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Executive Intelligence Review

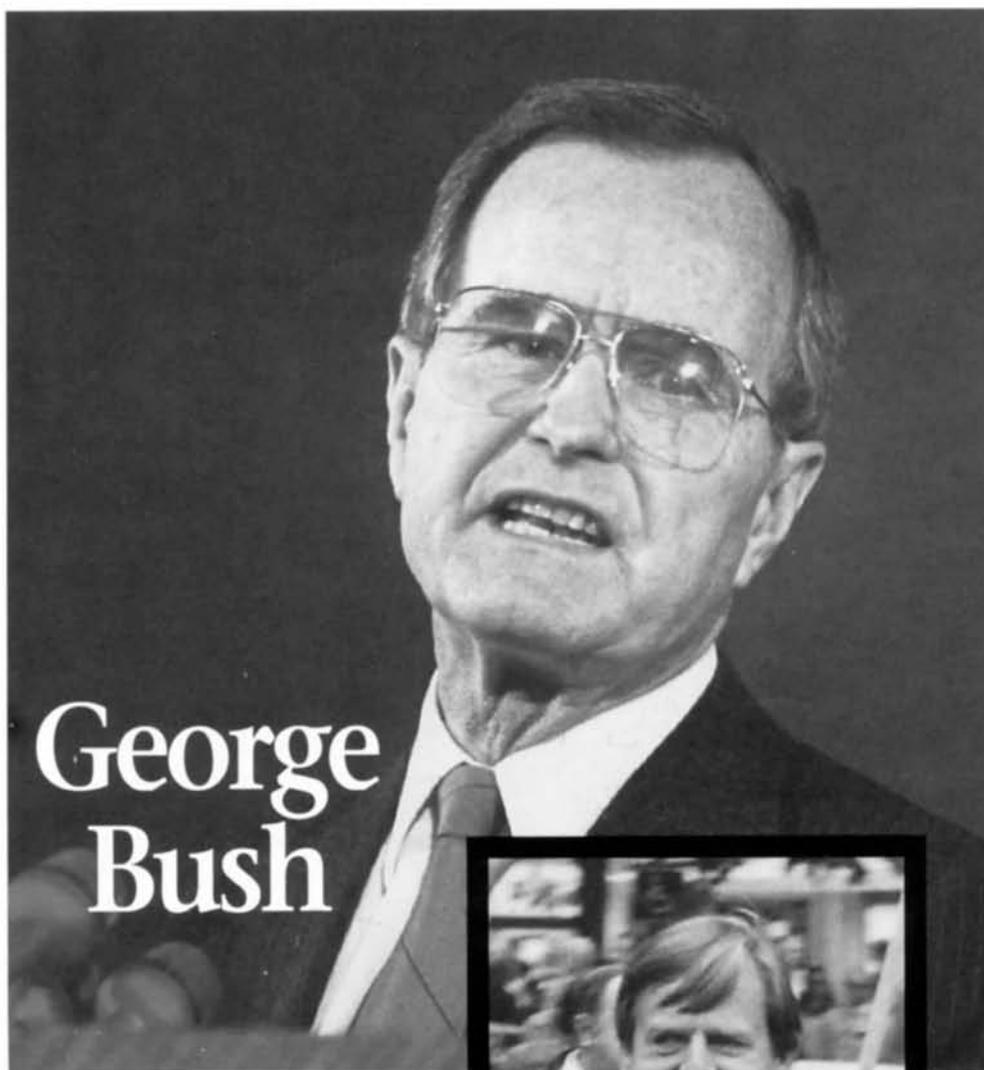
January 3, 1997 • Vol. 24 No. 2

\$10.00

London's narco-terrorists strike in Peru  
Speculator Soros is nailed in Italy, Croatia  
New report shows drug-intelligence links

## George Bush's 'Heart of Darkness'





George  
Bush

# And the 12333 Serial Murder Ring

Growing numbers of the cronies of George Bush's orgy of worldwide drug- and weapons-trafficking, not-so-secret wars, and just plain murder are pointing bloody fingers at each other, and also at their former masters. A case in point: the murder of Sweden's Olof Palme.

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## From the Associate Editor

**R**egular readers of *EIR* are by now very well aware of Sir George Bush's role as the drug super-kingpin who orchestrated the deals with the Contras that flooded America's cities with cocaine. In this issue, we open a new flank in the campaign against Bush and the Dope, Inc. apparatus of which he is a part.

While investigating the genocide that was unleashed in Zaire, *EIR* staff discovered the prominent role there of the Canada-based Barrick Gold Corp., of which George Bush turns out to be the "honorary senior adviser"—and controller. As our *Feature* documents, Barrick is one of a group of companies whose owners are out to grab control over the world's most critical raw materials, in order to protect themselves from the coming financial collapse. That is where the war in Central Africa comes in. These networks, steered from London, are also inciting the fragmentation of Africa, as part of their Malthusian drive to reduce the world's population, and their attack on the institution of the nation-state. Prominent players include Barrick Chairman Peter Munk, a protégé of several of the top financial and corporate agencies of Dope, Inc.

As the New Year begins, the battle between Dope, Inc. and the forces opposing it, is raging worldwide. The hostage-taking in Peru bears the fingerprints of the British-steered narco-terrorist international (see p. 36). Next week's issue will present an in-depth feature on this matter, including an analysis by Lyndon H. LaRouche, Jr., titled "Sir George Bush: On Her Majesty's Service."

George Soros, the billionaire speculator who is financing the drive for drug legalization, is taking it on the chin, thanks to investigations of his nefarious activities in Italy and Croatia. His cover as a "philanthropist" is finally being ripped off, thanks to the efforts of *EIR* and associates over many years.

A final note: On Dec. 17-23, Lyndon and Helga LaRouche paid an official visit to Sudan, for meetings with President Omar Al-Bashir and other government officials, as well as public lectures and private discussions with various political groups. More on that to come, in future issues. As one *EIR* subscriber remarked happily, "This is a great birthday gift for Jesus. God wants Muslims and Christians to work together."

*Susan Welsh*

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**Correction:** The caption for the cover picture in our Jan. 1 issue incorrectly identified Barbara Mallory. She is from the Nurses of Pennsylvania.

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## It's a delusion to think we can 'save the system'

by Marcia Merry Baker and John Hoefle

As 1996 ended, all the "vital signs" of the global financial and monetary system showed signs of a terminal crisis. But the most serious threat to national interests at present, is the persistence of the belief that the dying system can be salvaged, somehow.

Outgoing Senator Sam Nunn (D-Ga.) and his bipartisan collaborators at the Commission on American's National Interests, formed in 1996, are outspoken advocates of just such a course. Their warnings and recommendations received international prominence due to an article in the Nov. 25 issue of *Aviation Week and Space Technology*. If their view is not overturned in the weeks ahead, it will be a policy disaster for the United States, and the world.

What is the alternative to the chaos that would inevitably attend the blowout of the bankrupt global monetary, financial, and trade structures? A "new Bretton Woods" is what's needed, meaning new financial structures to facilitate production, trade, and national security.

### Indicators of the coming blowout

Among the measures of the gigantic size of the bubble of world finance, is the enormous rate of turnover in various forms of speculation. What follows are some preliminary *EIR* estimates for 1996, based upon partial-year data. These are imprecise numbers, but they are indicative:

- **Derivatives:** The financial derivatives holdings of U.S. banks increased by some 25% over 1996, to around \$21.5 trillion. Adding in the derivatives held by investment banks and insurance companies should bring the U.S. total to some \$32-35 trillion, up from some \$25.7 trillion at the end of 1995, and \$23.6 trillion at the end of 1994. Worldwide, the notional

value of all derivatives is likely somewhere around \$100 trillion. *EIR* had previously estimated, very roughly, that world derivatives stood at some \$75 trillion at the end of 1995.

- **Gross Domestic Product:** U.S. GDP should end the year at about \$7.7 trillion, up about 5% from \$7.35 trillion at the end of 1995; it stood at \$7.1 trillion at the end of 1994.

- **Credit market debt:** Total credit market debt in the United States, including financial and non-financial sectors, should end the year at about \$20.4 trillion, an increase of about 10% from the \$18.6 trillion at the end of 1995; it was \$17.3 trillion at the end of 1994.

- **Money supply:** The U.S. M1 money supply number (currency, travellers' checks, demand deposits, and other checkable deposits) dropped during the year, from \$1.15 trillion at the end of 1995, to \$1.08 trillion at the end of October.

- **Stock markets:** The Dow Jones "Post-Industrial" Average is at near-record highs, up some 1,400 points—27%—for the year. The market capitalization (the sum of all stocks of all companies listed) of the New York Stock Exchange was \$7.4 trillion at the end of November, \$1.4 trillion—23%—higher than the \$6.0 trillion at the end of 1995, and \$3 trillion higher than the \$4.4 trillion of 1994. The value of shares traded on the New York Stock Exchange (the sum of all shares actually traded during the year) should end the year at about \$4 trillion, up 30% from the \$3.1 trillion in 1995, and well over the \$2.5 trillion in 1994. Worldwide, the *Financial Times* world stock index gained about 25% during the year.

- **Financial turnover:** With derivatives and stock markets growing in the range of 25% in 1996, it is likely that world financial turnover exceeded \$1 quadrillion (\$1,000 trillion), perhaps by a significant amount.

## The Nunn report: 'Prevent collapse!'

In July 1996, a report was issued, titled "America's National Interests," by the Commission on America's National Interests, which was formed in connection with the Harvard Center for Science and International Affairs, the Nixon Center for Peace and Freedom, and the RAND Corporation, for the stated goal, "to help focus thinking on one central issue: What are U.S. national interests today? In the short run, we hope to catalyze debate about priority U.S. national interests during this season of Presidential and Congressional campaigns. We also hope to contribute to a more focused debate about core national interests as an essential foundation for the next era of American foreign policy."

Among the members of the 21-person commission are Senator Nunn, the former chairman of the Senate Armed Services Committee; Robert Blackwill, who served on the National Security Council for President George Bush, and who is a member of the London-based International Institute of Strategic Studies; Brent Scowcroft, Bush's former national security adviser; Richard Armitage; Sen. John McCain (R-Ariz.); Andrew Goodpaster; and Dmitri Simes.

The 60-page report listed as fourth among the top five "U.S. vital national security interests," the following: *Prevent the catastrophic collapse of major global systems: trade, financial markets, supplies of energy, and environmental.*"

"In its foreign economic policy," the report said, "the United States has only one truly vital national interest: the avoidance of the collapse of the international trade or financial systems. Because of the interdependence on connections between the worldwide network of large money-center banks and accumulated payment obligations, the failure of one large bank anywhere could reverberate throughout the global financial system, triggering the failure of many banks and the simultaneous collapse of multiple markets. Similarly, a collapse of the world trading system akin to the Great Depression would threaten vital U.S. national interests. . . ."

What should, therefore, be the policy reaction to prevent these well-founded warnings from coming true? The report recommends various remedies intended to *keep the system going*, along the lines that "the United States must be vigilant in its monetary policies and in promoting prudent international financial regulations."

Even as 1996 saw mini-crashes on financial markets, and whipsawing of commodities prices—especially food staples—nevertheless, political quarters associated with the "America's National Interests" group maintained that the current system can be saved.

On Sept. 28, 1996, Nunn made his "valedictory address" to the U.S. Senate, on security and strategic matters. In the speech, entitled "Surveying the Strategic Landscape," he spoke of his participation in the bipartisan effort, and said that the commission's report "brings needed clarity to the discussion of our national interests." It distinguishes among "vital, extremely important, important, and secondary inter-

ests. These distinctions are essential to the task of establishing national priorities, and building public support for foreign and defense policy. Despite the common use of the term 'vital interests' to describe everything from soup to nuts, the report defines truly vital interests—only those conditions that are strictly necessary to safeguard and enhance the well-being of Americans in a free and secure nation."

Nunn began his list of national vital interests with the question of military threats. He said: "It should come as no surprise, that preventing and deterring the threat of nuclear, biological, and chemical weapons attacks on the U.S. is the top of the list of vital interests. According to the report, other vital interests are to prevent the emergence of a hostile hegemony in Europe or Asia; to prevent the emergence of a hostile major power on U.S. borders or in control of the seas; to prevent a catastrophic collapse of major global systems (trade, financial markets, energy supplies, environment), and to ensure the survival of U.S. allies. Other objectives, such as preventing the use of nuclear, chemical, or biological weapons outside our borders or countering proliferation, are extremely important, but not vital, interests. Similarly, combatting terrorism and avoiding major conflicts in important geographical areas, are extremely important, but do not threaten the American way of life."

However, while Nunn is right in his acknowledgment of the strategic importance of a financial breakdown, he completely mis-locates the danger of such a collapse. His assessment does not grasp the crucial fact that, if the government adopts the right emergency measures for financial reorganization and for re-activating the real economy, a financial collapse represents no "strategic danger" to the United States or the world at all; quite the opposite.

However, if the de facto bankrupt, speculative financial system is artificially kept going for a certain time, at the expense of living standards and the real economy, this represents, indeed, a *mortal strategic threat* to the nations concerned.

## LaRouche hits 'denial of reality'

In a Dec. 8 statement, Lyndon LaRouche responded to Senator Nunn's speech, saying: "The futile attempt to prevent a catastrophic collapse of the major financial markets could, very soon, destroy the U.S., as well as most other countries, but also destroy, utterly shatter, the Presidency of Bill Clinton. . . . You have around the Clinton administration, as elsewhere in the country and internationally, an hysterical, wishful denial of reality, on the question of the financial and economic crisis. The Clinton administration has begun to believe its own propaganda on 'improvements' in the economy, of which there are actually none. As a matter of fact, the U.S. economy is an absolute disaster, as virtually every other economy in the world is. The confidence that the financial market problem can be 'managed,' is a delusion which can destroy the U.S. government."

# Will Nigeria accept World Bank's demands?

by Lawrence K. Freeman

At a symposium in Washington, D.C. on Dec. 13, 1996, sponsored by the Carnegie Endowment for International Peace, entitled "Nigeria's Political and Economic Future," a propaganda barrage was launched to justify the privatization of Nigeria's telephone and power companies, with the prime target being Nigeria's multibillion-dollar oil industry. While the global economy is threatened with financial disintegration, many financial insiders think that, through their control of oil and other raw materials, they will be able to survive the financial blowout. With Nigeria's oil industry generating approximately \$16 billion a year and with its oil reserves ranked fifth in the world, it is no wonder that the financial oligarchy is drooling over the opportunity to get their hands on Nigeria's raw material wealth.

Leading off the first panel of the symposium, "Economic Adjustment, Reform, Privatization, and Investment in Nigeria," was Isaac Sam of the World Bank. Sam stated that the World Bank has not lent any money to Nigeria in three and a half years, and is not interested in lending any more money, but rather wants 1) to advise Nigeria to develop the proper framework to attract investment from the private sector, and 2) to help Nigeria negotiate its debt with the Paris Club of lenders. After acknowledging the modest success by Nigeria in reducing inflation, reducing the budget deficit, and creating jobs in the manufacturing sector, he attacked the government for "wasting money" on public investment. Sam insisted that unless Nigeria allowed its gigantic state-run oil industry to be privatized, Nigeria would not develop, and would not get any help from the world financial community. He said that the oil industry has to be privatized, to get it "into the market structure." He threatened that, to continue to receive "assistance" from the World Bank, there would have to be "transparency and credibility" on the part of the Nigerian government.

Sam was followed by a couple of academics, including Dr. Pat Utomi from the Lagos Business School, who whined that "only the free enterprise system" will help Nigeria. Utomi avowed that the problem with Nigeria was *not* the International Monetary Fund-dictated structural adjustment programs (SAPs) from 1985 to 1993 (which, in fact, destroyed the country), but rather, that Gen. Ibrahim Babangida, who

was then the head of state, had not had a strong enough commitment to the IMF's free market reforms.

During the question and answer period, Sam made explicit the demands of the World Bank: Nigeria must remove the cap on its interest rates—in other words, full deregulation; Nigeria must not centrally allocate funds to any individual sectors for economic development; Nigeria must end all subsidies on petroleum fuel and fertilizers; Nigeria must eliminate its dual exchange rate.

Concerning Nigeria's \$34 billion debt, Sam made clear that for Nigeria to get investments from the private sector, it must pay the debt: "Nobody forced Nigeria to contract these debts. . . . You cannot continue to have trade with other countries without paying the debt."

## 'Democracy' movement is fizzling

After Sam's presentation went unchallenged, except by this author, the participants emotionally engaged themselves in what is by now a worn-out, empty discussion, regarding the annulment of the June 12, 1993 election and the imprisonment of Chief Moshood Abiola. The second panel, on Nigeria's transition to democracy, began with David Peterson from the National Endowment of Democracy (NED). He presented a relatively mild attack on the current government of Gen. Sani Abacha. He told the audience of almost 70 people, that he had just returned from Nigeria the night before, after visiting friends in the "democracy movement," who, he emphasized, "were not demoralized." He then felt obligated to acknowledge that Abacha had done some good things. Peterson said that he was told by his friends, that they expected it would take a generation for the "democracy movement" to build up enough grassroots strength to challenge the government.

Peterson revealed that last year, the NED gave over \$400,000 to non-governmental organizations (NGOs) and anti-Abacha "pro-democracy groups." Chief Tony Anenih, a respected political leader in Nigeria, who formerly headed the Social Democratic Party of Chief Abiola, asked: If the United States recognizes and maintains relations with the Abacha government, how can it at the same time be funding groups that are trying to overthrow the Abacha government?

Dr. Jean Herskovitz, a well-known Nigerian expert, brought some reality into the discussion, pointing out that, "without economic stability, political stability can't be bright."

Adonis Hoffman, who convened the symposium on behalf of the Carnegie institute, questioned the U.S focus on "punitive measures," such as sanctions, while not even recognizing the nature of the transition process at all.

## Will Nigeria be manipulated?

The danger for Nigeria is, that the current government would allow itself to be manipulated into buying into the financial oligarchy's privatization schemes. General Aba-

cha's government is now being praised for dropping its opposition to the IMF "reforms," which he inherited from General Babangida, and adopting a successful pragmatic return to the reform of previous governments. At the same time, the Western press has departed from its normal shrill complaints about human rights violations in Nigeria, and has been relatively quiet of late. There are also reports from Nigeria indicating that General Abacha is being pressured to give major support to privatization in his 1997 budget. Unfortunately, at times, Nigerians have shown a weakness in occupying themselves in endless debate over Chief Abiola and the June 1993 election, while ignoring the real culprits responsible for destabilizing Nigeria: the British oligarchy. This was disturbingly evident at the Carnegie symposium, when none of the Nigerians present even raised a challenge to the plans by Shell, Chevron, Mobil, et al., to loot Nigeria's oil resources. If this lack of response reflects the prevailing attitude of the nation's leadership, then the future bodes ill for the Nigerian nation and its people.

After Nigeria's long period of compromise with the World Bank and IMF, which has led to nothing but suffering and hardship for the Nigerian people, one hopes that there are enough sane, patriotic forces in the capital city of Abuja to reject these schemes.

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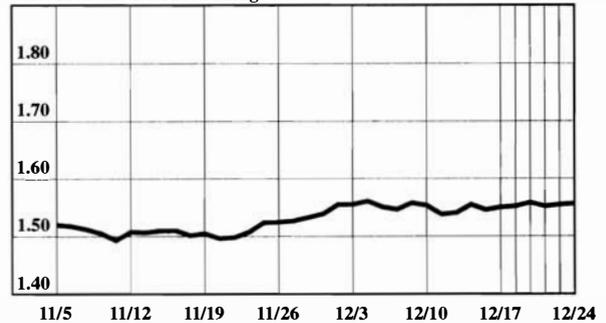
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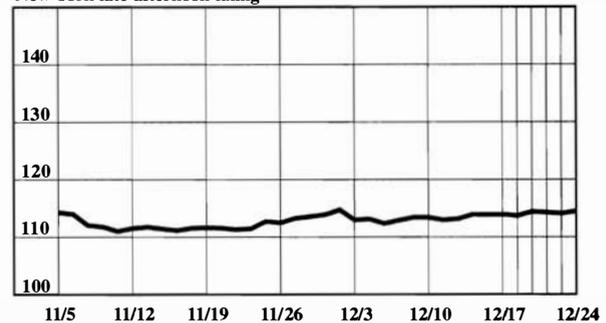
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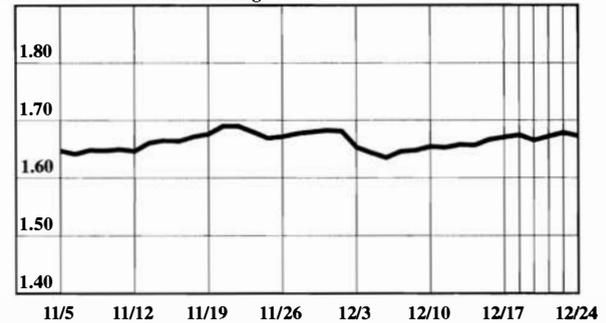
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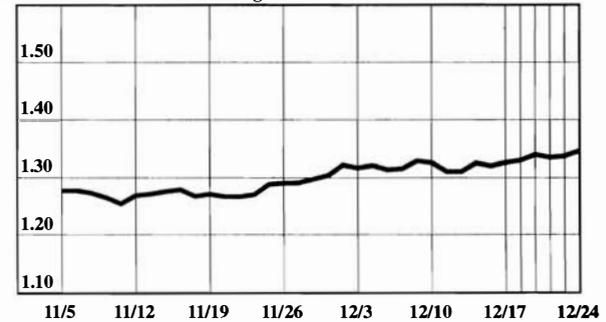
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### The dollar in Swiss francs

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# 'Free market' wrecks New Zealand's farms

by Noeline Isherwood

"New Zealand is well situated to be a supplier of raw materials to richer neighbors, a home to well-fed peasants who hopefully would not unsettle things for the outward-looking elite," Simon Upton, a Member of Parliament and one of only three Mont Pelerin Society members in New Zealand, told the *New Zealand Herald* on Dec. 30, 1989.

Upton's prophecy did not stem from a thoughtful, realistic look at how New Zealand's economy could develop to meet the requirements of an increasing global food supply, but from an ideological determination to force New Zealand to become the global precedent for a thoroughly deregulated, liberalized market economy. Indeed, the London-based Mont Pelerin Society, through assets such as Upton and former Labour Party Finance Minister Roger Douglas, rammed through the most radical "free-market reform" in the world in New Zealand, from 1984 until today. These reforms led, predictably, to the polarization between the "elite," as Upton called them, on the one hand, and the "peasants," on the other, which characterizes New Zealand's agricultural sector today. Robert Bremer, in his book *Federated Farmers and the State*, summed up the situation when he said, "Farming bore the brunt of the economic reforms of 1984-86. It virtually went 'cold turkey' on all forms of support, such as subsidies, tax concessions, and concessionary finance."

This ruthless adherence to market-reform policy in the agricultural sector was, and still is, spearheaded by the New Zealand Farmers Federation (NZFF). In 1984, the NZFF endorsed the free-market principles of then-Finance Minister Roger Douglas, and in 1992, with Jim Bolger and the National Party in power, it resolved that all import tariffs should be reduced to zero. In fact, Ruth Richardson, the National Party's successor to Roger Douglas as finance minister, was a former legal adviser to the Farmers Federation.

The Farmers Federation, while professing to represent the entire farming sector, was complicit with the New Zealand Treasury and the Mont Pelerin Society's main local front group, the New Zealand Business Roundtable, in bringing immense pressure to bear on the role of producer boards, most of which had begun as cooperatives to strengthen the position of domestic producers in their international markets. The independent Wheat Board was abolished in 1987, and wheat producers are now represented by a sub-section of the NZFF. Likewise, according to Bremer in his chapter entitled "Feder-

ated Farmers and the State," in the book *State and Economy in New Zealand*, "Those farmers aspiring to be elected as district representatives on the electoral committee [of the Meat Board or Wool Board] generally require the support of the Federated Farmers at a provincial level if they are to be successful." Some producer boards still exist, but their future is far from secure.

## Decline in land area farmed

Agricultural land, in terms of area, has declined by about 1 million hectares since 1981. While 1.9 million hectares of permanent pastureland has been lost, due to the collapse in returns for beef and sheep, the area planted for forestry has almost doubled since 1984, to 1.4 million hectares.

Forestry is now New Zealand's third largest export earner, behind dairying and meat, but much of this is owned and managed by overseas interests. In 1994 alone, an additional 37,508 hectares worth \$136.9 million was sold to foreigners. This increase in foreign ownership is not confined to forestry. In 1994, some 18,061 hectares of sheep growing land and 8,185 hectares of dairy farming land was purchased by overseas buyers.

Reflecting the collapse of farm incomes, use of fertilizer plummeted during the 1980s and early 1990s; it has increased slightly in the past year, due to the expansion of the dairying sector.

Desperate farmers have diversified into highly speculative novelty areas such as ostriches, deer, and specialty crops such as kiwi fruit. Kiwi fruit production skyrocketed throughout the 1980s, to peak at 280,000 metric tons in 1990. Extremely low prices, and the fact that vine stock had been exported to traditional importers, collapsed the bubble and, as a consequence, many despairing farmers, completely ruined and in debt beyond their ability to service it, took their own lives. Vegetable growers and machinery contractors who could not make a living out of growing maize, have gone into pumpkins and gourds for export to the Japanese market. Production increased 600%, to 120,000 metric tons, from 1979 to 1995.

Exports of fish have risen from 5,300 metric tons in 1985, to 14,500 metric tons in 1993, an increase of 63.5%. Much of this increase in production is attributable to encouragement by the government, and by a leading finance and agribusiness conglomerate, Fletcher Challenge, in joint ventures with the Japanese, Koreans, Taiwanese, and Russians. Increasingly, New Zealand is becoming one big, Third World-style plantation, whose raw material wealth is being looted wholesale by foreign interests.

## Changes in dairying, other sectors

With the rise of the population of dairy cattle to between 3 and 4 million head, milk, butter, and cheese production and exports have increased significantly since the mid-1980s. Despite the increase in exports, dairy farmers have been hit

hard as well: In the 1950s, approximately 50 dairy cows were required to provide a reasonable living for a viable family unit, while in the 1990s, at least 200 cows are required to sustain that same family unit.

Other agricultural sectors have experienced similar changes:

**Sheep production:** In the 1950s, roughly 500 ewes were sufficient to provide a reasonable living for a family farming unit. By the 1990s, that number had escalated to 2,000 ewes. There has been a dramatic collapse in sheep numbers over the past 10 years, and this accounted for a relatively high slaughter rate up until 1994-95, when it diminished by 10%. While mutton and lamb exports have remained fairly stable due to the flock reduction, this has been at the expense of the domestic market.

To supply the latter, New Zealand, which before the "reforms" used to supply over two-thirds of all the world's stock of exported sheep meat, has now, *for the first time in its history, started importing mutton!*

Since 1991, close to 6,500 metric tons has been imported annually. Live sheep exports peaked in 1991, at 1.7 million head, but have collapsed by 47%, down to about 800,000 head, in 1994.

Because of the collapse of wool prices in 1985, production of greasy wool has fallen 24%, and even wool has had to be

imported—the equivalent of importing coals to Newcastle.

**Beef production:** Beef and veal production have been steadily rising, with 3.5 million head slaughtered in 1995, compared to 2.8 million in 1993. The current national cattle herd stands at around 8.75 million head.

In spite of these apparent increases in production, income for beef producers has slumped 30% over the last year or so, and many family farms have been forced to sell out to larger corporate interests, or have tried to diversify into dairy farming.

**Wheat and grain production:** The area under wheat production has steadily declined since the 1970s. New Zealand, which used to be self-sufficient, or even a wheat exporter, has to import about 50% of its domestic requirements.

New Zealand used to regularly export barley throughout the 1970s and 1980s; now, it has had to start importing barley. Production of wheat, barley, maize, and other coarse grains and cereal seed have all declined dramatically since 1982, on average about 70% each.

Over the last decade, New Zealand's agricultural exports have been touted as a "miracle of the free market." The reality is that the New Zealand family farmer, once legendary for his hardy self-sufficiency and productivity, has been increasingly relegated to the feudalistic status of a peasant without his own land.

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Baghdad . . . . .	0100*	Melbourne . . . . .	0800*
Baltimore . . . . .	1700	Mexico City . . . . .	1600
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Bonn . . . . .	2300	Nogales . . . . .	1500
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# Australian agriculture in crisis; government to axe farmers

by Noelene Isherwood and Andrew Bailey

“Most of the [agricultural] sector’s profits are being generated by the top 20% of farmers. The other 80% are either treading water or going down the gurgler.” This is the nonchalant analysis of Australia’s rural sector, enunciated by John Anderson, minister for Primary Industries and member of the Liberal government’s “razor gang,” a group of cabinet ministers appointed by Prime Minister John Howard with the responsibility to slash the federal budget in compliance with International Monetary Fund-World Bank dictates.

The Liberal government proposes dealing with the “dead wood” in the farming sector by increasing the Rural Assistance grant, from \$45,000 to \$100,000, to encourage non-viable farmers to sell their land and either move into another career or retire “with dignity.” Graham Broughton, Rural Finance and Development Division general manager, put it another way: “The Division has two choices: to prop them up or let ‘social engineering’ take its course.”

## ‘Social engineering’ results in suicide

This social engineering undoubtedly refers to, at least in part, the horrifying increase in rural suicide over the last five years. Dr. Marlene Goldsmith, New South Wales (N.S.W.) member of the Legislative Council and chairperson of the Inquiry into Suicide in rural N.S.W., stated in 1993: “Once you get over the Great Dividing Range [the mountains down the east coast of Australia] it’s like the Third World in some regions. In my view, people living on the land have been turned into the new poor of Australia; a whole new underclass that we have created.” Drought, financial debt, extreme poverty, stress on family relationships, pressure from banks and governments are the reasons given for rural people committing suicide.

Between 1964 and 1988, while suicide for males in rural cities more than doubled, the increase was more than fivefold for those in country shires and townships. In 1992, deaths by suicide outstripped the national road toll. By 1993, the rural suicide rate in Queensland was 23-28 per 100,000 population, while the rate in the capital city of Brisbane was only 11 per 100,000.

Other significant trends in the agricultural sector include:

- The number of women in the rural workforce has dou-

bled over the past 15 years, while the number of men has dropped by more than one-quarter. This is an overall combined decrease of the rural workforce of about 7.8%.

- Off-farm income generated by women has increased, from 24% to 68% over the ten years to 1991.

- Approximately 27% of Australian workers are employed in agricultural-related industries, and about 4.6% are employed directly in farming.

- Family farmers are being encouraged to move toward “corporate family farms,” by either combining their farms with other members of the family or by combining with neighbors.

- Expenditure on plant and equipment fell by almost two-thirds between 1980 and 1993. Most farmers are concentrating on reducing debt while allowing their capital stocks to continue to deteriorate.

## Servicing debt at the expense of the farm

According to David Botting, managing director of an agricultural consulting company, “a few farm families are servicing their debts, but their income was well below the poverty line. A much larger group was servicing debt at the expense of farm and equipment maintenance. In terms of long-term, productive, sustainable economic and social viability, many are likely to eventually sell up and leave their farms.” The extraordinary growth of rural sector debt is exemplified by the fact that in 1960, with a total of 290,000 farmers, the entire rural sector debt stood at \$770 million, i.e., \$2,655 per farmer. In 1996, with 120,000 farmers, the entire rural sector debt stands at \$19 billion, i.e., approximately \$126,000 per farmer. Between 1978 and 1995:

- Average farm debt increased 48%.
- Some 60% of farmers had farm cash incomes less than \$50,000.
- Farm productivity increased by 60% by July 1996.
- Currently, 20% of farmers are responsible for 54% of output and 100% of profit.

## Farms and farmers going under

During the last 30-40 years, farm numbers in Australia have fallen by between 50,000 and 100,000, depending on

which figures are used. However, according to Ian Patterson, a Canberra-based contributing editor to the *Australian Farm Journal*, in the *Journal's* November 1996 issue, the total area of agricultural land being worked has not declined. The average farm size has gone up, although two-thirds of farms are still smaller than 500 hectares. In 1950-51, according to the statistics collected by the Australian Bureau of Statistics (ABS) and published by the Australian Bureau of Agricultural and Resource Economics (ABARE), there were 203,350 farms in Australia. Farm numbers peaked at 205,700 in 1954-55 and 1955-56, and then started to decline.

In 1965-66, the total dipped below 200,000 for the first time, and, by 1985-86, farm numbers had fallen to 169,716. Other figures from the ABS claim farm numbers peaked at 252,162 in 1965-66, before slipping to 219,227 in 1975-76, and down to 171,180 in 1985-86. Either way, over the decades, there has been a steady decline in farm numbers.

One sidelight on this process of decline, is the redefinition of a statistically countable farm. In 1986-87, amid stories of fantastic farm incomes during the short-lived wool boom, the ABS raised its on-farm income threshold (known officially as the Estimate Value of Agricultural Operations, or EVAO) from \$2,500 to \$20,000 on-farm income per year to be "countable" as a farm. The aim was to keep hobby farmers out of the figures, but overnight, some 40,000 previously recognized primary producers were wiped off Canberra's books. Officially, they ceased to exist. The national farm number fell instantly to 128,707 (ABARE), or 129,538 (ABS).

It is notable that Minister of Primary Industries Anderson slipped up in reference to this 1980s change in farm definition. A few years ago, when serving as shadow minister for Primary Industries, he issued a press release, quite rightly pointing out that 50,000 Australian farms had disappeared. But, he failed to point out that most of this was because of a change in Canberra's definition of a farm. The farms were still there, they were just no longer earning enough to satisfy the bureaucrats.

Of course, after the wool price crashed in the early 1990s, and widespread drought set in at the same time, the number of farmers earning more than \$20,000 on-farm dwindled rapidly; by 1993-94, according to the ABS (which by now, demanded at least \$22,500 on-farm income to be counted), countable farms had reached an all-time low of 117,189.

Finally, the ABS gave in and lowered the EVAO threshold to \$5,000, and 33,200 previously purged farmers were suddenly "rehabilitated," raising the new 1993-94 total (latest published) of farms in Australia, to 150,389.

### Commodities production and stock numbers

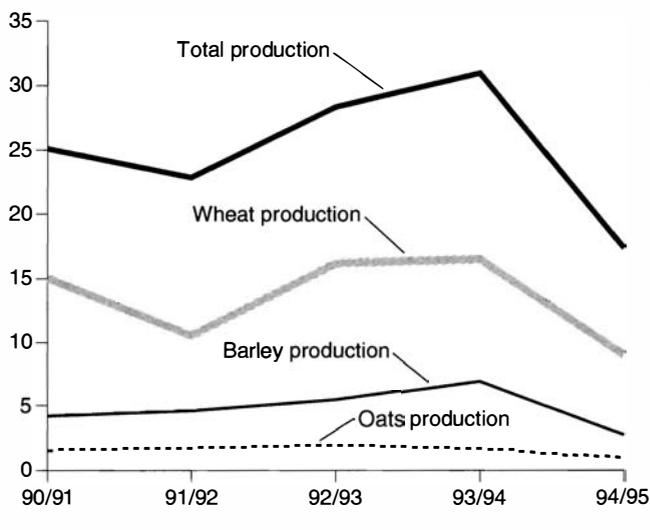
The volume of output of basic staples in Australia has been dropping in the 1990s. The following are short reports, by commodity type:

**Grains and oilseeds:** According to ABARE, production

FIGURE 1

### Australian grain and oilseed production drops

(millions of metric tons)



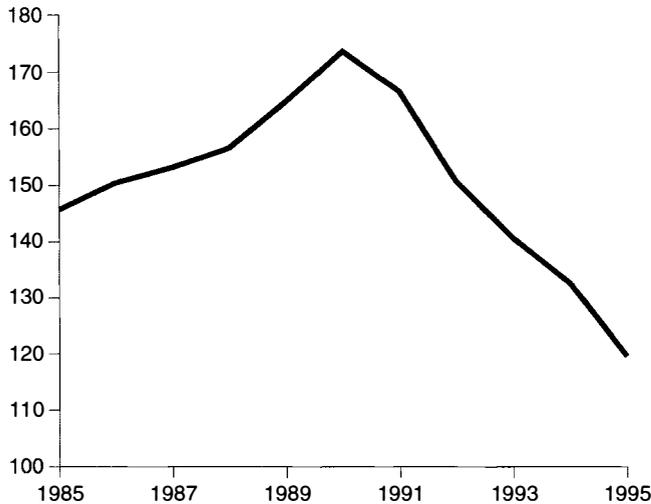
figures for wheat, barley, oats, and most other grain and oilseed crops were significantly down in 1994-95; in fact, a drop of 44% from 1993-94 (see **Figure 1**). Exports of grains and oilseeds likewise collapsed by 40.5%. Grain farmers this year were expecting high returns based on reports from representative groups and media which warned of the lowest grain stocks in the world since World War II. Then, a month or two ago they were told that there was an "oversupply," and prices plummeted. While ABARE is predicting a return to 1993-94 production figures, the individual producer is facing disaster due to a dramatic price crash and market manipulation by global cartels.

**Sheep:** Sheep numbers in Australia have collapsed 18% over the past ten years, and 32% from their peak in 1990. This equates to a reduction of 54 million head over five years, and is the lowest flock numbers for 41 years (**Figure 2**).

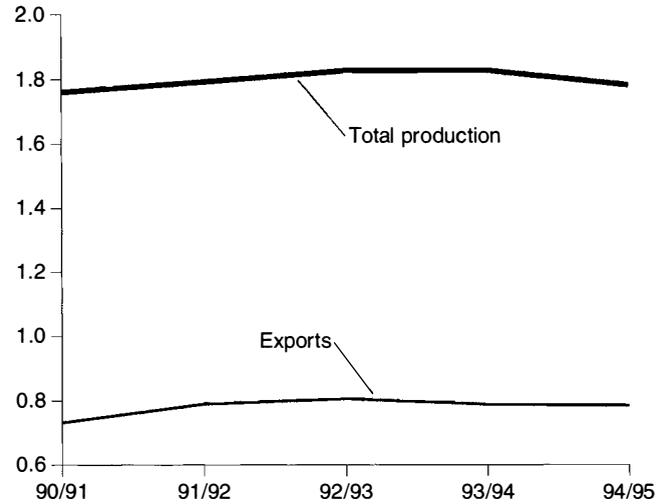
Even in spite of the massive reduction in sheep numbers, production of mutton and lamb has declined (**Figure 3**). It is expected that there will be an increase of 4 million sheep slaughtered this year, as producers reduce their flock numbers and are forced to diversify into grain production to stay viable. The export of live sheep to countries such as the United Arab Emirates, Kuwait, and Jordan is expected to rise by 1.8% to 5.7 million head. Wool production likewise has plummeted by 31% in the five years from 1990 to 1995.

**Beef:** Australia is the world's largest exporter of beef, primarily to the United States, Canada, Japan, and Korea. While production and export figures have stayed relatively

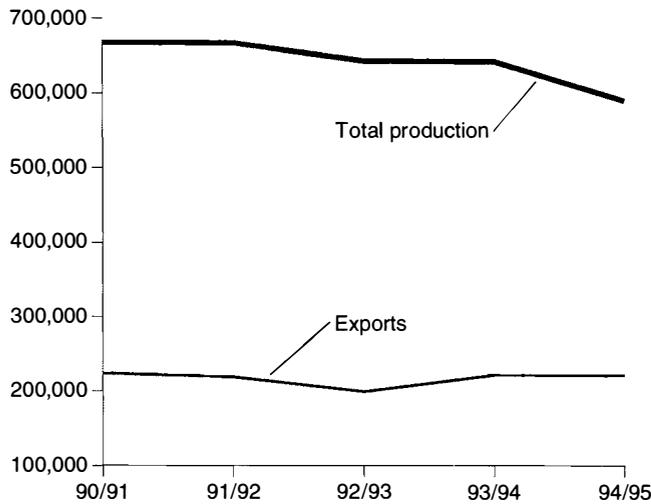
**FIGURE 2**  
**Australian sheep population falls**  
 (million head)



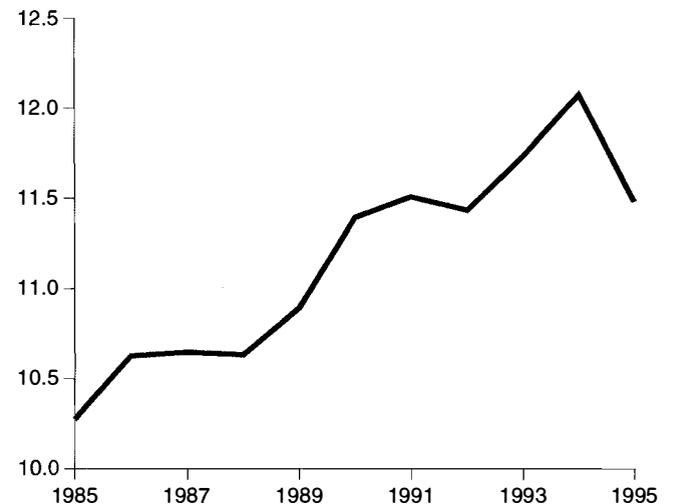
**FIGURE 4**  
**Australian beef production, and exports, remain flat**  
 (millions of metric tons)



**FIGURE 3**  
**Australian mutton and lamb production drops**  
 (metric tons)



**FIGURE 5**  
**Australian female cattle population drops**  
 (million head)



stable over the past five years (**Figure 4**), they do not reflect the immense turmoil and crisis afflicting the Australian beef industry. The cattle herd currently stands at 23 million, and cattle breeding-stock numbers are dropping (**Figure 5**).

While more beef is being sold today than 20 years ago,

the producer is getting less for it. In fact, the average loss expected this year for beef producers is \$29,300, according to ABARE. Twelve months ago, the price for a bullock was approximately \$800. Today, the producer is getting about \$400. Prices have dropped between 30% and 50% in the last

year. Much of this collapse in price is attributed to the international cartels and agribusinesses, such as ConAgra and Nippon Meat Packers, which are ruthlessly pursuing a policy of "vertical integration," in which the entire food production, processing, marketing, and retailing system is totally cartel-owned and -controlled. Obviously, it is only the multinationals that have the capability to participate in such ventures, thus leaving the family farmer and small community-based enterprises to compete on the so-called "level playing field."

Several of the leading mega-farms, interconnected with the slaughtering cartel companies, occupy land holdings bigger than whole nations (see **Table 1**). Minister Anderson put out a press release in early November, announcing a new, urgent report on reform in the livestock and meat industry. It was developed in consultation with industry and government parties, and with reference to the findings of a separate independent review by Coopers and Lybrand. While it speaks of "reform," the initiative smacks of all the usual Mont Pelerin Society, cartel-serving, free-trade terminology. Anderson himself says, "This report has rigorously tackled all the terms of reference to deliver a professional set of propositions for reform."

Foreign interests account for 44% of Australia's top 25 meat companies' production, according to Ausmeat's *Feed-back* magazine, the *Australian Farm Journal* reported in its November 1996 issue. The top three companies are all foreign-owned. Heading the list is Australia Meat Holdings (AMH), which is 90.9% owned by U.S.-based multinational ConAgra Inc. AMH's 231,600 tons of throughput last year represented 8.9% of the national kill.

Metro Meat International, owned by the Chinese CITIC investment group, moved from third place to second, with its 143,900 tons of production, representing 5.5% of the kill. Third on the list is Japanese-owned Nippon Meat Packers, whose 1995 production totalled 139,740 tons. The cartel propaganda line is that meat processing in Australia is highly inefficient and costs are double those of New Zealand or the United States. As a consequence, there has been a concerted effort on the part of ConAgra, in particular, to tackle the unions and to force through its own enterprise bargaining agenda.

### The future?

Minister for Primary Industries Anderson has voiced his frustration with the failure of the farming community to "grab new opportunities in Asia," and is determined, in collaboration with Deputy Prime Minister and Chairman of the Cairns Group of Ministers Tim Fisher, to rapidly increase market access for farm exports and reduce "trade-distorting" export subsidies and domestic support programs. This push toward trade liberalization is fully supported by the National Farmers Federation, the body which claims to represent approximately 123,000 farmers through 29 affiliated rural organizations.

TABLE 1

## Australia's biggest landholders own areas larger than whole nations

	Millions of hectares
<b>Top corporate landholders</b>	
Aboriginal Land Trusts	20.0
S. Kidman & Co.	11.7
Stanbroke Pastoral Co. <sup>1</sup>	10.1
Austag <sup>2</sup>	6.4
North Aust. Pastoral Co.	6.0
Heytesbury Pastoral Co. <sup>3</sup>	5.6
Subtotal, corporate	59.8
<b>Top private landholders</b>	
Hugh MacLachlan	4.7
Macdonald family	3.1
Brian Oxenford	2.3
Peter Sherwin	1.6
Subtotal, private	11.7
Total holdings of above	71.5
<b>For comparison, area of</b>	
Japan	37.78
France	55.15
Spain	50.478
Turkey	77.945
North and South Korea	21.956
<b>Largest cattle producers</b>	
	Number of head
Stanbroke Pastoral Co.	350,000+
Austag	350,000
Heytesbury Pastoral Co.	250,000
Consolidated Pastoral Co.	191,000
Queensland & Northern Territories Pastoral Co.	160,000
North Australia Pastoral Co.	130,000
S. Kidman & Co.	120,000
Total head of cattle of above	1,551,000
<b>For comparison, total head of</b>	
Malaysia	720,000
Philippines	1,656,000
Algeria	1,420,000
Jordan	32,000

1. Stanbroke (owned by AMP Society) has a strategic alliance with an importer in Indonesia, and has one ship each month going there. Last calendar year, Stanbroke posted an operating profit, before taxes, of \$10.1 million, down from \$20.6 million in 1994.

2. Austag (owned by Elders).

3. Heytesbury is owned by Janet Holmes a Court, who is now on a selling spree to fund her activities in live cattle exports to Malaysia, for slaughter and meat distribution throughout Southeast Asia.

It is clear that Australia could increase its production, volume of product for export markets, and food aid in virtually all agricultural sectors. But, until the nation solves the underlying fundamental crisis in agricultural policy, which defies the globalist agenda of free trade and the multinational looting machines, at the expense of the experienced producer, such a future is remote indeed.

# Business Briefs

## Poland

### Medical sector strike begins against austerity

On Dec. 10, doctors began a nationwide strike, the German daily *Sächsische Zeitung* reported. On the first day, 30,000 out of 120,000 doctors took part, affecting 600 out of 815 hospitals, and 600 out of 2,000 general practitioners' and dentists' offices.

The main target of the strike is a government plan to cut the public health budget, now 20% of the state budget. One of the measures being considered is to charge fees to see a doctor—which so far has (nominally) been free of charge. The government also wants to make it mandatory for patients to pay part of the costs of hospital treatment for up to 30 days. An expert government panel has called for state funding for public health to be eliminated, and replaced with a new scheme that would be entirely based on citizens' contributions to a fund that would cover the costs.

Labor unions and medical associations want new legislation that provides for long-overdue investments, especially in the non-private sector, and higher salaries for medical personnel.

## Thailand

### Deputy prime minister says, 'Go nuclear'

Thailand's Deputy Prime Minister Samak Sunthorawet told a Dec. 16 meeting of senior government officials, including Prime Minister Chavalit Yongchaiyudh, that the time is right to start building nuclear power plants, without which the nation will face shortages of electricity in the next 10 years, the Thai paper *Matichon* reported. If action is taken now, Samak said, power will be available in time.

Samak blamed environmentalists for the current hesitation to go nuclear, and pointed out that nuclear is cleaner than continued use of diminishing reserves of coal or oil. Having toured nuclear plants and their environs, Samak urged the government to "not hesitate

any longer." He pointed out that Canada is now providing technical information to Chulalongkorn University Institute, and the Electricity Generating Authority of Thailand is conducting its own study.

Meanwhile, the campaign promise of Prime Minister Chavalit to put London darling Amnuay Viravan in total control of the economy, was watered down after coalition partner Chatichai Choonhaven demanded that he have some say on economic policy. Recent figures show that exports, the core of the globalized Thai economy, have decreased on a year-on-year basis every month since June.

Amnuay's only response to the export decline since the new administration took over, has been to promise to pressure the central bank to lower interest rates, to bail out failing real estate and stock speculators. This has provoked a quick response from London pundits, who say that such loose money will aggravate the deficits and the value of the baht. One executive of a securities firm in Bangkok told the Thammasat Economic Association that if things don't improve, "we had better quit our finance-related careers, and become provincial vegetable growers and gardeners."

## Philippines

### Major foreign investment pledged for Mindanao

China, Japan, and Indonesia are making major infrastructure investments in the Philippines island of Mindanao, the Nov. 28, 1996 *Manila Bulletin* and the Nov. 26 *Business World* reported.

During his three-day state visit in Manila, following the Asia-Pacific Economic Cooperation (APEC) summit, China's President Jiang Zemin and Philippines' President Fidel Ramos witnessed the signing of an agreement between China's Harbin Power Engineering Co., Ltd. and the Filipino State Investment Trust for a \$230 million, 200-megawatt coal-fired plant. It was China's first major contribution to Manila's plan to shore up a peace agreement with Muslim secessionists through "peace through development" in its southernmost island.

Ramos's bilateral talks during the APEC summit also produced pledges of substantial assistance from Japan and Indonesia. Japan's Prime Minister Ryutaro Hashimoto pledged \$1.1 billion for 14 projects under Japan's 21st Yen Loan Package with Manila. Four of the projects will go to Mindanao, including for flood control, highway construction, water supply, and elementary education.

Indonesia, which brokered the peace talks between the Ramos government and the Moro National Liberation Front, has committed to projects in Mindanao. At the APEC summit, President Suharto assured Ramos that he would use the upcoming Organization of Islamic Conference meeting in Jakarta to solicit further investments in Mindanao.

## Trade

### British open alternate route to Central Asia

"As Russia loosens its imperial grip, a new trade corridor is reaching deep into the mineral-rich countries of Central Asia," states an op-ed in the Dec. 19 London *Financial Times*. It is based on an interview with Eduard Shevardnadze, President of Georgia and former foreign minister of the Soviet Union. The "new" route extends from Almaty, Kazakhstan, west to Tashkent, Uzbekistan, to Turkmenbashi on the Caspian Sea in Turkmenistan, and across to Baku, Azerbaijan, and to Batumi and Poti, Georgia's two ports on the Black Sea. The route, being cultivated by the European Union, is an alternative both to Russia and Iran. This is the first time since the end of World War I and the Soviet takeover of the region, that western European nations and the United States have tried to exert so much influence in the region, the paper comments.

European governments, the paper states, are "moving away from a 'Russia first' policy." Shevardnadze has "led the way in forging links between the CIS [Community of Independent States] and Europe," including having "sold" the east-west trade route to reluctant Turkmenistan, which has largely oriented to Iran. "The Eurasian Corridor is now

## Briefly

a reality," Shevardnadze said.

The EU is making its move into the area. In November, the British Navy paid its first visit to Georgian ports in 75 years, after a British engineering firm won a contract to rebuild a pipeline linking Georgia with waters off Azerbaijan, where British Petroleum has won a contract to exploit oil reserves. Germany, which established a protectorate over Georgia in 1918, is now its biggest aid donor. France's Foreign Minister Hervé de Charette also recently toured the Transcaucasus, to demonstrate the French oil giant Elf Aquitaine's interest in Caspian Sea oil.

The EU is promoting new road, rail, and sea links to Central Asia "as an alternative to the traditional trade routes through Russia." The World Bank and European Bank for Reconstruction are promoting this work, especially new ports around the Caspian Sea. Formerly, local wars prevented this cooperation, but now, the more stable Central Asian Republics "have begun to think about their geopolitical positions," the paper says, and the new trade route is taking shape.

### Industry

#### Iran planning to invest in eastern Germany

While the German government's policy has cut employment in the eastern German machine-tool sector from 100,000 to 10,000 in five years, and collapsed production, Iran wants to buy up Germany's "obsolete" capital-goods producers, the daily *Frankfurter Allgemeine Zeitung* reported Dec. 7.

At a meeting on Dec. 6 with German Foreign Minister Günter Rexrodt in Bonn, Iranian Minister for Mining Mohammed Hossein Mahlojchi confirmed that an Iranian steel company wants to buy the Magdeburg-based machine producer Sket, which was expected to file bankruptcy in January. The bankruptcy would eliminate more than 80% of the remaining 1,800 jobs at Sket.

Iranian Ambassador to Bonn Sayed Hossein Mussawian told the paper that Iran could be interested in buying up not only Sket, but also some other German factories, which are being written off. As an example, he said, the private-run Iranian automobile

spare parts producer Paynaehal would like to buy the diesel engine producer DMS, also based in Magdeburg. He noted that the Iranian private company Peykari has bought 200,000 square meters in the Magdeburg "technology park," in order to build a consumer goods factory for DM 135 million (about \$80 million).

An Iranian delegation, also on a visit in Germany, met representatives of Thyssen, Mannesmann, KHD, and Krupp.

### Italy

#### 'Invisible hand' used to destabilize nation

Foreign countries and financial powers used the "invisible hand" of the markets to destabilize Italy in 1992, Vincenzo Scotti, former Christian Democratic leader and interior minister in the last Andreotti government (1990-92), said in an interview with the Rome daily *Il Tempo* on Dec. 6. It was his first interview since he retired from politics three years ago. What he describes corresponds to the City of London and Bush administration attacks on Italy, covered in *EIR* and known as the *Britannia* plot.

Scotti said he first warned of the threat in a speech to parliament five years ago. "Let us not forget that everything started shortly after the collapse of the Berlin Wall, when . . . a less bloody, but more violent war among states was unleashed—an economic war—I said our intelligence had received signals of heavy destabilization, that elements coming from other directions should have worried us. . . . But in the Senate, nobody cared. . . ."

"Sometimes I read that we must let the free market unfold. Very well, but you must know that behind the famous invisible hand of the markets, dreadful interests are hidden. There are people ready to exploit mistakes and weaknesses of a country, to get in and dominate it. Once it could happen under the sunlight [i.e., Chile]. . . . Today, the war is more subtle, less evident but more dangerous. All the possible levers are used: currency, finance, production. And, if a country finds itself in a condition of weakness, it is easy for it to end up colonized at a low cost."

**RUSSIA'S** educational system is growing worse, the General Prosecutor's Office stated in a report in late 1996. "Fewer parents can afford education of their children," it said. "The number of children in educational institutions has fallen from 9.0 million in 1990 to 5.6 million in 1995. Over 1.5 million . . . are not being educated at all."

**SOUTH AFRICA** has given access to drinking water to more than 700,000 people in the past two years, and 650 million rands (about \$155 million) has been allocated to 300 other projects due to start in April, Water and Forestry Minister Kader Asmal said in opening the KwaNdebele Regional Water Augmentation Project, *The Star* reported on Dec. 11.

**BOEING** and McDonnell Douglas announced Dec. 15 that the two will merge, with Boeing buying McDonnell Douglas for \$13.3 billion in a stock swap. The move reduces to two, the number of major commercial plane-makers in the world (the other being Airbus). It is unclear if the U.S. Department of Defense will object to the merger.

**KAZAKHSTAN'S** capital Almaty was the scene of a 3,000-person rally against economic conditions by opposition and trade union groups on Dec. 8. There are chronic energy shortages, and wage and pension arrears are estimated at \$500 million. Food shortages are severe, even verging on famine in some parts of the country.

**SWISS FIRMS** participating in China's Three Gorges Dam project were granted \$230 million in export risk guarantees on Dec. 9 by the government of Switzerland, the financial daily *Neue Zürcher Zeitung* reported. The paper welcomed the decision, which gives job creation preference over environmentalist concerns.

**A CRASH** on Wall Street "could quickly restore the pre-eminence of London and Edinburgh," London *Financial Times* bonds specialist Barry Riley commented in a Dec. 11 column.

## George Bush's 'Heart of Darkness'

by Jeffrey Steinberg

On Dec. 1, 1996, former President George Bush gave an interview to *Parade* magazine, in which he stated: "I don't want to be at the head table anymore. I care about being a good citizen. I don't join boards of directors, and I don't go into business deals. I've had every opportunity to join in putting a petrochemical plant in Kuwait, a chance to make money. I haven't done it. The way I make a living is giving speeches. Get paid a lot of money for giving a speech. No conflict of interest."

This statement was an outright lie; a lie that Sir George Bush arranged to appear in the pages of a weekly newspaper insert that reaches millions of households in every part of the United States. George Bush does, indeed, have a very important foreign corporate affiliation: In May 1995, the Canada-based Barrick Gold Corp. created an international advisory board around the personal leadership of Bush, and Bush was designated "honorary senior adviser" to that board—a legal fiction to disguise the former President's active role as chief business developer for the company.

What, then, is Barrick Gold Corp.?

### **The destruction of Africa**

It is understandable that Bush did not wish to advertise his ties to Barrick. The company is not only an important corporate element of the London-centered Club of the Isles and the British global raw materials cartel—a British link that might prove embarrassing to Sir George, at a point when Anglo-American relations remain at a low point, and when British propaganda organs are leading an all-out assault upon the U.S. Presidency. But, Barrick, along with the South Africa-based Anglo American Corp., is engaged in a strategic metals grab in Central Africa, which is being abetted by the greatest genocide per capita in modern times.

From April 1993, when Uganda's President Yoweri Museveni, on behalf of London, launched the genocide of the Hutu majority in Rwanda, through to the ongoing invasion by the same Museveni-led forces in eastern Zaire, Central Africa



*Former President George Bush, accompanied by former Canadian Prime Minister Brian Mulroney (left), in Elko, Nevada on Sept. 17, 1996, visiting the Goldstrike property owned by Barrick Gold Corp. The Barrick international board, to which Bush is "honorary senior adviser," met in Elko that day. Two days later, Bush wrote to Indonesia's President Suharto, seeking the Barrick takeover of the Busang gold mine. Simultaneously, British-backed mercenary forces were carrying out mass murder in Zaire, preparing the way for Barrick and others to loot the country.*

and the Horn of Africa have been turned into a killing field. Local, British-sponsored "countergangs" have been unleashed to depopulate a region that possesses the world's richest strain of precious metal deposits, while a string of Club of the Isles metals cartels, including Barrick, moves in for the kill.

As you will read below, the invasion of eastern Zaire, by the combined armies of Rwanda and Uganda, which began in September 1996, coincided with the Barrick and Anglo American metal grabs in the very same area. The net result of the invasion, and the simultaneous launching of an "internal" rebellion by longtime British provocateur Laurent Kabila, was the depopulating of a string of camps that were holding Rwandan Hutu refugees. Thousands of those refugees were killed in the fighting between the British-backed invaders and French-supported Hutu guerrillas; at least another quarter of a million refugees were driven into the wilderness, to face death by disease and starvation; and another half a million fled back across the border into Rwanda, to face likely extermination at the hands of the Tutsi.

*EIR* first exposed this policy of genocide on Aug. 19, 1994, in a cover story titled "The British Hand Behind the Horror in Rwanda." Then, on Oct. 28, 1994, in a *Special Report* titled "The Coming Fall of the House of Windsor," we revealed the existence of the secretive Club of the Isles, the House of Windsor-led oligarchical institution centered upon a tightly knit alliance of European princely families, London-based financial and insurance houses, and food and raw materials

cartels. The Club of the Isles in turn deploys the resources of the global environmentalist movement, headed by the World Wide Fund for Nature (WWF, formerly the World Wildlife Fund), and its funding arm, the 1001 Club, as a propaganda and paramilitary arm of their one-world "New Dark Age" agenda.

Under the WWF umbrella, the British Crown has built up a string of strategically located nature preserves and national parks, which serve as staging grounds for cross-border incursions, as training grounds for terrorist gangs, and as command posts for British "former" SAS commandos to direct the killings in every part of sub-Saharan Africa.

As we document below, in joining the advisory board to Barrick Gold, and throwing his political clout into facilitating Barrick's worldwide strategic metals grab, George Bush, has cast his lot with a collection of very unsavory characters, including Barrick's chairman, Peter Munk, and with the entire Canadian Bronfman gang.

Barrick and the South African Oppenheimer family's Anglo American Corp. are at the cutting edge of a Club of the Isles drive to recolonize a severely depopulated African continent, by busting up the post-colonial nation-states, beginning with Zaire; and then creating privately owned micro-states, in which what is left of the indigenous population is impressed into slavery. The novelist Joseph Conrad described these conditions graphically in his 1899 book *Heart of Darkness*. Unless the oligarchy is stopped, Bush and his friends intend to reimpose those conditions.

## A glimpse at colonialism in action

On Aug. 18, as the Rwandan Patriotic Front began its armed attacks on the camps of Rwandan refugees in Zaire, the London *Observer* published an op-ed by Norman Stone, which went straight to the heart of British policy for Africa. Citing the horrific strife in Rwanda and Burundi, Stone bluntly stated: "For re-imperialization now begins to make sense again, and the Europeans would be in a good position to push through some sort of international mandate. This was what happened over a century ago, and you can argue that the problems of Africa were made infinitely worse than they needed to be because the process was brought prematurely to an end. The world today has a ghostly similarity to that of a century ago."

Many Africans who remember the pre-independence days would not agree with Stone's exultation of colonial rule. The reality of imperialism was not highly publicized, however; even as late as the 1960s, on the eve of independence for most countries, life expectancy in most African countries was generally under 30 years of age. One writer who had a first-hand view of colonialism and depicted it was the Polish-British writer Joseph Conrad. In 1889, Conrad traveled the Congo River as master of the ship *Otago*. In 1899, Conrad wrote about his journey through the Belgian Congo, in *Heart of Darkness*. Belgian colonial rule, which was run directly by and for the Belgian monarchy, was notoriously harsh. Conrad relates that the porters for a group of "pilgrims" were not given food each day, but handed a nine-inch piece of wire, which they were supposed to exchange for food with area Africans—a form of payment by which they starved. Under colonial rule, the Congo River Basin had been turned into no less than a giant concentration camp, in which people were worked to death, as Conrad described:

### An 'Inferno'

"A continuous noise of the rapids above hovered over this scene of inhabited devastation. A lot of people, mostly black and naked, moved about like ants. . . . They were building a railway. . . .

"A slight clinking behind me made me turn my head. Six black men advanced in a file, toiling up the path. They walked erect and slow, balancing small baskets full of earth on their heads, and the clink kept time with their footsteps. Black rags were wound round their loins, and the short ends behind wagged to and fro like tails. I could see every rib, the joints

of their limbs were like knots in a rope; each had an iron collar on his neck, and all were connected together with a chain whose bights swung between them rhythmically clinking. . . . All their meagre breasts panted together, the violently dilated nostrils quivered, the eyes stared stonily uphill. They passed me within six inches, without a glance, with . . . complete, deathlike indifference. . . .

"At last I got under the trees. My purpose was to stroll into the shade for a moment; but no sooner within than it seemed to me I had stepped into the gloomy circle of some Inferno. The rapids were near, and an uninterrupted, uniform, rushing noise filled the mournful stillness of the grove, where not a breath stirred, not a leaf moved, with a mysterious sound—as though the tearing pace of the launched earth had suddenly become audible.

"Black shapes crouched, lay, sat between the trees leaning against the trunks, clinging to the earth, half coming out, half effaced within the dim light, in all the attitudes of pain, abandonment, and despair. Another mine on the cliff went off, followed by a slight shudder of the soil under my feet. The work was going on. The work! And this was the place where some of the helpers had withdrawn to die.

"They were dying slowly—it was very clear. They were not enemies, they were not criminals, they were nothing earthly now—nothing but black shadows of disease and starvation, lying confusedly in the greenish gloom. Brought from all the recesses of the coast in all the legality of time contracts, lost in uncongenial surroundings, fed on unfamiliar food, they sickened, became inefficient, and were then allowed to crawl away and rest. These moribund shapes were free as air—and nearly as thin. I began to distinguish the gleam of the eyes under the trees. Then, glancing down, I saw a face near my hand. The black bones reclined at full length with one shoulder against the tree, and slowly the eyelids rose and the sunken eyes looked up at me, enormous and vacant, a kind of blind, white flicker in the depths of the orbs, which died out slowly. The man seemed young—almost a boy—but you know with them it's hard to tell. I found nothing else to do but to offer him one of my good Swede's ships's biscuits I had in my pocket. The fingers closed slowly on it and held—there was no other movement and no other glance.

"Near the same tree two more bundles of acute angles sat with their legs drawn up. One, with his chin propped on his knees, stared at nothing, in an intolerable and appalling manner: his brother phantom rested its forehead, as if overcome with a great weariness; and all about others were scattered in every pose of contorted collapse, as in some picture of a massacre or a pestilence. While I stood horror-struck, one of these creatures rose to his hands and knees, and went off on all-fours towards the river to drink. He lapped out of his hand, then sat up in the sunlight, crossing his shins in front of him, and after a time let his woolly head fall on his breastbone.

"I didn't want any more loitering in the shade, and I made haste towards the station."

# Inside story: the Bush gang and Barrick Gold Corporation

by Anton Chaitkin

Barrick Gold, caught scrambling for loot amid the corpses in Zaire, is a corporate front for the George Bush-allied covert political apparatus. The Canada-based Barrick is Bush's only known current business enterprise. The company, which Bush now personally leads, was created by Bush's political partners—British elite narcotics financiers, and arms traffickers and money launderers.

Using the influence of this political faction, Barrick acquired important interests, first in the United States, then in Canada and South America. In South America, as Barrick boasts in its 1995 annual report, the company has an aggressive, long-term approach, with mines and projects established in strategic locations in Argentina, Chile, Peru, Bolivia, and Brazil. "Almost two-thirds of the exploration and development drilling budget will be spent in South America, where the company has decided to focus its efforts," the annual report states. In addition, with its intended conquests in Indonesia and Africa, the firm now says it aims to move from third to first among the world's largest gold mining companies.

We present here the results of *EIR*'s investigation of the Bush company, centering on the following principal figures:

**George Herbert Walker Bush**, whose father was a partner in the powerful London-controlled private banking firm Brown Brothers Harriman. Relevant to the Barrick story, Bush was U.S. vice president and chief of covert operations in the Reagan-Bush (1981-89) administration, and U.S. President (1989-93). As a former President and power broker, Bush is Barrick Gold Corp.'s chief lobbyist, a stockholder in Barrick, and honorary senior adviser to Barrick's international advisory board.

**Adnan Khashoggi**, a Bush-allied Saudi billionaire and arms trafficker, founder of the Barrick Gold Corp.; famous for his illegal weapons sales to Iran.

**Peter Munk**, a business failure who became a protégé of the British royal family, and Khashoggi's partner. Munk is chairman of Barrick Gold Corp.

**Brian Mulroney**, Canadian prime minister (1984-93) and George Bush's errand boy; Barrick Gold lobbyist and director, Bush's lieutenant on the Barrick international advisory board.

Barrick Gold was founded in Toronto, Canada, in 1983.

The majority investment in the firm was held by Khashoggi and his arms-trafficking partners, who were just then gearing up the Iran-Israel-Nicaragua guns and cocaine tangle which would explode in 1986 as the "Iran-Contra" scandal.

The nominal chief of Barrick Gold was Peter Munk, a Hungarian Jewish immigrant who had repeatedly "died" as a

## Peter Munk and London's hit squad

Barrick Gold Chairman Peter Munk has floated to a high place in the British Empire's political-financial apparatus.

Munk is chairman of Trizec, a huge real estate conglomerate which was taken over in virtual bankruptcy, and which holds a large part of Barrick's stock. Trizec had been the property of Munk's close friends, the Bronfmans, as front men for British intelligence and "Dope, Inc." London bankers around the Eagle Star Insurance Company.

Munk and Barrick director Andrew Sarlos are very close associates of international speculator George Soros, in a grouping of Hungarian Jewish émigrés. A personal investment director for Britain's Queen Elizabeth, Soros is the world's leading promoter of the legitimization of criminal enterprises, particularly narcotics.

Munk is also a director of the Hollinger Corporation, the reactionary global newspaper conglomerate organized by British intelligence and "Special Operations Executive" Crown representatives. Hollinger Chairman Conrad Black was the primary sponsor of Brian Mulroney's career. Munk has said that he created the Barrick international advisory board on the model of the Hollinger Corp.'s advisory board, which features such close Bush allies as Margaret Thatcher, Henry Kissinger, and the Bronfmans.

FIGURE 1  
**Barrick's gold mines in Zaire**



businessman, only to be repeatedly revived by princes and principalities. This much of Munk's story is before the public in a biography that was written and published with Munk's support, entitled *Peter Munk: The Making of a Modern Tycoon*, by Donald Rumball (Toronto: Stoddart Publishing Co., 1996). It vaguely describes Munk's public disgrace, his self-exile in London, and his sudden rise to near-billionaire status, ending with Munk's invitation to George Bush to become honorary senior adviser to the board, created in May 1995.

### The Clairtone heist

Peter Munk first became notorious in Canada in the late 1960s, as the beneficiary in an insider trading scandal. Munk and a partner named David Gilmour owned an audio equipment manufacturing company that had been heavily subsidized by the province of Nova Scotia. Munk and Gilmour quietly dumped 29,000 shares of Clairtone stock in 1967, just before publication of the company's financial report tipped off other investors that the company was failing. After Munk sold at \$9 per share, the stock plunged to \$1.

Dr. Morton Shulman, a member of the legislative assembly of the province of Ontario, asked government representatives if Munk would escape with his money and no legal consequences (see Ontario Legislative Library record of Ontario provincial parliamentary debate on June 3, 1969).

Ontario Minister of Financial and Commercial Affairs H.L. Rowntree responded that a court had been requested to order the Ontario Securities Commission "to commence an action in connection with [Munk's] Clairtone Sound Company . . . for an action in the name of the company for the accounting of profits allegedly made by him by reason of the improper use of inside information."

But there was no government action, and Munk would indeed escape. A Clairtone stockholder named John Adams, who had lost about \$5,500, had filed a legal action against Munk. Munk hired attorney Charles Dubin, whom Shulman described as "a lawyer who acts for the Conservative Party whenever there is an embarrassment to be covered up. . . . He is amazingly good at covering up Conservative scandals. . . . And Charles Dubin . . . knew exactly how to go about subverting the law in this case."

Shulman reported that Munk's attorney gave Adams \$35,000 as a settlement, on Adams's agreement not to make the case public. Then, "the lawyer for Adams and Charles Dubin went into the Judge's chambers . . . [and] requested the judge to remove the papers from the registrar's office and keep them in his own private chambers, which the judge did."

Charles Dubin, Munk's inventive attorney, the fixer for Mulrone's Conservative Party, became Ontario's chief justice, and only recently retired.

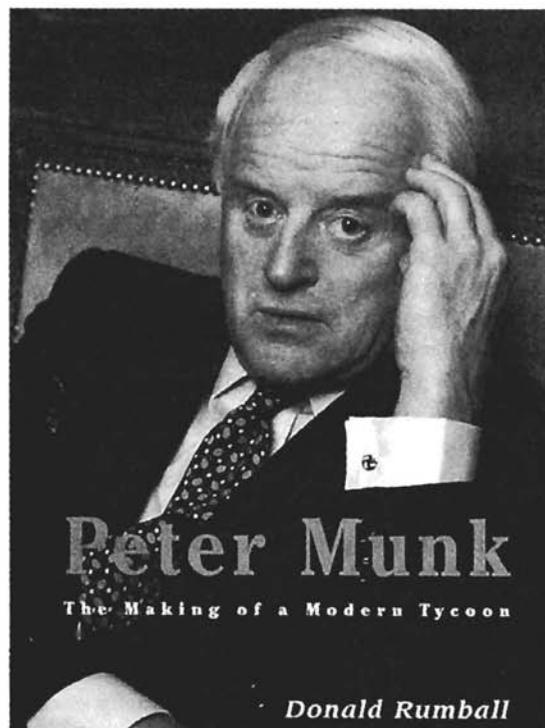
The disappearance of legal papers in the Munk case discouraged other stockholders from going after Munk. But the resulting scandal made him a pariah in Canada, and Munk moved to London to start a new life.

## 'Permission denied'

A Canadian literary agency, Westwood Creative Artists, controls the U.S. rights to the approved biography of Peter Munk, *Peter Munk: The Making of a Modern Tycoon*. *EIR* contacted Westwood and requested permission to reprint two photographs from the book. The agency reported to *EIR*, however, that Barrick Gold Corp. owned the photographs in the book, and that Barrick had specified that *EIR* was denied permission to reproduce the photographs. An agency spokesman told *EIR* that it was highly unusual that a specific publication would be singled out for such a denial of permission.

The photographs in question show the Barrick international advisory board, with George Bush, Brian Mulroney, and Peter Munk in the front of the group; and, Adnan Khashoggi posing with Munk at the Toronto Stock Exchange in 1982.

At right is the book cover of the Munk biography, with a photo of Peter Munk.



## 'Dope, Inc.' puts Munk back together

The sister of Munk's partner, David Gilmour, had married one of the Vansittarts, a family high in the Anglo-Dutch aristocracy. Munk's approved biography reports that this Vansittart activated the formidable Sir Henry Keswick, who made arrangements to lift Munk into a new career. Keswick's family merchant banking firm, Jardine Matheson, had long been the British Empire's leading, out-in-the-open organizer of Asian illegal narcotics trafficking and drug-money-laundering. (Keswick, Jardine Matheson, and their cohorts are central figures in *EIR*'s book *Dope, Inc.* (Washington, D.C.: Executive Intelligence Review, third edition, 1992.)

Jardine Matheson made Munk the chief executive of a Bahamas-registered hotel corporation called Southern Pacific Properties (SPP), with Jardine money, and Jardine's chief executive, David Newbigging, as a director. Then, Jardine's historical dope partner, the Peninsular and Oriental Steam Navigation Company (P&O), joined the Munk enterprise; P&O's Lord Geddes himself joined Newbigging on the Munk-SPP board. In future years, as Munk rose to world prominence in the gold business, the Hongkong and Shanghai Banking Corp. and the Royal Bank of Canada, two "Dope, Inc." financial agencies, would provide credit in the billions of dollars for Munk's expansion.

Munk-SPP became a giant hotel owner in Australia and the South Pacific islands, and seized control of the Travelodge chain.

Munk's rise in Australia was aided by his lifelong close association with fellow Hungarian émigré Sir Peter Abeles, Australia's transport mogul. Munk's stepfather had been secretary and assistant to Abeles's father in Vienna in the late 1940s. Abeles is reportedly known in Europe as "the White Knight," in reference both to his British knighthood, and his reported large role in the cocaine trade. Jonathan Kwitney, in *The Crimes of Patriots* (New York: W.W. Norton, 1987), reports that, after Abeles encountered labor union problems in his American business, Abeles gave to gangster "associates of . . . the most powerful Mafia leader in the United States . . . a 20% stake in his U.S. operations." His partners were indicted for hiding his payments, but Abeles refused to come to America to testify, and charges were dropped.

## Khashoggi, Barrick, and the ayatollahs

In 1974, Munk signed an investment partnership agreement with arms-trafficking billionaire Adnan Khashoggi of Saudi Arabia. According to Munk's approved biography, the new alliance was cemented when Munk and Khashoggi were summoned to the London headquarters of Peninsular and Orient. P&O's hereditary boss was Lord Inchcape, whose predecessor in the 1920s (also Lord Inchcape) had directed Britain's India Commission to continue the Empire's opium production.

Munk later told his biographer that he was nervous—Khashoggi was late and perhaps "the P&O directors

wouldn't wait for us and it would seriously harm the relationship. It was already remarkable that they should have a Jew and an Arab together in their dining room." But, the mighty Lord Inchcape convinced Khashoggi to plunge in, and Khashoggi now provided most of the cash for the Munk enterprise.

Since this arrangement was sealed back in the 1970s, Munk has grown in favor as London's creature. He became a regular skiing partner of Prince Charles, who recently attended the opening of a Munk speculative real estate venture (a factory outlet mall) in Germany. Munk is a member of the elite "1001 Club," co-founded by Prince Philip, a worldwide grouping of aristocrats, bankers, and speculators who support a radical anti-industrial, "pro-environmentalist" looting strategy, and who provide a lion's share of the funding for Prince Philip's World Wildlife Fund.

The first Khashoggi-Munk-London venture was an attempt to build a 10,000-acre "jet set" resort complex immediately adjoining the Egyptian pyramids. As the scheme threatened to destroy the entire historical/archeological area, it evoked mass protests, and could not be forced through. Munk sued Egypt's government, and was eventually awarded \$17 million by an international referee.

Khashoggi and his associates, backers of the British- and Bush-linked faction of the arms trade, created Barrick Petroleum Corp. in 1981, registered as a Delaware, U.S.A., corporation. Junior partner Munk, having returned from London, set up a parallel "Barrick Resources" in Canada.

But Munk's name was anathema to Canadian investors. So, Khashoggi was brought in to lend his prestige to Munk. Khashoggi made a televised publicity tour of the Toronto stock exchange, and announced that he had purchased 10,000 (Canadian) Barrick shares. At that point, in fact, Khashoggi, his brother, and their international associates already controlled the company, partially through Khashoggi's Liechtenstein-U.S.A. conglomerate, "Triad."

Munk was now launched as a corporate chairman in Canada. But this first Barrick, an oil development firm, went bust and lost all its money.

In 1983, the Khashoggi-led group formed the gold company whose name was soon changed to Barrick Gold Corp. Sheik Kamal Adham was reportedly one of the new company's founding co-owners. Adham, the chief of Saudi intelligence, had coordinated royalist guerrillas in Yemen, with British arms secretly provided through Khashoggi.

Beginning in 1985, Khashoggi borrowed \$21 million, using his Barrick stock as collateral, for the covert transfer of arms to Iran for the Bush-North group, during an official U.S. arms embargo against the Khomeini regime. Khashoggi made Donald Fraser, the Toronto-based businessman who allegedly provided the loan from his Cayman Islands company, president of Khashoggi's Triad American holding company.

Khashoggi used the Monte Carlo office of the Bank of

Credit and Commerce International to launder money for Iran arms sales. Barrick Gold Corp. co-founder Kamal Adham was later prosecuted for fraud in the BCCI case, and paid a \$100 million fine.

Khashoggi's Saudi royal piggybanks also underwrote George Bush's Central American "Contras" adventures, making payments through the Swiss Bank Corp. and a Cayman Islands bank, totalling about \$27 million.

When the Iran and Contra scandals blew up in 1986, U.S. Attorney General Edwin Meese linked the two scandals in a Nov. 25 public revelation. The next day, Munk announced a shareholders' meeting to decide on an urgent restructuring plan. A new organization emerged, keeping the Khashoggi group in control, but easing Khashoggi out of the limelight and making Munk the sole public figurehead. Personnel were shifted into the Canada organization out of Khashoggi's Triad operations in Utah. Tariq Kadri, Khashoggi's longtime attorney, was made president of the Horsham holding company that was put over Barrick.

As the U.S. Congress took up the arms-for-drugs investigation and other trails leading to Vice President Bush, Khashoggi became too hot for the Canadian partnership, and the Khashoggi group's shares were officially sold off. Khashoggi was himself arrested in 1989, in a fraud case involving the Philippines' Marcos regime. Taken from Switzerland and jailed in New York, Khashoggi was bailed out with a \$4 million check from his partner, Peter Munk.

## **Bush cashes his gold chips**

In 1986-87, at the height of the Iran-Contra controversy, the Barrick Gold Corp. acquired the Goldstrike property in Nevada for \$63 million. The land, proving to hold \$10 billion in gold, was the property of the U.S. government. Bush was elected President in 1988, and his administration put through a special dispensation—applied only to the Barrick Gold Corp.—to speed up the normal procedures for a mining company to take official title ("patent") to the land.

With the Bush Goldstrike intervention, Barrick Gold shot up from insignificance, to world power status, and Bush himself climbed onboard.

(Bush told the American public, in an interview in the Dec. 1, 1996 *Parade Magazine* Sunday supplement: "I don't join boards of directors, and I don't go into business deals." Yet, on Sept. 17, 1996, less than three months earlier, Bush had flown into Elko, Nevada, on a Barrick corporate jet. Bush's international advisory board convened at Barrick's Goldstrike property, and met with Barrick's directors. Speaking to an audience gathered to honor his presence at the mine, Bush said, "There is no such thing as an imperial, formal ex-Presidency. We just go back and live like the rest of you.")

President Bush's ambassador to Canada (1989-92), Edward N. Ney, had been for many years a Bush political opera-

tive and an international coordinator of Bush's "privatized" intelligence activities. In 1992, Ney quit as ambassador and became a director of the Barrick Gold Corp.

The following year, Brian Mulroney resigned as Canadian prime minister. Mulroney was the most unpopular Canadian politician; but, in power, he had directly aided Barrick's international ventures, and had worked closely with Bush to force through free trade agreements. Munk immediately hired the former prime minister as a Barrick step-'n'-fetchit. The approved biography explains Munk's point of view:

"Mulroney [was] the unhappy lightning rod for the angst of a whole nation, in office and out. Munk was well aware of these feelings toward his new recruit. . . . After nine years trotting around the world to meet world leaders, he had incomparable access to Presidents and prime ministers in all the key spots. . . . Mulroney arranged the necessary access to the key decision makers. Munk was starting to salivate at the prospect of an inside track into the huge Chinese territory." Mulroney has been paid over \$300,000 per year by Barrick.

Barrick announced in May 1995, that a new international advisory board was being assembled, under the leadership of "honorary senior adviser" George Bush, the former U.S. President, who, like Mulroney, had recently lost his job at the hands of the voters.

On Nov. 27, 1996, the French newspaper *Le Monde* leaked the news that Barrick had been granted a concession to prospect for gold in Zaire—a lead which prompted the present *EIR* Barrick investigation. Canadian newspapers that same day reported that Barrick Gold had convinced the government of Indonesia to award to Barrick control over the world's largest gold find, and that *George Bush and Brian Mulroney had personally done the heavy lobbying* to accomplish this.

The Indonesia deal is indeed startling. The small Canadian mining company Bre-X Minerals Ltd. had intended to develop the Busang gold mine, on East Kalimantan. Suddenly, the government announced that it demanded that Barrick Gold Corp. be cut in to a 75% ownership stake in the mine, which is estimated to hold 57 million ounces of gold, with a current estimated value over \$20 billion.

*EIR* contacted Placer Dome Inc., a rival company which has been bidding for the right to develop a share of the Busang mine. A Placer Dome spokesman would make no comment on Barrick Gold, saying only, of his own firm, "We are a gold mining company, not a political organization."

The U.S. Republican Party, of course, has been attempting to use President Clinton's fund-raising relationship with Indonesian supporters as a scandal to break the President. Former President Bush, meanwhile, has been reportedly telling world leaders, privately, that the Clinton Presidency is destroyed; that his son, Texas Gov. George W. Bush, will be the next President, reviving the Bush dynasty; and that, therefore, leaders would be smart to work with him now.

## George Bush's \$10 billion giveaway to Barrick Gold

by Mark Sonnenblick

In 1985-86, Barrick Gold Corp. paid two other mining companies \$63 million for a small working Nevada mine, called Goldstrike. Within a few years, it was found to contain 24.6 million ounces of gold, worth about \$10 billion. Goldstrike was on federal property. Under existing legislation, designed in 1872 to populate and bring development to the West, miners could operate on federal land for free, once they had filed a claim. They could obtain full legal title to the land at \$5 an acre, upon completion of a long and expensive process called "patenting."

In 1992, however, pressure was building for a new mining law to require that those given federal properties pay a royalty, a certain percentage of what they mine each year. As expected, when the Clinton administration took office in 1993, it sought a 12.5% royalty. At that rate, the 25 major mine claims then in the process of being privatized, would eventually yield an estimated \$10.75 billion to the U.S. Treasury.

Mining companies caused a major jam-up at the Bureau of Land Management, as they rushed to obtain patents before Congress applied royalties. By 1992, the long waiting line at the BLM Nevada office made it doubtful that many mines would get over the critical hurdle in the patent process in time. It would normally take several years for a mine of Goldstrike's size and complexity to complete the process, a BLM source commented, and the average during the previous four-year period was 10.3 months. But, Barrick made it in only 4.8 months.

Barrick filed its applications for 1,144 acres of land in March and April 1992. That summer, a pilot program for "expedited processing" of Nevada patents was instituted by BLM chief Delos Cy Jamison, a Republican who had been appointed to that post by President George Bush in 1989. Jamison concocted this speed-up procedure with the BLM Nevada state director, without informing his own staff. "Bells went off in my head when I heard about it," a former BLM staffer told *EIR*.

Philip M. Hocker, president of the Mineral Policy Center, an environmentalist outfit, testified to a Congressional subcommittee on March 11, 1993: "Under a new and unpublished 'pilot project,' the BLM allowed Barrick to hire outside

## Anglo American Corp. set to grab Brazil's CVRD?

Engineers, geologists, and other officials who work at Brazil's strategic mining and industrial corporation Companhia Vale do Rio Doce (CVRD), suspect that the South African firm Anglo American Corp. may have been already secretly selected as CVRD's buyer. The state-owned CVRD, located in the mineral-rich Amazon region, is scheduled for privatization early in 1997. When President Fernando Henrique Cardoso traveled to South Africa in late November, he was accompanied by CVRD President Francisco Schettino, and together they met in Johannesburg, South Africa, with top executives of the Oppenheims' Anglo American.

Brazilian nationalists perceive the CVRD privatization as a giveaway of a national treasure to foreign usurers, whose only goal is to loot the country's mineral wealth, and strip Brazil of its sovereignty. Opponents of the privatization have denounced the fact that government officials have leaked strategic secrets to bidders regarding CVRD's operations. *O Globo* journalist Marcio Moreira Alves

warned on Nov. 28 that control of CVRD would give Anglo American Corp. "an immense competitive advantage, besides opening to it the iron mining market, where it is the only large mining company not present [in Brazil]. . . . The activities of Anglo American in Brazil . . . represent barely 1.7% of its business, but multiplying that could provide it an escape route, in case of any accident along the way in the country [South Africa] where it is headquartered."

Anglo American has an ugly history in Brazil. On Dec. 4, *Monitor Mercantil* documented that Anglo American closed down three mines and fired 3,000 of 5,000 miners employed at its mine in Cuiaba, in Matto Grosso state. Those workers not fired were paid a pitiful average of 350 reais (about \$340) a month. Even worse was the situation at another Anglo American mine in neighboring Nova Lima, in Minas Gerais: alarming unemployment, stagnation of the local economy, high accident rates, and 4,500 miners afflicted with work-related diseases. Because of the high death rate among miners, *Monitor* reported, the city of Raposos, right next to Nova Lima, has the highest percentage of widows in all Brazil. "Is this the 'inevitable' modernization which Fernando Henrique Cardoso preaches for the country?" the daily asked.

—Cynthia Rush

mineral examiners to perform the evaluation of 'discovery' on Barrick's mining claims. The specialists who determined whether these claims should be patented for \$5 per acre received payment for their work directly from the company which wanted a 'yes' answer. This is a flagrant conflict of interest, which BLM is not only allowing, but encouraging. Barrick is the only company to complete this process so far."

Only Barrick got expedited treatment. Its patenting was rushed through in record speed; the BLM district manager approved the report of the outside consultant hired by Barrick the day after it was filed, in February 1993. Other companies remained stuck in the BLM backlog.

### 'The gold heist of the century'

As soon as he took office, Interior Secretary Bruce Babbitt called the Barrick deal "the gold heist of the century." He swore he would make sure the taxpayers received something for federal gold. He slapped a de facto moratorium on new patents, by abolishing the expedited process and requiring that he personally approve each patent.

Babbitt's office held up Barrick's patent, on the dubious grounds that its pumping would harm an endangered species. In August 1993, Barrick sued in U.S. District Court in Nevada. The verdict in favor of Barrick came through in March

1994. Babbitt immediately granted the patent, made a big show of indignation, and abandoned all pretense of ending mining giveaways.

The approved biography of Peter Munk explains a bit of what happened: "For much of 1993, [Munk] spent a lot of time in the District of Columbia . . . lobbying. At that stage Brian Mulroney, Canada's former prime minister, had just joined the Barrick board and he immediately went down to Washington to establish contact with key senators, using his close relationship with George Bush to good advantage."

Once Barrick had paid the U.S. government \$5,720 and had clear title to Goldstrike, Barrick lobbyists worked with Hocker and other environmentalists for "reform" legislation that would impose royalties on companies which had not cleared the patent hurdle (on Sept. 29, 1994, royalty legislation was killed in a House-Senate conference). In a recent discussion, Hocker insisted that Barrick had not used political influence to win Goldstrike. But at the end, he conceded, "I guess that sounds like Barrick also got to me."

And, with unrestricted property rights over the \$10 billion Goldstrike, Barrick Gold had the collateral on which the Royal Bank of Canada gave it a \$1 billion line of credit that it used for the explosive worldwide expansion it suddenly began, months after the patent was granted.

# Bush's letter abets Barrick's golddigging

by Gail G. Billington

On Nov. 26, 1996, the small Canadian mining company Bre-X Minerals released a "guidance" from the government of Indonesia, which requested that Bre-X sell the majority of its 80% holding in what *Maclean's* magazine called the "mine of the century," the Busang goldmine in East Kalimantan state, to Barrick Gold. By Dec. 17, Umar Said, secretary general of Indonesia's Ministry of Mines and Energy, reported that Bre-X and Barrick had reached an agreement, whereby Barrick would take 67.5% to Bre-X's 20.25% share in Busang, and Indonesia would retain a 10% stake. Overnight, Barrick had outmaneuvered several other contenders, such as Placer Dome, to emerge as perhaps the world's premier gold diggers. Busang is currently valued at \$21 billion, with estimated gold deposits of 57 million ounces, but which could end up nearer to 100 million ounces.

According to a Houston-based spokesman for Barrick's "honorary senior adviser," former President George Bush, a Sept. 19, 1996 personal letter from Bush to Indonesian President Suharto clinched Barrick's advantage on the Busang mine deal. Bush's personal intervention was first revealed in the Dec. 21-23 *Financial Post*, a Toronto-based paper controlled by Bush's media ally Conrad Black, who, in the same issue, declared Barrick CEO Peter Munk "newsmaker of the year."

Bush spokesman Jim McGrath confirmed the *Financial Post* story, describing Bush's Sept. 19 letter as "a private letter between friends," which mentioned Bush's high regard for Barrick. "He wrote one letter . . . and that's it," McGrath told a journalist. "There were no phone calls [to Suharto]."

Munk, in *Barrick*, a special magazine put out on Oct. 2, 1996 for the Denver Gold Conference, in an article entitled "Continuing Growth/Barrick Plans to Double in Size; Comments on Barrick's New Opportunities," confirmed the extent of Barrick's holding's in Indonesia: "One of the most important countries in our worldwide exploration program is Indonesia, where we have a land position of 8.5 million hectares—the largest of any company in the country. We are currently mapping and sampling on Woyla Property in northern Sumatra; on both Masupa Ria and Yamana projects in Kalimantan; and on several properties on Irian Jaya. Drilling will begin on both Woyla and Masupa Ria in first quarter 1997."

By early November, Barrick CEO Munk landed in Jakarta to handle negotiations. The Nov. 29 Toronto *Globe and Mail* suggested that Munk may have been seconded by Canadian Prime Minister Jean Chrétien, who spent several hours with Suharto in bilateral talks following the Asia-Pacific Economic Cooperation summit in Manila, less than 48 hours before Indonesia's guidance was made public. An industry source told the Dec. 2 *Northern Miner* that there is no question that Munk interfered in Bre-X's Indonesian operations, "and, in doing so, has placed a gun at Bre-X's head . . . because Munk . . . wants this thing so bad he can taste it."

No one is saying how much Barrick will pay Bre-X for its stake in Busang, although Barrick is expected to foot the \$1.3-1.5 billion cost of constructing the mine. But Busang has already started earning money for Barrick, thanks to stock-market speculation in Barrick's favor, and to Bre-X's detriment.

Several outstanding issues remain to be clarified, including appeasing Bre-X's stockholders and sorting out multiple claims to the three Busang fields by Bre-X's Indonesian partners. The Dec. 21-23 *Financial Post* reported that Bush also sent a letter to Bre-X's stockholders, assuring them that Barrick would give them a fair deal. However, one group of shareholders has retained the services of law firms Lang Michener in Vancouver, and Baker and Botts in Houston, the latter the family firm of Bush's secretary of state, James Baker III.

Industry sources say the Barrick/Bre-X split only covers the two richest fields, Busang II and III. Bre-X has a work contract and a local partner for Busang I, which is estimated to contain only about 2.6 million ounces of gold. The local partner, PT Askatindo Karya Mineral, will get a 2.25% share as a result of the Barrick/Bre-X split, but Jean Anes, of the Indonesian Consulate in Toronto, told the Dec. 23 *Northern Miner* that Bre-X "still has to give 10% to their local partner," presumably to cover Askatindo's 10% claim to Busang II and III. A fourth party, businessman Jusuf Merukh, has a 10% undisputed claim to Busang I, and a 40% claim to the two richer sectors, and has threatened to sue.

Barrick has made out like bandits on Busang, while Bre-X has been bullied by the "big boys." Indonesia's headaches over Busang will continue, in part because resentment of Barrick's high-society, knuckle-dragger profile is likely to fuel a nasty press campaign in which Bush would be more than happy to see Indonesia played as the scapegoat for damages to Bre-X et al.

The irony is that it is Bush-linked press in the United States, such as Bush's favorite Moonie paper, the *Washington Times*, and the *Wall Street Journal*, which have carried the most visceral attacks on Indonesia in their coverage of the "Riadgate" connection to the Democratic National Committee's fund-raising, and gave the most fawning praise of the Nobel Peace Prize award to East Timor terrorist spokesman Jose Ramos-Horta in October, 1996.

# Barrick's barracudas

In announcing the creation of Barrick Gold Corp.'s international advisory board on May 3, 1995, Barrick Chairman Peter Munk said, "They will be providing strategic advice on geopolitical issues affecting Barrick." In fact, they are components of the geopolitical dirty tricks apparatus centered around former President George Bush. The following is a brief profile of key members of Barrick's international advisory board and its board of directors:

**George Bush** serves as "Honorary Senior Adviser."

**Brian Mulroney**, prime minister of Canada from 1984 to 1993. Mulroney became prime minister after backers of the Nicaraguan Contras helped knock out his competitor, Joe Clark. There were no serious investigations of the "Iran-Contra" Canadian connection. Mulroney sacrificed his political career by talking Canadians into accepting Bush's North American Free Trade Agreement (NAFTA). Though Canadian banks benefitted, 350,000 industrial jobs were lost, and Mulroney became the most hated man in Canada. In the 1993 elections, Canadians voted out all but 2 of his party's 169 members of Parliament.

In 1994, Mulroney's phone calls to the Presidents of Chile and Argentina, and the prime minister of China, helped Barrick move into gold mines in those nations. His "advice" was rewarded with \$1.2 million in stock options and \$300,000 in fees. Rev. Sun Myung Moon rewarded Mulroney and Bush for their vouching for him in Ibero-America in November 1996. Mulroney, a board member of Archer Daniels Midland, ran ADM's internal "investigation" of its price-fixing scandal.

**Howard H. Baker, Jr.** (R-Tenn.) served in the U.S. Senate from 1967 to 1985, and was Reagan's chief of staff during 1987-88. He is on many corporate boards and runs a lobbying firm, which includes Barrick among its clients.

**Paul G. Desmarais, Sr.** is the richest man in Canada, and a member of Her Majesty's Council for Canada. He runs Power Corp. of Canada—which generates political power. He serves on many boards with Maurice Strong, a top operative of Prince Philip's World Wide Fund for Nature. For example, Desmarais and Strong are Honorary Director and Honorary Chairman, respectively, of the China-Canada Business Council. Desmarais used his contacts in China to win electricity-generating contracts for Power Corp., and to obtain gold concessions for Barrick. Desmarais is part-owner of Europe's largest private TV network, the banking Groupe Bruxelles Lambert, and Belgium's Petrofina oil giant. As a Commander of Belgium's L'Ordre de Leopold II, it seems natural for him to be involved with Barrick in recolonizing the former Belgian Congo.

**Vernon E. Jordan, Jr.** was president of the Urban League from 1971 to 1981, when former Democratic National Committee chairman Robert S. Strauss recruited him to become a senior partner in his law firm. Jordan is influential in the Democratic Party and in corporate America.

**Andro'nico Luksic** is a Chilean oligarch who was a big winner in Chile's Thatcherite sell-off of state assets. He is building a South America-wide banking empire as the local partner for Hongkong and Shanghai Bank, the central bank of the opium trade, and for Spanish banking interests. They have snapped up banks in Chile, Argentina, and Peru—countries which Bush would like to integrate into a Western Hemisphere Free Trade Accord. In 1994, Barrick acquired 500 square miles of Chile's El Indio gold, silver, and copper district, containing 9.5 million ounces of gold. It also has mines in Peru, Argentina, Bolivia, and Venezuela.

**Peter Munk**, a member of the 1001 Club (see article, p. 19).

**Karl Otto Pöhl** was president of the Bundesbank, Germany's central bank, from 1980 to 1991; he was a top official of the International Monetary Fund and Bank for International Settlements, and is a member of Germany's Social Democratic Party.

**Jose E. Rohm**, manager of Argentina's private Banco Central de Negocios, is an expert in turning the privatization of state assets to personal advantage.

**Robert M. Smith**, the only real gold miner in the bunch; chief operating officer of Barrick Gold.

## Members of the board of directors

**Edward N. Ney**, Bush's appointee as ambassador to Canada (1989-92), is a Barrick director. Ney became CEO of Young and Rubicam in 1970, where he fired one-third of the staff, and built it into the world's biggest ad and public relations agency. He supervised George Bush's 1988 ad campaign, including the infamous racist "Willie Horton" ad. As ambassador, he helped jump-start the NAFTA initiative of Bush and Mulroney, with propaganda saturation from Y&R's Burson-Marsteller division, which he now controls. Burson-Marsteller is a veritable private diplomatic service, with agencies in 34 countries.

**J. Trevor Eyton**, known as "Canada's most powerful businessman," brokers the incestuous relations among the Club of the Isles' families which are based in Canada. Eyton started his career in British intelligence's Argus-Hollinger nexus, next to media magnate Conrad Black. Since 1979, he has managed Brascan and other entities for the Bronfman family. He was appointed a Canadian senator as a reward for channelling the Bronfmans' money into buying the 1984 election for Mulroney's party, and to help get the Bush and Mulroney-backed NAFTA three-way accord with the United States and Mexico through the Canadian Parliament. When the Bronfmans fused with Barrick, Eyton joined its board.

# British-backed mining companies are stealing Zaire's patrimony

by Richard Freeman

When the forces of Uganda's President Yoweri Museveni overran eastern Zaire in October 1996, under the guidance of Baroness Lynda Chalker, the head of Britain's Overseas Development Office, this military phase was the culmination of an invasion of Zaire which had been ongoing for the past three years: the theft of Zaire's wealth and patrimony. Zaire, as a nation, is being dismembered. Its various energy-rich provinces, including Shaba and Kivu, are being encouraged to form separate micro-states. Already, because of the economic dislocation forced on Zaire over the past seven years, most of the provinces act semi-autonomously from the central government; for example, Shaba province issues its own currency.

In the following report, we document some of the most important features of this genocidal looting operation.

On Sept. 21, 1996, a tiny Toronto, Canada-based raw materials company, Banro Resources Corp., obtained the concession to mine gold in Zaire's central-east province of Kivu. The rich concession starts in the town of Bukavu, and extends southward. Bukavu was the site of one of the major Rwandan refugee camps in Zaire, which was teeming with half-starved women and children. Banro needed this site cleared of people to begin its mining operations; the clearing started with Uganda's invasion of Zaire in mid-October. Banro appears to be a cutout for the Anglo American Corporation, which is the world's biggest mining company, and a key cog in the international oligarchy's Club of the Isles raw materials cartel.

In August 1996, Toronto-based Barrick Gold obtained a gold mining concession in Zaire's northeast province, Haut Zaire, which reportedly covers 83,000 square kilometers. The Hollinger Corp.-allied Barrick is chaired by Peter Munk, and its strategy is shaped by the international intelligence network of former U.S. President George Bush, who is honorary senior adviser to its international advisory board.

Also during 1996, the tiny Vancouver-based raw materials company Consolidated Eurocan, headed by international wheeler-dealer Adolf Lundin, began work on exploiting the Tenke-Fungurume copper-cobalt mines in Zaire's southernmost Shaba province, near the border with Zambia, which has the richest cobalt reserves in the world. Cobalt is a strategic

metal, crucial in forming alloys with steel and other metals, giving them great strength and heat resistance. Some 40% of cobalt's use is in aircraft gas turbine engines, and 10% is in magnetic alloys. Consolidated Eurocan is purchasing the mining property in phases, for a quarter of a billion dollars, which is a "song," for a property that could yield many tens of billions of dollars in revenues. Consolidated Eurocan is in a joint venture in this deal with Anglo American.

Simultaneously, over the past 18 months, the American-based, Canadian-run American Mineral Fields, of former De-Beers Diamond executive Jean-Raymond Boule, has obtained the Kipushi zinc mines in Shaba province, one of the largest sources of zinc in the world; the Vancouver- and Cayman Islands-based Panorama International has obtained significant cobalt holdings in Shaba province; and, Zaire's diamond company, MIBA (Zaire is one of the three largest diamond producers in the world), has been thrown open to bidding and takeover by foreign firms.

## The 'Second Great Scramble'

When Maj. Gen. Paul Kagame, the Rwandan defense minister, recently called for a new Berlin Conference to set new borders for African states—referring to the 1884-85 Berlin Conference of the imperialist powers which ratified the national borders that are now in effect in Africa—he had in mind the fragmentation of Zaire into mini-states as a paradigm for all of Africa.

The first Berlin Conference occurred during what was called the "Great Scramble," during the 1880s and 1890s. Imperialist Britain and France led the way, and were joined by Belgium, Italy, and Germany, in grabbing up the raw material wealth of Africa. The Berlin Conference codified the Congo, which included present-day Zaire, as the personal property of Belgium's King Leopold II. Leopold II worked the Congo like a plantation, with brutal methods. For example, Congolese Africans who did not meet their production quotas had their arms amputated.

This time around, the British are making a move to push the Belgians and French entirely out of Central Africa, and, at the same time, they don't want to have the expense of

running a nation-state, an institution that they don't like anyway. Rather, they deploy the companies of their global raw materials cartel to buy up sections of a country. They keep the people needed to run the mining and related enterprises alive at subsistence levels, and the rest of the population is treated as useless eaters, left to starve or be butchered.

Driving the British actions this time, is another "Great Scramble." The international financier oligarchy, grouped around the House of Windsor, knows that the world financial bubble—which they themselves created—cannot be sustained, and will burst. They are getting out of paper financial instruments and into hard commodities: precious metals, such as gold; strategic metals, such as cobalt and tantalum; base metals, such as copper and zinc; energy supplies; and increasingly scarce food supplies. They want to either own the physical assets, or, better still, own the mine production facility for these assets. As the price of the hard commodity asset goes up, the oligarchy makes super-profits. At the same time, they have finger-tip control over the minerals, food stuffs, and so on upon which human life depends. They plan to exercise a food- and raw materials-control dictatorship in a post-collapse world.

The international oligarchy already owns extensive raw materials holdings. But they now seek to obtain those holdings in Africa, Ibero-America, and Asia, which they don't control.

Mineral-rich Zaire is in their target sights. Zaire's mineral belt is located in the eastern and southern part of the country (see **Figure 1**). It is a crystalline belt that runs alongside the Great Rift, a geological fault running from the Jordan River Valley in the Middle East, south through the Gulf of Aqaba, through Central Africa (where Zaire is located), down to southern Africa.

### **IMF, World Bank, financiers cut off credit**

Most of Zaire's raw materials holdings are owned by the state, and President Mobutu Sese Seko has resisted selling them to foreigners. A seven-year campaign, including a total credit and aid cutoff of Zaire, has been waged to force Mobutu to give in. At the center of the campaign has been the International Monetary Fund (IMF), the World Bank, and the international banks, which are run by the same oligarchical forces that run the global raw materials cartel.

On June 29, 1960, Zaire obtained its independence from Belgium, although, as with many African countries, it was only a partial independence, because the countries were kept in economic backwardness. In the case of Zaire, in 1961, its first elected President, Patrice Lumumba, was assassinated. Mobutu, who had been an Army general, was made President in 1965. In 1967, he declared that all the minerals in Zaire's subsoil belonged to Zaire, and nationalized the foreign mining holdings, which meant principally Belgium's two all-powerful companies, Union Minière and Société Générale. According to one source, "The Belgians were so angry at Zaire that

they took with them all their records and plans needed to mine."

Despite difficulties, and while never enjoying true economic developments that would have brought a decent standard of living to Zaire's now 40 million people, Zaire nonetheless was able to harness and mine some of its immense raw materials wealth. A sample of what Zaire accomplished can be gleaned from the report of the *Minerals Yearbook*, published by the Bureau of the Mines of the U.S. Department of Interior (Vol. III). In 1988, among the world's raw materials mining countries, Zaire held the following rank, for the following commodities:

Cobalt	world's largest producer and exporter
Diamonds	2nd in the world
Copper	5th in the world
Tin	12th in the world
Zinc	20th in the world

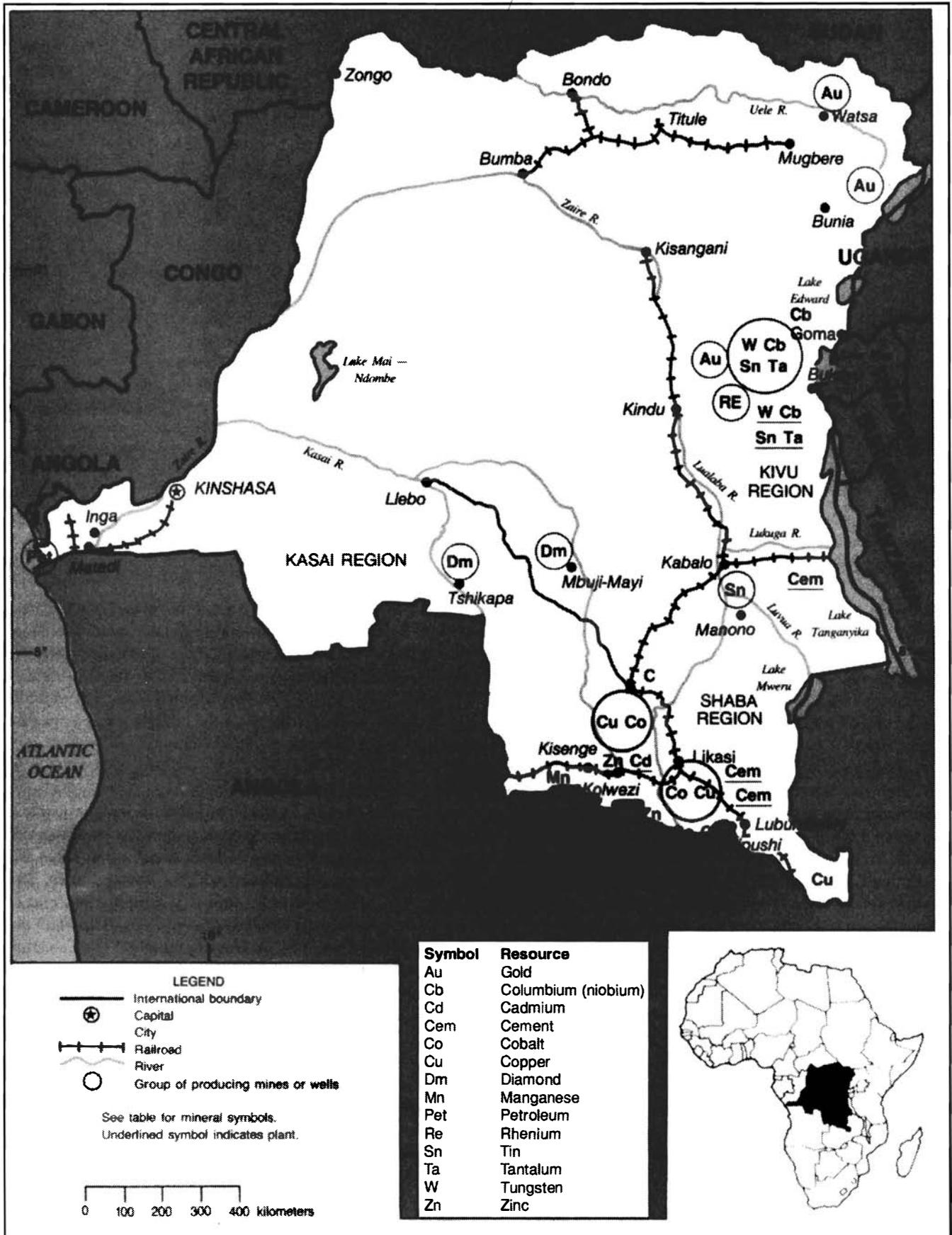
Zaire also mined other commodities, such as barite, boron, magnesium, and gold. Because of historical ties, Zaire shipped a good amount of these goods to Belgium. In the 1960s, in order to run its mining operations, Zaire created the state-owned La Générale des Carrières et des Mines du Zaire, which is known by its acronym, Gecamines. One of its other important state-owned companies was based in Kivu province, the Société Minière et Industrielle de Kivu, known by its acronym Sominki.

When Belgium granted Zaire independence, it bequeathed to Zaire about \$5 billion in debt, which Belgium had run up. By the late 1980s, Zaire's debt stood at about \$8 billion—a large debt for a small economy based on raw materials and food, but no manufacturing. Zaire got further and further behind on its debt payments, and finally defaulted on most of it in the early 1990s.

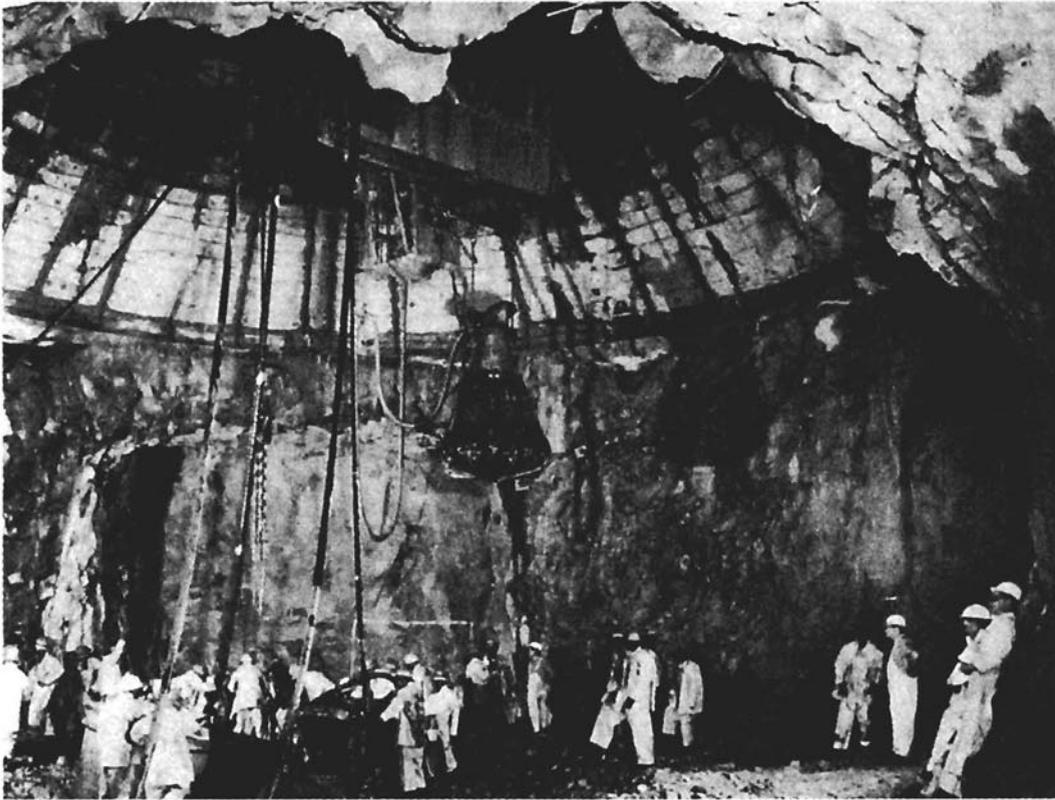
This was the excuse that the banks wanted. They demanded that Zaire pay the debt, but also, joined by the World Bank and others, demanded that Zaire "democratize" its government and, especially, privatize its state-owned raw materials mining concerns. Privatization had three components: slashing the social services provided to miners by law, laying off half the workforce at Gecamines, and selling more than half of the different properties of Gecamines and Sominki to foreign investors. Secessionist movements were started in Shaba province; the net effect would be to dismantle the Zairean state.

The banks organized an international credit cutoff, meaning that Zaire could not get the money to purchase mining machinery, spare parts, and other essential imports. The West had always denied Zaire technology transfer, as long as the raw materials wealth was primarily in Zairean hands. Around 1993, the World Bank and IMF declared a credit cutoff to Zaire. A senior source at the U.S. Geological Survey reported on Nov. 27, 1996, that the World Bank and its loan guarantee

FIGURE 2  
Zaire's natural resources



Source: *Mineral Industries of Africa, 1992 International Review*, Washington, D.C.:United States Department of the Interior, Bureau of Mines, 1994.



*A gold mine in South Africa. International mining interests were in the process of grabbing up Zaire's strategic mineral wealth, three years before Zaire was invaded by British-backed military forces.*

agency, the Multi-Lateral Investment Guarantee Corporation (MIGA), recommended to Zaire that it would not get new money until it agreed to “modernize,” that is, privatize, its mining operations, by selling off sections of state holdings.

At about the same time, the governments of Belgium, France, and the United States cut off all official government aid to Zaire.

Currency warfare was unleashed in 1990, and has continued to this day. At one point, the Zairean currency, the zaire, depreciated from a few new zaires to the dollar, to 3,250 to the dollar. This devaluation meant that Zaire earned almost nothing for its foreign exports.

As the U.S. Geological Survey source explained, “The economy went down the tubes. Mining production today is 10% of what it was in the late 1980s. Because of the economic dislocation, most of the provinces are operating on their own.” Indeed, between 1987 and 1993, cobalt production fell 82%, and copper production fell 90%. As a result, exports of minerals and metals, which accounted for three-quarters of Zaire’s foreign exchange earnings, dried up. Zaire’s ability to service the debt, should it choose to do so, disappeared.

The conditions of life for the population worsened, in a country in which living conditions were already bad. In 1990, only 39% of Zaireans had access to safe drinking water. Infrastructure is virtually nonexistent. In 1994, Zaire’s infant mortality rate was 111 deaths per 1,000 live births, i.e., an 11%

infant death rate, more than 13 times that in the United States. In 1992, the last year for which figures were available, 335,000 Zairean children under the age of five died. In 1994, life expectancy in Zaire was 53 years, lower than in 1990.

Under this assault, President Mobutu opened the door to privatizing Zaire’s patrimony, although still not at a rate fast enough to satisfy the World Bank vultures.

### **The corporate invasion**

At the heart of the invasion of Zaire’s mining properties, are the Canadian mining companies and the Oppenheimer family-run Anglo American Corp., which often takes the Canadian companies under its wing in joint ventures. The Canadian mining companies started an invasion of Zaire in 1994, which reached a flood tide in 1996. This was the opening shot of the “Second Great Scramble.” The Canadian mining companies represent forward beachheads for the Commonwealth-centered British Empire (see *EIR Special Report*, May 24, 1996, “The Sun Never Sets on the New British Empire”). Behind the companies, lurks the shadowy presence of the Oppenheimer family’s Anglo American Corp., the linchpin of the Club of the Isles’ raw materials cartelization strategy.

We look at three examples. First, the takeover of Sominko, in Kivu province, by Toronto-based Banro Resource Corp.

Zaire has three eastern provinces: Haut Zaire, in the north-east; Kivu, in the center-east; and Shaba (formerly Katanga), in the southeast. Kivu province is second in richness of raw materials, after Shaba. The leading mining concern in Kivu is the Société Minière et Industrielle de Kivu, or Sominki. Sominki was formed in 1976 as an amalgamation of nine companies that had been operating in Kivu province since the early 1900s. It operates 47 mining concessions, encompassing an area of 10,271 square kilometers.

In 1996, Banro Corp. of Toronto bought 36% of Sominki, raising some of its money for the purchase by floating shares in Singapore. Banro was previously a small financial institution, with little apparent aptitude for mining. The impression is that it was reconfigured as a company for the special purpose of this purchase, perhaps acting as a front for someone. (Who that someone is, will become clear.)

Another large chunk of Sominki was bought by the Belgium-based company Mines D'or du Zaire, or MDDZ. Owning 60% of MDDZ is Cluff Mining Co. of London, and controlling 65% of Cluff is Anglo American Corp., the world's largest mining company and a key component of the Club of the Isles.

On Sept. 21, 1996, Banro and MDDZ announced their merger, with Banro selling its shares to MDDZ. The new Banro-MDDZ company consolidated a 72% stake in Sominki, while the government of Zaire holds 28%. The Banro-MDDZ entity has announced that it plans to acquire that 28% from the government. The overall enterprise is essentially a vehicle for Anglo American.

According to various Banro corporate reports and news releases, Banro was anxious to get its mining operations started as quickly as possible. However, the Sominki mining zone that Banro acquired started in the town of Bukavu, the center for the major camp for Rwandan refugees who had fled to Zaire, with nearly a million people. To get mining started, the entire zone would require clearing. Suddenly, as Uganda launched its invasion of eastern Zaire, near Bukavu, in mid-October, there was firing on the Bukavu refugee camp, supposedly against "Hutu rebels" who were hiding there. The military attack on the camp forced hundreds of thousands of refugees to flee Kivu province, back to Rwanda. But, who did the firing? While a clear answer is not forthcoming, it may have involved portions of the newly acquired Sominki apparatus itself. For, in acquiring Sominki, Banro did not just acquire a company; it acquired the effective governmental structure of the entire Kivu province.

According to a Banro corporate press release, "Sominki owns an extensive infrastructure which includes repair shops, machine shops, electrical shops and a large fleet of Land Rover vehicles. In addition, it operates six hydroelectric sites, a number of air strips, and 1,000 kilometers of roads. Sominki is virtually self-sufficient. The company has about 5,000 employees." The release added, "In fact, Sominki is *the de facto*

*government providing all the essential services for the Kivu Province"* (emphasis added).

Banro/Anglo American effectively stole a good chunk of the government of Kivu. This is the British model for the Second Great Scramble. As a mining company, Sominki has its own explosives supplies and access to weapons, i.e., it has the capability to carry out such an attack, or is in a commanding position to influence, those who fired on the refugee camps.

The second example, is that of American Mineral Fields (AMF), which is based in Hope, Arkansas, but run from Canada. AMF has acquired from Gecamines the Kipushi copper-zinc mine, one of the world's premier copper-zinc mines, located in Shaba province (copper and zinc are often mined together). The Belgians developed Kipushi and began mining in 1925. At its peak in 1988, the Kipushi mine produced 143,000 tons of zinc, and 43,000 tons of copper. Its total known and probable reserves stand at 22.6 million tons, grading 2.1% copper and 13.8% zinc.

AMF is the brainchild of its owner, Jean-Raymond Boule, a former executive for DeBeer's Diamonds. In turn, AMF signed an agreement with Anglo American, which allows Anglo American to invest up to \$100 million in any AMF venture in Shaba province, representing up to a 50% equity stake in the venture, including the Kipushi mine. Once again, ubiquitous Anglo American shows up.

The third example, is that of tiny Consolidated Eurocan of Vancouver. In 1996, Eurocan finalized a deal that will allow it to purchase from the state mining company Gecamines, a 55% interest in the Tenke-Fungurume copper-cobalt deposits. Eurocan will pay a quarter of a billion dollars over 72 months for its stake, but the stake is worth potentially tens of billions of dollars in revenues. According to a Eurocan spokesman on Dec. 18, Tenke-Fungurume, located in Shaba province, represents the largest operating cobalt reserves in the world. It has geological reserves of 222 million tons of copper and cobalt, with potential reserves of 1 billion tons.

Consolidated Eurocan is owned and run by Canadian wheeler-dealer Adolf Lundin. One U.S. mining source reported, "There is no way that Eurocan can develop the mines on its own. It doesn't have the capabilities. It will have to sell off shares to established mining companies, most likely Iskor and Gencor, to work the properties." Iskor and Gencor are both South African companies, and part of the British raw materials cartel.

Thus, these Canadian companies, in some cases stalking horses for Anglo American, are gobbling up Zaire's gold, copper, zinc, and cobalt reserves.

Add to this, the Barrick Gold purchase of a huge concession in Haut Zaire, and the fact that there is now discussion of opening up the major government-owned diamond mining company, Société Minière de Bakwanga (MIBA), to foreign investors. MIBA accounts for 40% of Zaire's official dia-

mond exports. The remaining 60% are developed by artisanal miners, i.e., prospectors, who then sell the gems to "Israeli diamond buyers and to [international gem dealer] Maurice Templesman," according to a knowledgeable source. The Belgian-born Tempelsman, who squired around Jacqueline Kennedy Onassis before she died, is an international tycoon. He is former president of the U.S. Africa Society, a group that is influential in the shaping of U.S. government Africa policy.

### The Anglo American paradigm

Anglo American Corp. offers a foretaste of how a world without nation-states, run by the financier oligarchs, would operate. It was formed in 1917. Financing for, and investments into Anglo American and its associated companies, came from the Rothschild bank and J.P. Morgan. The South Africa-based Anglo American, through cross-ownership shares, owns DeBeers Centenary and DeBeers Consolidated (which together control the Central Selling Organization, that markets and controls 80% of the world's diamonds), and the Luxembourg-based Minerals and Resources Corp. (Minorco) mineral holding company. In South Africa alone, Anglo American owns more than 1,600 companies, where it is the world's leading gold producer, the world's leading platinum producer, the world's leading diamond producer, and much else.

The Oppenheimer family runs the Anglo American Corp. empire. Cambridge University-educated Harold Oppenheimer was chairman until 1982, and still reportedly makes all important decisions. His son Nicholas is the leading family member in the company. The Oppenheimer family members are in the 1001 Club, the tightly knit, elite society that brings together oligarchs, financiers, raw materials company executives, and billionaires to coordinate strategy worldwide. Barrick Gold chairman Peter Munk is a member of the Club, as are many other heads of the world's top mining companies. The Club is closely intertwined with the World Wide Fund for Nature of Britain's Prince Philip.

Though the Oppenheimers publicly professed to be critics of South African apartheid, they fundamentally supported and benefitted mightily from its existence, which allowed them to run their mines as slave-labor plantations.

But the Anglo American Corp. empire extends to every mineral-producing country in Africa and the world, and it continues to grow. In October 1996, Anglo upped to 26% its ownership stake in the London-headquartered, Zimbabwe (formerly Rhodesia)-centered Lonrho raw materials company, which had been run by Tiny Rowland. In turn, Lonrho owns a 30% ownership stake in the Ashanti Mines in Ghana, which represents the richest operating goldfield outside of South Africa. Anglo American has been trying to purchase the state-owned CVRD company of Brazil, which controls the Gran Carajas mining project in Brazil. With everything from iron and copper to precious minerals, some estimates

TABLE 1

### Anglo-American and Rio Tinto Zinc combined share of Western world mining production (percent of total)

Commodity	Share	Commodity	Share
Antimony	20%	Nickel	8%
Bauxite	10	Niobium	8
Chromite	15	Palladium	39
Cobalt	10	Platinum	45
Copper	12	Rhodium	41
Diamond	48	Silver	6
Gold	25	Titanium	31
Iron ore	10	Tungsten	18
Lead	7	Uranium	8
Lithium	5	Vanadium	36
Manganese	6	Zinc	6
Molybdenum	11	Zirconium	23

put its worth at more than \$1 trillion. According to one report, Anglo American is trying to buy what remains of Zaire's Gecamines, after everything else has been sold off.

But the full global reach of Anglo American only becomes clear when viewed in conjunction with the holdings of the London-based Rio Tinto Zinc (RTZ), the world's second largest raw materials producing company. RTZ was formed in the 1870s by China opium trader Hugh Matheson, who was a principal in the Hongkong-based firm Jardine Matheson. The Rothschilds have a significant stake in the company. Queen Elizabeth II is also a significant investor in RTZ. Anglo American and RTZ combined control a stunning percentage of the Western world's most important raw materials (see **Table 1**).

The Anglo American-RTZ combination anchors the House of Windsor's raw materials cartel. *EIR* showed in its Sept. 15, 1995 issue, that the House of Windsor cartel controls, overall, 59.5% of world gold production, 78% of world platinum production, 25% of copper, 55% of alumina bauxite, 64% of cobalt, 42% of manganese, 39% of chromium, and so on.

Thus, Anglo American Corp. and the Canadian companies integrated into the process of taking over Zaire, are out to extend the power of the raw materials cartel. If they succeed, there will be no nation-state: Only a portion of the population, that permitted to slave for the mining companies' operations, will remain; the rest will be written off. As is shown by the treatment of the Rwandan refugees in Kivu province, who were either starved, butchered, or simply moved away to make way for mineral production, the mining companies do not care about human lives, only about their profits and their geopolitical control.

# British revive old blueprint for Africa

by Linda de Hoyos

“This time, let Zaire fall apart,” was the headline under which Conor Cruise O’Brien, a United Nations envoy to Zaire in the early 1960s, wrote a commentary on Zaire appearing in the Nov. 19 *Times* of London, the semi-official mouthpiece for the British Foreign Office. Applauding the “Tutsi rebel rout” of Rwandan Hutu refugees, O’Brien says that the issue now is what will happen to the “huge state of Zaire.” “Zaire’s condition now,” he says, “appears to be terminal, and international efforts to preserve its integrity will only increase the agonies of its peoples. It should be allowed to assume such shapes as the energies and aspirations of its various peoples may eventually assign to it. The energies of international diplomacy should be confined to holding the ring, and discouraging the internationalization of the tremendous internal conflict.”

As O’Brien is well aware, he is speaking way after the fact. The division of Zaire has been long-standing policy, and the conflict has already been internationalized by virtue of the fact that Zaire was invaded in mid-October 1996 by a military force combined of Ugandan, Rwandan, and Burundian troops, with the backing, through Uganda, of British intelligence.

O’Brien’s demand for “letting Zaire go” has accordingly been stated in more honest terms by the Tutsi Rwandan Patriotic Front, now ruling in Kigali, Rwanda. Rwandan Foreign Minister Anastase Gasana and Defense Minister Paul Kagame have called for a “Berlin II” to re-divide the territories of Africa, in imitation of the 1885 Berlin Conference of the colonial powers to divide the known African lands. The Rwandese have declared openly that the Tutsi “Banyamulenge” of eastern Zaire are welcome to return to Rwanda, but “they should bring their land with them.” Although Rwandan Foreign Minister Gasana says that a Berlin II should show “respect for the current borders of all states,” he equivocates, stating that the major purpose of such a conference must be to “examine the consequences of Berlin I on the cultural, social, and economic fronts, and so forth, to prevent there being stateless people at our borders, but it is not a matter of calling the borders into question.”

## Museveni is our man

But schemes for redividing the region were put forth far earlier by Ugandan President Yoweri Museveni, and were the motivation for the Ugandan Army invasion of Rwanda in 1990, and again in 1994. Among eastern Africans, it is understood that Museveni wants to carve out a “Hima empire”

from southern Sudan, Uganda, Rwanda, Burundi, and eastern Zaire. This might appear as a pipe dream, but it appears to coincide with foreign interests—notably British. British Minister of Overseas Development Lynda Chalker has advertised her own close relationship to Museveni, underscored by frequent visits to Uganda. The idea of Museveni’s regional hegemony has also found favor in the State Department. A former ambassador of one of the Great Lakes countries recalls how he was called into the State Department East Africa desk in 1994—right before the April 6 downing of the plane carrying Rwandan President Juvenal Habyrimana—and asked who he thought the political leader of the region should be. His first answer, Zairean President Mobutu Sese Seko, was rejected. His second answer, Tanzanian President Julius Nyerere, was also incorrect—suggesting to him by process of elimination that the State Department was promoting Museveni as their man.

The geopolitical idea is similar to the actual line of functioning of the erstwhile UN multilateral military force, that was supposed to deliver aid to the “routed” refugees of eastern Zaire in November and December. The peacekeeping force was not to go through Kinshasa or Zaire—despite the fact that there are 600,000 refugees still remaining in central, not eastern, Zaire—but through Entebbe, Uganda, and Kigali, Rwanda. The Anglo-American mining interests now scrambling for the gold and extraordinary mineral wealth of eastern Zaire, want to direct their operations through the same route. The reason is the looters’ paradise Museveni has turned Uganda into—endless tax holidays and full repatriation of profits of fully owned foreign ventures.

As O’Brien is fully aware, the British have long had their eye on eastern Zaire. In his own account, *To Katanga and Back—A UN Case History*, written in 1962, O’Brien, who was in the Irish foreign service and was a special UN envoy to the Congo, relates that the British firmly backed the cause of the secession of Katanga. O’Brien reports a newspaper account at the time: “President Tshombe [of Katanga] received the British Consul . . . who came to convey the sympathy of their government to the Katangese cause.” At that time, London wanted to seize control of Shaba province’s mineral wealth through Rhodesia. Although Leopold II of Belgium had taken sovereignty over Shaba at Berlin I, the Belgians had not occupied it. Britain’s roving imperialist Cecil Rhodes was on his way to establish dominion over the territory, when the Belgians woke up. A deal was struck whereby British capital would get a slice of the profit from Shaba’s exploitation. But even as late as 1961, there was renewed talk of attaching “Katanga” to Rhodesia.

With Rhodesia, now Zimbabwe, out of the picture, British intelligence, for whom O’Brien speaks, is honing in on the region once again. This time through Museveni’s Uganda, the country where life expectancy for Africans has fallen the fastest in the last decade, but where profits for British financial interests have risen the fastest.

## A mercenary for free marketeers

by Linda de Hoyos

It came as no surprise for Zaireans when Laurent Kabila, head of the “Alliance of Democratic Forces for Liberation” in Zaire, held a press conference to vow his commitment to “reform the Zairean government and to install a free-market economy.”

Kabila also announced that his forces would not seize any mineral concessions held in Zaire by foreign companies. To the contrary, Kabila’s adviser Jean Kabongo told the press Dec. 5, “Those companies will be able to operate as normal. Just as long as they pay their taxes to us, the taxation will not affect their operations. We do not want them to leave, we need them to operate the mines.” Kabongo said that the Alliance is also eager to open up more diamond mines to foreign interests. “In Kasai, more diamonds must be mined, the country’s mineral wealth exploited. We are going to try and throw the area open to government-sponsored mining licenses in Kasai in areas that have not yet been explored.”

These pronouncements have confirmed the view of many Zaireans that Kabila is no more than a mercenary for foreign mining interests in eastern Zaire, specifically for interests such as Barrick Gold, Anglo American, and Société Générale of Belgium.

Although Kabila for years dubbed himself a Marxist, he has taken the “Damascus Road” to embrace the “magic of the marketplace,” in the same fashion as his longtime associate, Ugandan President Yoweri Museveni. As Kabila’s spokesman in Belgium, Gaetan Kakudji, explained to a reporter for *La Libre Belgique* on Nov. 5, “Our Marxism dates back to the Cold War: You had to adopt a political color according to whichever bloc was helping you. . . . The [Berlin] Wall has fallen. The important thing is to rebuild the economy. Our social project is based on a market economy.”

Kakudji’s admission that “political color” is secondary to whoever is “helping you,” is the key to Kabila’s long-standing career as a mercenary. Born in Manono in North Shaba province in Zaire, Kabila first went into action as a mercenary for the renegade Independent State of Katanga, established on July 11, 1960, by Moïse Tshombe, on behalf of Belgian mining interests. The chief instigator of the Katanga uprising was the Union Minière du Haut Katanga, which was then the world’s third largest producer of copper, and the world’s chief producer of cobalt. Belgian profits from Union Minière were

in excess of 3.5 billion Belgian francs in 1959. Belgium was naturally anxious that this profit not revert to any independent Congo government. The export duties paid to the Congolese government in 1959 by the Belgian company constituted 50% of the government’s revenue. Once the Independent State of Katanga was established, this money went to Tshombe, to pay his mercenary forces, which included Kabila.

Later, Kabila fought the Zairean central government in the Mulele uprising in eastern Zaire in the 1960s, alongside fellow gun-for-hire Che Gueverra. As the province most rich in mineral wealth in Zaire, Shaba province has long been a target for secession. Kabila has participated in each bid—first in 1960-61; then in “Shaba I” and “Shaba II,” in 1977 and 1978, respectively, when mercenaries attacked Shaba from Angola; and again in the mid-1980s. Between times, Kabila also worked as a mercenary in Angola. Among his mercenary bosses has been the famous Belgian mercenary Bob Denard.

### Nyerere ‘kindergartner’

However, the reason that Kabila has been tapped again for this latest venture is because of his strong ties to the British Commonwealth countries in Africa, say well-informed Zairean sources. Kabila is a member of the “Nyerere Kindergarten,” having received his political training in Tanzania under the tutelage of former Tanzanian President Julius Nyerere, along with Ugandan President Museveni and John Garang, head of the marauding Sudanese People’s Liberation Army (SPLA). Even today, Kabila is known to travel on a Tanzania passport.

Kabila spent years of exile in Rwanda, Zambia, and Tanzania. After Museveni came to power in Uganda in 1986—with the help of Nyerere—Kabila was a frequent visitor to Kampala.

Sometimes the mercenary business is slow. According to various sources, during the 1970s and 1980s, Kabila would organize some “help” for himself from Moscow, by staging fake uprisings and mercenary operations in outposts in Uganda, photographing the staged incidents and placing the photos in his own ragtag newspaper for publicity.

Now, Kabila has been picked up as the “commander” for the invasion of Zaire by forces from Rwanda and Uganda. To the extent his forces have anything to do with Zaire, they are composed of Banyamulenge, who are Tutsis from Rwanda who have lived in Zaire, and *who returned to Rwanda* in 1994, to join the Rwandan Patriotic Front takeover of the country from Uganda. According to even British sources, Kabila’s troops speak Kinyarwanda (the language of Rwanda), or English with Ugandan or Rwandan accents. Military discipline is supposedly modeled on that of Paul Kagame’s Rwandan Patriotic Army. As the *Washington Post* noted on Nov. 2, Kagame admitted that some of his soldiers had joined the “rebel” troops in Zaire. In short, Kabila is the “Zairean” face for the Rwandan-Ugandan force that invaded Zaire in mid-October.

# 1.6 million dead: 'Just a drop in the bucket'

by Linda de Hoyos

*EIR* estimates that since October 1990, when the Ugandan Army under the rubric of the "Rwandan Patriotic Front" first invaded Rwanda, at least 1.6 million people have died in the wars that the British blueprint for East Africa has instigated. Another 2 million people have been uprooted and displaced, although this is a very conservative figure.

This count is derived as follows:

**1990 invasion of Rwanda by Uganda:**

150,000-200,000 killed;

One million displaced to the Nyacyonga refugee camp outside Kigali. There are reports of large-scale murders carried out in the north at that time.

**1993 attempted coup against Burundi government of President Melchior Ndayaye:**

100,000 killed.

**1993-96 continuing civil war in Burundi:**

150,000-200,000 killed.

**1994 invasion of Rwanda by the Rwandan Patriotic Front:**

1 million slaughtered in mass melee between Hutus and Tutsis;

2 million displaced and forced to flee the country;

200,000 refugees die of cholera and disease at refugee camps in Zaire in summer 1994.

**1996 Ugandan-Rwandan-Burundi invasion of Zaire:**

Totals unknown, however:

- 600,000 refugees remain unaccounted for inside Zaire.

It is not known how many of these are now dead, but in early November, aid workers estimated that up to 10,000 would die per day if they were left without assistance. Those remaining in the Zairean bush, have received very little, if any, assistance so far.

- 1,000 refugees have been slaughtered in Burundi by the military, according to Amnesty International and the United Nations. This does not include those killed in fighting between the military and Forces for the Defense of Democracy.

- There are continuing reports in the Western media, such as the Associated Press on Nov. 21 and the Belgian *De Standaard* on Nov. 25, that forces under the nominal command of Laurent Kabila and the Rwandan Armed Forces culled out men and boys from the refugees before their return to Rwanda, and also in Zairean cities and towns under their control.

In total, the imperial land grab of East Africa by George Bush's Barrick Gold et al., even excluding the invasion of Zaire, has cost the lives of 1.6 million Burundians and Rwandans, out of a total population for both countries of only 13 million. In per-capita terms, this would be the equivalent of a slaughter of 31 million Americans.

## The Malthusian cover story

It has become a standard ruse among the practitioners of mass murder in Africa to justify their policies with the Malthusian myth that, since Africa has too many people anyway, the deaths of hundreds of thousands of Africans are part of a necessary "solution" to the "overpopulation problem." Such claims were heard in July 1994, for instance, by the British case officer for East Africa, Baroness Lynda Chalker, Minister of Overseas Development, the self-identified mentor of Ugandan President Yoweri Museveni. Speaking to the Royal Society of London on July 11, 1994, as Hutu refugees were dying of cholera in Goma at the rate of 20,000 a day, Chalker declared: "The density of population in Rwanda is one reason why the scale of that tragedy is so enormous."

Similar sentiments are standardly voiced at the U.S. State Department. Dick Cornelius, of the State Department Office of Population, Refugees, and Migration, told a journalist in July 1994:

"The people dying at the moment are not the main issue. I mean, 50,000 people dying of cholera is alarming—but on the grand scale of things, looking at the impact on population in Africa and the region, it's a drop in the bucket."

Then, on Dec. 17, 1996, U.S. Assistant Secretary of State for Global Affairs Timothy Wirth laid the blame for the war in East Africa on "overpopulation." Speaking to a conference sponsored by the Center for National Policy Wirth declared:

"Population pressure in Rwanda underlaid a great part of the problems that were faced in the conflict between the Tutsis and the Hutus, there were no places to let off steam—you know, you had eight and a half children per woman being born in a country that was the most cultivated, intensely cultivated—in all of Africa."

The agricultural cultivation of the country, it should be noted, isn't a problem for Rwandans, but it *is* a problem for the mining operations now seeking to control the entire Great Rift Valley. Wirth did not mention the name Barrick Gold, but he did indicate why "population" is a problem for Barrick Gold et al.:

"If you ever flew over Rwanda, you see that every inch of land is cultivated. Burma and China pale in comparison to Rwanda; no matter what the political problems are, the fact is the population of Rwanda will double in 25 years, where are you going to put these people? How are you going to feed them? We can discuss the political problems all you want, but what do you do next? . . . There are too many people competing for too few resources."

## London's narco-terrorist international strikes in Peru

by Gretchen Small

London's narco-terrorist killing machine struck again in the days leading up to Christmas, this time in Lima, Peru. The *Wall Street Journal*, the *Times* of London, Cable News Network, et al., have since poured out unending propaganda about "gentlemen rebels" and a "thinking man's guerrilla group" seeking social objectives; but the terrorists who seized hundreds of people as hostages on Dec. 17 in Lima, are, in reality, part of a ruthless continental strike force; they are tied to the drug trade; and they are set on obliterating the sovereign nation-state—all on London's orders.

The commando unit of two dozen or so terrorists which seized the hostages, operating under the name of the largely defunct Tupac Amaru Revolutionary Movement (MRTA), is reliably reported to include several Chileans, Colombians, and Central Americans, as well as a group of 15- to 20-year-old Peruvians. They seized the home of the Japanese ambassador when over 500 people were present for a diplomatic reception, including ambassadors from 18 nations, top Japanese businessmen, and dozens of high-level Peruvian officials, from cabinet ministers to military and anti-terror officers. They had hoped to capture President Alberto Fujimori, but his arrival at the reception had been unexpectedly delayed.

In exchange for releasing their remaining hostages alive, the terrorists are demanding that the Peruvian government release hundreds of imprisoned MRTA terrorists, including their top leadership; grant them safe-passage to the Peruvian jungle (previously the center of their drug-trafficking and terrorist operations); and negotiate the MRTA's establishment as a political party.

The media claim that the terrorists are demanding economic and social change, but that myth was buried when released hostage Manuel Romero Caro, director of Peru's *Gestión* daily, reported, from his long talks with the leader of the commandos, Néstor Cerpa Cartolini, that they do not oppose International Monetary Fund policies, such as privatization of state industries and usurious debt payments.

President Fujimori and his government have categorically rejected the terrorists' demands. "Fujimori has done exactly, at this point, the right thing," and has rightly received support for this from the Clinton administration, Lyndon LaRouche stated in a Dec. 24 radio interview with "EIR Talks."

LaRouche further warned that the international media campaign for the Peruvian government "to free 300, or more, of the worst killers in South America—the MRTA killers who are in prison, who are in there for killing, mass killing; it's like if somebody comes up to the President of the United States and says, 'Release all the people who are in jail, prison, for mass murder, turn them loose on the streets. Accept that. Set this thing up as a political party in Peru . . . a criminal organization.' What this means, in effect, is to punish the Army for what they did to the terrorists. . . . But this means that the sovereignty, the national sovereignty of Peru, is effectively dissolved," LaRouche explained.

### The São Paulo Forum in action

The group which seized the hostages is the São Paulo Forum, the continental terrorist machine founded in 1990 by the Cuban Communist Party. *EIR* profiled the operations of the Forum, and its links to London, in a Nov. 15, 1995 feature.

Leaders of the Forum immediately endorsed the hostage taking as a "lesson to governments" across the region that terrorism cannot be defeated, and negotiations on power-sharing with the São Paulo Forum are required. The leader of Colombia's April 19 Movement (M-19), Antonio Navarro Wolf—one of many "former" terrorists whom the London-allied Inter-American Dialogue has paraded around Washington as the new leadership of "democracy" in Ibero-America today—emerged as the chief international spokesman for the terrorist action in Peru.

The MRTA siege "is a nearly identical repeat of what we did on Feb. 27, 1980, when we took the Dominican Republic Embassy in Bogotá," Colombia, the M-19 chieftain proudly

repeats. That 1980 operation secured fame, protection, and financing for the M-19, the which five years later seized Colombia's Justice Palace, and killed Supreme Court judges, on behalf of the drug cartels.

Navarro Wolf's fellow in the São Paulo Forum, Nicaragua's Daniel Ortega, crowed that the MRTA's action in Peru, and the guerrilla wars in Colombia and Mexico, prove that revolutionary insurgency in the Americas is not dead. "This situation should be a wake-up call to all of Latin America's governments and economic groups. . . . The MRTA's proposal . . . is indisputably a proposal that should be taken into account by President Fujimori."

The MRTA action is "spectacular and well-planned," hailed a spokesman for Colombia's Armed Revolutionary Forces (FARC), otherwise known as Colombia's Third Cartel. A spokesman for Chile's terrorist Manuel Rodríguez Patriotic Front threatened, that should Peru's President Fujimori not buckle to their demands, other hits would be carried out against Peruvian, Japanese, and U.S. targets.

The MRTA, under which name the terrorists are operating, was itself founded by members of Peru's APRA party, and functioned from its beginning as an integral part of Cuba's terrorist network on the continent. In the 1980s, MRTA members fought in Colombia as members of the Americas Battalion, an international brigade led by the drug cartel's M-19. Cerpa Cartolini, the chief MRTA terrorist, is reported to have trained in Cuba and the formerly communist East bloc, and fought with the Sandinistas in Nicaragua in 1979-80.

The urban middle class-based MRTA never had much of a popular base in Peru, and had absolutely nothing to do with anything "indigenous," aside from its name. With some 400 leaders captured, tried, and sentenced to long jail terms since 1992, the MRTA, like its compatriots in the Shining Path, had been crushed as a force within Peru.

But twice in the last year, international terrorists were caught attempting to rebuild operations in Peru under the cover of the MRTA. On Nov. 30, 1996, Peruvian intelligence captured a group of terrorists who had been sent into Peru—including Chileans, a Panamanian, and the U.S. citizen Lori Berenson—with the assignment of carrying out a spectacular terrorist action: seizing hostages at the National Congress. Then, in May 1996, a leading Japanese Red Army terrorist was arrested in Peru, and a JRA support apparatus uncovered.

## Why Peru?

The Fujimori government's successful crushing, over the course of 1992-94, of both the MRTA and the Pol Pot-modelled Shining Path, has proved a major obstacle to the ultimate goals of the São Paulo Forum, and their British masters, in the Americas. No country has come closer to disintegration under narco-terrorist assault, and, yet, Peruvian security forces succeeded in militarily crushing the terrorists, after President Fujimori made the decision to defy the "international community" on April 2, 1992, and put the country on a war footing to combat the combined Shining Path/MRTA assault. Because

Fujimori had suspended "democratic" functioning to win the war, Peru not only received no international help in this effort, but it came under strong pressure to stop the war.

The "Fujimori model" has been studied by other military and civilian forces in the region, as a case study in how terrorism can be defeated. In Colombia, particularly, many now argue that the Peru case proves that Colombia does not have to follow El Salvador, where a power-sharing deal with the Salvadoran wing of the São Paulo Forum, the FMLN, was rammed through by George Bush and the United Nations.

The MRTA action seeks to reverse that victory. As Navarro Wolf told Colombia's *La Prensa* on Dec. 19: "President Fujimori has always refused to negotiate, but . . . this operation of the MRTA is forcing him to accept . . . that the only way to put an end to war in Latin America today is by negotiating." He reiterated this message to the daily *El Tiempo* Dec. 20: "The continent applauded [Fujimori], and the result is that now, the guerrillas, who were believed defeated, have returned to force the arrogant and proud President to negotiate in the heart of Lima, with an action that affects his main ally, Japan. This is good, because it is a lesson for Fujimori."

So far, London has failed in that intent. While there was a public scuffle over how to respond to the terrorist demands, in the immediate aftermath of the hostage taking, with the Japanese government urging that some kind of deal be worked out, the Clinton administration backed up the Peruvian government in its hard-line stance. On the night of Dec. 21, Fujimori laid out his government's policy to the nation:

"As we all know, hundreds of Peruvian and foreign citizens find themselves held as hostages . . . in what constitutes a repugnant assault on the freedom, well-being, and lives of innocent people. As incredible as it may seem, with this act of terror and flagrant violation of human rights, the same MRTA which over the past decade has sown death and destruction in Peru . . . proposes to initiate a dialogue which would lead to a peace agreement. That is, they propose a dialogue while holding an AKM rifle to the hostages' heads.

"The government is unwilling to allow the force and violence of a terrorist commando to be imposed on 23 million people who reject these methods, which are neither civilized nor political. Nor . . . to allow the famous 'people's jails,' the memory of which is so painful to us, to be reproduced on a grander scale. It is furthermore totally clear that the release of the perpetrators of murders and terrorist assaults is unacceptable in the framework of existing Peruvian law, and from the standpoint of national security."

Fujimori laid out his government's offer: "The captors must hand in their weapons to a committee of guarantors, and facilitate the evacuation of all the hostages, without exception. In this way, we rule out the use of force by the Peruvian state, and then, with full guarantees, we can study a way out."

The next day, Japanese Prime Minister Ryutaro Hashimoto told his nation that his government supported the policy outlined by Fujimori. "It is the Tupac Amaru Revolutionary Movement's turn to respond," he said.

### Statement by the MSIA

*The Ibero-American Solidarity Movement (MSIA) in Peru issued the following statement on Dec. 23, 1996, titled "London Runs Narco-Terrorist Assault in Lima." The MSIA is a continent-wide association that supports the program of Lyndon H. LaRouche, Jr.*

With the seizure of the residence of the Japanese ambassador in Lima, carried out by London's international narco-terrorist apparatus, the British oligarchy has escalated its onslaught against the sovereign nation-state, to impose a Malthusian and usurious world dictatorship. The so-called Tupac Amaru Revolutionary Movement (MRTA) forms part of London's narco-terrorist apparatus, along with its sister organization the Shining Path, and with the entire São Paulo Forum. This continent-wide narco-terrorist coalition, created in 1990 and coordinated from Cuba by Fidel Castro, includes narco-terrorist organizations from Canada to Chile, with important international connections such as the Japanese Red Army and Spain's ETA.

Peru is the target of this attack because the Alberto Fujimori government, with the backing of the Peruvian Armed Forces and with the support of the entire Peruvian population, has resisted persistent pressures to negotiate with international narco-terrorism and to yield to their demands. Despite certain errors in evaluation, and especially their premature triumphalism, President Fujimori and the Peruvian Armed Forces have vigorously battled terrorism and have refused to surrender. That is why the usurious oligarchy wants to give Peruvians a brutal lesson, and use us as a bloody example to tell the whole world that fighting against terrorism is useless, that this war is a war that cannot be won. The butcher Abimael Guzmán must be psychotically grinning in his prison cell, to see what his bosses have orchestrated: they want the Peruvian people to give up their seven years of struggle against narco-terrorism, so that the lives of 25,000 Peruvians were cut short in vain, and for the entire international community to get on its knees to narco-terrorism.

#### **Back Fujimori against London's agents**

This cannot be allowed. The battle against narco-terrorism can and must be won. The whole world, every single nation, must back Peru and its government in the fight against international narco-terrorism. If they do not, if they allow the São Paulo Forum and its bosses in London to have their way, no nation anywhere will be safe from narco-terrorism.

The entire terrorist operation stinks of London:

- Great Britain is the center of international terrorism, as has been charged in recent years by countries such as Germany, Algeria, Egypt, Israel, Pakistan, Turkey, and even France. And we cannot forget that Shining Path has its international center in London, where its "ambassador" Adolfo Olaechea enjoys the official protection of Her Majesty's government.

- It is London and her financiers—such as international-speculator and drug-legalization promoter George Soros—who have financed the non-governmental organizations (NGOs), which have served as political fronts, propaganda machines, and as a supplies network for the terrorists. We have, for example, Human Rights Watch, a beneficiary of George Soros's generosity. Human Rights Watch is one of the main protectors and propagandists for international terrorism, and has repeatedly slandered Peru and its Armed Forces. There are indications that it was by means of an NGO that the terrorists rented a house just behind the Japanese ambassador's residence in Lima, to use as part of the siege operation. For urgent reasons of national security, every country should immediately launch investigations into the non-governmental organizations that operate in their respective territories, since it is obvious that the United Nations, under whose guarantees they operate, cannot or will not do it.

- London has recently formed a strategic alliance with Cuba, coordinating center for the São Paulo Forum, to such an extent that today one could speak of an Anglo-Cuban alliance against the United States, especially in matters of drug trafficking, terrorism, etc.

- London has given its fullest support to the Colombian narco-government of President Ernesto Samper Pizano, which was openly defended by the British House of Lords against the measures taken against it by the Clinton government in the United States. The British oligarchs want to do to Peru precisely what they have done to Colombia, ever since the narco-terrorist M-19 seized the Bogotá embassy of the Dominican Republic in 1980; that is, to force the Peruvian government to amnesty the MRTA prisoners, legalize the narco-terrorist group, and share political power with it and with its drug cartel partners. That is why Antonio Navarro Wolf, "former" M-19 chieftain who became a vice-president of Colombia's 1990-91 Constituent Assembly, and is currently mayor of the Colombian city of Pasto, is now offering his professional advice to the MRTA on how to proceed in negotiations with the Peruvian government. We Peruvians are well aware that the "peace" that was negotiated in Colombia has cost that sister nation 30,000 lives a year, to terrorism and violence of all kinds.

- It is London's policy that is being carried out here. The media mouthpieces of the British financial oligarchy, in particular the London *Times* and the *Financial Times*, never tire of expressing their support for the narco-terrorists, at the



*Peruvian President Alberto Fujimori (shown here, during a visit to Washington in 1991): "The release of the perpetrators of murders and terrorist assaults is unacceptable in the framework of existing Peruvian law, and from the standpoint of national security."*

same time that they blame the current crisis on President Fujimori and attack him for not giving in to the terrorists' demands. And let us not forget the intermediary role for the kidnapers being played by that son of the British aristocracy, the British-born Canadian ambassador to Peru, Anthony Vincent.

- London's ideological agents are directly coordinating the internal propaganda offensive in favor of the terrorists. There is, for example, Francisco Sagasti, the former director of strategic planning at the World Bank, and agent of London's Tavistock Institute, the British empire's center of psychological warfare. Coordinated through this operation are such Peruvian sell-outs as Hernando de Soto, the favorite economist of former narco-President George Bush; the treasonous General Rodolfo Robles; the butcher of Baghdad Javier Pérez de Cuellar; and Anglo-American agent Gustavo Gorriti. All the "Shining Path experts," such as Carlos Tapia, have also revealed themselves, and are now shamelessly wearing the face masks of the MRTA. Deserving of special mention is Javier Diez Canseco, brazen accomplice and mouthpiece for the kidnapers' blackmail. One cannot be surprised at such a role, since Diez Canseco is a member of the advisory board of *America Libre*, the official magazine of the São Paulo Forum.

We of the Ibero-American Solidarity Movement have for years exposed how London's narco-terrorist apparatus operates. We have denounced its objectives. We have posed the

urgency of waging a fight to the finish against this apparatus, and winning it on all fronts. The validity of our charges of the existence in Peru of an international apparatus of the São Paulo Forum, was fully confirmed with the arrest, one year ago, of U.S. citizen Lori Berenson, who admits to being an MRTA member.

We have also said—and we repeat it here—that the triumphalism and the support of the Fujimori government for the economic measures demanded by the International Monetary Fund are a disastrous program. This has to be corrected, and the government must seriously combat the "indigenist" ideology, which is promoted by the agents of the oligarchy to create an appropriate cultural environment for carrying out their operations.

There is no doubt that the errors thus far committed have also had to do with the absurd line coming from the Pentagon, that terrorism is no longer a major problem for Ibero-America, and that what must be concentrated on now, is promoting "free trade" and "democracy"—as has been repeatedly stressed in the continental meetings of defense ministers, from Williamsburg to Bariloche. Many months ago, U.S. statesman Lyndon LaRouche ridiculed that stupidity, in his paper *The Blunder in U.S. National Security Policy*.

The battle against the narco-terrorist offensive must be won. What is at stake is not just the future of Peru, but of civilization, and this cannot be negotiated.

# Will Great Britain end up with a 'National Government' in 1997?

by Mark Burdman

Jan. 1, 1997 was almost certainly the last New Year's Day that John Major spent occupying the prime minister's office at 10 Downing Street. All signs are that the British royal family, the powerful and secretive Queen's Privy Council, and the Whitehall foreign and economic policy establishment have resolved on a new governing arrangement, centered around Labour Party leader Tony Blair as prime minister. The realization of these plans awaits the next general elections in the United Kingdom, legally mandated to take place no later than mid-May; they could take place earlier.

Spokesmen for the higher echelons of the British power structure are making no secret of their intentions. In early December, a leading retainer of the British royals confided to a journalist that the monarchy was "absolutely much more inclined to Labour" than to the ruling Conservatives, and hoped that Blair could provide a "substitute" policy to that of Major.

Speaking of the foreign and economic policy establishment, senior political columnist Michael Jones wrote in the London *Sunday Times* on Dec. 15 that "Whitehall is already looking forward to a change in the governing party, after 18 years" of the Conservatives being in power. One senior Whitehall figure whom Jones spoke to, "ran through his list of Labour hopefuls waiting to become ministers, with barely concealed relish."

Jones's evaluation is corroborated by readings obtained by *EIR* from senior policy officials linked either to the Foreign Office, or to the Foreign Office's chief "private" think-tank, the Royal Institute of International Affairs, or Chatham House.

What concerns the British establishment, is that the scandal- and faction-ridden Conservative government is absolutely unfit to deal with the crises, global and domestic, that are set to erupt in the coming weeks and months, particularly on the economic and financial side. The more sober elements of the establishment know that they won't be able, for much longer, to peddle delusions about a "coming economic upturn"—or what fools in Britain like to call the "feel-good factor." That delusionary state of mind was displayed by Major himself in a Dec. 22 interview on British television, when he assured the population that "tough times" were a thing of the past, and that they could now look forward to the

best economic prospects since World War II.

As the crisis deepens, anything associated with the legacy of Margaret Thatcher will have been so thoroughly discredited, that it will have to be dumped. The cited royal family retainer, for example, opined that "Thatcherite" policies had gone too far in undermining British institutions, including those associated with the monarchy and Church of England. Thatcherism had also undermined "our sense of communal life" and "our formerly accepted social conventions." Some new power combination would be required, centered around the person of Blair.

## The ghost of Ramsay Macdonald?

For the establishment, a key point of reference for the plans for 1997, is the so-called National Government that was formed, in autumn 1931, under Labourite Ramsay MacDonald. This was a Labour-Conservative-Liberal coalition, formed with the approval of King George V under conditions of profound economic crisis, in order to have a cross-party consensus for imposing brutal austerity.

Such developments, today, might not take precisely the same form; but what can be surmised, for 1997, is that, should Blair win the general elections, he could well bring one or more senior figures from the Liberal Democratic Party, and possibly even from the Conservatives, into his cabinet. This would be the British variant of the "grand coalition" configuration that is being pushed in many countries, including in the United States. Such an arrangement might, indeed, reinforce such trends in the United States, especially as Blair has developed something of a personal relationship with the Clinton team, the which was consolidated during his mid-April 1996 trip to the United States.

The prospective Blair-led regime would promote the concept that the population's "basic needs" should be met, but at a sharply reduced overall standard of living. Coupled to this, would be the fostering of charismatic, irrational forms of "religiosity" in political and social life, to give a "spiritual" facade to the "fascism with a democratic, human face" that such a government would usher in. This will be a replacement for the past years' "cold" Thatcherite promotion of greed and accumulation of personal wealth.

Hence, the above-cited royal family retainer stressed that

“with Blair, the whole religious issue becomes more important.” He noted that Blair and about one-half of his shadow cabinet are “Christian Socialists,” in the tradition of classical British Fabian ideology. By contrast, “with John Major, his religious focus is nothing more than hatching, matching, and dispatching”—birth, marriage, and death. “The whole question of the religious basis of politics is now becoming pronounced. . . . This is a very strange period we are now entering, in which *experience and feeling*, not the economy nor political parties, will be having a profound influence on the political process.”

### ‘Face down in the gutter’

During December 1996, there was an acceleration in the process of decomposition of the Major government.

The most publicized issue of contention, has been what orientation the Conservatives would take toward Europe, the planned single European currency, the European Monetary Union, and so on. The so-called “Euro-skeptic” movement inside the party, of vocal members opposed to closer British integration with the European continent, has been abetted by what is, effectively, a splitter movement from outside the party. This is the Referendum Party, founded and led by Rothschild family cohort Sir James Goldsmith. As codified by the party’s first convention this past autumn, its entire purpose is to bring about a national referendum on whether Britain should associate itself with the Maastricht Treaty.

As most of Goldsmith’s base would come from Conservative ranks, and as votes for his candidates in the next general election would mainly come from Conservative sympathizers, one gets the distinct impression that what Sir James is doing, is part of the broader operation to get Blair into power. To this effect, it may be more than coincidental, that Goldsmith has received significant support from former senior Thatcher adviser Sir Charles Powell, whose brother Jonathan is the chief political aide to Tony Blair.

In December, the issue of Europe took on new problematic dimensions for Major and his government. On Dec. 7, the pro-Tory London *Daily Telegraph* headlined, “Major’s Worst Week,” writing of “the most turbulent week” since Major became prime minister six years ago. That week began on Monday, Dec. 2, when a big feud broke out, between Major’s office and Chancellor of the Exchequer Kenneth Clarke, about what Britain’s policy would be respecting the single European currency. As the week progressed, Clarke had to deny reports that he was considering resigning over the issue.

By Dec. 22, the controversy had gotten so far advanced, that the British press was speaking of an unprecedented split within the British cabinet. Major told a British television interviewer that the crisis was intense enough to split the Conservative Party in half, and that this was “the most explosive issue” facing the Tories in 150 years. He recalled that the fight within Tory ranks, then, over the promulgation of Britain’s



*Labour Party shadow prime minister Tony Blair. A Blair government would give a “spiritual” facade to a regime of “fascism with a democratic, human face.”*

Corn Laws, was so bitter, that the party was not able to regain power for 30 years.

During the week of Dec. 2, the fight over Europe was compounded by a number of other debacles. As the Dec. 7 *Daily Telegraph* article drily noted, on the same day, Dec. 2, that the Clarke-Major feud erupted, senior MP Sir Nicholas Scott, a former government minister, was dumped by his Kensington and Chelsea electoral constituency, “after being found face down in the gutter, after drinks at a party in Brighton.”

Metaphorically, the Tories were also “found face down in the gutter,” when a Gallup poll was released on Dec. 6 showing the lead of Labour over the Conservatives to be 37%, or 59% to 22%, up 10 percentage points from the previous such poll.

Also on Dec. 6, Major lost his parliamentary majority, when Tory MP Sir John Gorst, representing a constituency in London, announced that he was withdrawing his support for the government in protest against its refusal to renounce plans to close down a trauma unit at the Edgeware General Hospital in his constituency, by March 1997. Gorst charged that the government had “broken its trust” over the issue, and declared: “I do not put the survival of my party above the survival of individuals whose lives may be at risk.”

As we shall see below, the specific issue that motivated his action—the destruction of health care provision—is one that will be, as in the United States, at the top of the political agenda in coming weeks.

## **'Bumping off' John Major**

A growing number of commentaries in the establishment press, is sounding the death-knell for Major and his team.

"A Winter of Discontent," is how the City of London's *Financial Times* headlined its Dec. 7 lead editorial, on the woes facing the Major government. The paper commented: "Time and hope are running out for Mr. John Major's administration. . . . This week has seen the government lurch from crisis to crisis." The paper concluded that "unless the Conservatives regain some sense of purpose in this winter of discontent," new elections will have to be held before the legal outer date of May 1997.

In his Dec. 15 *Sunday Times* piece cited above, Michael Jones wrote: "I can reveal that [former Foreign Secretary] Douglas Hurd is about to bump off the prime minister. He has yet to decide whether assassination is absolutely necessary, but my prediction is that his murderous instincts will get the better of him. Any connection between his fictional victim-to-be in his latest novel and real persons is, of course, entirely coincidental. The fact that the make-believe PM at Hurd's mercy is a Tory, is unfortunate."

"Does John Major stand a better chance of survival than Hurd's character?" Jones asked. "Judging by last week, his government's final days in office looks like being a messy and muddled business. . . . Despair has not yet engulfed the Tories, but it is not far off. . . . When Tory Members of Parliament realize there is nothing left in the locker, except the prospect of electoral defeat, we are likely to experience outbreaks of pre-traumatic shock on the back benches."

He concluded that 1997 "will be as bad for [the Tories] as 1996, probably worse."

## **The economic collapse: 'Some may die'**

Such battles occur against the backdrop of a collapse of Britain's physical economy, brought about by almost two decades of Thatcherite policies. As the withdrawal of support for the government by Sir John Gorst indicates, one of the areas most devastated, is that of health care.

In the postwar period, Britain has had a government-run National Health Service. Up to 1979, when Margaret Thatcher came to power, the NHS had maintained a reasonably good record of inexpensive health care for substantial parts of the population, even if it operated according to the principle of keeping costs down, as a priority. But such approximate guarantees of "reasonable health care for all" went out the window, with the mad rush for "privatization" that Thatcher introduced. Everything was then subordinated to the drive for profit, and to the necessity for "competition." As one critic puts it, health care was "reinvented as a market." Hospitals and other health care facilities were redefined as "producers," establishing "contracts" with participating doctors.

In other words, Britain introduced a system similar to what is called "managed health care" in the United States

today. In fact, there has been a significant cross-fertilization of proposals for "health care reform" between British Thatcherite ideologues, and their "neo-conservative" co-thinkers in the United States.

On Nov. 4, the *Sunday Times* reported as its lead story, that the NHS is facing "its worst financial crisis in nearly a decade," and will witness a winter of "cuts and chaos." Many hospitals "are being forced to cut services, postpone operations, and extend waiting lists from a year up to 18 months." Others "warn they will have to start rationing services in winter, as the health authorities which fund them run out of money, months before the end of the financial year. In some hospitals, the situation has so deteriorated, that patients seeking routine operations, have been told they will not have an initial consultation until well into next year."

On Nov. 10, Dr. Nigel Sewell, chief executive of an NHS Trust in Sutton, England, warned that half a million people, in London alone, will be denied medical care, if proposed cuts in the NHS go through. These people would "suffer disabling pain and discomfort, while some may even die waiting for treatment. This is not what people expect from their National Health Service," Sewell said.

Local general practitioners announced that they were writing to all their patients, asking them to complain to their parliamentarians about the situation. Former Junior Health Minister (in a Labour government) Dr. John Dunwoody said that patients must be told "what is going on. We want patients to write to their Member of Parliament. All local General Practitioners, irrespective of [political] party, are very concerned." According to Dunwoody, proposed cuts in some categories of non-urgent surgery were almost up to 80%.

Meanwhile, the farce of subordinating all considerations to cost-cutting was underscored by a Dec. 15 dispatch in the London *Observer*. The weekly reported that British hospitals could face "prolonged [natural] gas cuts this winter," forcing them to rely on expensive emergency heating fuel. The reason? "Cash-strapped" health authorities and trusts "have signed cost-saving contracts, that provide cheap gas but allow suppliers to turn off the gas, for up to 90 days. These so-called 'interruptible' gas contracts are typically 40% cheaper than those that guarantee supply. Gas can be cut off at only four hours' notice."

While there have been such contracts in the past, hospitals have rarely been cut off. This winter will be the first in which gas suppliers disrupt gas flow for long periods. A spokesman for British Gas, commenting on these developments, told the paper: "This is one of the downsides of privatization and market forces."

Such devolution of health care comes amidst spread of dangerous diseases. To cite one example, the incidence of meningitis has been rising for the past two years, and is now at record levels, with 2,042 cases as of Nov. 15, 1996, compared with 1,827 for the whole of the previous year.

# Israel's Peres calls for national unity

by Gil Rivière-Wekstein

Former Israeli Prime Minister Shimon Peres took the opportunity of a recent visit to Paris to explain, to an audience of over 700 people at the Espace Cardin on Dec. 8, 1996, his analysis of the situation in the Middle East. Also present, to express their uneasiness at the current direction of the peace process, were Lionel Jospin, Simone Veil, Alain Finkelkraut, and many other personalities.

And thus it was that, wielding his words like a weapon, Alain Finkelkraut, a star in the firmament of the contemporary French intelligentsia, pummeled the audience with a rousing and alarmist speech, full of trenchant formulations of the type at which such “philosophers” so excel. His analysis—coherent and apparently accurate in its own terms—enveloped the room in a somber cloud of suicidal despair. “Israel: The Catastrophe”—that headline summed up the tenor of his speech, reprinted in part in the pages of the daily *Le Monde* on Dec. 18.

Coming from an entirely different universe, in which contemplative impotence is not acceptable, Peres gave a lesson in statecraft and statesmanship, in the course of the meeting. After having reaffirmed the fundamental principles upon which peace depends, and having identified the international transformation which has been taking place since the collapse of the East bloc, the former prime minister blasted those who “imagine that the peace process is a sort of poetry.” He reviewed the various steps of the peace process: first, initiating dialogue with a partner who was only yesterday an enemy; next, listening to that new partner’s demands and claims, understanding his way of thinking, making concessions; then, finally, convincing one’s own camp of the necessity of making those concessions. According to Peres, this long process, filled with obstacles and disappointments (as he could certainly testify to), is nonetheless irreversible.

Peres argued passionately in favor of installing a government of national unity, an idea which is unacceptable in the closed and frozen universe of Alain Finkelkraut. For, within that universe, Peres’s choice can lead to nothing but disaster, and “runs a serious risk, when all is said and done, of lending credibility to the worst side.” Thus, although no doubt greatly esteeming the former prime minister, the “philosopher” sows discord in his camp. Moreover, full of arrogance, after having received a response from the Nobel Peace Prize winner,

Finkelkraut reiterated his warning and—feeding the discord—arranged to have his speech published, 10 days later, in *Le Monde*. All that, without ever proposing an alternative.

## Netanyahu’s future prospects

Contrary to the image promoted by the media, and reflected in Finkelkraut’s analysis, Israel’s current prime minister, Benjamin Netanyahu, finds himself in an extremely weak position. A recent sampling of public opinion published in the Israeli paper *Ma’ariv* confirmed that the current government has lost its credibility with a large majority of the population. We are witnessing today the gravest crisis of confidence between the prime minister and the military apparatus; the Army is divided and demobilized; the head of the Shin Beth, Ami Ayalon, is denouncing the dangers inherent in Netanyahu’s policy; the parties which make up Netanyahu’s governing coalition increasingly doubt his effectiveness. The ministries of Education, Defense, and Foreign Affairs openly criticize the prime minister’s method of governing; even the head of state, President Ezer Weizman, regularly subjects Netanyahu to numerous warnings; the Israeli economy is slowing down, because foreign investors fear a new war with the Arab world, in particular with Syria. And even Ariel Sharon, leader of the extreme right wing, seems to prefer a government of national unity to a Netanyahu government incompetent on all fronts.

## Economic development is the key

The real question is not whether a government of national unity is desirable, but what its content and economic policy will be.

Peres’s speech indirectly answered that question. Reaffirming the principles underlying the economy, he outlined the fundamental role of scientific and technological progress. To illustrate his point, he chose to examine the difference between the economy of the former U.S.S.R. and that of Israel. From the point when relations between the two countries were normalized, he explained, the former Soviet Union, despite having much greater area, population, and natural resources, began importing foodstuffs from Israel.

“From this,” said Peres ironically, “I deduced that Zionist cows are superior to Communist cows.”

In the tradition of David Ben Gurion, the Labor Party leader demonstrated that the future of Israel lies not in territorial aggrandizement, but in an economy based on science and morality, the only real guarantees of Israel’s security. Freed from prejudice, Israelis, Palestinians, Lebanese, Jordanians, and Syrians—Jews, Christians, Muslims—will, at the dawn of the new millennium, be unable to conceive of justice and peace apart from full economic development of the Middle East, with numerous infrastructure projects to serve all who live there. This is the policy alternative to that of the present prime minister and his program of budget cuts and austerity.

# George Soros under fire: Is the end near for the new Sir Francis Drake?

by Umberto Pascali

Francis Drake was one of the bloodiest pirates of the 16th century, who specialized in robbing the Spanish galleons that were transporting gold from the Americas. The pirate's murderous abilities did not go unnoticed. Soon he became an *official* asset of the British Crown, on behalf of which he killed and stole with the greatest efficiency. The Queen knighted him: He was now *Sir Francis Drake, a pirate in Her Majesty's service!*

Today, "Francis Drake" is the common nickname given to the international speculator George Soros. Soros doesn't cruise the Atlantic with the "skull and bones," but he certainly does scavenge the waters of the "free market" to find the weak corporation or the undefended country to be financially assaulted: the wealth accumulated by years of citizens' labor, stolen in a few hours of a speculative orgy. The victim country, after having been "opened," is left at the mercy of the usurers of the World Bank and the International Monetary Fund, with whom Soros is "in tune," as the Italian press put it recently.

For example, many of the former Soviet bloc countries commandeered by the new Drake—and by his associate Jeffrey Sachs's shock therapy—have ended up in abject misery, far worse than what they experienced under communism.

However, the speculative "rape" is only a part of the global scheme. Soros, it seems, is a "philanthropist"; actually, in 1996 he was nominated by *Fortune* magazine as "most generous philanthropist" of the year, with total disbursements of \$350 million. Besides the money invested in "charitable" activities directly consistent with the British oligarchy's agenda—such as drug legalization and euthanasia—the army of men and women whom Soros recruits in the targeted countries, are instructed to "open the society," i.e., to weaken the nation's moral, religious, and political resistance to looting. "Open Society" is the name of Soros's main philanthropic organization.

One infinitesimal part of Soros's speculative gain (in 1992, Italy alone lost 40,000 billion lira during the Soros blitzkrieg) is re-invested to create a network of politicians, intellectuals, journalists, and teachers in each country. Normally these are bright young people, living in countries that are already impoverished, especially in the former communist

countries. Soros's operatives make available scholarships, computers, international connections, propaganda, seed money for magazines and newspapers, radio and TV stations, for the creation of political entities or factions, for conferences, cultural initiatives, and so on. Then, there are—according to many sources—the "former" communists. The groups sponsored by Soros reportedly have swallowed chunks of the communist leadership, cleaned them up, and set them loose against the governments that came to power in the wake of the communist regimes.

## A coordinated counterattack?

Until now, this magazine and the organizations linked to Lyndon LaRouche have constituted the only serious resistance to Soros's games. But now, we are witnessing a series of determined counterattacks by many of the victims who had previously been paralyzed by fear.

This is a growing attack against both Soros's financial piracy and his assault against national sovereignty. It could be the beginning of a generalized rebellion against the whole British apparatus that has been deployed—since the 1989 fall of the Berlin Wall—to prevent the natural process of collaboration and mutual development between East and West, North and South.

The main points of anti-Soros counterattack are 1) Italy, where the investigations prompted by the LaRouche movement have been relaunched; 2) Croatia, where President Franjo Tudjman denounced the "state within the state" created by Soros, and where some of Soros's top operatives have been indicted and arrested; 3) the United States, where White House anti-drug policy adviser Gen. Barry McCaffrey and Drug Enforcement Administration Director Thomas Constantine have pointed their guns upon the drug-legalization campaign that is being pushed and financed by Soros. According to sources, other countries and institutions are watching carefully and could step into the ring any moment now.

## Italy: probes reopened

"Soros Under Investigation: Attacked the Lira," headlined the daily *Corriere della Sera* on Dec. 24. "Intelligence Agencies Deployed Against Financial Speculation," echoed



*George Soros receives an honorary degree from the University of Bologna, Italy, Oct. 30, 1995. At the press conference that followed, Soros was denounced as a "financial pirate" by associates of Lyndon LaRouche. Today, Soros is under investigation for crimes committed in several countries, and may be heading for jail.*

*Il Giornale*, which ran a picture of a sanitation worker at the Milan stock exchange, with the caption: "The secret services will try to clean up the stock market, eliminating those who 'play dirty.'"

The investigations of Soros, as *EIR* readers know, were triggered by a legal brief presented by the Italian organization close to LaRouche, the Civil Rights Movement-Solidarity, in 1995. Now, the courts in Rome and other cities have re-launched the investigations, while both the SISMI and SISDE (Italy's "CIA" and "FBI") have had their mandate broadened to include "the dynamics" of the international markets." The Interior Ministry has just created a new entry in the list of the crimes that SISDE is called upon to investigate and combat: "Threats to economic stability."

Writes *Corriere's* Flavio Haver, referring to Roman Prosecutor Cesare Martellino: "The investigation has just started, but the results could be explosive, and the name of the individual being officially investigated gives an idea of how delicate this investigation is: The name is George Soros. . . . The crime is stockjobbing. . . . It concerns the attack on the lira in 1992: 40,000 billion lira spent by the Bank of Italy in the attempt to defend the lira from foreign speculators. . . . It is possible that besides Soros, other 'big wigs' will join the list of those under investigation."

The article does not report it, but, as this magazine has underlined, Soros's killer speculation against the lira was preceded, on June 2 of that year, by the infamous meeting of top Italian economic and financial representatives and their British counterparts onboard the royal yacht *Britannia*. The

subject of the confidential talks: the privatization and gutting of the Italian public-owned corporations.

On Dec. 23, *Corriere* had listed, in a feature on "The Prime Minister and the Speculator," the answers of an unusually subhead Soros to questions concerning his relationship to Italian Prime Minister Romano Prodi. Prodi's name had originally been given to Soros by Jeffrey Sachs of Harvard University, who had already collaborated with Soros in "opening" Poland to the shock therapy of the World Bank and the IMF. In 1988, Soros had put together a financial commando force to "open" Russia.

Soros told *Corriere* that he hired—besides Prodi—members of the World Bank and IMF circles, such as Stanley Fisher and David Minch; Harvard's Larry Summers; the father of a Spanish privatization scheme, Guillermo de la Dehesa; the Brookings Institution's Ed Hewett; Gur Ofer of Jerusalem University; and the Hungarian Marlon Tardos. The purpose of the mission was to get in contact with Russian economists Leonid Abalkin and Stanislav Shatalin, to make sure that the Russian economy was "liberalized" in the right way.

The Italian newspaper mentions strong suspicions that the Soros clan sponsored the rise of Prodi to become prime minister. On Oct. 30, 1995, in the middle of the electoral campaign that placed him in office, in a ceremony staged by one of Prodi's closest collaborators, Soros received an honorary degree from the Economics Department of the University of Bologna (see photo). The press conference that followed became famous, when the Civil Rights Movement

Solidarity denounced the “financial pirate Soros” and Prodi, demanding that Soros be jailed for his slaughter of the lira.

That event sparked the imagination of many people. In February 1996, a financial expert mentioned the Bologna ceremony in a review of a scenario novel. In what looked like a warning shot across the bows, Soros, in the book, was not just verbally denounced, but was arrested by a previously unknown special team of the secret service operatives assigned to safeguard Italy’s “economic security,” and was transported by force, as Benito Mussolini had been, to the isolated Appenine Mountains resort of Campo Imperatore.

### Croatia: Tudjman speaks out

The events in Italy were preceded by a “charge” launched by President Tudjman of Croatia on Dec. 7. “It is certain that the public, and even ministers of the government, do not even have knowledge about all this,” he said, but the aim of Soros’s organizations is “to create favorable circumstances for the subversion of the present authority and situation in Croatia, to gain control over all spheres of life. They intend to focus their energies and influence on the media and the world of culture.”

Tudjman was talking to the leadership of his party, the HDZ, and the speech was broadcast in full by Croatian TV. Though the President had denounced Soros in the past, this time it was an all-out attack, that went beyond Croatia, or domestic considerations, or any judgment concerning the role and ideology of Franjo Tudjman. There were conjectures that Tudjman’s serious health problems had prompted him to “speak up.” But, whatever the motivation, the offensive launched by Croatia gives many victimized countries a unique opportunity.

Observers in London noticed with deep apprehension that, even more astonishing than the speech, was the lack of “any real defense of Soros by the United States.”

Instead, a release from the U.S. Information Agency (i.e., the State Department) on Dec. 11 attributed a whopping 81% popularity to Tudjman. British officials howled their paranoia about a secret “deal”: “The timing is weird. What is the USIA doing? You had Tudjman criticizing every kind of foreign influence, and then, the biggest one, the Americans, support him.”

Then, the Croatian authorities began to arrest and charge Soros’s operatives, who thought they were beyond the law. This was too much: “Diplomats diagnose insanity after Tudjman’s outburst!” screamed the Thatcherite London *Sunday Telegraph*.

On Dec. 12, Srdjan Dvornik, managing director of the Soros Foundation in Zagreb, as well as the foundation’s accountant Ivanka Marton, were caught red-handed by the Croatian border police smuggling \$65,000 in cash from Slovenia. They spent the night in custody. In the meantime, the executive director of Croatia’s “Open Society,” Carmen Basic, was arrested and interrogated. The investigation is expanding, as

we go to press. On Dec. 23, the Croatian branch of the Soros Foundation was charged with financial malpractice and tax evasion. Police announced that they have evidence of “illegal financial transactions.”

“This is the beginning of the implementation of Tudjman’s speech,” an anonymous Soros official confided. “It will paralyze the foundation.”

On Dec. 7, President Tudjman had linked Soros’s nefarious activities with the determination of “some European powers” to keep Croatia under the Versailles system: “It is an historic moment for us to soberly reflect on the mentioned international and domestic circumstances with which Croatia is faced. It is time for you to recognize perils, not to become blind tools for the realization of political goals of international circles that were not favorable to the independence of Croatia, or those domestic Yugo-Communist relics who could not reconcile themselves with an independent Croatia. . . . We have gained a free and sovereign country, and we decide, ourselves, on our destiny. Let us not allow Croatia to ever again become an object of somebody else’s politics.” Tudjman said that, following the collapse of the East bloc, “the West had favored the maintenance of the Versailles order, and the maintenance of Yugoslavia, at any cost.” “Thanks to [our military] victories, we established a relation of partnership with the main world power, the U.S.,” he said. “Despite this fact, and partially due to this fact, domestic and foreign circles closed ranks and radicalized their view, pursuing a policy hostile to Croatian independence and sovereignty.” Through George Soros’s “Open Society” and other organizations, “they had involved in their plans and projects in Croatia 290 different institutions, as well as hundreds of people, to whom they awarded scholarships and paid money.”

“In an attempt to win them over through financial support,” Tudjman continued, “they roped in members of all ages and classes, from high school students to journalists, university professors and academicians, from all circles of culture, economy, science, health, law, and literature.

“They openly say their duty is to change the structures of the government and property, through donations. They even say quite openly that it is not enough for them to train journalists and others through various scholarships in America, BBC scholarships, and such, but that it is also necessary that they be supplied financially, technically, etc.

“Dissatisfied with the United States playing the leading role both in the resolution of the Bosnian crisis and in Croatia, certain European circles sought to discredit the Dayton Accord, because the Americans’ role in Dayton jeopardized their approach. And it was more advisable to blame difficulties and the desired failure on Croatia, than to directly attack the U.S.”

One week later, the editorial in the leading Zagreb daily *Vjesnik* quoted at length from U.S. anti-drug officials Constantine and McCaffrey, denouncing Soros’s drug legalization campaign. The headline: “Soros—A Problem Also For the U.S.!”

# Faris Nanic: we need a dialogue for peace

Bosnian leader Faris Nanic is scheduled to arrive in Washington, D.C. on Jan. 3, where he will address a conference of the FDR-PAC, and meet with U.S. policymakers. Nanic is a close associate of Bosnian President Alija Izetbegovic, and currently directs one of the main Bosnian press agencies. He is a staunch opponent of the scenario known as the "clash of civilizations," which implies a confrontation especially between Islam and Christianity. Instead, Nanic insists, we must work together to deepen dialogue and collaboration, and to achieve a new "Marshall Plan" for the economic development of Bosnia.

In the picture below, Nanic and other members of a delegation of the International Parliamentarians against Genocide in Bosnia (IPGB) are shown in a May 1994 meeting at the Vatican with Cardinal Angelo Sodano, the Vatican secretary of state. Pope John Paul II had granted an audience to the delegation, but unfortunately had to be hospitalized just a few days before. However, the Vatican leadership, in a decision that underscores their determination to pursue peace in Bosnia, continued with the meeting. Thus, Cardinal Sodano met the delegation on the pope's behalf.

The majority of the members of the delegation were Mus-

lims, including IPGB Chairman Sen. Kamel Al-Sharif of Jordan, and Faris Nanic, who was then President Izetbegovic's representative.

Introduced by the Hon. Roberto Formigoni (co-chairman of the IPGB), Nanic expressed his appreciation for the efforts of the pope on behalf of peace, and dialogue with the Muslim community.

Cardinal Sodano thanked the IPGB on behalf of John Paul II, and praised its work as worthy of encouragement and support. He underlined the Vatican's firm intention that efforts should not be spared to stop the war and aggression, and to reestablish peace in Bosnia.

Nanic recently told *EIR*, "If I had to list the most urgent problems now, I would say: first, the question of Brcko, the city northeast of Bosnia that was majority Muslim before the aggression and now is under arbitration. Bosnia is ready to accept the creation of an internationally protected status for the area, that could be reasonably acceptable to the Bosnian Serbs. But whatever the technical solution, we want to create a situation in which the two entities of our country could really unite into one country.

"This is also why we are concerned about the deal concluded by Amb. Robert Frowick [in charge of the local elections in Republika Srpska] and the leadership of Republika Srpska that would allow again the already rejected P-2 formula. I.e., the possibility for people coming from Serbia, or from Croatia to vote in areas from where Muslims have been ethnically cleansed through terror and mass killing, like in Brcko and Srebrenica. It would mean rewarding genocide."



At the Vatican, May 1994 (left to right): Faris Nanic, representative of Bosnian President Alija Izetbegovic; Hon. Roberto Formigoni, president of Italy's Lombardy region and former vice president of the European Parliament; Mrs. Al-Sharif; Cardinal Angelo Sodano, Vatican secretary of state; Sen. Kamel Al-Sharif of Jordan, chairman of the International Parliamentarians Against Genocide in Bosnia; Umberto Pascali; Dr. Moussa Kailani, editor, Jordan; Dr. Kassim Ahmed.

# International Intelligence

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## ***East Timorese protest mistreatment by Norway***

Thirty East Timorese youth staged a demonstration outside the Norwegian Embassy in Jakarta Dec. 16, protesting the mistreatment of two East Timorese in Oslo, who had come to denounce the Nobel Peace Prize award to terrorist spokesman Jose Ramos-Horta. Joao Mota and Octavio Soares came to expose "evidence that Ramos-Horta committed murders from 1974 to 1976," but they were arrested at the Oslo airport, despite having valid visas; they were interrogated, stripped of their clothes, and denied food for 10 hours.

Mota and Soares, who led the Dec. 16 Jakarta protest, filed a complaint with the Norwegian Embassy, demanding a public apology for this violation of their human rights.

Ramos-Horta, overseas head of the East Timor Liberation Front (Fretilin), pledged eternal allegiance to the island's former colonial power, Portugal, in his acceptance speech in Oslo. He delivered the speech in Portuguese, although he lives and teaches in Australia.

In sharp contrast, the other Peace Prize laureate, East Timor Bishop Carlos Ximenes Belo, wrote a commentary in the *New York Times* that appeared one day before the award ceremony, calling on the Indonesian government to release all political prisoners held in East Timor, in time for Christmas, as "a modest first step" toward ending the tragedy there once and for all, and in the same spirit that Indonesia's independence leaders were freed in 1949 after a UN initiative toward its colonial power, the Netherlands. Belo has been careful to distance himself from Ramos-Horta, and refused to hold a joint press conference in Oslo.

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## ***Sun Myung Moon under attack in Poland***

Polish media have been filled with attacks on Rev. Sun Myung Moon, including the involvement of "the Moon sect" in the international drug trade. Beginning mid-Novem-

ber, a nationwide controversy broke out, when the director of Gdansk University decided to cancel an event of Moon's followers. On Dec. 6, the newspaper *Weekly Solidarnosc* launched an attack on Moon, and many details of the exposé have been also reported in other papers, including references to an unspecified earlier decision of the European Parliament in Strasbourg, declaring the Moon group to be a "dangerous sect" that is involved in "the drug trade." Polish MP Richard Nowak wrote an open letter to the Parliament, demanding that it pass a similar resolution.

This controversy comes amidst a vast expansion of the Moon sect throughout Poland. Among the Moon fronts that have established bases in Warsaw, Krakow, and other cities, are the University Association to Realize Universal Values; the Unification Church; and the Women's Federation for World Peace. Another Moon front, the Polish Federation of Families for World Peace, has just held a meeting in Warsaw. Furthermore, the "reformed Communist" prime minister of Poland, Wlodzimierz Cimoszewicz, when he was Deputy Speaker of the House of Representatives, travelled to South Korea, to attend a Moon mass wedding, involving some 5,000 couples.

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## ***Geniuses' portraits won't appear on 'Euro' currency***

The technocrats at the European Commission in Brussels have rejected the idea of using portraits of Europe's great thinkers—Shakespeare, Mozart, and Leonardo da Vinci—for the new single currency, the "Euro." An Italian member of the commission designing the banknotes told *Corriere della Sera* on Dec. 17, that Shakespeare was rejected because his appearance might offend Jews who think *The Merchant of Venice* is anti-Semitic. (It's more likely that the EC is concerned that the Venetians would be offended.) He continued, "Not even Mozart could pass the test! I would have never believed that the divine Amadeus could run up against opposition. He was perfect: a universal artist. Instead, at a certain point, another member jumped up and said, 'Doesn't any-

one have anything to say about his freemasonic compositions?' . . . Not even Leonardo da Vinci made it. And what is worse, what killed his candidacy, was the fear that somebody could pull out the old saw about his being homosexual."

Moreover, he said, "At close examination, the banknote is full of errors: The European silhouette includes Russia and Switzerland, two countries that are not part of the European Union."

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## ***Anti-Iraq 'Hammer Force' ends—but, not really***

Turkish Prime Minister Necmettin Erbakan formally announced in mid-December that the Anglo-American-run "Operation Hammer Force" (also called "Provide Comfort"), which polices northern Iraq out of Turkish bases, would leave Turkey when its mandate ended on Dec. 31. However, Erbakan told the Council of Ministers on Dec. 13, that British, American, and Turkish overflights "will be maintained to check whether or not Iraq fully complies with the UN resolutions. Nevertheless, the Hammer Force mandate will end. It will be withdrawn from Turkey. So a new era will begin."

The Turkish daily *Al Jumphuriya* pointed out that this was a distinction without a difference: "What has changed if the U.S., Turkish, and U.K. aircraft, continue to fly in Iraq's airspace?" The paper voices "deep regret, over the fact that U.S. pressure has succeeded in making the Turkish government renounce its numerous promises to drive the Poised Hammer Force out by the end of 1996. . . . Changing the name or the structure of these forces, while maintaining their rejected role intact, namely, to conduct flights in Iraq's airspace, will not change reality."

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## ***Ter-Petrosian invited British into Armenia***

According to reports from *EIR* sources, Armenian President Levon Ter-Petrosian brought London's Midland Bank into

## Briefly

Yerevan well in time for him to win reelection in September 1996 through vote fraud. Midland Bank is the only foreign bank operating in the country. With all the imperiousness of his British masters, Ter-Petrosian emptied out the National Museum to hand the building over to Midland, and had his son David placed on the bank's board.

In the September elections, the united opposition, which ran on a platform of economic reconstruction, had in fact racked up 60-70% of the vote, after Armenians suffered five years of devastation under Ter-Petrosian's Thatcherite "shock therapy." Even official figures say that only 11% of Armenians earn more than \$80 a month. Following the vote fraud, as many as 200,000 would gather in protests in Yerevan, only to be put down by armored vehicles and troops, followed by a wave of arrests of political opponents.

The regime's cosmetic concession was to appoint a new prime minister, who decreed a "stop" to shock therapy, and made noises against the International Monetary Fund. The rhetoric is designed to create a break between Armenia and the United States, which, stupidly, has made its aid to Armenia contingent on "reforms." Eliminating the U.S. role would give Britain hegemony over this vital part of the Caucasus, and complement the already strong British position in neighboring Azerbaijan.

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### ***Emirates, U.K. sign 'defense pact' vs. Iran***

After years of negotiations, Britain signed a "defense cooperation agreement" with Abu Dhabi, the United Arab Emirates, in November, aimed to "deter aggression if the oil-rich Gulf state, nervous about an Iranian arms buildup, is threatened," according to British wires. The U.A.E. was a British protectorate, called the Trucial States, for 150 years, until 1971. The British capitalized on some hysteria that arose, when Iran's armed forces were engaged in 10 days of war games involving 100 ships and 40 aircraft in the Gulf. The U.A.E. and its five partners in the Gulf Cooperation Council,

earlier this year said Iran's plans to acquire more sophisticated arms posed a threat.

British Defense Secretary Michael Portillo, who signed the accord, demurred that the timing of the accord and the Iranian war games was coincidental. Portillo said exact terms of the accord, which he described as "quite precise and quite frank," were confidential, but, he continued: "It covers the development together of a deterrent so as to ensure there is no aggression against the United Arab Emirates. It allows us to draw up joint military plans and in certain circumstances to implement those joint military plans in the event of an aggression against the U.A.E."

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### ***Radio Free Asia to begin Tibet broadcasts***

Radio Free Asia, a broadcasting station established by the U.S. Congress and based in Thailand, began Tibetan-language broadcasts on Dec. 1. Unlike the existing Tibetan-language service on Voice of America, RFA will include only news pertaining to Tibet and Tibetans. The head of RFA Tibetan service, Jigme Ngapo, said his program will strive to provide "unbiased, timely and accurate information on Tibet and Tibetans." This might be difficult, as Ngapo is a top officer in the self-styled Tibetan government-in-exile's official U.S. lobbying organization, the International Campaign for Tibet.

Radio Free Asia was incorporated in March 1996, and began its Chinese program in September 1996. Tibetan is the second language to be broadcast by the station, which has plans to broadcast into Burma, Laos, Cambodia, Vietnam, and North Korea. In response to the inauguration of the Tibetan programming, the Chinese Foreign Ministry stated that "this move by the U.S. side is, in essence, aimed at further interference in other countries' internal affairs by means of the media." Britain's Prince Philip, a decades-long controller of Tibet's Dalai Lama, attended the official ceremony opening the station, when he travelled to Thailand in early November.

**MUHAMED SACIRBEY**, Bosnia's UN ambassador, greeted the election of Kofi Annan of Ghana as UN Secretary General, saying: "We are pleased, though the view of Mr. Annan . . . sometimes differs from Bosnian government official view. Yet, the views of Mr. Annan were far closer to ours than the views of the (so far) Secretary General Boutros-Ghali. Mr. Annan is familiar with the situation in Bosnia-Herzegovina and ex-Yugoslavia, as he was in charge of peace operations and for some time UN special envoy in the Balkans. . . ."

**PHILIPPINE** Communist hit squad leader Arnold de la Cruz was arrested in a "buy-bust" drug sting, run jointly by a Philippines counterinsurgency force and the National Police Narcotics Command. De la Cruz is the head of the Alex Boncayao Brigade, an assassination squad affiliated with the "reform" wing of the Communist Party.

**THE VATICAN** convened a meeting of Catholic bishops from Africa's Great Lakes region in Nairobi on Dec. 17, chaired by Cardinal Roger Etchegaray, the head of the Vatican Pontifical Council on Justice and Peace. All the bishops of Burundi and Rwanda were to attend, as well as several bishops from Zaire, and church representatives from Kenya, Tanzania and Uganda.

**IRAQ** announced on Nov. 28 that it is ready to normalize relations with the United States. Addressing a news conference in Baghdad, Iraqi Culture and Information Minister Hamid Yusuf Hammadi said: "We now hope that the United States will realize that it is better to enter into political talks with Iraq with the view to resuming relations between the two countries."

**FRANCE'S** former First Lady Danielle Mitterrand, patroness of synthetic insurgencies and indigenous movements throughout the world, attended the inauguration of "her" Brazilian Indian candidate, João Neves, as the mayor of Oiapoque, in Amapa. Neves had sported her photo on his campaign posters.

# Gingrich admits crimes against the U.S. Congress

by Jeffrey Steinberg and Mark Sonnenblick

Regardless of the outcome of the Jan. 7 elections for Speaker of the House, it is a very safe bet that Newt Gingrich's brief tenure as the most powerful figure in the U.S. Congress is finished—forever. On Dec. 21, 1996, the U.S. House of Representatives Committee on Standards of Official Conduct, the House Ethics Committee, issued a 22-page "Statement of Alleged Violations," followed by a terse, one-sentence admission, signed by Gingrich. The 53-point Ethics document was aptly described by Rep. David Bonior (D-Mich.) as "tantamount to an indictment of the Speaker of the House." The committee found that Gingrich had violated federal tax codes by using tax-exempt organizations to finance Republican Party political operations, including his own re-election campaign; and, had then lied to the Ethics panel in a series of legal filings, submitted over his signature.

The final wording of the Ethics report, which averted a Congressional equivalent of a jury trial of the Speaker, came after a week of hard-nosed negotiating between Gingrich, his attorneys, and the Ethics panel's special prosecutor James Cole, who was appointed early in 1996 to look into the widespread allegations against Gingrich, his political action committee, GOPAC, and several tax exempt 501(c)3 organizations which Gingrich ran or exploited.

Although some of Newt's die-hard Congressional allies tried to rush to his defense, claiming that the Ethics findings fell short of the kind of criminal charges that would warrant his stepping down as Speaker, when the 105th Congress is sworn in on Jan. 7, Congressional Democrats—led by Bonior—made it clear that, if the Republicans try to salvage what's left of Newt's reputation and keep him on as Speaker, there will be hell to pay.

In a press conference on Dec. 21, just hours after the Ethics report was released, Bonior was blunt about Newt's future. "Mr. Gingrich has been found guilty today of very

serious violations. They go to the heart of our democratic system. He has engaged in a pattern of abuse of our tax laws over a period of seven years, for his own political purposes, and he has repeatedly, unequivocally lied to the Ethics Committee and to the American people about it. The Ethics Committee has found Mr. Gingrich's actions have brought discredit on the House of Representatives."

Bonior continued: "The Gingrich case does not end here. It is inconceivable to me that a person who has been found guilty of such serious violations, including repeatedly lying to the committee of Congress, could continue as Speaker of the House. There are serious legal problems ahead for the Speaker as well. The allegations laid out by the Ethics Committee raise grave concerns which I would expect the Justice Department, the FBI, a grand jury, and other appropriate entities to investigate. From the charges in this document, it appears that Mr. Gingrich may have engaged in criminal tax violations. . . . Mr. Gingrich may have also engaged in criminal patterns of obstruction of justice."

Bonior concluded with a shot across the bow at the Congressional Republicans who had already rushed to the Speaker's defense, in a shameless display of damage-control: "It is appalling today, that some of Mr. Gingrich's defenders would try to minimize the seriousness of these violations. Mr. Gingrich engaged in a pattern of tax fraud, lies, and cover-ups, in paving his road to the second-highest office in the land. He is not worthy of that office. And those who attempt to make excuses for him or for his behavior are doing a grave disservice to this institution and to the American people."

## **FEC files show Gingrich's crimes**

Bonior was right. According to news accounts, there is still a live Internal Revenue Service (IRS) probe of Gingrich,

which could result in criminal prosecution; and, despite efforts by Richard Armey (Texas) and other House Republican “conservative revolutionists” to ram through a settlement of the Ethics case, other Democratic Party Congressional leaders have indicated that they are in no rush to settle the Gingrich matter, and are certainly not committed to a slap-on-the-wrist punishment.

Indeed, the Federal Election Commission, on Nov. 30, 1995, released over 3,000 pages of internal GOPAC documents that had been surrendered by the group, as the result of a May 1994 lawsuit, filed by the FEC against the Gingrich political action committee. Among the materials released to the public were handwritten minutes and audiotapes of GOPAC planning meetings. These records make clear that Gingrich was fully aware of the scheme to use tax-exempt funds to advance his political agenda and the electoral strategy of the Republican Party.

In one noteworthy exchange on Jan. 8, 1991, at a GOPAC strategy session, the group’s legal counsel, Dan Swillinger, discussed how GOPAC would help raise the \$85 million needed to win 170 Republican seats in the 1992 Congressional elections: “The way to utilize our non-FEC money is to use ALOF [Abraham Lincoln Opportunity Foundation] for as much research as possible and GOPAC for as much as possible.” At the time this meeting occurred, GOPAC had still not even registered with the FEC. Not only was it illegal for GOPAC to be engaged in raising any funds for federal office-seekers, without registering with the FEC; but it was certainly a flagrant violation of the tax and electoral codes to have a tax-exempt group, ALOF, conducting research for the campaign effort.

The chief beneficiary of GOPAC’s and ALOF’s illegal funding schemes, especially in 1990, was Newt Gingrich! In an audiotape of another GOPAC leadership meeting in August 1990, Terry Kohler is heard asserting, “We’re supplying, my guess would be, a quarter of a million dollars of Newt support per year.” No one at the meeting challenged Kohler’s estimate. In fact, GOPAC picked up the expenses for all of Gingrich’s top aides, when they traveled to Georgia to help him campaign for re-election. GOPAC wrote off the expenses as “research,” according to documents obtained and made public by the FEC. GOPAC also spent almost all of its “state and local” budget in Gingrich’s Congressional District. That year, Gingrich won re-election by fewer than 1,000 votes. By Election Day, GOPAC was nearly bankrupt, as the result of its generous “Newt support.”

None of this was a mystery to GOPAC legal counsel Swillinger. He had been a staff attorney with the FEC, prior to coming to work for Newt. According to a sworn deposition by GOPAC office manager Kay Riddley, every piece of correspondence issued by GOPAC, including all letters sent out under Gingrich’s signature, were first reviewed by the group’s legal counsel, and by its chairman. Yet, an earlier “Report to Charter Members,” dated Nov. 11, 1990, de-

scribed Gingrich’s national TV show, ACTV, as “sheperded by ALOF, a non-profit 501(c)3 organization chaired by Bo Callaway [GOPAC chairman]. Though legally no longer a GOPAC project, ACTV did rent space and operate out of the GOPAC offices.” Another flagrant violation of the federal law.

Also, during 1990, at a GOPAC strategy session, Eddie Mahe, Gingrich’s chief campaign strategist, acknowledged the fact that GOPAC’s operations were “technically” illegal, and proposed to “correct” that problem: “All you have to do is get a little exemption in the law. . . . But if you’re thinking this way you got to make sure that you have your lobbyist retained to get that half-sentence in the dead of night when they write all that stuff. That’s when they write all those bills. You find some little, tiny, tiny, tiny staff person who hasn’t been to the Cayman Islands for a while looking for a vacation. . . . The whole thing is bought and paid for.”

The 3,000 pages of publicly released GOPAC documents are full of such discussions and policy memos. The files that have been assembled by the House Ethics Committee reportedly go even further in detailing the pattern of criminal conduct by Gingrich and his affiliated think-tanks, political action committees, and campaign organizations.

### **Trashing bipartisanship**

The fate of Chairman Newt is also tied to the bigger political controversy of how the incoming Republican Congressional majority will deal with the second Clinton administration. For many Republican lawmakers, the term “bipartisanship” is synonymous with trapping President Clinton into an only slightly watered-down version of the GOP’s onerous “Contract on Americans”; and they do not wish to jeopardize that strategy by getting into a no-win showdown with House Democrats over Gingrich’s fate.

For another group of GOP hard-liners, linked to Britain’s Hollinger Corporation, and its Heritage Foundation and *American Spectator* U.S. appendages, the Gingrich scandal is problematic from an opposite standpoint: They want to drive ahead with the assault on the Clinton Presidency, and they are worried that the Gingrich “ethics” crisis will stand in the way of that offensive.

Both *New York Times* columnist William Safire, a long-time Gingrich crony, and the Hollinger-owned *Daily Telegraph*’s Steven Robinson have joined the ranks of those calling for Gingrich to step aside as Speaker “for the good of the GOP.” Safire held private conversations with Chairman Newt, in which he pressed Gingrich to drop his bid to be re-elected as Speaker, in order to facilitate the drive to Watergate the President. And Robinson, from his perch in Washington, D.C., wrote, on Dec. 27, that no leading Republicans have stepped forward to defend Newt from Representative Bonior, and the other Democrats who are demanding his scalp. They’ve gone “oddly quiet,” he noted, and that probably is the kiss of death for Speaker Newt.

# Los Angeles sheriff's report reveals drug-intelligence links

by Edward Spannaus

In a rather clumsy cover-up attempt, Los Angeles County Sheriff Sherman Block on Dec. 10 released the purported results of a two-month investigation on the 1986 raid on the Contra-linked Danilo Blandón drug ring. The obvious intention of the report was to discredit anyone and everyone who had ever made allegations of CIA or other U.S. government involvement with the Blandón crack cocaine organization, which was the subject of the controversial August 1996 series in the *San Jose Mercury News*.

However, inadvertently, the report contains much information which *confirms* the fact that key personnel involved in the Blandón ring were linked to U.S. intelligence agencies—but not necessarily the CIA.

## Block's 'findings'

Sheriff Block's major finding was proclaimed to be that sheriff's deputies themselves stole between \$40,000 and \$60,000 during the 1986 raids. In fact, although no drug dealers were indicted as a result of the raids, a number of deputies were indicted and convicted.

Block denied that any evidence had mysteriously disappeared after the raid, as some deputies had said. This report was attributed to a joking comment by a deputy. Although the original search warrant affidavit said that profits from the drug ring were going to the Contras, Block said that the affidavit was embellished. Although a deputy had logged "miscellaneous CIA info" as found on the raid, a sergeant said he had no idea why the log said this.

However, interviews with deputies described in Block's report indicate that they thought, at the time, that the raid was going to hit a U.S. government-related drug operation.

Block's report also attacked *San Jose Mercury News* reporter Gary Webb, accusing him of having a financial interest in his story.

A special target of the report is attorney Harlan Braun, the defense lawyer for one of the Los Angeles sheriff's deputies indicted on graft charges. The sheriff's report says that although the inquiry was initiated because of the *San Jose Mercury News* articles, "the true genesis" of the allegations stems from a motion filed by Braun in 1990; a major portion of the report is devoted to attempting to discredit Braun's allegations about federal government involvement in the Blandón drug ring, and federal agencies' interference with the raid.

## Investigators were targetted

The investigation of the Blandón drug ring appears to have begun in late 1984 with an investigation of a Colombian money-laundering operation in the city of Bell, California, near southeast Los Angeles. Bell police officer Jerry Guzzetta initiated an investigation at the request of agents from the U.S. Internal Revenue Service and Customs Service. Guzzetta identified former Laguna Beach police officer Ronald Lister as transporting large amounts of cocaine and "millions of dollars" for Danilo Blandón.

As the investigation of the Blandón ring proceeded, Guzzetta came to believe that some of the federal agents did not want the investigation to go forward. In fact, after the 1986 raid, the investigation was handed over to a federal task force, which dropped it.

The report says:

"Guzzetta expressed very strong feelings about the fate of the majority of law enforcement officers who investigated Blandon. He stated, 'Every policeman who ever got close to Blandon was either told to back-off, investigated by their own department, forced to retire, or indicted.' "

Guzzetta is now retired; the Los Angeles sheriff's report states that Guzzetta's office was burglarized about six months ago, and that "all that was taken was his computer and some files. Later, when *San Jose Mercury News* reporter Gary Webb called him for an interview, Guzzetta discovered that the files that were taken all pertained to the Blandon case. In addition, he said that the police found no prints in his office, not even his own. He believed that his office had been 'wiped clean' of prints after the burglary."

## 'You're over your head . . .'

Despite the overall intent of the report, it does reveal a lot of fascinating details about what happened around the October 1986 raid on the Blandón drug ring, particularly in connection with Lister. Interviews with deputies and others involved in the pre-raid briefing show that many of them recalled being told about U.S. government involvement with the Blandón ring.

One deputy recalled being told that the U.S. government "backed" the operation, which he took to mean that the government was bringing drugs into the country. (This deputy was later convicted for graft.) Another deputy recalled being

told that the “feds” had said: “Don’t do this warrant service. You don’t know who you’re messing with. You don’t get the big picture.” But, the sheriff’s report dismisses this deputy’s statements, because his recollections “are not supported by the statements of other personnel who were present at the home of Ronald Lister.”

The same deputy recalled hearing Lister say to officers during the raid: “You guys are in over your head; you don’t know what you’re doing; there’s a bigger picture here; I’m working for the CIA; I know the director of the CIA in Los Angeles; money from drug sales were used to purchase guns to get to the Contra rebels in a covert manner.” The deputy also heard Lister refer the officers to a contact named something like “Wheatly” or “Whitley.” But, again, the sheriff’s report dismisses the deputy’s recollections—because no one else recalled hearing these exact statements by Lister.

The pitfalls of focussing attention exclusively on the CIA, are indicated by the following, very revealing item in the sheriff’s report:

“In a November 7, 1996 interview of A.U.S.A. [Assistant United States Attorney] L.J. O’Neale, he was asked if he would query the Defense Intelligence Agency (D.I.A.) to ascertain if Ronald Lister or Scott Weekly had a relationship with that agency. He immediately said, ‘No.’ He was asked why, and he replied he was dealing with a specific allegation that the C.I.A. was involved in cocaine distribution. He was not investigating the D.I.A.’s involvement, so he was not going to do the query.”

Nevertheless, the report adds that O’Neale “told investigators that Scott Weekly has made statements to Bo Gritz that he (Weekly) has worked for the D.I.A.” O’Neale, who prosecuted “Freeway” Ricky Ross, and who let Blandón out of jail after 28 months, just happens to be the same prosecutor who prosecuted special forces veteran Col. “Bo” Gritz on spurious charges in 1987, after Gritz refused to keep quiet about his findings that U.S. officials were involved in the drug traffic in Southeast Asia.

### 32 intelligence agencies

Lister, a former policeman, and an admitted drug dealer and cocaine addict, was interviewed by sheriff’s investigators in the course of their preparation of the report, and he was asked about his handwritten notation referring to “DIA sub-contractor Scott Weekly.” The sheriff’s report states the following:

“Lister first explained that ‘DIA’ did not refer to the Defense Intelligence Agency. He said he could not immediately remember what he was referring to when he wrote the term ‘DIA sub-contractor.’ He said he often met with Scott Weekly because Weekly was very knowledgeable in the area of commercially-available military-related systems. . . . When asked if Weekly was an arms dealer, he seemed to get somewhat upset and stated, ‘I can’t believe that, that’s horrible. I’ve never known him to be an arms dealer.’

“In a later interview Lister stated, ‘Hey listen. I know

exactly now—you know I thought about it—you know that DIA sh—t? Okay—that’s my abbreviation for ‘deals in arms.’ ”

Lister himself denies that he told the deputies that he worked for the CIA, but he said that the deputies were discussing whether or not he was CIA, and that one deputy, after seeing the materials that Lister had in his house, said to him, “Man, you’ve gotta be CIA.”

The sheriff’s report then continues as follows:

“Lister did display some knowledge of the U.S. intelligence community during the interview with investigators. He said that if he were affiliated with an organization like the CIA, he wouldn’t talk about it. He went on to say, ‘You’ve got to remember, there’s 32 intelligence agencies out there. The CIA is just one of them.’ He mentioned the National Security Council and the National Reconnaissance Office as examples.”

## ‘L.A. Weekly’ draws the link to Bush, NSC

New information has surfaced which “provides important details that illuminate possible links between U.S. intelligence and the shadowy network alleged to have sold drugs in Los Angeles to finance the illicit Contra war in Nicaragua,” writes Nick Schou in the Dec. 20-26, 1996 issue of the *L.A. Weekly*.

Schou writes that the Los Angeles sheriff’s report shows that Ronald Lister had a much more important role in the Blandón drug ring than previously known, and that it confirmed Lister’s connection to “an active participant in the murky underworld of Reagan-era covert operations . . . David Scott Weekly.”

“While Lister was laundering money for the Blandon ring and pitching ‘security’ contracts to the Salvadoran military,” Schou writes, “Weekly was carrying out covert operations being directed through the Vice President Bush-headed National Security Council.”

Among these covert operations was one conducted with Bo Gritz, which involved training of Afghan mujahideen on U.S. Bureau of Land Management property in Nevada. They were paid through Albert Hakim’s Stanford Technology company, part of the NSC operation run by Iran-Contra operatives Oliver North and Richard Secord. Schou writes that the Afghan project was cut short when Gritz and Weekly were summoned to a White House meeting in 1986 by NSC official Tom Harvey, who used Bush’s name in asking them to undertake a new mission in Southeast Asia.

## Some questions not asked

David Scott Weekly was also interviewed by Los Angeles Sheriff's Department investigators in preparation for their report, but the investigators allowed Weekly to dance around their questions, while never asking him the crucial question: whether or not he was a contract agent for the DIA. Following are a few excerpts from the section on Scott Weekly:

"Weekly admitted that he knew Ronald Lister. . . . He was asked if they had met in the military. At first Weekly said no, but then added, 'Well, it depends on whose service—and for what.'

"Weekly agreed that it would be ridiculous for us to ask him if he had ever been in the CIA, because there would be no way for us to confirm his statement. He also agreed that if he was in the CIA he wouldn't tell us anyway. . . .

"Weekly was asked if he knew what the DIA is. After a pause he replied, 'yes.' . . .

"Weekly was asked what items would be dealt with by a DIA subcontractor (vendor). He said, 'Everything from paper, pencils, radios, whatever it is those guys deal with.' Weekly said the other level of DIA subcontractor would be a 'Black operative. Of which they (DIA) have very few.'

"Weekly was told that in old documentation from that period, he (Weekly) had been identified as being a DIA subcontractor. Weekly laughed and said, 'Okay.' He then said, 'Let me put it this way—there is not one ounce of love lost between the DIA and me. It is even more aggressive than that. It's beyond the flashpoint between me and they. It's a non-subject—that's as much as I'm going to say about it. As far as I'm concerned, I wouldn't piss on them if their face was on fire.' "

Incredibly, the investigators never asked Weekly directly if he was a contractor for the DIA, or any other government intelligence agency.

The truth of the matter is, that at the same time that Lister was throwing around Weekly's name during the 1986 drug raid, Weekly and Gritz were being deployed to Southeast Asia by a George Bush-linked operative in the National Security Council. Gritz says that Weekly was working for him; and Gritz says that he had been being deployed by the DIA and the Intelligence Support Activity (nominally an Army unit, but which worked directly for the NSC). There is no indication whatsoever that Gritz had any connection with the Blandón ring, but Lister describes Weekly as a business associate and friend.

## CIA inspector says he'll tell the whole story

CIA Inspector General Frederick Hitz, who is conducting an internal investigation regarding allegations of CIA involvement in Contra drug-trafficking, said on Dec. 10 that if the trail he is investigating leads outside the CIA, he will state this in his report.

Hitz's assurance came in response to a question from this reporter, who commented that the CIA often gets blamed for things that are done by other people, and noted that, in regard to the Contra/cocaine allegations, "everyone is saying 'CIA, CIA,' but in fact, much of that, the Contra support operation, was being run out of the White House, out of the NSC, the Office of the vice president, and private contractors."

"If the trail on this drug question dead-ends within the Agency, but leads outside," Hitz was asked, "does your investigation encompass that, and will you follow that trail?"

Hitz responded by saying, "We're going to be absolutely explicit about what it is that we find and we don't find. So, if there should be a trail outside CIA that we encounter, we will state that in our own report, recognizing that we probably don't have the mandate to take it in certain areas."

"I welcome the fact that the Department of Justice inspector general is ready to embark on this task along

with us," Hitz continued, "because he has jurisdiction over Drug Enforcement Administration and over the federal prosecutors that would have had to deal with this information had it been there. And so we're going to try. We hope we're going to be able to get a pretty complete picture, and we'll just have to see where it goes.

"But your point is well taken. . . .

"All we can do it to tell the story as completely as we're permitted to do."

When Hitz was asked later to clarify his last comment, he said that he did not mean that he would be censored within the Agency, but that there may be a problem of CIA officers who are no longer serving, or who are out of the area, who may not want to talk to his investigators, and he will not have the power to force them to talk to him.

The limitations on the CIA and DOJ investigations were a focus of discussion at an Oct. 23, 1996 hearing of the Senate Intelligence Committee, at which both Hitz and Department of Justice Inspector General Michael Bromwich testified. During this hearing, it became apparent that Bromwich has a significantly broader jurisdiction than does Hitz, in that Bromwich possesses administrative subpoena power which he can use outside his department; Hitz does not.

Hitz made his comments at a conference in Washington sponsored by American Bar Association Standing Committee on Law and National Security.

—Edward Spannaus

# Clinton continues dialogue with China

by William Jones

In a milestone in the Clinton administration's policy of "strategic engagement" with the People's Republic of China, Beijing's minister of national defense and vice chairman of the Central Military Commission, Gen. Chi Haotian, concluded a 14-day visit to the United States on Dec. 18. Minister Chi was accompanied by a delegation consisting of senior military leaders from the People's Liberation Army General Staff and Logistics Departments, Navy, Air Force, and Strategic Rocket Forces, as well as the commander of the Guangzhou Military Region Command. In addition to his meetings in Washington, which included a visit at the White House with President Clinton, Minister Chi also visited military facilities in New York, Virginia, Alabama, Texas, New Mexico, Arizona, and Hawaii.

Planned as a return visit in response to the October 1994 visit of Defense Secretary William Perry to China, the visit of the Chinese defense minister had to be postponed in 1995, when Chinese-U.S. relations deteriorated rapidly in the aftermath of a private visit to the United States by Taiwanese President Li Teng-hui. Under intense Republican pressure, President Clinton granted President Li a visa to the United States to attend an alumni reunion at his alma mater, Cornell University. Congressional Republicans, led by Senate Foreign Relations Committee Chairman Jesse Helms (N.C.), quickly utilized the presence of President Li to transform the visit into a major political manifestation. Foreseeably, this led to some tough rhetoric from Chinese leaders and a cooling of U.S.-Chinese relations—precisely the goal which Helms and his cohorts had hoped to accomplish.

In March 1996, extensive discussions were held between U.S. National Security Adviser Anthony Lake and his Chinese counterpart, Liu Haoqui, in Williamsburg, Virginia. As a result of these discussions, U.S.-Chinese relations got back on track, although not before they came to a rather ugly military demonstration in the Straits of Taiwan, in the midst of the Taiwanese elections. Probably encouraged by the visit of President Li to the United States, the elections were characterized by heightened talk of Taiwanese independence. When the Chinese responded by conducting practice missile firings near the coast of Taiwan, the United States felt it necessary to station aircraft carriers in the Straits of Taiwan. Lake made a followup visit to Beijing in July 1996, during which he

indicated that the United States would no longer be averse to an exchange of state visits with China.

Through a commitment to maintaining diplomatic "engagement" with the Chinese leaders, the U.S.-China relationship was brought back on track. Following the preliminary meetings between Liu and Lake, Secretary of State Warren Christopher met in New York in September 1996 with his Chinese counterpart, Qian Qichen, and then went to Beijing in November for further discussions.

The military-to-military dialogue that was launched with Secretary Perry's visit to China in October 1994, and of which the visit of Minister Chi is an integral part, is aimed, on the one hand, at creating the type of contact that would permit the de-escalation of potential conflict before it started, or, as a senior administration official put it, would create a mechanism that would "permit both sides to raise and discuss issues without disrupting the entire relationship." The People's Liberation Army represents a force in its own right in China, and any "engagement" with Chinese leaders on the diplomatic plane would have to involve the respective country's military establishment in order to be successful. The particular goals that the United States hoped to achieve with these initial visits involve both "regularizing communication between forces operating in the same area" and "establishing a regular path and period of dialogue between the United States and China in the defense realm" at senior levels.

## Wide-ranging discussions

The visit of Minister Chi to the United States, a visit which had been postponed or cancelled twice, was his first, although previous Chinese defense ministers have travelled to Washington at various times. Speaking together with Secretary Perry at the Pentagon, Minister Chi commented, "To develop friendly relations and cooperation between our two countries not only serves the fundamental interests of the two countries, of the two peoples, but they're also of great importance to the maintenance of peace and stability in the Asia-Pacific region and in the world as a whole. It is precisely with this desire that we have come to the United States." Among the topics on the agenda were U.S. nuclear nonproliferation concerns, Asia-Pacific regional security, and stability on the Korean Peninsula.

On Dec. 9, Minister Chi met for 20 minutes with President Clinton. Also present were Vice President Al Gore, National Security Adviser-designate Sandy Berger, Secretary Perry, U.S. Ambassador to China Jim Sasser, and Undersecretary of Defense for Policy Walt Slocombe. According to NSC Press Spokesman David Johnson, who briefed the press following the meeting, President Clinton told the defense minister "that he views our engagement with China as a way to further our cooperation where we can on areas, for example, such as nonproliferation, and to address our differences where they exist on issues such as human rights."

In his meetings at the Pentagon later in the day with Perry,

also attended by Sasser and Slocombe, Chi reiterated China's concern about U.S. arms sales to Taiwan, and about the tensions that occurred in March of last year, expressing objections to U.S. carriers being deployed to the area. "The secretary stressed that we have a one-China policy," said a Pentagon briefer, "and that we—that the key to that policy, the driving thrust of that policy, is to achieve a peaceful resolution of all issues involving Taiwan and China, under the roof of the one-China policy."

The two sides also touched upon the issue of the U.S.-Japanese Security Agreement, an agreement which had caused some concern in China. Secretary Perry explained that the agreement was a step toward continued stability in the Asia Pacific region. "He said that it was a defensive agreement," said a Pentagon spokesman, "and stressed again that the good relationship between the U.S. and Japan, and the strong security relationship between the two countries has really been key to providing the stability that's fueled—or at least allowed—the economic growth in Asia to take place over the last 10 or 15 years."

A visit to Gettysburg, Pennsylvania, requested by Minister Chi, who is an ardent student of military history, was cancelled due to bad weather. He did, however, visit several military installations, including the Sandia Weapons Laboratory in New Mexico. There he was given a tour of Sandia's Cooperative Monitoring Center, where he was shown some of the equipment they use for monitoring arms agreements. He also visited the Robotics Manufacturing Science and Engineering Laboratory (RMSL), where he viewed some of the robotics equipment used for operating in hazardous environments. He was then given a tour of the National Atomic Museum at Sandia, a museum that gives a history of the development of the atomic bomb, as well as the history of peaceful uses of nuclear energy.

As a result of Minister Chi's visit, it was agreed that the United States and China would institutionalize bilateral defense consultative talks, the first of which is to take place in Washington in the fall of 1997. The two sides also agreed to several visits of senior U.S. and Chinese military leaders in the first half of 1997. The two sides affirmed their shared interest in a peaceful resolution of the Taiwan issue. Chi also indicated that China would continue to play a constructive role in working to maintain a nuclear-free Korean Peninsula, and would help to encourage a dialogue between North and South Korea—one of the issues that has been of prime importance for the Clinton administration. In addition, China agreed to continued port calls at Hongkong by U.S. naval vessels after July 1997, when Hongkong reverts to Chinese sovereignty, a request that had been of great interest to the United States.

## **GOP sniper attacks**

Already, at the point when the Chinese defense minister arrived, the Conservative Revolutionists were sharpening

their lances to joust with President Clinton's policy of "engagement" with China. Minister Chi had a breakfast meeting on Capitol Hill on Dec. 10 with legislators, a meeting that was boycotted by all Republican legislators except one. Two Republican legislators did, however, attend a dinner arranged by Perry for Chi at the National Defense University.

The Gingrich Republicans are intent on throwing a monkey wrench into the Clinton "strategic engagement" policy. In the discussion following a presentation by Minister Chi at the National Defense University, one Navy officer set off some fireworks with a question on the events at Tiananmen Square in 1989. Chi answered the question quite directly, saying that "such things would not happen again," but also, repeating the standard Chinese response to questions on Tiananmen, that nobody died at the square itself, but that the clashes occurred outside the area of the square itself.

The next day, the *Washington Times* ran a front-page article with a picture of Chi and the headline, "Chinese Leader Defends Action at Tiananmen." A week later, on Dec. 18, a hearing of the Human Rights Subcommittee of the House International Relations Committee was called by Rep. Chris Smith (R-N.J.), dealing with Tiananmen Square and the comments made by Chi, at which various representatives of Amnesty International were allowed to vent their spleen against the Chinese government. Smith himself attacked administration policy as "aggressive appeasement." Neither the administration nor the Chinese embassy sent witnesses to the hearing, which was undoubtedly viewed as a provocation.

In addition, the Republican scandal-mongering against the White House was given an added twist, when an Asian-American fund-raising contact, Charles Yan Lin Trie, is said to have taken the head of a Chinese arms conglomerate with him as a guest to a White House reception. This served the dual purpose of allowing the Gingrich Republicans to attack President Clinton for accepting "foreign funds," as well as undermining his China policy.

## **'Engagement' deemed the wiser policy**

President Clinton, however, wisely insists on steering a stable course in the U.S. relationship with the Chinese government, deeming "engagement" rather than "confrontation" to be a wiser policy for creating a strategic relationship with China in the 21st century. Following the visit of the Chinese defense minister, President Clinton met with Chinese President Jiang Zemin's national security adviser, Liu Haoqiu, on Dec. 19. Liu also spent eight hours at Blair House on Dec. 18, speaking with newly appointed National Security Adviser Sandy Berger, discussing the entire gamut of U.S.-Chinese relations, with a person with close access to the President. Liu was given a tour of Blair House, which will be the official residence of President Jiang when he comes to Washington on an official visit.



## 'There is a call for us to help the least in our midst'

*Bishop Daniel P. Reilly was born in Providence, Rhode Island, on May 12, 1928, and was ordained a Roman Catholic priest on May 30, 1953. He attended two sessions of the Second Vatican Council, 1962 and 1964. He was named a Domestic Prelate with a title of Right Reverend Monsignor by Pope Paul VI, on Jan. 29, 1965. On June 17, 1972, Pope Paul VI named him bishop of the Diocese of Norwich, Connecticut. He served as chairman of the Board of Catholic Relief Services, 1978-86. He was a member of the Drafting Committee National Conference of Catholic Bishops/U.S. Catholic Conference (NCCB/USCC) Pastoral Letter on "The Challenge of Peace," 1981-83; member of the NCCB Pro-Life Committee, 1989-; and chairman of the USCC International Policy Committee, 1993-96. For the Holy See, Bishop Reilly served on the Pontifical Council, Cor Unum, 1984-89. He was named to the Pontifical Council for Justice and Peace, October 1994. He was named bishop of the Diocese of Worcester, Massachusetts, Oct. 27, 1994.*

*The following interview was conducted by William F. Wertz, Jr., for Fidelio magazine, on Nov. 12-13, 1996 at the annual meeting of the NCCB/USCC in Washington, D.C. Bishop Reilly granted his permission for the interview to be published in EIR.*

**Fidelio:** Bishop Reilly, I would like to ask you a number of questions, beginning with the very serious crisis in Africa and then, if possible, on economic policy overall. First, I know the Bishops Conference has issued a statement requesting that an international force be assembled and deployed to create safe corridors in Africa to deliver aid.

**Bishop Reilly:** That's right.

**Fidelio:** I understand from the press today, there are reports that cholera is breaking out in Zaire.

**Bishop Reilly:** That's the problem. As long as this goes on, and the conditions that are there, which are lamentable, you're going to be exposing yourself to all kinds of additional difficulties. That's why we think there is some urgency to this.

**Fidelio:** This situation in Central Africa also raises broader policy issues, in terms of how to actually prevent such situa-

tions in the future, that is, even beyond the emergency situation. I know that Pope John Paul II has called repeatedly for a policy of debt forgiveness and economic development, and I wonder if you have any comments on that subject.

**Bishop Reilly:** What the Holy Father is doing is exactly where we should be and what the Church in the United States is doing, too, and that is, calling upon those in the developed world to be mindful of the developing world. It's a legacy of all kinds of problems that have been left there from colonial days. We know, too, that there are tribal problems that are there, and we call upon the local leaders to have some sense of responsibility in bringing peace and doing away with the violence in the area.

But the developed world has its responsibilities, too. But what I sense in our own country is this desire to turn away from that. We've got our own problems at home, so we've got to figure them out first, especially if they're not threatening to our own stability and our own interests in other parts of the world.

So, yes, the Church has this worldwide voice and will continue to use it to call all peoples together who can do something about this. And, since we are bishops here in the United States, we call upon our own country to be a beacon of respect for human dignity and human rights, wherever they're being violated in the world.

**Fidelio:** Yesterday, Bishop Ricard invoked the exemplary policy of the Marshall Plan after World War II. Of course, as you're pointing out now, and as has been emphasized in this conference, there has been a reduction in foreign aid. What do you think can be done, and what is the Catholic Conference doing, to attempt to reverse this attitude and begin to get a climate in which the United States can play the kind of role it did with the Marshall Plan, not just in Africa, but in many locations which are in such need?

**Bishop Reilly:** What we can do is to continue to point out the moral dimension of this problem. That it is not something that's a luxury for us, to care for those most in need. That it's not an extravagance on the part of the United States. There is a call for us to help the least in our midst, and that's where we're coming from with our own theology.

I was in France after the Second World War, when the Marshall Plan was functioning. That was a marvelous plan; some self-interest in there: We had to develop nations' economies, too, that we could deal with to boost our own economy. That kind of attraction probably wouldn't be with some of these other countries that we're calling on our nation now to be concerned about.

But, we are seeing that, if we are to be the nation that we are founded to be, that we believe that all the people are created with certain rights, then these rights are not just in respect to us but all around the world. And we're called, in the position we're in, as the most powerful and richest nation in the world, to take some leadership in that regard. Not to do it all by ourselves, but to give some leadership. The United Nations has a role to play. There are certainly other developed areas of the world, in Europe and in the Pacific area, who have responsibilities here, too. But we should take a leading role.

**Fidelio:** One of the major initiatives at this conference seems to be the issuance of a *Catholic Framework for Economic Life*, based upon the social encyclicals and the previous statement by the Conference on *Economic Justice for All*. The statement indicated this was an effort to shape the national debate. How do you envision that proceeding, in terms of an education drive?

**Bishop Reilly:** Whenever you talk about the economy, you're talking about something that everybody is very, very interested in, and everybody's concerned as to how it's going to strike them. When the Pastoral Letter came out from the bishops on the economy, it was met with some resistance. It was very, very well distributed, I think, in many, many copies. People wanted to know what was in there. But it meets with resistance because it talks about a person's individual pocket-book. But, our concern is that the doctrine is there, the teaching is there, the way to move ahead is there, but unless people get to know what it is, unless people are educated as to what the Church is really saying, if it were saying on a very surface level, well, they'll take care of themselves, we'll take care of ourselves. So that's why, with this, on this tenth anniversary, we said, let us try to develop some sort of a mechanism that will bring the Church's teaching and the basic principles that we use in assessing the good of an economy, and what is wrong with an economy, as it seeks to take care of its people. And this is what we've done with this. We hope that that will be widely distributed, so that in our churches, in our vestibules, in our schools, so people will get a sort of Ten Commandments of a just economy. And maybe that will be helpful. We have to use the means that we have; and, the concern is that people were reading the Pastoral Letter and, now, maybe we can give them a little precis of that. That's what we're hoping will happen.

**Fidelio:** I noted in the letter of the Holy Father, "Towards

the Third Millennium," that he said that it was unfortunate that so many people were unfamiliar with the social encyclicals of the Church, and it would seem to me that this initiative would spark such an interest. I believe it's safe to say, that the social encyclicals were probably more closely followed earlier in this century.

**Bishop Reilly:** That's right, in the '30s, and especially in the organization of labor, the unjust conditions in the workplace, yes.

**Fidelio:** For instance, I recently read Monsignor Higgins's book, *Organized Labor and the Church*, and I was amazed to see the extent to which there were labor schools throughout the country. For instance, he describes, in the Chicago Archdiocese, periods in which they would bring in hundreds of priests for two-week classes on the social encyclicals. Is this an effort, then, to really revive that kind of interest in the social encyclicals?

**Bishop Reilly:** Even on a wider scope, because we're not just talking about the rights to organize and that sort of thing, but we're getting down to the basic thing that we have a right to life, and to be able to sustain our lives in a dignified way.

That was a wonderful period in the Church. I grew up in that period, when I heard about labor schools, and so forth. I remember reading the *Rerum Novarum* and *Quadragesimo Anno* when I was just in high school, and writing papers on it. So, they were being used very, very widely.

But, we're a different country now. We were in a depression in those days. And now we're a wealthy nation, and that leads to thinking kind of selfishly, and that spirit of caring, one for the other, that got us through the Depression, is not there. So there's a whole mindset that needs to be taken along with this.

**Fidelio:** Recently, Mr. Camdessus of the International Monetary Fund has warned of the possibility of a very significant banking crisis, despite the appearance in certain sectors, like the stock market, of prosperity. Of course, in the Third World, the underdeveloped world, there are already conditions of massive poverty. So, I think that we are potentially in a situation of a significant financial crisis now, despite appearances otherwise.

**Bishop Reilly:** The Holy Father is always reminding us at our conferences of the same thing, of the need to help the poor, poor nations, especially with the lifting of the international debt that they have. We're hoping something really great would happen along this line, as we go into the new millennium and into the new century. There's a lot of resistance to that, and Mr. Camdessus pointed that out to us. But it's staggering to think that some of these poor countries are paying more toward the international debt than they are on education and health for their people. Something's wrong with that sort of thing.

So it's not a question of just giving people handouts. You also have to give them a chance to breathe the air and to get one foot under them at least. There should be incentives for the emerging economies, something to give them a chance to look to the future.

**Fidelio:** Unfortunately, Mr. Camdessus's apparent solution is not so much debt relief, as to tighten the screws.

**Bishop Reilly:** I know. And I talk to him, so I know. That was kind of discouraging to hear that. But I think that's the kind of resistance he runs into when he goes around talking to the wealthy nations of the world. They don't see it the same way we do. They're coming from a different framework.

But along the line of what the United States should do, I read these figures the other day. Just 1% of the federal budget goes to foreign aid, less than half of which goes to humanitarian aid programs that help poor people around the world. The United States is last on the list of industrialized countries in the percentage of its annual commitment to development assistance. Japan, Germany, the United Kingdom, even Australia and Portugal, contribute more assistance to the poorest countries than the United States.

The expected peace dividend following the breakdown of the Cold War never materialized. In the last two years, U.S. spending on development assistance programs declined by 30%, with some programs as great as 50%. So, that's a real concern that we have, especially since we run a magnificent program through Catholic Relief Services. In some 60 countries around the world, we serve the really needy, especially with food and so forth. It's going to be very, very hard for us to get some sort of change of mind and some kind of change of policy.

**Fidelio:** I just received a report that Pope John Paul II, speaking before the Food and Agriculture Organization (FAO), called on people to come up with plans for an increase in production of food for the poor and starving of the world, and stressed that human genius is capable of developing such programs, and said that the idea that population growth necessarily leads to poverty is a totally false, Malthusian idea.

**Bishop Reilly:** It's like fighting the world on that one. The Catholic Church stands up very bravely and boldly along that line. What you're hearing now, is that we're reaching the limit of what we can produce; and, that we've tried all these chemicals and there's no hope that we can do more than we're doing. The fact of the matter is that we can do much better in distributing the food that's there, which is more than enough to take care of all the people on the Earth. No, birth control and population control seems to be the easier solution, and you see that going on in the developing nations at an alarming rate. To us, in the Catholic Church, it's certainly an assault on human dignity. And we speak up on that in all the great meetings of the world. Thank God we're able to be there.

**Fidelio:** The pope also made very strong statements regarding the development of plans for debt forgiveness at the FAO conference.

**Bishop Reilly:** We must undertake this task and implement it. Our hope is to see relief from the debt, which worsens all these terrible situations like the one we are facing in Africa now.

**Fidelio:** Is this the kind of issue the executive committee of the Bishops Conference will discuss with President Clinton in its upcoming meeting?

**Bishop Reilly:** I'm sure it will be part of the discussion, because it is very high on the agenda of the Holy Father. I'm sure it will be discussed with political leaders internationally. As I told you, I already have discussed it with Camdessus. Actually, I discussed it in two meetings with him rather recently, one with our Committee [on International Policy], the other with other representatives. Mr. Camdessus says he agrees with our concerns and then demonstrates to us how very difficult his situation is.

**Fidelio:** But, as I said, Camdessus says his response to the kind of total banking collapse he acknowledges to be imminent, is to tighten the screws.

**Bishop Reilly:** Of course they can't tighten the screws. The situation is already tragic in these countries—for their people. This is why the Holy Father has emphasized the Jubilee legislation of debt forgiveness.

**Fidelio:** We have taken note of the strong emphasis on the social encyclicals in this meeting of the Bishops Conference.

**Bishop Reilly:** Well, that is the wonderful thing about the Church—we stay where we are. Political fashions and cultural fads may come and go, but our principles are always the same and the world hears these things whether they are popular or not. And we represent our principles which are unchanging. Cardinal Bernardin, in his own death, was a witness in this sense. The fashion has been fear of death, denial of immortality.

**Fidelio:** Certainly Cardinal Bernardin's death-bed letter to the U.S. Supreme Court against the so-called "right" to assisted suicide, and against the idea that a less than "perfect" life is not worth living, was a remarkable witness.

**Bishop Reilly:** His death and the way he died will do more than anything else anyone could say to change the view of "live life for today," "death is our enemy," to our view that death is our friend, because our contributions are eternal.

**Fidelio:** Thank you very much.

**Bishop Reilly:** Keep up the good work. Be a witness—we need it.

# Mental health professionals rip 'totalitarian' managed health care

by Marianna Wertz

The National Coalition of Mental Health Professionals and Consumers, Inc. was founded in November 1992 to expose, regulate, and replace managed care. Its members include professionals from all mental health fields, as well as a growing number of consumers and consumer advocates. Headquartered in Commack, New York, it has 18 state affiliates and is waging a nationwide battle against managed care. The coalition can be reached at 1-888-SAY-NO-MC.

*EIR* spoke with coalition president Karen Shore, Ph.D., a psychologist, on Dec. 6, 1996, about the group's view of managed care, and particularly about the devastating effect it is having on the mentally ill. She also discussed the coalition's proposed legislative actions to regulate managed care out of existence.

Shore said that the coalition is proposing both regulation of the managed care industry, and its replacement by Congress with some form of universal health care. "We believe that there really cannot be any "good managed care," Shore said, "because managed care's mechanisms have to do with a powerless patient and a powerless clinician, and that's just antithetical to good health. And it's certainly antithetical to good mental health. You have to try to empower patients, not control them."

As to the effect of managed care on the mentally ill, Shore said, "If you're talking about the seriously mentally ill, where you're talking about major depression, manic depression, severe compulsive disorders, schizophrenia—they're being undertreated terribly. In some managed care companies, the criterion for hospitalization has become that a person has to either have made a suicide attempt within the past 24 hours, or be in the process of attempting. So people are being admitted to hospitals, just like in medical care, much sicker, much less stable, and they're being discharged way too soon.

"What some studies have begun to notice is an increase in re-hospitalizations, an increase in patient deaths and injuries; in part that's because of managed care, and in part, because of reduced funding for the mentally ill in the hospital, the public funds. We certainly have stories of suicides, because patients are not able to get the right care.

"So we're seeing barriers to getting into the hospital.

We're seeing premature discharges. On the outpatient side, we're seeing psychotherapy completely destroyed. They've made a mockery of what psychotherapy is."

Shore said that, while she doesn't foresee rapid action to regulate managed care by either the Clinton administration or the Congress, the pressure is building to make some real changes. "I think that the lies that managed care has been promulgating are being exposed. We think that the unconscionable profits and the attitudes toward profit, and their real disregard for what actual health care is about, and their disregard for the people, are becoming apparent. So, I think that within the next year, you're going to see the population really wising up and starting to demand something different. This is an anti-democratic, anti-person system."

To deal with this situation, in 1995 the coalition proposed both state and federal legislation, including the following measures:

#### **Federal Legislation Needed (Dec. 1, 1995):**

"1. Guarantee citizens coverage and portability regardless of employment or medical status.

"2. Guarantee the right of *all* citizens, *including Medicare recipients*, to purchase all approved forms of insurance, including fee-for-service plans, Medical Savings Accounts, and any other form of insurance yet to be devised and introduced into the marketplace. Protect the freedom of *all* citizens to change plans at any time.

"3. Allow all citizens to purchase their own insurance and to deduct 100% of the premiums.

"4. Phase out employer involvement in health care, allowing employers to return premium money to employees on a tax-free basis so that citizens may purchase their own insurance. Consumers would then have the responsibility for cost-effective decisions along with choice and privacy. . . ."

#### **State Legislation Needed (Sept. 17, 1995):**

"1. Mandate that all managed care plans offer a reasonable out-of-network ('Point-of-Service') benefit.

"2. Prohibit 'gatekeeper' barriers to treatment.

"3. Require health plans to have a sufficient number of clinicians in each specialty and to print a list of network clinicians.

“4. Prohibit provider contract requirements that network providers refer patients only to other ‘network’ providers.

“5. Prohibit provider contract clauses that ask clinicians not to say anything negative about the managed care company to anyone or that ask the clinician not to tell the patient when the clinician disagrees with the plan’s treatment decisions.

“6. Mandate that each health plan make their methods of operation known to enrollees. . . .

“7. Standards used to make decisions to deny care or to credential providers must be developed with the input of appropriate consumers and professionals.

“8. Guarantee that consumers can appeal decisions made by their insurer and that the final appeal is made by qualified professionals who have at least the same credentials as the treating clinician and are independent of the health plan.

“9. Treatment and reimbursement must continue until all appeals are exhausted.

“10. Confidential information must be protected based on standards developed by consumers and clinicians independent of the health plans.

“11. Guarantee clinicians due process if they are dropped from provider panels.

“12. Prohibit companies from retroactively denying benefits for previously approved and delivered treatment unless authorization was based upon fraud. . . .”

## Nuremberg crimes

*EIR* raised with Shore the fact that the post-World War II Nuremberg trials indicted Nazi doctors, among other reasons, “for inadequate provision of surgical and medical services” in the concentration camps. Shore said, “we see it happening” in the United States today, and referred to papers she has written comparing managed care to totalitarianism. Managed care has “taken the morality and the ethics out of health care, and it’s taken the people focus out of health care and put people on an assembly line,” she said.

“We’re just seeing the mental health field completely decimated. This is also where you get the Nazi comparison. You can really judge a society by how it treats its most vulnerable people. And the mentally ill in our society are the most vulnerable people. What we’re really doing is that these companies are just trying to make a fortune off of them.”

In a 1995 paper, “Managed Care: The Subjugation of a Profession,” published in *Psychotherapy in Private Practice*, Vol. 14 (2), Shore argued that the managed mental health care industry has established a “totalitarian regime,” comparable to that imposed by Hitler, Mussolini, Stalin, or Lenin.

Shore notes, “I hope the analogies frighten you as much as they do me. As Neville Chamberlain learned from Hitler, there is no such thing as appeasement. We cannot simply work within the system hoping the industry will be reasonable, and we can no longer think it can’t really get all that bad. It can, and it will.”

She compares today’s managed care regime to these totalitarian regimes on the following grounds:

1. Fascism, Nazism, and Russian Communism “sprang from economic and political chaos after the First World War” and the population’s desire for economic stability. Threats of annihilation by atomic and biological warfare had the same effect in the regimes of George Orwell’s *1984* and Aldous Huxley’s *Brave New World*. Here in America, she argues, “our economy is in distress and our health care system seems uncontrolled,” and the insurance industry, in the form of managed care, “says that they alone can bring stability.”

2. “Totalitarian states gained power through legal and illegal means, through propaganda and scapegoating.” In managed care, “we are well aware of the power this industry wields in our political system. Further, the managed care industry can bypass the electorate, i.e., the patients, because we have asked employers to pay for health care, and employers, in turn, have asked the insurers to control costs and services. Patients don’t count. . . .

“For scapegoats, Hitler had the Jews, the Bolsheviks had the capitalists. The Party in Orwell’s *1984* had Emmanuel Goldstein, who was called the Enemy of the People for advocating freedom of speech, freedom of the press, freedom of assembly, and freedom of thought. Can you exercise these freedoms under managed care without jeopardizing your livelihood?”

Shore also raises similarities between managed care and totalitarianism, in that “weak opposition enabled them to take control fairly easily”; totalitarian regimes and managed care subscribe to an ideology of power and conquest, and survival of the fittest; both are characterized by a centralized, bureaucratized, and hierarchical structure; and both eliminate all opposition.

On the latter point, she refers to the fact that there is now a telescreen in every therapy office, keeping therapists under constant surveillance for adherence to managed-care strictures, a practice not dissimilar to the telescreens in Orwell’s *1984*, which kept all Party members under the constant surveillance of the Thought Police.

The final comparison relates to the “lack of morality and pervasive cruelty” of totalitarian regimes and managed care. “When well-trained, ethical clinicians lose their practices to fiercely competitive entrepreneurs who rush people through therapy mills, we are in an age of immorality. . . . When a suicidal woman who leaves an abusive spouse is denied therapy because ‘domestic violence is a social problem, not a psychological problem’ (Psychological Association, 1992), we are in an age of cruelty. When treatment philosophies are made by distant corporate executives who get rich by requiring therapists to serve benefit plans instead of patients, and when no law protects patients or ethical therapists, we are in an age of totalitarianism.”

# National News

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## Senate Dems propose greater pension coverage

At a Capitol Hill press conference on Dec. 10, Senators Edward Kennedy (D-Mass.) and Jeff Bingaman (D-N.M.) presented plans for expanding workers' pension coverage during the next Congress. Citing the fact that 56% of the workforce is not covered by pension plans, the senators proposed to make pensions "portable" and "affordable" for lower-paid workers employed by small businesses, who are generally not covered by pensions.

In firms with 25 employees or less, for example, 80% of the workers have no pension plans. Workers generally move through seven to nine different jobs in their lifetime, which also creates a problem with respect to continuity of pension coverage, the senators said. Kennedy and Bingaman proposed a national pension clearinghouse, chartered by Congress, though which employers could easily enroll their workers in a pension plan, which would carry over into future jobs.

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## NASA official calls for U.S. leadership in space

Michael Mott, deputy associate administrator of NASA, opened the 43rd annual meeting of the American Astronautical Society in Houston on Dec. 12, by calling for a long-range commitment to space exploration to increase our knowledge of the universe, and "excite kids to study." Making a statement of policy that has been unheard of for more than ten years, because being best was considered too expensive, Mott said the United States should have "preeminence in technological innovation and space leadership."

Leadership in space exploration will give us "untapped sources of materials," such as fuels for fusion power, and new medical breakthroughs as well, Mott explained. There are tremendous budget pressures, he told conference participants from industry, government, and universities; and what hap-

pens to the NASA budget will depend upon "how serious the President and the Congress are about downsizing the government." Mott said his answer is, "So what? If we wait until we balance the budget, we'll never go anywhere." We must make people understand, he said, that "exploration isn't a luxury. Economic growth and world leadership is what we'll leave posterity, with a space exploration effort."

Countering the hare-brained "Mars Direct" scheme, which proposes to skip the Moon and go to Mars as quickly and cheaply as possible, Mott said that on the Moon, we will learn the lessons we need to go to Mars. The Moon will be used as a "technological test bed" and "a way station for exploration." The idea of "rushing off for Mars" without going to the Moon first is "totally illogical," he emphasized. The U.S. Apollo program produced "72 hours of total experience living on another body," he said, which is not enough to send crews to live on Mars for 500 days.

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## New study shows growing poverty among children

A study released Dec. 10, by Columbia University's National Center for Children in Poverty, reports that poverty among children under six has jumped from 18% in 1975, to 25% in 1994. The rate of poverty among young children is not only higher than it is for the overall population, but it has climbed at a faster rate. The study also found that the rate has increased nearly twice as fast in the suburbs as in urban areas, and twice as fast among whites as among blacks.

Spokesmen for the Columbia group, and for the Children's Defense Fund, attribute the rise in suburban poverty to the mushrooming of low-wage jobs and the growing rate of single motherhood in the white suburbs. The study also indicated that most parents of poor children already have some kind of job; about 62% of poor children under the age of six lived with a family member who worked full or part time. A spokesman for the Columbia Center concluded that the

message for welfare reformers, is that you can move people from nonworking poor to working poor, but they will still be poor.

The findings were based on census data, with the poverty line defined as a cash income of less than \$15,141 for a family of four. The study also found that American children are also more likely to be poor than are children in the industrial nations of Europe.

Johns Hopkins University's School of Hygiene and Public Health also released a study Dec. 10, reporting that the 1995 birth rate in the United States fell by 3% from 1994. The 1995 figure—14.8 live births per 1,000 total population—was the lowest birth rate since the late 1970s. *EIR* has reported that the fertility rate for women aged 19 to 45 has been below the level needed simply to maintain the population—2.1 children per woman—since 1971.

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## U.S. mayors say hunger, homelessness increasing

The U.S. Conference of Mayors released its annual "Status Report on Hunger and Homelessness in America's Cities: 1996" on Dec. 16. The study, based on a 29-city survey, paints a devastating picture of increasing hunger and homelessness, and a diminishing ability of cities to provide emergency food and shelter services. Those problems are expected to worsen under the new welfare reform law, signed by President Clinton last August.

According to the report's executive summary, requests for emergency food aid increased in the survey cities by an average of 11% over the past year, and 18% of the requests went unmet, primarily due to lack of resources. Of those people requesting food aid, 62% were members of families with children; and 37% of the adults were employed. Unemployment and employment-related problems were the leading causes of hunger identified by city officials. Other causes include high housing costs, low-wage jobs, inadequate levels of public assistance benefits, and cuts in welfare payments.

**WHITEWATER** prosecutor Kenneth Starr is the *National Law Journal's* "Lawyer of the Year." Starr directed "an array of investigations of unequalled breadth into a sitting President's life," while racking up \$956,601 in private practice on the side in 1995. Starr's one-year haul, it notes, "was almost exactly the same amount Bill Clinton had made cumulatively through 1995, in his 12 years of service as Arkansas governor and his three years as President."

**DICK MORRIS**, fired late last summer as President Clinton's campaign adviser, treated political science students at New York University to a succinct description of his qualifications, during a Dec. 10 guest lecture. "It basically requires the ability of an academic and the canniness of a drug pusher," he explained.

**THE SCHILLER INSTITUTE'S** *amicus curiae* brief, in the Washington State "assisted suicide" case, was accepted by the U.S. Supreme Court on Dec. 9. Therefore, the principles established in judging Nazi war crimes at Nuremberg, will be taken into consideration, when the Justices decide whether or not "assisted suicide" is a Constitutional right.

**WISCONSIN'S WELFARE** reform law is a "fraud," Milwaukee County Supervisor James G. White charged on Dec. 14 in the *Milwaukee Courier*. Gov. Tommy Thompson's "W-2" workfare plan, which goes into effect Sept. 1, provides child care for less than one in six welfare families, leaving the rest unable to meet the work requirement—thus stripping them of benefits, and forcing them to flee the state or starve. "The original author of W-2 was Adolf Hitler," White declared.

**HORMEL FOODS** is resisting demands, by anti-nuclear loonies calling themselves "Food & Water," that it will never irradiate its meat products. The well-funded group has already forced several companies to reject irradiation—despite proof that it safely eliminates deadly bacteria.

Requests for emergency shelter increased by an average of 5% in the survey cities; and 20% of the requests went unmet—again due to lack of resources. Lack of affordable housing is the number-one cause of homelessness, followed by substance abuse, mental illness, and lack of needed services. Children make up 27% of the homeless; overall, 57% are African-American and 30% are white.

Of the cities included in the survey, "Virtually all expect that hunger and homelessness will increase as a result of the recently enacted changes in Federal programs." The city of Boston, where requests for food aid have nearly doubled over the last two years, estimates that requests for food assistance will increase five to six times because of welfare reform.

Officials in Cleveland, Ohio reported, "Work requirements and job training programs are only a solution to the extent that there are sufficient jobs paying a living wage to support all of those displaced from public assistance. With over 30,000 households in Cleveland receiving ADC [Aid to Dependent Children], and an additional 14,250 individuals receiving general assistance, there is no evidence that the local economy has the capacity to make those jobs available."

## Rep. King hits British for slander of Mitchell

Rep. Peter King (R-N.Y.) sent a letter to Secretary of State Warren Christopher Dec. 10, calling for an investigation of the British intelligence agency MI-5 for its "possible role in spreading a story linking Sen. George Mitchell's aide, Martha Pope, in a romantic liaison with Gerard Kelly of Sinn Fein." The British tabloids which spread the story have since retracted it.

According to King, "There is reason to believe that MI-5 created this scandal to discredit Pope, and thereby Senator Mitchell, and in effect, derail the entire Irish peace process." King's letter makes two demands: "I am calling on you to demand that the British government conduct a thorough investigation of this incident and determine if its

intelligence agencies were involved." Secondly, "If MI-5 was involved, the British government owes the American government a direct apology. If there was no MI-5 involvement, the British government must state so unequivocally." According to the Washington newsletter *The Hill*, King also declared that the reported British involvement, if confirmed, would represent "an attack on the President of the United States."

King also blasted the U.S. State Department: "For decades the State Department's involvement with Northern Ireland has been shamefully pro-British. In recent years, State's knee-jerk Anglophilia has continued—in direct contrast to the spirit of President Clinton's policy on Ireland."

## Reprieved Va. prisoner thanks Italian people

Virginia death-row prisoner Joseph O'Dell, granted a reprieve from execution for murder, sent his thanks to Italy for its role in supporting his request for a review of evidence which may establish his innocence.

"I am so happy and elated that I'm speechless," O'Dell told Italian state radio RAI on Dec. 18, by telephone from jail in Virginia. "I've come within 24 hours of dying, and I just want to thank all the wonderful people in Italy . . . who showed such compassion and love. It's something I'm not used to seeing." O'Dell's life now hangs on a decision by the U.S. Supreme Court, expected in January, on whether to hear an appeal of his case.

Pope John Paul II had made an open request for clemency, and Italian Prime Minister Romano Prodi had appealed to President Bill Clinton to stop O'Dell's execution, scheduled for Dec. 18. Prodi told *La Repubblica* newspaper that, as a Roman Catholic, he was profoundly opposed to the death penalty; and, that he believed the doubts in O'Dell's case needed to be studied. "I couldn't be silent, I had to act. And that's what I did, like so many others," he said, adding that he was happy if Italian and Vatican pressure had helped achieve the stay of execution.

## Editorial

### *To Mars, but . . .*

With the possibility that at some time there was life on Mars, proposals for manned exploration of space are again receiving serious interest. Unfortunately, one such proposal, by Robert Zubrin, has been given a great deal of favorable publicity. One can deplore that the media have featured Zubrin, but the scientific community has also been willing to provide him with a platform.

Zubrin received his doctorate in plasma and nuclear physics. With the demise of these fields, he turned his attention to space travel—and then, not to apply his expertise to the perfection of a nuclear- or fusion-powered rocket, but, instead, to propagandize for the use of off-the-shelf technology.

His proposal, which he calls “Mars Direct,” is not only incompetent, but it has the extraordinary feature that if it were ever to be implemented, it would have spaceships traveling to Mars without the fuel onboard for a return trip. Supposedly, the astronauts would rely upon an automated factory to produce fuel for the trip back home. Very likely, this would be a guaranteed one-way trip—hardly a very attractive or inspiring proposal, even for the most dedicated space enthusiast!

The technology specified in Mars Direct is based on using 1960s chemical rocket systems. This would mean that even were the fuel for the return somehow to be made available, the three-year trip would be life-threatening, because of the radiation exposure and other health risks of such prolonged travel. Conceivably, the problems of a prolonged zero-gravity environment might be overcome by the use of centrifugal force, but this is by no means assured.

Why, one might ask, did someone who surely knows better, come up with such a strange proposal? Why hasn't the scientific community exposed Mars Direct as a fraud? The answer is sad, but simple.

Mars Direct is being sold on the basis that it would be cheap enough that Congress would be willing to provide a budget which would allow Mars exploration to continue. In other words, it is a desperate, pragmatic effort to prevent space exploration from being completely stopped by the kind of attrition we now see due

to budget cutting—with the fear of worse to follow. These days, we see scientists in every field forced to scramble for funds sufficient to carry on their research. One immediate effect of this, is to force them to substitute relatively short-term ventures for potentially far more important fundamental research efforts, because short-term projects have a chance of getting funding from industry.

Lyndon LaRouche has written repeatedly about the destruction of fundamental science as a result of the poisonous influence of classroom mathematics—the method promoted by Leonhard Euler and his followers, in the 19th century. This is a serious limitation on all scientific research today; however, bad as the situation has become in areas of fundamental science, technological programs, such as President John F. Kennedy's Apollo program and the earlier Manhattan project, provide an unparalleled impetus to growth and productivity in the economy.

A serious program for the colonization of Mars, such as that outlined by LaRouche in the Winter 1996 issue of *21st Century Science & Technology* magazine, would be a science driver for the whole economy. It would foster the development of a stream of frontier technologies. However, the effect of Mars Direct, even were it feasible, would be exactly the opposite.

Zubrin developed his approach in the wake of the demoralization in the space community, when people realized that President Bush's announcement in 1989, that America would go back to the Moon and on to Mars, was a hoax. Even had Bush not intended to use political power for evil purposes, as was the case, he could not have gotten Congressional approval for a serious space exploration and colonization program, without an honest appraisal of the disastrous condition of the economy.

It is not true that the American economy cannot afford a serious Mars program; to the contrary, we cannot afford not to launch one—and a program even more ambitious than that of President Kennedy. Only that kind of major investment can save the economy, and our entire culture, from devastation.

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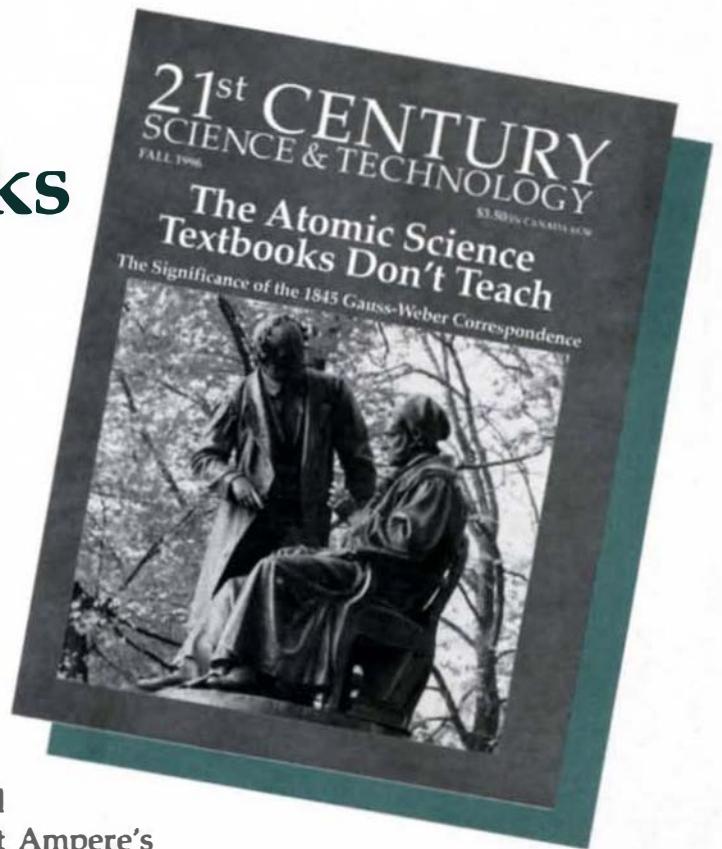
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