

EIR

Executive Intelligence Review

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'Smart money' flees into commodities
Germany is becoming a casino economy
A dangerous turning point for Jordan

**Musical memory and
thorough-composition**



The book that will unleash a musical revolution—

A Manual on the Rudiments of *Tuning and Registration*

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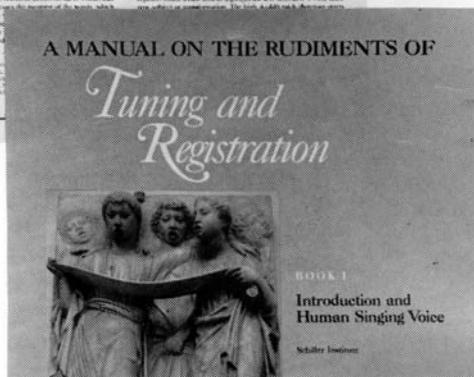
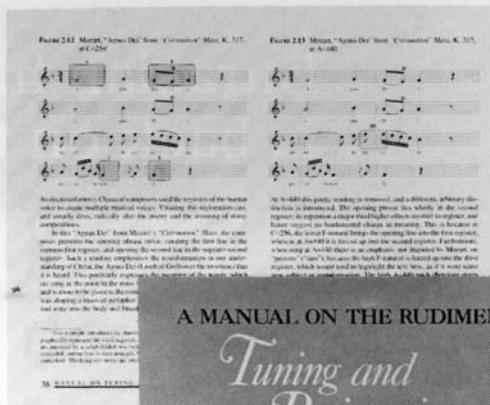
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From the Associate Editor

In our cover story, Lyndon H. LaRouche, Jr. approaches the subject of music from the standpoint of *the method of political intelligence*, not the standpoint of the music conservatory as such. (A conservatory, he quipped recently, is where they put a person with talent, and pickle him in a jar, and he comes out never able to perform music again.) The case of music demonstrates most clearly that the universe is not divided up into separate compartments, but is coherent; either you have an integrated, coherent view of the universe as a whole, or you have no rational comprehension of anything, except in an accidental or pragmatic way. This conception will underlie the forthcoming Book II of the Schiller Institute's *A Manual on the Rudiments of Tuning and Registration*, which will focus on *Motivführung*, or motivic thorough-composition.

In *National*, you will enjoy LaRouche's contribution on the absurdity of believing anything you read in the *Washington Post*. We bring you stories that get to the heart of the process of current history, and which have nothing to do with what the media are reporting:

- William Engdahl's *Feature* on the debt burden that is strangling the German economy. Who would have thought that in just under six years, since the fall of the Berlin Wall, the powerhouse economy of Europe could have reached the present state, in which it is ready for the undertaker? This was a result of British-run terrorist assassinations, political blackmail, and submission to British free-market ideology.

- Roman Bessonov's report from St. Petersburg on "The Cracks in the House That Chernomyrdin Built." Russian Prime Minister Viktor Chernomyrdin is the darling of the western liberal media; Bessonov's hilarious report reveals what is behind the public relations facade.

- Leading the *International* section is our analysis of the recent developments involving Iraq and Jordan, and it is not at all what you have been hearing on television. Our correspondent, drawing upon sources in the Middle East, provides a wealth of background intelligence, indispensable for understanding the policy options facing both Baghdad and Amman.

Susan Welsh

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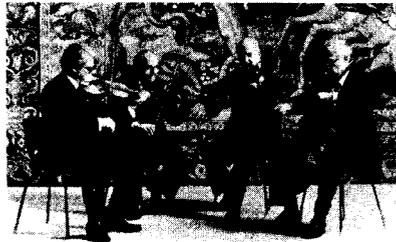
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'Smart money' is fleeing into commodities

by Richard Freeman

The pace of moves by the House of Windsor-aligned oligarchy into raw materials hoarding, especially precious metals, food, and metals required for manufacturing, is accelerating. This is occurring against the backdrop of the most dramatic ratings lowering ever issued by Moody's Investors Service, of Japanese banks, and the continued rapid deterioration of the French banking system. While the oligarchs are deserting the collapsing international financial system, they are urging the public to stay aboard.

Prompting the stampede into hoarding is the recognition by the better-informed super-wealthy families of the imminent, unstoppable disintegration of the financial markets. A City of London merchant banker told *EIR* on Aug. 23, "People here in London are starting to talk in terms of an 'October crash.' But in my view, it won't hold beyond mid-September, when the grim reality of the world grain harvest is finally out in the open." The *casino mondiale* is going: The smart money is cashing in its chips in the rotted speculative markets. It is either buying up hoards of hard physical goods, or shares in companies that produce either gold, nickel, oil, or key food commodities. The oligarchy is strengthening its grip over the 35-40 commodities most crucial to supporting human existence.

The squeeze in the precious metal silver market exemplifies the rush to hoard, and also the positioning of wealthy families for future benefits. On Aug. 21, the London *Financial Times*, in an article headlined "All Eyes Centre on Silver," reported that "at the London bullion market this morning all eyes are likely to be on silver prices. . . . Stocks of the metal are reported to be tightly held by one or two financial institutions, with the supposed intention of 'squeezing' prices to a level at which they can cash in substantial profits. That resulted in the silver price gaining 39¢ last week to \$5.66

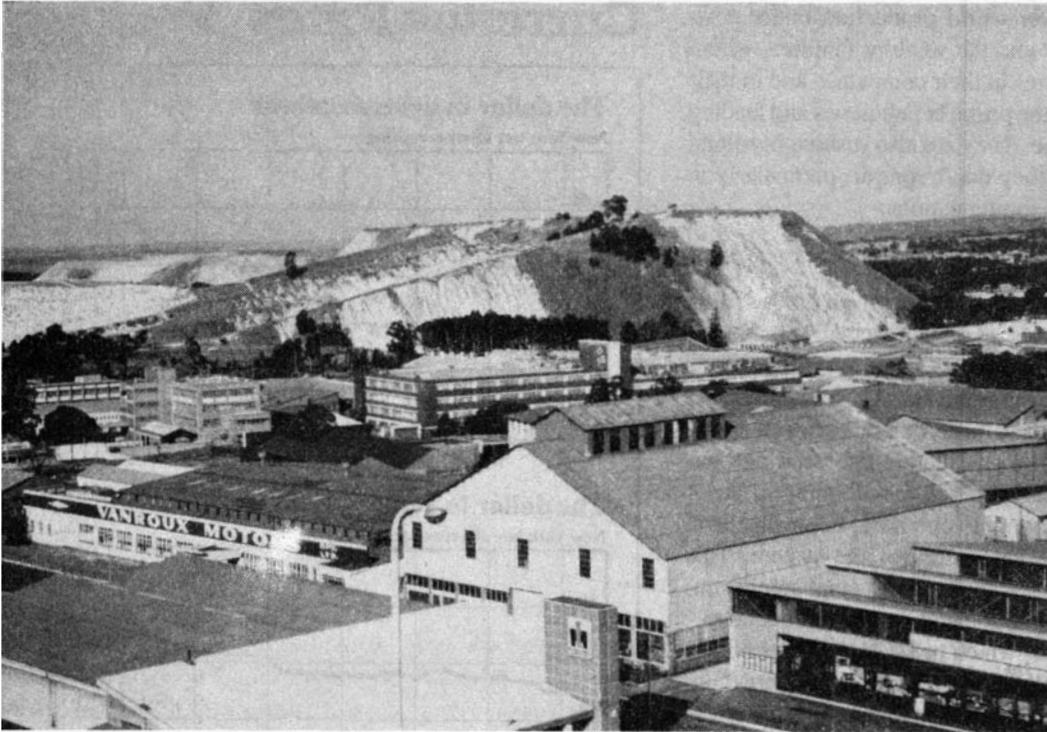
one-half a troy ounce," an increase of 7% in one week.

Silver's price has been manipulated upward by successive waves of organized "squeezes." During Easter Week of this year, one individual cornered and took physical delivery of 25 million troy ounces of silver, sending the price up more than \$1 per ounce over a few weeks. On Aug. 23, a member of the New York Commodity Exchange identified that individual as Marc Rich, who is a fugitive from U.S. justice, and operates from his Glencore company headquarters in Zug, Switzerland. Rich, who buys on behalf of the Rothschilds and certain Swiss families, has been buying goods for these families. But it's not just metals. In the case of Argentina, one of the world's major wheat producers, a Marc Rich company has developed a corner on the grain market, leaping into first place as the largest trader of Argentine wheat, surpassing the grain cartels.

In the case of platinum, another precious metal, the price has shot up from \$370 per ounce in 1993 to \$426 today. A Wall Street metals analyst told *EIR* on Aug. 21, "There is a sympathy among the precious metals. If the price of silver and platinum move up, then it's possible the price of gold can be made to follow. Those who are playing the silver market may be positioning themselves to benefit in the gold market."

As spectacular as these recent price increases have been—for example, the price of tin has more than doubled in three years—they are but a fraction of the increases that will occur when the financial markets collapse. The \$800 per ounce price for gold, in 1980, or the \$37 price per barrel of oil, in 1979, both of which occurred during periods of turmoil, will seem small potatoes compared to what will occur.

Part of the oligarchy's strategy is to reap super-profits (although one might, with equal justice, call it a strategy to



Gold mining in South Africa. Prices for precious metals and raw materials are soaring, as the oligarchy maneuvers to avoid being wiped out in the coming crash of the financial markets.

avoid super-losses). During a crash, a commodity's price increases not because of something intrinsic to the commodity, but because of something negative—the disintegration of paper values. If in the United States there is a misguided hyperinflationary printing of dollars to bail out the financial system, the dollar could fall by a multiple of 50 times relative to gold or oil. Those commodities' prices may rise, conversely, by that multiple.

Strategic control

The second objective to the oligarchy's strategy, every bit as important as making profits, is exercising strategic control of the world. During a crash, ownership of commodities, or of mines and farms, confers two advantages. First, they are assets against which some new credit can be issued, a very important power. Second, the oligarchy can strangle any part of production, cutting back what commodities are allowed to be used, and thus forcing society back into besialization, a new Dark Age.

The Anglo-Dutch oligarchy, grouped around the House of Windsor, holds control over a greater percentage of raw materials and food stuffs than did Rome during the height of the Roman Empire.

EIR is currently calculating the percentage of the world's output of raw materials, energy, and food that London- and British Commonwealth-based firms control. But an indication of the extent of this control can be gleaned from the pedigree and output of the two largest raw materials mining

companies in the world: Anglo-American Corp., based in Johannesburg, South Africa, and Rio Tinto Zinc (RTZ) Corp. of London. Anglo-American was formed in 1915 with money from Morgan Bank in the United States, the Rothschild Bank, and various London and German banks. It owns a large chunk of DeBeers Diamonds. One Anglo-American board member, Nicholas Oppenheimer, is a descendant of the company's founding chairman, Ernest Oppenheimer. Another, is Rupert Hambros, the head of Hambros merchant bank. Hambros is also a director the *Telegraph*, the flagship London newspaper of British intelligence's Hollinger Corp.

RTZ was formed in the 1870s by Hugh Matheson, the head of the Hongkong-based Jardine Matheson opium trading firm. More recently, RTZ was under the overall direction of Sir Mark Turner, who, during World War II, was head of Britain's Department of Economic Warfare. RTZ's major stockholders reportedly include the queen of England. RTZ's deputy chairman, Sir Martin Wakefield Jacomb, a director of the Bank of England until late last year, is also a director of the Hollinger Corp.

Between them, Anglo-American and RTZ account for the following percentages of the world's key minerals and metals output: antimony, 19.6%; bauxite, 9.7%; chromite, 15%; cobalt, 19.2%; copper, 12.2%; ferrochrome, 13.6%; metallurgical diamonds, 48.7%; gold, 25.6%; iron ore, 9.5%; nickel, 8.3%; palladium, 38.7%; platinum, 45%; rhodium, 41.3%; titanium, 31.2%; tungsten, 17.6%; uranium, 8.1%; and zirconium, 22.7%.

These levels of concentration would give the Windsor crowd a vise-like grip over world production under post-collapse conditions. They and the wealthy families, whom they allow to invest in shares in their companies and in their manipulated markets, are the prime beneficiaries and leading lights of the hoarding game. They are also rushing headlong to grab the raw materials they don't control, particularly in eastern Europe and in developing nations.

Buying control cheap

One must look at how the oligarchs set up the hoarding strategy, which is part and parcel of the speculative bubble of the last 35 years. Starting in late 1993, and accelerating this year, they started buying up physical assets at greatly reduced prices, either the physical good itself, or a share in a company that produces the good. The speculative bubble which has grown over the last 35 years, caused a ballooning of paper values, but forced the economy to operate at below the level necessary to maintain the net energy of the system. This caused disinvestment, causing farming and many mining enterprises to operate below the societal cost of reproduction.

Take the case of wheat, which at \$4.71-5.00 per bushel today, depending on whether it is spring wheat or hard Kansas City wheat, is more than 15% above the range of prices for wheat last year. But it is still well below the prices, which ranged from \$5-7.50 per bushel, that obtained in 1973. Today's wheat price is even further below the parity price required to cover the farmer's costs of production, plus provide a reasonable profit, which is needed to keep farmers farming. The same process exists for metals: Today, aluminum's price, at 88.25¢ per pound, while above the level of the last few years, is below its 1988 price of 110¢ per pound. For many other commodities, deflating them by the 1967 inflation index leaves them below prices of 30 years ago. Thus, prices are spiking up rapidly, making money for those with speculative hoards; but for most, though not all commodities, this is a local phenomenon. By historical standards, the oligarchy is taking advantage of looting of the economy to get commodities dirt cheap.

Financial end-game

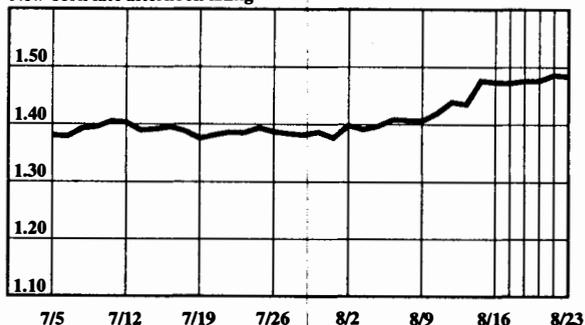
Meanwhile, on Aug. 21, Moody's invented a new form of grading the "financial" strength of banks, and slapped Japan's 50 leading banks with terrible grades. In its review, Moody's has given an "E" rating to three banks, which is defined as "in need of outside assistance," i.e., a bailout, and an "E+" rating to seven others. Of the banks given an "E+" rating, the Norinchukin Bank is the world's second largest agricultural bank.

In France, the Aug. 22 *Le Monde* reported that, in addition to the well-publicized problems of the Crédit Lyonnais bank, Banque Commerciale Privée, Pallas Stern, and Compagnie du BTP are in trouble. Japan and France have the world's first and sixth largest banking systems, respectively.

Currency Rates

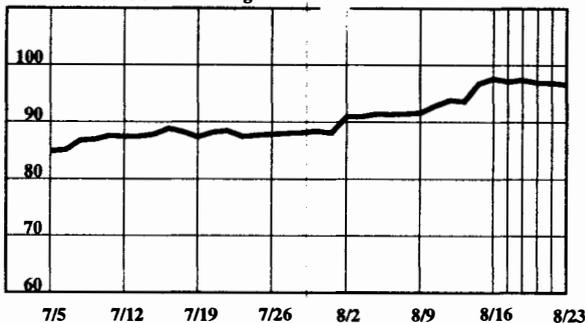
The dollar in deutschemarks

New York late afternoon fixing



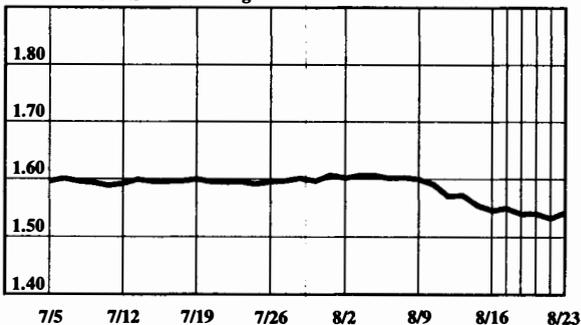
The dollar in yen

New York late afternoon fixing



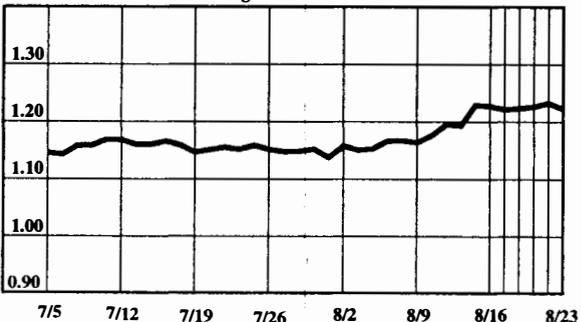
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



Wall Street, fearing spread of model of defiance, declares war on Caldera

by David Ramonet

In June 1994, Venezuelan President Rafael Caldera declared a financial emergency, decreed exchange controls, and intervened against a series of banks to stop capital flight, halt devaluation of the currency, and to stop the disintegration of the banking system. According to the *Wall Street Journal*, with these measures, Caldera “wasn’t only defying Venezuelan and foreign investors but also the entire free-market revolution that has transformed much of Latin America.” For that defiance, *Journal* author Matt Moffett labels the Caldera government an “autarky,” and characterizes the economic situation of the country as one of “self-inflicted asphyxiation.”

Moffett’s front-page diatribe has nothing to do with journalism, but constitutes rather a declaration of war by the financial powers that own his paper. Further, it does not respond to some change in Venezuela’s internal situation. The urgency is the elimination of President Caldera as a potential model for the rest of the continent, in the aftermath of the collapse of such “Thatcherite” models as the Mexican “miracle” gone bust.

The systematic collapse of the Ibero-American banking systems and economies, from Mexico to Argentina—caused by the “reforms” imposed by the Bush and Thatcher governments through their continental partners—has prompted governments, and political and social institutions throughout the region, to search for alternatives distinct from the “Mexican model.” President Caldera is the only head of State who has dared to denounce the fallacies of British “neo-liberal” economics, and in particular, the farce of Salinas de Gortari’s “Mexico miracle.” Further, Caldera has posed the urgent need for genuine Ibero-American integration in the face of the imminent disintegration of the international financial and monetary system. The usurers of Wall Street and the City of London want to eliminate Caldera as an alternative, and even hope to return to the era of Carlos Andrés Pérez (“CAP”).

It is no accident, therefore, that the *Journal*’s declaration of war against Caldera coincides with an international campaign to revive the political cadaver of Pérez in Venezuela. Many of the same individuals who helped to bring about CAP’s fall, expecting economic and political benefits, now argue that only CAP is capable of taking Caldera down, and of continuing with the “reforms” that ruined Venezuela in

the first place. Among these are novelist and politician Arturo Uslar Pietri, who recently argued that the wretched “Chilean model” (debunked by an *EIR* exposé on July 21, which has widely circulated in Ibero-America and elsewhere) should be imposed by any and all means, including the overthrow of Caldera by a military coup d’état.

Continental ferment

The president of the Venezuelan Bishops Conference (CEV), Bishop Ovidio Pérez Morales, wrote in the daily *El Nacional* of Aug. 19 that the foreign debt has become “an increasingly heavy burden . . . in the face of which there is no other response but to form a strong national movement, in solidarity with brothers beyond our national borders, which can save us from such intolerable slavery.”

Pérez Morales, the bishop of Maracaibo, Venezuela’s second largest city, decries the fact that Venezuelans will be forced to live as “vassals . . . working only to satisfy greedy creditors who will never be anything else.” Internal reforms to achieve economic and fiscal well-being, he says, are meaningless, “if there is no liberation from the slavery which this ‘eternal’ debt signifies.”

Wall Street understandably worries that such a call will be heeded. The foreign debt is today a matter of debate from Mexico to Argentina. In Argentina, Congressmen Orlando Juan Gallo and Antonio Achem have presented a bill to the national legislature calling on the Executive branch to declare a moratorium on the foreign debt. According to the bill, payment of debt service would be suspended, and negotiations held to set a defined payment schedule more appropriate to the possibilities of the country, based on its internal economic requirements.

In Venezuela, a bicameral congressional commission is studying various options for addressing the debt, whose service will take 40% of the national budget in 1996. The starting point of these discussions is that the 1987 refinancing agreements, and the 1991 Brady Bond reprogramming, are completely illegal, because they are unconstitutional. The agreements establish that the Venezuelan State must submit to the legal jurisdiction of the state of New York, thereby renouncing the dictates of the Venezuelan Constitution on this matter. The conclusion is, that the debt agreements there-

fore are not binding on the current government, nor on any government. The precise formulation that Bishop Pérez uses on the debt is “unduly contracted and irresponsibly facilitated.” At the present time, there are several members of the commission who are seeking a consensus on the debt among the social institutions of the country, assisted by the alarums coming from church authorities.

The question of the debt, and of the necessary reorganization of the financial system, was at the center of discussions at a recent forum, entitled “There Is Life After the Death of the IMF,” organized by the Ibero-American Solidarity Movement (MSIA), the Forum of Rural Producers, and other social organizations in Mexico City on Aug. 18. At the conclusion of that forum, a programmatic document was prepared and later presented to the Mexican Congress.

One week earlier, Mexico’s most popular political and cultural weekly *Siempre*, commented editorially that “the former President [Carlos Salinas de Gortari] was neither a great economist nor a great politician. What he was was an exceptional illusionist, and a genius at staged scenery.” The editorial then asks: “Why, if Carlos Salinas failed as an economist, are his disciples repeating the same schemes and the same errors? Why are they continuing with a failed economic model?”

Failed models

The fact is, that the editors of the *Wall Street Journal*, whose board of directors includes former Mexican President Salinas, chose a bad moment to defend the “Mexican model” of usury. Moffett writes in his slander that even Mexico “has more reason to feel optimistic than Venezuela.” What “reason” he is referring to, is anybody’s guess, since Mexico’s finance secretary has just presented the Second Quarterly Report for 1995 on the country’s economy, public finances, and debt. The Gross National Product fell in the second quarter by 10.5%. The index of open unemployment rose in that same period by 6.6%, which is presented in the report as reaching bottom, since the index in January rose 40.6%, in February 17.5%, and in March 7.5%. During the first half of 1995, the foreign debt rose by \$8 billion, despite the fact that during the first quarter, the government *paid out* \$8 billion in debt service.

And what can one say of the Brazilian model? After President Fernando Henrique Cardoso had promised to privatize the State-owned banks, he was forced to order a takeover of Banco Econômico and to hand it over to the state of Bahia, in order to prevent a domino effect being triggered by the bankruptcy of this seventh largest bank in the country (see *Report from Rio* in this issue). His action provoked such anxiety that the president of the Brazilian Central Bank threatened to resign, and Cardoso’s political opponents accused him of “chickening out.”

In Argentina, the magazine *Noticias* on Aug. 14 asks the question: “Why is the country increasing its debt if it

has improved tax collection, obtained a Brady Plan, and sold off public companies, all with the argument of paying off the foreign debt?”—debt which at the end of June reached \$85.9 billion, according to figures released by the government itself. By the end of the century, according to these same figures, Argentina will have paid service on its debt to the tune of \$66.3 billion, should the principal not have increased by then. But even last year, the debt rose by \$11 billion.

Further, Argentine Finance Minister Domingo Cavallo wants to impose a new tax plan that would include the computerized regulation and oversight of Argentines’ personal finances, including their bank accounts. The daily *Ambito Financiero* of Aug. 14 angrily responded that “only fascist regimes resorted to overseeing the people’s consumption, as Cavallo now wants to do, and through the banks no less.”

The president of the Argentine Industrial Union (UIA), Jorge Blanco Villegas, gave a closing speech to the Second Argentine Industrial Conference in Mar del Plata, which was reminiscent of what Venezuela’s Caldera has done: “We industrialists are against indiscriminate and ingenuous [free-market] opening, and are in favor of an administered economic opening, such as that employed by the United States, the European Union, or Japan.” He added, “There are some, riding the anti-statist wave, who want to sell us Argentines a bill of goods. . . . These are the sectors I would define as market fundamentalists. They think of the nation as an airport ‘duty-free shop,’ and of its inhabitants as either window-dressing or as satisfied customers. . . . These are the ones who have yet to understand that the country cannot consume if there is no production, if there is no work, if there is no industry.”

In the face of such continent-wide ferment, the usury mafia which kept Carlos Andrés Pérez in power, has launched a “final offensive” to put CAP at the front of the opposition to President Caldera today. This campaign was only recently launched, just after the late July visit to United Kingdom Ambassador John Flynn, who visited CAP at his residence, where he is under house-arrest. When this reporter called the British embassy to ask for an explanation for the visit, they responded that “their mission is not to have an opinion about Venezuelan internal affairs.”

Yet, just a few months ago, the Venezuelan government found it necessary to complain when that same embassy invited former Army Col. Hugo Chávez Frías, leader of the Feb. 4, 1992 coup attempt against CAP in Caracas, to visit London. Only days earlier, embassy counsel Paul Hare had dined with Chávez in a public restaurant. More recently, the former director of Military Intelligence under CAP, Herminio Fuenmayor (who was fired from his post after a scandal involving drug trafficking), wrote an intelligence “evaluation” in the Caracas weekly *Elite*, which backed Chávez, and which accused President Caldera of seeking to pull off a “self-coup.”

Banking crisis explodes in Brazil

The bailout of Banco Economico presents Brazil's anglophile President with an impossible political dilemma.

The Central Bank's intervention into Banco Economico, the seventh largest Brazilian bank with assets of over \$8 billion and the oldest bank in Ibero-America, founded in 1834, which has been trying to avoid bankruptcy since the beginning of 1995, sparked a crisis of confidence in the entire Brazilian banking system and threatens to break up the base of congressional support for the government of President Fernando Henrique Cardoso.

Banco Economico, which has its home office in the northeastern state of Bahia, and its main shareholder Angelo Calmon de Sa, have been the key promoters of the political career of Sen. Antonio Carlos Magalhaes, who is President Cardoso's top political ally.

In reality, the Central Bank intervention should have occurred months ago, when rumors about Banco Economico's health provoked a gradual run on the bank which worsened its situation. According to reports confidentially given to *EIR* in Brazil, in May there was a secret visit by U.S. Federal Reserve officials, interested in the Banco Economico situation because of its ramifications in New York, London, and some of the Caribbean tax havens.

Less than a month ago, in mid-July, Banco Economico attempted, via SBC Warburg, a division of the Swiss Bank Corp., to place \$750 million in debt securities on the international markets. Apparently the operation failed. According to preliminary estimates, the resources required to save Economico may add up to \$3 billion, without even knowing the finan-

cial hole which has resulted from international operations on the so-called derivatives markets.

According to source reports, two of the biggest banking institutions in the country are in similar straits to Banco Economico. It is feared that a chain reaction could occur because of the interconnection of the financial system through the Certificates of Banking Deposit, by which various banks will have to pay their debts to Banco Economico, and will be forced to wait for the liquidation process to get back their deposits in that institution. The volume of rediscount in the Central Bank is in the ballpark of over \$2 billion.

The Brazilian financial system will have to get ready to see other banking institutions go down with Banco Economico. The reason, besides the very dynamic of financial speculation, is the dizzying increase in the number of cases of insolvency, both personal and juridical, owing to the interest rates imposed by the Real Plan. Individual bankruptcies in the trade have already led two of the biggest retail houses, Pernambucana and Mesbla, into "Chapter 11" type reorganizations last month.

According to University of São Paulo analyst Alberto Borges Matias, loans for questionable liquidation grew from 1.5% at the end of 1994 to more than 4% in July, and this rate is expected to reach 7% by the end of the year, which will mean losses in the financial system of over \$10 billion. There are some financial institutions, especially the Banco do Brasil and state-level ones, in which this index is twice as high. According to Borges Matias, 40 banks could disappear by

the first half of 1996.

The prevailing cynicism was voiced by the president of the Brazilian Federation of Banks, Mauricio Schullman, who suggested that the problem of some banks, such as Economico, is that they failed to speculate sufficiently on high-risk financial instruments. That means that the only way to survive the present policy is to speculate with government securities.

Adding to his headaches, President Fernando Henrique Cardoso will be forced to face the violent attacks of Sen. Antonio Carlos Magalhaes, the leader of the Liberal Front Party (PFL), his government's main base of support. Magalhaes, who has always been the protégé of the Sa family which owns Economico, is threatening to open an investigative committee in the Congress to air in public the whole sewer of the banking system and its incestuous relations with the Central Bank. The target of the attacks is the Central Bank president, Gustavo Loyola, of whom it is insinuated that he gave inside information to his old financial market clients, causing the run on Economico.

Whether these charges are true or not, for Senator Magalhaes, saving Banco Economico is a matter of life or death for his family's political interests. His son Luís Eduardo Magalhaes is chairman of the Chamber of Deputies, and second in line in the presidential succession. For President Cardoso, if this showdown goes on, it could bury his constitutional reforms, the guarantee his government is offering in order to lure foreign capital to Brazil. But to rescue Banco Economico, he would have to kill whatever remains of credibility for the Real Plan and his personal integrity.

The latest news indicates that Cardoso has chosen the latter option, and accepted the bailout of Banco Economico by the state of Bahia.

Business Briefs

Middle East

Israel and Jordan sign energy accord

Jordan signed an accord with Israel on Aug. 20 to allow joint research into energy resources, according to wire service reports. The accord will include joint studies on exploiting oil shale for commercial use. Jordan has 40 billion tons of oil shale deposits.

The accord spells out joint geophysical and geological research in the Jordan Rift Valley, stretching south of the Dead Sea to Aqaba along the two countries' border. Work has started on an electricity link between Aqaba in Jordan and nearby Eilat in Israel.

Jordan and Israel will also begin an exchange of ideas on extending oil pipelines across their territories. Israel has discussed importing gas from Qatar and Egypt.

Investment

Investors leaving derivatives, says BIS

Investors are pulling back from investing in derivatives, highly speculative financial instruments, according to press accounts of a report released in August by the Basel, Switzerland-based Bank for International Settlements (BIS) on the global financial situation. The French daily *Le Monde* on Aug. 20 headlined its coverage of the report, "A Pulling Back from the Markets in Financial Derivatives."

The main thrust of the BIS report, as presented by *Le Monde* and the German daily *Frankfurter Allgemeine Zeitung*, gives an eerily rosy picture of the global financial situation, with various factors ostensibly pointing to "an amelioration of the global financial landscape in the second trimester of 1995." But on derivatives, the BIS picture is gloomy. This would tend to confirm what *EIR* has been reporting, that "smart money" is moving into hoarding of hard commodities and raw materials.

The troubles in the derivatives market may reflect "the Barings effect," the paper commented. "The users of these instruments may have been incited to a certain caution. On the

organized markets, the number of negotiated contracts declined by 9%, to the level of 276.9 million. The decline of activity has been particularly noticed in the month of April, and this affected the three principal types of products: interest rates, currencies, and stock exchange indexes."

Aerospace

German industry faces shutdown, say unionists

The trade union leaders of Daimler-Benz Aerospace (DASA) warned that the aerospace industry in Germany could shut down completely, once the so-called Dolores (dollar low rescue) restructuring package were realized, in a press conference in Hamburg on Aug. 15. The Dolores program would cancel another 15,000 out of the remaining 40,000 jobs in DASA, closing down several facilities in Germany, and in general shifting jobs abroad toward Indonesia, India, and Taiwan.

Repeating the pattern of recent "automobile summits," there will be an emergency "aerospace summit" on Sept. 25 in Munich with managers and trade union leaders of DASA, and the governors of the states of Baden-Württemberg, Bremen, Hamburg, Lower Saxony, and Schleswig-Holstein, in order to discuss possible state intervention.

Meanwhile, the Netherlands aerospace group Fokker, which was bought up by DASA last year, reported a new record loss of DM 586 million (\$365 million) for the first half of 1995, which led to a sharp fall of Daimler-Benz stocks on Aug. 17 and to the exclusion of Fokker stocks from trading on Netherlands stock exchanges. DASA and the Netherlands government are in talks for an urgent liquidity injection of up to DM 2 billion to prevent Fokker from collapsing.

Alfred Herrhausen, who was murdered in November 1989, was supervisory board chairman of Daimler-Benz, Germany's biggest industrial group, as well as the head of Deutsche Bank. The July 31 issue of the weekly *Der Spiegel* indicated that Herrhausen's death had even more consequences for Daimler-Benz than for Deutsche Bank. He had been very active in shaping Daimler policies and had fights

with Daimler managers Reuter and Niefer. From 1985 on, Daimler was buying up many traditional German high-tech companies, such as AEG, MTU, Dornier, and MBB, which are all in big trouble today. In particular, in the case of MBB, Herrhausen opposed the takeover plans offered by then-West German Economics Minister Bangemann and then-Bavarian state governor Franz-Josef Strauss.

Trade

Turkey's Ciller to focus on ties to Asia

Turkish Prime Minister Tansu Ciller embarked on a five-day trip to Central Asia in mid-August, her second in two months, *Agence France Presse* reported on Aug. 16. She was accompanied by a team of 50 businessmen, the energy minister, and other officials. "We are planning to develop our relations with Central Asia, to progress rapidly," said Nurettin Nurkan, a Foreign Ministry spokesman.

Turkish trade with Central Asia dropped somewhat last year after initial credits, investment, and trade worth more than \$2 billion were achieved in 1992. Kazakhstan, Uzbekistan, and Azerbaijan, the biggest and most economically viable of the states in the region, rose to \$250 million each in credit, which was funneled through Turkey's Export-Import Bank. Less than \$200 million went to Turkmenistan and Kyrgyzstan.

Banking

South Korean bad bank debt shoots up

The bad debt of 25 of South Korea's commercial banks has shot up 42% just in the first six months of this year, to \$3.59 billion, while banks' earnings fell sharply, according to a report issued on Aug. 17 by the Korean Bank Supervisory Board, the *International Herald Tribune* reported.

The board reported that bad loans increased from 0.9% to 1.2% of the banks' total

Briefly

loans this year. The day before, the banks reported a 90% drop in combined earnings for the first six months of 1995, due to huge losses in stock investments and the need to cover bad debts. While interest incomes of these commercial banks have been steadily growing, non-interest income, especially from the Seoul stock market, is fluctuating wildly. The "index" of the Seoul stock market, which ballooned 20% last year, has already fallen over 10% this year. The Korean government had ordered all the banks to write off their bad debts by 1998.

South Korea has also been troubled by a series of infrastructure and building disasters in recent months, including the collapse of a newly built bridge in Seoul, the collapse of a department store, and explosions at construction sites, all of which have caused many deaths. Poor construction has been cited as the cause.

Finance

Chile a recycling center for foreign capital

Chile, one of Britain's bases of operation in Ibero-America, is becoming a "recycling center for foreign capital," according to a study issued earlier this year by the U.N. Economic Commission on Latin America and the Caribbean (ECLAC). A significant quantity of foreign capital attracted by Chilean companies, through placement of American Depository Receipts (ADRs) in the Santiago stock market, "has surpassed the local economy's capacity for absorption," the Peruvian daily *Gestión* reported on March 10, citing the ECLAC study. Therefore, much of that capital is turned around, and channeled into investments abroad.

Chile has always functioned as a front for the British in Ibero-America, and a good portion of its capital has gone into Peru and Argentina, the *Latin America Weekly Report* reported on Nov. 17, 1994. Chilean investment in countries which are potential competitors, is what government officials call the "internationalization of Chile's economy." Peru and Argentina accounted for 76% of total Chilean capital invested abroad over the last four years.

Much of these funds have gone into buying up privatized firms, in the areas of energy generation and minerals.

Sir Evelyn Rothschild, in an interview in the Argentine weekly *Somos* in September 1993, said that he hoped to use the experience of Smith Newcourt (of which Rothschild is the main shareholder) in Chilean financial services and banking as the launching pad for entry into Argentina. Smith Newcourt owns Banco BICE in Chile, and, together with Chile's Matte group, set up the Biceconsult-Argentina company, whose primary purpose, according to the Sept. 8, 1993 Peruvian daily *La Prensa*, "will be to channel foreign investments into different [Argentine] projects, such as privatized areas." Rothschild said, "We can collaborate with companies and with the Argentine government in future privatizations and financing of projects, as we have done in Chile."

According to wire reports, Argentine Finance Minister Domingo Cavallo recently said that he hoped Chilean banks would bid for Argentina's provincial banks, which are slated for privatization.

Europe

Six million jobs lost in last four years

The economies of the 12 European Union member-states lost 6 million jobs between 1991 and 1995, the annual report of the EU Commission in Brussels released in August documents. The report lists 18 million jobless by the end of the statistical year 1994. This report does not include the figures for the three states (Austria, Sweden, and Finland) that joined the EU at the beginning of this year.

The biggest single national destruction of jobs, notably in the productive sectors of industry, but also in banking, insurance, and the public administrative sector, occurred in Italy, with 1.7 million new unemployed during 1991-94.

Great Britain is next on the list, with 900,000 jobless; 800,000 lost their jobs in Spain; and 600,000 (mostly in eastern Germany) became jobless in the supposedly stable German economy.

● **THE PHILIPPINES** is facing severe food shortages, which have been aggravated by a dry spell. Prices have soared for rice, the staple food, and sugar, and the government has begun to import both commodities.

● **THE PAKISTANI** government seized sugar valued at \$32 million from warehouses and 16 sugar mills in the third week in August, to sell to consumers at 41¢ per kilogram, 25% below the current retail price, according to wire reports.

● **THE BRITISH** have pulled out of nearly all banking activity in Ibero-America, with the exception of the Anglo-Colombian Bank, which is linked to Barclays, a source in Bogotá, Colombia told *EIR*. The British are only investing now, according to this source, in oil, raw materials, and food.

● **THE NIGERIAN** government has pledged to pursue tested options that will lead to rapid economic development, and believes that industrialization is "the surest way to take our rightful place among the community of economically viable nations," head of state Gen. Sani Abacha said in a message to the National Council on Industry in Jos, Nigerian radio reported on Aug. 10.

● **THE BANK OF CHINA** reportedly lost up to \$5 billion in currency derivatives speculation, according to reports in Tokyo and the City of London. On Aug. 2, speculator George Soros is reported to have made \$1 billion, the day before the Bank of Japan and U.S. Federal Reserve made a surprise, coordinated intervention to push the yen lower. Soros reportedly acted on inside information.

● **SWISS** officials are investigating Zug-based companies for criminal raw materials looting of Russia, particularly when it blossomed in 1991-93, an investigating judge told *EIR* on Aug. 16. The probe is part of an overall review of such practices, he said.

Germany's economy is becoming a 'casino society'

by William Engdahl

On Nov. 29, 1989, not yet three weeks following the collapse of the Berlin Wall dividing communist East Germany from the West, Deutsche Bank head Alfred Herrhausen, the most trusted economic counsellor and friend of West German Chancellor Helmut Kohl, was blown to pieces in a thoroughly professional assassination outside his Frankfurt home. The killing was no terrorist attack.

Rather, it signalled the escalation of an all-out irregular warfare campaign by powerful western forces determined to prevent a unified Germany from becoming the engine of industrial transformation of Poland, Czechoslovakia, Yugoslavia, and ultimately, the Soviet Union. It is a matter of public record that France's President François Mitterrand was horrified at the prospect of Germany becoming a dominant economic power as the vast new potentials unfolded in eastern Europe in the wake of the end of the Cold War. It is also a matter of public record that President George Bush's comment upon hearing of the collapse of the Berlin Wall, was the cynical retort, "I'm not going to dance on the Wall."

But no reaction to the events of November 1989 was comparable to that of leading City of London policy circles around the government of Prime Minister Margaret Thatcher. Within days of the opening of East Germany, British media close to Thatcher's Tory Party, including Rupert Murdoch's *London Times* and the Hollinger Corp.'s *London Sunday Telegraph* and *Spectator* magazine, launched a full-scale propaganda and psychological warfare attack on Kohl's efforts to secure German unity. Thatcher met with Mikhail Gorbachov in a vain effort to persuade the Soviet leader to block German unity. She met numerous times with Mitterrand, an otherwise bitter opponent on most European issues, to encourage him to pressure Germany.

British media, and even a senior Thatcher cabinet member, Nicholas Ridley, made open comparisons of a unified Germany with a "Fourth Reich," with Ridley suggesting that Kohl was worse even than Hitler.

Few fully grasped the vehemence of Thatcher and the British establishment in their determination to sabotage German economic success in the East after 1989.



German mayors demonstrate in the state of Hesse, in October 1993, against federal budget cuts. The German model of industrial banking has become almost unrecognizable, as British free market austerity takes its place.

Herrhausen, a protégé of the late Hermann Abs, the dominant postwar figure in German banking and industry, was by far the most respected and bold policy voice in the German business community. Only five months before his assassination, he had unveiled a proposal, in a speech to the Washington annual meeting of the International Monetary Fund, for a dramatic reduction of the debt burden on the Third World. He also outlined his proposal to create, outside the control of the IMF, a “Polish Bank for Reconstruction” modeled on the Kreditanstalt für Wiederaufbau, West Germany’s postwar Marshall Plan credit institution for reconstruction.

In an interview with the *Wall Street Journal* shortly before his assassination, Herrhausen had outlined his concept for a 10-year reconstruction of East Germany’s economic and manpower potential to serve as the “bridge” to rebuild the collapsing industrial base of all eastern European economies, most emphatically that of the then-Soviet Union. Rail and other infrastructure were central to the concept. Only days before, Kohl had addressed the German Parliament and proposed a modern railway line linking Paris, Hanover, Berlin, Warsaw, and “eventually Moscow,” an echo of the now-famous “Paris-Berlin-Vienna Productive Triangle” proposal by American economist Lyndon LaRouche for rebuilding the East.

The similarly “unsolved” assassination of Detlev Rohwedder on April 1, 1991, dealt a decisive blow to the direction of German economic policy. Rohwedder, a German industrialist and former Bonn political figure, was head of the Treuhand, the agency responsible for the reorganization of the industrial and agricultural state companies of former East

Germany. After his murder, Treuhand policy underwent a 180° shift. The new Treuhand chief, Birgit Breuel, was the daughter of a Hamburg banker who had been chairman of the Hamburg merchant bank Schroeder, Muenchmeyer, Hengst, today part of a large British bank. Breuel began a policy of deindustrialization under the Treuhand. Companies were sold as fast as possible to western businessmen, who often shut down the factories and used the grounds for real estate speculation.

The federal government quietly dropped its most ambitious infrastructure plans for eastern Germany, and a short-lived “consumer boom”—primarily car sales to east Germans—created an illusion of economic growth. But behind the scenes, the assassinations of Herrhausen and Rohwedder had a devastating effect on German economic policy. Step by step, Germany was transformed into an Anglo-Saxon-style “casino society,” as French Nobel Prize economist Maurice Allais termed it.

The German industrial banking model, built up during the 1880s and 1890s in contrast to the City of London “free market” model, was being destroyed in a frenzied pursuit of “money for money’s sake.” Deutsche Bank began to speculate in currencies, derivatives, and real estate. It began selling its permanent holdings in leading German industrial companies. By 1995, the “German industrial model” was virtually no longer recognizable. The following report documents this transformation from the side of the explosion of German public debt, itself a reflector of the wrong economic policies introduced after 1989 and the murders of Herrhausen and Rohwedder.

Germany after unification: Debt crisis becomes unsustainable

by William Engdahl

The following, focusing on 1989-95, is excerpted from a broader German-language study of the economic disintegration of Germany over 1966-95.

The political actions behind the process of German unification after the fall of the Berlin Wall in November 1989, were of a far different quality from the economic actions which ensued. While the political determination to forge a reunified Germany after some 40 years of division must be praised as an act of highest courage in the face of ferocious opposition, not the least from Germany's supposed allies Britain and France, the economic policy imposed on the former five East German states after July 1990, most especially after the assassination of Treuhand chief Carsten Detlev Rohwedder in April 1991, has been disastrous.

The rigid adherence of the German Finance Ministry to strict monetarist dogma in dealing with the ensuing deficits and public debt owing to these wrong economic policies, has imposed the "International Monetary Fund system" on Germany, without the IMF, something no other nation has done willingly.

Worse still, the continuing insistence of the European Union (EU) Commission in Brussels, but most especially of the German government itself, in maintaining the Maastricht goals for monetary union, has created a self-destructive policy situation for Germany in which spiralling public debt, rising taxes, weakening corporate profits, and higher unemployment are contributing to an economic and fiscal collapse not seen since the end of the 1920s. The following article details the debt explosion under way since 1989, and how, if current IMF monetarist policies are continued, Germany will be plunged into an irreversible crisis of a dimension beyond even that of the early 1930s, something most citizens of the postwar period have become deluded into believing could never again occur.

Treuhand: The mistakes come into the budget

The federal government in Bonn in July 1990, and subsequently, carried out the equivalent of what in American corporate bankruptcy law is called a Chapter 11 bankruptcy reorganization of the entire economy of East Germany. Unfortunately, they did so on reckless monetarist terms, putting

the old debt on a higher priority than the social welfare of the Federal Republic, and honoring old debt which was not legitimate even under western law.

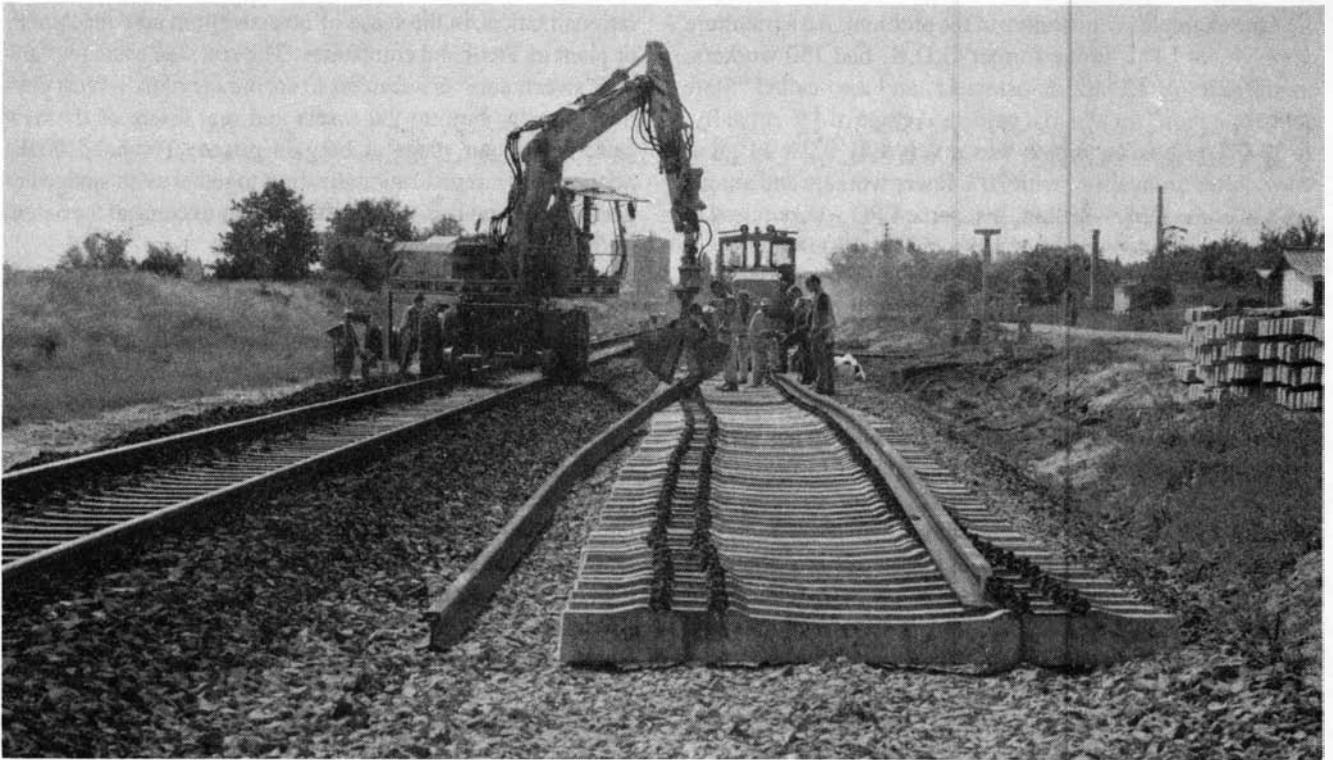
On Jan. 1, 1995, the budget of the Federal Republic reflected, for the first time in five years, the disastrous reality of the Treuhandanstalt, the agency inside the Ministry of Finance responsible for the future of some 8,000 State enterprises of the former German Democratic Republic (G.D.R., East Germany). The item appears under the budget entry, "Debt Redemption Fund."

Under this item is included 230 billion deutschemarks (roughly \$145 billion) of the remaining debts of the Treuhandanstalt. As of January 1995, the Treuhand was dissolved, its mission declared complete, and a successor agency, the Federal Organization for Reunification-Related Special Tasks, and several other entities were left to clean up the remaining business. The added public Treuhandanstalt debt has brought total public indebtedness in the Federal Republic for the first time above DM 2 trillion.

The creation of the Treuhand agency itself was one of the last acts of the communist Modrow regime, in March 1990, to consolidate State industry and agriculture under one umbrella, along with their so-called debts, with an eye toward the imminent unification of the two Germanys. But the old comrades were more than a bit shrewd. Through organized street protests and other propaganda, they created enormous pressure on the Bonn government of Chancellor Helmut Kohl in the negotiations in spring 1990 to inflate the value of those old "debts."

In the final agreement which came into effect on July 1, 1990, Bonn agreed to assume the book debts of enterprises of East German industry and agriculture at a parity of two ostmarks to one deutschemark. Private household savings, in an attempt to put immediate spending power into the hands of the nervous East German population, were converted at the very generous rate of 1:1. Those private savings were not that enormous, and the move was not the cause of the problem Germany faces today. Rather, it is the Debt Redemption Fund.

By allowing a 2:1 conversion, the Federal Republic assumed responsibility for an added DM 130 billion in debts under the umbrella of the Treuhand. Much has since been



Railroad construction in the eastern state of Mecklenburg-Prepommern, 1993. From the federal Parliament to the states to the municipalities, the only agenda item under discussion is where to raise taxes and where to cut expenditures, including for infrastructure programs like railroad construction and high-speed rail development.

said about the lack of appreciation in Bonn of the deteriorated state of East German industry. But that misses the point. Perhaps as part of a complex political deal to secure German unification, the Federal Republic assumed, as legitimate, debts which were in reality fictitious. By Bundesbank (German central bank) calculations, assuming a repayment of DM 17 billion, including annual interest charges, it will take an entire generation to repay only the Treuhand debts!

One of the final official acts of the communist People's Chamber in East Berlin shortly before July 1990, was to pass a law which allowed the East German Staatsbank and related State banks the option of charging interest on their "loans" to the Volks Eigener Betrieb (VEB, the State-owned companies) and such enterprises at western or so-called "market" rates, rather than the typical low 0.5% then charged by the State to its own companies. Thus, the Staatsbank increased its interest charge by some twentyfold, hours before the final monetary union was to come into force, a simple trick by which the East German SED (communist party) added as much as possible to the paper value of assets being "sold" to Bonn.

But in addition to the higher interest rate costs, the old communally owned factories and farm cooperatives now under the control of the Treuhand had to value their debts at a rate of 2:1 to the mark. This, despite the reality that the price structure of G.D.R. industry was oriented entirely toward

the very low productivity levels of the Soviet and eastern European socialist economies. While VEB exports to the East collapsed almost entirely after 1990, the old debts on their books did not.

But, because the Treuhandanstalt was treated "off balance sheet" until January 1995 by a decision of the Bonn Finance Ministry, few realized the explosiveness of the debt time-bomb building, until a vast array of new consumer and other taxes was levied in 1995 to pay the greatly increased debt burden now on budget.

Extreme 'shock therapy' applied

The decision to assume old debts at all was bad enough, but why at a rate of 2:1? Even assuming those debts were legitimate juridical debts in the western sense, which they were not, 2:1 was absurd. Some months before July 1990, the Berlin black market valued ostmarks at 10:1. And if a measure of actual per-man productive output of the East German industry were used in comparison with West German productivity levels, a ratio of 13:1 would have been realistic. A 13:1 rate for the communally owned factories' old debt in no way affected individual private savings, which were treated separately anyway. Had, say, 13:1 been used instead of 2:1, the assumed old debts of the Treuhand firms on July 1990 would have been DM 20 billion, not DM 130 billion, even though that sum itself would still be illegitimate.

One example is illustrative of the problem. An agriculture combine, or LPG, in the former G.D.R. had 150 workers, annual sales of 15 million ostmarks, and a so-called "State debt obligation" on which it paid an average of 1% annually, or 28,000 ostmarks, which was a very tiny 0.2% of gross sales. After unification, with 30% fewer workers and annual sales of some DM 5 million, that same LPG was required to pay an annual interest cost of 10%, or DM 140,000.

If West German industry and agricultural enterprises had been forced to operate under such financial burdens as imposed on the Treuhand firms after July 1990, it could be safely said that no single West German industry would survive. The terms given the Treuhand were a "shock therapy" many times more extreme than that imposed by the IMF on Russia and Poland, and were the consequence of the inflated 2:1 valuation of those old debts. It was absurd to honor such G.D.R. "old debts" at all, given that they were merely a control mechanism for the G.D.R. State Central Planning process and not liabilities incurred for expenses in the western sense. But those old debts have, in fact, been honored, and that at absurd valuation after 1990.

After Rohwedder, a policy change

That was not the entire problem. Following the assassination of Treuhand chief Rohwedder in April 1991, the Treuhand underwent a complete policy reversal. Under Rohwedder, after intense political lobbying, Bonn agreed that the first priority of the Treuhand was to make the roughly 8,000 firms under its control into agro-industrial enterprises competitive by western standards. The priority was "rationalization, instead of privatization." Rohwedder understood that it may take a decade or more under State ownership before many enterprises in East Germany could be competitive on western terms. In the meantime, the State was to provide the basis of maintaining them as productive agro-industrial businesses.

When Birgit Breuel, a Hamburg banker's daughter, replaced Rohwedder as head of the Treuhand, radical Thatcherite "free market" ideology came to reign supreme. British or American "market-oriented" management consultants were brought in to assess Treuhand firms. The priority was to privatize as fast as possible, not to invest in new technology. A monetarist ideology, a policy which can accurately be termed "accountant's psychosis," replaced the measured, industry-oriented approach of Rohwedder.

According to one study by the German Trade Union Federation's Institute for Economics in Düsseldorf, Breuel's Treuhand deliberately hid this policy shift ("privatization, instead of rationalization") through various accounting tricks. All was dumped in the accounting report under the heading, "Payments for Rationalization, Privatization, and Closings." According to the study of the institute, of the DM 77.5 billion included in 1993 under this category by the Treuhand, only DM 5 billion could legitimately be called

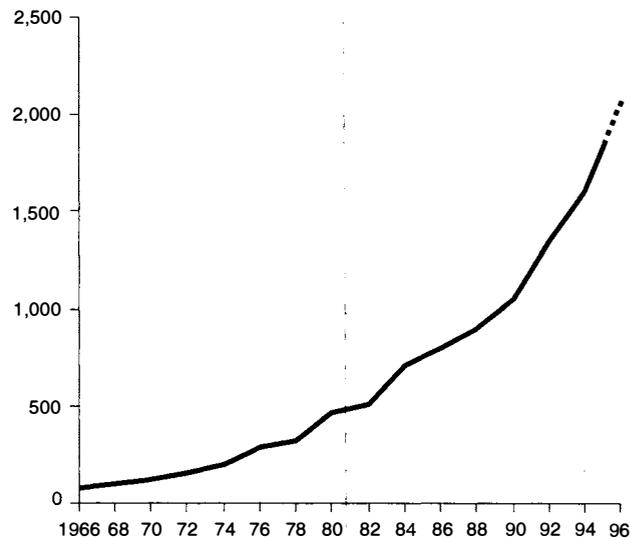
rationalization, in the sense of investment in new machinery or plant of Treuhand companies. The rest was costs for various "sweeteners" or subsidies to encourage mostly West German firms to buy up the assets and real estate of the new eastern German states at bargain prices. Treuhand books deliberately lumped rationalization together with such categories as capital loss write-offs, in order to conceal the extent of this.

Now, under the new Treuhand policy, the initial sum of "inherited" old debts (DM 130 billion) began to balloon with new debts. Because the Treuhand paid incentives to private buyers, or kept certain large communally owned factory remnants operating with no new capital investment, merely keeping the doors open until they could be sold off, the Treuhand added to this initial debt burden enormously. Between 1990 and the end of 1994, the Treuhand borrowed an additional DM 135 billion. During that same time, it registered some DM 35 billion in receipts from privatizations, or a net added debt of DM 100 billion, for a total of DM 230 billion, which, as of Jan. 1, 1995, has become part of the federal budget. But the sum is expected to grow to DM 400 billion by 1997.

The Treuhand is only a part of debt burden

However, the added debts and interest costs of the Treuhand are only part of the increased debt burden since 1990 (see **Figure 1**). In four years, 1991-94, the federal government, through its special German Unity Fund, raised debt via new bond issues for DM 142 billion, to finance various aspects of the reconstruction of the bankrupt new eastern

FIGURE 1
The growth of German federal, state, and municipal debt
(billion marks)



states. To fund the Social Security Insurance program for the population in the new states during 1991-95, required an additional DM 257 billion. Then, a budget category entirely apart from the Treuhand, Unification-Related Expenditures, over 1991-95, had drawn an additional DM 363 billion. These expenses were projected to remain near DM 110 billion annually through 1997. In total, all financial transfers from the federal government to the new eastern states for the four years, excluding the Treuhand, have reached DM 804 billion, with another DM 200 billion annually expected to be needed through 1997.

Much of these financial flows into the eastern states goes toward building long-term infrastructure, and is essential. We discuss here only the implications for the overall debt burden of the German economy.

A major fiscal trick to disguise the enormous size of the growing indebtedness resulting from the capital transfers into the eastern states since 1990, has been the proliferation of special "off-budget" items, or "subsidiary budgets," similar to methods used by the U.S. Congress after the huge budget deficits of the 1970s and 1980s.

The largest such subsidiary or off-budget case is the Treuhand. The German Unity Fund is a second major off-budget fund. This special fund originally was intended to serve as transitional revenue support for states and municipalities in the east through 1994, at which point it would decline in importance. That proved far too optimistic, and another allocation had to be made by the Finance Ministry, financed by an increase in the value added tax (VAT). The total expenditures during 1990-94 for the German Unity Fund debt rose to DM 146 billion. Of this sum, DM 95 billion had been in the form of new debt which, after 1995, must begin to be repaid out of the federal, state, and municipal budgets at a rate of DM 9.5 billion per year. This is to extend over two decades, because of added interest costs.

As well, the Kreditanstalt für Wiederaufbau, the old German Marshall Fund agency, under its so-called European Recovery Program Special Fund, was reactivated to issue subsidized loans to projects in the eastern states. The ERP Special Fund total debt was increasing at a rate of DM 16 billion a year by 1993.

In addition, at the time of the July 1990 Monetary Union, another special fund, the Debt-Processing Fund (Kreditabwicklungsfond) was created to assume costs in the context of currency conversion, as well as meeting State budget obligations of the former G.D.R. after unification. This fund has been estimated at DM 140 billion. The major part of it, DM 110 billion, consists of liabilities to the Currency Conversion Equalization Fund.

These sums do not include other special funds, such as that set up in 1994 to consolidate the combined debts of the West German and former East German railways, at that time with a debt of some DM 70 billion. Nor do they include the DM 104 billion debt of the German postal system.

Interest payments in 1994 alone on the total federal debt, including these various hidden or subsidiary budgets, exceeded DM 120 billion. The share of Germany's combined public sector budgets had risen by that point to a staggering 52% of German gross domestic product (GDP), up from 45% in five years.

A new debt crisis

But the soaring indebtedness of the federal government budget was not the only area of public finance after 1989 to go into a debt crisis. Partly as a consequence of the "solidarity" cost-sharing agreements regarding the burden of financing the economic reconstruction of the five eastern states after 1990, and partly as a consequence of the most severe postwar economic "recession" after 1992, German states and municipalities entered their most severe deficit and debt crisis of the postwar period.

Following several years of significant effort, the state governments in West Germany had managed, by 1989, to bring the level of their deficit spending down to the relatively manageable sum of DM 7.5 billion per year. Total debt outstanding of all states in 1989 stood at DM 310 billion. By 1990, that picture too began to change, as state tax receipts fell sharply following federal tax reduction legislation, more than doubling the combined deficit to DM 19 billion, where it steadied itself until 1993. At that point, the severe economic downturn and increased requirements on western states to assume more of the burden for the east, forced state deficits to the unprecedented level of DM 27 billion by 1994. Accordingly, state debt ballooned by more than 30% in four years to a level of DM 414 billion by the end of 1994, a level, which, if sustained, would cripple state governments with severe interest rate burdens for years to come.

Not surprisingly, municipal budgets began to go into deficit, and certain larger cities faced severe crises in providing services. Even during the several years of strong growth in 1990-92, the so-called "consumer boom" era of the new states, western municipalities as a whole went into deficit, owing to huge new social costs for the elderly and others, providing for a significant inflow of political asylum-seekers and refugees from former Yugoslavia and other regions, and providing minimum social assistance to more than 2 million German households whose unemployment benefits had expired.

Then, as the severe economic decline struck after 1993, the financial condition of cities slid precipitously. Going from a combined budget surplus of DM 2 billion in 1989, the cities and municipalities by 1990 had a deficit of DM 3.5 billion, rising to DM 5.5 billion by 1991 and DM 9.5 billion by 1992.

Total municipal debt exploded from DM 111 billion to over DM 127 billion at the beginning of 1993, and to DM 138 billion by the beginning of 1994. Frankfurt had by far the most dangerous debt exposure of large German cities

in relation to revenue, followed closely by Duisburg, where the dismantling of the steel industry had had a severe local impact. As well, Hanover, Cologne, Düsseldorf, and Bochum all had developed serious municipal debt burdens by the mid-decade.

The immediate response to the crisis has been for city governments to slash services drastically. According to a recent survey of its municipal members, the central council of the German Conference of Cities found that 56% of all German municipalities plan to cut outlays for road maintenance, 45% will cut education outlays, 41% plan to cut or close service in public libraries, and numerous cities will restrict expenses for theater and opera, as well as public swimming facilities.

Already, according to the German Construction Industry Association, over the past three years public municipal outlays for infrastructure construction, accounting for inflation, have fallen below the level of 1965. And new politically motivated laws on municipal waste disposal and water treatment, many of which have no justification on any environmental grounds, will force crowding out of more essential municipal services, while private households and industry face enormous added surcharges for "environmentally correct" waste disposal.

Even more alarming to German cities are impending legally mandated cost outlays to construct universal daycare facilities, arising from 1992 legislation. As well, mandatory (if unnecessary) installation by municipalities of a third cleaning stage for sewage plants, to be completed by 1998 under a new Brussels EU directive, imposes huge new costs on already crisis-ridden municipal budgets.

Taxes spiral upward

The definition of "debt trap" is the point at which a corporation or government becomes so indebted as a percentage of its ability to generate revenue to repay those debts, that it must destroy itself in a suicidal frenzy of cost reduction. Debt burdens paralyze the entity's ability to act in any meaningful manner, and, ultimately, bankruptcy is the only possible outcome. In the public sector, essential services and infrastructure necessary for future growth are sacrificed, deepening the crisis. In the private sector, companies abandon R&D and investment in new technology to pay old debts, leading to falling sales and lower profits, as other, more competitive firms take over their market.

Indicative of precisely such a situation was the decision following a bitter internal cabinet battle in June 1995, to cut some 4.4% from the transportation budget of the Ministry of Commerce. According to the estimate of the German Construction Industry Association, these cuts for fiscal year 1996 can paralyze the entire DM 48 billion already allocated to "German Unity Transport Infrastructure Projects." If so, tens of thousands of skilled jobs and the economic future of parts of the eastern states will be jeopardized, resulting in even

more severe unemployment costs and loss of tax revenue to governments, thus further aggravating an already desperate situation. Such is the nature of a debt trap.

The Federal Republic is rarely spoken of today in such drastic terms as being in a debt trap, let alone being bankrupt. But this is primarily a result of carefully formulated political perception. The true situation is dramatically more alarming than anyone has been willing to admit, and the crisis is only beginning.

Already in the past several years, the first fatal signs of the disease of the debt trap, the calamity which was epidemic in Mexico, Brazil, Argentina, and other Third World countries after 1982, had become evident in Germany.

Endless debates in the Bundestag (lower house of Parliament) have taken place over what further taxes to impose on the citizenry; where to cut more services; whether infrastructure, including high-speed rail modernization, is necessary; how to further tax inheritance property, and so on *ad nauseam*.

The only agenda item under discussion at present, from the Bundestag to states to municipalities, is where to cut expenditures and where to raise taxes. Whether a 50% increase in an energy consumption tax is termed an "eco-tax" or "solidarity tax," is irrelevant to those burdened with it. By summer 1995, the federal Labor Ministry was proposing to "save" DM 3.4 billion in its new budget by forcing unemployed engineers, computer specialists, and others to harvest potatoes and perform other manual labor. The plan is supposed to "save" 150,000 jobs for Germans normally taken by Polish, Portuguese, and other foreign workers!

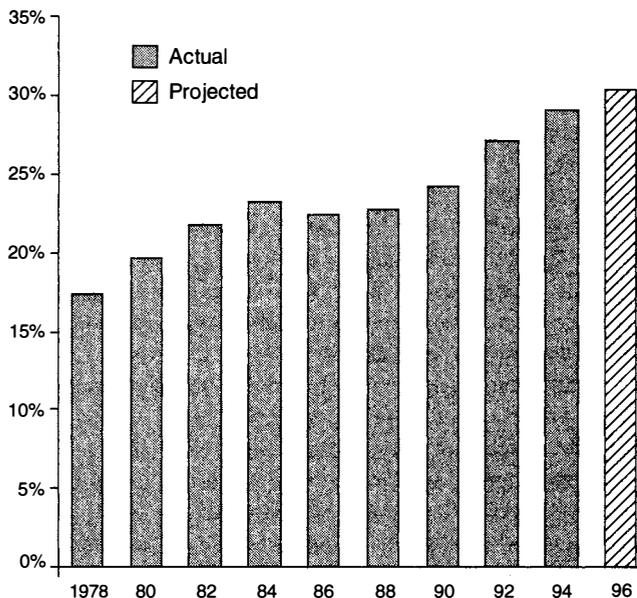
By 1995, German households and industries had the highest direct taxation levels in history. Since April 1991, private households have been hit by the following new tax increases: The tax for unemployment insurance was increased from 4.3% to 6.5%; a 7.5% "solidarity" surcharge was added onto existing income taxes; the insurance tax was increased, from 7% to 10%; there was an increase in the tobacco tax; the VAT was increased, from 14% to 15%; there was another increase in the insurance tax, from 10% to 12%; an increase in the pension insurance tax, from 17.5% to 19.2%; another increase in the fuel tax; reintroduction of the cancelled "solidarity" 7.5% tax surcharge; an increase in the wealth tax; and yet another increase in the insurance tax, from 12% to 15%. The tax increases are by no means over.

Merely to finance federal support for the eastern states, private households, as of 1995, have been forced to take on a financial burden of DM 103 billion per year. This does not take into account what corporations or public entities have had to contribute.

Taking the combined situation of all levels of government in the Federal Republic from 1989 to present, the population has not faced such indebtedness since 1931-32. Taxation levels, even assuming the best of economic conditions, which is far from probable, are programmed to stay at the

FIGURE 2
Globalization: Jobs are leaving Germany

(% of total German production made abroad)



highest levels in history for years. Federal, state, and municipal debt all are at historic highs.

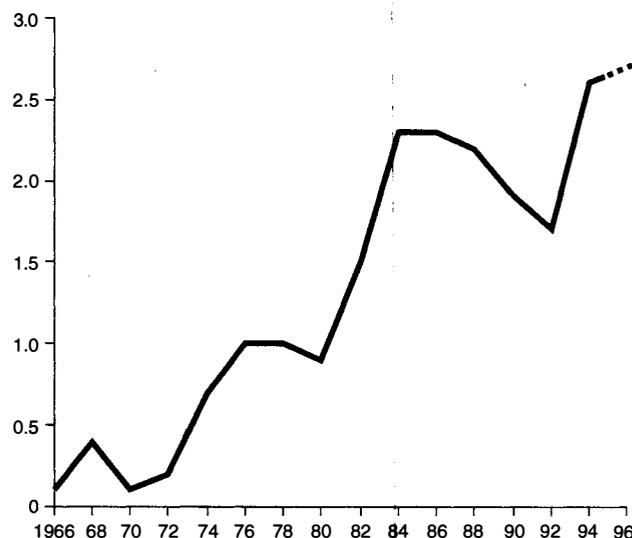
There is no room for fiscal or budgetary stimulus of economic growth under the present monetary assumptions of the IMF system in which postwar German economists have been schooled. The share of interest costs in the federal budget will increase over the next years for reasons indicated. According to official projections of the Federal Debt Administration, debt service, that is, interest costs and repayment of principal on only the debt of the federal government—not including the special subsidiary funds such as the Treuhand, the European Recovery Program’s Special Fund, the federal railway, the postal service, the German Unity Fund—reached DM 142.1 billion in 1994. In 1995, this will reach at least DM 167 billion, and soar to DM 201.5 billion by 1997. But actual costs to the taxpayer of total debt, including the hidden or subsidiary budgets and other public authorities, whose combined debt today is some DM 957 billion, is vastly more than this DM 142 billion. These added sums are kept separate for political reasons. Their debt service, conservatively estimated, costs taxpayers DM 75-80 billion.

Job losses will become permanent

Further tax increases imposed by the federal government in order to attempt to reduce the size of the huge deficit and try to control the growth of the public debt, will merely accelerate trends for German industry to “downsize,” by

FIGURE 3
Unemployment in the western states of Germany

(million persons)



shedding tens of thousands of jobs permanently, and relocating production abroad to lower-cost locations—a process which no one in the Bundestag has even seriously considered (see **Figure 2**).

There has been no precedent in all German history for such an increase in the per-capita tax burden. The effects are already evident: By the end of 1994, official German unemployment was registered at just below 4 million, a level not seen since the early 1930s (see **Figure 3**).

Evidence of this alarming new element of permanent job elimination through “globalization,” and its effect on Germany’s economic future, was the fact that over the past several years, despite what is probably the most highly qualified workforce in the world, there had been no manifest trend of foreign manufacturers to locate any significant new production in Germany. The reality was the opposite: Jobs are leaving Germany. And, as existing workplaces disappeared, leaving structural unemployment behind, as has been the case since the economic crisis of 1993, costs to government increase permanently, while the needed tax base to finance those increased costs shrinks.

Pensions are the next victim

The next area to be threatened will be the Public Pensions System, where likely new pension “reform” will come into play before the end of this decade. The present trends of German demographics will mandate an explosion of legally required public expenditure for pensions, while the number of those productively employed will contract dramatically by the year 2010. Moreover, owing to the wonderful advances

in medical care and technology to combat disease, life expectancy of those retirees is increasing, presenting a future scissors-effect on public pension costs.

By 1995, the per-capita debt burden from the public debt alone, on every man, woman, and child in the Federal Republic, had risen to DM 25,926. This was nearly double the per-capita public debt burden in 1989, of DM 14,935. Yet the size of the total population had increased in that time, through unification, by almost 17 million. The per-capita public debt burden in West Germany in 1975 after the oil shock, had been DM 4,170 per capita, while in the halcyon days of 1966, it was DM 1,433. Per-capita public debt has exploded in less than 30 years by some 1,800% for the citizens of the Federal Republic!¹

The fatal blow?

By the end of 1995, according to present projections, the total combined debt of government and subsidiary budgets, such as the Treuhand, federal railway, postal service, and European Recovery Program Special Fund, will have reached more than 60% of the GDP of the Federal Republic, the limit allowed to enter Maastricht. Moreover, the combined federal deficit in 1994, at DM 165 billion, had reached 5.1% of GDP, well over the 3% ceiling of Maastricht, and 1995 to date has changed little since. This puts Germany in violation of the strict monetary and fiscal rules for monetary convergence by 1997 set out in the Maastricht Treaty.

In order to ensure German adherence to the absurdly unrealistic goals initially set out by the heads of state of the 12 European Community member-states at Maastricht in December 1991, the federal government, most notably the monetarist ideologues of the Finance Ministry, have set out a course of even more severe budget austerity than has been demanded in earlier periods. This austerity will severely hit economic activity in Germany and throughout eastern and western Europe over the coming several years, if it is not soon abandoned.

The Bundesbank has repeatedly stated that were Germany to surrender the sovereignty of its currency to a single European currency, it would destroy the stability of the now strong mark and decades of Bundesbank conservative monetary policy. The mark would be dumped into a melting pot with the Italian lira, the Swedish kroner, and other currencies of the 15 EU member-nations. In the strict logic of monetarism, the Bundesbank is correct. This was the principal reason that the Bundesbank, back in 1991-92, insisted on the stringent Maastricht "convergence criteria" prior to establishment of a European Central Bank and a single EU currency.

Whether the Bundesbank and others in the federal government pushed through such rigorous criteria in hopes that the ill-conceived EU single currency scheme would collapse well before 1997 for domestic political reasons, the reality

remains that the German government, and the Finance Ministry in particular, remain riveted on meeting the Maastricht criteria. This, despite the reality that as of June 1995, only two states, Luxembourg and Ireland, strictly qualified as meeting Maastricht convergence criteria for entry. Even worse: The Finance Ministry's influential Economic Advisory Council has recommended that the total federal budget deficit be drastically below even the 3% of Maastricht. Instead, it calls for the deficit to not exceed 1-1.5% of GDP in any "normal" year. At present, such a target would require a combination of new taxes or expenditure cuts from the federal budget of DM 134 billion or more this year.

This added burden has forced a pace of austerity on Germany at just the time that its public and private finances and economy can least afford it.

While the government should be stimulating private sector growth through public spending on advanced transport and energy-intensive infrastructure to make Germany the technological standard of the world economy by the turn of the century, Finance Minister Theo Waigel, in July 1995, instead announced a budget projection for rigid austerity. He proposed the first budget since 1953 with a reduction in total expenditures. While debt service will continue to rise, under present axioms of the government fiscal strategy, well past the next century, the federal government, as things now stand, must force severe cuts in its spending for necessary economic functions to meet its Maastricht targets.

The paradox of Waigel's foolish "fiscal correctness," lies in the following. The government proposes a plan of keeping the growth in government expenses always 1.5% *below* the rate of growth of GDP. But, since today the share of all public spending comprises more than 50% of the total GDP, if, say, an annual GDP growth of 3% was to be attained, something which was greeted with glee in 1994 after the collapse of the previous two years, then the private sector half of the total GDP would have to grow by almost 5% to allow the public spending to remain 1.5% below average total GDP growth. Such growth rates for the private sector into the next century, given the deterioration of German productive and technological potentials, is unlikely, to say the least.

This leaves a very real prospect of a renewed German recession/depression far deeper and longer than that just experienced. But with soaring public debt, the government will be paralyzed, in the best of external circumstances, to correct that collapse of production. That is, so long as it continues to adhere rigidly to IMF monetarist dogma that all debt, whether or not legitimate, is sacred, above social priorities. For the first time since the end of World War II, German society is squarely faced with this stark choice, although no politician has yet dared to present the real terms of these profound choices.

The alternative of 1948

When the monetary and financial developments, particularly the exponential increase of public indebtedness and its implications for the German economy since the 1960s, are contrasted to the decline of the physical economy over the same time span, it becomes clear why continuation of “business as usual” and the customary government fiscal “crisis management” is no longer possible.

Repeated reference has been made to the refusal of policymakers to alter the axioms of the postwar IMF system. We introduce here an important and little-discussed aspect of the success of the postwar German “economic miracle.” Had Germany, then still under the Allied Control Commission’s management of its economic and monetary affairs, been forced to follow the same rules of the IMF system as the Finance Ministry imposed on the new states after July 1990—and on all Germany under Maastricht—West Germany would have been condemned to a depressed, stagnating existence, quite possibly under Red Army domination.

A vital aspect of the June 1948 currency reform, was the decision to establish the new currency, the deutschemark, which replaced the reichsmark, in the context of a permanent forgiveness of most of the wartime debts of the Reich up to 1945. Just prior to the June 1948 introduction of the reform, the situation had been critical in all respects. The production capacity of the German economy had been cut in half by the war. From 1935 through the end of the war in 1945, Reich debt had expanded massively, from RM 15 billion to over RM 400 billion. The one thing citizens had a surplus of, as in Russia today, was paper currency, because there were no goods in the shops to buy and wartime monetary expansion had created a vastly inflated financial structure after the war’s end.

Three separate laws were enacted as part of the June 1948 currency reform, the details worked out for more than one year between the American Occupation Military Government U.S. (OMGUS) and Ludwig Erhard, then economic director of the Economic Council of the Bi-Zone. The first law established the deutschemark, whose notes had been secretly printed in America and brought by U.S. military aircraft to Frankfurt. From June 18 on, all reichsmark notes would be exchanged on a per-capita quota of RM 60 for DM 60, that is, 1:1.

A second law established the German States Bank [Bank Deutscher Länder], based in Frankfurt, as the exclusive institution of issue for the new deutschemarks.

The third law practically erased all wartime debts from the public budget of the Federal Republic. In addition, because at that point municipal and state indebtedness had remained relatively low, their debts were brought into the new budgets after June 1948 at a value of 10:1, that is, reduced in nominal terms to only 10% of the reichsmark value. Over a period of months, in 1952, at the so-called London Debt

Conference, in which Hermann Abs represented the position of the German government, a second debt agreement was reached, this concerning the foreign debt of the Reich prior to 1945, most especially the outstanding loans received by Germany prior to 1933 under the Versailles Treaty and the subsequent Dawes and Young plans.

These two acts of debt forgiveness, one for the domestic federal budget, the second for the external indebtedness, served a critical role in allowing West Germany to rebuild its industry and reestablish its economy on a viable basis after 1948. They should serve as poignant reminders to people today that there is nothing sacred about debt.

Were the debts of the former G.D.R., most especially the several hundred billions arising from the Treuhand policy after April 1991, to be treated in a similar manner—isolated, frozen, and devalued to a proper level—the prospects for genuine German and European economic growth and prosperity, at least from the financial side, would not be quite so bleak. Failure to reassess such IMF “rules of the game,” using the kind of bold terms done in 1948 or in 1952, has created a crisis over the period after 1966 to the present which cannot be sustained many months more. Moreover, unlike 1948, today the world’s largest economy, the United States, is in a crisis condition even worse than that of the Federal Republic. So, too, the world’s second most important industrial economy, Japan, where, since 1989, Japanese banks and financial institutions have been choked in more than \$1 trillion worth of bad debts from the real estate and financial speculation mania of the late 1980s.²

At this juncture of world economic and financial events, no monetarist gimmicks of hiding Germany within a “European Prosperity Sphere” is feasible. The Maastricht Treaty was intended as a straitjacket to control especially German industrial growth in eastern Europe after unification, not as a sound basis for steady expansion of infrastructure and industry of all Europe, as politicians have claimed.

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Jordan put in the cross-hairs in latest crisis over Iraq

by Our Special Correspondent

The events which convulsed Iraq and Jordan in the first week of August might superficially be regarded as merely another act in the United Nations-sponsored dog-and-pony show which has become a regular feature of international relations, since sanctions were first imposed on Iraq in 1990. The dog-and-pony show has been staged roughly every two months, to coincide with the scheduled meetings of the U.N. Sanctions Committee, which would review the status of negotiations with Iraq, ostensibly, to determine when the embargo could be lifted. Every time such a meeting has approached, a new presumed atrocity has been attributed to Saddam Hussein; unsubstantiated reports of troop concentrations on the Kuwait border meant Iraq was threatening the Sabah dynasty once again; aerial photographs of large buildings, theatrically displayed by U.N. Ambassador Madeleine Albright, meant that Saddam Hussein was constructing villas for his personal use while withholding funds from a hungry populace, etc.

Thus, when news broke on Aug. 10, that Lt. Gen. Husein Kamal al Majid and Lt. Col. Saddam Kamal al Majid, both sons-in-law of Saddam Hussein, had left the country and found asylum in Jordan, it seemed as though another round of the dog-and-pony show had begun. The general announced in a press conference the following day, that he could divulge important information on Iraq's programs for production of weapons of mass destruction, which, he said, the Baghdad leadership had been concealing from U.N. inspector Rolf Ekeus. The implication was, Baghdad had been cheating, and should be punished through a further prolongation of the sanctions. Events took a different course, however, when Deputy Prime Minister Tariq Aziz announced that Ekeus would be welcomed in Baghdad, where the leadership would supply him with whatever information he required, thus undercutting the claims of the defector. Ekeus's mission to

Baghdad did yield interesting results: In a press conference in Amman on Aug. 22, he indicated that the material supplied him had been valuable, and might aid in lifting the sanctions.

Thus, if the clamorous defection had originally been conceived as part of the dog-and-pony show, it was running the risk of backfiring.

Whatever may have been the impetus for the defection of Lt. Gen. Husein Kamal, his flight to Jordan functioned to trigger operations aimed at destabilizing not only Iraq, but also Jordan, and with it, the entire region. To grasp the nature of the danger inherent in the crisis, it is important to consider certain crucial facts related to the defector and to the internal situations of Jordan and Iraq, which are apparently being either misassessed or ignored by international players, emphatically including the U.S. State Department.

Who is Husein Kamal?

First, Lt. Gen. Husein Kamal al Majid. Although when he crossed the border into Jordan with a 30-person entourage, including two daughters of Saddam Hussein, the event was immediately celebrated by the international press as tantamount to his being magically transformed from a pumpkin into a Cinderella, the facts are different. He is best known for his ruthlessness, in forcing through implementation of programs for arms production and, later, reconstruction of infrastructure, programs which had been designed by others. Lt. Gen. Husein Kamal had been minister of defense and minister of military industry, but he did not have the professional qualifications the positions would imply. He is neither a scientist, nor an engineer. Nor is he a military man; he received his titles as a reward for his ability to get things done, not for any military experience or achievements. This is particularly important, because Husein Kamal, in his Am-

man press conference on Aug. 11, called upon the Iraqi military to rise up against the Baghdad regime.

Had the general had any military backing whatsoever, he surely would have been better advised to make use of it while he was still inside the country. His "revelations," that Iraq was about to invade Kuwait and Saudi Arabia until his defection prevented it, were so far from military and political reality inside Iraq, as to prompt U. S. Defense Secretary William Perry to admit, that the assessment was unreliable. Furthermore, Kamal is no champion of democracy or human rights. As the Kuwaitis (themselves no paragons of human rights) pointed out, Husein Kamal was number four in the family power structure, after Saddam Hussein and his two sons. If that power group is considered responsible for violations of human rights, Kamal cannot be excluded.

Although the defector does not qualify to lead a viable opposition movement, some self-styled opposition figures are playing with the option. According to a piece in the Arabic daily *Al Hayat* on Aug. 19, the chairman of the Iraqi National Democratic Party, based in London, Nabil Al Janabi, claimed to be coordinating with Husein Kamal and the king of Jordan, for Saddam Hussein's early overthrow. The opposition figure further claimed that his alleged coordination with the Jordanian leadership included plans for a Jordanian-Iraqi federation.

Second, the situation inside Iraq is not as the defector has painted it. Five years of sanctions have indeed stretched the country's economic resources and physical strength to the limit. Consumer goods in short supply are available at prices out of the reach of even the middle class. Medicines are simply not available in the quantities and quality required by an extensive public health system built to service up to 20 million citizens. As a result, people—particularly, the young, the aged, and chronically ill—are dying in droves, unnecessarily. No matter how much the population suffers under the genocidal sanctions regime, it is generally understood that the U.N., not Saddam Hussein, is responsible.

Indeed, every time pressure is put on the country, as in the ongoing crisis, the tendency of the population is to rally to its leadership. Furthermore, according to reports of diplomats in Baghdad as well as persons who have recently travelled there, the central government is very much in the saddle. Lt. Gen. Husein Kamal was fired from his post by Saddam Hussein, for reasons which may have to do with internal family feuding; once he had lost his position, and with it, certain privileges, he bolted. But the stability of the regime does not rest on such figures, nor does it depend on peace within the extended family. Despite the considerable power wielded by Saddam Hussein personally and the ambitions of his sons, particularly the elder, Oday, to acquire more power, the leadership structure in the country is made up of the military establishment, the Republican Guards, and the Baath Party apparatus. If any leading personality of these sectors, anyone of the stature of Tariq Aziz, for example,



If Jordan's King Hussein succumbs to the pressures upon him to break trade relations with Iraq, all hell will break loose in his own country.

were to defect, then one could speak of a crisis in the government. Otherwise, decidedly not.

King Hussein's diplomacy

Jordan internally was already in the throes of a deep crisis, before the defection occurred, due to domestic opposition to the manner in which the normalization process with Israel has been driven forward (see *EIR*, July 28). Jordan's economy, which was supposed to benefit by the peace process, has lagged, and popular discontent has grown as prospects for a peace dividend have dwindled. Trade with Iraq is one of the mainstays of the Jordanian economy, although severely hampered by the embargo.

It is also in consideration of economic concerns, in fact, that King Hussein was involved in a far-reaching diplomatic effort aimed at reintegrating Iraq into the Arab fold. As reported in the Aug. 5 *Jordan Times*, King Hussein used a trip to Qatar to launch a call for a mobilization, particularly among Arabs, to end the U.N. sanctions against Iraq. Significantly, King Hussein located the need to lift the sanctions in the context of assuring true peace for the region. He is quoted as saying to the Qatari news agency, "I believe that within the framework of peace in the region, Iraq, with its vast potentials, can play a role in the establishment of peace." He added that without Iraq, "there might not be a genuine and comprehensive peace." King Hussein was blunt in his criticism of the U.N. modus operandi: "What is required from Iraq to offer in addition to what it has already done? If there are specific points, these should be declared publicly so that a dialogue and discussion can be initiated with the purpose of reaching positive results." The king is quoted as saying he found it strange that the Arab world and the United

States had not responded to Baghdad's requests for dialogue, and urged them to do so.

The importance of this initiative, which has been utterly ignored in the international press, cannot be underestimated. What it means, is that King Hussein was leading an Arab initiative *just prior to the defection crisis*, to have the sanctions against Iraq lifted, as a step toward reintegrating that nation into the region and world community. Further reports in the Arabic press, indicate that Jordan had sounded out various Gulf states and Egypt regarding a formula whereby Iraq would be freed from the embargo, its leadership left intact, and the process toward democratization started.

The U.S. reaction

Against this backdrop summary of the situation inside the neighboring Arab countries, and the reported Jordanian initiative, one should ask the question: Why was the defection treated as it was, particularly by the U.S. State Department? After the Jordanian government granted Lt. Gen. Hussein Kamal and his entourage asylum, the press whipped up hysteria about an imminent Iraqi attack against Jordan in retaliation, which prompted President Clinton to issue security guarantees, should the need arise. During subsequent press briefings at the State Department, the line emerged, that King Hussein was being prevailed upon not only to harbor the defector, but to promote his alleged cause of overthrowing the regime in Baghdad. To that end, the king was being pressured to cut off all trade relations with Iraq.

King Hussein's comments to an Israeli newspaper, *Yediot Aharanot*, to the effect that the events could lead to a positive change in the Iraqi situation, provoked an immediate backlash inside Jordan, where the government issued statements clarifying that no operations against the Baghdad government would be allowed to originate from Jordanian territory. This reflected the intractable commitment on the part of the Jordanian population to continue to support the Iraqi cause, and the government's awareness of the fact that any semblance of support for the defector would unleash popular unrest. The Jordanian leadership at all levels reiterated that trade relations with Iraq would remain unaltered.

Pressures continued to be placed upon Jordan, especially from the U.S. State Department, whose emissaries Robert Pelletreau and Mark Parris were on tour in the region. According to a State Department briefer, Jordan was being asked to stop trade with Iraq, as a means of exerting further pressure on Baghdad to comply with U.N. resolutions.

Asked to commit suicide

A quick glance at the bare facts of Jordanian-Iraqi trade relations suffices to demonstrate that asking Jordan to do this is tantamount to asking the country to commit economic suicide. Jordan's relatively small economy has, in physical terms, been an integral part of Iraq's, increasingly so since the sanctions regime. Iraq provides Jordan with \$500-700 million a year in oil. Of the 50,000 barrels per day (bpd) of

crude oil Jordan receives, one-half is scot free and the other half sold at 1990 prices. Another 25,000 bpd of refined oil is sold, again at bargain prices. Jordan pays for this oil through barter agreements, providing the food and medicines which the U.N. sanctions regime is supposed to allow. Jordanian economic analyst Fahed Fanek, a syndicated columnist and member of the Arab Thought Forum, told *EIR*, "The Iraqi market takes 30% of our exports." Thus, if trade were blocked, the Jordanian economy would suffer immensely. He pointed out that Jordan's Red Sea port at Aqaba, which has been undergoing expansion to accommodate the trade flows to Iraq, would be destroyed were trade halted.

Parallel to not-so-diplomatic pressures to force Jordan to dispense with its trade partner Iraq, there have been proposals floated by U.S. State Department personnel, for economic alternatives to be found. Saudi Arabia and Kuwait are being asked to provide Jordan the equivalent of the oil it receives from Iraq, as well as to open their markets to Jordanian goods. As Fahed Fanek pointed out, the Saudis might be able to offer the oil, "but the \$500 million we would have to pay for it, would be 10% of our GDP [Gross Domestic Product]." Furthermore, "open borders with Saudi Arabia would not be enough to compensate for the volume of exports now going to Iraq." Both Kuwait and Saudi Arabia responded to the asylum granted defector Hussein Kamal in Jordan, by offering full reconciliation with Amman. Diplomatic relations between the Gulf states and Jordan had been broken at the time of the Gulf war, when Jordan refused to join the anti-Iraq coalition.

On Aug. 23, King Hussein made a major policy speech to the nation, in which he spoke of Iraq in unusually harsh terms. He lamented the very difficult situation of the Iraqi people, but laid the blame for it on the leadership. Trying to strike a middle path, between external pressures to sever relations with Iraq and internal pressures to maintain them, the king said Jordan would *not* close borders with Iraq, but was seeking alternative oil sources as a precautionary measure. He showed sympathy for Hussein Kamal's decision to leave his country, and warned Iraq that the sanctions would not be lifted unless all U.N. resolutions, including those recently introduced concerning human rights guarantees, were fulfilled.

One is reminded of a classical Shakespearean tragedy, in which the king, the figure who embodies the hopes and the responsibilities of the nation, is subjected to forces outside his control, who prevail upon him to act in ways which can only bring on the doom more rapidly. If Jordan is driven to break trade relations with Iraq and to support, albeit passively, an adventurous bid to uproot the leadership in Baghdad, all hell will break loose. Interruption of trade between the two countries would plunge both into severe crisis; if chaos were to break out in Iraq, the repercussions would be regional.

The James Baker visit

As in a Shakespearean tragedy, the motivations of the evil-doers are readily identifiable. Here, it is ultimately no

secret. As Al Janabi, the Iraqi opposition leader based—significantly—in London, related to *Al Hayat* in the article mentioned above, he was in Amman on July 21, 1992, at the same time that George Bush's Secretary of State James Baker III was there. Al Janabi reports that the king had a meeting with Baker. When Al Janabi asked him what Baker had said regarding Iraq, "King Hussein waited a while before he said, bitterly, 'Baker says that the U.S. administration will not cooperate with Iraq as long as the present regime is in power.'" Other sources have confided to *EIR* that Baker, in talks with King Hussein following Desert Storm, had threatened the monarch, that if he did not play along with the Bush-Baker demands for a postwar reorganization of the region, then he, the king, could be overthrown.

The policy aims behind the machinations against Jordan and Iraq must be seen in the context of the two conflicting views of what the postwar Middle East should look like. If the region is to be a viable crossroads between Europe and Asia, with an economic boom based on massive infrastructure development as the prerequisite for industrialization and mechanized agriculture, then the full potentials of Iraq, about which King Hussein so truly spoke, must be brought into play; no other Arab country in the region qualifies as a "national economy," an economy with sound infrastructure, a substantial, national industrial base and qualified labor power. To realize this potential, Iraq must be freed of the embargo immediately, so that its people and economy may revive and contribute to regional progress. This surely is the perspective envisioned in the Arab initiative toward reconciliation, which the king was championing prior to the defection crisis.

If, on the other hand, the region is to be a playground for international speculative capital, just one more free trade zone for the vultures of the free market to feed upon, then the economy, the industrial plant and equipment, indeed, the very qualified labor force of Iraq, is enticing prey. In this view, which is embraced by the factional cohorts of James Baker III in the "permanent structures" inside certain State Department offices, Iraq would interest international investors, who would seek to loot the country, take over its vast oil concerns, and privatize its state-sector industry. Thus, the cries for an overthrow of the current government of Iraq are actually pleas for an apparatus to be put in place which would oversee the destruction of the nation's economic wealth.

Anyone who believes that the second scenario is coherent with plans for peace in the region, is dead wrong. Either peace will be built upon a solid economic foundation, or there will be no peace. Furthermore, if King Hussein, who has been praised as a key figure in the peace process, is subjected to continuing pressures of the type that have been placed upon him in the recent weeks, there will be no Jordan to speak of.

In every Shakespearean drama, there is a moment which Schiller identified as the *punctum saliens*, the moment in which effective action by the protagonist can shift the course of events decisively. That moment has come for Jordan.

Brits threaten Chirac with assassination

by EIR Staff

Prince Philip Mountbatten's ecologist troops have issued a televised death threat against French President Jacques Chirac, in the form of a commercial calling for a boycott against French wine, ostensibly to protest French nuclear testing. Titled "The Day of the Jacques," the commercial is modeled on the film "The Day of the Jackal," about the assassination attempts against France's Charles de Gaulle.

The commercial shows Chirac through the cross-hairs of a sniper's gun, sipping wine at a cafe. As the camera pans down from Chirac's face, to his groin, the text reads: "There is only one way to prevent Jacques Chirac, from pursuing his program of nuclear tests in the South Pacific, that is to hit him, where it really hurts." A shot goes off, the wine bottle explodes, splashing red wine on the camera lens, and the caption appears: "Drop a Bomb on Chirac's Plans/Boycott French Wine."

Lyndon LaRouche described this commercial as a terrorist threat coming from pro-terrorist, radical-ecologist circles under the patronage of Britain's Prince Philip Mountbatten.

Chirac, much more than his predecessor François Mitterrand, is carrying out policies that the British do not like. Most important, he is upholding the sovereignty of the French nation-state. Not only is he bucking the United Nations line against nuclear testing; he is also orienting toward President Bill Clinton, rather than toward London, on the war in the Balkans.

LaRouche pointed to three important aspects of the anti-Chirac commercial:

First, the group which made the film is linked to Greenpeace and to the World Wide Fund for Nature, which is headed directly by Prince Philip. As *EIR* has documented, the WWF uses ecologists and terrorists as weapons against political opponents of the British oligarchy (see *EIR*, Jan. 13, 1995, "The 'Green Terrorists' on Prince Philip's Leash").

Second, LaRouche emphasized the similarities of the attack on Chirac over nuclear testing, with the "nuclear energy equals fascism" campaign, coming out of France in spring 1977, which triggered the 1977 summer-fall explosion of Baader-Meinhof terrorism in Germany, and presaged such later events as the terrorist kidnapping-murder of Italian political leader Aldo Moro.

Finally, LaRouche pointed to the common British background to both the 1977 wave of terrorism and to this "most scantily veiled" threat to Chirac now. LaRouche located these developments in the history of the past 30 years. "The

common issue," LaRouche pointed out, "is the Anglo-Dutch, Venetian-style monarchical oligarchy, and its 1961-64 launching of the 'post-industrial' New Age efforts to obliterate the form of modern nation-state which depends upon universal education, scientific and technological progress."

Origins of the threat

The "Day of the Jacques" commercial was made by the film agency Media Natura, at the request of the British Coalition for the Interdiction of Nuclear Tests. The film company itself was launched in August 1986 at the huge 25th anniversary "Religion and Conservation" gathering of the World Wildlife Fund (today World Wide Fund for Nature) in Assisi, Italy. Two British filmmakers, Chris Blich and John Wyatt, were asked by WWF influential Chris Rose, to make a film. Rose, who had come to the WWF from Friends of the Earth, is now campaign director for Greenpeace in the United Kingdom. After they made a short film called "Conservation," featuring the introductory speech by Prince Philip to the Assisi event, Blich, Wyatt, Rose, and others formally launched Media Natura.

Media Natura today plays the role of "editorial liaison" to a number of groups active in the "climate negotiations" in Geneva, groups which push various "climate" campaigns (ozone hole, greenhouse effect, etc.), under the umbrella of the Climate Action Network.

"The Day of the Jacques" was produced for free by the public relations agency Rainey Kelly Cambell Roalfe, along with the Paul Weyland film company. These organizations are attempting to have it shown gratis by a chain of 200 independent movie theaters in Great Britain. It has also been aired on French and German TV, as well as in Australia, where acrimony against the French resumption of nuclear testing on the South Pacific atoll of Mururoa has been sharp.

In a discussion on Aug. 24, a Media Natura official declared: "The issue is not French wine. *Chirac is the target*, not French wine. We want to create a focus for the consumer campaign, not on wine, but on the government and Chirac. The idea of the film, is to *have a go at Chirac*, and stop this awful policy in the South Seas, but not through the usual methods of the Campaign for Nuclear Disarmament. . . ." When asked by a journalist about the parallels in the "commercial" footage, to shots in "The Day of the Jackal," he agreed: "Yes, that's why it's called 'The Day of the Jacques.' "

In next week's issue, *EIR* will feature a full dossier on this affair, under the rubric of "Permindex Revisited: British Monarchy Circles Threaten Lives of Clinton and Chirac." Permindex was the outfit that attempted to assassinate de Gaulle, and that was behind the assassination of President John F. Kennedy, according to the investigations of District Attorney Jim Garrison in New Orleans.

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The cracks in the house that Chernomyrdin built

by Roman Bessonov

"We are going to build our movement, 'Our Home Russia' (NDR), not for half a year but for ever," Russian Prime Minister Viktor Chernomyrdin, who is at the same time a leader of that party, announced at the NDR's Second Congress. The Communist Party of the Soviet Union was also planning to rule for a very long time. The only difference is that it imagined some end-point for that time: The CPSU was going to rule only until the victory of Communism on the whole planet, and no longer.

In Autumn 1991, the initiators of the glorious court trial against the CPSU, some of its former high and lower functionaries like Aleksandr Yakovlev and Sergei Shakhrai, did their best to prove that the CPSU was not really a party, but a part of the State apparatus. This question became central in the trial, as it was easy to prove that it was so.

If you see the electoral list of "Our Home Russia," including governors and mayors from the majority of Russian regions, you will even more easily conclude that nothing has changed, that Chernomyrdin's movement is just another name for the State executive power, as the CPSU was before. Especially regarding the method of "party building" (a term from the Leonid Brezhnev era): Some governors were going to join other election blocs, for example Aleksandr Belyakov, governor of the Leningrad Province, but they were (unofficially) ordered to become members of Chernomyrdin's party.

Still, there is a small difference: At CPSU congresses you could meet not only professional "apparatchiks," but also famous scientists, teachers, physicians, and workers, as well as a small number of actors and singers. Well. In "Our Home Russia," ironically dubbed "Uncle Vitya's Cabin" [Vitya is short for Viktor—ed.] or "Our Home Gazprom," after the giant natural gas company where Chernomyrdin's influence is legendary, the crowd of officials is not accompanied by solemnly smiling representatives of the working class, collective farm peasantry, and socialist intelligentsia, but only a small sprinkling of well-known singers and actors like Lyudmila Zykina and Vyacheslav Tikhonov (he played Soviet spy Isayev-Stirlitz in Julian Semyonov's film, "Seventeen Moments in Spring," the biggest hit of the Brezhnev period).

In the late 1970s, when the elderly Brezhnev issued his books about his heroic deeds during the war (the most heroic of them being a splash into the water and nearly drowning), U.S.S.R. People's Artist Lyudmila Zykina, the most well-liked representative of official Soviet art, sang the "Malaya Zemlya" (Little Land) song, dedicated to the place where Colonel Brezhnev had served as a "political instructor." The honorary title of the U.S.S.R. People's Artist is not so much respected any more, since the U.S.S.R. does not exist, but Lyudmila Zykina is still there at the congress podium. The slight difference is that now she sings the "Our Home Russia" song, written by poet Mikhail Tanich (who also previously served Brezhnev).

In Brezhnev's U.S.S.R., election campaigns were a holiday with cheerful music, folk dances on TV, cafes that worked right at the voting booths, and a 100% predictable result. The governor's elections in Yekaterinburg, which took place on Aug. 19 this year, had much in common with the standard holiday of that time, back when this biggest town in the Urals was called Sverdlovsk. Two festivals were organized and visited by Gov. Aleksei Strakhov, who is also chairman of the regional section of "Our Home." The monument commemorating the victims of the Afghanistan War, under construction for years, was quickly finished, and also visited by the governor.

But there was also a real difference. The result of the elections were not 100 or 95% in the governor's favor, but only . . . 32%. Strakhov failed. The winner was Edward Rossel, speaker of the local Duma (parliament) and former chairman of the local Provincial Soviet. This happened not more than a week after the pompous performance starring Zykina and Tikhonov.

Strakhov's defeat made clear another slight difference between the Communist and Reformist systems. Though they seem to be very much alike, especially to an ordinary person, they resemble two stages of the same rotting process in the Russian elite, and two levels of efficiency in management. The Brezhnev-era Soviet system was a clumsy, overloaded, ugly, and unpopular machine, but still it somehow worked. Chernomyrdin's machine wastes a lot of fuel, and money from Central Bank reserves, and paper for numerous

statements, and desperately tries to win popularity. But it does not work.

The corridor to disintegration

Since July 1, the Russian ruble has been maintained in a band, called a "corridor" in Russian, between 4,300 and 4,900 rubles to the dollar. The corridor is going to exist till Oct. 1. But what happens then, if, as the President has announced, wages of all State budget sector employees will rise 1.5 times as of Sept. 1?

Of course, the average salary of a school teacher today is very low (less than 280,000 rubles per month). But besides teachers, doctors, and scientists, the budget sector also includes numerous officials of all levels, and the State apparatus hasn't become smaller, as the reformers promised in 1990. On the contrary, a lot of new State institutions, duplicating, rivaling, and blocking each other, have been created since that time. The costs for free apartments, dachas, personal cars, and equipment for the new officials in both the Executive and the Legislative branch, including many hired specialists in sociology, speechwriting, image-making, and so forth, is immense.

The small wooden house where former Leningrad Province CPSU First Secretary Grigori Romanov used to spend his weekends, looks like a dwarf next to the giants of brick, granite, and marble for the new elite, surrounded with fences of concrete and crowded with security officers. The income of all these "specialists in management," in a great number of cases quite unnecessary, totals dozens of times the minimum wage (the minimum wage has become a unit of account for all kinds of budget payments). Thus, as of Sept. 1, this giant will absorb a still more immense sum of money. Moreover, a special decree has been issued that raises the salaries of State administrative officials—the personnel of ministries, President's staff, security services, etc.

Not a single sociologist from the great but impotent analytical crowd has calculated, how much the State budget is supposed to spend for securing Moscow and its officials from possible terrorist attack, encouraged by Chernomyrdin's partner in negotiation, the mysteriously elusive Chechen militant Shamil Basayev. The hostage-taking by Basayev's forces in the southern city of Budyonnovsk, which led to tragic deaths early this summer, became a pretext not only for numerous control operations, but to restructure the security services, also involving a reinforcement of the so-called operational workers.

And who is going to count the total cost, not including thousands of human lives, of the clash of the Russian oil-exporting and arms-trading elites, which led to the incessant war in the Caucasus? Who can calculate, more or less exactly, how much more Russia, primarily the ordinary taxpayer, is supposed to lose due to the prolongation of this conflict?

Nobody answers these questions. The pre-election period is not the best time for this. It is the best time for talking

about "economic stabilization," proving it with the stable ruble/dollar rate. But at whose expense and by what means is this stabilization conducted?

During the period of the International Monetary Fund-endorsed "corridor," fuel prices have skyrocketed; according to official data, gasoline costs 1.5 times more than the world price. And this is in Russia, one of the biggest oil exporters!

The cost of living has also increased, accelerating the process of property redistribution as more and more people are forced to sell their apartments. Simultaneously, the fares for transport have risen, making it impossible for millions of people to travel not only to a nearby region, but to their own country houses. On Aug. 10, for example, the fare for the suburban train on the October Railroad (Moscow-Petersburg and the Northwest) became 2.5 times more expensive. In order to travel from Moscow to Petersburg and back, an average Russian has to spend about two-thirds of his monthly wage. So, when Chernomyrdin talks about a united and strong Russia, it is pure hypocrisy. A country where millions of people are actually isolated from each other, is doomed to disintegration.

Of course, under these conditions, common people grow more and more dependent on the local authorities. The provinces, which are, as usual, poorer than Moscow, harbor more and more opposition to the "center," which raises prices and fares but does not pay salaries and pensions on time. "Moscow is to blame," people say. "Yes, Moscow is to blame, it takes all our money!" say the local officials, sensing this tendency and trying to exploit it for their own purposes.

Edward Rossel, head of the Yekaterinburg Province Duma, is famous for his "regionalist" rhetoric and activity. In September 1993, he supported the idea of a "Ural Republic," previously put forward by some local "informal" pro-confederalist groups. This idea was buried after the adoption of the December 1993 Constitution, but Rossel did not give up. In the regional Duma, he kept insisting that the property rights of local authorities should be expanded, exposing Moscow attempts to take the region under total control.

At these latest elections, Rossel won almost twice as many votes as Chernomyrdin's asset, Strakhov, despite the fact that Rossel had evidently been using the formerly broader region's property rights for his private gain; his personal dacha looks like a palace. Hate toward Moscow appeared to be stronger in the local population than the hatred of officials' privileges, or social envy, as sociologists call it. And this result is not only a warning for Chernomyrdin's party. It is a significant indicator of the disintegration process, continuing not only in political and economic institutions, but also in the citizens' minds.

The center and the regions

In every case, where Russian mass media reports witness power plays by local authorities in various parts of the

country, the question of property control is the most important. This does not mean, however, that in every case the selfish greed of the regional barons is a worse threat to the country than the property manipulations of the central authorities.

On Aug. 17, Yuri Spiridonov, chief executive of the Komi Republic, used the popular TV program "Business Russia" to protest against the policy in oil extraction, especially in the northwest zone of the Timan-Pechora oil deposits. He noted that the Pechora oil basin had been divided between the Komi Republic and Arkhangelsk Province in 1975. Saying many bad words about the former neighboring leadership and the present Arkhangelskgeologiya Company, Spiridonov highlighted an interregional conflict that may become a zone of political tension or even more, in the event central State power loses control over the whole country, and every region has to "save itself," according to the liberal principles followed in criminal practice. At the same time, there were important and sound aspects in his criticism.

Spiridonov reported that the level of oil extraction in Komi has decreased twice during the period of reforms under Yegor Gaidar and Chernomyrdin, the 1994 output being 34% less than 1993's. He explained this primarily as due to the lack of State investments, also emphasizing the bad condition of the oil pipelines, which led to a catastrophic oil spill last autumn. But, as "Business Russia" elaborated, the conflict between the central authorities and the Komi leadership has some factors beyond an ordinary clash of central and regional interests.

Actually, the head of the Komi Republic was defending not only regional interests. He was supporting the project put forward by the Ministry of Fuel and Energy, headed by Yuri Shafranik, against the plans of both the Rosneft state oil company and Gazprom Stock Co. According to the daily *Izvestia*, Rosneft was founded in autumn 1994, with participation of Gen. Mikhail Barsukov, former head of the President's Chief Guard Department and recently appointed chairman of the Federal Security Service. Gazprom, headed by Rem Vyakhirev, had previously been headed and is now most actively promoted by Prime Minister Chernomyrdin.

Shafranik's project was to construct a system of new oil pipelines, linking the oil field with the two largest oil-refining plants and the port in Primorsk, Leningrad Province. As Spiridonov stressed, it is more profitable for the State to export oil products, not crude oil.

According to the program, the project supported by Chernomyrdin suggested building a huge oil terminal in the Barents Sea, called the Northern Gates. Unlike Shafranik's project, this version would transport crude oil by sea, straight from the oil field. Another difference was a dominating share of foreign companies, primarily BHP, in the stock of the Northern Gates terminal. The Komi leadership claimed that this variant of exploiting the oil field and trading oil would bring income for the partners, rather than for the

Russian government budget.

Thus, "Business Russia" revealed that the Black Sea is not the only site where Shafranik's ministry is confronting the interests of Gazprom, and the Odessa oil terminal is not the only Gazprom-BHP joint venture. Raising this fact just now, on TV Channel 1, could mean that Chernomyrdin's clan and the founders of Rosneft were both interested in a quick cash project, or maybe in the initial investments, which could be used also for immediate political purposes, including the 1995-96 elections.

'Our Home Sverdlovsk'

The confrontation of Aleksei Strakhov and Edward Rossel also has some aspects beyond, or probably above, the center-region "rope pulling."

In September 1993, a senior specialist of the Humanitarian and Political Research Institute had a private talk with officials from the Presidential Representative's Bureau in Yekaterinburg. He was very much surprised, when told that the idea of the Ural Republic did not originate with Edward Rossel, but was imposed by Sergei Filatov, President Boris Yeltsin's chief of staff.

At the time, the regional elites were expressing more and more appetite for property and power, trying to play on the confrontation between Yeltsin and the leadership of the Supreme Soviet. Actually, their growing regionalist activity was perhaps the most important reason for dissolving the Supreme Soviet, using cruel methods in order to threaten the regional "barons," and forcing adoption of a centralist Constitution.

But Yekaterinburg was evidently an exception. This region had already gained some privileges, which was quite natural: Sverdlovsk was the region that Yeltsin himself came from, and where he could still control the situation better than anywhere else. Regarding it as his base, he was able to derive some special profit from it that could make him financially stronger than his opponents in the Supreme Soviet, Most Bank, and elsewhere.

For the last two years, Edward Rossel never openly featured himself as the President's man. If he had, he would almost certainly have lost his competition with Alexei Strakhov, Chernomyrdin's asset. Still, the Most Bank analysts seem to understand the essence of the game. Commenting on the results of the Yekaterinburg elections, the Most-financed "Segodnya" TV program claimed that "now the President is stronger than the prime minister, at least in this region."

So, there is separatism of diverse origin and centralism of diverse origin—the unitarism of Shakhray's, Rutskoj's, Zhirinovskj's, and other models. But the small differences in the models and conceptions do not play a significant role. The clan interests are the highest stake, and neither the fate of Russian statehood, nor the lives of its citizens, are very significant for the present Russian elite, which is just a product of degeneration of Brezhnev's *nomenklatura*.

Opposition mounts to U.N. Beijing conference agenda

by Marianna Wertz

The United Nations Fourth World Conference on Women (FWCW) will open on Sept. 4-15 in Beijing, and the precursor "Non-Governmental Organization (NGO) Forum on Women '95" is scheduled on Aug. 30-Sept. 8 in a suburb of Beijing, which is expected to be attended by some 35,000 NGO delegates. The importance of this conference in furthering the radical ecologist-malthusian agenda of the United Nations and its British backers, is evident in the mountains of press statements flooding out from every environmental sewer, demanding that "reactionary forces" not spoil the "commitment of the world's nations" to enforcement of the twin goals of population reduction and "sustainable development"—the politically correct word for stopping industrial development.

The FWCW is the latest in a series of international conferences on issues of population and development, sponsored by the United Nations, whose purpose is to promote depopulation and deindustrialization, under the cover of "humanitarian concern" and women's "empowerment." The conferences began in 1974, with the first U.N. World Population Conference, in Bucharest, Romania. Last year's International Conference on Population and Development in Cairo, has been claimed by the radical malthusians as the "great compromise conference," where opponents of depopulation policies allegedly agreed to population stability and "sustainable development" as necessary global objectives. The Beijing conference, according to this view, is supposed to further implement the objectives agreed to in Cairo. In fact, the Cairo conference was a fierce battleground between the depopulation forces and the combined opposition of the Vatican, Muslims, developing nations, and the Schiller Institute, which succeeded in preventing the worst of the genocidal policies from being written into the final draft.

In this fight, several international and American-based Muslim organizations have openly criticized the Draft Agenda for Action, to be debated in Beijing, joining the opposition expressed against the draft in June by the Vatican. (See *EIR*, June 23, 1995, for background on the draft agenda's contents.) Most importantly, on Aug. 22, Egypt's influential Islamic institution Al-Azhar strongly attacked the draft agenda, saying it contradicted religion and aimed to destroy the family. In a statement published in several Egyptian newspapers, Al-Azhar said that the conference "aimed

at creating a new kind of life which is against religious values and destroys moral barriers and deeply rooted traditions."

On Aug. 18, four Muslim organizations convened a press conference at the National Press Club in Washington, D.C., to denounce the draft agenda. The participating organizations were the Muslim World League, International Muslim NGO Caucus, International Islamic Council for Daw'a & Relief—Women and Children's Committee, and National Association of Muslim Women. They were joined by the Concerned Women of America, who also oppose the draft agenda.

In their separate but overlapping statements, the Muslim organizations objected to what they call the draft's "hidden agenda," which prioritizes population reduction over economic development, and reduces the importance of the woman's role in raising a family (see *Documentation*).

The combined statement of the Islamic Society of North America and the Council on American-Islamic Relations challenged one of the key false assumptions in the U.N.'s policy outlook, stating, "There [are] no conclusive data proving that poverty or the lack of economic progress, or the inequitable treatment of women within a society, is based on population growth."

All the Muslim organizations opposed the key Beijing agenda concept of "empowerment" of women—the central theme of the conference—as leading to a "vicious circle of competition between men and women." They propose to substitute the concept of "responsibility" equally shared by men and women. In this context, they stated that "countries should avoid becoming dependent on a female workforce," since this discourages family formation.

This view contrasts sharply with the policy of the "Conservative Revolution" advocates in the U.S. Congress and many U.S. state governments, who have been rewriting welfare law to demand that female recipients with children be forced to work.

Finally, the Muslim spokesmen denounced the hideous use by the Serbian aggressors of rape against Muslim women in the war in the Balkans, and called for international action to stop it.

EIR intervenes

This reporter confronted the leadership of the U.S. delegation to Beijing in a nationwide telephone press conference

on Aug. 23, challenging the premises of the Beijing draft agenda and citing founding editor Lyndon LaRouche's call for the United States to withdraw from the United Nations, which he accuses of complicity in genocide.

The radical malthusian Pew Charitable Stewardship Initiative hosted the hour-long press conference, on the topic "United States Policy and the U.N. Fourth World Conference on Women," with three speakers who will lead the U.S. delegation to Beijing: Geraldine Ferraro, vice chair, and U.S. ambassador to the U.N. Human Rights Commission; Marjorie Margolies-Mezvinsky, deputy chair, and former member of Congress from Pennsylvania; and Tim Wirth, alternate chair and alternate head, and Undersecretary of State for Global Affairs. Fourteen news organizations, including Reuters, Voice of America, and Christian press outlets, participated.

Pew spokesman Susan Sechler opened the press conference stating that Pew's objective is to "reduce global population growth and use of sustainable resources." Ferraro and Margolies-Mezvinsky made nominal statements about the importance of Beijing for women. Wirth identified himself as representing the State Department and the Clinton administration, and said the U.S. policy in Beijing will be fourfold: to 1) preserve gains in human rights won at the Vienna conference; 2) preserve the gains won at the Cairo "Conference on Population and Sustainability" (sic); 3) advance the economic involvement of women; and 4) work against violence against women. He dismissed any opposition to the draft agenda as "old and tired," and said the world wants to move ahead.

This reporter was called on fifth, and she directed her question to Wirth: "On Aug. 18, several Muslim organizations held a press conference in Washington, D.C. in which they objected to what they called the Draft Platform of Action's 'hidden agenda,' saying there is no conclusive proof that poverty or the lack of economic progress is based on population growth, and urging that economic development be prioritized over population control. The Vatican has urged the same policy. Lyndon LaRouche, who founded EIR News Service, has charged that the U.N.'s policy, as evidenced in Bosnia, is aiding and abetting genocide. LaRouche has called on the U.S. to withdraw from the U.N. and has supported President Clinton's attempts to steer the U.S. away from British colonial objectives. Don't you think the U.S. would be better served by this policy than pursuing the objectives in the draft agenda?"

Wirth responds

Wirth responded in a haughty and angry tone: "The U.S., this administration, has no intention of following the agenda laid out by Lyndon LaRouche in any way, shape, or form." Speaking for a Clinton administration whose policies are not as radically malthusian as his, Wirth said, "We do intend to work very closely with the Vatican and most Muslim countries who joined together in Cairo about the sense of urgency

about the need to stabilize the world's population, about the need to empower women, and about the need to recognize and encourage the needs of all individuals. We also believe that international organizations like the United Nations are important. They need to be changed, they need to be streamlined, reformed in the post-Cold War era, just like most other governmental institutions, but to throw them out is to deny the fact that the world is coming closer together in trade, economics, communications, and so on."

Documentation

The following are excerpts from statements by Muslim organizations at the National Press Club in Washington, D.C. on Aug. 18. From the Islamic Society of North America (ISNA), Council on American-Islamic Relations (CAIR), and United Nations Project Group:

There is no conclusive data proving that poverty or the lack of economic progress, or the inequitable treatment of women within a society, is based on population growth. . . .

Economic development in underdeveloped countries should be an international priority. International economic schemes that violate the sovereign rights of governments over natural resources and/or that seek to exploit the labor of the indigenous population should be discouraged. . . .

Care should be taken to prevent the underdeveloped nations of the world from becoming the cheap labor pools that support the new global economy. International manufacturing and labor standards must be developed, implemented and enforced. . . .

The Draft Platform language on the vocational training for rural women lends itself to abuse because it targets rural women for training in vocational, "sweat shop" skills that are only marketable in home-based businesses.

From the statement by the Muslim World League:

When women stop bringing up children it means the end of the world. . . .

The recurrent use of the word "empowerment" of women does more harm than benefit [to] the cause of women or their relations. . . . "Empowerment" whether of men or women is necessarily belligerent.

From the International Islamic Council for Daw'a & Relief—Women and Children's Committee, and the International Muslim NGO Caucus:

The role of religion in society has been almost completely ignored in this document at great peril both in terms of our ability to identify the nature and sources of social problems and our capacity to plan for balanced and comprehensive social development.

New Delhi resists expanding Indo-U.S. security relations

by Ramtanu Maitra and Susan Maitra

According to available reports, the much-strengthened U.S. Fifth Fleet, patrolling the Persian Gulf, has asked New Delhi for permission to visit some of India's ports on the west coast. Americans have also asked New Delhi for the usage of the Mazagaon drydocks, which they have offered to upgrade technologically and which are located in the vicinity of Bombay. Apparently the Indians have not responded, ostensibly because of the mandarins' inability to gauge the political ramifications of accepting such an offer.

A positive response on the part of New Delhi will not only involve settling accounts with election-year politicking, but will also require real and direct participation in maintaining the peace and security of the area, not simply rhetoric.

Some distortions

The Indian policy to block such visits by American ships is primarily to prevent India from playing any role as a partner of the United States in providing security to the Gulf countries or to protect the maritime trade routes fanning into southeast and far eastern Asia. The policy is a strange mix of hangovers from the Cold War days and a general mistrust of the United States, under the garb of nationalism, that had been nurtured over the years by the Indian elite's close relations with the British and the Soviets.

In particular, the name of the Indian game is linkage, that is, to link every initiative from Washington with a number of valid grievances against the United States that have been hanging fire over the years. The grievance list is well known: continuing U.S. pressure to sign the Nuclear Non-Proliferation Treaty (NPT); arming of Pakistan by the United States; U.S. reluctance to put Pakistan on its list of terrorist nations; Washington's stop-and-go policy on technology transfer to India; U.S. pressure on India to drop the medium-range surface-to-air missile (Agni) development program; America's uncertain position on the Kashmir issue; America's repeated efforts to equate Pakistan with India, etc.

There is one glaring problem with the policy of "linkage." Due to New Delhi's lack of leverage on Washington, such linkages accomplish nothing, but often are deliberately

put up by the Indian Foreign Office mandarins to create obstacles in the way of achieving anything in the area of joint security, while serving some other western power's interests, most often those of Great Britain.

Such negative policies are the hallmark of countries where security issues are dominated by career bureaucrats committed to maintaining the status quo, and by widely compromised intelligence agencies. Moreover, distortion and disinformation are often used deliberately to shift public opinion against the United States. During the Clinton administration, the statements of a relatively low-level State Department official such as Robin Raphel, which were seemingly biased against India, were used by high officials in New Delhi as a club to hit Washington on the head. More recently, Henry Kissinger's statements before a subcommittee of the U.S. Senate Foreign Relations Committee, which in fact undermined the Clinton administration more than they did India, were played up in New Delhi by some as a "policy statement emanating from Washington."

Kissinger's 'contain India' policy

Shortly before his congressional testimony, Kissinger had been in China at the invitation of Prime Minister Li Peng, and he told Li that for all practical purposes the Clinton administration was finished, and the Bush-Kissinger faction of the Republicans would be back in power in Washington in 1996. The purpose of this propaganda was served, and the Chinese prime minister and his faction within Beijing's splintered power bloc has subsequently taken a position of confrontation against Washington. Kissinger followed up that set of lies by telling the subcommittee that the stability of Asia depends upon China and the United States participating in shaping Asia's future.

He went on to tell the subcommittee chairman and a friend of the Khalistanis (as the Kashmiri separatists call themselves) in the United States, Jesse Helms (R-N.C.), that there exists a "clash of perceptions" between New Delhi and Beijing over Tibet and Myanmar (Burma), and to a lesser extent over Southeast Asia.

"As India emerges into a great power status, it can be

expected to return to the policies of the British Raj which were, after all, conceived by the Indian Civil Services under the viceroys located first in Calcutta and toward the end of the British rule in New Delhi. It will seek an influential, if not dominant role, in the arc extending from Aden to Singapore," Kissinger said.

The statement aimed at appeasing the geopoliticians within the Beijing leadership and to seek a fresh alliance with that faction which may emerge as the dominant faction in the immediate post-Deng era. It was a clear message conveyed to the Clinton administration that the United States must have a "China first" policy, and not a policy which equates India and China one to one in Asia. However, in New Delhi, the essence of the statement was garbled, and some infantile rage was expressed against the United States, as if Henry Kissinger were representing the Clinton administration.

Initiatives undermined

That is not to say that nothing good has happened in India-U.S. relations during President Clinton's administration in Washington and Prime Minister Narasimha Rao's in Delhi. Rao's visit to the United States in 1994 was a success; U.S. Deputy Secretary of State Strobe Talbott had a most successful visit to India, and his actions helped New Delhi to realize that Washington's India policy is not run by Robin Raphel. Also notable is the fact that four members of President Clinton's cabinet—Energy Secretary Hazel O'Leary, Commerce Secretary Ron Brown, Defense Secretary William Perry, and Treasury Secretary Robert Rubin—besides the First Lady, Mrs. Hillary Clinton, have all visited India. Although some of these visits did not produce anything concrete, there has been no dearth of dialogue between the Clinton administration and New Delhi during the last three years.

But the eagerness of New Delhi to put all differences with the United States in the same box, made some of these visits less productive than they could have been. For instance, the visit of Defense Secretary Perry, who never engaged in any India-baiting, failed to produce anything substantial. Statements from Indian Defense Ministry officials to the effect that Perry's visit made them skeptical of what the United States wants, were deliberate frauds created to subvert the visit. Some unnamed top defense officials were quoted saying that the progress in defense cooperation will depend on what the Americans really want from the relationship. Finally, the Perry trip was pushed aside by the devious mandarins of New Delhi as "undiscernible."

Similar patterns were also observed in the followup to the 1991 initiative by Washington, commonly referred to as the Kicklighter Proposal. The proposal called for pursuit of "a common policy of gradually strengthening ties toward expanded cooperation and partnership by the end of this decade through high-level visits, exchanges, and periodic policy reviews, Indian-U.S. army staff talks, and cooperative

work in selected areas of common interest." Shed of rhetoric, the proposal was meant to develop a joint capability, though not necessarily physical, in undertaking responsibility for the security of the Pacific Ocean and the Indian Ocean, through a strategic understanding between the U.S. Pacific Command and the Indian Navy. At the time, Indian Chief of Staff Gen. S.F. Rodrigues and Defense Minister Sharad Pawar responded positively.

But despite a significant number of meetings between the two sides, the proposal has gotten caught in the catch-all box of Indian grievances. This became evident when Indian Defense Secretary A. Nambiar called off his trip to Washington scheduled for the end of June. As a result, the most powerful lobby against Washington in India, represented by the British and the Israelis, is now enticing New Delhi to revive the "historic defense relationship with London." Recent forays to London for defense purchases by Indian government officials indicate that the historic relationship from the colonial days is very much alive.

British bias compromises Indian security

In this heavily-biased-toward-the-British scheme of things, many of Washington's signals get crossed and sometimes distorted. For instance, the recent arrest of Daya Singh Sandhu at the Minneapolis-St. Paul International Airport

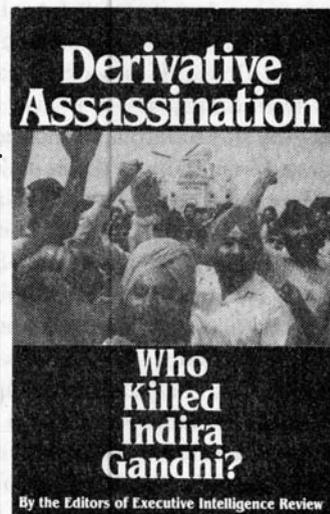
Derivative Assassination: Who Killed Indira Gandhi?

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went by without a stir. Sandhu, allegedly the leader of the Khalistan Liberation Forces, is wanted in India in connection with crimes including a bus bombing in September 1993 that killed 8 people and wounded 29 others. But while many Khalistani terrorists live and carry on their drug- and gun-related crimes within India from Britain and Canada, these activities are seldom linked by Delhi while dealing with either of those nations.

Because of such a pronounced bias, India's security has been heavily compromised. British Special Armed Services personnel were at the time of writing poring over the nitty-gritty of Kashmir's security arrangements, while advising the Indians on a commando raid, ostensibly to get four foreign hostages being held by Kashmir's Al-Faran guerrillas released. At the same time, Indian security personnel were fuming against the political leadership for bringing in the foreigners to look into the topography and security of a sensitive area such as Kashmir. In Sri Lanka, where Washington gave India a free hand to shape things, India has made a mess. The Tamil Tigers, who are a part of the international drug-and-gun crowd along with the Afghans who are involved in terrorism in Kashmir, were nurtured and trained by the Indian security agencies in the early 1980s. The recent jailbreak, which saw 43 Tigers escape from an Indian jail, only shows how badly the security of this nation has been subverted.

The other development concurrent with such a bias, or because of it, is India's continuing neglect of its Navy. Influenced heavily by the geopoliticians of the British genre who would like to confine India to the status of a land power, India acts like a small nation looking north as the source for all its troubles. Its endless preparation to fight the final battle against Pakistan—a tiny nation compared to India—and its efforts to build up a tangible defense against China, have left its long coastlands unmanned and highly vulnerable. It is this vulnerability which has been fully exploited by the Tamil Tigers to build up its assets from India's southernmost state of Tamil Nadu to the upper states of Andhra Pradesh, Karnataka, and Orissa. It is widely known that the Tigers bring arms from Singapore—a British and Israeli gun-shipment point—by ship to Jaffna, the northernmost part of Sri Lanka, separated from India by the 21-mile-wide Palk Strait.

More importantly, its feeble Navy has made India less of a strategically effective nation in its efforts to help maintain peace and stability in the Arabian Sea and the Indian Ocean. This has isolated India even within Asia, and has turned it into a non-player in the events and security developments occurring around it. While a closer naval relationship between the U.S. Navy and the Indian Navy could help provide stability in the areas surrounding India and allow India to emerge as a nation responsible for maintaining peace and stability in the region, Kissinger and his ilk will continue to push for the isolation of India by creating an environment of threat in India's north.

Greenpeace is linked to Earth First!

This press release was issued by 21st Century Science & Technology magazine on Aug. 10:

Just as the Washington, D.C., bureau chief of Greenpeace was insisting in a letter to the *Washington Times* that his organization was based on "non-violence," a state court in the German city of Hamburg ruled on July 28 that "the collaboration of Greenpeace with the terrorist organization Earth First!" cannot be denied. A three-judge panel, presided over by Judge Krause, issued the ruling in case 3240556-94, a libel suit brought by Greenpeace.

The Hamburg court ruling is one of several blows that have punctured Greenpeace's friendly, money-raising facade. Greenpeace has been especially frantic to hide the truth about its real agenda since the weekly of Lyndon LaRouche's political movement, *Executive Intelligence Review (EIR)*, documented in its issues of Oct. 28, 1994 and Jan. 13, 1995 how Greenpeace—which brags about its "independence"—is in reality just the "direct-action" arm of the international environmentalist movement, run top-down by Prince Philip and the House of Windsor and its allies for the purpose of reducing the world's population and destabilizing political opponents of the European nobility. This exposé was excerpted in the Winter 1994 issue of *21st Century*.

At the same time, the "non-violent" Greenpeace has been proven to be working both openly and stealthily with Earth First!, a group that advocates using terrorist tactics to achieve its environmentalist agenda.

The national press has picked up on the story that a "hit list" appeared five years ago in the underground newspaper *Live Wild or Die*, which is distributed by members of Earth First! Two of the top three names on this "Eco-F—ker Hit List" have been recent victims of the so-called Unabomber.

A copyrighted article in the Aug. 3 issue of the *Sacramento Bee* states that the information on Earth First! was documented by Barry Clausen, a private investigator in Seattle who had infiltrated Earth First! in the early 1990s. Clausen also provided detailed documentation of the connections between Greenpeace and the terrorist Earth First! Many Greenpeace leaders, he found, are also leaders of Earth First! and the two groups hold joint environmental actions. This information was the subject of the lawsuit Greenpeace brought in Germany.

The July 28 German court ruling concerns a small publishing company in Wiesbaden, Böttiger Verlag GmbH, which is known for its publication of scientific material de-

bunking environmentalist hoaxes, including a German-language edition of 21st Century's popular book, *The Holes in the Ozone Scare: The Scientific Evidence That the Sky Isn't Falling*, by Rogelio Maduro and Ralph Schauerhammer. Böttiger also publishes the newspaper of the political movement in Germany associated with Lyndon H. LaRouche, as well as LaRouche's books.

Greenpeace brought a libel suit against a press release issued by Böttiger inviting the press to a viewing of "The Man in the Rainbow," a documentary produced by the Danish state television network, TV-2, and broadcast in Denmark on Nov. 14, 1993.

Produced by Nordisk Film, with Icelandic filmmaker Magnus Gudmundsson as special consultant, the film exposes how Greenpeace was transformed from a small action group into a multinational business corporation with a multi-million-dollar annual budget, how Greenpeace bribed officials of several governments in order to pack the International Whaling Commission with member nations that would support the controversial ban on commercial whaling, and how

Greenpeace maintains close connections with the eco-terrorist organization Earth First! The film also includes interviews with Greenpeace's former accountant, who discusses financial irregularities and secret bank accounts in the names of individual Greenpeace leaders.

More troubles for Greenpeace

Adding further to Greenpeace's worries are similar lawsuits in Paris that it lost, and two other recent court decisions in Germany that ruled against Greenpeace, one that concerned Greenpeace's Earth First! terrorist connections and a second that concerned the founder and former head of Greenpeace Germany, Monica Griefahn, now the environment minister in the state of Lower Saxony, who was accused of using her influence to get business contracts for her husband.

Greenpeace has a history of squelching exposés of its unsavory activities by telling lies, strong-arming opponents, and using its multimillion-dollar budget to force critics into costly lawsuits. But now, the cracks in its friendly public image are getting too big to hide.

Who told the truth about the war in the Balkans?

The defeat of Serbian forces in occupied Croatia on Aug. 4-6 called to *EIR*'s attention the discrepancy between our record on this matter, and that of "the competition." While *Newsweek* and other so-called major media were proclaiming the defeat of Bosnia (the headline shown here is from Aug. 24, 1992), *EIR* was mobilizing international support for Bosnia and Croatia, demanding a change in the British-dominated policy of the western powers. (*EIR*'s headline is from May 22, 1992.)

On July 31, 1992, we published the text of a call by Helga Zepp-LaRouche, president of the Schiller Institute in Germany, titled "Appeal to the Governments and Parliaments of Europe: Stop the Genocide in the Balkans!" Far from accepting the propaganda that the Serbs had won the war, it called for Europe's govern-



ments and parliaments to take urgent measures to stop the Serbian assault and to build up the defense capability of Croatia and Bosnia.

On Sept. 25, 1992, *EIR* analyst Konstantin George wrote: "It should be stressed that the policies of the Serbian leadership are not only criminal, but stupid. They may seize every Bosnian 'stronghold,' but all they will have achieved is the basis for a long and brutal partisan war behind their lines of conquest, in occupied Bosnia. That partisan war has already begun.

The myth of 'Greater Serbia' will soon be shattered by the reality of a Serbian 'Vietnam' in Bosnia's mountains and canyons."

More recently, in our Dec. 9, 1994 issue, Michael Liebig rejected British propaganda to the effect that the Bosnian fight is a "lost cause," and quoted former Croatian Defense Minister Gen. Martin Spigelj: "I am an optimist, and repeat that a shift in the relation of forces to the benefit of the victim of aggression is unstoppable, even if there will be setbacks."



If Bosnia caves in, world stability is threatened

Faris Nanic is the general manager of the Bosnian news agency TWRA, and Personal Envoy of Bosnian President Alija Izetbegovic to the International Association of Parliamentarians against Genocide in Bosnia-Herzegovina. He was interviewed by Katharine Kanter on Aug. 23.

EIR: We are also publishing Professor Gjidara's article on the principles restated by the Badinter Commission in 1991. The State of Bosnia did not exist at that time. That being the case, is there any reason in international law why the findings of the commission should not apply to Bosnia?

Nanic: The Badinter Commission findings dealt with the crisis in former Yugoslavia. The commission clearly stated that the former federal borders, as recognized by the Yugoslav Constitution of 1974, became, from the moment Independence was declared, and in accord with the rules of international law, international borders, which therefore must be recognized. This applied to all former Yugoslav federal republics. Consequently, Bosnia cannot be excluded. Moreover, the constitution of each federal republic contained sufficient elements for the Declarations of Independence.

The Serbian regime knew this very well, which is why the chauvinist campaign of [Slobodan] Milosevic began in 1989, with attacks upon the 1974 Constitution. They used the argument that Yugoslavia was formed by so-called constitutive peoples (ethnic groups), not nation-states (republics), and that these former were to be seen as having sovereignty. And they raised the issue of redrawing the borders. This was the root of the genocide which was carried out later. To acquire the land they coveted, they had to cleanse the "surplus" of other ethnic groups.

EIR: The consensus in the Contact Group, is that Bosnia should stop being a drag, haul up the white flag, and agree to Serbia grabbing its eastern provinces. What do you say to western politicians who think this a way to "get things over with"?

Nanic: This may indeed be the way to "get things over with"—for a short period! From a strategic standpoint, by allowing Serbia to take the eastern part of Bosnia, you provide it with an excellent point to restart aggression and territorial acquisition in the future.

This will not give a long and lasting peace.

Second, this will be a signal to the Serbian regime, to launch war against other territories both at home and abroad, to such a degree, that all arguments preaching "containment of the war" will be shown to be void.

Third, you will have to accept that there be yet another wave of genocide, not only in the region of Gorazde, but also in other parts of occupied Bosnia. The Drina River, which is the natural and state border between Bosnia and Serbia, is called "the spine of the Serbs." This means they consider eastern Bosnia as the most vital part for completing the "Greater Serbia" project. They are determined to ethnically "cleanse" the region and occupy it militarily. By giving eastern Bosnia up to the Serbs, the southern part of Croatia, the region of Dubrovnik, will be in danger. Serb nationalist leaders have always written of the Bijeljina-Gorazde-Foca-Dubrovnik line as the most vital link for the survival of the Serbs.

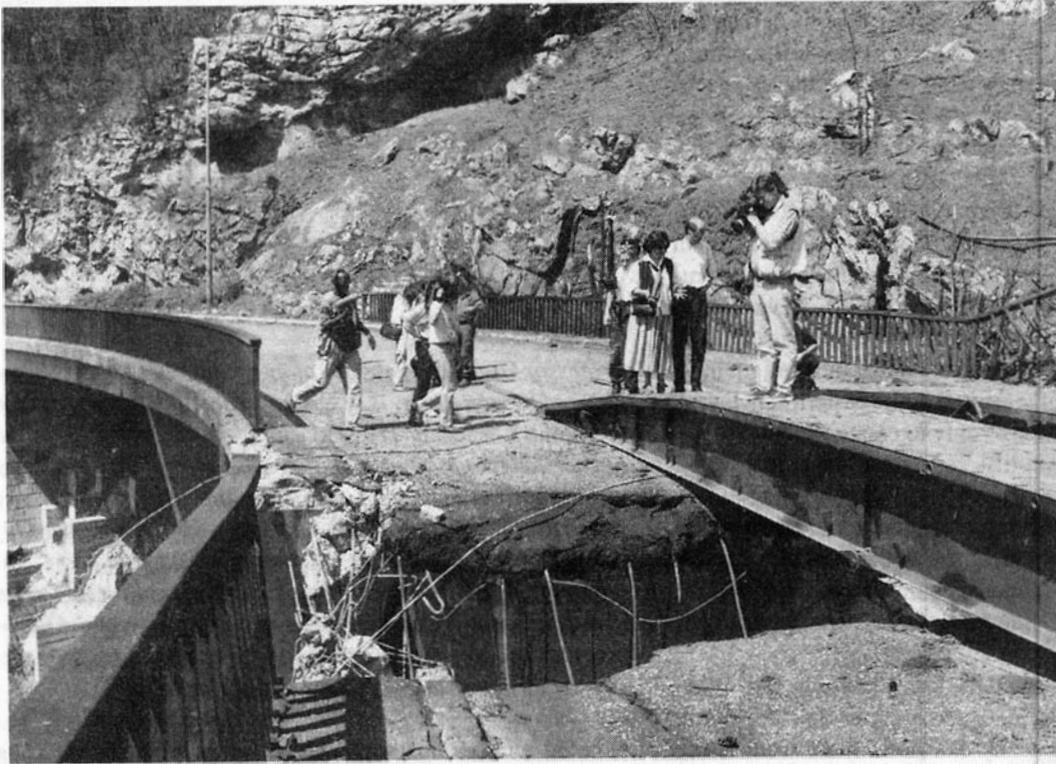
And finally, by giving up eastern Bosnia, you will most certainly face the creeping disintegration of formally integrated Bosnia. This will lead to secessionism and to another war to change the borders.

This will be a dangerous legal and political precedent for the stability of the region and the world. By acceding to the demand that internationally recognized borders be changed by violence, the entire system of world stability will crumble.

EIR: The 28th Division of the 2nd Corps was formed by Chief of Staff Rasim Delic at Tuzla, of survivors from Srebrenica and Zepa, and called "Return to Srebrenica." Does this mean that the fall of the eastern enclaves is not accepted by the military command of Bosnia?

Nanic: The Bosnian military command respects the Constitution, which is very transparent and clear, that no one has the right to sign any treaty that calls for giving up of any part of the sovereign Bosnian territory. The first duty of the Army is to defend the State borders and the country's integrity. However, the Bosnian Army fully respects the civil authority and the chain of command.

EIR: Professor Filippovic, ambassador of Bosnia to Great Britain, said in London at a press conference last week with the Croatian ambassador, that in his opinion, the Contact Group plan to partition Bosnia 51-49 is a terrible plan, and



Retreating Serbian forces blew up this bridge near Slunj, Croatia, during the Croatian offensive to liberate occupied territory in Krajina at the beginning of August. Serbia is using the pretext of the Croatian victory to intensify its policy of "ethnic cleansing."

that the division of Bosnia, under no circumstances is to be accepted. Do you think that the majority of the people of Bosnia share his sentiments? Are they willing to go on fighting to restore the law?

Nanic: I have just come back from a trip to central and northeastern Bosnia. What I heard from the civil and military authorities there was very encouraging. People are dedicated to restoring the territorial integrity and full sovereignty of our country, but they are also aware of the fact that the Bosnian Army is not sufficiently equipped with the necessary offensive weapons to carry out major actions to liberate our entire territory. Unless the arms embargo is lifted, there will be no way to liberate the rest of the occupied territory. Then, despite their commitment, the people will not be able to restore the law. Then the Bosnian government will be forced to accept the unjust peace, as proposed by the so-called Contact Group and unfortunately presented in a worse, more "ethnically cleansed" version, by the Americans in the recent "peace initiative."

EIR: Are friendly nations not in breach of their positive duty under international law to come to Bosnia's aid and succor, militarily?

Nanic: They are indeed in breach of international law. The arms embargo is illegal, for two reasons. First, it was imposed upon the former Socialist Federative Republic of Yugoslavia, which ceased to exist after Croatia, Slovenia, and Bosnia

were recognized. This has been explained clearly by Prof. Francis Boyle, former legal adviser to the Bosnian government. Second, they did not allow the victim of aggression, as defined by Security Council resolutions 752, 771, and 780, to defend itself under Chapter 51, paragraph 7 of the U.N. Charter. The latter defines the right of a nation which has been attacked, to defend itself and demand succor from friendly nations, including military aid. Third, the arms embargo has made it impossible for Bosnia to defend itself against genocide committed by the Serbian forces. Under the Genocide Convention of 1948, no one can be excluded from *the obligation to prevent genocide*. But no one has lifted a finger to prevent the genocide presently being carried out against the Bosnian people, despite the mass of evidence which exists, evidence recorded even on film and in countless testimonies.

The only positive thing that has taken place with respect to this genocide, has been the establishing of the Provisional Court for War Crimes in former Yugoslavia, which demanded that Radovan Karadzic, Gen. Ratko Mladic, and M. Martić be extradited. But that measure will not stop the crime! It can only serve to punish a tiny fraction of those who are responsible. Thus, besides the punitive, we must take preventive measures. These *can only be military*, just as they were in World War II.

EIR: The London *Times* military correspondent has claimed

that the fall of Srebrenica and Zepa was agreed to between Serbia and Bosnia, and there was no effort to defend the enclaves. In fact, Serbians appeared in Unprofor uniform, Unprofor had orders to destroy matériel rather than give it to the defenders, and Dutch Unprofor calls for airstrikes were ignored by “superiors,” all indicating that the fall of the enclaves followed a “U.N.,” i.e., British plan.

Nanic: The U.N. decided to hand over Srebrenica and Zepa to the Serbs. The only thing that was left to the Bosnian government after the fall of Srebrenica, and the evident commitment on the part of the U.N. and the Big Five, *not* to defend Zepa, was to try to negotiate to evacuate the civilians and refugees of Zepa. Any speculation that there might have been a Serbo-Bosnian agreement over the eastern “enclaves” is *out of the question*. It serves only to create a picture of so-called “balanced responsibility,” so dear to the British.

EIR: Last week, U.S. officials presented aerial photographs of mass graves near Srebrenica. But at the very moment the murders took place, NATO had satellite intelligence. NATO could have stopped the murders. What was the chain of command?

Nanic: I am not familiar with the chain of command. What I know, is that NATO and the U.N. invented this “dual key” system, which practically disables anyone from acting immediately and effectively. Some of the key figures are known: [U.N. Secretary General Boutros] Boutros-Ghali, his “envoy” Yasushi Akashi, who is directly responsible for not acting, and who should be tried for war crimes and genocide, together with his master. French Unprofor General Janvier, the Dutch battalion which spread lies about Serb humane behavior toward Bosnian civilians.

EIR: Were the so-called Krajina Serbs really forced to leave Croatia?

Nanic: No! They were not forced to leave Croatia, though those who had committed crimes, obviously fled before the Croatian advance. There is now a highly organized transfer of populations, precisely in the sense of “ethnic cleansing,” being carried out by *Serbia* and using the *pretext* of the Croatian victory in Krajina.

Serbia claims that it has no other option but to settle the Krajina Serbs, 200,000 of them, in the homes of Croats in the Vojvodina province of Serbia, on the Hungarian border, and in the homes of Albanian Muslims in Kosova, and Bosnian Muslims in Sandjak. Mass expulsions of persons from Vojvodina and Sandjak are occurring at this moment, and also from the provinces of western Bosnia and Banja Luka.

Serbia is trying to create a new *fait accompli* before the next round of the Contact Group palavers. To say that the Contact Group nations are “not aware” of this displacement on a vast scale of human beings—just as to say that they were “not aware” of the massacres at Srebrenica and Zepa *as they took place*—would be naive in the extreme.

Ex-Yugoslavia

Uphold the law to ensure the peace

by Marc Gjidara

Professor Gjidara, professor of international law at the Faculties of Law in Paris, is of Croatian origin. He is co-author of Ethnic Cleansing (1993), which made available in the French language, some of the most extraordinary documents of Serbian nationalism dating from the early 19th century onwards. In this short piece, written for EIR, Professor Gjidara has desired to restate the findings of the Badinter Commission, which are as valid now as they were in 1991, when the commission was set up by the member-states of the European Union, to explore the legal situation relative to secession by member states of former Yugoslavia.

Greeted with enthusiasm among the people, and even by some leaders of opposition parties, President Chirac has called for a change with respect to the problem in Croatia and Bosnia-Herzegovina, caused by the Serbian invasion. He has demanded that “there be imposed respect for international law.” Such a change in approach, is all the more warranted, when one considers the great extent to which the scandalous, unrealistic, indeed perilous character and limits of the political, diplomatic, and military attempts to deal with this crisis have been revealed by events.

The law, in the case that concerns us here, was clearly stated and set down by the Badinter Commission. But, no sooner was the ink dry on this expert advice, than European and U.N. official circles rushed to bury it under a mound of “humanitarian” gestures, military fakery, political palaver, and diplomatic to-ings and fro-ings.

Only to the degree that it rests upon respect for international law, does the international order deserve that title. Respect for law lies at the heart of Mr. [former Polish prime minister Tadeusz] Mazowiecki’s decision to resign from his position as U.N. Rapporteur for ex-Yugoslavia, rather than continue to be a living alibi for the Security Council. In the name of the League of Rights of Man, the jurist H. Leclerc has placed the blame on the heads of State and government, for betraying the juridical principles they themselves enunciated under the aegis of the U.N. or other European bodies.

The Badinter Commission was an essential part of the Conference for Peace in former Yugoslavia; it was a European Union initiative. The commission laid down the general principles which were to be applied, and which the diploma-

cy of London, Paris, and then, Moscow, has been abundantly exercised to thwart, thanks not only to the string of mediators, from Lord Peter Carrington, to Lord David Owen, Thorvald Stoltenberg, and now Carl Bildt, but also thanks to U.N. Secretary General Boutros Boutros-Ghali.

End the witchhunt against Germany

It is persistently asserted, in bad faith, that it was Germany who broke the consensus by "hastily and unilaterally" recognizing Slovenia and Croatia on Dec. 23, 1991. Let us look at the facts, and at the documents. The European Declaration made at Brussels on Sept. 16, concerning guidelines for recognizing new states in eastern Europe and in the former Soviet Union, upholds existing law, i.e., notably, the inviolability of borders, and the non-recognition of entities which may emerge as the result of acts of aggression. On that same day, the declaration regarding former Yugoslavia proclaims that the [European] Community and its member-states, *have agreed to recognize* the republics which so desire, should they accept *before Dec. 23, 1991*, to honor the specified commitments.

Therefore, let there be an end to this trial for witchcraft against Germany, a country both democratic and well-disposed toward us, on the pretext that it "went it alone" and broke the European consensus.

In its First Opinion, the Badinter Commission confirmed, that, contrary to what is often still alleged, there was no act of "separatism" by Slovenia or Croatia, but that Yugoslavia had in fact been "*dissolved*" and that the Yugoslavian institutions no longer "satisfy the requirements" for there to exist a federal State. The Second Opinion declares that the existing internal borders become the international borders, and thereby, inviolable. Opinion Three underlines the fact that the borders of these new states are to be "*protected*" (the which, places the U.N. under an obligation to aid and succor these states, and to do nothing which prevents them from exercising their right to self-defense). Opinion Eight, notes that the territories of these new States, lie "entirely" under their authority, and that the pretense, by Serbia-Montenegro, to act as the successor state to ex-Yugoslavia, is unacceptable, as no single State can claim the succession to itself; thus, Serbia-Montenegro must request recognition, and itself satisfy the criteria laid down by the Commission, bearing upon respect for borders, rights of minorities, and prohibition of acts of aggression. Opinion Ten reiterates the points made above, yet again.

The questions posed by this conflict, have to do with a war of conquest, prohibited by the U.N. Charter, and by the Helsinki Accords. It shall also be asked, whether war crimes, and crimes against humanity, shall go unpunished. Were that to be the case, were we to allow the notion, that there shall henceforth be some sort of correlation, between religious faith, and nationality, a great blow will be struck to our civilization.

Vatican corrals red Bishop Samuel Ruiz

by Robyn Quijano

Mexican Bishop Samuel Ruiz, self-appointed mediator and "Commander No. 1" of the narco-terrorist Zapatista National Liberation Army (EZLN), whose heavily armed forces continue to threaten Mexican stability and territorial integrity, received clear notice from the Vatican that his dirty operations will no longer be tolerated. On Aug. 14, the Mexican press reported that Pope John Paul II had just named Bishop Raúl Vera López as coadjutor Bishop of San Cristóbal de Las Casas, Ruiz's diocese in Chiapas, the southern Mexican state in which the EZLN launched a bloody insurrection on Jan. 1, 1994. The Vatican also ordered the return to Spain of the diocese's vicar, Gonzalo Ituarte, Ruiz's right-hand man. The coadjutor bishop will not only be on hand to witness all of Ruiz's activities, but has been given full succession rights to the post of the bishop.

Both actions, although they do not fully resolve the crisis in Chiapas, will go a long way toward limiting the subversive operations of Ruiz and his EZLN. It now falls to the government of Mexican President Ernesto Zedillo to finish the job. Several Mexican bishops, as well as a sector of the Mexican government associated with former President Carlos Salinas de Gortari and would-be President Manuel Camacho Solís, have opposed the removal of Bishop Ruiz. But now, Bishop Vera López can intervene in episcopal matters of the diocese, that is, return the Catholic Church to its proper role, and end the use of the diocese as a terrorist recruitment camp. Without Ituarte, Ruiz is crippled in his activities of setting up the poor indigenous population as cannon fodder for this foreign-run war against Mexico.

Mexico's Apostolic Nuncio Girolamo Prigione announced in a press conference on Aug. 15, that "Pope John Paul II has named Bishop Vera to improve things. He will have to study the situation, and if there is something twisted, he will have to straighten it out."

The day the press was notified of Bishop Vera's new assignment to corral the red bishop, Monsignor Prigione attacked Liberation Theology in a sermon. "The Catholic Church does not accept or agree with the great deviations that some Theologists of Liberation put forward. . . . Those on the outs or in a fight with the Bishop of Rome might at most become a sect or cabal, but never a local church." The nuncio was referring to Samuel Ruiz's organizing for an "autochthonous catholic church" of leftist rebels.

On Aug. 17, one of Samuel Ruiz's communist priests, Father Pablo Ramos, gave a presentation in Buenos Aires to a conference of the Cuban-spawned São Paulo Forum, a terrorist umbrella group which includes narco-terrorists, drug legalizers, communist parties, and Liberation Theologists, on "The Situation in Chiapas Today." In it, he bragged that the terrorist insurrection on Jan. 1, 1994 had massive support of indigenous groups within 24 hours of the first attack, because of the strong continental work that had been done before the insurrection began. Ramos, who is executive secretary of the Human Rights Center Fray Bartolome de las Casas, founded by Samuel Ruiz to do the public relations work for the Chiapas insurgency, openly embraced the agenda of the Forum, which included Colombian FARC terrorists, Colombia's third drug cartel, and Evo Morales, leader of the Bolivian Coca Producers Council, pushing the legalization of drugs.

A long battle

The battle to remove Samuel Ruiz—which would in effect decapitate the EZLN apparatus—has been a long one, partly because of the support Ruiz has received from factions within the government and the Roman Catholic Church in Mexico; from various Ibero-American, European, and North American bishops linked to Theology of Liberation; from Castro's São Paulo Forum; and from pro-terrorist non-governmental organizations (NGOs) protected by the United Nations and the British, such as Amnesty International and Americas Watch.

As *EIR* has documented, the EZLN neither defends the Indians it purports to represent, nor is it a national movement. Rather, it is an international destabilization operation run by the British to destroy Mexico's institutions and its sovereignty.

The evidence is overwhelming. For example, it is proven that Germany's Roman Catholic "charity" organization Misereor gave several million dollars to Ruiz, but the Mexican government has yet to conduct an audit of how those millions were used, despite requests for such an audit from several bishops and congressmen.

The naming of Bishop Vera, who is identified as an opponent of Theology of Liberation, must be seen in the context of a much wider battle the pope is waging worldwide to defeat this gnostic "theology," as well as to reorient the Latin American Bishops Council, and combat the usurious, genocidal policies of the International Monetary Fund (IMF) and other "structures of sin."

Within this battle, the recent naming of anti-liberationist Cardinal Lucas Moreira Neves as the new president of the Brazilian National Bishops Council (CNBB), is particularly important, given that Brazil is the Ibero-American bastion of the Theology of Liberation. The outgoing president of the CNBB, Don Luciano Mendez de Almeida, had on several occasions publicly backed Bishop Ruiz and the latter's schis-

matic proposal for an "autochthonous indigenous church."

The commitment of the Vatican to corral the Theology of Liberation terrorists goes hand in hand with the growing mobilization against the usury-based international financial system.

"The debt has already been paid, many times over. Just look at the numbers," stated Tegucigalpa Archbishop Oscar Rodríguez Madariaga, president of the Latin American Bishops Conference, according to a Reuters report in *El Sol* on Aug. 24. Referring to the behavior of foreign lending organizations and creditors, Monsignor Rodríguez charged that "international financial organizations are here to serve humanity, not to enslave it. . . . If they have already earned what they are legally and humanly due, why do they continue to exploit [nations]?"

Monsignor Rodríguez emphasized that the church believes that the debt of most Ibero-American nations has already been paid many times over. "When they try to collect certain interest . . . even the catechism of the Catholic Church says that they may be violating the Fifth Commandment, if people die of starvation [because of their actions]," he said. "It is no longer an economic problem, but an ethical one. The pope has organized on behalf of debt forgiveness of Third World countries. When there is the will to do so, the debt can be forgiven." He reported that the church is discussing this matter with the Inter-American Development Bank, with somewhat more difficulty with the IMF, and behind "closed doors" with the World Bank.

On Aug. 22, the Venezuela daily *El Nacional* carried a statement by Msgr. Ovidio Pérez Morales, president of the Venezuelan Bishops Conference. "The foreign debt, sadly and shamefully, deserves the adjective 'eternal,'" he wrote, noting that "we pay, yet the burden becomes increasingly heavy." Payments scheduled for the next year, have created a "monstrous situation," he warned, in the face of which there is no alternative but "to form a strong national movement, in solidarity with brothers beyond our national borders, which can save us from such intolerable slavery." Monsignor Pérez's article decries the fact that Venezuelans will be forced to live as "vassals . . . working only to satisfy greedy creditors who will never be anything else." Internal reforms to achieve economic health are meaningless, he said, "if there is no liberation from the slavery which the 'eternal' debt signifies."

Added to this is the voice of Catholics who met in Córdoba, Argentina, in the VI Encounter of Builders of Society. Convened by the Catholic Church, the conference criticized the neoliberal, i.e., free trade, policy imposed by Finance Minister Domingo Cavallo, and demanded a rescheduling of payments on the foreign debt. Msgr. Italo Di Stefano, head of the church's Social Pastoral Commission, warned in closing the conference that the current economic model, was leading to "a progressive disintegration of culture, the family, and our people."

Likud, Hamas: children of one evil mother

by Hussein al-Nadeem

On Aug. 21, a powerful bomb killed six Israelis and wounded more than 100 in Jerusalem. The attack marked a dangerous escalation on the ongoing British efforts to collapse the Middle East peace process.

The terrorists' target is the peace makers in the Middle East, namely the Rabin-Peres Labor Party government of Israel, and PLO chairman Yasser Arafat. It reveals the concert of action among the enemies of peace on both sides, Arab and Israeli. The militant faction in Hamas, Iziddin Qassam Brigades, was promoted by the factions on the Israeli right including British stooge Ariel Sharon as a counter-element to the Palestine Liberation Organization. In a recent radio interview, American statesman Lyndon LaRouche observed, "During the period when the right wing was in power in Israel, in the attempt to destroy Yasser Arafat's PLO, London, together with Syrian cooperation, and the cooperation of Sharon and his friends, created a counter-organization against the PLO. This was called Hamas. It had backing by Syrian and Iranian interests, the right-wing Israelis back it, and the British run it." LaRouche asserted that the Arab Bureau of the British intelligence has been in charge of this long-term operation in the Middle East.

Both Israeli extremists led by former Defense Minister Ariel Sharon and Likud Party leader Benjamin Netanyahu, and the Palestinian terrorist bombers, have made it clear that they share the goal of toppling the Labor government, wrecking the peace talks, and throwing the region into chaos. It comes as no surprise that the IQ Brigades issued a communiqué claiming responsibility for the attack, and making clear their target: "Prime Minister of the Israeli enemy, Rabin 'terrorist number one' must know that from now until the elections, next year, the Brigades will see to that adequate response is given to the war Rabin declared on Hamas."

Speaking the same language, only two days later, Likud leader Netanyahu and former Prime Minister Yitzhak Shamir, interviewed by the Italian daily *Corriere della Sera*, excoriated the peace negotiations, the PLO, Rabin, and Peres. Netanyahu said, "We must immediately block relations with the PLO, and have elections." He added, "Dealing with Arafat, in the way the Israeli government is doing, is as if the Italian government, 15 years ago, granted the Red Brigades the right to have 'autonomous enclaves.'" Shamir claimed that "Israel is in danger, because of the discussion with the PLO. . . . There is no space for a Palestinian state.

Rabin is making a big mistake, by promoting and supporting these false hopes."

This latest outrage occurred within two weeks of the initialing by Peres and Arafat of the Taba agreement on extending Palestinian self-rule. One week before the bombing, the Israeli daily *Haaretz* reported that Sharon called for the formation of "militias" to "protect Jewish settlers in Judea and Samaria" (the West Bank) against what he called "terrorists in PLO uniform." Eliakim Hatzni, of the Jewish Settlers Council, proposed that these militias be commanded by Sharon himself. An insight into Sharon's bloodthirst was revealed in a recently released official history of the 1956 Israeli-Egyptian war. The Israeli Defense Ministry report charged that Sharon and Rafael Eitan, leader of the right-wing Tsomet Party, killed, in cold blood, almost 50 Egyptian prisoners of war, a "class A" war crime. The JSC is mobilizing 10,000 anti-peace activists "to put a blockade around the Israeli government's headquarters, in order to stop the implementation of the peace accords."

Forging ahead with peace

Rabin, Peres, and Arafat have reiterated their determination to continue on the agonizing road of peace. In his first statement after the Aug. 21 attack, Rabin asserted that "Israel must step up, rather than cut back its cooperation with the Palestinians who want peace, in a common bloc against the enemies of peace." He was quoted by the French daily *Le Monde* of Aug. 23, saying, "We are fighting a war against the enemies of peace. This war is being fought, today, in cooperation with the Palestinian Authority, against those who are also its enemies."

Rabin drew attention to the IQ Brigades statement, saying: "The issue is . . . as they say . . . fighting the government of 'Rabin the terrorist.' They want us to fail in the next election, because they know we can bring peace." Meanwhile, Arafat confirmed that cooperation with the Israeli government will be increased to achieve peace. He charged that foreign interests were involved in supporting the terrorists, and that these attacks are timed with the progress of the negotiations. "Where is the higher purpose in receiving orders and money from abroad, be it Iranian or not?" Arafat exclaimed. "Is it a coincidence that every time we get closer to Jerusalem all this happens? I have proof of the opposite." He told the German daily *Bild Zeitung*; "We have enemies on the Palestinian side as well as the Israeli, and we know them. They want to stop the peace, but there will be peace."

It is evident now that the terrorists gave momentum to their counterparts in Israel in their fight against the government. President Ezer Weizman and Police Minister Moshe Shahal were attacked and prevented from visiting the bombing site by a crowd of right-wingers. Weizman was booed by the angry crowd who screamed "Death for the Arabs" and "We don't want peace." That was precisely what suicide bomber had in mind before he went on the bus.

America and Russia: How nationalists created the modern world economy

by Anton Chaitkin

The following chronology is an advance summary of work in progress toward a major study on the history of the industrial revolution, 1750-1900. The new work departs sharply from the treatment of the subject by British pro-free-trade writers, as well as by socialist authors, who were the respectful followers of the British historiographical tradition.

The overwhelming evidence points to a contest, at the highest levels of statecraft and science. On the one side were the "national parties" in the United States, Russia, Germany, France, Japan, and other countries, in a closely coordinated international effort for industrialization. Ranged against these republican nationalists was the old European oligarchy, centered in the British Empire, which sought to block industrial and scientific progress.

1825-28

The United States launched construction of a dense network of canals, and began building railroads. The work was commissioned by President John Quincy Adams and the nationalist leadership group centered in Philadelphia, led by Nicholas Biddle, president of the Bank of the United States; Mathew Carey, the humanist publisher, former Irish revolutionary, and former agent of Benjamin Franklin; and Friedrich List, immigrant economist, German republican leader, and former political prisoner. Each of the transportation works, for the rest of the century, was financed by one or another level of government.

This first successful U.S. development repeated certain aspects of the English industrial breakthroughs of the 1760s and 1770s, which had been led by Benjamin Franklin, in person, and his circle of English republican co-thinkers.

At the outset, 60 American railroads were built which were designed by United States Army engineers (graduates of the Military Academy at West Point), until a free-trade-dominated Congress interrupted Army participation in 1837.

President Adams, the former U.S. ambassador to Russia, was a forceful critic of both American and Russian imperial pretensions. He was at the same time an ardent advocate of both countries' industrial greatness. While in Russia, Adams had arranged with Czar Alexander I for inventor Robert Fulton to build a fleet of steamboats to modernize transport

on Russia's rivers. The second U.S.-versus-British war (1812-15) interrupted the project.

Early 1830s

Friedrich List returned to Germany as a U.S. consul and began to organize the construction of railroads to help unite the fragmented German principalities into a single nation.

1836-38

Nicholas Biddle and his allies at Philadelphia's Franklin Institute sponsored the mission to Europe of Alexander Dallas Bache, a brilliant West Point graduate and Benjamin Franklin's great-grandson. Guided by German scientist Alexander von Humboldt, Bache met with Göttingen University scientists Carl F. Gauss and Wilhelm Weber. They established an active international union of scientists, the *Magnetischeverein*, which was associated with the American and European nationalists.

1839

Czar Nicholas I sent to the United States a delegation of engineers led by Pavel Myelnikov. Touring widely and meeting all principal U.S. railroad builders, they declared that Russia, with its great spaces, must emulate American railroad construction.

1840s

Alexander Dallas Bache and the Philadelphia nationalists organized the United States Naval Academy, which would be an important U.S. scientific center. Bache, then head of Philadelphia's public school system, created an elite science group known as the "Lazzaroni," and for a time took control of science work in the top American universities.

Attacking British free-trade dogmas, economist Friedrich List organized the tariff union—the *Zollverein*—which started the small German states toward unification into a single nation.

Pavel Myelnikov and Crown Prince Alexander II led a committee which hired American engineers to build Russia's first great railroad, from Moscow to St. Petersburg. The

project chief, former U.S. Army engineer George Washington Whistler (whom President John Q. Adams had assigned to work on America's first railroad, the Baltimore & Ohio), also built Russian rail factories and fortifications. Philadelphia factories provided locomotives.

At the same time, Russia adopted its first high tariff system, protecting the nation from British trade war, and thus launching its modern iron industry.

1854-56

The British Empire and its allies invaded the Crimea and made war on Russia. Alexander II, crowned during the fighting, was deeply impressed with the vulnerability caused by Russia's feudal backwardness. Alexander, who was to be known as the Czar Liberator, had been educated by Vasili Zhukovsky, Russia's translator and popularizer of Friedrich Schiller—Germany's poet of freedom.

A U.S. Navy fleet under Commodore Matthew Perry brought railroad and telegraph technology to Japan. American-Japanese consular relations were opened, leading to the strengthening of Japan's anti-feudal party and a defense against the British imperial opium traffic.

1861

Czar Alexander II, projecting modern industrial development, freed Russia's 20 million serfs, forming emancipation committees throughout the Russian Empire. The emancipation law was timed to precede by one day the inauguration of U.S. President Abraham Lincoln, whose government was attacked by British-armed U.S. slaveowners.

1862

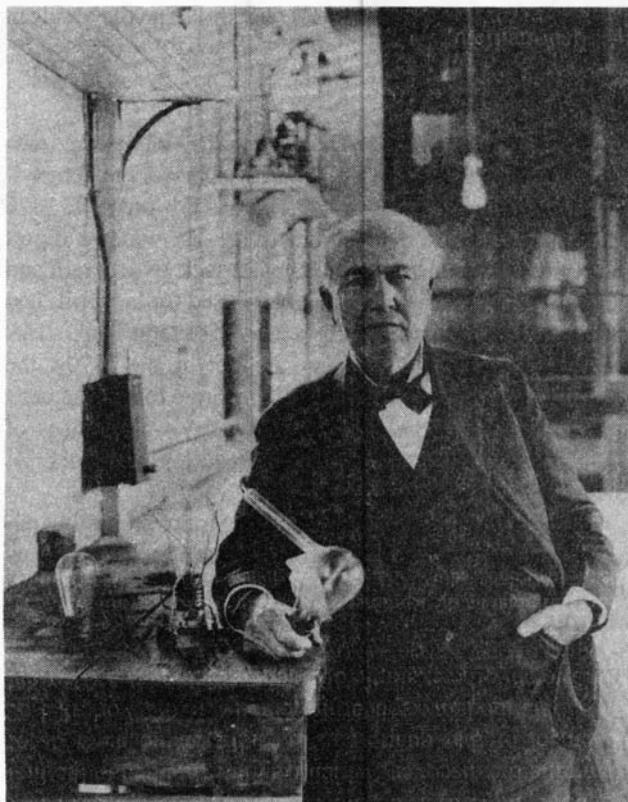
Under his Pacific Railway Act, President Lincoln organized the financing and military arrangements for construction of the first transcontinental American railroad. Lincoln's chief engineer, Gen. Grenville Dodge, later advised Russia on its first railway to the Pacific.

Guided by Philadelphia economist Henry Carey (son of Franklin's agent Mathew Carey), President Lincoln instituted high tariffs to create America's first steel mills. Lincoln staffed his newly created Agriculture Department, and the Bache-led science schools, with scientists trained in Europe by chemist Justus von Liebig, a protégé of Alexander von Humboldt.

1863

President Lincoln issued his Emancipation Proclamation. The practical freedom of the slaves was to be achieved by Lincoln's armies—which included 180,000 black soldiers.

Russia's fleet sailed into New York and San Francisco harbors, demonstrating support for the American Union and warning Britain not to intervene directly in the American Civil War.



Thomas Alva Edison with some of his "Edison effect" lamps—a prelude to nuclear technology.

1865

The United States prepared to seize Canada, then a British colony being used as a base for slaveowners' terrorist raids against the United States. The British avoided this ejection from the Western Hemisphere through the assassination of President Lincoln.

1866

Following the attempted assassination of Czar Alexander II, the United States warned Britain by sending to Russia a fleet including the then-invincible oceangoing Monitor-class ironclad the *Miantonomoh*, under Lincoln's naval aide Gustavus Vasa Fox.

1874-76

The chief scientist for the Franklin Institute, George Barker, a participant in the Henry Carey nationalist circle, first contacted Thomas Alva Edison, after hearing of Edison's advances in multiple simultaneous telegraph messages. Barker invited Edison to demonstrate his work at the University of Pennsylvania and at the National Academy of Sciences, then still controlled by Bache's allies. The Philadelphia nationalist grouping, owners of the Pennsylvania Railroad, sponsored Edison as a full-time inventor. Among their other

projects were Andrew Carnegie's steel mills and the Mexican national railways.

1876

The pioneering Russian chemist Dmitri Mendeleev, discoverer of the Periodic Table, did extensive work in Pennsylvania. He participated alongside Thomas Edison in the 1876 Centennial Exhibition in Philadelphia. He wrote a report on the new oil industry, criticizing its lack of program and ineffectiveness. Petroleum, then only used for lamp oil, had been launched as an industry by a late 1850s report of Lazzaroni affiliate Benjamin Silliman, Jr. But by the 1870s, the Pennsylvania Railroad and Franklin Institute forces had been squeezed out, and the petroleum industry was a chaos of low-level prospectors, dominated increasingly by John D. Rockefeller and his British backers.

Mendeleev later wrote influential works promoting national development through protective tariffs, and encouraged Count Sergei Witte in promoting the industrial and infrastructure development of Russia.

1878 to the 1880s

Thomas Edison worked with the U.S. Army Signal Corps. He was trusted as a patriot and an ardent republican, in contrast to the British-sponsored organization of Briton Alexander Graham Bell. In reality, it was Edison who perfected the "Bell" telephone.

Edison's closest friend and corporate manager was the Philadelphia nationalists' agent Edward H. Johnson. Tutored by Franklin Institute scientist Barker, Edison undertook to invent a practical incandescent electric lamp. This feat was declared impossible by the British-guided scientific world. An official committee of the British Parliament, convened to investigate the "threat" posed by Edison's work, heard multiple speakers testify that the incandescent electric light could not possibly work.

Edison and his nationalist sponsors, in a struggle with British-subordinate financier J.P. Morgan, succeeded in producing the world's first large-scale electric generators and a mass of new electrical technologies. Central city generating stations were exported to France, Germany, and other European countries, as well as Latin America and Japan, before the British financial oligarchy was able to take final control of the Edison organization.

In this period, Japan was developed largely with American technological aid provided by the U.S. nationalists led by Henry Carey and Philadelphia industrial republicans. A U.S. official guiding this technology transfer was the American ambassador to Japan (1873-85), John Bingham. The outspokenly anti-British Bingham had authored the Fourteenth Amendment to the U.S. Constitution, declaring freed slaves U.S. citizens; he had been a judge in the trial prosecuting the conspirators who assassinated President Lincoln. In a desperate contest, the U.S. mission countered

British efforts to steer Japan toward militarism, racism, and xenophobia.

1880 to the 1890s

Edison and his employee Frank J. Sprague developed the first powerful electric trains. Edward H. Johnson then set up a separate organization for Sprague, who built America's first electric transit systems in cities, the first electric elevators, and electricity-driven machines and tools such as lathes, making large modern cities feasible. Edison's employee and protégé Henry Ford went on to build the first mass production for automobiles. Ironically, this made oil tycoon Rockefeller, an enemy of the nationalists, a very rich man.

Edison's life is proof of the absurdity of the British story that random profiteers somehow made the Industrial Revolution. In Edison's New Jersey laboratory, kept now as a museum, his bust of Alexander von Humboldt remains on his desk. Two-thirds of the books in his laboratory library are in the German language. He read, and trained his workers, in German- and French-language physics and chemistry books. He read Schiller and Goethe.

In an 1880s interview, Edison said that all subdivisions of nature have intelligence; it is derived from that intelligence which is "greater than us all"—that is, a conscious Creator, which he said he "could probably prove just from chemistry."

From Edison's surviving notebooks, we see him within that continental European scientific tradition—a line of thinking from Kepler to Leibniz to Ampère, Gauss, and Weber—against which British empiricism took up the cudgels.

In March and April 1886, for example, Edison worked to advance the thermionic or "Edison Effect," by which heat was converted directly into a flow of electrons—thus, the vacuum tube. From this line of research, together with the photoelectric effect discovered by Europeans, other workers advanced into nuclear science. In this same period, Edison analyzed the electromagnetic organization of the solar system—the nature of gravity as electromagnetism.

1890s

Count Witte, Russia's finance minister, built the great Trans-Siberian Railway; among his advisers was Gen. Grenville Dodge, President Lincoln's chief railroad engineer. A published advocate of the economics of Friedrich List, Witte succeeded in imposing a protective tariff system and other State measures which drove Russia into the modern industrial age.

Anton Chaitkin is the author of Treason in America: From Aaron Burr to Averell Harriman (New York: New Benjamin Franklin House Publishing Co., Inc., 1985) and co-author of George Bush: The Unauthorized Biography (Washington, D.C.: EIR, 1992).

Ernesto 'Sandwich' Pizano

President Samper Pizano's star is on the wane, caught as he is between anti-drug pressures and the cartels.

Each day that passes, Colombian President Ernesto Samper Pizano sinks more and more into the quicksand of narco-scandal. Over the next few days, his wife, Jacquín Strouss de Samper, will have to testify before the Prosecutor General on her handling of funds for the Association of Friends of the Environment which she ran during her husband's 1994 presidential campaign; the purpose of that association was not to raise campaign funds.

Also to testify are various cabinet ministers and government officials, such as Communications Minister Armando Benedetti Jimeno, who is under investigation for having taken drug money from the Cali Cartel during last year's campaign.

It has also been learned that agents of the U.S. Drug Enforcement Administration "have found two accounts at Chase Manhattan Bank in New York, which appear to be linked to the narrow circle around Samper," according to *Time* magazine and the Colombian dailies *La Prensa* and *El Tiempo*. Santiago Medina, Samper's imprisoned campaign treasurer, "said that a Chase Manhattan account was used to launder drug cartel monies into the Samper campaign."

The chorus demanding Samper's resignation grows larger every day, while the blackmail claims that Samper's resignation would destabilize the nation's institutions are fast disappearing, as most Colombians have come to realize that the only thing that is truly destroying the nation's institutional existence is the fact that their President nearly succeeded in turning the country into a "narco-democracy."

And yet, it must be remembered that while the leading Cali Cartel drug lords, as well as Santiago Medina and Samper's former campaign manager (and defense minister) Fernando Botero, are all in jail, the war against drug trafficking in Colombia is far from over. Despite Samper's triumphant claims that "the Cali Cartel is dead," the truth is, that deadly organization is still alive and kicking, and has by no means surrendered. Most importantly, its political and financial structure, and its logistical apparatus, remain intact.

Trapped between the accusations against him, and his pact with the Cali Cartel, Samper has been forced to declare "a state of emergency" and to decree strong measures against the "Third Cartel," that of the FARC/ELN narco-guerrillas, including ordering an investigation of their finances both at home and abroad. But his pact with the drug cartels still stands, as proven by his refusal to increase prison sentences for the captured or surrendered traffickers, and his continued, vehement opposition to restoring the weapon of extraditing traffickers who have been indicted in the United States, which is what they have always most feared.

On Aug. 18, Prosecutor General Alfonso Valdivieso declared that the decision of the 1991 Constituent Assembly to ban extradition was "an historic error . . . that Colombia should think about correcting as quickly as possible." Immediately, President Samper responded that "extradition is not part of my government program."

Further, in what can only be seen as a message of appeasement toward

the traffickers, Samper announced that he would dismantle the "Search Bloc," made up of personnel selected from elite squads from the National Police, Armed Forces, and Department of Administrative Security (DAS), and created specifically to combat the cartels. Samper insists that the "Bloc" has finished its job, because "the Cali Cartel is dead."

Still, Samper will find it difficult to fulfill his commitments to the traffickers, stemming from the more than \$7 million they paid to get him elected President. Samper is walking a tightrope, because of the mounting evidence against him; at any time, he may be forced to step down from the presidency. Further, pressure from the Clinton administration, and from the Colombian population itself, is intense, and any overt action in favor of the traffickers could trigger a new scandal, such as is now occurring around the extradition issue.

Although the Cali Cartel thus far has been careful not to make public threats, the widow of murdered presidential candidate Luis Carlos Galán was forced to flee Colombia, with her children, after receiving numerous death threats. Despite these threats, Prosecutor Valdivieso—also Galán's first cousin—has decided to reopen the investigation into Galán's 1989 assassination.

In mid-August, the police deactivated a powerful bomb, capable of destroying any armored protection, which had been placed in a street which Valdivieso had to traverse daily to arrive at his office. Nonetheless, the prosecutor insisted that he is prepared "to go all the way" in tracking and convicting the drug traffickers. Paradoxically, if anything should befall Valdivieso, the suspicion would fall not only on the Cali Cartel, but, above all, on President Ernesto Samper Pizano.

Carlsson resigns, before the election

The Swedish prime minister is hoping to generate a wave of sympathy to carry his party to electoral victory.

Ingvar Carlsson, prime minister of the Swedish government and chairman of the Swedish Social Democratic Party (SAP), at a press conference on Aug. 18 launching the party platform for the upcoming European Union elections, announced that within six months he will resign from both his posts. Never before has an election campaign been kicked off in such an odd way. It was a surprise to all except King Carl XVI Gustav, Speaker of Parliament Birgitta Dahl, and one of Carlsson's closest party buddies, Thage Pettersson.

Carlsson typifies a Social Democratic bureaucrat. He has been a party apparatchik for almost 40 of his 60 years, serving the party system without giving it any new ideas. He started in the late 1950s, together with Palme, under Social Democratic leader Tage Erlander, who ran both the party and the government for 25 years, from the end of World War II until late 1960s. He was put in as party chairman after Olof Palme was killed on Feb. 28, 1986.

Carlsson has been part of the U.N. mentality intent on dismantling national institutions, to be replaced by the U.N. one-world government and the non-governmental organizations, as the "representatives" of the people. In 1994, together with Shridath Ramphal, he published "On Our Global Neighborhood," a report issued by the U.N. Commission on Global Governance.

One quote from the report gives the gist: "By global governance, we mean the way in which we manage our global affairs, how we relate to each other, how we take decisions that bear on our common future. There should be no misunderstanding about

the term—by global governance we do not mean global government, as that would only reinforce the roles of states and governments; global governance is about putting people at the center of world affairs."

At the press conference, Carlsson pledged to work to save and rebuild U.N. along the lines of this report, that is, to strengthen the role of small nations in the U.N. at the expense of the superpowers—which in reality means less power to all sovereign nations. According to Carlsson, the U.N. must be given more power to intervene as the world policeman in social, political, and military conflicts, and to enforce global environmental policies.

Officially, Carlsson said he could leave "because the Swedish economy now is in such a good recovery." In reality, he is cornered domestically, because of the undercutting of his own base by his harsh austerity policy, record high unemployment, and the nuclear issue.

For the last six months, it has been clear that the official policy, to shut down nuclear power plants by the year 2010, is not going to work. Already, the most militant anti-nuclear politician, Center Party leader Olof Johansson, is saying that 2010 is not decisive, but it is more important to begin phasing out nuclear power within the present election period, that is, before 1998. This, Carlsson can't be part of, because he only promised to phase out nuclear power by 2010, and a change in the nuclear policy would destroy his credibility, so he reasons.

Another aspect of his decision to become a lame duck for the next six

months, is the fact that the Social Democrats don't have a majority in Parliament. The SAP is dependent on support from the Center Party, its unofficial coalition partner, to get its policy through. Carlsson's resignation leaves room for a lot of maneuvering. No one will know who is governing, and the Social Democrats can muddle along with its policy of crisis management.

A more immediate reason for his resignation, is that in the EU election on Sept. 17, the Social Democrats are expected to lose 15% of the vote they got in the last parliamentary election one year ago. The reason is that the SAP won that election on a populist policy against the austerity policy of the free-market Carl Bildt government. Six months later, the SAP turned around and implemented the same policy it opposed in the election. Consequently, it has lost a lot of support, which has now gone over to the left-wing Vænsterpartiet, the former communist party, which nowadays is accepted as a legitimate democratic party.

The Vænsterpartiet has almost tripled its support in the polls since the last election, from 6% to 15-17%. All of it comes from discontented left Social Democrats who believed that the SAP would keep its promises. Vænsterpartiet is expected to make a good showing in the coming EU election, while the Social Democrats are heading for one of the worst results ever. The SAP might not even remain the largest party, a position into which the moderates, its arch-rivals, are moving.

Therefore, Carlsson is trying to generate a wave of sympathy, similar to that which led the party to election victory after the murder of Palme. To save the party from disaster, Carlsson is resigning before the election, to get people to vote for it.

Deconstructors at work in the courts

Some recent Supreme Court rulings are undermining the very foundations of German society.

The disease of deconstruction that has infected the American legal system, has also forced its way into Germany. A German citizen who hopes for justice in the courtroom is in for a bad surprise in many cases, because more and more judges prefer “deals” over clear rulings, and attorneys are talking their clients into accepting them.

This has been the practice here for a number of years, and reflects the deplorable fact that society as a whole, and the political system particularly, have submitted to the ideology of liberalism and increasingly sacrificed principles in the process. Consequently, to the informed observer, it was only a matter of time, that the Supreme Court would also capitulate, as recent rulings have drastically illustrated that.

For example, last year the court ruled that those who charge the Armed Forces with employing methods of “cold-blooded assassination” and claim that “all soldiers are killers,” are right to say so. Leaving aside that the postwar German Armed Forces (at least in the pre-unification West German Bundeswehr) have not killed anybody in their 40 years, the ruling is all the more mysterious for adopting the black propaganda stereotypes used by East Germany and the Soviet bloc against the Bundeswehr.

The ruling threw up a big psychological and political barrier at a time when the German elites were beginning to debate whether the Bundeswehr should play an active role in the defense of Bosnia against the Serbs. When it was finally decided in late June that small contingents of Ger-

man troops and the Air Force would assist the U.N. blue helmet forces in the Balkans, leading German politicians of all political camps rushed to the media, declaring that these German contingents would serve their Balkans mission best if not used at all, and if used, then only where combat situations were avoided, so that the soldiers would not have to shoot at all.

These kinds of explanations are usually accompanied by remarks that, because of the 1941 German military occupation of Yugoslavia, German troops could not possibly be deployed there 54 years later. Implicitly, this argument—borrowed from the same black propaganda which predominantly British media have used against the reunified Germany since the outbreak of the new Balkans war in 1991—is preventing the biggest European power from actively backing President Clinton’s efforts to end the Bush era of U.S. policy in the Balkans and finally take the side of the victims of the Serbian genocide: the Bosnians and the Croats.

The constraint which the German elites have imposed upon themselves, is, moreover, destroying the moral backbone of the nation, as it witnesses a tragedy, in which one should clearly act, but doesn’t, on the basis of foul excuses.

Then, in May, the court declared that early 1980s sit-ins of the so-called peace movement against U.S. and German military bases against the stationing of the “Euro-missiles,” were “expressions of free speech” and not punishable, even if they caused serious disruptions or material dam-

age. This ruling was all the more ominous, appearing as it did when violent groups resumed actions against German nuclear technology with road blockades, train sabotage, etc.

Liberal politicians who argued that one should make concessions to the protesters, rather than moving ahead with the planned storage of used nuclear fuels at the Gorleben site in northern Germany, felt supported by the May ruling on the 1980s actions. Whoever was unwilling to back down in the face of protests and riots, felt outflanked by the same Supreme Court. It needs to be said that the court presently has a majority of five leftists and left-wing liberals, against three conservatives.

The same “5-3” majority on the Court also ruled in May that the Christian cross be removed from school-room walls in the state of Bavaria, on the grounds that it forces children to “learn under the cross.”

This sounded like the typical, liberal-minded anti-religious position. But the Supreme Court went even further: It explicitly backed the plaintiffs, a couple who oppose the cross as discrimination, because they want to raise their children along “anthroposophic” lines.

In fact, the father in this suit, is not even a dedicated follower of anthroposophy, which at least nominally reveres the cross, as do other movements outside the Christian churches. He claims to have “direct wave contact” to Tibetan monks and African shamans, and to possess a “spiritual sword” with magical powers that will reduce the earthly authorities to smithereens (a remark that earned him a stay in a psychiatric center 10 years ago). This nut, to whom the Supreme Court gave a favorable ruling, seems to confirm the old saying, that whom the gods seek to destroy, they first make mad.

International Intelligence

Militants kill Norwegian hostage in Kashmir

The Al-Faran militant outfit killed one of its hostages, Hans Christian Ostro of Norway, whom they had abducted on July 9, by beheading him, Indian press reported Aug. 15. It also threatened to kill the other four foreigners held captive by them if the state government did not concede its demand to release 21 of its militants, including some foreign mercenaries, within two days.

There has been widespread condemnation of the killing, with official and unofficial groups describing it as a "barbarian act." Pakistan issued an official statement condemning it, and Prime Minister Benazir Bhutto appealed "once again for the immediate and unconditional release of the remaining hostages." Indian Prime Minister Narasimha Rao, however, in his Independence Day speech, said that Kashmir is the only "real problem of the country today," and blamed Pakistan exclusively as "behind all acts of disruption in the state as it continues to export terrorism into India by not only training and arming militants, even financing them."

India is coming under intense pressure from the governments which have nationals still held hostage—Britain, the United States, and Germany—to arrange for the hostages' safe release.

Propaganda campaign for Quebec split from Canada

A big rally took place in the City of Alma, north of Quebec City, the most pro-separatist area in the province, on Aug. 15, according to wire reports and the Toronto *Globe and Mail*. Quebec separatist leaders urged the people to vote this fall for separation from Canada as the best way to secure their future. "Never has the refusal of Canadians to recognize Quebecers' difference been as firm," Quebec Premier Jacques Parizeau told several hundred supporters. "That is why we have to tell them we exist, before engaging in a dialogue with our neighbors

on a new basis."

That means voting in a referendum, probably on Oct. 30, to become independent so Quebec can negotiate new political and economic ties with the rest of Canada, Parizeau said. He was joined on stage by Lucien Bouchard, leader of the federal separatist party, the Quebec Bloc, which has the second-largest number of seats in Canada's national Parliament; and Mario Dumont, the 25-year-old leader of the provincial Quebec Democratic Action party.

The rally was the first held jointly by the three leaders since agreeing on June 12 to adopt a common strategy for the referendum.

The Quebec separation issue and Canada's flagging economy will set the stage for very choppy Canadian financial markets over the coming weeks, said Michael Gregory, chief Canadian market analyst at Lehman Brothers Canada. The buzz on Bay Street, the Wall Street of Toronto, is that investors, particularly foreign, will want to back off until a decision has been made.

London-based sheikh accused by FIS

The London-based Sheikh Abu Qatadeh Al Falastini (the Palestinian) was accused, together with Abu Musaab Al Suri (the Syrian), by the Islamic Salvation Front (FIS) of "issuing *fatwas* [death sentences] for the notorious Islamic Armed Group (GIA) of Algeria, according to which he considered the killing of the wives and daughters of Algerian soldiers, police, and security personnel as a legal act according to Islamic *sharia*" (religious code). The FIS is Algeria's main opposition group.

In an interview with *Al Hayat*, published on Aug. 22, he denied being the "theorist" of the group.

"I did not issue these *fatwas* before they were announced by the leaders of the GIA," the sheikh said. He attacked the FIS, which described his religious activities as "perverted," saying that they "fathom nothing of Islamic law." He also rejected the negotiations carried out by FIS with the Algerian

regime. "They [FIS] should not deal with this regime. The rulers are apostates, and killing them is the only solution," he asserted.

Abu Qatadeh admits that he approved the killing of Christian priests on missions in Algeria. He also justified the GIA's killing of western citizens residing in Algeria, because "Algeria is a battlefield and the GIA warned all the foreigners to leave."

Liberia settlement worked out at summit

A settlement of the Liberia crisis was hammered out in a four-day summit in the Nigerian capital sponsored by Ecowas (Economic Community of West African States). The Liberian crisis was designed to destabilize western Africa as a whole and Nigeria in particular. The "spin" from wire service reports of Aug. 20, is that the settlement won't last.

Nigerian Foreign Minister Tom Ikimi stated: "Under the accord, hostilities will completely cease at midnight of Aug. 26 and the [ruling] Council of State will be installed 14 days from today. A new democratic government will be installed in 12 months' time." In discussing the potential significance of the settlement for West Africa as a whole, Akimi noted: "At last there is hope for peace for Liberia, hope to end conflicts in the sub-region and hope that Ecowas will now concentrate on its aims and objectives to enhance the economic integration and advancement of the region." Nigeria has not only been the backbone of the peacekeeping force in Liberia, but Nigerian troops are also backing the government of Sierra Leone in a conflict stoked by the dissolution of Liberia.

In addition to Nigeria, the other very important player in the final settlement is Ghana, the West African country that is heading Ecowas for a second term. Ghanaian Foreign Minister Obed Asamoah added: "This constitutes the end of our efforts to bring peace to Liberia. We consider the agreement binding and enforceable on all parties. Everyone is tired of war and every-

one is tired of talks."

Professor of English and former civil servant Wilton Sankawulo was named neutral chairman of the council and interim leader. He previously served for three years beginning 1983 as director general of (later assassinated) President Samuel Doe's cabinet, and later as a researcher at the Information Ministry. As well as teaching English, he currently works at Monrovia's Catholic Secretariat as a research officer.

The pact gives warlord Charles Taylor a place on the body.

Kissinger warns Pakistani premier

Henry Kissinger, who told Pakistani Prime Minister Zulfikar Ali Bhutto in 1977 that he would make him a "terrible example" for pursuing an independent nuclear program, has now reportedly warned Bhutto's daughter, Prime Minister Benazir Bhutto, that U.S.-Pakistani relations will be "very strained" if anything untoward happens to British financier Sir Jimmy Goldsmith's daughter Jemima, who recently married Pakistani cricket star, playboy, and possible politician Imran Khan. Or so say the London tabloids. (For the record, Bhutto's father was subsequently overthrown, framed up, and executed.)

Chinese authorities clamp down on Greenpeace

Western leaders of the pro-terrorist, "environmentalist" group Greenpeace were seized by the Chinese police within seconds as they attempted to stage an anti-nuclear-testing demonstration in Tiananmen Square in Beijing on Aug. 15. The Greenpeace leaders included Thilo Bode, the head of Greenpeace Germany and president-elect of Greenpeace International, and, reportedly, the national directors of Greenpeace in the United States, Russia, Britain, and France.

They unfurled "Stop All Nuclear Testing" banners in Tiananmen Square, accom-

panied, as ever, by their fawning entourage of reporters and television and newspaper cameramen. Within a few seconds, plainclothes police seized the banners. When the Greenpeace crew of six tried to hold up smaller banners, these were also seized immediately. Dozens of Chinese policemen were deployed to round up the Greenpeace group, and take them to a police station, where they were interrogated for hours.

Two reporters, from Germany and Switzerland, were also arrested, but later freed. The Greenpeace group was then taken to the Beijing airport, held incommunicado at a hotel, and deported to Hongkong.

According to German radio reports, Thilo Bode gave a press conference in Hongkong the next day, where he claimed that the demonstration was "a total success," claiming "we got the attention of the media."

Hashimoto may run for prime minister of Japan

Japanese Trade Minister Ryutaro Hashimoto, who as finance minister in 1991 coined the term "financial AIDS" to denounce Wall Street and London financial deregulation demands on Japan, will declare for the Liberal Democratic Party (LDP) presidency on Aug. 21, a party spokesman said Aug. 18.

Hashimoto may be moving to run for prime minister of Japan. He has grown in popularity since he (and President Clinton) averted a trade war with the U.S. over autos in June, and is regarded as a nationalist. It was shortly after meeting with Hashimoto that French President Jacques Chirac in June denounced "financial AIDS" as the leading threat to the world economy.

LDP presidential elections are set for Sept. 22. The party, the largest in Japan's Parliament, is a partner in Prime Minister Tomiichi Murayama's ruling coalition. Foreign Minister Yohei Kono's current term as LDP president expires at the end of September. Kono has also been quite cooperative with Mr. Clinton in Korea and China, but hasn't a clue about the global financial crisis.

Briefly

● **THE ARMS EMBARGO** by the U.N. against Rwanda was suspended for one year on Aug. 19, on condition that weapons were only for government use and were imported into Rwanda only through specified points. The British-backed Rwandan Patriotic Front regime in Kigali claimed that it will soon come under attack from re-armed Hutu forces.

● **MAGGIE** Thatcher, delivering the Rajiv Gandhi Golden Jubilee Memorial Lecture in New Delhi on Aug. 19, attempted to curry favor with her hosts by calling for India to have a permanent seat on the U.N. Security Council.

● **THE BRAZILIAN** daily *Tribuna da Imprensa* on Aug. 16 published an op-ed article by Geraldo Lino, director of the Ibero-American Solidarity Movement in Brazil, and frequent *EIR* author, with the headline "Food Comes First! Food Security at Risk."

● **KING HUSSEIN** of Jordan will meet King Fahd of Saudi Arabia in Riyadh, according to Jordanian officials quoted in the Aug. 15 *New York Times*. This would be the first meeting of the two monarchs since the Gulf War in 1990, but the date has not been set yet.

● **KENYAN** President Daniel arap Moi, who has been lambasting Britain almost non-stop, arrived in Malaysia Aug. 14 for a four-day visit.

● **LIONEL JOSPIN**, the Socialist candidate for President of France in last spring's run-off election, criticized the government's economic policies in a speech on Aug. 20. President Chirac's electoral themes of social compassion seem to have been "thrown into the *corbeille*," he said, using a French word meaning both "waste basket" and "stock exchange."

● **A SECOND TRIAL** for corruption, against ousted ex-President Carlos Andrés Pérez of Venezuela, could open soon, reported the Miami-based *Diario Las Américas* on Aug. 22.

That which underlies motivic thorough-composition

by Lyndon H. LaRouche, Jr.

[Aug. 8, 1995—During several hours, on Sunday afternoon, July 30, five of us discussed the perspective on writing the crucial, thematic element of the Music Manual's Volume Two: Motivic Thorough-Composition: John and Renée Sigerson, Bruce Director, Dennis Speed, and I. This included an intense discussion of the philosophical basis which made *Motivführung* a necessary scientific discovery, for Haydn, Mozart, Beethoven, et al. This included emphasis upon the pedagogical challenges posed by the need to precede the presentation of motivic thorough-composition, by proof of the necessity of its being discovered: just as the natural construction of the human speaking/singing apparatus required the development of a well-tempered C=256 scale as a pre-condition for perfected polyphonic composition. For absent friends and collaborators, who should have participated, from Eisenach, Wiesbaden, and also that metropolis known to all as Elsewhere, this aide-memoire is produced.]

The proposition posed by Book II of **A Manual on Tuning and Registration**,¹ presents the editors of that book with the following pedagogical challenge.

Prompted by Josef Haydn's string quartet, Opus 33, No. 3, Wolfgang Mozart revolutionized musical composition, beginning the years 1782-86. This, Mozart accomplished by examining the discovery which Haydn expressed in the first movement of that quartet, in the light of the methods of polyphonic modality appearing, chiefly, in the work of J.S. Bach, notably the example of Bach's celebrated **A Musical**

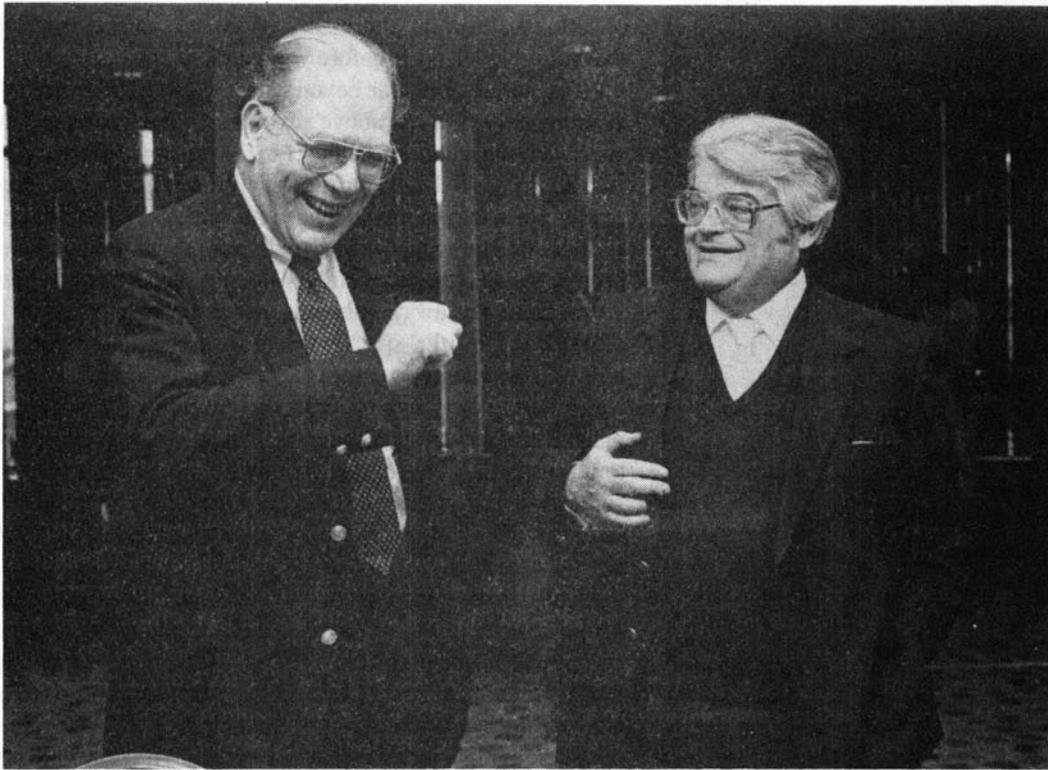
Offering. The result was Mozart's famous elaboration of an improved method of composition, sometimes identified as *Motivführung*, which we identify generically as "motivic thorough-composition."

Later, as exemplified by his late string quartets, Beethoven, during the last decade of his life, introduced a fundamental advance in Mozart's discovery, a richer modality in motivic thorough-composition. This method, its foundations so noted, dominated those great works of the Classical repertoire which were composed during the interval 1782-1897, from Mozart's discovery, to the death of Johannes Brahms.

The task of assembling Book II of that Music Manual obliges us to put these and closely related issues foremost, in the same sense that the historically determined discovery of the natural principles of well-tempered tuning, registration, and vibrato of the adult, *bel canto* singing voice, were put forward as the subsuming conception of Book I. That implicit obligation is described summarily, as follows.

From 1782 through the time of the deaths of Beethoven and Franz Schubert, saw the completed development of the crucial features of those forms of composition, and also of the performing instruments and their ensembles. Later, Brahms, most notably, enriched the development of those methods of motivic thorough-composition, but without altering the principles laid down by Beethoven. Although various developments of the construction and use of the instruments, both good and bad, were continued after 1828, today's most advanced principles of both Classical motivic thorough-composition, and the definition of the roles of the instruments and ensembles in performing such works, were fixed by the combined standards of Beethoven's **Missa Solemnis**, **Ninth Symphony**, and late string quartets. With such qualifications, it is accurate to say, that, by the time of Beethoven's

1. See **A Manual on the Rudiments of Tuning and Registration**, Book I, John Sigerson and Kathy Wolfe, eds., (Washington, D. C.: Schiller Institute, 1992).



Lyndon LaRouche (left) and Norbert Brainin, the first violinist of the former Amadeus Quartet, and a collaborator with LaRouche in the development of the concept of motivic thorough-composition.

death, the musical palette, and the contributing functions of its instruments and ensembles, were defined in approximately the same degree J.S. Bach's last years defined the principles of well-tempered polyphony.

The Manual is now proceeding toward completion of its original design, from the treatment of the singing voice, in Book I, into the treatment of the other instruments, in Book II. At this point, the governing principles of our effort are chiefly twofold. First, in both Books, the well-tempered tuning and registration of the human *bel canto* singing voice, is primary; the instruments and ensembles of the Classical palette remain, to this day, man-made extensions of the human individual's *bel canto* singing voice. Everything said in Book I, applies to the instrumental voices and ensembles of Book II. Second, the driving force in the reshaping of the requirements of the instruments and ensembles, from 1782 onward, is the changes in use of the ensemble, relative to the work of Carl Philip Emanuel Bach, for example, under the impact of the use of the new form of motivic thorough-composition wielded by such minds as Mozart, Haydn, and Beethoven. In short, to understand the instruments, one must situate the development of those instruments, and of their use, within that compositional setting which shaped their evolution.

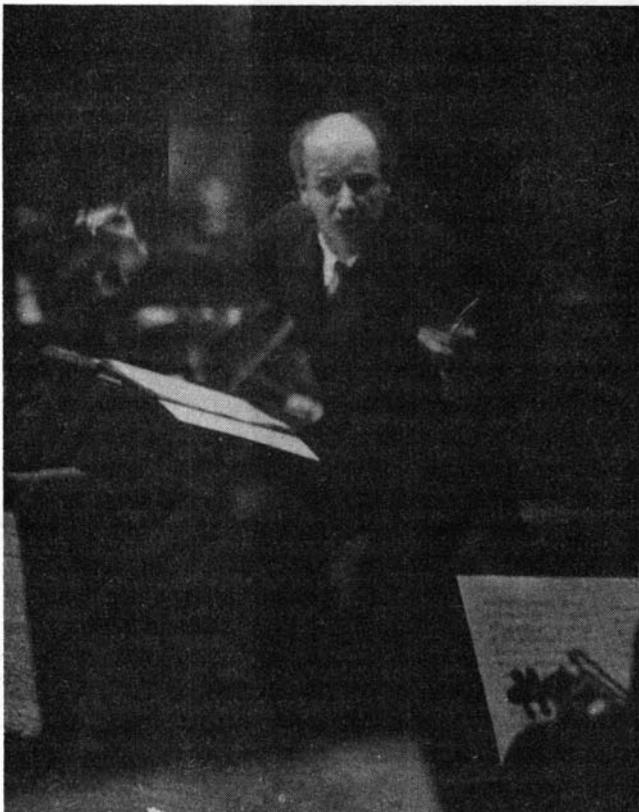
This does not exclude consideration of relevant aspects of pre-1782, or post-1828 developments. Rather, the concentration upon 1782-1828 provides the historical benchmark of choice, from which to reference that which leads into 1782, and that which flows from it.

This evolutionary development of the instruments and ensembles could not be adequately represented without showing the new motivic method of composition, as the characteristic, determining feature of that process. Acknowledging that obligation, creates, in turn, an additional problem: a crucial problem of editorial, or, better said, pedagogical policy, a crucial issue of method.

In a precociously incautious impulse, one might presume that it were sufficient to present the principles of motivic thorough-composition, with suitable examples, as a matter of specialist education. That would be as if to say to the reader: "Learn the principles and techniques of motivic thorough-composition, and you will see how this new method of composition changed not only the method for composing Classical music, but the requirements of the instrumental performance." For the *Brotgelehrten* of musical academia, that would be the acme of professionalism.

For us, such preciousness, such pedantic narrowness, such a fallacy of composition would be *morally* repulsive! In Book I, we fulfilled a moral obligation, to demand nothing from blind faith: We supplied the reader a *transparent* view of the necessary origins and development of well-tempered *bel canto* tuning and registration. The same must be done, in Book II, for the principles of motivic thorough-composition.

In Book I, we demonstrated that the *bel canto* principles of well-tempered singing-voice tuning and registration were a necessary development within music (and that Helmholtz and Ellis, and their devotees, were no more than charlatans).



Wilhelm Furtwängler in Berlin, 1930. He chided certain conductors, to learn to perform "between the notes."

The same is true for *Motivführung*, and must be shown, similarly.

The difference between the respective endeavors of Books I and II, so compared, is that the principle of *Motivführung* goes directly to the most fundamental principles of the human mind. If that appears, at first encounter, as a frightening prospect, we might console ourselves in three ways. First, is it not fitting, that the second book of an educational series, should be more profound, and challenging conceptually, than the forerunner? Second, this writer and his relevant associates command readily identifiable, unquestionably unique, scientific competencies for addressing these underlying issues of composition. Third, we are at the point, that the mere process of continued ageing of the dwindling relative handful of musicians who know Classical principles, would relegate the literate reading of those musical scores to a lost art; this introductory task we must undertake, is a compelling one.

That noted, we now outline, step by step, the underlying principles of the human mind, upon which the necessity for motivic thorough-composition is premised.

The curtain rises

The art of musical performance is premised upon the creative powers of human memory. The experience of every

notable musician, might readily affirm at least that much of the matter which is set before you here.

The matter goes, far beyond such acknowledgments, to an empyreal realm, far above anything of which all but a few greats among musicians, thus far, have shown themselves aware. When Wilhelm Furtwängler chided certain conductors, to learn to perform "between the notes," he demonstrated, that, even among leading conductors, there was an unmet need to master those most fundamental musical principles which are tucked away within the great art of memory, principles hidden by the speckled score, hidden "between the notes." Furtwängler's critics failed to comprehend, that he was pointing them toward functions residing within the domain of the power to remember. He was pointing them, not to a sensation, as a beastly melody might do, but rather to something exquisitely, beautifully human, an idea. In that instance, this signifies, as we do here: the essential quality of any musical idea.

Until one has uncovered, and developed those principles of musical memory, he or she might enjoy good musical composition and performance, but without understanding how to reproduce either at will, or why. Obviously, we could not be referring to so-called "rote memory." What kind of memory, then? To answer that last question, travel within the realm of memory itself, to recall some stunningly beautiful musical performance. Recall an outstanding experience from among those memories. Or, perhaps, the musician who might be serving as the student's teacher, would supply an appropriate demonstration of the principles we outline below.

Think back, in memory, to the moment the soloist appeared on stage. Block out from your recollection of that occasion, the sounds of applause, or kindred distractions; from the moment the soloist first appears before your eyes, hear nothing but the musical performance, until the last tone has vanished, into what is, for your memory of the event, a perfected auditory stillness. Perhaps, you have performed, either publicly, or alone with the music; if so, compare your recall of the soloist's performance of the first composition of that occasion, with memory of your own experience alone with the music. Make these recollections the subject-matter of your conscious deliberation. Concentrate on seeking out the function which memory performs in those events.

Then, add a slightly different recollection. Not of a soloist, but a duet. Let us term this, a recollection of a second type. Recall an evening of Schubert Lieder performed by a gifted singer and pianist, or a masterful performance of a Mozart, Beethoven, or Brahms violin sonata. As the reader will discover here, but a bit later, there is a compelling purpose in suggesting that you limit yourself, initially, to those three composers.

Next, recall a third type of musical event, a Mozart, Haydn, or Beethoven string quartet or quintet. At first, do not include Beethoven's late compositions. We might consider

other composers, and other types of musical events; but, these three will be sufficient for the moment. As the first steps which we must walk in this direction, take these three types of musical events as a manifold. For the moment, register the fact that we are employing the term "manifold" in the sense common to both Bernhard Riemann's habilitation dissertation and the famous paradox of Plato's **Parmenides** dialogue. Adopt that musical manifold as the initial choice of subject-matter for our conscious attention; locate there, the functions of musical memory affecting the quality of the performance.

Later, we shall be prepared to move toward a higher objective: those principles of advanced motivic through-composition which are presented by Beethoven's late string quartets.

Now, let us merely describe the three, clearly distinguishable qualities of memory, which are guiding the musician performing on the stage of your memory. After those descriptions are supplied, turn to examine the concrete forms of the mental processes to which they correspond in the musician on stage.

Foremost, is the memory of the composition as an indivisible, continuing unit of conception, from the first to the last tone of its performance. To avoid a musical disaster on stage, this idea must remain constant, in the performer's mind, from a point prior to the performance of the first interval, until the perfected silence which follows the proper execution of the concluding tone. Second, there is a series of transitions, which define the evolutionary process of emergence of that indivisible conception, the which corresponds to the idea of the composition taken as a whole. Each of those transitions exists as an indivisible unit-idea; in the course of the performance, these intervals parade in their proper succession, as directed to do so by the controlling influence of the unit-idea of the composition as an entirety. Third, there is the idea of the process of development, linking each transition to its predecessor. Each moment of the development between transitions, is governed, twofoldly, by the idea of the transition, and under the governance of the unit-idea. If this rule is violated, musical coherence of the performance will not be achieved.

These three forms of mental processes are not merely descriptive, not merely pedagogical conveniences. Their definitions leap out at us from the performance, once we concentrate our attention upon the fact, that each of these three classes of ideas, which are controlling the performance, are recalled from memory, and are each products of memory. Once the answer is shown, we see, that, as in all truly rigorous scientific work: Up to that point of discovery, the solution to the riddle was being hidden from us by the obvious. Examine the function of these three kinds of ideas of memory.

In summary: What is the most crucial single fact which stands out for a modern Socrates, as we examine your recollection of the soloist's performance you have chosen, as we

examine that from the vantage-point we have now described? The crucial fact is this. In order to conduct a coherent performance, which expresses the entire composition with singleness of effect, the soloist must have in view, from the beginning, the cumulative effect, the musical idea, to be reached with the final note.

Implicitly, what we have just said, obliges us to examine this matter of memory on a time-scale. We discover, immediately, that there is something essential in the influence of the musical idea upon the performance, the which can not be explained as an attributed epiphenomenon of the tone's sensation. There is a contradiction, a devastating paradox, which can be, and is heard as a musical idea, an idea which can not be attributed to the senses as such.

That devastating paradox is situated thus: See how the idea of the performance as an entirety, shapes the performance of the intervals addressed within each moment of the performance. We are confronted immediately with the existence of two musical ideas, both representing the composition taken as an entirety.

One of these two is efficiently superior to the other. The first of these two, is the performer's earlier grasp of the perfected idea of the composition as a finished whole; that is the idea which should never change in the musician's mind during the execution of the performance. This idea, the musician brings to the performance from an earlier, relatively perfected experience of the composition's completed performance.

The second idea, also pertaining to the composition as an entirety, is the notion of the incompleting idea of the same whole, in process of emergence, not yet *reperfected*: at each point mid-performance. The same principle governs not only the performance, and the practice leading to the performance of that composition; it is also the experience of the hearer.

The first must control the second. The tension between these two, axiomatically distinct qualities of idea of the composition as a whole, is readily recognized as the motivating "tension," that sense of "suspension," which supplies a quality of psychic intensity, which is to be perceived as the "energy" of the successful performance.

It is in this way, that each hearing affects one's conception of the perfected (completed) composition as an entirety. Each new hearing, or each new treatment of the performance of the work, in public or in private practice, affects the conception of the composition as a completed entirety. Each modification of the idea of the work as a perfected entirety (the first type of idea), affects the tension between that idea and the idea associated with the unfolding of the composition at each instant of mid-performance.

Thus, the paradox is situated. The unfolding of the second type of idea, the idea of the composition in the process of becoming, proceeds in a forward sense of time, from the first interval of the composition to the concluding tone. The idea of the composition as a completed entirety, the first

type of idea, is represented as its impact of the completed performance upon the incompleting performance, upon the process of reproducing the performance yet to be completed. The first idea stands, thus, as representing a reversed ordering in time, in contrast to the naive sense-perception of the performance.

Contrast to this the viewpoint of the naive observer. He would tend to the proposition, that at any point in mid-performance, the idea of the composition in progress is based upon the “non-teleological,” cumulative effect of what has been presented up to that relative point of time in the performance. In fact, at every point of a competent performance, it is the future (the idea of the work as a completed entirety), rather than the events of the relative past, which exerts the dominant influence on the manner in which each performed interval must be shaped.

That is the paradox, the crux of the matter: The idea is shaped in both forward and reverse directions. That topological anomaly is the most crucial single fact about the role of memory in controlling the artist’s performance.

So, the simple act of perfecting a musical performance shifts the axiomatic definition of music, away from the empiricist’s bad metaphysics, in which music is treated as an epiphenomenon of the auditory sense, into those deeper reaches of the human mind where all great art and science commonly reside. Here, within those deeper reaches, is the proper location to examine the true roots of music, in the most ancient forms of the singing of Classical poetry. Here, in seeing what music and poetry share in common with the Classical plastic art-forms and science in general, we may encounter the necessary and sufficient reason, that memory would ultimately produce a Classical *Motivführung*, as the appropriate method of composition.

Poetry, drama, painting, and science

Compare this paradox with the same paradox as it presents itself in the performance of Classical poetry. For the simplest suitable example, let us employ a familiar case, once again for this occasion: Goethe’s *Mailed*. Until the final couplet, it is a poem by a master craftsman, but otherwise trivial. It is the final couplet which is the poem; yet, all of the couplets preceding that are essential, to make possible the effect evoked by that final couplet. The artist, in rendering that poem, must anticipate the final couplet, in proceeding, from the first, into the final one. In viewing Raphael’s “School of Athens,” his “Transfiguration,” or Leonardo da Vinci’s “Virgin of the Rocks,” one must recognize that, in each of the three cases, two views are presented in the painting. The painting, in each case, is neither of the two views, nor a simple addition of the two; the painting—its idea—is the result of the developmental process produced by considering the two primary views in any sequence.

In the classical tragedy of Friedrich Schiller, the same proposition applies, as Schiller himself describes it. The dra-

ma begins with a germ, which has all of the elements of the unfolding tragedy, as potential, within it. This process of unfolding proceeds to a moment of decision, which Schiller identifies as the *punctum saliens*, at which the future consequence of the hero’s flaw of moral character is visible. Part of the function of the ensuing conclusion of the tragedy, is to affirm the nature of the flaw, by showing the doom which flows from it. The second principal function of the tragic outcome, is to demonstrate that this was avoidable, but for the flaw. However, both of these features of the conclusion exist but to serve a higher-order end: These elements of the drama are designed to evoke joyous optimism in the audience, to demonstrate that we may become efficiently conscious of those flaws, which, uncorrected, would doom us. The idea of the whole which leaps from the tragic conclusion, thus, is the idea which shaped the author’s composition of the drama, and must shape the conduct of the actors and director at each moment in mid-performance.

In Classical art-forms, as in science, the ideas of art or science are not the kinds of conceptions associated simply with the experience of the senses. In every case, whether Classical art-forms, or science, the quality of idea which typifies art or science, corresponds to a solution to a corresponding paradox of the senses. Respecting this underlying connection between artistic and scientific ideas, we must place the emphasis here on the notion of causality, as “necessary and sufficient reason” is understood by Gottfried Leibniz, or as Reason is identified to the same effect by Johannes Kepler.

The same notion of causality conveyed by Leibniz’s “necessary and sufficient reason,” is expressed in musical performance by the role of the paradox just outlined, above. *It is the governance of each moment of the mid-performance by the guiding role of the idea of the entire composition’s perfected result, which is causality in the musical domain of Haydn, Mozart, Beethoven, Schubert, and Brahms.* This is the notion of causation (Reason) in Kepler’s work. This is causality for the founder of modern science, Nicolaus of Cusa, and for Plato before them all. For exactly this reason, all great scientists prefer the music of Bach, Mozart, Haydn, Beethoven, Schubert, and Brahms: That faculty of the human mind which is indispensable to valid discoveries of principle in physical science, is identical with the mental faculty by which the greatest music is composed and performed. The method of Classical composition which we identify here as *Motivführung*, or motivic thorough-composition, is the mode of composition which provides the most appropriate model of mental state for the accomplished scientific discoverer.

That is the key to the necessity underlying the discovery and development of motivic thorough-composition.

This underlying identity of the principles of causality in scientific discovery, and also in coherent musical composition, is the key to showing the historical necessity, that the method of motivic thorough-composition should emerge,

'May Day Celebration'

by Johann Wolfgang Goethe

How grandly nature
Shines upon me!
How glistens the sun!
How laughs the mead!

From countless branches
The blossoms thrust,
A thousand voices
From underbrush,

And joy ecstatic
Fills everyone.
O sun! O earth!
O risk! O fun!

O love, oh, lovely,
So golden fair
Like morning cloudlets
On that hill there!

You prosper grandly
The dew-fresh fields
With breath of flowers;
The whole Earth yields!

O maiden, maiden,
How I love thee!
Your eye's a-sparkle—
How you love me!

Just as the lark loves
Singing and sky,
And morning-blooms thrive
On heav'n-mists high—

So do I love you,
With throbbing heart,
Who give me the youth,
Joy, courage, art

To fashion new songs,
New dances free.
Be ever happy,
As you love me!

—Translation by John Sigerson

In 1771, the brilliant, 22-year-old poet Johann Wolfgang Goethe composed the poem *Maifest* ("May Day Celebration"), which later came to be popularly known as *Mailed* or *Maigesang* ("May Song"), because of the title which Ludwig van Beethoven assigned to his musical composition of the poem.

Up to the final two lines, the poem presents a steamy picture of the exuberant youth, bursting with creative ideas, but still so immature as to believe that he requires doses of below-the-belt stimulation in order to continue to create. The implications of the ceremonial dance around the Maypole are, of course, obvious, as are the springtime blossoms, thrusting from their buds. The sentiment is further reinforced by the numerous exclamations of "O . . ." and "How . . ." (In the German original, the word for "how" is the much more explosive *wie*, pronounced "vee.")

Beyond these, shall we say, hormonal features, the lines leading up to the final couplet show the selfishness of one who is, in Shakespeare's words, "in love with love." Unlike with mature love, he loves the maiden not for her own creative potential, but merely for how she is useful as a goad to his own creativity.

The final couplet, however, lifts poem, reader, and audience out of this moist banality. The poet exhorts the maiden to be *eternally* happy, in the way she loves him. The only way that the maiden could be *eternally* happy in this way, is to love *that in the poet which is eternal*, i.e., his creative works. So, one is suddenly shifted out of immaturity, and into the adult realm of self-conscious love, in which the poet sees his immortality reflected through the eyes of the beloved!

Our English translation somewhat dulls the full impact of these final two lines, which in the German are: *Sei ewig glücklich, / Wie du mich liebst. Sei* (pronounced like "zigh" to rhyme with "high"), is the imperative tense of the German verb for "to be," and has a similar, but even greater verbal impact than the earlier repetitions of the German exclamation *wie*. Then, *wie* comes at the beginning of the next, and final, line—but no longer as a mere exclamation, but as a means of clinching the paradox between the final couplet and all that precedes it.

The metaphor of the poem—the solution to the paradox—transforms all that has gone before. Again, the original German is more precise in its means to attain that end: The final line in the fifth strophe, "How you love me," is *Wie liebst du mich*, while the poem's concluding line, "As you love me," is accomplished by simply rearranging the word order, into *Wie du mich liebst*—something which no English translation could ever fully capture.—John Sigerson

(For additional discussion of "Mailed," see, "Some Simple Examples of Poetic Metaphor," by Kenneth Kronberg, in "Symposium: The Creative Principle in Art and Science," *Fidelio*, Vol. III, No. 4.)

like well-tempered, *bel canto* polyphony, as an asymptote of that essential aspect of universal history which is progress of forms in musical composition and performance. The essence of motivic thorough-composition, is not contained within the forms with which it is associated. The essence of motivic thorough-composition, is, rather, the necessity for its coming into existence: *the necessary and sufficient reason* for its coming into existence.

To understand music, we must understand the way in which its existence is subsumed by that universal principle of causation which Leibniz terms *necessary and sufficient reason*. Consider that principle of causation from its earliest documented appearance within human knowledge, within Plato's dialogues. Locate the connection of this principle to music, by considering several of the most crucial, most commonplace, but least known principles underlying the common use of spoken language.

It is important, to preface the point, respecting causality, to be developed next, by asserting unconditionally, that Plato's **Parmenides** dialogue must be read as the opening, thematic piece in a series of all Plato's later dialogues. It states, as a devastating ontological paradox, the proposition which those other dialogues address.

For the same reason just given above, respecting the performance of musical compositions, no one should waste his or her time mooted the silly scholars' squabbles respecting the relative, putative dates of writing of each among those dialogues. Ideas do not appear at the moment they are published; any person who has developed more than one valid idea in his or her life, knows, that ideas are written out for publication whenever the circumstances prompt this, not when those ideas are first conceived.

In any coherent mind, as Plato exemplifies this quality, ideas exist in the relative conceptual order of "necessary predecessor," "necessary successor." The order of ideas of a coherent thinker is the order in which they must have occurred, according to that principle of "necessary predecessor," "necessary successor." No serious thinker, would argue, that the order in which topics are published is compelling evidence, in itself, of the order in which the corresponding conceptions appeared in the mind of an author.

If one knows the ideas characteristic of Plato's later works, one must reject the notion that the **Parmenides** is anything but the prologue for, the "necessary predecessor" of the others. If one differs with that, one has understood nothing essential in any among those dialogues. As in the case of any important musical composition of the manifold under consideration, the ordering of the subsumed elements implies the constant idea which governs the unfolding of that series of elements, from the beginning to the close. Indeed, that principle is precisely the subject of the **Parmenides**: the issue of the controversy between the principal characters, Socrates and Parmenides, of the drama. The point made here, is, thus, of a very special type: a self-reflexive, "isoperime-

tric-like" image of any conception which mirrors its own mirror-image without predefined limit.

The relevant essential issue of the **Parmenides** is the issue of causality. That issue is expressed thus.

Given, a Many (i.e., a "manifold" in the specific sense employed by Riemann's habilitation dissertation), can that Many be expressed as a single idea, a single stroke of conception? Can the Many transitions, and developments linking transitions, all be subsumed under the directing governance of an unchangeable idea of the composition as a whole? The underlying issue posed in that way: Can the diversity of the universe be subsumed under a single, unchanging idea? For example: "Could God exist?" For Plato, He is the Composer, a term which Plato employs in the sense of composer of music or poetry (which, for Plato, are the same thing).

In that dialogue, Parmenides fails repeatedly in his futile attempts to meet that challenge. He fails, as would the biologist, who, asked to define the principled distinction of living processes, responds by comparing the similarities and differences among species. In this dialogue, the key to Parmenides' self-humiliation is but briefly identified: Parmenides has left the principled role of *change* out of account. For Plato, this principle of change, is that of Heracleitus' frequently quoted aphorism: "Nothing is constant but change." Change, rather than things, is substance. On this point, return to the tension between the two, interacting ideas of a musical composition as an entirety.

For Plato, our idea of the perfected performance of the composition, the idea which does not change from the outset to conclusion of the performance, has the form of that which Plato identifies as the *Good*. The imperfect idea of the whole, existing at a moment in mid-performance, corresponds to what Plato identifies as the *Becoming*. This Becoming represents the ontological quality of that principle of change which subsumes a Many. The treatment of these matters of Good and Becoming, flows from the consideration of the ontological paradox posed by the **Parmenides**, through the elaboration provided in the dialogues which the **Parmenides** serves as a "necessary predecessor."

For comparison, consider the way in which the mathematician Georg Cantor applies Plato's respective notions of Good and Becoming to the domain of mathematics. For Cantor, Plato's Becoming is expressed in mathematics as the notion of the *Transfinite*, and Good as the mathematical *Absolute*. For Plato, Cusa, Kepler, and Leibniz, among others, the tension between the Good and the Becoming, is the form of causality in the universe as a whole: "necessary and sufficient reason." Think of these considerations from Plato in musical terms.

The practical significance, for us here, of the positioning of the **Parmenides** among Plato's later dialogues, is that the content of those later dialogues is the foundation upon which a rational comprehension of physical scientific knowledge, and comprehension of musical principles, depends. The rele-

vant features of those dialogues are adduced only when one appreciates those features as responses to the ontological paradox posed by the **Parmenides**. For that reason, it is a commonplace fact, that anyone who attempts to compose a fraudulent representation of the dialogues of Plato, or of Plato's Socratic method as such, will usually suffer a compulsion to offer a fraudulent criticism of the **Parmenides**.

To meet our obligations here, the following summary of Plato's argument identifies the most relevant elements.

Follow Plato, as in his **Timaeus**. For him, God is the Composer of this universe. That composition corresponds to an idea, an idea which is unchanged from the beginning to the completion of the composition. That idea has the quality of Plato's Good, or what Cantor terms, alternately, as Absolute. In each instant of mid-performance, that composition is an unperfected Becoming; yet, the course taken by that Becoming, in each such instant, is shaped under the control of the Good. For Plato, or for the founder of modern science, Nicolaus of Cusa, for Kepler, and for Leibniz, that *musical* notion of the shaping of the Becoming by the Good is the meaning of Reason. The notion of natural law, whether in physical processes, or in society, is that same Reason.

Aristotle and his followers, including philosophical materialists such as the modern empiricists, the Romantics, and the positivists, evade Plato's argument. Aristotle gave the name of the deceased "Plato" to a caricature, a *Golem* which he had fabricated for the purpose of intimidating the credulous. To wit: The Aristoteleans argue that Plato's "Good" is some final result, perhaps "at the end of time." Therewith, these ostensible critics raise a commotion over such misleading terminology as "Final Cause" and "teleology." On the premise of such straw-man arguments, they each plant their feet four-square in the quicksand of sense-certainty; they insist that the cause of today's object in motion can be nothing other than that which bumped that object yesterday. Out of that four-footed sense-certainty, they attribute any change which might not be explained in a percussive, or kindred fashion, to an epiphenomenon of Aristotle's **Metaphysics**.

The point so bumpstiously illustrated, is that the end is not some mystical "Final Result"; like the changeless idea which shapes the enunciation of the composition at each instant of mid-performance, the end is now, and always. Aristotle, like his devotees, presents essentially no more than echoes of the same sophistry employed by Parmenides' Eleatics before him. The existence of the One which subsumes the Many, is rigorously implied by the principle of change which demonstrably orders the existence of the successive terms of the Many. From the action which shows the hand of the Good, the existence of the Good is known as One.

The musically relevant point to be made, coincides with my presentation of the crucial implications for economy, of Bernhard Riemann's **Hypothesen** dissertation. Riemann's discovery is so little known, and so much less understood,

that no wasteful burden is placed upon the reader by recapitulating the immediately relevant essentials of that conception here. Riemann is rightly taken as restating a most relevant feature of Plato's notion in the terms of reference directly applicable to modern physical science.

Riemann's 'becoming'

Put to one side, those warped mathematicians who speak of "the curvature of physical space-time." Riemann's often misrepresented discovery (as set forth first in his **Hypothesen** habilitation dissertation of June 1854) has the following principal import for the notion of causality in mathematical physics, and for the principle of motivic thorough-composition in music. The argument, in summary, proceeds as follows.

Today's generally accepted university-classroom mathematics, finds its origins in a creation of the naive imagination, in an image of space-time like that offered by a traditional classroom reading of Greek geometry. In that naive fantasy, space is defined axiomatically in terms of three primary senses of direction, which are assumed to be extensible, both without limit, and with perfect continuity: backward-forward, up-down, and side-to-side. To time is attributed a single sense of direction: backward-forward. The principal postulates of that notion of quadruply-extended space-time, are the arbitrary assumption that points exist as infinitely small regions of space, whose magnitude is absolute zero, and that a "straight line" is the shortest distance between two points in space. These postulates are required by the axioms of the trebly-extended space manifold.

Neither sense-certainty, nor such a mathematics makes any provision for the existence of cause within our universe.

The attempt to develop a mathematical physics consistent with that naive sort of quadruply-extended space-time manifold, consists of mapping the location of the points within an object such that those correspond to points in naively defined space. Change of that mapping, with respect to time, is assumed to represent a linear form of motion. Forms of change other than simple displacement in space-time, are defined naively in terms of the simple idea of motion. No provision for cause is supplied.

That species of naive mathematical physics comes into crisis when experimental evidence presents forms of motion, and related change, which can not be accounted for in terms of the axiomatic features of naive space-time. This was already noted by leading figures of Plato's Academy of Athens, and their followers, such as Aristarchus, Archimedes, and Eratosthenes. For example, simple astronomy showed that measurements on the surface of the earth required a spherical geometry, rather than a plane geometry. Kepler's discovery of a principle of universal gravitation from his work on the planetary orbits, is an example of this. Most significant is the impact of Ole Rømer's 1677 astrophysical measurement of the "speed of light" at about 3×10^8 meters per second, which prompted Christiaan Huyghens to define principles of reflec-

tion and refraction, which, in turn, led Jean Bernoulli and Gottfried Leibniz to show that the “algebraic” mathematical physics of Galileo, Descartes, and Newton was incompetent for the domain of physical phenomena, and that a “non-algebraic” mathematics of the transcendental domain, was required, instead.

Each discovery of a physical consideration which causes motion to proceed along pathways contrary to the doctrine of existing mathematical physics, has an effect more or less similar to what Bernoulli showed for the generalized refraction of light. Each of these added considerations assumes the form of extension, in the sense that our naive ideas of space and time are premised upon a general notion of extension. This accumulation of extensions, beginning with notions such as “mass” and of “refraction of a constant rate of retarded propagation of light,” represents such a notion of extension. The accumulation of such notions of extension prompts us to describe “physical space-time” by such terms as an “extended manifold of n dimensions.”

All of these n -fold considerations correlate with our ideas of *measurement*, a measurement of action, of “change.” Relative to our naive image of quadruply-extended space-time, these measurements which deviate from linear space-time notions of movement or related change, suggest “curvature”: curvature of the relevant motion, or, more generally, relevant change.

It has been generally overlooked by commentators, that Riemann’s argument takes us directly into the subjective domain. There should have been no doubt of this among Twentieth-Century scholars, who had the crucially relevant, posthumously published works before them: the **Metaphysik und Psychologie** implicitly referenced, in mention of Herbart together with Gauss, in the **Hypothesen**. Simply, the development of the idea of the n -fold physical space-time manifold reflects a series of discoveries of physical principle: It is the word “discovery” which would persuade any alert scientist, that physics has proven itself to be a branch of rational psychology, a topic, like music, rooted in the subjective domain. This is the crucial feature of Riemann’s discovery.

That crucial feature centers around the following issue. Like a modern positivist’s perversion of a theory of musical counterpoint, all formal (i.e., deductive) mathematics has the form of a deductive theorem-lattice. That is to say, a set of propositions which have been elevated to the dignity of theorems, on the presumption that it has been demonstrated that each and all are not-inconsistent with an underlying set of interdependent axiomatic assumptions. A deductive form of mathematics for a quadruply-extended space-time, is an example of such a theorem-lattice; any formal mathematical representation of an n -fold physical space-time manifold, is an example of this.

Any change within the set of interdependent axioms of such a theorem-lattice, produces a new theorem-lattice which

is formally and pervasively inconsistent with the lattice premised upon the unchanged set. In the language of both Plato and Riemann, any such set of interdependent axioms is termed a *hypothesis*; any change in the set, represents a new *hypothesis*.

It is to be noted, respecting any reading of Riemann’s **Hypothesen** paper, or later papers on mathematical-physics topics, that this significance of the term “hypothesis/hypotheses” is the permeating theme of all Riemannian mathematical physics. Notably, it is upon this basis that Riemann exposed Isaac Newton as a bungling empiricist, a scientific illiterate (see “Why Most Nobel Prize Economists Are Quacks,” **EIR**, July 28, 1995, p. 31, note 30).

Thus, each of the validated discoveries of principle which alter the preferred choice of n -fold physical space-time manifold, represents a change of theorem-lattice, a change in the set of interconnected axiomatic assumptions underlying mathematical physics. This change is predominantly a change in the ontological axiomatics, rather than the space-time form as such. The appropriateness of the new mathematics over the old is shown in the domain of measurement of motion, or of analogous action. There will be a change in the characteristic feature of measurement of such motion or other action. To this end, it is desirable, but not imperative that the correct measure be made; it is sufficient, at the outset, that it be shown that a certain quality of change in measurement is required.

Although the measurement itself lies ostensibly within the domain of what pedants reference as “scientific objectivity,” the act of discovery which produces the appropriate new mathematics does not. Our attention should then be turned to the fact, that all valid science (and art, too) is the product of a faculty of discovery of this sort. There is an adducible principle presented to us by the evidence of the relatively valid discoveries of principle of all human knowledge to date: the unique faculty, by means of which valid, axiomatic-revolutionary discoveries of principle are made. This faculty we name “creative reason,” the faculty by which man and woman were known to the Moses of **Genesis** 1:26-30, to be made in the image of God the Creator.

This faculty of creative discovery, is the sole means by which mankind’s power over nature has been increased from the ape-like potentials of several millions living individuals, to those potential relative population-densities, and associated improvements in demographic characteristics, which had become the benchmarks of human progress into the middle 1960s. This principle of creative discovery, which a child experiences each time he or she replicates the original act of discovery of some valid, axiomatic-revolutionary principle, is the proximate cause of the increase of mankind’s power over nature per capita: It is the psychological cause of a physical effect. How do we represent that causation, mathematically?

Therewith comes the fun, the topic which is crucial for

understanding motivic thorough-composition.

The inconsistency bridged by the transition from one theorem-lattice to another, has the mathematical, and mathematical-physical (i.e., ontological) quality of what is termed variously a (formally absolute) mathematical discontinuity, or a singularity. This might be depicted graphically by a point which is of unlimited smallness, but never mathematical zero, or a line whose thickness is, similarly, of unlimited, never-zero smallness. The increasing accumulation of valid axiomatic-revolutionary discoveries of principle, over the course of human existence to date, thus represents an accumulation of such discontinuities, an accumulation expressed as implicitly denumerable; thus, the transmission of that culture to a person today, awards that person a quality of knowledge which might be expressed in terms of *density of discontinuities per interval of action: action of thought*. In other words: describable as an *n*-fold physical space-time manifold. This form of manifold, associated with functions of increasing density of such discontinuities, is characteristic of *not-entropic* processes, such as living processes generally, the human cognitive functions, and the action which typifies successful societies.

Any musical composition which satisfies the requirements of motivic thorough-composition, has the same quality as creative scientific generation of a valid, new theorem-lattice. It is that quality of distinction, which defines the musical composition as a whole, as a unit musical idea unique to that composition. The kinds of modal transitions which Wolfgang Mozart defined in practice, by his 1782-86, and subsequent development of a Bach-pivoted method of motivic thorough-composition, are exemplary of this. Beethoven's revolution within Mozart's own motivic method, a revolution exemplified by the late quartets, is also exemplary of this. It is the modal feature which Mozart understood in the **Bach Musical Offering**, and the extension of that same modal principle by Beethoven, by a topological revolution in modalities, which exemplifies composition effected by a pure act of coherent creativity: the generation of a relatively absolute musical idea by means of a succession of revolutions in treatment of a pair of root-intervals, these representing, like the Bach/Mozart C-minor/C-major modality, a single modal germ.

Shifting focus back to Riemann for a moment: Apply Riemann's notion of hypothesis to the axiomatic-revolutionary progress of mathematical physics, to date. Let us, for purposes of first-approximation, apply that idea of the progress of physics in general, to the examination of this ongoing composition taken in mid-performance. We have an "objective" measurement, which shows us that this is progress: increase of potential relative population-density, a characteristic measurement of action of a society practicing a certain development of scientific knowledge. We should know, if we render ourselves conscious of the experience of replicating the act of discovery of valid axiomatic-revolutionary

principles, the method of action—the notion of modality—by means of which the progress is generated. We are then prepared to treat the execution of scientific progress as an accomplished performer renders a great musical composition. We have then joined Plato and Kepler in knowing the universe as a composition. We have then joined Leibniz in comprehending the principle of necessary and sufficient reason. We have then addressed the significance of Riemann's discovery. We have then uncovered the importance

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of Mozart's and Beethoven's successive revolutions in the application of the principle of motivic thorough-composition.

Now, turn to the common root of music and mathematics, the *bel canto* vocalization of the spoken utterance.

Derrida's cacophony

The communication of ideas within society is accomplished chiefly by aid of that spoken utterance, called speech, whose pale shadow is the written word. The idea communicated is contained within neither of the two verbal media, although properly sung oral utterance is much closer to reality than the **New York Times' Style Book**, or the presently popular, Derridaesque lunacies of the Modern Language Association (MLA)'s politically-correct "de-phonization" of the written language.

Oral utterance is vocalization, as the natural *bel canto* potentialities of the human speaking apparatus require. Oral utterance demands singing-voice registration as an essential component of written utterance. The literate form of spoken word, such as William Shakespeare's stage, for English, is a vastly more powerful medium than the written word, except to the degree that the reader, and also the writer, share the understanding that the written utterance is to be reconstructed, phonically, as it had been spoken, in a *bel canto* singing manner, with register shifts, as by a classically-trained actor of the Classical Shakespeare or Schiller theater. Competent

punctuation, in opposition to the MLA and **New York Times' Style Book**, is applied to the purpose of prompting the reader to reconstruct the Classical—e.g., Shakespearean—form of oral utterance intended by the written passage. Great poetry, Classical tragedy, and the apotheosis of Classical poetry, as song composed in a mode of motivic thorough-composition, are the richest media for transmission of ideas in speech.

In oral, or written utterance, as in the great Wilhelm Furtwängler's musical performances, ideas sing between the words, as the musical idea sings between the notes of the score. Speaking broadly, the key to comprehending these distinctions, is *irony*; as Riemann's work illustrates the related case for mathematical physics, the idea-content of speech lies outside the narrow band-pass of either oral or written dictionaries and grammar, in the higher domain of *metaphor*. Symbolism, by contrast, is for the *Brotgelehrten*, the sexually hyper-active, the oafs, or to use a gentler term of reproof among professional musicians, *Romantics*. As in discovery of principle in science, ideas come into existence as formal discontinuities, as singularities.

Our palette presents us, thus, three distinct notions of spoken communication: first, the idea itself, which can not be contained within the band-pass of speech as such; second, the literate form of utterance, the highest form of communication; and, third, the written shadow of spoken utterance, which is literate only to the degree that the composer (author) and re-composer (reader) understand that the written text is supplied to the purpose of prompting the hearing of the implied, literate spoken utterance in the mind of the reader.

For example. A literate written text is that which, among other qualifications, is written and punctuated from a literate, e.g., a phonic, standpoint: to reflect voice-register shifts, to set off clauses and phrases serving as subjects, predicates, or appositives, and kindred speaking-voice requirements. An illiterate spoken text, is one which attempts to intone a written text in a sing-song, or any other among those otherwise stylized manners designed for oral rendering of written text, as typically acquired in classrooms or analogous settings.

Notably, the worst performances among musicians who have acquired physical and related qualities of technical proficiency, are derived most visibly—and painfully—from a carrying over, into reading of the musical score, of the tendency to read the written text of prose or poetry as if there existed a written language which had its own primary existence, rather than existing as a mere shadow of sung prosody. Long before there was the cacophonous doctrinal babbling of Jacques Derrida, there was already the well-established, psychosexually impotent belief in the original existence of text (as of score).

Within the domain of the professional musician, this fanatical perversion appears commonly as the dogma of "instrumental music." The customary root-doctrine on this point, is that of the Nazi-like cult of Dionysos and Richard Wagner, that music derives from dance, rather than the vo-

calization of poetry. These are the Dr. Sigmoid Frauds of the musical slums, existentialist followers of positivists such as Ernst Mach, doctrinaires of the ilk who attribute all aesthetical values to not only sensual effects as such, but, preferably, sexually-orgiastic ones.

The effort to promote a cult of "instrumental music," denying the ancestry of all music in the polyphonic vocalization of poetry, is the work of the existentialist "Derridas" of the musical salon and conservatory, and, of the like of the Austro-Hungarian *Geheimpolizei*, who administered the musical policy of the empire under such notorious "doges" of the *Fürstentum* as chancellors Wenzel von Kaunitz and Clement Prince Metternich. Similarly, in Metternich's circles in Prussia, the relevant administrators were the neo-Kantian Romantics G.W.F. Hegel and, more emphatically, the forerunner of the Hitler regime's philosophy of law, Friedrich Savigny.

Underlying this more immediately obvious parallel between the doctrines of text in literature, and of "instrumental music," there is a deep-going, causal connection.

Once those misleading presumptions of the written text have been placed to one side, thus, we may focus upon those crucial features of the relationship, between literate forms of oral utterance and music, which bear upon the origins of motivic thorough-composition.

Neither speech nor the literal aspects of a musical score, can convey ideas within that medium as such. As Classical poetry underscores the relevant aspect of spoken, and sung language, it is the metaphors which are the sole "repository," so to speak, of the actual ideas. This role of metaphor is the feature of poetry which the popularized doctrines of symbolic interpretation are supplied to conceal and deny.

The use of irony to achieve metaphor, is the most crucial feature of human speech, and of music, the aspect of communication which enables one mind to provoke the synthesis of an idea within the mind of another individual. All important ideas are of this form; they express the same problem, and solution, posed by the fact that an entire new theorem-lattice is separated from the predecessor which it replaces, by a single singularity (e.g., mathematical discontinuity). It is by breaking the bounds of literal reading of the existing usage of language, that metaphor enables us to enter a domain of relative higher *cardinality*, as from a manifold of n degrees of extension, to one of $n+1$ degrees. The precondition for this, is that the ironies associated with the metaphor are real, that they correspond to identifying a fallacy of principled assumption in the previously accepted use of that language.

Hence, the intrinsically pseudo-scientific character of so-called "information theory." Since the change introduced by the use of the metaphor defines implicitly an entirely new theorem-lattice, of higher cardinality, the quantifiable effect of the relevant communication is, axiomatically, vastly greater than the adducible absolute statistical potential of the medium employed.

The metaphor employed to this effect, can not be located within the channel of communication between the speaker

and the hearer. The channel reveals only the ironies with which both the speaker and the hearer associate the metaphor. The metaphor itself exists only in the minds of each of the persons, not within the medium of communication. It is upon this aspect of the matter that we must presently focus most intently.

For most readers, the principal source of the difficulty which the professionals experience with our line of argument, is the combined impact of two facts. First, all but a vanishing handful among them are either totally, or virtually bereft of consciousness of a Classical humanist method of education; the defects in their education have denied them the references which would make the notion of creative discovery readily accessible to one educated by that Classical method. Second, during the recent centuries, especially in the aftermath of British triumphs in wars, the empiricist method has also triumphed politically among not only the vanquished European nations—first France, and later Germany. After the premier opponent of British imperialism, the U.S.A., succumbed to a “special relationship” with Presidents Theodore Roosevelt’s, Woodrow Wilson’s, Coolidge’s, Harriman’s, and Bush’s beloved Britain, the Svengalis of empiricist dogma have gradually subdued the Tribys of the dominant educational and cultural institutions of the planet, and also the popular culture of western Europe and the Americas.

That source of difficulty need be identified and stressed, that the crucial point be made comprehensible. It must be stressed, that in a Classical humanist mode of education, as typified by the Wilhelm von Humboldt gymnasium program for Germany, the emphasis is upon the student’s reliving the original act of discovery of the important discoveries of principle, in every leading department of knowledge, throughout history to date. In this way, instead of merely learning the answer, the student comes to know the answer. More significant, the student who benefits from such Classical rigor in education, is made conscious of his or her own creative-mental processes, by means of which the original discovery is replicated within the student’s own mental processes. The result is to be compared with the musical case under consideration here.

In each case the student replicates the mental act of discovery of an axiomatic-revolutionary quality of solution-principle, the student is doing much more than learning the textbook answer for the relevant examination question. By reliving the act of axiomatic-revolutionary discovery, with the student’s own sovereign creative-mental powers, the student arrives at a relatively absolute idea, of the form of Plato’s Good. This idea thereafter governs the student’s re-replication of the act of discovery, as the idea of a completed musical composition acts to control the re-replication of the process leading toward a repetition of that completion. It is the tension, between that relatively Absolute idea, and the relative Becoming, the process of completing the discovery, which is the active expression of knowledge in that case.

This process can occur only within the creative-mental processes of the individual person; it can not be supplied in an articulate form in a medium of communication among persons. The communication-process’s function, is not to communicate the idea of the discovery, but merely to prompt the mind of the hearer, to replicate the creation of that discovery.

In the case, that the speaker succeeds in prompting that replication in the mind of the hearer, we may speak of the speaker’s expressed *insight* into the mental processes of the

The use of irony to achieve metaphor, is the most crucial feature of human speech, and of music, the aspect of communication which enables one mind to provoke the synthesis of an idea within the mind of another individual.

hearer. In that case, the speaker has employed his (or her) own mind, to construct, as a kind of “sub-set” of his own mind, a kind of analog of the hearer’s mind. His object, is to select a pattern of “signals,” which, expressed through a medium of communication, will tend to prompt the hearer’s mind to engage in the desired process of creative replication. In sum: Classical-humanist pedagogy, as distinct from the deplorable, empiricist kind. The gifted composer, such as a Bach, Haydn, Mozart, Beethoven, Brahms, employs the same principles of Classical-humanist pedagogy to compose, and to teach their students, just as Wilhelm Furtwängler devised his tricks for evoking the necessary, but unsayable musical result from his orchestras.

Real ideas do not exist within the “band-pass” of any medium of communication, of spoken or written language, or formal mathematics, included. Nor, could they ever be replicated by a digital computer. They exist only within the human mind. The function of communication, is to enable one individual mind to prompt a replication of the creative-thinking process in other human minds, much as Furtwängler shaped the musical insights of the musicians within his orchestras.

It is a matter of measurement. Living processes, discovery of valid scientific principles, the use of those creative processes to generate or to replicate artistic ideas, and scientific and technological economic progress, are each and all “not-entropic” processes. That is to say, that the characteristic measurement of the relevant, distinguishing form of action is “not-entropic.” This can not be measured by any possible linear, or merely “non-linear” standard of measurement. Only the sovereign creative-mental processes wholly internal

to the individual human mind, can generate, or willfully replicate a “not-entropic” conception.

Within the relatively entropic domain of formal mathematics, written language, grammatical utterance, or musical score, there is no place for creative ideas to dwell, except as discontinuities. These discontinuities dwell among, but not within the words, the mathematical formulations, the notes of the musical score. They are expressed by aid of the ironies whose manifest effect is to generate discontinuities. The ideas to which those discontinuities correspond, as do footprints to the person who walked that path, exist for language, for mathematics, and for music, only in that empyreal subjunctive where all true metaphors reside. For music, they are to be heard by the individual’s inner ear of insight, between the notes.

Thus, in literate forms of language, we have three objects to consider: the spoken utterance, the written shadow of the spoken utterance, and the object to which the utterance refers, but only the inner mind of the utterer can know. In all cases of those concepts which deserve the reputation of knowledge, the essential concept is relatively Absolute, in the sense of the form of Plato’s Good. The essential concept controls a second, subsumed version of the same concept, in the form of Becoming, in the process of emergence. Every other idea is subsumed by the electrifying tension of the interaction between these two.

Thus: ‘Motivführung’

From the vantage-point of memory, the desired general goal in the development of methods of musical composition, is an increase in coherence: that each step in mid-performance, from the first to the last, brings the process of becoming into coherence with the indivisible idea of the composition as a whole. This must be achieved with the relatively greatest power, or apparent “energy” of the performance, which can be achieved only by increasing the density of discontinuities per interval of action. In other words, the intensity of the development. As the third movement of Beethoven’s Opus 132 quartet, the *Heiliger Dankgesang*, epitomizes this, the most challenging development must be achieved with the most concerted expression of *agapic* beauty.

A not uncommon misunderstanding of Beethoven’s later compositions, notably the late string quartets, supplies negative illustration of this point. The dupe of the modern musicologists’ Hegelianizing, is soaked in a mystical delusion which might appear to have been first induced in the following manner.

According to imputable legend, the deed was done by the plainclothes *Poltergeister* of the Austro-Hungarian secret police, who, at the moment, lurked in the nooks and crannies of the 1814-15 Vienna Congress. One moonless night, while the delegates to the Congress were distracted by some drunken celebration, out from their lurking-places, slipped the evil earth-spirits of the mystical Central-European underworld.

They moved by shadow, to shadow, into the musical neighborhoods; there, from the infants in their cradles, they ripped out the capacity to compose and hear music in a Classical mode (which, incidentally, had been performed at Johann Sebastian Bach’s A=430 cycles). One could hear the monsters’ fiendish giggling (*sotto voce*, of course), as, into the minds of the ravished infants, they inserted the changeling souls: the dispositions to compose, perform, and hear in the politically correct, Romantic manner (tuned to mad Czar Alexander I’s A=440 cycles). All of this substitution was decreed, and duly notarized, over the great seal of Chancellor Metternich. In the morning, the blurred senses of the late-awakening households’ members noted little change, except, perhaps, that the diapers were somewhat dirtier than usual.

Thus, according to the fantasy told by balding musicologists to the gaping credulous, 1815 marks the point in time, at which the Classical impulse within composers, performers, and audiences vanished, and the Romantic impulse pervaded the universe, instead. A fairy-tale? Perhaps; but, what the modern musicologists describe as the result, if true, could not have occurred in a way much different than the account we have just reported here.

This, sadly, is not the end of the tale. Near the turn of the century, the prank was repeated, once again in Vienna. The same imps, from 1815, now replaced their Romantic changelings with Modernist ones. This time, the morning diapers were terrible.

One might wonder, if news of the latter event trickled down to G.W.F. Hegel, wherever he resides, below. If so, Hegel and his old crony, Friedrich Savigny, shared a fiendish smile. Many musicologists, to the present day, appear to think so.

The principal evidence supporting this snippet of feudal folklore, is that modernized audiences pretend, at least, to enjoy the mauling of not only post-1815 Classical compositions, but also Mozart, as parodies of the style, perhaps, of Hector Berlioz. Sometimes, the works of Beethoven are appreciated almost as if they were smudges composed by Stockhausen; certainly, the late string quartets have been prey to such mistreatment more than once. It is a matter of dogma for some, that they must impose the raucous sound of their pedantic conceits upon Beethoven’s intent; the supernal beauty of the *Heiliger Dankgesang* does not penetrate the thick brain-callous of their indoctrination.

If the unchanging idea of the perfected composition, must govern the performance in progress, from beginning to end, can not the idea of this relationship inspire the composer to improve the method of composition accordingly? Should the idea of the composition as a perfected whole, not guide the composer in his building the composition, step by step? Thus, to achieve a less imperfect coherence, in the process of composition itself, must we not desire, that the idea of the perfected composition should be, like a Schiller tragedy, an implication of some simple germ, from which the composi-

tion as a whole unfolds?

Can not the relationship, between the intended Absolute idea of the composition, and that germ, not be the generating principle under whose governance ("tension," "energy") the composition itself unfolds? As soon as we progressed, from formalist's modulation among keys, into the integration of a complex of keys into a single mode (as the Bach C-major/C-minor mode illustrated the point for the Wolfgang Mozart provoked by Haydn's new quartets), the required new idea of composition was implicitly identified. Once Mozart's notion of motivic modalities were drawn beyond its initial limits, by a genius such as the matured Beethoven, music may expand the range of modalities greatly, as he, at the outset, doubled the number of apparent keys we must recognize as awaiting us within a *bel canto* well-tempered system.

That revolution within the bounds of the Classical methods of well-tempered polyphony is not an arbitrary, if clever innovation, which one might choose to adopt or ignore. It is the unevadable solution to a profound scientific, and moral problem. Once we had adduced that Platonic function of memory, which renders Classical composition a way of representing the lawful ordering of the universe (this, according to what Leibniz recognizes as necessary and sufficient reason), we could not have been satisfied, until we had freed future musical composition from the pretty bric-a-brac extraneous to that principle. The discovery of motivic thorough-composition, satisfies that requirement.

The added obligation, which we must impose upon all composition in this expanded, nobler modality, is that it must never cease to be heard in the mind, and so displayed, as a domain of empyreal beauty.

Finally, before leaving this stage, to make way for the ensuing presentation of *Motivführung* as such, we must now turn to our culminating point. We must show why we selected the manifold we identified at the outset of this exposition. In light of what we have reviewed thus far, consider the species of apparent difficulties presented to the musical performers as we shift from the soloist, to the duet, and then to the quartet or quintet. Define, as a single conception, the common solution-principle for each and all among those cases.

The key to that manifold, is the sovereign creative powers of the individual mind. For reasons identified earlier here, the performance of great music, must employ the powers of insight, by both the composer and performer, to provoke the generation of the idea from, separately, and more or less simultaneously within each mind of the audience. So, the musicians on stage must interact with one another, to produce the same result as a combined effect of their performance.

So, the essential idea of musical performance, begins with the singer, singing his own composition, as accompanied, like Plato or Leonardo da Vinci, by his own lyre, or a Wolfgang Mozart or Beethoven performing one of his own previously composed solo works. A musician's performance of another's composition, introduces a new dimension: The

performer must recreate the mind of the composer within his own, and let the composer's intent provide the insight into the mind of the audience. In a duet, performing the work of a great, but deceased composer, the performers add a new dimension to the challenge. With the Classical quartet or quintet, the challenge met in the duet, is drawn to the limit.

With the orchestra, the underlying principle is the same, but the problem of execution is somewhat different. In the transition from thorough-composed works for duets, trios, quartets, and quintets, to the orchestra, or large chorus, a new manifold is introduced. The emergence of the specific role of the musical director parallels the shift from the individual performer, of the first performing manifold, from the performer-voice, to the performer's participation in the voice of a part. In place of the individual musician performing a voice, several or more musicians participate in reproducing a part-voice; the function of their sovereign individuality, as performer, is shifted in that manner and qualitative degree. Otherwise, the deeper principle, common to both performing manifolds, remains the same. With that qualification, our attention can be focussed upon the smaller scale of performing manifold.

The key to the role of the individual performer, in the smaller manifold, is already signalled in the score, in a close reading of the composer's treatment of polyphony. This serves, later, as also the key to the transition from the smaller to larger musical-performance manifold. The polyphony is already a manifold of human singing voices. This polyphony is the drama which the musician, or ensemble, must perform; that provides the key to the composer's insight into the minds of that audience to which the performers must deliver the intended result, the intended musical idea.

These matters are not to be seen as idiosyncrasies of the musical domain. They are those characteristics of well-tempered musical composition and performance which render music in general an indispensable spiritual nourishment of the agapic creative powers of reason, as creative work may occur in any honorable profession. These characteristics, perfected in execution in the degree motivic thorough-composition represents, are identical to the creative powers of valid, fundamental scientific discovery. These matters of music are not optional, not matters of taste, but indispensable habits for the maintenance and progress of civilized existence.

Classical Music, like the Negro Spiritual addressed by Brahms's Antonin Dvorak, is the apotheosis of that empyreal beauty which is known in science, as the submission of the human creative will to a principle, a principle which Gottfried Leibniz identified as *necessary and sufficient reason*. Like the development of J.S. Bach's well-tempered mode of natural *bel canto* polyphony, motivic thorough-composition, otherwise named *Motivführung*, is a natural and necessary realization of that principle.

That, my friends, is a principle to be committed to memory.

Clinton's quiet war with the food cartels

by Jeffrey Steinberg

It may be too early to call it an all-out war, but recent actions by the Clinton administration suggest that the White House is cracking down on some of the country's biggest food cartels—at precisely the moment that they are preparing to saddle the world with a major food shortage.

The most widely publicized of the actions is the Justice Department's grand jury probe of price fixing by the Archer Daniels Midland company and a half-dozen other food-processing giants. But in recent weeks, the U.S. Department of Agriculture (USDA) has announced that it is investigating the nation's largest meat-processing company, IBP (formerly Iowa Beef Processors) for preferential treatment of certain feed lot owners. Perhaps not coincidentally, the Mexican government announced its own investigation of IBP's dumping of beef on the Mexican market in order to drive the country's cattle producers into bankruptcy.

The IBP probe has significant political ramifications. Early in August, the *Wall Street Journal* revealed that IBP management was pressuring employees to turn out en masse for the Aug. 19 Iowa Republican Party straw poll to cast their votes for Texas Sen. Phil Gramm. IBP has drawn fire since the early 1980s, when the company was bought by Armand Hammer's Occidental Petroleum, and began slashing wages and benefits for its workers (down 40% in the last decade), while at the same time aggressively moving to consolidate a near-lock on Midwest cattle stocks. As the result of these practices, many IBP full-time employees are so poorly paid that they qualify for food stamps and even welfare benefits.

The irony of Armand Hammer, the late pro-Soviet billionaire, whose father was a founder of the Communist Party USA, running one of the nation's worst slave-labor shops, tells only part of the story. Since the Occidental takeover, IBP's board of directors has been padded with George Bush-aligned Republicans, including Wendy Lee Gramm, wife of

the senator, and Bush's chairman of the Commodity Futures Trading Commission (CFTC); and Alex Cortelis, the south Florida real estate magnate who was Bush's chief fundraiser in his 1988 and 1992 presidential campaigns, and who now heads the fundraising effort for Phil Gramm. Even after Occidental sold IBP several years ago, top Occidental executives retained control over the company. While workers' wages and benefits plummeted, the chairman of the corporation is now pulling down a \$4.8 million annual salary, and outside board member Wendy Gramm gets \$20,000 a year, plus \$900 for every board meeting she attends.

Courtesy of IBP's herding efforts, Gramm came in tied with Senate Majority Leader Bob Dole in the Iowa straw poll on Aug. 19. Reportedly, 60% of Gramm's votes were delivered by IBP; and the media has tried to portray the Iowa event as a sure sign that the Gramm campaign is back on track, after a disastrous start. In May, on the very day that Gramm was appearing at a rally of the Christian Coalition, endorsing their "Contract With the American Family," the *New Republic* released a story detailing Gramm's bankrolling of X-rated movies, including one that depicted former President Richard Nixon engaging in bestiality in the Oval Office. Gramm had delivered a eulogy at Nixon's funeral. A few days later, another story was released linking Gramm to the early release from jail of a major Texas drug trafficker.

More than politics

The Clinton administration's moves against IBP and ADM may, on the surface, look like little more than election-year politics. Not only is IBP part of the hard-core Bush-league Republican financial structure, but ADM chairman Dwayne Andreas is one of the biggest backers of GOP presidential front-runner Dole, and ADM has been a regular source of soft money to the Republican National Committee.

Dwayne Andreas is also a member of the international advisory board of the London-based Hollinger Corp., the media conglomerate that has been spearheading the propaganda assault against the Clinton presidency for the past two years. ADM has been pouring money into Hollinger's American subsidiary, American Publishing Company, and last December, ADM director Robert Strauss (a Texas Democrat and Bush's ambassador to Moscow), was placed on Hollinger's board of directors.

But sources close to the probes who were interviewed by *EIR* say that there is more to the Executive branch actions than pre-campaign maneuvers. They say that some senior administration officials and advisers are convinced that the cartels' power must be broken before any serious economic changes can be enacted. Coming at a time when the London-centered Club of the Isles apparatus is aggressively hoarding a wide range of strategic raw materials, including foodstocks, strategic metals, and petroleum products, in anticipation of a blowout of the global financial bubble, a move on the cartels could prove to be a timely hit on some of the President's strongest British enemies.

ADM in deep trouble

By far, the most serious move against the cartels is the Justice Department anti-trust office's moves against ADM and other multinational companies involved in producing lysine, an amino acid, and high-fructose corn syrup. Since the raids on ADM headquarters by federal prosecutors and FBI agents on June 27, there have been 28 separate civil lawsuits filed against the company. Most of the suits have been initiated by corporate stockholders and clients who charge that they have been robbed by the firm as the result of its price-fixing activities. Since the raid, prices of ADM shares have fallen by 11%.

The Sept. 4 issue of *Fortune* magazine features a first-hand account by ADM Vice President Mark Whitacre of the company's role in organizing a global lysine cartel. Since December 1992, when he first told FBI agents visiting the ADM headquarters about the price-fixing scheme, Whitacre has been secretly taping meetings between ADM executives, including Mark Andreas, the chairman's son and heir-apparent, and officials of rival firms, at which prices were fixed and production and marketing quotas set. ADM executives were frequently captured on tape, repeating the company mantra: "Competitors are our friends, customers are our enemies."

Among the ADM "family jewels" that has already been exposed as the result of the ongoing DOJ investigation, is chairman Dwayne Andreas's cozy relationship to senior officials at the FBI, who, over the past decade, placed the bureau at the disposal of ADM to go after several rival firms. According to Whitacre's *Fortune* account, in December 1992, in the midst of ADM's efforts to organize the illegal lysine cartel, Dwayne Andreas called in the FBI to launch a probe of the Japanese company Ajinomoto, claiming that the rival had planted a saboteur at the ADM lysine plant to infect



Dwayne Andreas, chief executive officer of Archer Daniels Midland. The power of the food and raw materials cartels must be broken, if any changes in U.S. economic policy are to be effected.

the ADM product with bacteria.

The Andreas ploy backfired badly. Faced with the prospect of being caught in a bribery and illegal price-fixing scheme, Whitacre confessed to the FBI and eventually agreed to be a mole inside the company hierarchy.

It was a strange twist of fate. Back in 1987, Dwayne Andreas had helped infiltrate two undercover FBI agents into the Chicago commodities exchange, where, for two years, while posing as ADM brokers, they amassed evidence against ADM's biggest rival in the soybean business, the Italian conglomerate Ferruzzi. Eventually, 18 soybean traders were indicted in a fraud scheme, and the Chicago Board of Trade, under heavy pressure from ADM and Cargill, ordered Ferruzzi to sell off its soybean inventories at a loss of more than \$100 million. Several years later, Ferruzzi went under altogether, and two top company executives allegedly committed suicide.

In another move that could prove to be an important hit against the Bush-league multinationals, the Securities and Exchange Commission (SEC) has initiated an action against the W.R. Grace Company. The company's recently deceased chairman, J. Peter Grace, had been a fixture in the Reagan-Bush era "secret parallel government." One of Grace's pet "charities," Americare, was a major source of non-lethal aid to the Nicaraguan Contras, and may have been even more directly involved in the secret war in Central America.

The SEC probe is reportedly centered on over \$24 million in bonuses and perks provided to J. Peter Grace during his tenure as chairman of the board. Some of that corporate largesse may have found its way into the Contra war chest.

The Washington Post: a daily dose of political ignorance

by Lyndon H. LaRouche, Jr.

In an opinion editorial, entitled "Secular Politics," by writer James K. Glassman, the *Washington Post* of Aug. 22, 1995 asserts the following absurdity:

The secular trend has been clear since 1978, or even 1966: Americans are returning to values and ideas associated with the Republican Party, which dominated political life from the 1880s to the early 1930s.

How like the used-car salesman, who didn't care what he said, as long as saying it sold the heap; how like the *Washington Post*.¹ It happens that Ohio's William McKinley, the author of the famous "McKinley Tariff," was a Republican congressional leader and President (1897-1901) in the Anglophobe, and pro-agro-industrial tradition of Abraham Lincoln; his successor as President, Theodore Roosevelt (1901-09), was in the tradition of his Confederate uncle and mentor, James D. Bullock: an adversary of industrial interest, and a virtual devotee of Britain's King Edward VII and Edward's imperial design.

Glassman has packed two major lies, not just that one, into his single sentence.

The post-1966 trend leading into today's Republican House Speaker Newton Gingrich, is not the trend of even the pre-Depression Republican Party. Like Theodore Roosevelt, Calvin Coolidge and Herbert Hoover represented a cruel and foolish policy, which led the U.S. economy into the 1930s Depression: But shameless ideologues like Newt Gingrich and Senator Phil Gramm, represent a quality of "bottom feeder" which would send any self-respecting catfish quickly into another stream, to say nothing of the reaction among any persons sharing the outlook of 1940s and 1950s hardrock industrialist entrepreneurs.

1. See the *Post*'s editorial-page declaration of its "libel only" policy against Lyndon H. LaRouche, Jr.: Stephen Rosenfeld, "NCLC: 'A Domestic Political Menace,'" *Washington Post*, Sept. 24, 1976. See also, *Post* writer's John Mintz consistent falsehoods against this writer, 1984-88. During the interval 1984-88, the *Post* was an open editorial sewer-pipe for the standard issue of libels generated by the New York editorial salon of Smith and Train banker John Train.

Even Newt Gingrich has insisted repeatedly, that he and Alvin Toffler are hard-core "Third Wave" freaks, who do not wish to be linked in any way to what guru Toffler and devotee Gingrich reject with a lip-curling utterance of "Second Wave!" Remember: "Second Wave" is the Toffler-Gingrich hate-word for the agro-industrial society to which the Republican Party was firmly committed, until the middle 1960s. Indeed, if there is one thing which the flopping Newt Gingrich, and Phil Gramm, have actually accomplished, it is to wipe up many of the surviving remnants of that kind of agro-industrial economy which, until 1963, built the U.S.A. as a great economic power. The only quality which Gingrich and Gramm share with Calvin Coolidge, is pure meanness.

There is only one important point of resemblance between Newt Gingrich's "Third Wavers" and the Hoover Republican Party of the early 1930s: Everything which Gingrich represents politically is about to be washed away by a far greater international economic calamity than wiped out the 1932 Hoover re-election campaign.

From that point on, Glassman's piece is all down-hill. Why mention it, then? As one might have asked the Scottish poet Robert Burns: "Why write a poem about a louse on a lady's bonnet in church?" Simply, the significance of poor louse Glassman is that he shows that the lady in question—Katie Graham, in this case—is lousy. Think of the silly Sunday-morning TV pundits, who will treat a *Post* piece such as Glassman's as solemn critical stuff; think of the foolish voters, who will look up from reading such trash as Glassman's, and delude themselves "better informed" for the experience.

There was once a citizen, who sought to rally the people against a grave danger to them all. He asked for their political support; they gave it. He asked for their financial assistance; they gave it. He asked some of them to join him in risking their lives to ensure success; they joined him. He asked if they will be willing to give up their ignorance, so that they might work effectively; they turned away from him in anger. Thus, the catastrophe occurred.

You, personally, face the worst financial and economic crisis in five hundred years history of modern European civilization. It is not something which might occur; it is something already coming on, like a tidal wave building up as it moves

toward us. The entire International Monetary Fund system is now collapsing; a major shock could occur either during the months just ahead, or a major collapse-shock by sometime during 1996: unless the U.S. government takes certain actions which, presently, it is not inclined to do during an election-year. Unless the wave of ongoing monetary and financial speculation is stopped, the early result will remind some future historians of the Germany *Reichsmark* collapse-scenario of 1922-23; the difference is, that was in but one nation, while this will be on a world-wide scale.

Franklin Roosevelt said, "We have nothing to fear but fear itself." I prefer to say: "We have nothing to fear as much as our tendency to cling to the ignorant opinions so many of us adopt from the popular mass media." That sickening soap-opera called "The O.J. Simpson Trial," for example. Do you care enough about this nation, about yourself, to kick the *Washington Post* habit, a leading source of this nation's daily dose of political ignorance?

LaRouche on health-care

From a letter exchange between Mr. LaRouche and a reader:

From a Puerto Rican reader:

. . . In spite of the fact that he became a Democrat, the governor of Puerto Rico is carrying out a GOP business platform. His administration is known for the creation of a free health ID for the poor people. The problem with this health ID is that the Puerto Rican government had previously instituted a free regional health system for the poor population. Our island had a regional health system, with one of the best life expectancy records in the world. The insurance companies are the real winners of the health ID plan. They justified the creation of the health ID plan through negative propaganda against the public health system's public services. The real problem with the health ID's is that the government is paying for it by taking loans on its non-recurrent funds. The same thing is being planned against the educational system: Slander it in order to justify its privatization.

Lyndon H. LaRouche, Jr.:

I can not disagree with your assessment of the impact of such types of changes in practice. Under the impact of the Gramm-Rudman tradition and the apparent 1994 electoral success of the Newt Gingrich "Contract with America," changes of the type you report have become an accelerating trend among opportunistic political figures. My historically informed view of such policies is, that Gingrich's policies are fairly compared with the same, infamous Nazi doctrine, of reducing expenditures of "useless eaters," which Colorado's Governor Lamm echoed more than a decade ago.

I make three points on that trend, as follows.

First, I cite the principle established by the post-World

War II Nuremberg-trials process. I describe that policy as follows: 1) If the standards employed by competent insurance actuaries should have forewarned government officials, or relevant private professionals, that the adoption of a certain policy would increase the death-rate, and 2) If those responsible public officials, or private professionals established, or practice such a policy, 3) They are as guilty of willful murder as if they had killed each of the victims personally, with an axe; 4) Such persons, today, are to be despised now, as no better than the very worst criminals under the Nazi regime were considered, under the Nuremberg code. . . .

Second, as an economist, I regard such policies as not only capital crimes against humanity. Speaking professionally, the arguments of people, such as the culpable politicians Senator Phil Gramm and Speaker Newton Gingrich, mark them as the worst kinds of pseudo-scientific quacks in the field of political-economy. They are a capital-criminal variety of pseudo-scientific quacks, comparable to the Nazi race-theorist, Dr. Ernst Rudin. This means, that their pseudo-scientific dogma, if applied to practice, must result in capital crimes against humanity.

It is relevant to understanding Gingrich's and Gramm's health-care policies today, that that Dr. Ernst Rudin was the same Nazi official whom the late Averell Harriman, and the George-Bush-family's late General William H. Draper, assisted in promoting as the head of the Harriman family's International Federation of Eugenics Societies. That was the same Harriman whose chief executive officer, and President George Bush's father, (Republican) Prescott Bush, brought Adolf Hitler to power in Germany through aid of a massive transfer of funds to the Nazi Party, funds supplied by ("Mr. Democrat") Averell Harriman's New York banking firm.

Third, if we are to maintain the health of citizens generally, there are two principal sets of economic facts we must address. 1) The chief cause of the rising cost of health-care, is centered in two facts about the 1967-95 trends in the U.S.A. (and, world) economy: that the per-capita physical-economic income and productivity, and tax-revenue base of the U.S.A. has collapsed during this period, and, 2) that this collapse is aggravated by forms of financial speculation which have embedded monstrously rising debt-service charges within the costs and prices of virtually everything, including physician and hospital costs. The hoax of rising malpractice-insurance rates, is a part of this.

. . . We are presently in a process of world-wide economic collapse. . . . This nation, and most of the world, could not survive such a collapse, unless the U.S. government, in particular, makes a fundamental reversal in economic-policy trends, probably during no later than 1996. The wicked policies to whose symptoms your letter referred, must be changed; the so-called politicians (and others) now have no alternative. . . .

Cutting health-care in the ways you report, reminds one of the intellectual brilliance of the accountant who discovered that he could effect a tremendous saving in the use of his automobile, if he eliminated fuel-costs.

Chavis lays out plans for million man march

The *New Federalist* weekly newspaper on Aug. 21 carried a lengthy interview with Ben Chavis, national director of the Million Man March scheduled for Oct. 16, 1995 in Washington. The interview gives a rare, and uncensored view of what the march is about—as well as the fullest story yet of the real reason behind Chavis's ouster as executive director of the National Association for the Advancement of Colored People, exactly one year ago. Chavis, a civil rights fighter for some 30 years, was elected as the NAACP's executive director in 1993 and on Aug. 20, 1994, he was kicked out from that position—although in his 16 months in office he had increased the membership by 185,000—after a national campaign by the Anti-Defamation League of B'nai B'rith to break the back of a nascent alliance between the NAACP and the Nation of Islam under Minister Louis Farrakhan.

Chavis told interviewer Dennis Speed, "It was when I reached out to Minister Farrakhan, that the intense pressure on the [NAACP] board of directors increased." False allegations of sexual misconduct and financial mismanagement "were just used as a political ploy, to try to justify my dismissal." Chavis emphasized that he still supports the NAACP, and also that his outreach to Minister Farrakhan "was the right thing to do. I'm very proud of the fact that out of the dissolution of my relationship with the NAACP, I have been able to regain a sense of national purpose, in terms of mobilizing and organizing for the Million Man March." Moreover, he said, out of the idea for the march, another organization, the National African-American Leadership Summit, was formed to continue the work started by mobilizing a million black men to come to Washington, D.C. on Oct. 16. Already, the NAALS has 100 member organizations, including the Nation of Islam.

National day of atonement

About the march itself, he continued, "We've called this 'for a national day of atonement.' The whole concept of atonement really comes from the African-Hebraic tradition, which means 'to be at-onement,' at-one with God, and at-one with another, at-one with oneself, and at-one with one's brother. . . . And so, this atonement means that there are three categories of demands.

"The first demand, is the demand on self, what we have to do for self, in terms of ending the self-destruction of the black community, ending the disrespect. We want black men to be restored to taking responsibility for the uplift of our families, and the care of our families, and the care of

our communities.

"The second category of demands, will be demands on government, pressing the right-wing forces in the government. . . .

"And third, will be the category of demands on Corporate America."

Chavis mentioned two other facets to the organizing for the Million Man March:

- An effort to register 8 million black voters as Independents. "We believe that the two-party system has failed the black community, and, quite frankly, the black vote has been bought and sold. . . . The race is at stake, and so, the impact of the Million Man March is going to be very formidable, in a political sense, on the eve of the last presidential race of this century."

- A day of absence on Monday, Oct. 16: "We want the black workforce not to work that day. For those who can't go to Washington, everybody can stay home from work, stay home from school, can stay out of the bars, can stay out of the crackhouses. I would hope that no black person will be seen in any mall, no shopping malls that day. And I'm telling you, that will send a message, a concrete message. Just the absence of us spending on that day. If we spend \$428 billion a year, that means we spend more than a billion dollars a day!"

"If we were in South Africa," he said, "it would be called a general strike, and we know how effective the general strikes were in South Africa, to help bring down apartheid."

Chavis, a signer of the petition calling on President Clinton to exonerate Lyndon LaRouche, was asked to comment on the LaRouche case. "I think the fact that Mr. LaRouche, even under all this pressure, has refused to bend, is a testimony to his strength and the strength of the organization that he's working with," he said. "I think that there has been character assassination. Most brothers and sisters in the black community have only heard something negative about Mr. LaRouche, and they've heard those negative things from the established media."

No stranger to controversy, Chavis himself was wrongfully convicted of firebombing a white-owned grocery store in Wilmington, North Carolina in 1971, as part of what became known as the "Wilmington 10." Collectively, the defendants were sentenced to 282 years in prison, with Chavis drawing the longest sentence—34 years. He served four and a half years before he was paroled, and, in 1980, the conviction was overturned.

The fight for civil justice, especially for African-Americans, runs deep in his family: His great-great grandfather, John Chavis, was the first African-American to be ordained as a Presbyterian minister in the late 18th century. Shortly after the Nat Turner slave insurrection, when many states outlawed teaching blacks to read or write, John Chavis, a scholar who taught Greek and Latin to whites, set up an underground school for both slaves and runaway slaves; he was beaten to death by vigilantes, three years after the uprising.

Republican 'Contract' grinds to a halt

by William Jones

When Republican congressmen start to "take the pulse" of their constituents back in their districts during the August recess, they may well be returning for their next bout of legislative activities in September with considerably less enthusiasm for the "Contract with America." As voters learn more about the legislative contents of the Contract, Republican lawmakers are beginning to feel the heat from an outraged constituency. GOP legislators now out on the hustings trying to explain to voters their plan for instituting a more "cost-effective" program than Medicare, are starting to realize what they will face if they continue on their present course.

Because whatever saccharine label GOP "hawkers" may put on their mysterious concoctions, they are quickly finding that marketing fascist economics is going to be an uphill climb. The fact of the matter is, that despite massive rhetoric to the contrary, the Contract with America was simply never understood, much less accepted, by the American voters, and the hard sell of Republican demagogues to get them to accept it is failing miserably.

Far more than an election gimmick, the Contract with America is a recipe for disaster. Manufactured on the basis of the "free trade" philosophy popularized by Austro-Hungarian fascist demagogue Friedrich von Hayek, the darling of the Conservative Revolution, the Contract is designed to gut necessary social spending in order to assure the flow of payments to an ever-more-bankrupt financial system. The Contract would have cumulatively cut roughly \$140 billion from programs for food, education, child and adult health care, housing, job training, and other necessities provided for low-income families by fiscal year 2001. In addition, in a blatant pay-back for services (and finances) rendered, the Contract would have plowed back to the wealthy, billions of dollars for speculative and other purposes in the form of a capital gains tax cut.

The initial targets of the Contract were to be the unemployed and welfare recipients. But the gouging wouldn't stop there. The elderly, pensioners, and the sick were also going to have to bear a good chunk of the "burden" for the Contract with America. The Contract included cuts in Medicare, Medicaid, and (although not everybody wanted to be caught saying this out loud) Social Security.

While a hyperactive, Republican-controlled House of

Representatives passed most of the items of the Contract during its first 100 days, most of the Contract is now in political never-never land. The Balanced Budget Amendment, line-item veto, welfare reform, crime legislation, regulatory reform, and tax cuts for the rich were all rushed through the House under new rules set up by Speaker Newt Gingrich (R-Ga.). These rules significantly limited debate, allowing the fascist agenda to be rammed through more quickly.

Different rules

The particular rules of the Senate, fashioned to allow more reasoned debate, gave many senators pause. One by one, practically all the Contract measures passed by the House were rejected by the Senate, and only in a few cases because of the rule requiring 60 votes to override a filibuster. Republican "deficit hawks" were skeptical about the "tax cut to the rich," hoping instead that any savings made from gouging social programs would instead go to cutting the deficit. Some Republicans were not so keen in shifting responsibility for welfare reform entirely to the states, knowing full well that many states, no longer under the mandate of the federal government, would simply scrap many welfare programs.

Despite efforts by Senate Majority Leader Bob Dole (R-Kan.) to "get on the scoreboard" with welfare reform before the August recess, Republican disunity and Democratic opposition forced him to table the measure until after September. The anti-constitutional line-item veto, which ironically had strong bipartisan support, was stalled by Republican senators who didn't want to give such strong executive control over financial matters to a Democratic President.

The equally unconstitutional term-limits proposal, which was bandied about so frequently on the campaign trail by conservative Republican candidates conscious of voters' intense dissatisfaction with "professional politicians," was quickly shelved by both Houses, as soon as the new candidates were seated. Ironically, the petty ambition of individual legislators served to save the constitutional prerogative of the voters to set their own "term limits."

One of the Contract items that came close to passing, but was stymied by the filibuster rule, was the Balanced Budget Amendment. If enacted, the amendment would force Congress every year to make severe, across-the-board cuts in the budget in order to balance expenditures against that year's federal revenue. The measure would effectively eliminate Congress's constitutional authority to appropriate funds. It would undoubtedly be subject to challenge in the courts, and face a near-certain presidential veto. It passed the House, but failed to pass the Senate with a veto-proof majority—of only one vote. Dole is threatening to take up the amendment again as soon as he feels he has the needed votes. Also, a draconian crime bill that significantly restricts *habeas corpus* rules was passed in the House in the beginning of February, but has yet to be considered in the Senate.

National News

Wall Street says states must cut to the bone

Through a lead editorial in the Aug. 21 *Wall Street Journal*, the bankrupt titans of the nation's finance have demanded that state governments impose brutal austerity. As a model, they tout the policies peddled by the American Legislative Exchange Council (ALEC), a spinoff of the fascist Mont Pelerin Society.

The *Journal* licked its chops over the growing influence ALEC claims over state governments, after 1,600 legislators attended its recent convention in San Diego. The organization now includes the majority leaders of 34 state legislatures, and claims to have 12 current governors affiliated with it. According to the *Journal*, nearly 1,000 bills introduced in state legislatures this year were based on ALEC models, and 24% of them have been enacted.

The *Journal* reported that "enthusiasm for the conservative revolution in the states was high," but complained that many legislatures have failed to put through "meaningful" budget cuts. The editorial warned "the governing class" to "respond to the middle-class revolution that is seething beneath them."

In addition to drastic budget cuts, ALEC promotes weakening or breaking up the federal Union, reducing taxes on speculators, privatizing the prison system, and increasing the severity of sentences.

Health panel urges N.Y. City to scrap hospitals

A so-called "health advisory panel," hand-picked by Mayor Rudolph Giuliani, recommended on Aug. 15 that New York City abolish its public municipal hospital system, the *New York Times* claimed on Aug. 16. Currently run by the city's Health and Hospitals Corp., the system includes nearly 11,000 beds in 11 hospitals and 5 long-term care institutions; 76 clinics; and the Emergency Medical Service. The city hospital

system provides service for millions of patients, many of them poor and low-income.

Under the sway of the lunatic privatization program of the "Conservative Revolution," Giuliani's advisory panel recommends that the system should be "fragmented." Some hospitals will be absorbed by private hospital systems run for profit, where they will be "rationalized" and their fee structures sharply raised. Others will simply be boarded up and put out of service.

New York City's public hospital system, built up over the last 100 years, provides care for 50% of the city's outpatients, 20% of inpatients, 40% of emergency patients, 30% of Medicaid patients, 40% of tuberculosis patients, 23% of patients treated for substance abuse, 37% of AIDS patients, and 39% of psychiatric patients.

In the mid-1960s, the city's public health care system maintained 153 hospitals; half of them have shut down since then. If the Giuliani plan goes through, hundreds of thousands of poor and low-income families will have nowhere to go for medical care.

'Dr. Death' Kevorkian claims another victim

Ester Cohan, 46, of Skokie, Illinois, was found dead on Aug. 21, in a car abandoned in an emergency room parking lot at a suburban Detroit hospital. Cohan was the latest "assisted-suicide" victim of Jack Kevorkian, the Michigan homicidal maniac who, for the last five years, has rigged so-called suicide machines and mini-gas chambers to bring death to his patients.

Geoffrey Fieger, Kevorkian's attorney-accomplice, told the press that Cohan is the latest of 25 "reported suicides" attended by Kevorkian, implying, as *EIR* has reported, that Kevorkian is involved in arranging other unreported homicides elsewhere, via mail or phone.

Oakland County Medical Examiner L.J. Dragovic said the death was a homicide, caused by carbon monoxide poisoning. Just after performing an autopsy on Cohan, who had multiple sclerosis, Dragovic told *EIR*,

"Now, we have people acting like mobsters. Instead of leaving bodies in car trunks, we find them in the back seats." The abandoned car with Cohan's body was reportedly leased by Kevorkian from a local dealer. The accomplices, who left the car in the hospital lot, were seen jumping into another vehicle before speeding away.

The U.S. Supreme Court has refused to hear Kevorkian's appeal of a Michigan Supreme Court ruling in December, which declared that active "assistance in suicide" can be a violation under common law. Kevorkian was scheduled to face oral arguments on Aug. 30 on murder charges stemming from two 1990 deaths; and a pretrial hearing in two later deaths that violated Michigan's ban on assisted suicide.

Squirrel habitat ruled priority over astronomy

How nuts are the environmentalists? Construction of the Large Binocular Telescope on Arizona's Mt. Graham, employing the most advanced mirror technology of its kind ever devised, will be blocked for many years to come, to protect a few hundred yards of "habitat" for the red squirrel.

A U.S. Court of Appeals refused on Aug. 11 to hear a challenge by the University of Arizona and the U.S. Forest Service, to a lower-court injunction against the university's plans to improve the telescope's observation by moving the site 500 yards. The earlier ruling, issued last July at the request of 18 environmentalist groups braying about the Endangered Species Act, requires further "impact" studies, to determine whether the move would threaten the red squirrel.

Proceeding on an apparently mistaken assumption, that the squirrels were neither endangered nor confined to wheelchairs, the university had already cut trees on the alternative site before the environmentalists filed suit against construction of the telescope. The ruling left standing by the appeals court will delay the project by at least four to six years, according to a University of Arizona spokesman, simply to get through the jungle of required environmental studies.

Briefly

● **FBI DIRECTOR** Louis Freeh, quoted by the *Washington Post* on Aug. 23, called coverup allegations against FBI agents in the 1992 shootout at the Randy Weaver cabin in Ruby Ridge, Idaho, "shocking and grievous"—and the most serious that could be leveled against law enforcement agents. In an interview with the *Post*, Freeh said that the damage to the Bureau could be comparable to the Cointelpro scandals of the 1970s.

● **ORVILLE FREEMAN**, former U.S. secretary of agriculture and currently involved in grain trading, told *EIR* on Aug. 19, "There is a worldwide tight market on grain. The Russians are going to have to learn to farm. I wouldn't lift a finger to help them." During his career in Minnesota politics, Freeman was part of the Kid Cann-Meyer Lansky organized crime network associated with Hubert Humphrey.

● **REPUBLICAN** congressmen submitted their "Freedom to Farm Act of 1995" on Aug. 4, designed to eliminate farm subsidies by the year 2000. The seven-year plan would cap total agricultural spending, resulting in declining payments each year. It would also eliminate the government role in maintaining basic crop outputs and price levels, ensuring the population's "freedom" to starve.

● **THE SCHOOL CHOICE** Project, at Harvard's Graduate School of Education, now admits it has doubts about whether tuition vouchers and similar "choice" schemes can work. In a July report to the National Conference of State Legislators, the project staff concluded that school choice initiatives tend to hinder students in impoverished families, and promote segregation.

● **AMERICAN YOUTH** are among the worst off in 18 leading western industrial nations, says the Luxembourg Income Study. U.S. children suffer the widest gap between rich and poor, and have the least supportive assistance programs.

Additional lawsuits could be contrived to block construction beyond that, and the existing court order precludes cutting more trees to build on the originally approved site, the university believes. It is now considering seeking legislative relief in Congress, on the grounds that the Endangered Species Act was never intended to be applied in such a manner.

The university's spokesman underscored the importance of the Mt. Graham project, by noting that the premier observatory for optical astronomy in the continental U.S. today, the federally funded Kitt Peak National Observatory, "is dying," from both technological obsolescence and being starved for funds.

Earth First! calls for 'revolt' against Clinton

The eco-terrorist organization Earth First!, part of the direct-action arm of Prince Philip Mountbatten's World Wide Fund for Nature (WWF), issued a deranged attack on President Clinton in the Aug. 1 *Earth First! Journal*. According to recent press accounts, the organization is under investigation by the FBI, for possible links to a number of bombings attributed to the "Unabomber."

Making the absurd claim that the Emergency Salvage Timber Program, signed into law by President Clinton on July 27, will bring on the "apocalypse" in U.S. national forests, Earth First! declares, "We have no choice but to revolt." Earth First!, like its "mother" WWF, openly seeks to crush human population levels, by banning nearly all development of natural resources.

The bill, in fact, simply allows the U.S. Forest Service to conduct "salvage timber sales," to remove "trees that are diseased or insect-infested, dead, damaged, down, burned or 'immediately susceptible' to being burned or eaten by bugs." Logging companies are thus permitted to cut the trees before they rot, or spread disease and pests to healthy forests, and salvage what remains for lumber and other timber products. Millions of acres of forest are already undergoing such decay, as a result of previous environmental prohibitions.

An environmentalist protest in Washington, at the time the bill was signed, featured demonstrators gunning chain saws in the air aimed at the White House. The attack on Clinton in the *Earth First! Journal* calls him "pathologically spineless," and complains that he ignored his environmental advisers in signing the measure. A front-page caricature portrays the President with a Pinocchio-like nose. Below the statement calling for a revolt, a picture of a man firing a gun at a tree is captioned, "That pioneering spirit lives on!"

Secretary Shalala hits drug legalization push

In a *Wall Street Journal* commentary on Aug. 18, Health and Human Services Secretary Donna Shalala attacked drug legalization efforts in general, and specifically rejected claims that use of marijuana is not harmful.

Shalala reiterated findings presented at a national conference earlier this summer, "that marijuana use during pregnancy has harmful effects on children's intellectual abilities a decade or more after they are born. . . . Research continues to show that it damages short-term memory, distorts perception, impairs judgment and . . . motor skills, alters the heart rate, can lead to severe anxiety, and can cause paranoia and lethargy."

She criticized both the drug legalization lobby and the budget-cutters in Congress. "Given the facts, it is surprising that some people . . . continue to bring up the issue of legalizing marijuana and other illicit drugs. . . . Make no mistake. We face a national challenge," she said.

"It is unfortunate, however, that the Republican majority in Congress is attempting to cut back dramatically our commitment to stopping drug use. . . . At a time when marijuana use has climbed, the foundation of success is education, prevention, treatment, research, law enforcement, interdiction and massive community involvement—not legalization or gutting our national commitment against drug use."

Editorial

Yes, Lord Rees-Mogg

"The Queen, the Dalai Lama and Me," is the headline of a front-page article in Lord William Rees-Mogg's slander sheet, *Strategic Investment*. The article, by Rees-Mogg himself, is little more than a primal scream of rage. While he is ostensibly protesting attacks on himself by Lyndon LaRouche and his associates, he is no doubt also speaking for his royal master, Prince Philip, as well.

How dare LaRouche expose Rees-Mogg's role in spreading the story right before the Oklahoma bombing, which was widely circulated among militia groups, that President Clinton intended to impose martial law; how dare LaRouche reveal that the Unabomber target list overlaps the target list of Earth First!, which in turn is part of the family tree of environmentalist organizations controlled by Prince Philip's World Wildlife Fund; how dare LaRouche point to the documented relationship of the Aum cult and Britain's darling, the Dali Lama; how dare LaRouche tell the truth? How, indeed!

How can LaRouche be so unkind to poor Rees-Mogg? The answer which Rees-Mogg gives to this question is quite revealing: Essentially, he says that LaRouche is trying to defend President Clinton from the dirty operations against Clinton, coming out of London.

In particular, Lord Rees-Mogg attacked LaRouche's remarks from a radio interview on "EIR Talks" on July 5. After learning of the attack, LaRouche compared Rees-Mogg to a character in an "Amos 'n Andy radio spoof." That show featured a character called "Kingfish," who headed the secret lodge called "Knights of the Mystic Sea." He was the kind of huckster who would try to sell the Brooklyn Bridge to anyone dumb enough to be willing to buy it. In this instance, LaRouche suggested that the British lord be called "Catfish," because he is so low-down, that he is scraping the bottom of the pond.

LaRouche remarked, "Curiously, or perhaps not so curiously, Rees-Mogg makes no effort to refute a single point in the passage from which he quotes. One might be reminded of the boy caught with his hand in the cookie-jar, shrieking at his mother, who has surprised him: 'What cookie-jar?' Not coincidentally, Rees-

Mogg's whimpering echoes a number of prominent British publications which have lambasted LaRouche's exposure of British targetting of President Bill Clinton. One might be prompted to ask Rees-Mogg: 'Have you bottom feeders managed to evolve to the level you have the ability to conspire?' "

In the radio broadcast of which Rees-Mogg complains, LaRouche made a more serious evaluation of Rees-Mogg, formerly chief editor of Rupert Murdoch's London *Times*, and that other British aristocrat, Sir Peregrine Worsthorne, who is with Conrad Black's London *Telegraph*. LaRouche said, "The British are in a hysterical fit, because, as these voices and others have stated, they now admit that the ongoing financial collapse is *foredoomed* to occur, and they're acting in desperation with the certainty that the collapse is ongoing and is virtually unstoppable. There's no bottom to this collapse.

"They are therefore escalating their operations against the United States, particularly against the Clinton administration, with the hope that the dismay thus imposed upon the United States, including Britain's efforts to accelerate that collapse, will bring a kind of government which will be submissive to London's direction. And thus, they're escalating everything. . . . But remember that the policy which the British are pushing—and it's the British who are pushing it, people shouldn't block on that, it's a simple fact. They are pushing, as they have, *as Prince Philip did* in Washington some years ago, a policy of breaking up the United States into a number of different partitions. . . .

"And if you look at the people who are behind the orchestration of the so-called populist rage against President Clinton, you will find that these people, who are being directed by the British monarchy, the circles around it, by Lord William Rees-Mogg, Ambrose Evans-Pritchard and so forth, are all preaching policies which would, in effect, break the United States up into parts, destroy the federal government, privatize everything in sight, and break it up."

This is the truth which Lord William Rees-Mogg cannot deny.

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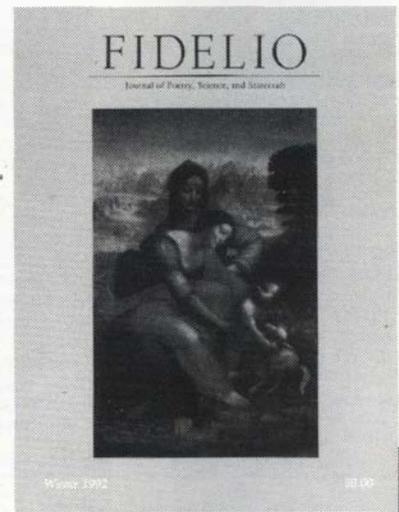
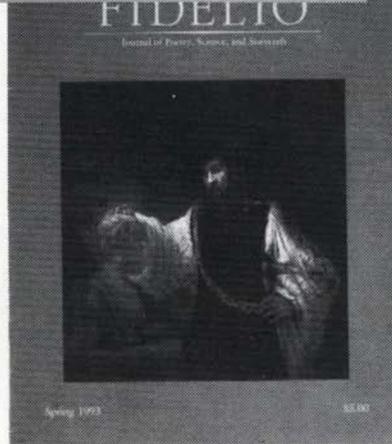
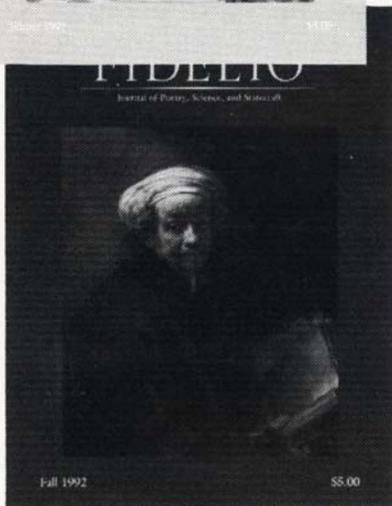
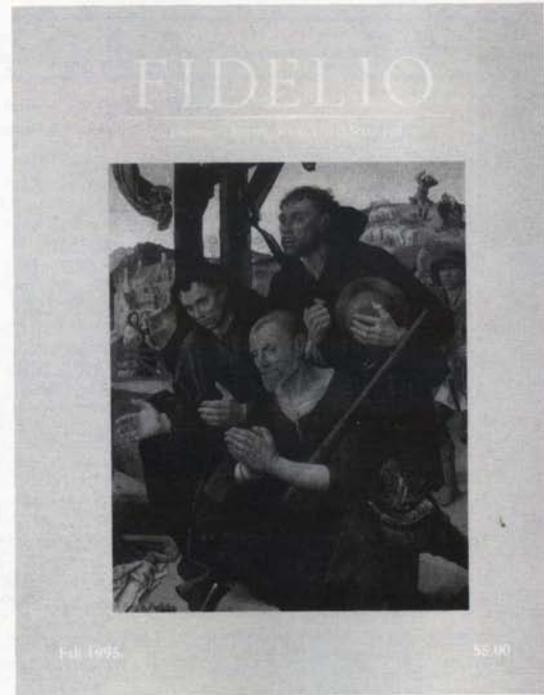
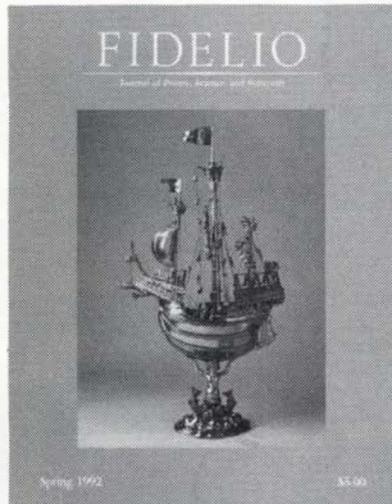
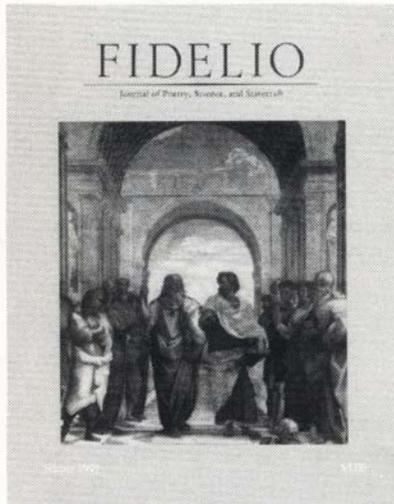
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