of panic through the CAR, Russia, and China, that, if the insurgents continued their offensive northward, the resulting conflict would destabilize the entire region. Support for the Taliban insurgency by circles in Pakistan, as well as the U.S. State Department and the Saudis, therefore, became the subject of heated debate at the workshop.

At the final panel of the workshop, several Pakistani speakers confirmed that Pakistani support for Taliban is being rationalized by interest in various pipeline projects, particularly the project to run an oil pipeline from Turkmenistan through Afghanistan to Pakistan's port city. The idea is that the pipeline can be built "once Taliban has pacified the country."

The gross fallacies in this view were exposed by Schiller Institute representative Muriel Mirak Weissbach, who gave a short overview of the positive and negative dynamics affecting the region, since 1989. Regardless of what the Taliban supporters may think they are doing, the entire operation is being run from a higher level of British geopolitical manipulation, which is using the Taliban to unleash general warfare and ethnic destabilization along the Eurasian land-bridge route.

She demonstrated how the British had sabotaged the attempts by those in the West, like Herrhausen and LaRouche, who proposed to mobilize European industry for developing eastern Europe, and how they used the IMF shock therapy, instead, to destroy the economies of Russia, Ukraine, Poland, and other nations. She explained this policy, with reference to the history of British geopolitics since the end of the last century. Then, turning to the Eurasian land-bridge policy, she showed how the British today are again intent on sabotage, this time by mobilizing ethnic, separatist insurgencies against the nation-states. She cited LaRouche's call for reorganization of the world monetary and financial structures, through U.S.-Chinese-Russian agreement, and implementation of the Eurasian land-bridge, as a means of sparking world economic recovery and defeating British geopolitics.

As for the Taliban themselves, she said, the suggestion that the Taliban could set up a unified state and run an economy, is ludicrous. And the idea that a national economy, such as Pakistan's, can be based on "pipeline economics," is absurd.

That important sectors of Pakistan's elites support such "pipeline economics," was made explicit in a speech by Dr. Gulfaraz Ahmad, secretary of the Ministry of Petroleum and Natural Resources in Islamabad. In his view, energy-deficient Pakistan should become an intermediary for resources from

Turkmenistan and Kazakhstan. This oil and gas should be used for local needs, while other gas, from Qatar, Iran, and other countries, should be processed into liquefied natural gas (LNG). The new infrastructure for natural gas by the year 2020, he said, would include pipelines from West Asia through Pakistan to South Asia; from the CAR through Pakistan to South Asia; from the CAR to China and Korea; from the Russian Far East to China and Japan. LNG transportation should go from West Asia to Asia; from Australia to Japan; from Australia to Pakistan and India; from West Asia to Korea and China. The pipelines from West Asia to South Asia, from Qatar to Pakistan, and from Iran to Pakistan are all at an advanced stage of feasibility. The Central Asia-Turkmenistan-Afghanistan-Pakistan pipeline—the one Taliban is supposed to be making possible—has been conceptually identified, and feasibility studies have begun. “It will be required to function within the next five years,” Ahmad said.

There is no doubt that Ahmad made his proposals in good faith. Indeed, one very striking aspect of his remarks was his emphasis on the desirability of cooperation with India on a pipeline proposed by Iran. “Pakistan should have no difficulty letting pipelines go overland to India,” he said, “and India should have no concern either. There are sufficient multilateral, international guarantees, and if the flow were interrupted, both countries would suffer.” What Ahmad failed to see, is that “pipeline economics” is nothing more than raw material extraction. Building pipelines per se does not develop an economy.

The Pakistani ambassador to Turkmenistan, Tariq Osman

## Pakistani press notes Schiller Institute role

The Pakistani newspaper *The News* reported the following, in its coverage of the Islamabad conference on Central Asia: “Muriel Mirak Weissback [sic], who represented the Schiller Institute USA chairman Lyndon H. LaRouche, Jr., as he wasn’t able to come to Pakistan for the workshop, in an interesting paper disclosed that a certain British organization was working since long to foment troubles and wars in the Eurasia land bridge with a view to break up nation-states to achieve long-term political and economic goals. She said the eventual objective of these British experts was to achieve Lebanonization of Central Asia. She told questioners that the Schiller Institute was founded in Germany in 1984 and now had branches all over Europe and Latin America and was being run by donations. She denied that their institute was extreme right wing.”

Hyder, spoke briefly on the pipeline as well. He said that two pipelines would be required by the end of the century, to supply Pakistan’s energy needs. “The pipeline from Turkmenistan across Afghanistan is the shortest. A quadrilateral MOU [Memorandum of Understanding] was signed in Ashgabat on May 15, 1996, between Turkmenistan, Afghanistan, Uzbekistan, and Pakistan,” he said. The same day, “a trilateral MOU for a parallel oil pipeline was signed between Turkmenistan, Afghanistan, and Pakistan. Commercial oil companies are ready to start the project on the ground.” Hyder proposed expanding an existing pipeline from Siberia via Kazakhstan and Uzbekistan to Turkmenistan, to utilize surplus oil reserves in these areas, to export through a port in Pakistan. He added, “I also believe that the initiation of such projects in Afghanistan will have a significant knock-on effect for peace in Afghanistan and will greatly benefit the people of Afghanistan in their quest for rehabilitating their infrastructure and economy.”

The two projects, he said, carried a price tag of \$5.5 billion together. The ambassador also said he thought that a five-dimensional corridor from CAR through Afghanistan and Pakistan should be developed—for road and rail traffic, electricity transmission, and gas and oil pipelines. “These projects will permit the beginning of the process of reconstruction of Afghanistan,” he said. He further reported that he had travelled to Afghanistan last summer with the Pakistani foreign minister, and had met with all the Afghan rival factions. “They all said, they would work together for the good of these pipeline projects. No one opposed the pipeline.” He concluded, “In the quest for peace in Afghanistan, we have to give more emphasis to the economic aspect than we have done until now,” and he suggested that an “economically strategic partnership” be constructed among the CAR, Iran, Turkey, Pakistan, and Afghanistan.

In answer to a question from a German expert on Central Asia, whether such pipelines could be made safe in the midst of a war, he answered, “Even in Colombia and Algeria, where there is conflict, there are pipelines functioning.” He said, the Afghan situation was better now than under the Russian occupation, as those fighting are “only rivals.”

It is important to note that the Rand Corp.’s Dr. Khalilzad had also defined Afghanistan-Pakistan as an “alternative route” and mentioned the pipeline project of Unocal and (Saudi) Delta, companies that “need an authoritative government in Afghanistan with whom they can deal.” He lamented that “there is no overall strategy yet in Washington for Central Asia,” and thought the United States should be more active in seeking a solution to the Afghan “proxy war in the making.”

The proposition presented by the two Pakistani speakers, that an agreement among rival warlords, currently at war, can be reached for the pipeline, perhaps whereby each faction receives a cut of the take, so to speak, is not very likely, to say the least. And it became clear in the debate, that there is no consensus in the country’s elite, for continuing this support.

Ahmed Rashid, of the *Far Eastern Economic Review* and the *Independent* of London, criticized Pakistan's Afghan "Pushtun-driven" policy, and ridiculed the Taliban as "without any ideological center, at a zero level of Islamic intellectual tradition, lacking any concept of a state or an economy, and victorious only through money, fear, and fragile alliances." He said the only trade routes the Taliban had opened up, were routes from the "trucker/trader" economy, of truckers going from Pakistan through Taliban-held territory, into seven other states, illegally. He also confirmed that drug cultivation and trafficking are flourishing under Taliban control. Finally, he asserted that Afghanistan has already been de facto partitioned as a result, with many governments having opened up consulates in Taliban-controlled Herat, and with the UN's having established zonal offices.

The most effective discrediting of Taliban came from the horse's mouth. As if by chance, a member of Taliban, Abdul Wahab, showed up at the seminar, and was invited to answer questions. When asked how Taliban could pretend to be a unifying force, when it has no idea of how to organize a state, and knows nothing about economy except drug running; and how it could justify its offensive, knowing that this is breaking up the state and destabilizing all the CAR, he said that Afghanistan was still at war, and that it had to be "settled" first; once that had been done, Taliban would "call in the experts" to lay out policy. He said, repeating a line presented by others, that Taliban was "transitional" and would be replaced by something else, unidentified.

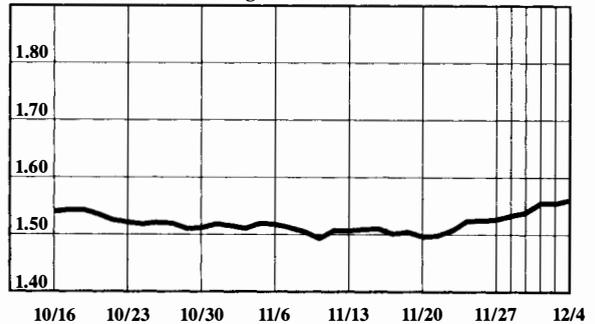
Even Lt. Gen. Kamal Matinuddin (ret.) of Pakistan, who spoke positively on "The Taliban Phenomenon in Afghanistan: Genesis, Prospects and Impact on the Region," found it necessary to list the "pros" and "cons" to Pakistan's supporting or not supporting Taliban. Among the "pros" was that "they, along with Abdul Rashid Dostum, presently control the western route to Central Asia, which Pakistan is desperately trying to open"; that they are ethnically Pushtun; that they are strongest on the border with Pakistan; and, that they control 20 of the 32 provinces, and thus are "the largest claimant to the throne" there. In his "cons," he mentioned shifting alliances within Afghanistan, tensions created in Pakistan-Iran relations, and the danger that the Taliban extremism could spill over into Pakistan with destabilizing effects. He concluded, "It will be wise for Pakistan to try and establish normal relations with all major Afghan factions and work along with the United Nations for a broad-based government in Afghanistan. Putting all eggs in one basket has not been a sound policy."

A sound policy for Pakistan would be to concentrate its efforts on bringing into being the southern route of the Eurasian land-bridge, through Kunming, Mytkyina, New Delhi, Lahore, Sukkur, and thence through Iran to Europe. Authoritative representatives of Pakistan's and India's military establishment, have spoken out in favor of building this route, which would open up the promise of genuine infrastructure and economic development.

## Currency Rates

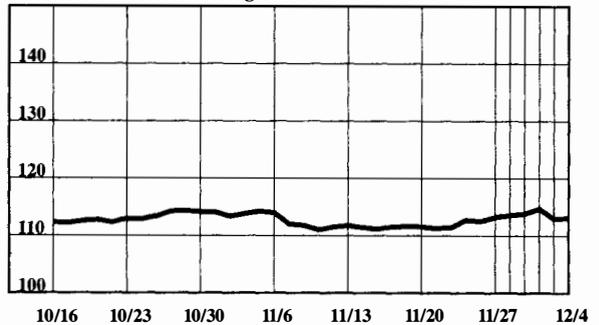
### The dollar in deutschemarks

New York late afternoon fixing



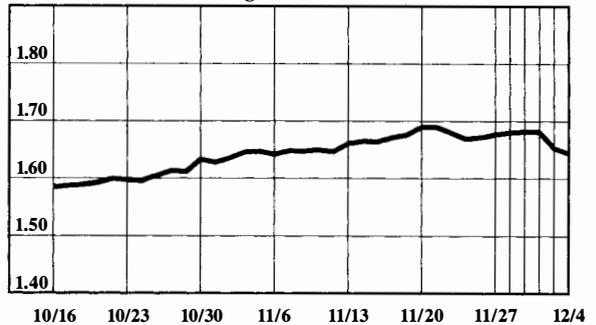
### The dollar in yen

New York late afternoon fixing



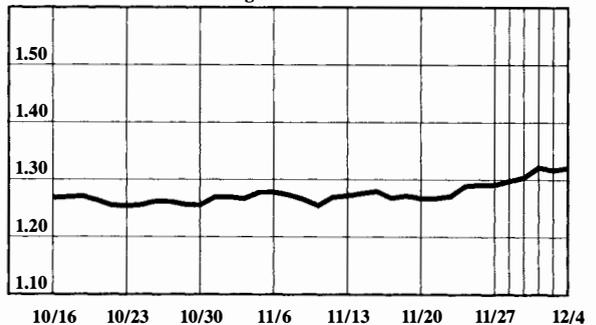
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



# International Intelligence

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## *Egypt-Israel relations continue to go downhill*

The Israeli newspaper *Yediot Aharonot* of Nov. 26 wrote that the United States is worried about the deepening crisis in Israeli-Egyptian relations. Tensions climaxed on Nov. 25, when Egyptian President Hosni Mubarak denounced Israel's policy toward Jewish settlements in the occupied territories, and raised the possibility of Cairo's recalling its ambassador to Tel Aviv, in view of Israel's failure to withdraw from the West Bank city of Hebron.

Mubarak held a press conference at central military headquarters on Nov. 25, in his first official visit there, where he told the press: "Although the Israeli prime minister has said that nothing is going to be built on the Golan, I really do not know whom to believe any more. Every day they say we are building and will build thousands [of houses], then they later deny this and say we will not build anything. . . . But regardless of how the statements may sound, they are scary and will extremely harm the peace process. If these statements are meant to agitate feelings, I tell them that this portends danger to the entire peace process. They must be careful about this, and I believe that the Israeli people, like the Arabs or any other people in the world, want peace and do not want war."

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## *Canada backs global 'indigenous rights' at UN*

On Oct. 31, the Canadian government announced a "dramatic revision" in its policy toward indigenous self-determination, at the UN Human Rights Commission's "Open-Ended Working Group Considering the Declaration on the Rights of Indigenous Peoples." Canada told the Geneva meeting that it now recognizes that the right to self-determination "applies equally to all collectivities, indigenous and non-indigenous, which qualify as peoples under international law." The statement referenced Articles 3, 31, and 34 of the UN Draft Declaration on the Rights of Indigenous Peoples, which go

to the heart of the attack on the nation-state by the UN's indigenous movement.

Article 3 holds that: "Indigenous peoples have the right of self-determination. By virtue of that right, they freely determine their political status and freely pursue their economic, social, and cultural development." According to Article 31, self-determination includes "the right to autonomy or self-government in . . . land and resource management . . . and entry by non-members, as well as ways and means for financing these autonomous functions."

Article 34 includes the especially insidious clause that "indigenous peoples have the collective right to determine the responsibilities of individuals to their communities." In 1994, the executive director of the Indian Law Resource Center argued in *Cultural Survival Quarterly* that the intent of this UN Declaration, is to establish, as international law, that *collective human rights* take precedence over the current, universally recognized principle of human rights of individuals.

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## *New Thai government reshuffles old coalition*

The New Aspiration Party (NAP) of Gen. Chavalit Yongchaiyudh edged ahead of rival coalition parties with a two-seat lead in the Nov. 17 voting, and has now substantially reconstituted the six-party coalition, which had been routed in disgrace in September. The one key change Chavalit has made is to drop outgoing Prime Minister Banharn Silpa-Archa's Chart Thai Party, and replaced it with the Chart Pattana party of former Prime Minister Chatichai Choochavan, who was ousted in 1991 in a military coup. The six-party coalition will hold 221 of the 393 parliamentary seats. The Democratic Party of former Prime Minister Chuan Leekpai will lead the opposition.

The election was the most expensive ever, rivalling the U.S. Presidential elections, with between \$800 million and \$1.2 billion spent over a scant 45 days.

Meanwhile, General Chavalit told a Bangkok press conference on Nov. 26 that

he will travel to Yangon, Myanmar (Burma) to urge the military junta, SLORC, to hold new elections. Chavalit will tell SLORC, "I'm your best friend. We have a very long relationship, [but] you can't stay on like this any more." Chavalit's friendship dates from 1988 when, shortly after long-time Burmese dictator Gen. Ne Win "retired," Chavalit sought highly lucrative timber contracts with the newly installed SLORC government. Chavalit's announcement came the same day that U.S. President Clinton, attending a state dinner in Bangkok, praised Thailand's "democratic journey," while issuing his strongest criticism yet of SLORC.

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## *WWF founder seeking wildlife park investors*

Anton Rupert, a founder of both the South Africa Foundation, which controls economic policy in Pretoria, and the World Wide Fund for Nature, will establish the Foundation for Peace Parks in Southern Africa in February, to attract foreign investment for the development of seven cross-border wildlife reserves. John Hanks, who replaced Rupert as the director of the South African branch of the WWF, said that Rupert would make a "very generous" contribution to the new foundation. "The idea is to raise a very large sum of money for the seven trans-frontier conservation areas that involve South Africa," Hanks said. The proposals would merge South African parks with adjoining land in Namibia, Botswana, Zimbabwe, Mozambique, Swaziland, and Lesotho.

Hanks identified one of the parks as the Kruger National Park, which, at 20,000 square kilometers, is the biggest in South Africa. The World Bank, whose conditionalities have increased both unemployment and starvation across Africa, is already studying proposals to join the Kruger Park to an area of similar size in Mozambique. Gushed Hanks: "We've already had meetings with World Bank people, we've met with high-level authorities in Mozambique; it has enormous potential in terms of developing a sustainable eco-tourism industry and creating jobs of hundreds of people."

**IRAQ** has said it is ready to immediately implement the long-delayed UN Memorandum of Understanding allowing for "humanitarian oil sales." An Iraqi News Agency correspondent in New York, reported that Iraq and the UN Secretary General Boutros Boutros-Ghali met on Nov. 25, and agreed on the necessary methods to put their Memorandum of Understanding into effect.

**PALESTINIAN** President Yasser Arafat met in Bethlehem with Jewish settlers from Kiryat Arba on Nov. 26. The delegation, which included 13 settlers, represented the 20% of Kiryat Arba's 15,000 residents who are not members of the terrorist JDL and Gush Emunim. The settlers expressed their readiness for coexistence with the Palestinian Authority, and voiced support for the peace process.

**HENRY KISSINGER** keynoted an award ceremony for Singapore's Lee Kuan Yew, who was made this year's Nixon Center for Peace and Freedom "Architect of the New Century" on Nov. 11. Lee, known as "the best bloody Englishman east of the Suez," is only the second recipient of the award. The first went to Newt Gingrich.

**THE ITALIAN NAVY** announced that for the first time, a NATO member had taken part in a joint naval exercise with China. The exercise took place in Shanghai on Nov. 28. "For the first time, the Chinese Navy has agreed to carry out a joint exercise with ships from a Western country," the Italian statement said.

**A NORTH AFRICAN** illegal immigrant in Italy was given an emergency heart transplant by Naples surgeons, who flouted National Health Service regulations, that a transplant patient must at least have a residence permit, in order for the government to pay. The chief surgeon decided the hospital would cover the costs, rather than lose a life.

## **ASEAN to admit Myanmar, Laos, and Cambodia**

Indonesian Foreign Minister Ali Alatas told a post-summit press conference on Nov. 30, that the seven heads of state of the Association of Southeast Asian Nations affirmed their commitment to bring Laos, Myanmar, and Cambodia in as full members, at the same time. No date was given for when this will occur, but it had been expected that Laos and Cambodia would become full members at next year's summit.

Alatas also underscored to the press that there was no disagreement "as to the principle of Myanmar's entry into ASEAN," and Secretary General Ajit Singh told the press that, based on his recent tour of Myanmar, it is better prepared, on technical grounds, to join than Laos or Cambodia. The heads of state of the three countries were also present in Jakarta, and met with the sitting members, after the official summit concluded.

The ASEAN heads of state also officially "noted with increasing concern the efforts of [Portugal] . . . to introduce extraneous issues such as the question of East Timor," into relations between ASEAN and the European Union. Portugal, the former colonial power in East Timor, abandoned it to civil war in 1974.

## **Goldsmith cronny created Afghanistan's Taliban**

Sir Nicholas Barrington, the former British High Commissioner in Pakistan, played a central role in the creation and arming of the Taliban, according to the November issue of *Impact*, a Pakistani Islamic publication based in London, and also confirmed by *EIR*. In 1993, Barrington, then stationed in Pakistan, deployed two British intelligence teams into Afghanistan under humanitarian non-governmental organization (NGO) cover, which prepared the logistical and ideological ground for the synthetic movement. Second, Barrington deployed another NGO, the Office of Peace and Develop-

ment, to hire Afghan mujahideen to train and lead the new group. Charles Santos, then the political adviser to UN Special Envoy to Afghanistan Mahmoud Mestiri, also played a key role. "Mestiri's militia," as the Santos UN political team was called, oversaw the growth of the group, which he now advises.

Barrington, whose first British foreign service tour of duty was in Afghanistan in the 1950s, recently retired from the diplomatic service. Today, he is reportedly an employee of Sir Jimmy Goldsmith. Barrington supplied Goldsmith with the incriminating information on Pakistan Prime Minister Benazir Bhutto's husband's purchase of London real estate, which Goldsmith used to help topple her. Goldsmith's son-in-law, Imran Khan, an ethnic Pushtun, is now running for her post.

## **Deadly legacy of economic reforms in former U.S.S.R.**

As a result of the "free market" reforms in the former Soviet Union, imposed by George Bush and Margaret Thatcher, death by starvation, hypothermia, and disease, has struck hard. In the "newly independent state" of Moldova, for example, parents routinely abandon their newborn infants and children, because they see no way to feed or care for them. One-tenth of Moldova's young children are in state-run orphanages, which, thanks to these same economic reforms, now lack proper food for them. More immediately, they have no fuel for winter heat, nor any money to buy it. At least 1,000 Moldovan children froze to death last winter, and hundreds have already frozen to death this year.

Meanwhile, the "free market" is turning Russia into a favorite stop for German "sex tourists": No longer able to afford the airfare to the bordellos of Thailand or the Philippines, many German men are now spending their holidays in Kaliningrad. Of that city's 400,000 population, 6,000 are estimated to be prostitutes. AIDS cases, completely unknown before 1995, officially came to 70 last year, and to over 400 this year.

## Soros's pro-drug con-game is drawing bipartisan fire

by Jeffrey Steinberg

In a display of bipartisan anger that is most unusual in Washington these days, Clinton administration National Drug Policy Director Gen. Barry McCaffrey, Drug Enforcement Administration Director Thomas Constantine, and Senate Judiciary Committee Chairman Orrin Hatch (R-Utah), all blasted billionaire speculator George Soros for bankrolling the recent drug legalization ballot initiatives in California and Arizona. At Senate hearings on Dec. 2, the administration officials joined Republican Senators Hatch and Jon Kyl (Ariz.) in slamming Soros for using misleading advertising tactics, millions of dollars in out-of-state soft money, and other corrupt means, to secure victories for Arizona's Proposition 215 and California's Proposition 200 on Nov. 5.

The California proposition legalizes the "medical" use and production of marijuana, and provides only the most vague and open-ended definitions of "medical use." It does not even require written certification of the "medical" diagnosis and prescription of marijuana use. The Arizona proposition goes even further—authorizing the same "medical" use of all Schedule I illegal drugs, including marijuana, heroin, cocaine, methamphetamine, and LSD—on the basis of equally vague standards.

According to sources in Washington, D.C., the Clinton administration has been joined by an interdenominational alliance of religious leaders, to plan out a systematic campaign to roll back the two propositions, and to prevent any other states from passing similar ballot initiatives, whose slick wording conceals the fact that they are, to all intents and purposes, legalizing all forms of addictive and mind-altering drugs.

Further, sources close to the White House have reported that President Clinton is furious at the con-game that was run on voters in California and Arizona, and holds Soros person-

ally responsible for the effort. Indeed, as this magazine has documented for the past two years, George Soros has poured at least \$20 million into the drive to legalize drugs in the United States; and the eastern European branches of his Open Society Fund, regularly stage seminars and expensive conferences to peddle the legalization of drugs under the guise of provoking "debate" over how to "reform" the anti-drug effort.

At the Senate hearings, DEA chief Constantine reported that there are already 25 other states that have been targeted by the Soros apparatus for similar legalization ploys.

### The Queen's banker

Sources in the City of London and elsewhere have confirmed to *EIR* that George Soros, the principal financier of the dope legalization movement in America, is a personal banker to Queen Elizabeth II, through his offshore Quantum Fund, an investment fund that handles the private fortunes of a "discreet" clientele of some of the world's wealthiest—and most corrupt—figures. (For profiles of Soros, see *EIR*, March 22, 1996 and Nov. 1, 1996.)

A protégé of the same Rothschild family retainer who bankrolled the career of indicted trafficker and drug-money launderer Robert Vesco, Soros has poured tens of millions of dollars in tax-exempt funds into the drive to pauperize and culturally destroy the nations of the former Warsaw Pact. In the United States, Soros's Open Society Fund is principally associated with three projects: the full legalization of all dangerous narcotics, the peddling of the "right to die" euthanasia movement, and the use of "human rights" as a means of destabilizing sovereign nation-states, especially those showing the most promise in economic development. Arieh Neier, who heads Soros's Lindesmith Center, the hub of his drug-legalization effort, is the former head of Human Rights Watch, the

Soros-bankrolled group that has provided critical support to such narco-terrorist bands as Peru's Shining Path, and the Zapatistas in Mexico, by labeling any efforts to combat their drug and terror campaigns as "human rights abuses." Soros has also backed some of the "democracy" destabilization efforts in Asian countries that are doing battle against the drug traffickers.

## Media blacked out opposition

From the outset, the Dec. 2 Senate hearings minced no words in blasting Soros and his cronies, for their deception campaign to bamboozle the American public into signing on to drug legalization, by phony appeals to medical treatment. Senator Hatch began by describing the Soros effort: "Today we will hear how the philanthropists of the drug legalization movement pumped millions of dollars in out-of-state soft money into stealth campaigns designed to conceal their real objectives, the legalization of drugs. We will review some of their deceptive advertisements, and we will learn the true threat these soft-headed campaigns pose to America. . . . Advocates of the California and Arizona medical marijuana measures have achieved through disingenuous tactics what they could never have achieved openly." Hatch added, "We invited Mr. Soros to appear today, as well as several other organizers and financiers of the California initiative, but they were unwilling to attend."

General McCaffrey told the committee that, long before Election Day, he had attempted to mobilize support from law enforcement officers and elected officials, including every former U.S. President; and, while he did receive unanimous support, he was unable to get even scant media coverage of the opposition to the "medical legalization" hoax. DEA administrator Constantine described the effort: "Opponents of the proposition, interestingly enough, are the American Cancer Society, the California Medical Association, the Glaucoma Research Foundation, the National Multiple Sclerosis Society, the California Narcotics Officers Association, and every single chief of police in the United States has filed a resolution in opposition. . . . Senator Kyl mentioned, and the general knows, we held a press conference and we had a resolution from 13,000 chiefs of police in opposition. We could not even get that on the evening news in Phoenix, despite having every prominent individual in the state."

In stark contrast, Soros and the other money-bags poured nearly \$2 million into a slick advertising campaign in California, and over \$1 million into Arizona. The Arizona initiative was sold as a "tough on crime" referendum, and never even mentioned the issue of medical legalization of dangerous drugs.

General McCaffrey captured the tone of the hearings, in concluding his prepared remarks: "I would ask that those billionaires and millionaires who funded this proposition be willing to purchase a major monument in Phoenix and Los Angeles and have their names inscribed on that monument

for all to see. If they think this is a success, then they will get credit for it ten years from now. If, ten years from now, they wind up with Needle Park in downtown Phoenix, I think we should all remember these people who funded this proposal."

In the lengthy question period that followed, General McCaffrey also tore into the lie that marijuana is a "medical treatment" for anything. He emphasized that the wording of the two referenda was very carefully crafted to create maximum chaos for state and federal law enforcement agencies trying to crack down on illegal narcotics. "Well, I think they were also very cunningly devised and put forward. The wording—you have to get the key words such as 'any other serious illness not defined.' And by the way . . . one of the medical advisers to Proposition 215 in California . . . puts up a list of other ailments for which marijuana is believed to be a remedy. It includes writer's cramp, corns on the toes, etc. So, you know, to some extent this is a Cheech & Chong show, not a medical issue," referring to the 1970s Hollywood stars who popularized marijuana use.

## 'Daddy Warbucks of legalization'

A broader attack upon the Soros apparatus is already under way. On Dec. 4, Joseph Califano, former secretary of the Army, and former secretary of health, education and welfare, who now heads up the National Center on Addiction and Substance Abuse at Columbia University, wrote in the *Washington Post*: "Despite the battery of television spots in which office-seekers splattered each other with negative ads, false accusations, and slanderous innuendos, the Anything Goes Emmy for Political Hoodwink in 1996 does not go to a candidate. It belongs to the campaigns in Arizona and California to pass pro-drug legalization propositions, sold to voters as getting tough on violent criminals and offering compassionate care for the dying.

"And the award for best supporting role goes to billionaire George Soros, the Daddy Warbucks of drug legalization. He doesn't reside in either state, but he bankrolled both efforts." Califano made an impassioned plea for parents in the other 25 states now targeted by the Soros crowd for similar legalization ploys to wake up and take responsibility. "What about parents in states Mr. Soros and his colleagues have targeted for their next pro-legalization drive, if parents don't organize now to protect their children? Unlike parents in California and Arizona, they cannot claim ignorance as a defense."

Both General McCaffrey and DEA chief Constantine told the Senate hearings that the Clinton administration is holding regular strategy sessions to counter the Soros offensive. A good first step would be to get to the bottom of Soros's source of wealth; and to deprive him of the tax-exempt status he now enjoys—and abuses, pushing the spread of crime and cultural decay. Is he a front man for the \$521 billion a year illegal narcotics cartel, that *EIR* long ago labeled "Dope, Inc."? A full, public probe of Soros would go a long way to crippling the power of Dope, Inc.

# APEC meet highlights U.S.-China partnership

by William Jones

The significance of President William Clinton's trip to Manila, the Philippines on Nov. 23-25, will be found not in the final communiqué of the Asia-Pacific Economic Cooperation (APEC) meeting which he attended, but more in the President's bilateral meetings with the various Asian leaders, most importantly, China's President Jiang Zemin on Nov. 24. In numerous speeches, President Clinton has underlined that China will be a key power in the 21st century, and that establishing a "strategic" relationship with China will be paramount for the second Clinton administration.

In an apparent show of unanimity, the 18 heads of state agreed to disagree on how quickly they would eliminate "trade barriers" in information technology. The United States had gone to the APEC meeting with the intention of getting all the countries to agree to lift tariffs on so-called information technology by the year 2000. As it was, with many of the developing Asian nations not at all anxious to scrap the system of tariffs under which they have been able to develop their domestic industries, the 2000 deadline was not sacrosanct.

The final communiqué was a compromise between these differing views, and called for the conclusion of an information technology agreement by the World Trade Organization (WTO) Ministerial Conference "that would substantially eliminate tariffs by the year 2000." Even this vague formulation was arrived at only after a great deal of political lobbying by the U.S. President, who is under pressure from the computer and telecommunications industry to help in "opening" Asian markets. However, the communiqué also recognized "the need for flexibility as negotiations in Geneva proceed."

Obviously, the so-called "Asian Tigers," the fast-growing economies of the Pacific Rim, have succeeded in creating rapid rates of economic growth precisely through the use of protective tariffs, which sheltered their industries from cheaper products coming from the more developed countries. The implementation of what was traditionally known as the "American System" of protective tariffs, has been the decisive factor in the rapid development of the Pacific Rim nations. These nations are not keen on depriving themselves of that development tool.

## Sabotage by the State Department

While the President used the term "partnership" to characterize relations with China, there was sabotage from State Department officials, who struck that word from Secretary of

State Warren Christopher's speech in Shanghai.

The Chinese, who consider relations with the United States to be their most important among foreign relations, are favorable to Clinton's initiatives, but are concerned that the President remains politically weak relative to the Republicans' position in Congress. The Chinese have attempted to meet the administration half-way. They have been of great assistance in getting North Korea to accept the replacement of its plutonium-producing nuclear power plants with South Korean-made light water reactors. China is also playing an instrumental role in attempting to bring North and South Korea to the negotiating table on the future of the Korean Peninsula. As a sign of the new trend, Chinese Defense Minister Gen. Chi Haotian arrived in Washington Dec. 5 for talks with Secretary of Defense William Perry. Although no dates have been set, there is also a commitment for an exchange of state visits between the leaders of the two countries in the near future.

Certain trouble spots, however, are readily apparent. The biggest problem is posed by the Republicans in Congress. Although they have been somewhat sobered by their losses in the House, they are setting the stage to harass the administration during the 105th Congress. They are targeting the alleged "influence-peddling" of Democratic National Committee fundraiser John Huang, and the alleged contributions of Indonesian business figures to the Clinton campaign, to disrupt Clinton's Asia policy.

Another potential trouble spot concerns the administration's eagerness to promote "free trade." The United States is a strong supporter of admitting China to the WTO, but on "commercially viable terms," treating China as a developed, rather than a "developing" nation. Although the Chinese have expressed interest in WTO membership, they do not want it at the cost of laying bare their national patrimony to foreign exploitation, or sacrificing their domestic fledgling industries. They also are demanding "flexibility" in the terms of membership.

The third, and perhaps most critical danger to the Clinton Asia policy revolves around direct British attempts to create an alternative power center in the area independent of the United States. Steps in this direction were taken by the British last March at the "Asia Europe Meeting," a forum they would like to make into a permanent institution, parallel to APEC (see *EIR*, March 27, 1996, p. 52). On another level, British intelligence stringers such as Gerald Segal, a Senior Fellow for Asian Studies at the International Institute for Strategic Studies, are spouting a variety of scenarios about how China will be dismembered. For the U.S. to go along with British attempts to use Australia for this purpose, would be suicidal. Lyndon LaRouche has stressed that U.S. repudiation of the British policy, to ring China with hostile forces and foster its breakup through ethnic strife (see *EIR*, Nov. 22, "Ring Around China: Britain Seeks War"), is essential for U.S. policy. Unfortunately, nuances of the British plans for Australia crept into President Clinton's speech to the Australian Parliament.

# Bush, North cocaine role put in the spotlight in drug debate

by Edward Spannaus

The role of former Vice President George Bush and National Security Council aide Oliver North, has been highlighted in a number of new developments in the ferment around demands for investigation of U.S. government culpability in promoting the crack cocaine epidemic of the 1980s.

In our last issue, we reported on the Nov. 26 hearing of the Senate Intelligence Committee, where activists broke through the coverup to demand that witnesses be called who would testify honestly about the Contras and drugs, and to put the question of George Bush's role on the agenda.

The next day, North and talk show host Joe Madison faced off in a debate broadcast live on Washington, D.C. radio and nationally on C-SPAN. The Nov. 27 debate, held at the Palm Restaurant in Washington, was moderated by a third talk-show host, Larry King. Since the *San Jose Mercury News* broke the story of the Contra-sponsored Los Angeles crack ring in August, Madison has devoted his daily three-hour radio show to debate on the Contra-cocaine story. North has, of course, hysterically denied that there is any truth to the Contra-cocaine allegations.

Despite King's efforts to focus the debate on the charges of CIA involvement in Los Angeles, Madison zeroed in from the beginning on North himself and North's personal role in the Contra drug pipeline, citing handwritten notations from North's notebooks and records from the Senate investigation chaired by Sen. John Kerry (D-Mass.), to show that North was up to his eyeballs in the guns-for-drugs program.

In the hour preceding the North-Madison debate, Madison conducted his regular talk show (also televised nationwide on C-SPAN) with historian John Newman, who has researched the Contra-cocaine issue. One caller asked about the "eruption" at the Senate hearing the previous day, saying that a woman had stood up and held out a folder, and had said that this was the evidence against George Bush, and that there was supposed to have been an investigation of Bush which never took place. (The "folder" was an *EIR Special Report*—see last week's issue, p. 58.)

Newman responded to the caller by referring to "the whole documentary trail" when Bush was vice president, and how Bush was "set up in charge of the crisis management center." The Contra resupply effort in the National Security Council "had at the head of that structure the vice president," he said. Another caller said that Bush had invaded Panama because

Gen. Manuel Noriega had shut down banks which were engaged in money-laundering.

## Castillo's charges confirmed

An important addition to the debate around the Contra-cocaine scandal came in the *Dallas Morning News* on Dec. 1, in a front-page story centering on the evidence of Contra-linked drug-smuggling presented by former Drug Enforcement Administration (DEA) agent Celerino Castillo beginning in 1993 and 1994 (see *EIR*, Sept. 23 and Nov. 18, 1994).

Castillo had discovered that planeloads of cocaine and marijuana were brought into the United States from Colombia, via the Ilopango Air Base in El Salvador, with the blessing of senior White House officials, including North and Bush. Bush had dispatched "retired" CIA officer Felix Rodriguez to El Salvador, to oversee the Ilopango supply operations; according to the final report of Iran-Contra special prosecutor Lawrence Walsh, Rodriguez reported regularly to Bush, Bush's national security aide Donald Gregg, and North, on the progress of the operation.

Reporters for the *Dallas Morning News* interviewed many of Castillo's sources, including former Ilopango employees, and they corroborated the former DEA agent's story—including White House control over the operation, and the fact that many Contra supply pilots were known narcotics smugglers.

The *Dallas Morning News* apparently attempted to interview Rodriguez, who is quoted saying: "It is absolutely false and all . . . [expletive]."

The *Dallas Morning News* is the first publication besides *EIR* (Nov. 18, 1994) to confirm Castillo's account of the police raid on the El Salvador house of Walter Grasheim, a U.S. businessman who was working out of the U.S. Embassy, with U.S. government credentials, and selling military equipment to the Contras. In September 1986, Salvadoran narcotics officers working with Castillo, searched Grasheim's home and found marijuana and a small arsenal of weapons, ammunition, and explosives. One of Castillo's informants told the *News* that local officials "were convinced we'd hit a Contras weapons lode." Shortly after this, Castillo was ordered to shelve the Ilopango investigation.

(*EIR* has examined declassified files from the Walsh investigation, in which Grasheim says he was asked by Pentagon officials to help provide military equipment to the Con-

tras. Grasheim told investigators that he knew Felix Rodriguez, and that Rodriguez told Grasheim “that he talked to Vice President George Bush.”)

The *Texas Observer*, meanwhile, has published the second part of its exposé of the coverup of the Bush-North-CIA Contra apparatus, detailing how the Congressional “Iran-Contra” investigation was set up so as to “suppress the dirtier aspects of the Iran-Contra affair.” The article notes that the senior investigator for the Senate Democrats was Thomas Polgar, who had been a consultant, along with North and others, to the Vice President’s Task Force on Combatting Terrorism, headed by Bush. “Upon arriving in Washington for his new Iran-Contra investigator job, Polgar met with his former CIA colleague Donald Gregg, national security advisor to then-Vice President George Bush,” the *Observer* reports. Gregg later said that Polgar had assured him that the Iran-Contra hearings “would not be a repeat of the Pike and Church investigation” of the 1970s into abuses by U.S. intelligence agencies.

The *Observer* also focuses attention on the role of William Weld, now the governor of Massachusetts, who headed the Criminal Division of the U.S. Justice Department in 1986-88, and who led a determined effort to block any investigation of the Contra-drug connection.

The September 1996 *EIR Special Report*, “Would a President Bob Dole Prosecute Drug Super-Kingpin George Bush?” included a proposed indictment against Bush, Weld, North, Rodriguez, and others, on charges of racketeering, conspiracy to violate narcotics laws, and obstruction of justice.

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## Documentation

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*Excerpts from “Drug Link Allegations Renewed,” by David LaGesse and George Rodrigue, with John Newman and Berta Thayer, the Dallas Morning News, Dec. 1, 1996.*

Ten years ago, El Salvador’s Ilopango Air Base served as the major depot for American aid pouring south into a secret war against Nicaragua’s Marxist Sandinista regime.

A former federal agent charges that Ilopango also served as a key transit point for smugglers flying narcotics back north, some of whom flew for the U.S.-backed Contras.

Former Drug Enforcement Administration Agent Celero Castillo III said that while the White House ran its covert war, he ran his own secret operation—and that his informants found a startling mix of arms, narcotics, and money at Ilopango.

Mr. Castillo, now retired and living in McAllen, Texas, said that he found that some pilots flying for the Contras were listed in DEA records as suspected drug runners. . . .

Information gathered by the *Dallas Morning News* in

Washington, Texas, Panama, and El Salvador indicated that during his Central American service Mr. Castillo was rated as a dedicated and capable agent and that he had grounds for thinking that the United States was knowingly working with smugglers.

The *News* spoke with Mr. Castillo’s informants, with some of his supervisors, and with an accused trafficker who flew out of Ilopango. The *News* also reviewed previous Congressional hearing records and some still-secret government documents by and about Mr. Castillo. . . .

Mr. Castillo’s two chief informants had intimate knowledge of Ilopango and its military overseers. They had access to its records. And they confirmed that they told Mr. Castillo that the airport was often used by drug-smugglers and by drug-money couriers.

*Excerpts from “The History of a Coverup,” by Dennis Bernstein and Robert Knight, Texas Observer, Dec. 6, 1996.*

. . . Even before the joint Iran-Contra committees were formed, three other Congressional committees were independently examining charges that Oliver North’s secret Contra arms network was funded by illegal drug sales—with the knowledge of the Central Intelligence Agency. . . .

The most aggressive of the three Congressional committees was John Kerry’s Senate Subcommittee on Narcotics, Terrorism and International Operations. Kerry found significant evidence of Contra-connected drug smuggling. . . .

Before Kerry went public with his findings, he attempted to get the Justice Department to act on what he considered compelling evidence of U.S. involvement in illegal activities—including Contra drug trafficking. On Sept. 26, 1986, Kerry met with Assistant U.S. Attorney [General] William Weld, then head of the Justice Department’s criminal division. According to the minutes of the meeting prepared by Kerry aide Jonathan Winer, the senator described his committee’s findings: “that we had learned a lot about neutrality violations, gun running, and drug smuggling involving the Contras and the infrastructure which supports them.”

Kerry handed Weld an eleven-page sworn statement from FBI informant Wanda Palacio, which directly implicated the CIA in drug trafficking. . . . Winer . . . said Weld “read about a half page and chuckled.” He said, “This isn’t the first time today I’ve seen allegations about CIA agents’ involvement in drugs. . . .” But Weld never acted on the Palacio statement or any other evidence gathered by Kerry. . . .

According to former Kerry committee counsel Jack Blum’s recent testimony before Senate Intelligence Committee hearings prompted by the *San Jose Mercury News* series, Weld had put up an “absolute stone wall” between the Justice Department and the Kerry investigation. “There were stalls, there were refusals to talk to us, refusals to turn over data. . . . Weld put a very serious block on any effort to get information.”

# Nursing experts speak out against the disaster of managed care

The November 1996 issue of the *American Journal of Nursing* reports on the results of a Patient Care Survey it commissioned in March, in which nurses responded to questions about changes that have occurred in their profession in the past year. The survey results (see box) have shaken the medical world, because they confirm what *EIR* and other critics of "managed care" have been warning about—that serious damage is being done by the practices of managed care, not only to the nursing profession, but to a large percentage of patients who are forced to comply with its strictures.

*EIR* interviewed the lead author of the survey, Dr. Judith Shindul-Rothschild, about the effects she has seen in the nursing profession as a result of managed care. We also interviewed Dr. Lorraine Wilson, author of the leading textbook on patho-physiology and a professor of nursing at Eastern Michigan University, about what she sees happening among nursing students as a result of the imposition of managed care nationwide. Both experts told us that managed care is wreaking havoc and must be stopped. Here are excerpts from those interviews.

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## Interview: J. Shindul-Rothschild

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*Judith Shindul-Rothschild, R.N., C.S., Ph.D., is Assistant Professor at Boston College School of Nursing, and a member of the American Nurses Association Congress on Nursing Economics. The interview was conducted by Marianna Wertz on Nov. 22.*



**EIR:** What has been the response to the publication of your study on managed care's effects on nursing?

**Shindul-Rothschild:** I've gotten a lot of press inquiries, and people are asking me to come and address various groups of nurses.

From the nurses' perspective, the results are sort of ringing true with their personal experience, and they want to hear more about this firsthand. When I speak to nurses, they think they want to try to improve quality of care so patients can get

well quicker and out of the hospital, back to their families and their work lives or social lives, as quickly as possible.

I think what the nurses are struggling with, is how to take a stand without risking their careers. That is something that the nurses at Brigham and Women's Hospital [in Boston] did quite effectively. They were organized for collective bargaining through the Massachusetts Nurses Association. They had been in negotiations for a year and a half, and, during that entire period of time, the chairperson and the other members of the collective bargaining board, who were elected by the 1,900 nurses in that institution, leafletted their colleagues about the issues that they thought were critical and had to be included in any contract.

Those practice issues included the right to determine what sorts of nursing tasks would be delegated to unlicensed assistive personnel; the demand that there be training and orientation when nurses were floated to another area of the hospital that wasn't within their specialty area; and a number of issues like that. Eighty-five percent of them voted to go on strike, when management refused to meet their demands around these professional practice issues and insert some of this language in the contract. That's unheard of, when you look at strike votes, to have such an overwhelming number.

When I go around the country, what I say to nurses, when they say, "We're helpless in the face of this trend toward corporatization and the rationing of patient care and the threats to professional nursing practice," I say frankly, I don't want to hear it. Not that I don't want to hear it, but that's not true. No group of nurses were at greater risk than the nurses at Brigham and Women's Hospital. The unemployment rate for registered nurses is highest in Massachusetts. That hospital is merged with Mass General, which is not unionized, and the nurses were told by management that if they took a strike vote, they would simply be replaced by strikebreakers from Mass General. That's frequently used as a reason why nurses say they can't take a stand, because the hospital has merged and they'll be replaced.

But at some point in time, what I say to nurses is, you have an ethical and moral duty.

I'm not saying anything to nurses that I haven't done myself. I was a new graduate in 1975. I had my license three months when our governor, then-Gov. [Michael] Dukakis, decided to balance our state budget by freezing all state worker positions. And that included health care workers. At that time, I was a staff nurse in the Department of Mental Health.

What happened then, in a practical sense, was that we had two nurses, myself and another nurse, to manage 40 acutely psychotic patients during the day-shift. The nurses at Mass Mental decided to go on strike. The nurses at Boston State decided to have a sick-out. They were going to transfer all those patients to us, and we all got together. We all decided we would have a vigil on the steps of the State House and notify people that in 48 hours, we were going to terminate our employment. We brought our patients up with us from the various health clinics. Billy Bolger had an emergency legislative session and unfroze those positions, and we got the nurses that we needed to take care of those patients. It was unsafe for the patients, too, just as it was unsafe for the nurses.

## Patient care survey indicts managed care

The November 1996 issue of the *American Journal of Nursing* reports on the results of a Patient Care Survey it commissioned in March, the largest survey of its kind, conducted by Dr. Judith Shindul-Rothschild. In it, 7,560 nurses, from every state and territory in the United States, responded to questions about changes that have occurred in their profession in the past year. The survey's major findings include the following:

- Almost half of the nurses surveyed reported that part-time or temporary registered nurses (RNs) have been substituted for full-time RNs, and two out of five reported the substitution of unlicensed assistive personnel for RNs.
- Over half the nurses reported less continuity of care and an increase in unexpected readmissions.
- Most geriatric nurses and two out of five intensive care unit (ICU)-critical care unit (CCU) nurses reported increases in complications secondary to admitting diagnosis.
- Most psychiatric-mental health, orthopedic, neurology, operating room-post anesthesia care unit (PACU), primary care, and emergency nurses reported increases in work-related injuries.
- Only three-quarters of nurses stated that they would remain in nursing, with the fewest being in the Pacific region, where managed care has the heaviest penetration. In Massachusetts, the state hit hardest by recent cutbacks in RNs, the number of nurses saying that they plan to leave the profession has increased fivefold in less than two years.
- Nearly two out of five nurses said they wouldn't want a family member to receive care at their organization.

**EIR:** So the bottom line is, if you fight, you can win?

**Shindul-Rothschild:** The bottom line is, you have two choices. In my research, what we saw, a trend which we think is very worrisome, is an increase in the number of nurses who are saying they're going to quit the profession altogether. Not leave their jobs, [but] leave nursing, in percentages that are higher than we've ever seen before, and we've been asking that question to nurses for almost 20 years. So that's a very, very disturbing trend.

The nurses can either put up and shut up, put their licenses in jeopardy, and their patients in jeopardy; they can walk away. Or, they can take a stand, like the nurses at Brigham and Women's did.

I think we're going to get universal health care eventually, because corporate health care, as more and more of our population becomes aged and gets sick and dies—and that's when you really need medical care—they're going to find that managed care is a complete disaster.

Managed care sounds fine on the surface, as long as you're not very ill. You only pay a dollar or two when you go in for preventive care, and you get your prescriptions covered, and things like that. In fact, managed care does provide 30% more primary care services. But when you're really sick, they provide 30% less care. The problem has been, to date, that a very small percentage of the voting public can identify with the problems that some Americans are encountering with managed care, because you have to be very sick, and maybe even dying, before you realize they're really cutting you off at your knees, in terms of access to all sorts of services.

**EIR:** The cover story of *EIR*'s recent report on managed care is titled "Managed Health Care Is a Crime Against Humanity."

**Shindul-Rothschild:** That is what's happening. It's so sad, because health care is being transformed from a humanitarian service model of caring for people, into this corporate, commodity-driven, profit-maximizing industry, that shows complete disregard, I think, for the most valuable asset, if you want to call it that, which we all have, and that's our life. It is stunning, the disregard people have for the dignity of human life.

**EIR:** That leads me to my final question. I don't know if you're familiar with Lyndon LaRouche, the founder of our news service. He spoke at a recent forum and said that this is going to come down to a question whether people are willing to say what is really going on. And he quoted the count against the Nazi doctors in the Nuremberg tribunal, and their treatment of the Jewish victims of the Holocaust, which included "inadequate provision of surgical and medical services" as a crime against humanity. He said that unless we begin to say that this is really Nazi practice that we're getting in this country, we will not be able to stop it.

**Shindul-Rothschild:** I heard secondhand at the Society of Law and Ethics meeting a few weekends ago, Dr. Stephanie Woolhandler [a Cambridge primary care doctor], who is

very well known for her progressive views on health care, did just that, and was really resoundingly booed and hissed. [Dr. Woolhandler noted that doctors in Nazi Germany had made arguments for rationing health care similar to those made today by managed care supporters.]

**EIR:** I called her after the incident, and she was frightened. She must have really gotten hit hard for saying the truth.

**Shindul-Rothschild:** She has a lot of courage to put it right out there.

**EIR:** We're trying to keep this issue right up front, particularly going into the next Congress.

**Shindul-Rothschild:** Good. I'm glad somebody is. I hope you do manage to put people's feet to the fire.

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## Interview: Lorraine Wilson

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*Lorraine Wilson, Ph.D., R.N., professor of nursing at Eastern Michigan University, is co-author of Patho-Physiology, Clinical Concepts of Disease Processes, published by Moseby. The interview was conducted by Marianna Wertz on Nov. 22.*

**EIR:** You mentioned that you had some discussions with your graduate students about managed care.

**Wilson:** At the University of Michigan Medical Center, I have in my graduate class a number of critical care nurses. And some of them are saying that it's not safe to be in the hospital, because what they have done in the critical care units is put in some unlicensed assistive personnel, in place of professional nurses who have four or five years of education, and many years of experience. So, they have to evaluate their patients by the minute, titrate their drugs, and they're responsible for their patients' lives, in fact. If you are spread so thin that you cannot take care of your patients, you cannot assess them to know if they're getting into trouble or how they're responding to the drugs or whatever, then you can't give safe care, and that's extremely frustrating to professional nurses who are critical care nurses, who are trying to care for the patients.

Some of the students told me that some nurses were leaving the critical care unit crying. They were crying because of the fact that they were not able to take care of their patients properly, in a safe manner. This is not correct; this is fraudulent. People go to the hospital, paying \$900 a day. They expect to get professional care by professionals, not by somebody who was a cleaning lady last week, or somebody who worked in McDonald's last week and had five days of training, who doesn't know anatomy, physiology, chemistry, pharmacology, and all the other things that we study for four or five years, as a minimum, to be able to safely take care of people.

That's what managed care is doing. They are forcing

the hospital administration to cut their costs, and they're doing it by firing professional nurses all over the place, so that the patients are not receiving the kind of care they need. And then they're trying to obscure the fact of who's taking care of them.

I have about 20 graduate students from Jackson Foot Hospital. First they fired all thousand of them, and then put them on the "opportunity list." Then, they have to bid back for their jobs and they call people by different names, and I think that's illegal—like "patient associates." They fired the vice president of nursing services, and they have a new position called vice president of services. It doesn't necessarily have to be a nurse. In other words, *they're attacking our profession and trying to destroy it*, so that you don't have any nursing.

They think that you can reduce nursing to a bunch of tasks that you can allocate to technicians, and that is not true, because that is not what we do. You can't reduce nursing to a bunch of tasks any more than you could take an orthopedic surgeon and reduce that to a carpenter's role.

**EIR:** It's what Lyndon LaRouche has called the accountant's mentality taking over.

**Wilson:** They just don't have any understanding of what our role is. I have the feeling also, that sexism plays a role in this, in that they think they can attack nursing because it's mainly a women's profession.

I think that this is a national crisis. I read *EIR* about the history of how managed care has gone, and I guess I knew parts of it, but it's nice to see it in a sequence there, so you can get an overall picture of it.

These people are moving across the country like a blitzkrieg, and stomping over everybody's lives. I think something has to happen at the national level. Clinton needs to appoint a commission to investigate this, and we need to do something so that they can't take over all the community hospitals and force this thing. Because, when they get it all under their umbrella, we will have nothing to say whatsoever. They'll be looting the system till it is nothing. It will eventually destroy the whole health-care system that we have in this country, which is based on having knowledgeable health-care professionals taking care of people, guarding their life and their safety and their health.

I think we have to do something on the national level, because these people have got billions of dollars, and how are you going to stop them? The attorney general can't even stop them.

**EIR:** Yes, it's going to be a real political fight and we hope to be in the leadership of that. Mr. LaRouche is absolutely committed to stopping this.

**Wilson:** I think this should be one of the highest priorities in the country, because this is going to be a terribly devastating thing, not just for nurses losing their jobs, but we're talking about patients and their lives. We're talking about people getting killed!

## 'Proclamation of liberty is our responsibility'

*The Most Reverend Theodore E. McCarrick is Archbishop of Newark, New Jersey. He was born in New York City on July 7, 1930, and ordained to the priesthood on May 31, 1958. In 1965, he was named president of Catholic University in Ponce, Puerto Rico. In the same year, he was named monsignor by Pope Paul VI. In 1977, Pope Paul VI named him an auxiliary bishop of New York. In 1981, Pope John Paul II appointed Bishop McCarrick as the First Bishop of Metuchen, New Jersey. In 1986, he was named the Fourth Archbishop of Newark, New Jersey. The National Conference of Catholic Bishops (NCCB) elected Archbishop McCarrick, who is multilingual, to head its Committee on Migration in 1986 and in 1992. In 1992, the NCCB also named him chairman of the Committee for Aid to the Church in Central and Eastern Europe.*

*Archbishop McCarrick was an Official Observer for the Helsinki Accords Commission that visited Poland and Romania in 1987. Under the auspices of the Appeal of Conscience Foundation, he was part of the delegation to meet with Fidel Castro in 1988, to visit China in 1992, and, in the same year, along with Muslims and Croats, to search for a peace plan for former Yugoslavia. At the same time, representing the U.S. State Department, he traveled to Moscow as an observer to the Helsinki Commission. He has visited many other nations, including Vietnam, the Philippines, South Korea, Lithuania, Ukraine, Romania, Hungary, and Czechoslovakia. He also visited Rwanda and Burundi refugees in Central Africa.*

*As of November 1996, Archbishop McCarrick was invited to serve on the Advisory Committee on Religious Freedom Abroad, by Secretary of State Warren Christopher; he was named chairman of the International Policy Committee of the U.S. Catholic Conference (USCC); and, he was elected as one of 15 U.S. bishops to represent the NCCB at the Synod for the Americas to be held in 1997-98. The following interview was conducted on Nov. 13 at the annual meeting of the NCCB-USCC in Washington, D.C., by Nina Ogden for Fidelio magazine. Archbishop McCarrick granted his permission for this interview to be published in EIR.*

**Fidelio:** Your extensive experience on the Bishops Committee on Migration should certainly serve you well as incoming chairman of the Committee on International Policy.

**McCarrick:** Yes, and also my experience as chairman of the

Committee on Aid to the Church and Eastern Europe.

**Fidelio:** Dr. Jozef Miklosko, who, as you know, is the former vice prime minister of the former Czecho-Slovakia, was planning to meet with you before he led a fact-finding tour of Bosnia in April.

**McCarrick:** Yes, I wanted very much to meet with him then, but I was out of the country.

**Fidelio:** He was so taken with the bishops' statement on political responsibility that he translated it into Slovakian when he returned home, and circulated it all over Slovakia.

**McCarrick:** Oh, really? That's wonderful.

**Fidelio:** He also took a replica of the Liberty Bell with him, on which the words from Leviticus: 25 are inscribed, "Proclaim the liberty throughout the land."

**McCarrick:** What a wonderful way to get across the inspiration of the United States in connection to peace and justice throughout the world.

With that in mind, I must say that I am especially looking forward to the synod of the Americas on the Church in the New World.

**Fidelio:** The Latin American bishops have raised the question repeatedly of debt forgiveness as critical to the agenda of the synod.

**McCarrick:** They bear a terrible burden of debt in Latin America. You may not know that I was the president of Catholic University in Puerto Rico, and am especially mindful of this terrible burden debt has placed on the nations. But we shouldn't just think in terms of the nations, we must think of the individuals who bear the burden, the people whose poverty is worsened by the burden of debt. In Latin America, just as in this tragedy in Africa, these questions must be raised. It is a wonderful time to become chairman of the Committee. And the Holy Father in this time of the Jubilee has given us an extra gift for the world. His call to forgive the debts makes the spirit of the Jubilee perfectly visible.

**Fidelio:** And the approach the International Policy Committee has taken to urge President Clinton to use the framework of the Marshall Plan as the best example of positive American engagement in the world is very important.

**McCarrick:** This is the way we have to look at the reform of foreign aid. There's more to it than just what you think of as foreign aid—it must be a system of justice. The lenders are people. They must understand that recouping the debt must be based on development of the national structures.

**Fidelio:** Well, of course. The Marshall Plan was not based on recouping loans.

**McCarrick:** Exactly. The watchword is mutual benefit—good common economic sense.



Archbishop Theodore McCarrick welcomes His Holiness Pope John Paul II to the archdiocese of Newark, New Jersey, on Oct. 4, 1995.

**Fidelio:** Unlike the rotten approach to Russia, with brutal excesses of the market economy.

**McCarrick:** I was in Moscow recently as an observer in the Russian elections. I spent almost an hour with [Communist Party head Gennadi] Zyuganov. Russia needs time, not the kind of thing you described. Russia must find her way. They have tremendous potential, personal, and material resources. But they were led for 70 years by *Homo Sovieticus*. The individuals don't know how to take responsibility for themselves. You don't just end that overnight. They have to understand the challenges and, given an opportunity to change, you have to inspire optimism.

**Fidelio:** Not the policy of shock therapy.

**McCarrick:** Yes, what a name for an economic policy! Perhaps they had the shortsighted view that what seemed to work in the short term in Poland would work in Russia. Poland is smaller. Russia is so vast. But I am optimistic about Russia, if we can understand that they need time to develop and they need help.

Of course, our prayers are for the crisis in Africa. I remember arriving in Kigali in the last days of the civil war, before any ambassadors had returned except for the American ambassador. He offered me his residence. I found he was living in a hotel, in the one room still standing. I slept with one ear listening to the sounds of the animals right outside the walls, hoping that there were no huge holes in the walls for enormous snakes to crawl through. Of course, this is nothing compared to what the people there are suffering. I just remember it well. I wrote an op-ed for the European *Herald Tribune*, in which

I stressed that you have to guarantee that the world is watching and will get involved.

**Fidelio:** What about the role of the United States?

**McCarrick:** The U.S. could immediately supply logistical support which would create safe havens.

A U.S. airlift would not only supply food, water, and medicine, but protect land corridors. They are very hardy people there, although in this tragedy much less than they used to be. But they are determined to travel, and the U.S. could ensure their safety. I primarily stressed in my *Herald Tribune* article that the Hutus have to be convinced that they can come back, without being massacred.

**Fidelio:** You said in your remarks in the conference yesterday that you were part of the delegation of bishops who met with the President last year. You said that your topic was foreign aid, and because of the major cuts in foreign aid you didn't think you'd done a very good job. The executive committee will meet with the President soon. If you are to talk about foreign aid this time, what would you do better?

**McCarrick:** I would point out the implications of following mistaken trends in the last year, and make clear that America cannot be integral as a nation if it turns its back on the poor. Let's go back to your Liberty Bell. It was the ringing of that Liberty Bell that ushered in the new world. It must ring now. As you know, I was Cardinal Cook's secretary, and in my memory I can still hear him saying, as he did so often, "The proclamation of liberty is our responsibility for each other as brothers and sisters within the human family."

# National News

## Welfare cuts eliminate child disability support

The federal government has sent out letters to the parents of 260,000 children who receive supplemental disability payments through Social Security, informing them that their eligibility for benefits will be reviewed, according to the Nov. 29 *Washington Post*. An estimated 100,000 to 200,000 children may be eliminated from the program.

Prior to the passage of the welfare "reform" law, benefits were granted to children who suffer from cerebral palsy, autism, diabetes, and mental retardation (about 1 million children nationally). Children were eligible for benefits if they were considered unable to engage in activities appropriate for their ages. The new bill has narrowed eligibility to those whose impairments result in "marked or severe functional limitations." The new restrictions are projected to save \$7 billion over the next six years, at the children's expense. Benefits will be cut beginning June 1997, unless the Clinton administration intervenes.

## Bush-men hysterical over campaign against Starr

Flunkies for ex-President George Bush are foaming at the mouth, about Democratic political consultant James Carville's declared campaign against Whitewater special prosecutor Kenneth Starr. "It is totally inappropriate for him to be in a campaign against a publicly appointed prosecutor," said Bush's former general counsel C. Boyden Gray, in an interview in the Nov. 27 *Washington Times*.

"There is no basis to say that he [Starr] is biased or unfair or conflicted in any way," Gray continued. "It is a dangerous thing for Carville to be engaged in this, and it is a dangerous thing for the rule of law in this country." Mark Levin, a former Reagan-Bush official in the Department of Justice, suggested that Starr should now investigate Carville's funding and associates!

In reply, Carville asked, "How can it be that you can attack the President, you can attack the pope, you can attack the American Red Cross, you can attack anything you want, but it's inappropriate to attack Ken Starr? Where is it written that Ken Starr is above the Constitution? I am waiting for the appropriate authority to say that it is inappropriate for me to say what I think of Ken Starr. I am looking for the relevant statute, the relevant part of the Constitution, or anything else."

Gray was less than cooperative with the Iran-Contra special prosecutor, when Gray's boss, George Bush, was being investigated. Former independent counsel Lawrence Walsh emphasized, in his final report on those investigations, that Bush failed to produce the diary which he began keeping in late 1986. Although the diary should have been provided to Walsh's office in 1987, Walsh was not notified of its existence until December 11, 1992—after the Presidential election.

"Much of the evidence relating to the failure to produce the diary," Walsh reported, "focuses on Gray, Bush's counsel as vice president and as President, and his deputy [John] Schmitz. . . . Gray and Schmitz refused to be interviewed by Independent Counsel."

## Austerity 'experts' find budget cuts hit the poor

The Center for Budget and Policy Priorities issued a report Nov. 26, which notes that the budget cuts imposed by the 104th Congress fall disproportionately "on the backs of the poor." That finding should come as no surprise, because that was the Gingrichites' intent; but the think-tank's "balanced-budget" advocates now argue that such brutal austerity should be made more "equitable."

No wonder. The study reports that cuts in low-income entitlement programs will amount to \$61 billion over the next six years, accounting for 93% of all entitlement reductions, even though such programs comprise only 23% of total entitlement spending. The figures do not include chain-reaction cutbacks in state programs which result from the Federal budget reductions, especially

those in the welfare "reform" bill enacted last summer.

According to the study, job training programs were cut by 22% in the FY 97 budget from FY 95 levels, housing programs by 29%, and low-income discretionary programs by a total of 10.2%. "The disproportionate reductions in programs for low-income families and individuals," it concludes, "will affect virtually all types of low-income households," including "low-income working families with children and the low-income elderly and disabled."

Robert Greenstein, the Center's executive director, said it is impossible to quantify the effects of these cuts. But the implication is, "when the two parties and their political leaders are unable to take on some of the areas of the budget that are tougher and more politically controversial, but where savings can be made, we slide toward a situation in which those who have the weakest voices and don't have an array of either campaign contributions or powerful representatives in Washington working for them, tend to do least well!"

## Cardinal O'Connor links Social Darwinism, Nazism

In his Nov. 24 homily at St. Patrick's Cathedral in New York City, Cardinal John O'Connor called attention to the millions of people who are homeless, naked, and hungry "right here in our streets or in the horrors of Rwanda." In repudiating any attempts to justify such conditions, he turned to Pope John Paul II's recent statement on evolution.

"Our Holy Father is saying that biological evolution is not what is crucial, but that we truly believe in the sacredness of every human person, because each comes from the hands of Almighty God," Cardinal O'Connor declared. "What has most drastically affected the world and our culture is not the question of biological evolution, but what has been called 'social evolution,' 'social Darwinism,' the concept of rugged individualism, the principle of the survival of the fittest in society. This principle leaves no room for the misfit, for the poor, for the homeless. . . ."

"All of this is in reality little more than a disguise of Nietzsche's 'superman' on which the Nazi society was built, that the powerful individual determines what is right or wrong, good or bad. The superman, the superwoman is not bound by ordinary conventions of morality, and certainly not bound by the Gospel teachings of Christ. Perhaps this has never been spelled out more dramatically than in Dostoyevsky's *Crime and Punishment*."

## Teachers union wants to end educational 'fads'

American Federation of Teachers President Albert Shanker issued a statement Nov. 20, urging the U.S. educational system to reject "the latest fads" and establish a more rigorous curriculum. Shanker took the occasion of the release of the Third International Math and Science Study to make his pitch.

According to the study, American eighth-graders are below average in math, and above average in science achievement, compared to their peers in 40 other countries. "If we take seriously what we can learn from countries whose students surpass ours," Shanker said, "this study upends some of the conventional wisdom about what our schools need. What we don't need to worry about is a longer school day and year, diversity, and shifting public money to private schools.

"Our students spend more actual time in class than their German and Japanese counterparts," Shanker noted, "and teachers in all three countries cite 'diversity of student ability' as a challenge in their teaching. None of the countries with the highest achieving students has a voucher program like those proposed for American schools. What we do need to worry about is how time in the classroom is used and the content of what is taught."

Shanker urged U.S. educational policymakers to "stop tinkering around the edges of our education system and toying with the latest fads." He called for "fundamental changes," including "high standards for all students, a solid curriculum with challenging academic content, and a serious, disciplined environment for learning. To make

all of this work well, we need better teacher education programs and tougher requirements for teacher credentials. . . . How many reports, studies, and commissions will it take before we finally make these commonsense changes?"

## Consumer debt rising at twice the rate of wages

According to the Nov. 24 *Washington Post*, the Federal Reserve estimates that consumer debt in the United States has now reached \$1.4 trillion, and is growing at an annual rate exceeding twice that of wages. The Fed places total household debt at nearly 95% of annual income at the end of 1995—up from less than 60% in 1960, and less than 75% in 1980. Most of the debt is for home mortgages, but consumer debt alone has now risen to more than 20% of annual income.

One result of this phenomenon is the growth in personal bankruptcies, now expected to exceed 1 million by the end of 1996. Credit card delinquencies are at the highest level since the American Bankers Association began keeping records in 1974. The banks issuing the credit cards are not worried, the *Post* claims. After all, the credit card companies are making a killing in interest charges. The Federal Deposit Insurance Corp. reports it to be substantial. Commercial bankers had a gross interest yield for credit card lending in 1995 of 13.79%, compared with 8.17% for commercial and industrial loans, and 8.43% for other consumer loans. The credit-card racketeers are now also opening up "risk-based pricing," which offers credit at levels as high as 29.9% to those with poor credit histories.

"Experts" are quoted saying the trend seems odd, because those going bankrupt are acting as if they are good credit risks, right up to bankruptcy. Half of those recently filing for bankruptcy were never delinquent on any loan, said one source. Financial fantasizing also apparently remains on the rise: Ford Elsaesser, vice-president of the American Bankruptcy Institute, told a House Banking Committee recently that "the rapid increase in consumer [bankruptcy] filings during a period of economic growth has no precedent in modern times."

## Briefly

**GEORGE BUSH'S** compulsive search for any cash cow he can milk is gaining general notoriety. A Nov. 26 editorial in the *Boston Herald* commented, "What does bother us is former Presidents lending their names to a church for a fat fee. George Bush appeared in Argentina Saturday at a launching of a newspaper owned by the Rev. Sun Myung Moon, reportedly for \$100,000. We'd feel better if he'd just endorse some golf clubs."

**VIRGINIA GOVERNOR** George Allen, defending plans to execute five more prisoners before Christmas, says if people disagree with his denying appeals for clemency, that's "tough, tough luck." Virginia ranks third in the country in executions, since the death penalty was reimposed in 1976. Richard Kern, executive director of the Virginia sentencing commission, boasts that the state is "numero uno when it comes to punishing violent offenders."

**THE BRITISH** are already drooling over their plans to install George W. Bush as the next President of the United States. The London *Economist*, widely recognized as a monarchical mouthpiece, recently touted George II's "pleasing mix of vision and pragmatism," and his "conservative reformism" on such issues as cutting taxes, "tougher sentences for juveniles," and restricting appeals by death-row inmates, "to speed the executioners' work."

**A NEW BIOGRAPHY** of deceased millionaire Armand Hammer, by Edward Jay Epstein, claims that the infamous oligarchical player kept a stable of mistresses, whom he routinely sexually abused; and that he stole his second wife's sizable family inheritance to build up Occidental Petroleum.

**SEN. JOHN GLENN** (D-Ohio) has proposed that China should join in developing the international space station. The former astronaut presented the idea to Chinese President Jiang Zemin, during meetings with a U.S. delegation to Beijing in November.

## Editorial

### *An enemy bites the dust*

Lyndon LaRouche's enemies have not been faring well lately. First, Massachusetts voters repudiated William Weld in his race for U.S. Senate. Now, the Cult Awareness Network, another major capability of the dirty networks within the Justice Department who were responsible for the railroading of LaRouche and his associates to prison, has been destroyed. CAN is being dismembered as a result of having been forced to declare bankruptcy, after it lost a million-dollar legal judgment. The case against it was brought by Jason Scott, who was kidnapped by CAN's "deprogrammers" in 1991.

CAN is an offshoot of the notorious MK-Ultra program, set up in the 1950s by the London-based Tavistock Institute, in collaboration with CIA chief Allen Dulles, to hook the baby-boomer generation on LSD and other drugs. Like MK-Ultra, CAN disguised its true motives with nice-sounding propaganda and lies.

CAN created an aura of legitimacy for its criminal activities, such as kidnapping and terrorizing young people who had become members of groups identified as "cults."

Then, using its so-called expertise on cult matters, CAN was used on the political front. Most notable was its role in instigating the bloodbath in Waco, Texas, by misinforming Attorney General Janet Reno that Branch Davidian leader David Koresh was about to resort to violence, and had abused the children of Branch Davidian members—none of which proved to be true. The bloodbath shrouded the early days of the Clinton administration with an otherwise avoidable tragedy.

Similarly, CAN was used to target LaRouche and his associates, defaming them and spreading lies through the media, and through its own networks.

As part of this operation, individuals associated with CAN were prosecuted for conspiring to kidnap LaRouche associate and du Pont heir Lewis du Pont Smith. A book, *Travesty*, was published by *EIR* in 1993, exposing the du Pont kidnapping case and its connection to the railroading of LaRouche and his associates.

CAN was founded in 1974, supposedly to assist

parents whose children had been "programmed" by cults. Among its founding members were psychiatrists and psychologists, such as Louis J. West and Margaret Singer, who had a long history of working with the MK-Ultra program.

CAN kidnapers and deprogrammers-for-hire specialized in cranking out self-serving reports from terrorized former members of organizations labelled as cults by CAN operatives. These often chilling reports were used to justify the need for CAN's "expertise" in deprogramming "cult" members, and to drum up business and increase the influence of CAN. But, when they attacked LaRouche, they bit off more than they could chew.

Exposed by *EIR* for its dirty operations at the behest of the eastern establishment, various groups joined in the attack on CAN, to close down its dirty operations. The self-styled "cult-deprogrammer" Galen Kelly was indicted on March 3, 1993, after he kidnapped a young woman named Debra Dobkowski, on May 5, 1992. As it turned out, she was the roommate of the intended target. Kelly's original conviction was overturned after spending 16 months in prison. To avoid a re-trial, he pleaded guilty to related charges.

The attempt was made to justify CIA support of the MK-Ultra project at the time, as necessary in order to learn how to fight communist mind-control techniques. In fact, such projects destroyed the United States more effectively than the communists ever could have. Similarly, were George Bush to admit his role as the crack cocaine kingpin of the 1980s, overseeing the flooding of U.S. cities with cocaine by the Contra networks, he would no doubt trot out some mythical justification.

The truth is, that MK-Ultra and its offshoots, such as CAN, were operations run against the United States by institutions set up by the British House of Windsor. Their purpose was never really to stop communism, or to defend the Contras, but to destroy the United States as a potential opposition to their oligarchical aims. The current demise of CAN, shows that they can be stopped.

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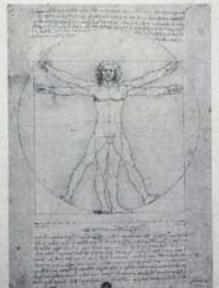
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