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agriculture to feed Russia**



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Tel: (06121) 8840. Executive Directors: Anno Hellenbroich, Michael Liebig

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From the Editor

The case of Clayton Yeutter, the Reagan administration's trade negotiator and the Bush team's nominee for U.S. secretary of agriculture, brings together the issues of economic catastrophe, strategic danger, and political decisions in a crucial way.

We presume that Yeutter's uncanny resemblance to former Soviet Agriculture Minister Mikhail Gorbachov is fortuitous. His dedication to policies that will serve the interests of the Kremlin is not, for reasons developed in this week's *Feature*.

The world food shortage crisis of which Lyndon LaRouche has warned since last spring, and which provided the impetus for the Food for Peace movement, has now been admitted by many of the same institutions who so fervidly denied the problem—such as the U.N. Food and Agriculture Organization. We deal in the *Economics* section with the impact of economic breakdown in China; next week, we will publish an exclusive report to Food for Peace, from our European bureau, on the drastic approach the Soviet leaders are taking to their own food problem, as military-strategic priority number one.

It is just not conceivable that the world is going to get out of this mess without the leadership of Lyndon LaRouche. In the *National* section you can read about how the frameup of LaRouche was prepared through a four-year campaign of press villification; the shocked first-hand view of the courtroom proceedings by the eminent Swedish jurist Lennart Hane; and LaRouche's firm reply to offers of a "deal" from his persecutors. In the *Editorial*, we join the growing international chorus of appeals to President Ronald Reagan to reverse the injustice done in Alexandria, by pardoning LaRouche and his co-defendants. We urge readers to sign this letter and send it to the White House, or to draft their own version.

On Dec. 16 in Rome, the same day the outrageous verdict was announced in Virginia, Mrs. Helga Zepp-LaRouche addressed the Dominican university in Rome, the "Angelicum," on the current meaning of the work of the great Cardinal Nicolaus of Cusa, who organized the meeting of world leaders known as the Council of Florence, 550 years ago this year (see page 36). Provided LaRouche is exonerated, that anniversary can be properly celebrated by re-launching the most precious values of Western civilization.

Nora Hamerman

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Behind the Trilats' trade war countdown

by Chris White

The countdown to a trade war between the United States and the European Community is on. As of Jan. 1, 1989, the EC was to ban imported U.S. beef that has been treated with growth-enhancing hormones. In retaliation, the U.S. government has ordered that full tariffs be imposed on a range of imports from Europe. The list includes Italian canned tomatoes, French cheese, German meat products, Danish ham, and pet foods. The EC is then expected to act against fruit and vegetables imported from the United States, and the United States to then subsequently penalize all meat imports from Europe.

The fruit and tomato throwing match about to get under way is the second major source of friction that has been drummed up between the United States and the European Community. The first was the Reagan administration's expressed commitment to eliminate all so-called subsidies on agricultural production worldwide, by the year 2000. This dispute contributed to the collapse of the early December GATT talks, held under the so-called Uruguay Round, in Montreal, Canada.

Third in the hopper is the complaint taken up for investigation by the Office of the Trade Representative as a result of action by the U.S. Copper and Brass Fabricators. They are accusing EC countries of "predatory pricing" of copper scrap, so as to withhold scrap exports from the U.S. market, and force higher prices to prevail in the U.S. than do in Europe. Unlike the upcoming fruit and vegetable throwing, this new complaint digs right into the middle of Europe's internal pricing and production policies in a key industrial commodity, vital for all metal-working manufacturing industries.

The funny thing about the trade war though, which should give pause for thought, is that both sides have cooperated quite happily in organizing it. On both sides of the Atlantic,

the circles promoting the war, within the Brussels European Commission and within the U.S. government, are partisans of David Rockefeller's Trilateral Commission and the financial power centers which stand behind that body. It is not a real war, it is a phony war, which both sides have agreed to have. Even before the tomatoes and fruit that are to be thrown have begun to rot, a certain distinctive smell exudes from the preliminaries now under way.

The developments on the trade war ought to be taken in conjunction with the continued transatlantic campaign, escalated since the pre-Christmas bombing of Pan Am Flight 103 over Lockerbie, Scotland, for military action to be taken against presumed or alleged chemical weapons production facilities in Libya. It is to be presumed that the demand to "Bomb Libya" is not necessarily directed against Libya itself, but is rather the code-name for some operation aimed somewhere else. For example, the code-name covering plans being developed for military action against Pan Am, or for broader confrontation within the Middle East, between, for example Israel and Syria.

The campaign under the name of "Bomb Libya" actually began before Pan Am's Flight 103 was downed, and was being promoted in off-the-record briefings and discussions emanating from George Shultz's State Department, among other locations. Since the Pan Am flight was bombed, the demand has been subsumed under the cry for retaliations against the perpetrators of the outrage.

Institutional reordering?

Both the phony trade war, and the operational hype under the "Bomb Libya" code-name, can be assumed to have their authorship from among the same circles, and also be assumed to be directed at the same objective. Those who would inves-

tigate among the circles of British intelligence linked to Lord Victor Rothschild and his factional allies like the former Prime Ministers Harold Wilson and Edward Heath, would no doubt, hit close to the mark. It can be assumed that both operations are designed to function as smokescreens covering an effort to reshape institutional relations with the financial and political structures of the alliance in the period ahead, beginning perhaps in the month of January, and extending over the 60 to 90 days beyond.

What such institutional rearrangements might be, and what the Russians might do, for they have their own irons in the fire, both with regard to financial policy, and under the Middle East cauldron, to further their advantage, and commitment to separate West Germany from the Atlantic Alliance, are separate questions. The smokescreen is being laid down to cover moves especially on the financial front, which will have profound bearing on both. Since, as so often in the past, war and economic dislocation are the means by which such reorderings of financial and institutional power are brought about.

The driver is the worsening bankruptcy crisis of the dollar-based credit system. Since those who have taken the decision to move into trade war have done so in light of what some of the foreseeable consequences of doing that might be, the decision to so move ahead must mean further that those same powerful have also decided that the crisis management methods which have been employed to contain crises and buy time over the last years, are no longer applicable or enough. Whether those characters understand what they are playing with, or can control the kind of chain reaction which may well ensue, is entirely different. No doubt, though, in their infinite wisdom, the motivation has to do with developing the kind of shock that will break the will of the incoming Bush administration, and force its submission to the kind of draconian austerity policies the international creditors of the United States have demanded.

Smoot-Hawley rerun

There are more than \$20 trillion worth of unsecured obligations outstanding as the core of the bankruptcy crisis of the dollar system. Trade war unleashed between Europe and the United States will destabilize that mountain of paper, under conditions in which the economy and financial systems were more than ripe for another ratchet of collapse in any case. The profile in general would be like a rerun of the Smoot-Hawley so-called protectionist legislation of the 1930s. The adoption of that legislative package is generally, if wrongly, seen as the cause of the banking collapse which got under way in 1933 as the economy plunged full-tilt into depression conditions. This time though it would be much, much worse. Then, tariffs were accompanied by competitive devaluations of currencies, and followed by runs against the banks. Then, the collapse was the result of policies adopted and enforced under the administration of Calvin Coolidge,

stripping out economic activity and employment to support the unbridled speculation and usury that led into the October 1929 stock market crash. This, subsequently reinforced with demands to cut budget expenditures, as now, produced Smoot-Hawley and the banking collapse of 1933.

Then, however, the relationship between world trade, and world monetary speculation was orders of magnitude different than it has become today. Today world trade as a whole accounts for about \$1.5 trillion, of which the U.S. accounts for somewhere around one-third. On top of this, there are some \$30 trillion of financial transactions, in one form of speculative activity or another. Yet, ultimately those speculative funds must be secured against claims on the goods traded, and the productive capacity and labor which produces those goods. A trade war will most likely help provoke a stampede out of the essentially unsecured paper, and into a desperate hunt for tangible assets. Out of that flight into what the markets call "quality" comes the potentiality for a reversed leverage chain reaction-style collapse of the entire accumulation of unsecured paper.

Against such an eventuality, the banking crisis of 1933, which led into Roosevelt's bank holiday shutdown of the system as a whole, would look like a real holiday picnic. Yet, we are assured, "It can't happen again," or, "Well, it can happen again, if things go wrong, but we can control it." Who, pray, is going to bring the reversed leverage collapse of say \$5-7 trillion worth of paper under control? Not the people who insist that it can't happen, that's for sure. They don't even know what's going on in the real world.

On top of this, within the United States, there is also the accumulating catastrophe potential of the insolvent thrift system, and the relationship between that system, and the \$900 billion of government "full faith and credit" backed mortgage securities, and the speculatively inflated national real estate market.

There is one person within the United States, who does know, not only how to bring such a mess under control, but also how to prevent it. His name is Lyndon LaRouche. However, that crowd around Victor Rothschild who are rigging the changes in financial institutional power, behind the smokescreen of trade war and Middle Eastern confrontation, also happen to be the ones who have insisted that LaRouche be put out of commission through the U.S. Justice Department's political show trial frameup proceedings.

The U.S. crowd have insisted, with ferocity, since the summer of 1982, when they rejected LaRouche's proposal to reorganize monetary and credit systems in favor of Donald Regan's and Walter Wriston's "creative" or "innovative" financial methods, that they know better. By so doing they helped create the crisis potential which is now being set to explode, and has the potential to wipe out not only them, and their beloved system, but the rest of us too. If they don't learn better next time around, they may find it's their last such chance.

China: a new warlord era?

This feature of the periodic breakdown of Chinese society is now being reported from parts of the mainland. Webster G. Tarpley reports.

Information becoming available from various sources in the Far East now provides a more accurate overview of the titanic economic convulsions which are wracking Deng Xiao-Ping's billion-inmate empire, an empire which has marked a minimum of 20 million persons to die during the coming winter as a matter of *raison d'état*.

Despite the recent flailing attempts of the Beijing leadership to avoid catastrophe, mainland China is now in the throes of a breakdown crisis so severe as to rend the very fabric of civilization, perhaps setting the stage for a breakdown in central authority and the emergence of a new warlord era similar to the "Warring States" epoch of Chinese history between 403 and 221 B.C., or to the chaos that prevailed in the country during and after the First World War. The singularity that might precipitate the emergence of warlords could be a power struggle unleashed by the death of Deng.

This is the situation as we approach the tenth anniversary of Jimmy Carter's and Zbigniew Brzezinski's infamous "China card" opening of diplomatic relations with Beijing while selling out the Republic of China, traditionally the staunchest U.S. ally in the Far East. We are also approaching the tenth anniversary of Deng's December 1978 victory at the Third Plenum of the XI Chinese Communist Party Central Committee, where the new "reform course" was charted. Both anniversaries mark obscene failures.

Mainland China is the country where the full fury of the world food crisis is being felt most. On Nov. 20, 1988 a Beijing agricultural official, speaking on condition of anonymity, told Agence France Presse that there is now a severe shortage of grain in state-run stores, which has in turn sparked panic purchases and hoarding. "State-run stores in some northern cities do not have even one grain of rice on their shelves to offer," stated the official. He went on to describe how farmers are simply refusing to sell their grain to state agencies, in part because of the low fixed price, and even more because the government buyers have no cash and must

offer IOUs to the farmers. Farmers are in effect forcing the city dwellers to come to them, selling only to those who are willing to pay cash on the spot and take delivery at the farm after traveling long distances. The official described residents of the city of Anshan in Liaoning province, who must now travel hundreds of kilometers to find farmers willing to sell them up to 250 kg (550 lbs.) of rice.

This pattern is regarded as an escalation of what Beijing has already conceded was the worst wave of panic buying in 30 years between March and August of this year.

On Nov. 23, Reuters quoted the *Beijing Farmer's Daily* on the low levels of grain stocks now remaining. According to the paper, in the city of Sian, grain rations to the population have been cut, while other cities are refusing to grant food rations to workers and businessmen who are not permanent residents. The paper also reported a drastic jump in inflation of food prices at the beginning of November, with the price of long-grained rice in the large southern city of Canton up 60% compared to August of 1988. The record inflation was reported in Nanning, Kwangsi province, where the price of corn rose by 70% between August and November.

But the panic buying and hoarding is not limited to grain. On Nov. 24, Zhang Tiecheng, manager of the China National Salt Company, told the official *China Daily* that salt rationing is now in effect in 19 provinces, although he did not say which ones. It is known that salt rationing has been practiced in Shanghai since August. In Beijing, there is said to be no rationing yet, but all salt disappears from the shelves as soon as it arrives.

Zhang announced that wholesale salt deliveries to businesses and individuals had been halted, and that supplies to retail outlets would be limited in an attempt to stop hoarding and panic buying. He claimed that salt production will reach 20 million tons this year, up 3 million tons from the year before, and that part of the shortage is due to increased demand from chemical concerns.

The increasing issuance of IOUs by state banks to farmers selling grain has been caused by runs on the banks during recent months, with a very large net outflow of deposits. The banks have no cash on hand. Early in November, the official *China Daily* revealed a meeting of branch managers of the Agricultural Bank of China, called to find ways of coming up with 19 billion JMP (U.S. \$5.1 billion at the official exchange rate) needed to pay farmers for grain deliveries. On Nov. 24, Agriculture Ministry official Sun Hsiao-ping told reporters that state IOUs to farmers fulfilling government grain contracts were being used in several parts of the country. He also said that farmers left holding the IOUs were beginning to feel the pinch. Chen Chi-chen of the Commerce Ministry was compelled to deny that peasant riots had occurred when there were delays in paying off the IOUs.

The Beijing State Statistical Bureau announced on Nov. 28 that the official consumer price index inflation rate for October was 26.1% compared with the same month a year earlier. Press reports conclude that this means a real inflation rate of at least 40%. According to the Hsinhua News Agency dispatch, the Statistical Bureau sought to assure the public that the wave of panic buying had "almost ended." On the same day, Beijing television told viewers about a joint meeting of the State Commission for Restructuring the Economy and the State Planning Commission in the Great Hall of the People, with speeches by Premier Li Peng and Vice Premier Yao Yi-lin reporting that progress was allegedly being made, but that more had to be done to cool down an overheated economy. The "cooling" attempts are a part of the havoc: On Nov. 23, Liu Yao-chuan of the Department of Rural Economy announced that the austerity program will mean unemployment for millions of construction workers.

Red Chinese society is dissolving into chaos. On the Canton black market, U.S. and Hong Kong dollars are in demand, and circulate alongside official Foreign Exchange Certificates (FEC). The latter are supposedly convertible to foreign money and can be used to buy imported goods. Last come the "People's Dollars" (*ren min bi* or JMP). The official rate of exchange for the JMP is 3.7 per U.S. dollar, but travelers returning from the mainland report black market rates of up to 7 or 8 JMP per U.S. dollar. Each FEC in turn is worth 70-80% more than a JMP. A huge black market has nothing to fear from the authorities, since some of the most active black market currency dealers are government officials.

Parallel to currency contraband is drug trafficking. Beijing has for the first time officially acknowledged a severe internal problem of drug addiction by opening a drug treatment center at Anting Hospital, in the northern suburbs of the capital. Opium addiction is reported to be on the rise, especially in southern and western China. These are the areas adjoining the Golden Triangle. According to UPI, "Foreign police forces have complained for years that drugs from the Golden Triangle—an area bordering Burma, Thailand, and

Laos—are being transported through China's southwestern Yunnan Province before being shipped abroad, mainly from Hong Kong." A rare moment of candor from UPI.

In marking the tenth anniversary of Deng's new post-Mao regime, the Taipei *China News* referred to the emergence of "economic warlordism" as a by-product of economic chaos on the mainland: "Competition for scarce raw materials has given rise to a brand of economic warlordism in which some provinces have even set up armed guards on provincial borders to prevent coveted goods from escaping."

The demographic precondition for warlordism is the existence of a large pool of otherwise able-bodied young peasant men at or beyond the starvation line, young men who in effect have nothing to lose from embarking upon the life of robbers in an armed band. Deng's reforms have now created that pool.

The economic warlordism referred to is the attempted self-defense of grain-growing interior provinces seeking to stop the looting of their grain reserves by such coastal areas as Kwangtung, where the Canton black market provides rich currency resources.

Warlordism is a feature of the periodic breakdowns of Chinese society that have accompanied severe economic contractions like the one now going on. Typically, long periods of dynastic stability have been punctuated by intervals of civil war and internal upheaval. Examples are the period from the Warring States through the short-lived Chin Dynasty (the latter between 221 and 206 B.C.); the Three Kingdoms (A.D. 220-280); the Five Dynasties (A.D. 907-960), and of course, the warlord period between about 1911 and 1928. Economic breakdown and the weakening of the central imperial power center lead to the rise of competing private armies, each one holding a chunk of Chinese territory.

The demographic precondition for warlordism is the existence of a large pool of otherwise able-bodied young peasant men at or beneath the starvation line, young men who in effect have nothing to lose from embarking upon the life of robbers in an armed band. Warlordism results when these armed bands begin to successfully challenge the weakened imperial troops and constabulary.

Deng's reforms have now created an estimated 50 million homeless and jobless vagabond drifters, who are the basis

Mainland fever, or mainland madness?

The China News, a Taipei English-language daily, commented on Nov. 28 in an editorial entitled "Mainland Fever Raging" on the current debate on mainland policy in the Republic of China (Taiwan). Extracts follow:

The mainland fever currently raging the length and breadth of Taiwan is fast becoming a mainland madness. In fact, the attacks against the government's traditional "Three Nos" policy are reaching something akin to a shark feeding frenzy.

Part of it is undoubtedly the result of declining power and prestige of the Kuomintang's "old guard." But a lot of it appears to be the result of businessmen and academics teaming up to compromise with the devil—on grounds that he can be controlled by capitalist greed or intellectual debate.

Business people see the mainland as a billion-person market and/or a vast supply of cheap labor which can easily be exploited.

These are the pluses as seen through rose-colored glasses by most of the industrialized world, including Taiwan. The United States, Japan, Korea, and Singapore are rushing madly to get on the bandwagon—and stand ready to loan billions to the penniless Communist-run regime in Peking.

While it is true the raw materials "owned" by the Peking regime are undoubtedly the closest and perhaps monetarily cheapest, it is necessary to deal with the tricky Communists to get them, whether you call them "agrarian reformers" or pragmatic "economic reformers."

It is in fact a little bit incredible in this age and time for either industrialists or academics to advocate building factories or expending capital on the mainland as long as the Communists are in power. Now that everything is apparently coming apart at the seams after 10 years of "economic reform," on the mainland it would seem the worst of all possible times to expend hard-earned Taiwanese capital on plants or machinery.

... Economic activities on the mainland remain subject to political whim, poor quality labor, low productivity, corrupt bureaucracy, and inefficient government agencies.

for the current unprecedented crime wave. At the same time, the 20 million slated to starve this winter are only the first contingent of some 150-200 million that, according to converging estimates from several sources, Deng intends to slaughter. Will warlords emerge from this mixture, or will these millions go quietly to their deaths, without attempting armed resistance?

The Red Chinese totalitarian state retains much of its pervasive apparatus intact, but there is some question as to whether this apparatus is receiving its regular rice bowl—the decisive issue for mercenary armies in the Orient.

Inside China Mainland, a monthly summary of the mainland and Hong Kong press published by the Institute of Current China Studies in Taipei, prints a letter that must have made interesting reading for Deng. The letter is from the *Liberation Army Daily*, the organ of the Defense Ministry, and says in part, "To say that inflation isn't affecting people's lives is to say something no one will believe. The effects of inflation have already reduced people's incomes, and the living standard of many households, including those of some military personnel, can't compare to two years ago. Please tell me: How can this problem of inflation affecting people's lives be solved?" The letter is signed by Zheng Ying, Volunteer Private, Brigade 51386. *Liberation Army Daily* responded by telling Zheng that although "in carrying out price reform it is impossible to avoid inflation," he and others should have a "more supportive attitude towards price reform." But when the Zhengs of the PLA begin to grumble, Deng's imperial throne begins to quake.

A 'world without pity'

Travelers returning from the mainland to Taipei report a massive proliferation of thievery and lawlessness. Hotel personnel are organized in gangs to rob their customers, and the role of the local police is to convince the robbery victim that his watch was not stolen, but lost outside of the hotel. According to these accounts, it is no longer safe for unaccompanied individuals to venture forth on the streets at night.

Banditry on a grander scale is also not lacking. In Szechuan province, north of the large city of Kunming, the railroad line runs near the Chicom satellite launching center. Precisely in this area, numerous train robberies have been reported, and Szechuan is by no means as poor as some other provinces, such as the area around Yanan. Travelers' accounts paint a grim picture of poverty and chaos. After 40 years of communism, the railroads are still powered by steam locomotives, and the passengers sit on hard wood benches. Every station resembles a refugee camp in Europe at the end of World War II. It is impossible to buy tickets for an entire itinerary in advance; tickets are only good for trips starting in the city in which they are bought. Even the manager of a factory with 3,000 workers does not rate a berth in the sleeping car. Coal and wood are used to heat water in homes, but

bathing is possible only in public baths shared by entire dwelling units. The common topic of everyday conversation is horror stories of inflation, while farmers bitterly resent the low prices the state pays them for their grain. Farmers use oxen, not tractors. Direct political attacks on the Communist Party, at least in the presence of strangers, are still unusual. Livelihood depends on the party in two senses: Leading CCP cadres are the wealthiest people in the society, and the usual punishment for routine political offenses is to be fired from one's job.

There is a great deal of insecurity because of the advanced age of Deng, who is 84, with many Chinese speculating that the current dictator's death may lead to a recrudescence of all the horrors of the Great Proletarian Cultural Revolution, whose works of destruction are still in evidence everywhere.

The population is acutely aware of its poverty, and most younger people are desperate for a way to get out. Corrupt CCP bureaucrats are delighted to furnish a passport with one-way exit visa to Hong Kong for 3,000 JMP, a hefty sum. According to sources, the average monthly wage for the whole country remains below 50 JMP per month. For mainland Chinese, a watch costing 60 to 100 JMP is a luxury worth saving for for five years. Quite often, these watches fall apart on the first day of use. Production for the domestic market remains junk of abysmal quality. Telephones in private homes are a rarity. People are delighted by gifts of old clothes from the West. The streets are dotted with beggars. Homeless people are numerous; some have occupied squatters' digs inside the Forbidden City, the former imperial palace in Beijing.

Young children are far less common on the mainland than they are on Taiwan or in Hong Kong, as a result of the one child per family policy. Large character posters (*datze bao*) in public places proclaim: "It is good for each family to have only one child." The alternatives are forced abortions, which remain very common, or the payment of a 10,000 JMP fine for a second child. Paying such a fine of 200 times the average monthly wage generally means bankrupting the entire extended family for a generation. But police informants are thriving. The CCP apparatus in each town is typically a thug-like party boss at the center of a group of brutal retainers drawn from the criminal element. Police spies think nothing of simply barging into a home just to hear what is being talked about, especially when guests are present. These uninvited intruders can then sell pieces of information to the party structure at piece-work rates.

Religion is still considered a form of "cultural aggression" by the CCP, and children under 18 are strictly forbidden to be baptized or attend church. All religious land and buildings were long ago confiscated as imperialist property. The officially tolerated Patriotic Church, a national Catholic formation separate from the Pope, is controlled by the CCP spies and operatives who are its lay activists and deacons, and who

enforce the party line on the priests. The world that Mao and Deng have built is, in short, a "world without pity," as one returning traveler described it.

An economic collapse

Well-informed sources in Taipei describe the current mainland dislocations as "an economic collapse." Their analysis starts with the food crisis. The post-1978 Deng measures, by breaking up the communes and making each farmer a de facto tenant on a piece of state-owned land, did achieve a transient amelioration of the food supply situation. By 1984, grain production had reached 407.3 million tons. But in 1985 that fell by 6.9% to 379.1 million tons, and the 1987 harvest was still very disappointing at 402.4 million tons (see table). According to these sources, the 1988 total harvest will be inferior to that of 1987 in all grains. The summer harvest of 1988, they note, was already down 2% compared to last year.

Grain production, People's Republic of China

(Millions of tons)

Year	Grain produced	% change compared to 1984
1984	407.3	
1985	379.1	-6.9
1986	391.5	-3.9
1987	402.4	-2.8

Data provided by ROC sources

These sources estimate that 150 million people are experiencing food shortages of some kind. To correct the situation, Beijing would need to purchase 16 million tons of grain on the world market, double what was bought abroad in 1987. Party boss Zhao Ziyang has already ruled out any such purchases as "not wise." Reports reaching Taipei tell of emergency meetings of the Central Committee and the State Council on Nov. 2 to discuss food shortages. The sources estimate that next year's harvest will be even worse than this year's. In sum, the Taipei sources conclude that the P.R.C. cannot be self-sufficient in food, and will experience an ever greater import dependency over the remaining years of this century, at the end of which period the mainland will have 1.3 billion people.

The CCP's failure to build infrastructure has also caused a critical energy shortage. P. R. C. energy consumption is the equivalent of 600 kg of coal per person per year, about 1/20th of the U.S. figure. In the early part of this decade, Beijing admitted shortfalls of 20 million metric tons of coal,

10 million metric tons of crude oil, and of electricity. Since 1982, that shortage has only increased. Energy efficiency is low, at about 30% as compared with 57% in Japan. About half of the P.R.C.'s electrical generating equipment dates back to the 1940s and 1950s. This equipment is obsolete and beyond its estimated lifetime. By 1985, the energy shortfall amounted to about 15-18% of total production. At any given time, 20% of all production lines are halted because of a lack of electric power. This is especially acute in the area between the Yellow and Yangtze Rivers—and this is the heart of China—where electricity is rationed by the “Stop 3-Open 4” system, by which factories take a three day weekend and work only a four-day week. Taipei experts estimate that by the early years of the next century, the energy shortfall of the mainland will reach 30% of total energy production.

The Taipei prognosis for Beijing is, therefore, “national economic collapse.” They sum up the factors as follows:

1) The rapid growth of the money supply, with bank notes in circulation doubling compared with the same month of 1987. In 1990, large interest payments to the International Monetary Fund will begin to fall due. Inflationary pressure can accordingly only increase.

2) The social fabric is torn by the fall in workers' purchasing power, while party bosses get rich through corruption, creating social conflicts and increased violent crime.

3) Beijing's budget deficit, which has hovered at 20 billion JMP, has now jumped to an estimated 30 billion JMP in 1988.

4) The rush of families to build individual private homes is exceeding the financial and material resources of the country, taking transport, energy, and materials away from even those few infrastructure projects that are planned.

5) 60% of all companies, totaling one-half million firms, are run by government and party employees and their families. Trading companies managed by moonlighting government bureaucrats are causing severe distortions of the merchandise economy through speculation, hoarding, and insider trading.

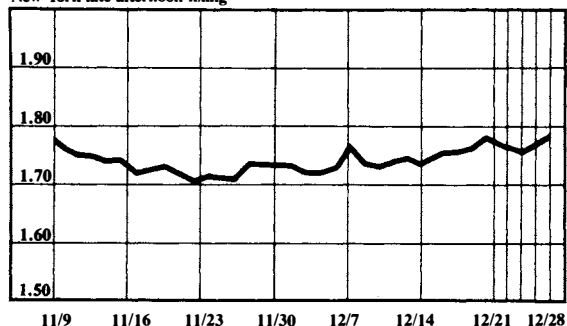
And, in the midst of all this, the central authority is getting weaker. Observers have concluded that the recent austerity measures and “cooling off period” have as much to do with a desire to reassert centralized control as with purely economic factors. But all indications are that it already may be too late.

According to the *United Daily News* of Taipei, Deng Xiao-ping has appointed a five-man collegial ruling group to run the country. These include Zhao Ziyang, the party boss who has been in the doghouse lately; Premier Li Peng, recently in the ascendant; Yao I-ling, Zhao Shih, and Hu Chih-li. The *United Daily News* commentary on these reports was summed up by columnist Thomas S.S. Dunn of the *Free China Journal* as indicating that “the new collective leadership is rather weak and that provincial Communist leaders will probably run things in their own ways.”

Currency Rates

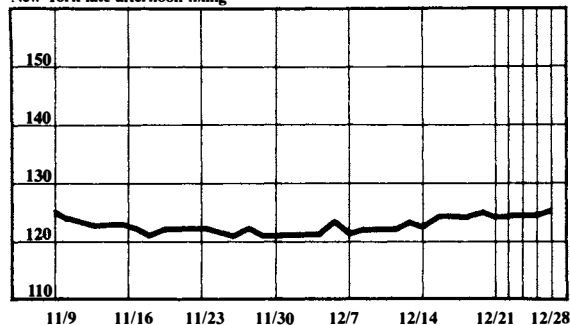
The dollar in deutschemarks

New York late afternoon fixing



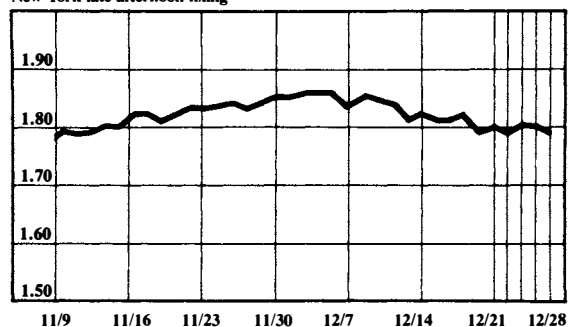
The dollar in yen

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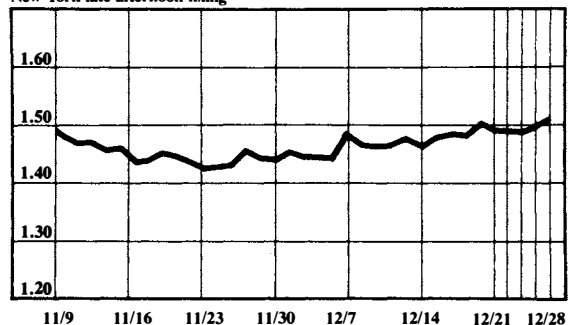
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



'Europe 1992': bad news for labor

Last of a series of three articles on the Single European Act of 1992.

This series summarizes the conclusions of a 261-page Special Report published by EIR Nachrichtenagentur in Wiesbaden, F.R.G., on "Europe 1992: Blueprint for Dictatorship." The report was produced under the direction of Muriel Mirak and is available for 400 deutschemarks in Europe, or \$250 in the United States.

Integration of the European domestic market by 1992, according to European official Paolo Cecchini in an EC Commission report of July 1988, will provide Europe's economy an additional \$287 billion, if management is competent; if management is average, at least \$197 billion can be added on. Provided the integration process be "smooth," at least 2 million, possibly up to 5 million new qualified jobs might be created within only five years.

In a less noted, because little publicized, part of the Cecchini Report it is stated, however, that during the first phase of the European integration process, some sectors may witness a drastic reduction of jobs. Besides the agricultural and food sector, the Cecchini Report lists transportation, pharmaceuticals, telecommunications, auto, and public services as the sectors where jobs will be lost.

A new special ILO (International Labor Organization) study arrives at the same general conclusion concerning the European auto industry, seen as heading into "the eye of a storm." In Italy, Great Britain, France, Spain, and West Germany, a further reduction in jobs in the automobile industry is to be expected and several companies' names will disappear from the economic landscape altogether in this "stormy process." Only the biggest names in the auto sector will prove strong enough to survive the "period of adaptation and restructuring" in the early 1990s. Thus, many more unemployed will be created by this new "domestic market."

EC Commission President Jacques Delors had something similar to say at the end of July 1988, when he indicated that the first phase of the new Europe would reduce the number of jobs in several sectors. Only after a transitional phase, might there be another increase in industrial employment. In this context, Brussels officials privately talk about 3 million, most probably 5 million jobs, which are to be "processed" (as technocrats in the EC Commission put it) during the profound restructuring of the domestic market.

This poses an enormous challenge to Europe's trade unions; for, the existing "Europe of 1988" already carries 16 million unemployed, one-third of whom have been without a job for more than one or two years! A large part of these 16 million unemployed are concentrated in such crisis regions as the port cities of Athens, Naples, and Lisbon, from Liverpool to Kiel, in the mining regions of England, Belgium, France, and Germany, in the steel regions of the Ruhr, Lorraine, and northern Italy. These are industrial cities with an average unemployment rate of more than 15%.

Not one of the European governments which signed the "Europe 1992" act in June 1988 has so far presented a program to provide new qualified jobs to these 16 million unemployed. Rather, unemployment figures are on the rise throughout Europe, in a process which will be accelerated by the integrated domestic market. Employer associations have put out warnings that labor "advantages" in the fields of co-participation, strike laws, and other labor and social regulations may have to be scrapped. The view being put forward by the employers is that in the "defensive battle" with the two other economic blocs, the North American bloc and the Asian bloc dominated by Japan and Korea, Europe's economy must get used to rough times.

Speaking for the European employer association UNICE in Brussels, Zygmunt Tyszkiewicz, its secretary general, expressed his full commitment to the cartels, shortly after the signing of the "1992" document by the 12 EC heads of state: "The European capital and economic powers must move closer together in order to make Europe more competitive. We need more major companies," he said. Trade union demands for maintaining social and job-related achievements, which do not exist in comparable form in the United States and Japan or Korea, are seen by the employers as an impediment to an integrated European domestic market. Large corporations, tightly interlinked cartels of industry and banks, are setting the tone in this regard.

The plans of cartels and banks

It was at a meeting in Stuttgart on Feb. 5, 1988, of leading representatives of European big business, that the employers' plans were discussed. The meeting had been organized on the initiative of Deutsche Bank and Baden Württemberg Gov.

Lothar Späth, the leading spokesman of corporatism inside the German Christian Democracy. Besides Alfred Herrhausen of Deutsche Bank were present: Edzard Reuter (Daimler-Benz), Romano Prodi (IRI), Ian McGregor (British Steel), François-Xavier Ortolí (Total), Peter Wallenberg (ASEA), André Leysen (Agfa-Gevaert), Helmut Maucher (Nestlé), Mark Wössner (Bertelsmann), Hans-Olaf Henkel (IBM), Marcus Bierich (Bosch), Rainer E. Gut (Crédit Suisse) as well as Herbert Henzler (McKinsey), to name only a few. Olivetti President Carlo De Benedetti was expected, but could not make it.

The managers involved in the Stuttgart initiative represent an aggregate of almost 2 million employed workers and a yearly turnover of \$393 billion. Their open commitment is to double or even triple in size in the future European domestic market. The Stuttgart meeting attracted several prominent "reorganization" experts: Gregor abolished 80,000 jobs in the British steel industry in the early 1980s; in Italy, Prodi has succeeded in doing the same with 50,000 steel workers since 1982; and De Benedetti's count is 18,000. Henzler's McKinsey corporation, specializing in "rationalization" consulting, has contributed to the loss of tens of thousands of industrial jobs and has presented proposals for about 30,000 more layoffs in the German auto sector.

Under the leadership of Herrhausen, the Stuttgart meeting developed a catalog of sweeping demands. Generally, "administrative impediments" costing the European economy about \$22.5 billion a year, had to be removed; they demanded more deregulation, more privatization and fewer subsidies for old industries. Herrhausen complained that while companies are always expected to invest, they are not permitted to deduct investments from unprofitable branches. Labor's argument for maintaining the status quo is labelled unacceptable, for industry needs absolute freedom in its decisions, including a "regionalization of wage levels." It would be absurd, said Herrhausen, if wages in crisis regions were as high as in prosperous regions; thus, the trade unions cannot expect industry to invest in crisis regions without a "cost advantage." Incidentally, the industrial sectors which Herrhausen termed "ready for reconstruction" are the same as those listed in the Cecchini Report!

Shortly thereafter, the guidelines of the meeting were picked up by the new president of the German Association of Industry and Trade (DIHT) Hans-Peter Stihl in an interview, in which he warned the trade unions not to place obstacles in the way of industrial renovation; otherwise German capital would look for "more favorable conditions beyond the German borders," and entire productive sectors would be shifted abroad. The president of the Federal Association of German Industry (BDI), Tyll Necker, also issued a strong warning: "In the future, labor law and social law, laws governing labor-management relations and co-participation, job protection, work time, and unemployment compensation, will become factors of competition. This has not been recognized

adequately in the Federal Republic."

The February 1988 Stuttgart meeting was only one among many such events organized on the industrial level in preparation for "Europe 1992." The themes of these meetings, for example, attacks against workers' rights, have not come as a surprise to the trade unions, for the planned integrated domestic market has existed in basic outline since the 1960s, then termed "Europe 1967." But because Great Britain was to become a member of the European Community only later, the plan was put on ice for the time being. It was clear that the drive toward further concentration and cartelization would increase once Britain entered the EC, all the more because British managers have been rabid trendsetters in this regard.

On Feb. 9, 1973, trade unions of several European nations founded a common federation, the European Trade Union Federation, as a "defense against the Europe of the concerns."

The misery of the European trade unions

In a basic document of October 1973, the vice president of the European Trade Union Federation, then-president of the German Trade Union Congress DGB, Heinz-Oskar Vetter, defined the future tasks of his organization: "The emerging European Community is such a powerful entity that workers cannot represent their economic and social interests adequately through a more or less close collaboration of the national trade union federations in bilateral form. They must speak with one voice in a single organization vis-à-vis the authorities of the Community and the other European associations. For this purpose, the European Trade Union Federation was created."

The first battle against the cartels and the combined effects of both the "oil crisis" of late 1973 and the decoupling of the dollar from the gold standard (1971-73) on the European job and currency market was, however, lost by the trade unions. In 1974 and 1975, unemployment rose dramatically in all European countries. The European mass strike wave of spring 1974, which after all, contributed to the fall of several governments, did not effect a new pro-labor policy, either. The European Trade Union Federation did not intervene with a unifying program against the crisis, but left the strike ferment to the single national trade unions which also entered the strike without more far-reaching demands.

At the same time, corporatist conceptions were spreading, especially in countries governed by the social democracy, like Sweden, Denmark, and West Germany. Heinz-Oskar Vetter, who became president of the European Trade Union Federation in May 1974, also became one of the hand-picked German members of the Trilateral Commission. Since 1973, Vetter and other leading European labor officials have always negotiated with the wrong corporate and banking representatives, without having an alternative conception to corporatism.

Rather, the European Trade Union Federation flirted with

the conception of a “fascism with a democratic face” which Leonard Woodcock, president of the American United Autoworkers, had presented at the end of 1974 under the title of ICNEP (Initiative Committee for New Economic Planning). Woodcock’s conception anticipated much of what the Stuttgart big business meeting of February 1988 demanded, enriched by specifications of the “new” role of the trade unions: They were no longer to represent labor interests, but advertise for corporatism. From then on, it was not protection and extension of qualified jobs, but active help in reorganizing and de-qualifying the work force. Woodcock’s absurd argument was that, by integrating corporatist demands in time, the trade unions could maintain control over the discussion process leading into corporatism.

Thanks to Vetter’s activities, the ideas of the anti-industrial Club of Rome were spreading especially in the German trade union movement. Major topics of discussion in the DGB and also the European Trade Union Federation from 1974 on were increasingly the alleged “limits to growth” (and to consumption!) and the “priority of ecology over the principle of economic efficiency.” In so doing, Vetter could count on the firm support of his friend Willy Brandt, president of the Socialist International, who founded the Brandt Commission in 1977. This was essentially a propaganda vehicle for corporatist ideas of then-World Bank president Robert McNamara and the Trilateral Commission circles of bankers and cartels.

Other ideas than the corporatists’ “democratic fascism” were available to European business and labor, but were rejected. The American economist Lyndon LaRouche presented a concept for restarting industrial production and expansion of employment, at a press conference in Bonn in May 1975. LaRouche stressed that the banking and monetary system, the centerpiece of the corporatist movement, must be replaced by a new system, an International Development Bank (IDB) which could stimulate industrial growth in the developing and the developed sector through issuance of long-term cheap credit.

In contrast to the zero growth ideologues of the Club of Rome, LaRouche also underlined the significance of nuclear power as a cheap source of energy for future economic development. What must be lowered are not immediate labor costs like wages and social services, but the energy costs with their major effects on the productive costs of labor. What must be used are not cheap technologies on the old level, but new technologies on a higher level, LaRouche stated—in contrast to the policies of the corporatists.

The European Trade Union Federation and its affiliates fought as bitterly against this conception (in close collaboration with the American trade union federation AFL-CIO) in 1975-76 as against the emerging mass movement for nuclear power among German workers. In October 1977, a rally of 70,000 trade union members took place in Dortmund under the slogan “German Technology for the World.” Also in

Sweden, the strongest base of social democratic-tainted corporatism after Germany, the Swedish National Trade Union Federation (LO) became active against LaRouche’s ideas on behalf of Willy Brandt’s close friend, Prime Minister Olof Palme.

When, in November 1979, U.S. Federal Reserve chairman Paul Volcker started the second wave of corporatist reorganization and a massive increase in unemployment through a drastic interest rate hike, the European Trade Union Federation, with its more than 40 million members was not ready to defend itself. Attempts by individual German trade unions to initiate a debate around reforming the banking and credit system and securing the future of the steel industry at the beginning of 1980 were blocked by the social democratic Schmidt government in cooperation with central bank president Karl-Otto Pöhl and DGB chairman Vetter.

LaRouche’s new proposal for the creation of an Ibero-American market and the replacement of the International Monetary Fund (IMF) through a new monetary and credit institution presented in May 1982 was also rejected. Little interest was shown in a proposal for creating four large industrial and port regions in Mexico. Mexican President José López Portillo had presented this proposal in Bonn in 1980 and had coupled it with a call for signing a long-term economic cooperation treaty. DGB and the European Trade Union Federation missed a unique chance to take up a concrete proposal for industrial revitalization coming directly from a Third World nation.

It is noteworthy that the cooperation between European labor leaders and the leadership of the AFL-CIO (led by George Meany through November 1979, then by Lane Kirkland) was based on a tacit agreement which Heinz-Oskar Vetter had struck when elected DGB chairman in 1969: German and European trade unions were to refrain from any major activity in Latin America and were to leave the sub-continent to the North American trade unions. In return, the Europeans received the American consent for their political contacts with the East bloc. As shown by the susceptibility of European labor leaders to Moscow’s propaganda of a “common European house,” this 1969 trade-off between Vetter and then-AFL-CIO president George Meany has produced rotten fruit.

Rather than fighting for the industrial development of the Third World and cranking up growth in the industrialized nations of Europe, from 1980 on the trade unions were forced into a dead end with their demand for reducing the work week and for protecting the environment.

The corporations undercut labor demands and met the pressure of high interest rates, which made new investments impossible, by increasing their rationalization efforts. Thus, the promised “job-creating effect” did not materialize. Fortunately, the national unions aside from the Dutch, West German, and Swedish, have been lukewarm in responding to the 35-hour week; either they have re-

jected it, or supported it half-heartedly.

After the fall of Chancellor Helmut Schmidt in October 1982, German trade unions were confronted with the conservative variety of corporatism under Chancellor Helmut Kohl, who, following the path of the conservative British government, consciously accepted increased unemployment in key industries. When West Germany, Europe's most important industrial nation, shifted to the conservatives' corporatist course, workers had lost a decisive battle for their interests. The European Trade Union Federation refused to fight, and even undercut and prevented any united action among workers. After the October 1987 crash, the corporatism debate flared up again among the trade unions and the Second International. Saarland Gov. Oskar Lafontaine gained prominence when, in March 1988, he came out with a job-creation plan based on selective wage cuts. Significantly, among the first to voice public backing for Lafontaine's corporatism were Vetter, and Lothar Späth.

The plight of medium-sized industry

Yet, the European Trade Union Federation, and the trade unions associated with it like the French FO, the British TUC, the Swedish LO, the Italian CISL, and others, represent only one part of Europe's workers. In Germany, for example, 12 million workers are not employed in large industrial companies, but rather in medium-sized industries where 80% of the apprentices are also trained. In Germany, the general term "medium-sized industry" (*Mittelstand*) includes legal and medical offices, small craftsmen's shops, but also medium-sized firms with up to 500 employees, totaling 1.9 million individual businesses. Those 108,000 medium-sized industries with their 4.5 million employees, and the artisans with their 480,000 firms and 3.8 million employees, will be of particular significance for a future economic revival.

These two main pillars of the middle class include many very small, but highly productive firms. One finds comparable conditions also in the medium-sized industries in Britain, France, Italy, and especially in Switzerland (which though not a member of the EC, has expressed interest in a far-reaching association with "Europe 1992"). Why is there a justified fear among the medium-sized industries that an integrated domestic market would benefit only the giants? Because of the high interest rate policy since 1979, capital stocks of medium- and small-sized firms in all of Europe have fallen dramatically, while indebtedness has grown; there are hardly any reserves left to survive in the battle against the big industrial cartels and banks. Raw materials needed by medium-sized industries and their prices are controlled by the cartels.

The propaganda around the upcoming domestic market has already launched a speculative wave in raw materials prices and price increases are to be expected. Small and medium firms can hardly survive this "1992" speculation; furthermore, the EC's "selection process" means banks will

tighten credit radically. As in the agricultural sector, where more than half of the farms are supposed to be driven out of business through actions of the Brussels European Commission by the 1990s, medium-sized industries and crafts are expecting a massive wave of bankruptcies before and after 1992, with correspondingly catastrophic consequences for the employment of millions of qualified workers.

Thus, it is astonishing to hear leading officials of the associations of medium-sized industries downplay the danger for their members by saying that "1992 is still a couple of years away." Meanwhile, the government is already clearing the way for a domestic market with fewer of these firms. So far, strong protest in Germany has been voiced only by the artisan sector which, in August 1988, attacked the tacit cooperation of the so-called "deregulation commission" in the German economic ministry with the European Commission.

As the model of the large industrial and public service trade unions indicates, it may be assumed that officials in the medium-sized industrial sector will miss the critical period when resistance against the pressure of the cartels would be essential. Just as there are millions of members of national trade union organizations and of the European Trade Union Federation who hate the "Europe 1992" perspective, so are there members of medium-sized industrial associations, who are fed up with 30 years of European Commission policy.

The old monetary system is dead. Put it in the closet, and open the closet to horrify children on Halloween. The question is, how do we build the new monetary system?

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More trouble ahead for S&Ls

The bailout of the thrifts amounts to a federally financed "leveraged buyout"—and solves nothing.

In what federal regulators hope will be a year-end cleaning up of 200 failed savings and loan institutions, the Federal Savings and Loan Insurance Corporation (FSLIC) is planning to spend around \$8 billion in a variety of rescue operations.

Using a combination of cash, notes, and federal guarantees, FSLIC is attempting to attract new owners and refinance the operations of nine institutions, including: American Savings of Stockton, California, the second-largest S&L in the country with nearly \$31 billion in deposits and other funds, which will be operated by a group headed by Texas billionaire Robert Bass; a group of five Texas associations with deposits of nearly \$12 billion, which will be merged and operated by a group headed by corporate raider Ronald O. Perelman; and McLean Federal Savings and Loan, which will be acquired by NV Ryan of McLean, Virginia, the nation's largest home builder, with an infusion of \$66 billion in federal aid.

The Texas S&L rescue operation, according to Danny Wall, chairman of the Federal Home Loan Bank Board, is the largest capital infusion by an acquirer under the Southwest Plan, the plan to clean up insolvent S&Ls in the hard-hit Texas-Oklahoma region. FSLIC will provide an assistance package with an estimated cost of \$5.1 billion to Revlon billionaire Perelman. As part of its assistance, FSLIC will issue a 10-year \$866 million note to bring the combined institutions' regulatory capital to zero.

But this is just the tip of the iceberg. The Federal Home Loan Bank Board has more than 400 insolvent in-

stitutions to shut down or sell off, and hundreds of others nearing insolvency. The Treasury Department and other analysts have estimated that the total cost of cleaning up the industry will range from \$50 billion to \$100 billion. This will almost guarantee the necessity of a giant taxpayer bailout.

The deals have been criticized for other reasons than just the cost. The crisis was caused in part by the fact that many of the S&Ls' assets were in the form of real estate boondoggles that later collapsed. And yet the prospective buyers of the failed S&Ls are primarily being recruited from among those very people who are most deeply involved in high-risk leveraged buyouts (LBOs) and junk bond trading.

The buyers are given a stiff shot of federal assistance or guarantees to put their cash into taking over the failed institutions, as well as significant tax breaks. The recent Texas deal will significantly enhance the political and financial power of Perelman's group. The five savings institutions, when combined, would have 800,000 depositors, the largest of any financial institution in Texas. The new banking group would hold a very significant franchise, controlling 10% of all savings deposits in Texas thrifts, and 5% of total saving deposits in the state, including those of the commercial banks.

Some evil tongues are saying that the champions of the LBOs are playing the same game with the S&Ls, with the FSLIC providing the leverage.

The deal made for the California-based American Savings with Fort Worth billionaire Robert Bass in-

volved his putting up \$500 million in return for \$1.7 billion of government aid. The original deal included a provision for setting up a \$1.5 billion merchant banking unit that could make high-risk equity investments like leveraged buyouts. The unit was eliminated when it came under criticism from state regulators and members of Congress.

The most recent deals are also being examined by members of Congress. Sen. Tim Wirth (D-Colo.), a member of the Senate Banking Committee, commented in a letter to Danny Wall that he had "serious questions about the impact your plans will have on the federal budget, the competitive balance of the remaining thrift industry, and the concentration of power within our financial systems."

Texas Rep. Henry Gonzalez, the new chairman of the House Banking Committee, said that there will be congressional hearings on the deals. "We will be looking," he said, "at whether the Bank Board has been getting the best deals possible when it comes to these assistance deals." Gonzalez also criticized the Bank Board's decision to make non-banking investments through its newly acquired American Savings. Under the revised terms of the refinancing announced on Dec. 28, Bass will still be able to put about 3% of American's \$30 billion in assets into non-banking activities, which, Gonzalez said, "leaves the thrift open to the possibility of promoting risky ventures."

The ultimate cost of the S&L crisis will undoubtedly be much higher than even the highest current estimates. The present mode of dealing with it is essentially a stop-gap measure which will make for an even worse crisis in the future, if the incoming Bush administration does not change this foolish policy course.

Business Briefs

AIDS

Disease called 'growing menace' to children

AIDS is now the ninth-leading cause of death for children aged 1 to 4 in America. By 1991, a full 10% of pediatric hospital beds will be devoted to children with AIDS, according to a new report of the Work Group on Pediatric HIV Infection and Disease.

The report states, "Probably for every child who meets the CDC definition of AIDS, another 2 to 10 are infected. It is estimated that by 1991, there will be at least 10,000 to 20,000 HIV-infected children in the United States, and 1 of every 10 pediatric hospital beds will be occupied by a child with AIDS."

Dr. Antonia Novello, the head of the group behind the report, said, "If current trends continue, AIDS can be expected to move into the top five leading causes of death in youngsters in the next three to five years."

The report notes that AIDS is already the seventh leading cause of death among Americans ages 15 to 24. "The repercussions of HIV infection in adolescents are magnified by the potential of these sexually active young people to become parents themselves, transmitting the virus to yet another generation."

Usury

Mexican finance minister seeks funds

The new Mexican finance minister visited Washington before Christmas, looking for "new money," i.e., a rollover of Mexico's current obligations to the tune of over \$7 billion.

Pedro Aspe, President Carlos Salinas de Gortari's finance minister, has already begun negotiations with major banks and the U.S. government, seeking \$7.3 billion in new loans. The London *Financial Times* Dec. 22 asserted that he will "take a tough line" with the bankers—whatever that might

mean, since Salinas has pledged no debt moratorium under any circumstances.

On Dec. 19, legislators from every opposition party attacked Aspe harshly for Salinas's new budget, which they said panders to the interests of foreign bankers. The new budget cuts public spending a further 2.8%, and only calls for 1.5% annual economic growth, which translates into a per capita decline. Aspe had asked the legislators for "national unity" prior to his visit to the bankers' Washington.

The *Wall Street Journal* reported that U.S. and Mexican businessmen and bankers would demand the complete revocation of Mexico's law limiting foreign investment in return for the money. Investment is now limited to 49% foreign participation—one of the few vestiges of Mexican nationalism left standing after Salinas's predecessor, Miguel de la Madrid's term of office. Foreign banks and businessmen, said the *Journal*, have their eyes on the "petroleum and financial services" industries, i.e., Pemex, the nationalized oil company, and the nation's banking system.

Meanwhile, the defrauded, actual winner of Mexico's July presidential election, Cuauhtémoc Cárdenas, proposed a six-point agenda for dialogue between his opposition coalition and the Salinas government. The central points are, "Defense of the sovereignty, wealth, and existence of the nation," including reducing foreign indebtedness, and "defense of the conditions of life and existence of the Mexican people."

Agriculture

China's 'worst' drought threatens wheat crop

One of mainland China's worst-ever droughts is threatening the 1989 wheat crop, the *China Daily* reported Dec. 19. The northern wheat-growing provinces, the Yangtze Valley, and the southwest of China had only half their normal rainfall in 1988.

Temperatures have been high and rainfall low since October. Zhejiang province in eastern China has had less than 20 mm of rain in the past two months, only one-fifth

the normal amount, and in Shandong province, the drought is the worst in 70 years. In Hubei and Jiangsu provinces in the Yangtze Valley, 80% of the farmland is affected.

In November, Agriculture Minister He Kang said, "We are facing a grim situation. In recent years, output of grain has stagnated, while hog production has fluctuated. Due to continuously growing population, gradually decreasing farmland, and rapidly increasing consumption, once alleviated grain shortages have again become acute."

Food

Soviets lead U.S. in food irradiation?

Do the Russians, whose agricultural sector is a perennial disaster, know more about handling wheat than Americans?

A little-known protocol of agreement is in effect between U.S. Wheat Associates and the U.S.S.R. Ministry of Grain Products, to "exchange grain information" and to discuss "use and handling of wheat," the *Colby Free Press* reported on Dec. 8. The Kansas paper reported that David E. Frey of the Kansas Wheat Commission had disclosed that a group of Soviet technicians, led by A.E. Yukish of the Ministry of Grain Products, visited Kansas in the summer of 1988, and showed that the Russians are superior to Americans in handling grain.

In fact, the Russians are reportedly bragging about how they are more advanced than the United States in their use of irradiation to control insects. The Soviets have an irradiation facility in the port of Odessa, where they irradiate the grain they have purchased from the United States.

The Soviets complained that the use of chemical insecticides in the United States, where the application of irradiation techniques has been irrationally blocked, has produced "potent toxicants and has the disadvantages of pollution of the environment, accumulation of residual amounts of the chemicals in the grain, and difficulties in ensuring uniform treatment of the entire bulk of grain."

In contrast, a Soviet pamphlet stated that

their own method "does not lead to pollution of the environment and leaves no residual products in the grain; the irradiated grain can be used immediately."

Health

China sets return of 'barefoot doctors'

Mainland China, the historical center of global epidemics including plague, is now so short of medical personnel that calls are being raised for the return of the "barefoot doctors," London's *Daily Telegraph* reported Dec. 22.

The "barefoot doctors," created during Mao Ze Dong's "Great Cultural Revolution" of the 1960s, were students and peasants with barely six months of medical training who were dispatched into the countryside. They disappeared in the early 1980s as Mao's successors disbanded the agricultural communes.

The official Xinhua News Agency has now reported that the barefoot doctors are needed once again, citing a shortage of medical staff, deaths among pregnant women, especially in remote areas, and the reemergence of endemic diseases.

There are only eight doctors and three nurses for every 10,000 people in the countryside, the news agency said.

Energy

NRC takes steps to open nuclear plants

The Nuclear Regulatory Commission took steps Dec. 21 to bring New Hampshire's Seabrook nuclear plant on line and restart the Pilgrim nuclear plant in Plymouth, Mass.

The Plymouth reactor has been shut down for more than two years because of mechanical problems, while Seabrook has remained ready to go but offline for three years, because Gov. Michael Dukakis of neighboring Massachusetts would not approve the

required emergency evacuation plans for Massachusetts towns within 10 miles of the plant.

The commission voted unanimously that the principal owner of the Seabrook plant was qualified to receive a license to test the completed plant at low power. This means that, despite the company's bankruptcy, low-power testing could start in January.

The NRC's only financial stipulation was that the plant owners set aside \$72.1 million to dismantle the plant in case it does not get its full-power license.

Governor Dukakis commented to the *New York Times*: "I never heard of a bankrupt company being able to run anything, let alone a nuclear power plant. I think it's ridiculous." The company went bankrupt primarily because of the delays in Seabrook's opening prompted by Dukakis's stalling.

Banking

N.J. institution facing bankruptcy

The stock of First Fidelity Bancorporation continued to drop in the closing week of December, following reports that analysts were not satisfied with the answers they got from bank executives at a meeting in New York on Monday, Dec. 19. The bank holding company is one of New Jersey's largest.

The meeting was intended to put to rest questions concerning the disclosure in the middle of the month that First Fidelity had \$300 million in bad loans on its books. But analysts said that the meeting only raised more questions about the bank.

There was heavy selling of First Fidelity stocks in the days following the unsuccessful Monday meeting. The stock went down \$1.75 per share by Friday of the week.

Overall, the stock closed \$10 lower per share than prior to the disclosure of the bad loans. It was the eighth most active issue on the New York Stock Exchange that week.

First Fidelity grew into a major institution in New Jersey in the past decade, when it invested heavily in Atlantic City casino operations.

Briefly

● **THE LARGEST** supplier of food to the needy and homeless in Newark, New Jersey, open for nine years, served its last lunch on Christmas day. The Presbytery of Newark, which owns the building that housed the program, said the building was structurally unsound. The program served about 60,000 people a year. No new location for the program has been found.

● **CANADA** is close to approving the U.S.-Canadian Free Trade Agreement. Canada's House of Commons Dec. 22 voted it up 147-111, clearing the way for similar action by the Senate, which approved it on its first two readings, and was expected to give it final approval by Dec. 31. Thus, the agreement will go into effect Jan. 1 as planned. Reorganization of North American banking into a handful of super-megabanks, is scheduled to follow.

● **THE JAPANESE** Diet voted up a controversial tax reform package Christmas Eve, after a 19-hour debate punctuated by no confidence votes and walk-outs by opponents. The tax reform package is thought to be part of Japan's agreement with international financial interests to open up its internal markets.

● **PERU** has sufficient food reserves to last only through January, said just-appointed Economy Minister Carlos Rivas Dávila on Dec. 20. The country faces "a situation of serious crisis." He said that six Ibero-American countries have offered to send wheat and other food to Peru.

● **CARDINAL MARTINI**, the Jesuit Bishop of Milan, wrote in *Corriere de la Sera* Dec. 23 that the world food problem is not one of supply but only of distribution. He thus maintained that there is "overproduction" in Europe and simultaneous starvation in Africa. He proposed a redistribution of food between countries of the North and South, and quoted a speech of Jesse Jackson to that effect.

World Bank devastates the Amazon jungle

The labor-intensive, export-oriented agriculture programs of the international financial oligarchy and its Brazilian partners are leading to genocide. Lorenzo Carrasco reports.

World Bank bureaucrats habitually wash their hands of the provably genocidal consequences of the economic policies they impose on Third World nations. That is exactly what they did when they got caught in the act by Brazilian satellite survey experts. The specialists at the National Institute of Space Research (INPE) found that during 1987 alone, more than 8 million hectares of virgin jungle had been devastated, primarily by World Bank-sponsored settlement programs.

Since the mid-1960s, the World Bank has foisted on the Third World "development" programs based on the intensive use of labor. Their premeditated intention is to "recycle" "excess" population toward zones where survival is difficult, thus aiding their global goal of population reduction.

Due to such genocidal policies, millions of Brazilians struggle for survival in the disease-ridden Amazonian jungle. We shall show that the World Bank intended from the word "go" to eliminate populations.

To accuse the World Bank of ongoing genocide of millions of people does not remove the share of blame which belongs to Brazilian authorities, especially those who saw in the World Bank programs a chance to put their geopolitical idiocies into practice. The 1970 National Integration Program (PIN) called for building a road system to open up a supposed "living space" in the Brazilian "heartland." Never did an obsession cost so much for so little economic benefit.

The international financial oligarchy, well represented by the World Bank, knew how to manipulate that political faction associated with President Emilio Medici's 1969-73 administration in order to get from it huge land grants and billions of dollars worth of tax breaks and subsidized loans.

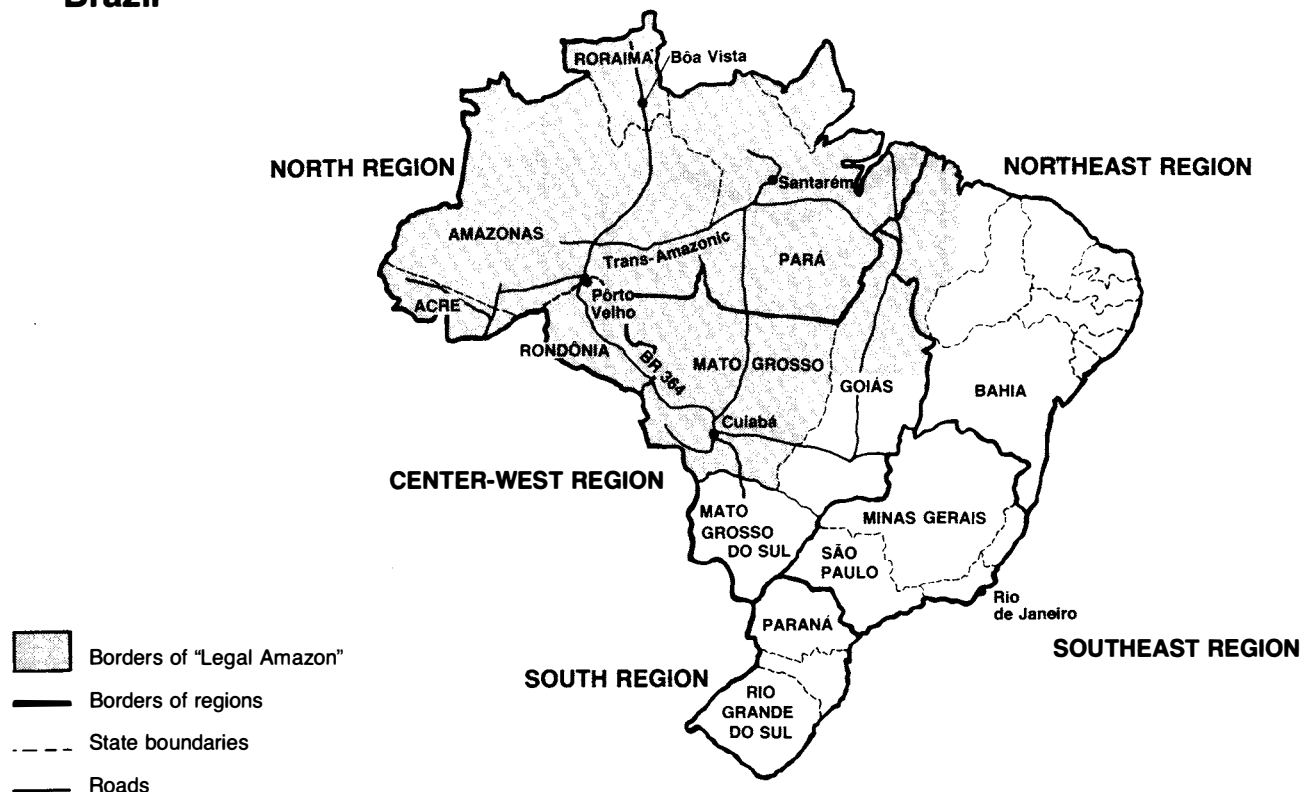
Today, that same financial oligarchy, headed by the English royal family, is running an international campaign which, on the pretext of the immense devastation, seeks to internationalize the Amazon, or, for the time being, limit Brazilian sovereignty over an area of more than 3 million square kilometers.

The World Bank is so hypocritical as to push poor people into desperate deforestation of the Amazon by delaying and conditioning loans for hydroelectric and nuclear electric programs, in the name of protecting the environment. Rex Nazaré, president of the National Nuclear Energy Commission, protested in congressional testimony that the World Bank, the main opponent of nuclear energy in Brazil, was thus helping destroy the virgin forests of which it is the self-proclaimed savior.

Reductions in per capita electricity consumption during the past decade forced an increase in the use of firewood and charcoal for cooking. Although this is not the main cause of Amazonian deforestation, the lack of investment in electric supply, especially in the rural areas, necessarily will increase the rate of Amazonian devastation starting in 1991.

The World Bank's genocidal strategy began by promoting roads cutting across the Amazonian jungle. The Transamazonian Highway was built in the 1960s. It ties the Amazon to Brazil's Northeastern region. The Cuiabá-Pôrto Velho road (BR 364) linking the Center-West to Rondônia and Acre on the Peruvian border, was improved. In the 1970s, two new axes were built toward the North, from Cuiabá to Santarém and from Pôrto Velho to Bôa Vista. The strategy was to reserve 20 km swaths on each side of the road for new

Brazil



human settlements. As an integral part of its strategy, the World Bank sabotaged any more coherent and more economically promising development plan for the region. By ruling out building of waterborne transport systems and agro-industrial ports making intensive use of high technology, Brazil lost a great opportunity for accomplishing its old and great national dream of integrating the Amazon and La Plata River basins.

The road-building did not do so well at “recycling” the supposed “excess” population. The government planned to settle 70,000 families along the road between 1972 and 1974, but by 1980, only 5,700 families had been placed in an orderly fashion.

How the ‘excess population’ was created

The World Bank’s genocidal strategy began succeeding at the end of the 1970s. The two oil shocks helped the World Bank promote home-grown “alternative fuel sources,” a particularly perverse version of its “appropriate technology” schemes of the previous decade. The argument was quite simple: Brazil could devote some of the most fertile of its more than 8 million square miles of land to growing sugar cane to be distilled into alcohol to run automobiles. That would, in turn, oblige the displacement of rural manpower

toward the new areas of colonization. That is, one of the objectives was to create the population “surplus” needed to justify its previous programs. Thus, Pro-Alcohol was born.

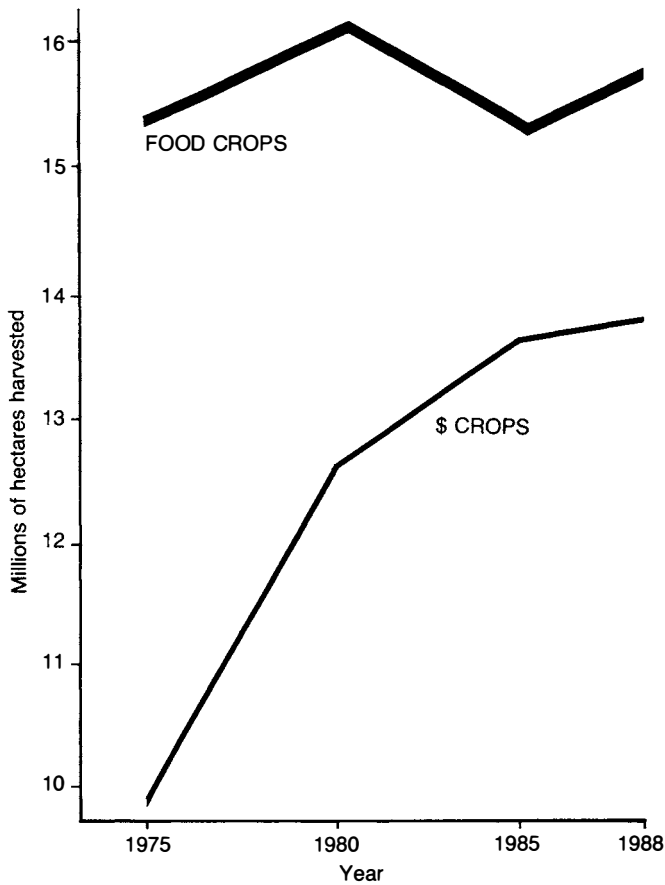
Pro-Alcohol, which would be beneficial only under temporary wartime conditions, had doubly disastrous effects: On the one hand, it deformed the national energy balance, increasing the inefficiency of the economy as a whole. This is expressed today in fuels in Brazil having to be sold at double their international prices, a major component of inflation. Ten billion dollars in capital, which should have been invested in productive industry and agro-industry, was wasted on the alcohol program. That resulted in a failure of Brazil to expand good job opportunities rapidly enough to employ its rapidly growing labor force.

On the other hand, and even more deadly, was the replacement of food crops for domestic consumption by feudal sugar plantations on the most fertile lands in the most densely populated regions of Brazil.

This coincided with a policy of giving preference to export agriculture with which to service the foreign debt, bloated, starting in 1979, by the impact of Paul Volcker’s “revolutionary” interest rate hikes. Sugar cane and soybeans, primarily, began to systematically displace crops for domestic consumption. In the South and Southeast of Brazil, modern

FIGURE 1

Areas harvested for food crops vs. export crops, South and Southeast regions (developed area)



KEY, Figures 1-5

- Area harvested for crops oriented toward food consumed in Brazil (rice, beans, wheat, corn, and yuca)
- Area harvested for crops oriented toward export or use as fuel substitutes (soybeans, cotton, coffee, oranges, and sugar cane)

capital-intensive soybean production expelled labor which had been employed in traditional agriculture, much like the cotton revolution in the American South. The soy went to pay foreign debts and the profits from it went into money markets, not into reinvestments in local food production.

With the disappearance of agricultural employment opportunities and the reduction in food production per capita in the South and Southeastern regions, an expulsion of rural population toward the colonization zones was achieved, along with migration to the big cities, which would distend the immense shanty-towns of every middle-sized and large city in the country. Another part of this rural labor force remained as migrant workers in their native regions, the famous "cold lunchers," roving homeless families who go from field to

FIGURE 2

Areas harvested for food crops vs. export crops, state of São Paulo (most developed area)

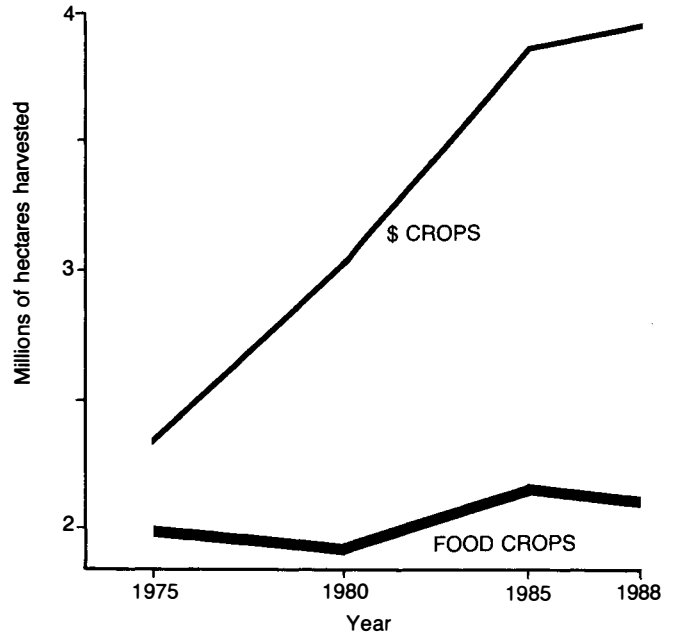


FIGURE 3

Areas harvested for food crops vs. export crops, Northeast region (the most impoverished area)

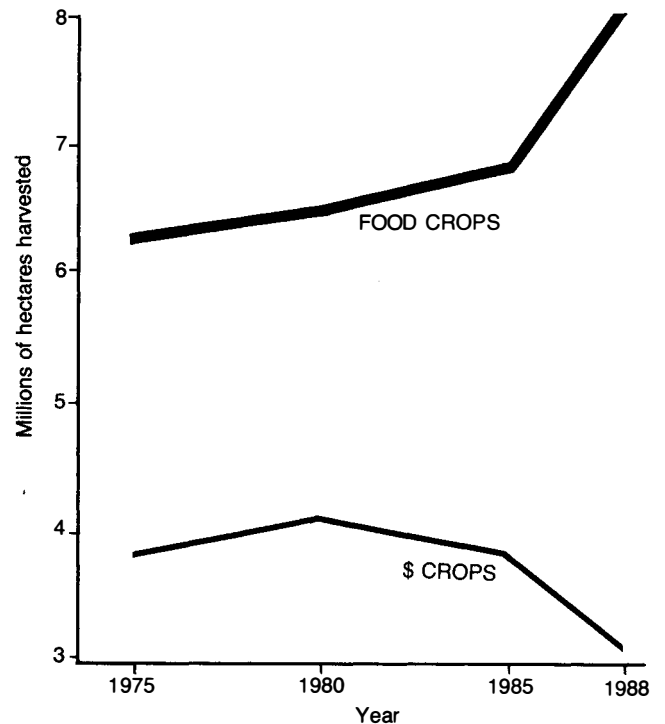
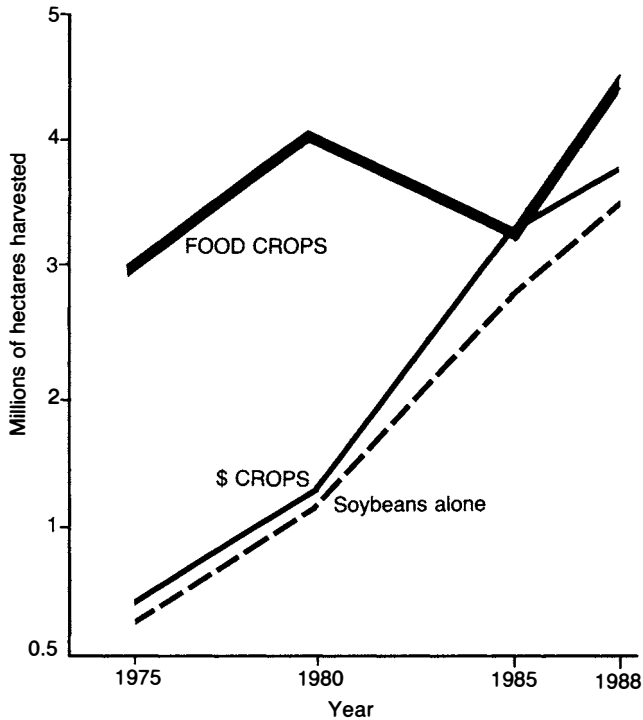


FIGURE 4

Areas harvested for food crops vs. export crops, Center-West region (southern edge Amazon Basin)



field seeking work and sustenance.

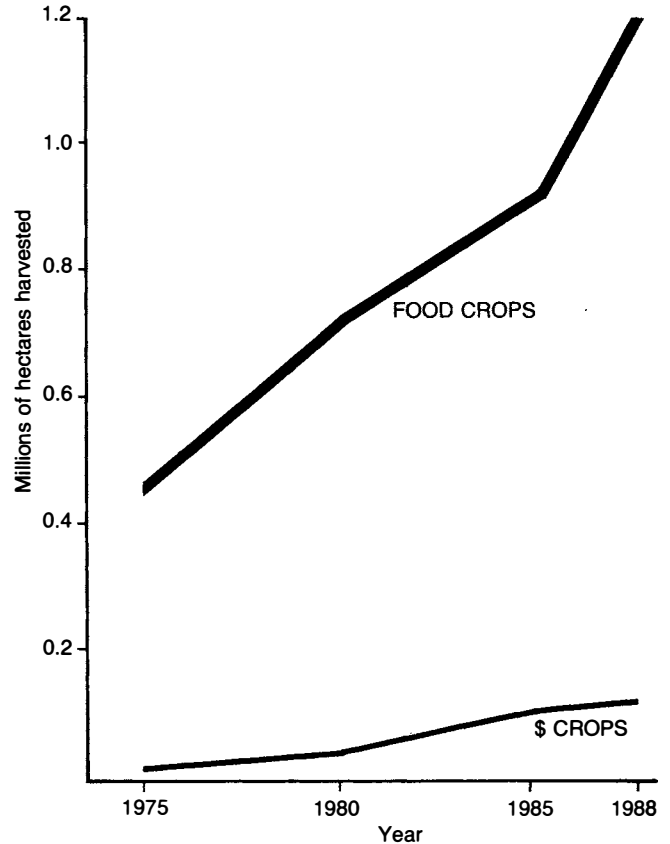
We depict this process by analyzing figures from the past 13 years. First, we divide the harvested area in two: the part growing sugar cane and export-oriented crops (cotton, coffee, oranges, and soybeans), and the part growing crops primarily consumed locally (rice, beans, yuca, corn, and wheat). We analyze the relationship between these two parts in the several regions of the country; and then we compare the results with the migratory flows among the regions.

We see in **Figure 1** that in the Southern and Southeastern regions where the most fertile lands and, also, the majority of the population, is concentrated (see **Table 1**), there was a drastic change in the structure of production. Between 1975 and 1988, the area used to produce local food crops remained virtually unchanged, at about 15 million hectares, while the area used for sugar cane and export crops increased by nearly 4 million hectares, from 9.9 to 13.7 million. Much of the increase was in soybean plantings in the states of Parana and Rio Grande do Sul. The case of São Paulo (shown in **Figure 2**) was even more serious. "Energy" and export crops increased 70% there. Of this 1.6 million hectare increase, sugar cane was responsible for 1.1 million. The reduction of arable lands destined to food production caused 2.4 million people to be expelled from these two regions (see **Table 2**).

This agricultural policy in the South and Southeastern

FIGURE 5

Areas harvested for food crops vs. export crops, Northern region (Amazon core)



regions accelerated the opening of new lands in the contiguous Center-West region, a large part of them within the area designated at the "Legal Amazon." (See shaded area on map.) As can be seen in **Figure 4**, by 1975 more than 3 million hectares, mainly in Mato Grosso do Sul state, were planted for food. In that year, a small area of export crops appeared. Today, Mato Grosso do Sul, Mato Grosso, and Goias are little by little being turned into immense soy plantations. The total area harvested today is about 8.5 million hectares, of which only 2 million are in the relatively most fertile state of the region, Mato Grosso do Sul; the other 6.5 million hectares have largely come from deforesting virgin jungle.

As for population flows, by 1985, the Center-West region managed to absorb 1.2 million inhabitants more than its natural population growth rate. But in the last few years, in parallel with the growth of export crop areas, the tendency is for that region to begin to generate its own "excess" population, expelling it deeper into the Amazon, into the Northern region.

In the Northeast, which also suffered the impact of Pro-Alcohol, which brought more than 1 million hectares under sugar cane cultivation, export crops have not managed to

TABLE 1

Population growth by regions (millions)

REGIONS	1975	1980			1985			1988		
	Real	Real	Natural	Migration	Real	Natural	Migration	Real	Natural	Migration
South & S.E.	64.5	72.2	72.9	-0.7	74.8	81.7	-1.9	84.9	87.3	-2.4
Northeast	32.0	35.5	36.2	-0.7	39.0	40.6	-1.6	41.3	43.2	-1.9
Center-West	6.5	7.7	7.3	+0.4	9.2	8.0	+1.2	9.8		+1.5
North	4.2	6.0	4.7	+1.3	7.6	5.3	+2.3	8.4	5.6	+2.8
All Brazil	107.0	121.1	121.1	0	135.6	135.6	0	144.4	144.4	0

This table compares the actual population of each region (the first column for each year) with the natural population growth (second column). The difference (shown in the third column) is total migration since 1975. Negative figures show emigration from the region. All numbers are millions of inhabitants.

TABLE 2

LANDSAT surveys of forest clearing in the Brazilian Amazon

State or territory	Its area (Sq. Km.)	Percent of state or territory classified as cleared			
		By 1975	By 1978	By 1980	By 1988
Amapá	140,275	0.1	0.1	0.1	0.4
Pará	1,248,042	0.7	0.8	2.7	9.6
Roraima	230,104	0.0	0.1	0.1	1.4
Maranhão	257,451	1.1	2.8	4.1	19.7
Goiás	285,793	1.2	3.6	4.0	11.6
Acre	152,589	0.0	1.6	3.0	12.8
Rondônia	243,044	0.3	1.7	3.1	23.7
Mato Grosso	881,901	1.1	3.2	6.1	23.7
Amazonas	1,567,125	0.1	0.1	0.2	6.0
Legal Amazon (Total)	5,005,425	0.6	1.5	2.5	12.0

Source: "The World Bank, Government Policies and Deforestation in Brazil's Amazon Region," based on data from Philip Fearnside and Brazilian Institute for Forestry Development.

replace food crops, although food production has scarcely increased at the same rate as population. There has also been emigration from that region to the border areas, especially the north of the Amazon.

To sum up, the agricultural policy adopted to reduce food production, generated the "excess" population avidly sought by the World Bank. During the past 13 years alone, more than 4 million people were forced to migrate, especially to the states of Rondônia and Pará, without counting those who migrated to urban slums and live under similarly miserable conditions.

Once these requisites were created, the World Bank launched a new phase in its genocidal strategy. In 1981, it financed the development of the Northwest Pole, a settlement program in the state of Rondônia and the western part of Mato Grosso, a 410,000 square kilometer area. From that moment, emigration to Rondônia grew exponentially. From

1980 to 1983, there arrived 65,000 migrants per year; from 1984-86, the rate was 160,000 annually; and it is even higher in the last two years. The state's population grew 17% annually to reach 1.2 million inhabitants in 1987.

The World Bank's genocidal intentions were newly exposed when it "solved" the apparent demographic explosion created by International Monetary Fund-World Bank policies which tended to make even existing populations redundant by reducing the size of the lots given each emigrant, so as to accommodate more families in the same area, which means a death sentence. Given the extremely low productivity of the soils in the region, each family, to subsist, must burn down a new area every year and abandon it two years later, after destroying its capacity to grow crops. Some of this land is still good enough to serve as cattle pastures. The immense Amazon burnings reported by the INPE for the year 1987—20 million hectares—are mostly in the settlement belts along

the roads.

The landless peasant families who, to their misfortune, emigrate to regions like Rondônia, are turned into a human wave which advances, destroying virgin jungle in a predatory process in search of their survival, under subhuman conditions.

Thus, starting with the 1981 "success" of the Northwest Pole, the deforestation of the Amazon grew exponentially. Eight percent of the total deforestation, calculated at 60 million hectares, has taken place in the past seven years. By 1981, all the areas with soils adequate for farming had been occupied and there remained only poor lands which require costly investments in technology for their adequate use.

Cattle ranches have taken 8.4 million hectares of the deforested area; but many of today's pastures were first used to grow food crops. The total food area harvested in the border regions does not fully reflect the deforestation process, since it is an area which rapidly moves about. Thus, statistics on it do not correctly reflect deforestation. Most of the farm production is for the settler's own subsistence and not for market.

The solution to the problem

It is thus insane, as well as cynical, to blame the deforestation of the Amazon on a supposed "excess" population, as the World Bank tries to do in its recent reports.

The truth is that Brazil has the immediate capacity to bring 10 million fertile hectares in the South and Southeast which are now being misused to generate export revenue and alcohol into food production. That would solve in a single year the needs of more than 50 million Brazilians who live in or near absolute misery. That is where the way to put an end to the deforestation of the Amazon must begin.

The World Bank suggests ending the tax incentives and ending the subsidized loans and other privileges which have benefited almost exclusively land speculators. That would certainly help solve the problem. But only a change in the country's agricultural and financial policy, the expulsion of World Bank programs and IMF conditionalities, allied with rational use of Amazon land and resources based on a deep understanding of regional ecosystems and the most advanced technology available would bring salvation, not only for trees, but, above all, for millions of human lives.

Former official of IMF charges genocide

A former top official has charged the International Monetary Fund with Nuremberg crimes and bringing on a new dark age—precisely the charges *EIR* has been documenting for the past 15 years.

Native of Grenada and 12-year staff member of the International Monetary Fund, Davison L. Budhoo, charged in a 160-page open letter of resignation given to the press on Dec. 28, that the IMF has set itself up as a new nobility, lording it over the Third World and destroying it with its nostrums. "The charges that I make strike at the very soul of man and at his conscience," he wrote. "You know, when all the evidence is in, there are two types of questions that you and me and others like us will have to answer. The first is this: Will the world be content merely to brand our institution as among the most insidious enemies of mankind? Or will the heirs of those whom we have dismembered in our own peculiar Holocaust clamor for another Nuremberg?"

He speaks of "the total preoccupation of Fund people, and Fund-inspired people, with personal material gratification and with the lust for, and abuse of power placed so inadvertently, yet so completely, in their hands. It is the timeless story of human beings, faced with an exceptional opportunity to further the cause of mankind, turning around

and destroying everything worth preserving. . . . It is the timeless story of the descent of another century of history into hell. . . . I feel . . . terror at the sight of us doing things of Dracula that we so blithely do." He reviews the exorbitant salaries, well over \$100,000 a year, plus expense accounts, first class plane flights, staying in five-star hotels, what he calls "honey pot" that buys the silence of the staff members.

He spends the majority of the 160 pages on a very detailed case study of the Fund's destruction of the Caribbean nation of Trinidad and Tobago. "We manipulated, blatantly and systematically, certain key statistical indices so as to put ourselves in a position where we could make very false pronouncements about economic and financial performance of that country . . . [which meant] the country was repeatedly denied access to international commercial and official sources of financing that otherwise would have been readily available. . . . The staff has waged within the Fund an aggressive campaign of disinformation and derision about economic performance in Trinidad and Tobago. . . .

He announced his resignation, saying, "Today I resigned . . . after 1,000 days of official Fund work in the field, hawking your medicine and your bag of tricks to governments and to peoples in Latin America and the Caribbean and Africa. To me resignation is a priceless liberation, for with it I have taken the first big step to that place where I may hope to wash my hands of what in my mind's eye is the blood of millions of poor and starving peoples. . . . The charges I make are not light charges—they are charges that touch at the very heart of Western society and Western morality and postwar inter-governmental institutionalism that have degenerated into fake and sham."

Yeutter will wreck U.S. agriculture to feed Russia

by Marcia Merry

During the last weeks of Clayton K. Yeutter's term as trade negotiator, he oversaw the U.S. team's "free trade" posturing at the Dec. 5-9 meeting in Montreal of the General Agreement on Tariffs and Trade (GATT), demanding an end to subsidies for the world's farmers, to reduce food production internationally. Now, Yeutter has been nominated by President-elect George Bush to become the new Secretary of Agriculture. But even before Yeutter's appointment is confirmed by the Senate, his trade war policy has escalated, as Washington on Dec. 27 announced a ban on certain food imports from Europe.

Yeutter's three-year tenure as trade ambassador has seen declining world food supplies, and the reorientation of Western food exports to the Soviet Union. If his nomination is confirmed, the continuing destruction of the U.S. system of independent farm-based food output will be guaranteed, while dwindling supplies are shipped out in service of the New Yalta deal with the Russians.

There is no need for such a suicidal policy! The output potential of the United States farm sector, if mobilized through the kind of emergency measures taken in wartime, could restore world food supplies to needed levels. Give the American farmer a parity price—enough to meet the costs of production and enough profit to allow for capital investment and modernization—and he can meet world food needs, including those of the East bloc, whose food shortage is currently one of the most likely flashpoints for World War III.

Yet, thanks to the "free trade" policies of Yeutter, current Agriculture Secretary Richard Lyng, and other flunkies of the food cartel, as of year end, there were no emergency food stocks on hand for use by the United Nations or other relief agencies to meet any disaster needs for the new year. None! Stocks for "routine" daily world consumption (already at below-nutritional requirements) are at the lowest levels in modern times.

There is no mobilization under way to expand world output, to rebuild depleted stocks from the drought-stricken 1988 harvests—quite the contrary. Ongoing harvests in the Southern Hemisphere are low, due to drought, in several of the key grainbelts, like Australia and Argentina. There is no mobilization in the Northern Hemisphere to maximize spring planting. For example, the European Community, where the weather conditions have been good for crops, is enforcing an unprecedented 1989 cropland set-aside program.



Food cartel operatives in the Department of Agriculture: Agriculture Secretary Richard Lyng (left) and Clayton Yeutter, nominated by President-elect Bush as Lyng's replacement. They are shown here at the 65th Annual USDA Outlook Conference, in December 1988.

Robert Baker

In the face of this, the Soviet Union is booking huge quantities of scarce Western grain. This year will likely be the year of the largest grain imports ever by Russia—nearly 50 million metric tons.

Yeutter is one of the architects of this policy: 1) he has facilitated the arrangements of committing food to Moscow, and lied about the adequacy of food stocks in the West to meet exports and domestic needs; 2) he has advocated further dispossession of U.S. farmers, and those of our allies, and lied about the consequences; and 3) he has facilitated world food control by the commodities cartel companies—Cargill, Continental, Bunge, Louis Dreyfus, Garnac/André, ADM/Toepfer, and others. These are all the objectives of the cartel for whom Yeutter has been a faithful servant, getting his training as president of the Chicago Mercantile Exchange for seven years.

Yeutter specializes in international maneuvers and “cover stories” for his cartel-serving functions. His own justifications for the “accomplishments” cited above are that: 1) exports to Moscow are just good business, because bigger agriculture exports help the U.S. balance of trade; 2) U.S. farmers and those in other food-exporting nations will have to “adjust” to world market signals, by being as “low cost” in their production as possible. If many are forced out of farming, then that is part of the necessary “restructuring.” Finally, international food giants pose no threat to national security, since they give consumers “access to buy” from other parts of the world, without having to pay the cost of supporting their own national agriculture sectors.

While Yeutter has been in office, President Reagan called

for total “free trade” by the year 2000. Yeutter made this the official U.S. position at the 1986-90 GATT round of multilateral negotiations. At the Montreal GATT meetings, the U.S. delegation rejected the very idea of a nation's being self-sufficient in food production. Last summer, Yeutter's office even submitted a proposal to GATT from the United States that calls for prohibiting a nation from even attempting to be self-sufficient in food. Yeutter denounces this as “trade distorting,” and therefore unacceptable—at least to the food cartel.

In the face of the Agriculture Department's policy of shutting down agriculture, Lyndon LaRouche and the forces allied with him are at loggerheads with the cartel interests. A newly formed international organization, Food for Peace, is gaining momentum for its pro-production food and farm policies. Founded at a conference of 400 people in Chicago on Labor Day 1988, the group has expanded into 30 countries and 35 U.S. states, and by December 1988 held twin conferences in Chicago and Nauheim, West Germany, to which 1,200 activists came. LaRouche gave the keynote address to the Dec. 10 conference in Chicago, calling for an alliance of “farmers and eaters” to expand food production.

LaRouche has been targeted for trial, jail, and assassination, in part because of his advocacy of world industrial and agricultural development, against the financial interests of the food cartel. It was not properly a surprise, therefore, when it turned out that a functionary of the USDA played a key role as jury foreman in the December federal railroad proceedings that convicted LaRouche and six associates in a frameup trial—as we detail in the accompanying dossier.

'Free trade' agent of the food cartel

by Marcia Merry

When President-elect George Bush announced his nomination of Clayton K. Yeutter for Secretary of Agriculture in mid-December, the media tag-lines called him "over-qualified," or "the most qualified ever," or "maybe too slick." These characterizations are polite reflections of the fact that this man has had a career as a hardened bureaucrat for the global food and commodity cartel. Yeutter is indeed "very experienced" in national and international agriculture—but from the point of view of the cartel interests inimical to the sovereign rights and welfare of the population of the United States.

The record shows that Clayton Yeutter is unfit for public office. Because of the power and influence of the commodities cartel on Congress, and the supposed bi-partisan support for the "free trade" policies associated with his name, Yeutter's confirmation by the Senate is expected to be swift. However, if the full facts come forward at the Senate confirmation hearings and outside the congressional walls, the confirmation could be stopped, and the bandwagon for the "free trade" destruction of American agriculture could be stalled.

The following is a summary picture of the nominee.

The early years of Clayton Yeutter show that he was one of the victims of the cartel company "spotters" in the farm-belt, who scan the scene for young men who stand out as willing to do the bidding of the cartel, and still appear to be "just one of the local hayseeds."

Yeutter, 58, was born in Eustis, Nebraska in 1930. From 1952 to 1966, he farmed and got a bachelor of science degree, then a doctorate in law, at the University of Nebraska. From 1966 to 1968, he was executive assistant to the governor of Nebraska. From 1968 to 1970, he was director of the University of Nebraska mission in Colombia.

Yeutter's career in the Agriculture Department began in 1970, and continued through 1975. From 1975 to 1977, Yeutter served as the Deputy Special Trade Representative in Washington.

From 1978 to 1985, Yeutter went to Illinois to be president of the Chicago Mercantile Exchange. He left there in 1985 to take the ambassadorial level position he has occupied to the present—U.S. Trade Representative.

There was a move by the cartel interests to get Yeutter

into the top agriculture position in the first Reagan administration. That was scotched by Sen. Bob Dole (R-Kan.), among others, who thought that Yeutter's Mercantile Exchange position would make him too "unpopular"—meaning too tainted by association with the commodities cartel in the public view, to be credible to head the USDA. Now, this is no longer considered a liability, since the commodities companies are coming out into the open, demanding national subservience to their own cartel and banking demands, and also because of the increase in public tolerance for the likes of bought-and-paid-for operatives like Yeutter.

While he was playing coy on whether he would be appointed to the USDA, Yeutter was reportedly negotiating a potential top position with ConAgra—the cartel meat processor—or Drexel Burnham Lambert—the indicted junk-bond specialists who copped a plea for insider trading.

Serving as president of the Chicago Mercantile Exchange is like being stickman at a giant crap game. The Chicago Board of Trade functions as a casino where speculators play for food commodities, while a handful of international commodities companies set the prices and export-import patterns for world trade.

After leaving the Merc, Yeutter headed up the U.S. Office of Trade in 1985, and moved into a position from which he could bully whole nations into giving up their right to set farm commodities prices and trade policy. In 1985, he was a special consultant for a Trilateral Commission report, "Agricultural Policy and Trade: Adjusting Domestic Programs in an International Framework," which has served as a cartel blueprint for the last three years.

The role of GATT

Yeutter used as his big project, as he himself proudly reports, making "free trade" in agriculture the centerpiece of the 1980s General Agreement on Tariffs and Trade multilateral negotiations. In 1986, he was key in starting up the "Uruguay Round" of GATT—a four-year exercise in multilateral negotiations by the 96-member nations, committed to lowering or eliminating farm subsidies and national trade measures such as tariffs, import restrictions, etc. This is the blueprint that the cartel requires.

Yeutter (he pronounces his name to rhyme with "fighter") has distinguished himself as a tireless fighter for the cartel program, and the initiator of rhetoric and threats to make it stick. In 1987, he bullied many nations into trade concessions to the cartels. In 1988, he maneuvered President Reagan to "set forth a bold proposal calling for the removal of all trade-distorting subsidies and market access barriers in agriculture by the year 2000," in his speech to the GATT's Montreal mid-term review session, Dec. 5.

Yeutter commented on his appointment: Bush "did convince me that it was important to have someone of my general background in this position at this particular time in the nation's history."

Russia buys up scarce grain on the world's 'free market'

by William Engdahl and Robert Baker

On Nov. 27, the Soviet Union finally made a new grain agreement with the United States, after eight months of playing "hard to get." Despite repeated demands by Washington for a five-year renewal, at higher minimum Soviet import levels than the old 9 million tons per year of grain or corn or grain equivalent, the final accord simply renewed the old agreement, which expired Sept. 30, for two years until December 1990, with modifications allowing Moscow a discretionary right to large volumes at demand. The U.S. Agriculture Department has agreed to let the Soviets increase corn and wheat purchases in 1989, in order to greatly increase the total volume of U.S. exports to Russia.

On Dec. 23, Richard Goldberg, acting Undersecretary of Agriculture, said that the Soviets will be free to buy as much as 16 million metric tons in the marketing year that began Oct. 1, 1988, without having to consult U.S. officials. Previously, the purchasing ceiling was 12 million metric tons, before special approval had to be sought. The fact that the Soviets sought such latitude indicates that they intend to continue their enormous purchases of U.S. grain.

As the year closed, the Soviets were buying U.S. grain at a frantic rate—and this pace is merely what grain sales are acknowledged by the USDA as "officially confirmed." From Oct. 1, 1988 to Dec. 23, the Soviets purchased 8.8 million metric tons of U.S. corn, and about 1.5 million metric tons of soybeans, soybean meal, and grain sorghum. But during December, there were several announcements of large grain purchases by brokers—up to 5 million metric tons—that were expected to be reserved for the Soviet trade.

Best present estimates from informed European grain industry sources show a Russian grain import need for 1989, fully 50% above that of last year, to 40-45 million tons, for the harvest year ending September 1989. This would make this trade year (1988-89) the second-largest import year in Russian history, exceeded only by the all-time record 55.6 million tons in the 1984-85 harvest year. But there is also a shift in the kinds of grains Moscow is demanding, toward far more protein-rich soybeans and other feed grains for animal consumption than ever before. In fact, soymeal imports from the United States in 1987-88 set a record high.

The 40-45 million ton figure for projected Russian grain imports for 1988-89 is likely conservative, as reports are confirmed that the Russians in recent months have been cov-

ering the globe from Thailand to Brazil, from Minneapolis to Brussels, making secret deals with one after another large supplier of grain, on the proviso that they not divulge the sale is for Russia. That allows Moscow to set a repeat of the infamous "Great Grain Robbery" of the early 1970s, when secretive Russian buyers grabbed an astronomical supply of U.S. wheat before it became public knowledge.

Figure 1 indicates the significance of Russia's dependence on U.S. production for large quantities of grain. According to the Economic Research Service, an agency of the USDA, the United States supplied 79% of total corn imported by the Soviet Union in the 1987-88 trade year, which begins in October and ends in September. Other major grain imports—wheat, soybeans, and soymeal—were largely supplied by the U.S., as 42% of the wheat, 45% of the soybeans, and 44% of the soymeal imported into Russia came from U.S. stocks in the 1987-88 trade year.

Grains and oilseeds have accounted for 95% of U.S. farm sales to the U.S.S.R. since 1970. Despite the rising per unit value of grain imports in 1988, unit values were still lower than earlier this decade.

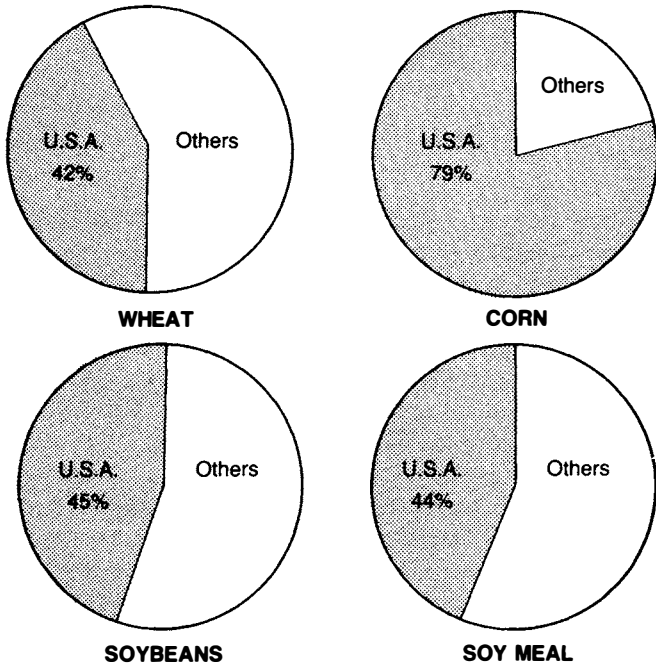
Russia benefits from subsidy war

By exploiting the trade subsidy wars among the U.S., the European Community, and other major exporters, the Soviet Union has become the single largest purchaser and beneficiary of subsidized grain being traded in the world. The U.S. wheat trade rebound from the 13-year low in 1986, coincides with the shipment in 1987 and 1988 of 13 million tons of wheat to the U.S.S.R.—all under the Export Enhancement Program (established under the 1985 farm law), a program in which the USDA compensates the cartel grain companies for selling grain at a discount by giving them government-owned grain to cover the difference between world market prices and higher U.S. prices. In other words, the grain companies (Cargill, Bunge, Continental, Louis Dreyfus, ADM/Toepfer, Garnac/André, and so forth) get free government grain stocks from the Commodity Credit Corp., in order to guarantee their company profits, while they pay farmers at low rates, and offer grain at bargain prices to the Soviets.

In the 1986-87 trade year, all of the 4 million metric tons of U.S. wheat purchased by Russia had an average (EEP) subsidy of \$42 per metric ton, an amazing 37% of the average

FIGURE 1

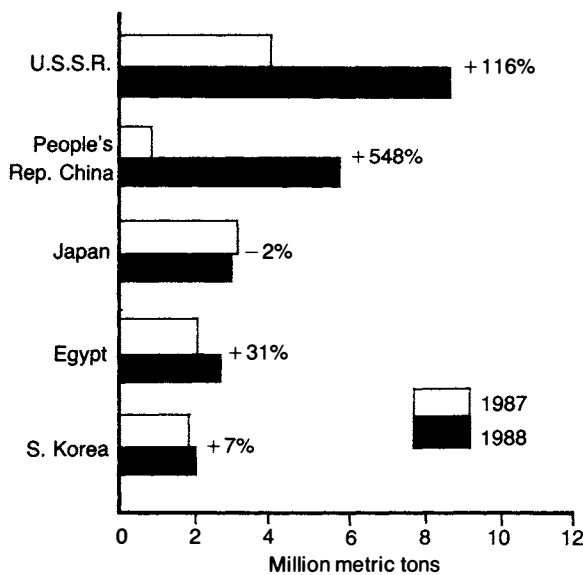
U.S.A. supplies a major portion of Soviet grain imports (1987-88)



Source: USDA

FIGURE 3

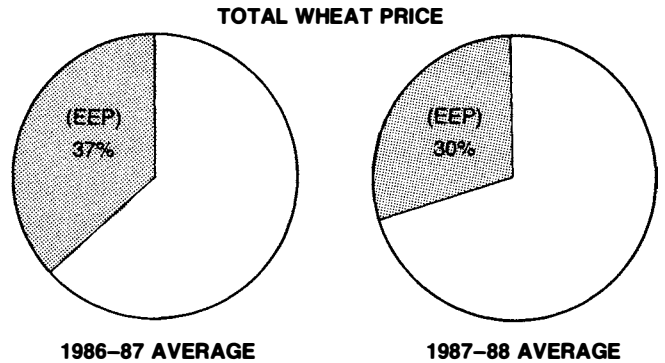
Soviets and Communist China increase wheat imports from U.S.A.



Source: USDA

FIGURE 2

Export enhancement program (EEP) subsidizes wheat to the U.S.S.R.



Source: USDA

TABLE 1

U.S.S.R. grain imports from the U.S.A. increase

(metric tons)

	Oct. 1987-Sept. 1988 (12 months)	Oct. 1988-Dec. 1988 (3 months)	Percent increase
Wheat	9,000,000*	2,000,000	22%
Corn	5,500,000	8,800,000	160%
Soybeans	800,000	800,000	100%
Soy meal	1,300,000*	500,000	38%

* Record high

Source: USDA

TABLE 2

Major importers of total world wheat and coarse grains

(million metric tons)

Country	Five-year avg. (1983-88)	Percent of total
U.S.S.R.	33.5	18.1%
Japan	27.6	14.9%
W. Europe	10.7	5.8%
People's Rep. China	11.0	5.9%
E. Europe	7.16	3.8%
Other	95.14	51.5%
Total	185.1	100%

Source: USDA

sale price of \$115 per ton. (See **Figure 2.**) In the 1987-88 trade year, 9 million metric tons of U.S. wheat were purchased by Russia with a \$35 per metric ton EEP subsidy or 30% of the average sale price of \$115 per ton. In addition, the 1987-88 trade year saw the largest purchase ever of U.S. wheat in one year by Russia.

The average price of \$115 per metric ton of wheat is itself a sweetheart price. However, it is an "open secret" in the grain trade, that whether the Soviets even pay at all for one or another grain delivery, is questionable, because "collections" of accounts receivable from the Soviets are at the political and financial discretion of the grain cartel companies, which do not make the information available.

Soviets on buying spree

According to Undersecretary Goldberg, the Soviets are on a buying spree, which is reminiscent of the early 1970s "when the Soviets really went bananas." On Dec. 23, Goldberg announced that the U.S. will subsidize an initial sale of 2 million metric tons of wheat to the Soviet Union under the EEP. This is the first EEP announcement this trade year. Also, in the first three months of the new trade year (October, November, and December) the Soviets have purchased 160% of the total corn, 100% of the total soybeans, and 38% of the total soybean meal purchased by the Soviet Union from the United States in the entire 12 months of the previous trade year. (See **Table 1.**)

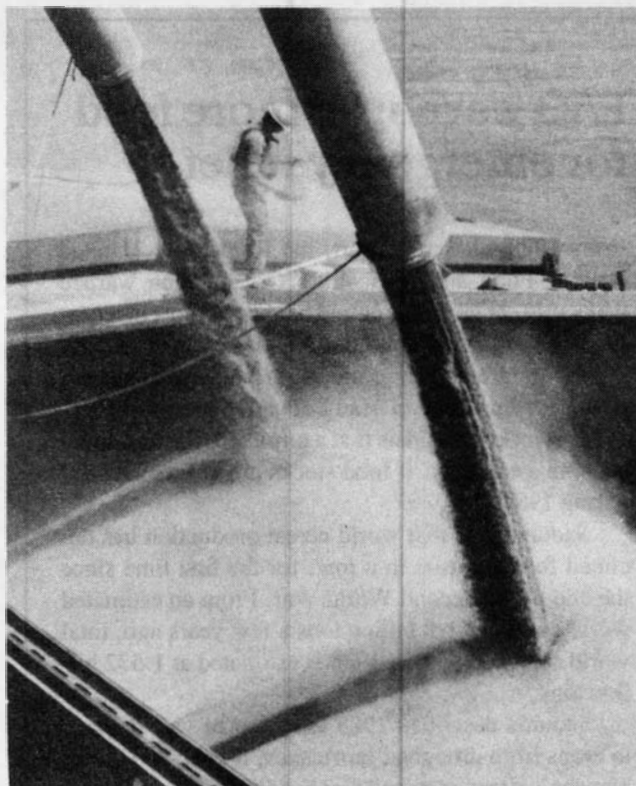
Last year the Soviets purchased a record 1.3 million metric tons of soybean meal from the U.S. "This is a good opportunity," said Goldberg. "The Soviets are a major buyer. They're buying a little bit of everything, everywhere."

A new 'great grain robbery'?

Prior to 1972, if a Russian grain harvest were bad, as was most often the case, state policy was to compensate for lack of feed grains by premature slaughterings of valuable livestock herds to "conserve" grains (ironically, a practice forced on American farmers by USDA policy during the recent drought). The result of decades of such idiocy was a predictable worsening of meat availability for the Russian population. In the early 1970s, the policy changed dramatically. Instead of slaughtering to compensate for a bad harvest shortfall of grain, Moscow would import from the very companies historically at the center of the 1922-27 East-West trade, so-called "Trust" arrangements, the Anglo-American grain cartel companies.

Henry Kissinger negotiated the first such deal as Nixon's National Security Adviser and finally as Secretary of State, at the same time that he secured the SALT-ABM treaties. The grain deal was seen as a paradigm of all such future East-West negotiations. Nixon's Secretary of State sits today on the Board of Cargill, the world's largest grain-trading conglomerate.

In the context of the then-developing "East-West détente"



deals being negotiated in the beginning of the 1970s, Moscow entered into Western grain markets for the first time since the 1920s, this time as a buyer. The Russians struck deals of such large size that Western grain companies were reportedly ready to "kill" for a piece of the lucrative U.S. government-guaranteed and subsidized business. Beginning in the early 1970s, Moscow became the single most important importer of Western grains on the world market. While this exposed Moscow to a certain degree, it exposed Western nations as well. There was a transformation of the entire national food production policies in the EC and U.S.A., beginning the mid-1970s, toward what became known as "market-oriented" or "cash crop" export commodity production. The largest customer, Moscow, was increasingly dictating Western grain market policy, the so-called "world market price."

Throughout the entire history of the 1972-88 U.S.-Soviet grain trade dealings, it is clear that maintenance of Western-Soviet grain supply arrangements is a *sine qua non* for continuation of a New Yalta bargaining process between Moscow and Western liberal establishment sources. Never, not even during the 1979 Carter "Afghan" crisis grain embargo, did U.S. grain companies interrupt one iota their traffic with Moscow. Not even during the most intense "Empire of Evil" era of Reagan administration pressure to stop the Siberian gas pipeline deal to Western Europe, were grain exports reduced. Rather the opposite: Reagan moved swiftly to repeal the Carter grain embargo. Simple profit is not the reason.

Grain is at the heart of the entire 30-year "East-West

FAO warns: no more food for emergency relief

In its 1988 year-end report, the Rome-based United Nations Food and Agriculture Organization warned that world cereal grains output has been so low in recent crop seasons that centralized food reserves usually available for emergency situations have been exhausted. According to FAO head Edouard Saouma on Dec. 19, the world food crisis is at a turning point, and could become a calamity, if food stocks are not replenished during 1989.

Saouma said that world cereal production has declined for two years in a row, for the first time since the end of the Second World War. From an estimated world output of 1.8 billion tons a few years ago, total world cereals output in 1988 is estimated at 1.532 billion tons.

Saouma described 1988 as a year of vast damage to crops from droughts, hurricanes, floods, and locust plagues—damage so bad that better harvests in certain parts of Asia, Africa, and the Middle East could not offset the losses. World food stocks, he said, are at the lowest levels since the early 1970s, and are below the minimum required for adequate food security. The African locust plague is now raging to a degree never recorded in history.

According to Saouma, whatever emergency food aid is being given at present, is “hand to mouth.” Many countries urgently needing food imports don’t have the money to pay for them.

Saouma called the situation “grim.” In its monthly reports last fall, the FAO projected a need for increasing world cereals output in 1989 by at least 13%—or about 210 to 240 million tons of grain. At present, there is no national or international mobilization to accomplish this goal.

On Dec. 20, the United Nations International Children’s Education Fund (UNICEF) released a report which surveyed the high death rate among the world’s children from malnutrition and related causes. Released in New Delhi, the report said, “Some 14 million children are still dying each year from common illnesses and undernutrition. . . . The social progress of decades is being brought to a halt, and, in some cases, thrown into reverse.”

The UNICEF Secretariat has called for an international summit conference in early 1989 to address emergency measures to reduce the death toll.

condominium” dealings. For the Russians, they test the Western liberal elites by demanding ever more outrageous terms of concession from Western governments. This is the real reason for that “Grain Robbery,” not the fabrication that in 1972-73 the U.S. government and cartel traders such as Cargill and Continental were “tricked” by clever Russian traders, about how large Russian purchases were. Kissinger and the Anglo-American establishment knew then, and know today, down to the last kernel of corn, what the Russians were and are grabbing from scarce Western reserves.

Figure 3 shows the dramatic percentage increase in Soviet and Chinese imports of U.S. wheat from 1987 to 1988.

Today, the Western world has undergone the largest reduction of grain reserve stocks on record in the current harvest year 1988-89, according to the U.N. Food and Agriculture Organization (FAO) and other estimates. North America, the world’s traditional “reserve” for all grain and grain substitutes such as the vital soybean, has been devastated by the most severe drought in this century, even more severe than the famous drought of the 1932-33 years.

U.S. corn, wheat, and soybean stocks have fallen 66%, 60%, and 66% respectively. Being the world’s number one exporter of grain, this shortfall has a major impact on the availability of food for all food importing nations. Less Developed Countries (LDCs) in Africa and elsewhere, will be severely affected, as many with the largest need for food have been hit by losses in food production from weather calamities and reduced credits from international banks needed to buy imported food. **Table 2** shows the major cereals-importing nations, and the annual tonnage of grain they import as an average of the last five years.

Yet the U.S. government continues to provide massive export subsidy payments to export scarce grain and food supplies to Russia, playing “Russian roulette” with Western world food security. The sinister depths of the deal are further confirmed by the fact that world grain reserves are so short, cereals stocks levels are now estimated now to have fallen below the 17% of use, which the FAO considers the “minimum necessary to safeguard global food security.”

The world’s second most important grain supplier, the European Community, has just decided to impose further crop reductions through price and acreage reduction penalties to reduce the EC harvest in 1989. This is similar to the USDA programs which in 1988 took 80 million acres out of production, 24 million of which will lay idle and not be cropped for 10 years.

EC agriculture policy, like USDA Washington policy, is effectively determined by the establishment that controls the multinational cartel grain trading companies. This “establishment” has decided to prop up Gorbachov at all costs. The Russian leadership, as they did in 1972, has decided to “test” how far the Western elites are prepared to go in this by secretly making deals to further endanger Western food security.

Cartel 'club' of private think tanks charts plan to dismantle agriculture

by Marcia Merry

Part of the network of operatives for food cartel interests—outside of company executives and government officials—consists of a number of so-called independent think tanks and private consultants. In 1985, the Trilateral Commission published its report, "Agricultural Policy and Trade: Adjusting Domestic Programs in an International Framework," a blueprint for how to dismantle food production that is based on the independent family farmer. In 1987, a new, specialized think tank was created by the same circle, called the International Policy Council on Agriculture and Trade, headquartered in the Washington, D.C. offices of Resources for the Future.

The Council's backers include many of the famous-name cartel companies—Central Soya/Ferruzzi, Archer Daniels Midland—several foundations, including the Rockefeller Foundation and the German Marshall Fund, and even the U.S. Department of Agriculture, through its Economic Research Service.

The Council's roster of "experts" includes Michael Andreas, group vice-president of Archer Daniels Midland, Dean Kleckner, president of the National Farm Bureau (serving on the Council to give an aura of farmer-approval to its proposals), and 24 similar individuals from around the world. A Soviet member will soon be added.

Over the 1987-88 period, this group focused on publicizing the cartel objectives for GATT (General Agreement on Tariffs and Trade): eliminating national sovereignty over food trade and farm policies. The Council held a press briefing at the Montreal GATT talks Dec. 7, 1988 to release its special report, "The Mid-Term Review and the GATT Negotiations on Agriculture," which elaborated on several key cartel-serving concepts, such as requiring countries to forego their right to attempt food self-sufficiency and to rely instead on "world market signals." The Council's argument is that this will make better use of the world's resources. The reality is that populations will be dependent on the cartel's decision of who will get food, and who will not.

Another such concept is that there should be "decoupling" of farm income subsidies from market prices and food production. The Council's argument is that nations should not "distort trade" by unwarranted attempts to increase food output. The reality is that food will become more scarce, and that farmers—even if they get some pittance at government (not cartel) expense for a short time, will be driven out of production.

The following are excerpts from an interview by *EIR* with a Council spokesman, Dale Hathaway, Dec. 7 in Montreal. Hathaway is vice-president of Consultants International; and was the former Undersecretary for International Affairs and Commodity Programs, USDA, during the 1970s negotiations of grain deals with the Soviets.

His remarks typify the pat rationalizations such spokesmen use to justify cartel plans for food shortage. The interview was conducted after the Dec. 7 press conference of the International Policy Council on Agriculture and Trade, at which Lorne Hehn, president of the United Grain Growers, Ltd. of Canada, said, "We've gone out of our way to insulate farmers. We've tended to build walls around our farmers." Farmers, he said, must be "gradually decoupled" from production-inducing programs, and that governments must "recouple them to the international market." Hathaway stressed, "Some producers could not survive." Council members never spoke of bankrupting farmers, only of "necessary adjustments."

Interview: Dale Hathaway

'There are no food shortages'

EIR: In terms of "liberalizing" trade, there is the question of how the "mega-companies"—the Ferruzzi in Europe, Cargill and so forth—are extending their operations so that the anti-trust question comes up. The National Grange, a few weeks ago in the United States, called for congressional hearings on the meat industry regarding anti-trust. And Britain has made some anti-trust decisions regarding sugar companies takeovers. Has your group addressed this at all?

Hathaway: No. We haven't looked at that. What you're talking about is concentration in processing, and whether competition is there. We have not looked at that issue. It strikes me that to some extent it's a national issue, because I don't detect any lack of international competition in the processing sector, even where you have some fairly dominant companies in one country, they are fierce competitors between countries.

EIR: So politically speaking, do you think we will never-

theless see more attempted anti-trust action. . . . Will Congress do anything?

Hathaway: I am reasonably certain that they will probably have some hearings on the issue. Whether they will act on it or not I think is not a question. I think they may well have some difficulty getting teeth into something specific, and I think they're going to have to be able to show clear evidence of behavior that is non-competitive in order for Congress to be likely to act.

EIR: A few years ago, people at the Hubert Humphrey Institute [a cartel-related think tank based in Minneapolis] attempted to profile the political decision-making that would take place if there was widespread famine in the world.

Hathaway: There is a possibility of another drought. Nobody could rule it out. If it occurs, we're going to have 12 months of very tight supplies.

EIR: What about the food commitments to the Soviet Union from that point of view?

Hathaway: At that point, there will be an immense outcry from consumers, saying, How come we're selling a lot of stuff to the Soviets and creating a lot of shortages. I watched that with interest in 1973. In this business, there tends to be a lot of recycling of old events, because it's a business in which there is a lot of fluctuation in terms of supply. But, having said that, it is one of the interesting things about the grains agreement. You have to remember that the Soviet grains agreement was originally put in place by Henry Kissinger in 1975, as a method of controlling the amount that the Soviets could buy—not to increase it, but to put an upper

limit on it. In all the years that I was the U.S. chief negotiator on the grains agreement, we had as much concern about, would they buy too much without our permission, as we did about, would they buy the minimum.

EIR: Though we hope there will be good crop weather in 1989, there is a drought cycle underway, and there could be a worse crop disaster. Mr. Robbin Johnson, of Cargill, said here in Montreal two days ago, that the IMF food facility, called the IMS, could be used by poor nations.

Hathaway: The IMF facility was designed in the 1970s, as a method of low-income countries financing imports, where they ran out of money to finance imports, and that is available and could be used. My own feeling is that those of us in North America particularly, really have a difficult time mentally understanding that real fear in some countries. . . .

EIR: The particular issue of not defining food security as food self-sufficiency, for Japan, for India, and elsewhere, is considered unacceptable.

Hathaway: Well, you see, this is my point. I am not certain that we really understand the psychology . . . of food shortages.

On the Soviet purchasing question, one of the things that always intrigues me is that nobody seems to understand, or to pay attention to the fact that the Soviets are the main beneficiaries of the current system. They understand it, I'm sure. With or without treaties. If you are the world's largest importer, in a market that is depressed as the main result of taxpayers in rich countries, you are the main beneficiary. . . .

USDA man was foreman of LaRouche jury

An outstanding feature of the political "show trial" in Alexandria, Virginia that convicted Lyndon LaRouche and six associates on Dec. 16, 1988, was the apparent role of the jury foreman, Buster Horton, a middle-level functionary of the U.S. Department of Agriculture. Even the judge was visibly surprised when the jury returned a blanket verdict of "guilty" for all parties, on all counts. Horton was smug when he handed the verdicts to the court reporter, in contrast to the demeanor of some others on the jury, one of whom left in tears. The indications are that Horton was a "plant" to get LaRouche. His behavior is the latest outrageous example of how, in recent years, many dirty operations at home and abroad have come to be conducted through the offices of the USDA.

Horton's career with the Agriculture Department shows a man prepared for such dirty work. He works in the office of "emergency operations" for USDA personnel. In this position, he has occasion to be the liaison to the Federal Emergency Management Agency, for purposes of handling forest fires, toxic chemical spills, etc. However, FEMA is also the nexus for intelligence operations involving state attorneys general and others that have been politically activated against LaRouche. Earlier, Horton worked in the USDA office of government liaison and public affairs.

Horton made his way onto the jury through a process in which the judge did not permit the defense counsel to question potential jurors. A key consideration of the defense for getting a fair trial was whether the person worked for a government agency whose staff could be expected to be prejudiced against the defendants. The judge himself did ask prospective jurors to disqualify themselves if they were prejudiced against LaRouche, but Horton did not leave.

'Food self-sufficiency no longer justified'

Below is the text of the "Elaboration of U.S. Agriculture Proposal With Respect to Food Security" currently before the GATT (General Agreement on Tariffs and Trade), a piece of magic-of-the-marketplace cultism that would prohibit nations from trying to be self-sufficient in food. It was filed on June 6, 1988, at the GATT Secretariat in Geneva, by the office of Ambassador Clayton Yeutter, U.S. Trade Representative.

The United States has proposed the comprehensive liberalization of and improved GATT disciplines for trade in agricultural products. The U.S. GATT agriculture proposal calls for the elimination of all market access barriers and subsidies which affect trade as well as the harmonization of health and sanitary measures.

We recognize that food security is a concern of all GATT member countries. An effective global trading system is important in providing the type of economic environment such that each nation can assure access for all its people to enough food for an active healthy life. However, food security need not imply food self-sufficiency pursued behind restrictive trade barriers.

Food security and self-sufficiency are not one and the same objective or goal. Food security is the ability to acquire the food you need, when you need it. Food self-sufficiency means producing some portion of one's own food supply from domestic resources, regardless of market forces, with deliberate intent of displacing imports or reducing import dependence. However, food security does not demand self-sufficiency. In some cases, in fact, self-sufficiency can actually work against food security goals.

Self-sufficiency, as distinct from food security, is no longer justified by the possibility of massive global food shortages. Throughout human history, up until the technological advances of the green revolution, a global food shortage due to crop failures was a conceivable, and often real, threat. Today, due to the greatly diversified sources of agricultural products and the worldwide integration of agricultural trade, it is highly improbable that food shortages caused by shortfalls in agricultural production would have a lasting or harmful global impact. For example, the largest year-to-year reduction in world grain output in the last 25 years has

been only 5-6%. Most annual variations fall within 2%. Good crops in some locations offset the quantitative effects of poor crops in others. Thus, the world market has been a dependable, stable source of food.

Disruptions or slowing of normal food supplies for short periods can be covered by stockholding at levels required to cover short-term needs. Countries which artificially maintain high levels of self-sufficiency gain minimal benefits in supply stability compared to that available on the world market. Yet the costs of self-sufficiency, due both to comparative disadvantage in production and the much higher risk and variability of individual country output means that artificially self-sufficient countries are paying very high costs for very meager benefits.

Domestic policies used to achieve self-sufficiency inevitably involve misallocation of resources through production support pricing, subsidies, import barriers and, on occasion, export controls. The adverse economic impact of these misguided policies is not confined to the countries utilizing the measures but is invariably spread to others through the limitation and reduction of access opportunities and unfair competition from dumped surpluses.

We believe that food security concerns of member countries, whether related to dependability of supply or ability to pay, can be addressed effectively without recourse to trade distorting policies. An unrestricted global trading environment will encourage the efficient use of national resources within and between countries. More efficient use of each country's domestic agricultural resources will enhance national income and increase consumer purchasing power. At the same time, food assistance programs have a critical and legitimate role in addressing food needs both in a national and international context. Therefore, in developing the U.S. agricultural negotiating proposal, bona fide food aid was specifically excepted from the phased elimination of all government programs that distort trade.

Recent World Bank sponsored studies demonstrate the gains to global food security from unrestricted agricultural trade. The importing countries benefit from more reasonable food prices and more choice as to where to buy and when; exporting countries benefit from more stable world prices and supplies. Accordingly, the U.S. is prepared to discuss appropriate means of building national food security for all GATT members as part of the process of global agricultural trade liberalization.

Access to supplies by food importing countries is critical to an effective global trading system. Embargoes on food exports are as distortive as barriers to food imports. There is no place for either in a global trading system. The United States, as a food exporting nation, is sensitive to its responsibility to those nations which count on free access to U.S. markets for the foods they need. Therefore, we propose removing from GATT Article XI 2.(a) permission for GATT Contracting Parties to restrict or prohibit exports of agricultural food products to relieve critical shortage.

Pan Am atrocity: prelude to Mideast war?

by Jeffrey Steinberg

American and British investigators have now confirmed that Pan Am flight 103 with 259 passengers and crew was blown out of the skies over Lockerbie, Scotland on Dec. 21 by a powerful bomb planted in the luggage compartment. While Western security services have tentatively placed the immediate responsibility for the bombing on the Damascus, Syria-based PFLP-General Command of Ahmed Jibril, broader complicity in the heinous action is being also laid at the doorsteps of both the Soviet Union and Israel.

And according to at least one senior Pentagon source, Washington has not altogether ruled out the possibility that some Israeli faction carried out the bombing. The London *Times* of Dec. 23 actually speculated in a prominent front-page article that the Mossad blew up 103 in order to "deep six" the U.S.-PLO dialogue. One respected retired Israeli military commander, while denying that the Mossad would have carried out such an act of mass brutality, told *EIR* that he could not rule out the possibility that extremist elements within Israel, including ex-Defense Minister Ariel Sharon, did order the bombing.

This broader suspected complicity by Moscow and Tel Aviv underscores the fact that the entire eastern Mediterranean is now on a hair trigger for war.

Russian policy, Israeli lunacy

Even though Mikhail Gorbachov gave tacit Soviet support for the Reagan administration's belated opening of a political dialogue with PLO chairman Yassir Arafat, Moscow is actually emphatically opposed to any solution to the Palestine crisis that might lead to a stabilization of the region

and a resurgence of American presence and credibility. Contrary to Anglo-American dreams of a "New Yalta" power sharing arrangement with Moscow based on superpower-dictated "solutions" to a string of simmering regional crises, Moscow is actually committed to a two-track global policy: 1) capture Western Europe with its 350 million inhabitants and its modern industrial and agricultural base; and 2) foment chaos in every other strategic spot on the globe. This doctrine of denying territory to her Western adversaries is key to evaluating Moscow's simultaneous "new diplomacy" and escalation of irregular warfare.

At least one prominent Middle East analyst has emphasized to *EIR* that Soviet foreign policy initiatives are always taken as an integral feature of Moscow's overall global irregular warfare. These initiatives often rely on "Pavlovian" stimulus-response estimates of what the policy initiatives will trigger. Thus, when Moscow gave its tacit support to George Shultz's opening of an official U.S. State Department dialogue with PLO officials following Arafat's recent United Nations speech in Geneva, the Soviets anticipated that Israel would respond to that American initiative by moving to overturn the strategic chessboard. According to this specialist, the Pan Am bombing may very well have been just such a Soviet-induced and Israeli-conducted strategic gambit.

Israeli officials have themselves contributed to this suspicion with a string of blood-curdling statements in response to the U.S.-PLO talks. Newly elected Prime Minister Yitzhak Shamir all but blamed the Reagan administration for the Pan Am 103 bombing, charging that the de facto American recognition of the PLO had emboldened Palestinian terrorists

to continue their murder spree. Foreign Minister Moshe Arens conclusively declared that "international Arab terror" was responsible for the bombing. While stopping short of outright accusing the PLO, Arens labeled the PLO the "foremost terror organization" in the world.

PLO chairman Arafat, for his part, condemned the Pan Am 103 bombing at a Dec. 23 Rome press conference, saying, "It is not a crime against one particular group of people, it is a crime against humanity."

The suspicion that Israel was behind the Pan Am bombing does not contradict the evidence now surfacing of a PFLP-GC role in the blind terrorist attack. The relatively unknown PFLP-GC is a closely held asset of Syrian intelligence. Its head, Ahmed Jibril, is widely believed to be an agent of Syrian intelligence. Since the early autumn, the group's number-two man, Hafez Qassem Dalkamoni, has been based out of East Berlin, working on building up terrorist cells inside West Germany and Sweden. On Oct. 27, Dalkamoni and 13 associates were arrested in West Germany. In the raids, sophisticated bomb-making equipment was captured.

Syrian officials, including Rifat Assad, have maintained longstanding collaborative ties to the Sharon faction inside Israel. Both Israel and Syria have been greatly alarmed by the opening of the U.S.-PLO dialogue. Focusing on the U.S.-Soviet "new détente" aspect of the Palestine negotiations, the *Financial Times* of London on Dec. 21 noted, "In Syrian eyes, the U.S.-Soviet détente should be as unpopular in Tel Aviv as in Damascus."

Was Moscow really brought in?

According to U.S. intelligence sources, President-elect George Bush played an active hand in the State Department's about face opening of diplomatic talks with Arafat and the PLO, and that Bush's idea of a U.S. policy intervention into the Israel-Palestine crisis does not necessarily envision a major role for Moscow. Reportedly, ongoing U.S. back-channel talks with Arafat associates were carried out with a clear intent of keeping the contents from falling into Soviet hands.

Bush has reportedly also elicited the help of Egyptian President Hosni Mubarak in boxing in the new Israeli government and forcing them to ultimately accept a direct dialogue with the PLO. While the *New York Times* on Dec. 26 touted Mubarak's statement that he would be willing to visit Israel to discuss the peace process with Shamir as an indication that Egypt would accept a negotiating track that excluded the PLO, Middle Eastern sources have emphatically stated that Mubarak is firmly committed to forcing Israel into the direct talks.

And Israeli sources inside the "peace camp" have confirmed that the United States is firm in its commitment to drag Israel to the negotiating table with Arafat. According to these sources, the United States played a decisive role in



Israeli Prime Minister Yitzhak Shamir: dead set against any peace settlement with the Palestinians.

blocking any kind of Israeli government dominated exclusively by right-wing and religious fundamentalist hardliners. All that Shamir and company can do, the sources said, is to hope to stall the process as long as possible through contentless promises of a "new peace plan." Their only real option is war.

Thus, Israeli "terrorism specialists" have gone out of their way to emphasize the imminent threat represented by Muammar Qaddafi's newly acquired chemical warfare plant, capable of producing chemical weapons that could be fired on Israel by intermediate range missiles. Whether through a raid on that Libyan chemical plant—replaying Israel's bombing of a civilian nuclear power plant in Baghdad several years ago—or through an orchestrated "little war" with Syria over Lebanon, Israel appears now to be hell-bent on blowing up the region to kill the peace process. The incoming Bush administration will have to impose heavy penalties on Israel if such a move is to be avoided. And if President-elect Bush really intends to recast American foreign policy in the Middle East away from the recent years' drift to joint U.S.-Russian initiatives, he will have to increasingly focus on the dangers inherent in a Soviet-Israeli joint effort. The first signs of such a Soviet-Israeli alliance may be found in the rubble of Pan Am 103.

Dominican university in Rome hears Helga Zepp-LaRouche on Cusanus

by our Rome Correspondent

"For more than 12 years I have been deeply convinced that our civilization can be saved only by bringing about a more just world economic order, based on the philosophical principles enumerated by Cardinal Nicolaus of Cusa." With these words the founder of the Schiller Institute, Mrs. Helga Zepp-LaRouche, opened a seminar in Rome on Dec. 16, 1988, on the figure of the great German-born humanist thinker Nicolaus of Cusa, who became an Italian by adoption, and who crafted the historic watershed known as the 1439 Council of Florence.

In a ground-floor conference room off the lovely 16th-century courtyard of the Dominican university, Pontifical Angelicum Atheneum, before a packed audience of scholars, professors, diplomats, and members of the Schiller Institute, representing nine countries—from Africa, to Poland, to Spain, to Czechoslovakia—the work and philosophy of Nicolaus of Cusa, called Cusanus, was discussed. The first publisher of the Renaissance, Vespasiano da Bisticci, described Cusanus (1401-64) as follows:

"A most worthy man, a very great philosopher and theologian, a great Platonist. He led a most holy life completely given over to letters and was learned in Greek.

"He traveled throughout France and Germany and collected a great number of books on every subject. He composed innumerable highly authoritative books on theology. He was a very sharp debater: He proceeded in his treatises by means of very subtle arguments. His works were very highly reputed.

"He had little use for pomp nor earthly things. He was a very poor cardinal and cared nothing about possessions. He gave the finest example in all of his works."

A modern version of Cusanus's thinking

"I asked myself," Mrs. Zepp-LaRouche began her speech on the timeliness of Cusanus's thought, which was translated from German into Italian by Liliana Celani of the Schiller Institute, "what it would make sense to say to an audience for whom philosophical and ontological questions are a vocation."

"In a certain sense," she continued, "a modern version of

the thought of Cusanus, for whom peace among peoples, or concordance, is only attainable through the development of all nations and all peoples, is the encyclicals *Populorum Progressio* and *Sollicitudo Rei Socialis*. In the former are contained all the essential programmatic lines; while in the more recent one by Pope John Paul II are mentioned the causes working against the realization of the progress of peoples, that is, the 'structures of sin' which are the result of many individual sins. And thus 'the injustice that cries out for vengeance in the sight of God,' as Paul VI wrote, has grown disproportionately in the last 21 years.

"The bestiality which dominates the world is such as to surpass even the capacity of human comprehension. How is it possible that the citizens of Western Europe, the United States, and Japan tolerate the fact that the entire Black African continent is dying before their eyes? Their hearts have become so withered, that they manage to stand by unmoved by the agony of billions of human beings, of mothers, fathers, and children who died of hunger and epidemics. The indifference of the masses to genocide, and the policy of the elites, go hand in hand."

After listing the evils present in today's world, from the drug traffic, to pornography, to the misery of Third World countries, Mrs. Helga Zepp-LaRouche added: "Even though I have traced completely different phenomena whose historical causes are different, they have in common the disdain for human dignity, and they are inspired in a certain sense by an image of man 'from below.' Modern anthropology is based on such a conception of man, according to which man is defined by a bestial origin, and by hedonistic and irrational impulses which are even praised by modern anthropologists.

"In this world outlook, there is no truth knowable by man, everything is pure opinion, everything is allowed, and the tyranny of democracy prevails." Here is where the importance and urgency of Cusanus's thought can be located: "In this incapacity to respond positively to the question: What is the sense of human life? Or rather in the loss of the values that we ought to be defending, lies the existential threat that places the human race in danger. Therefore it is all the more urgent to reestablish a high ideal of man such as that ex-

pressed by Nicolaus of Cusa, and to face the truth that derives from his human conception.

“Nicolaus of Cusa sees man from above. His dignity lies in the fact that he is made in the image and semblance of God, *imago via Dei*, and thanks to Christ who became man he is *Capax Dei*. His soul, that which is spiritual in him, is the image of the triune God, Whom he will resemble more and more as he develops what characterizes God as creator, His creative capacity, or the *vis creativa*. Since the world was created by God, it is a divine world in itself, a finite infinite. It is an image of God, a *coincidentia oppositorum* which is found in a finite contraction, that is, a dynamic process which is self-limiting.

“In his book, *De Ludo Globi*, Cusanus describes this process as one which aims at higher degrees of order: ‘The force of elementary complexity is already hidden in chaos, in the vegetative life is already hidden the life of reason.’

“There are ‘progressions’ in the universe from confusion and darkness to more defined formations and the *ascensio* from less perfect to more perfect formations.

“Both the historical evolution of the universe and the history of humanity have for Nicolaus a dynamic which tends from chaos toward consciousness.

“For nature this consciousness is obscure, it is knowable only to man, as the perfection of the cosmic process of self-perfection from the realm of inorganic matter, to plants and to animals, insofar as man is capable of understanding the laws of the universe.

“Nicolaus of Cusa was in fact the first thinker to recognize what from the modern standpoint could be called the ‘biogenetic principle.’ He explicitly examines the passage from one species to the immediately higher one. For him what is most important is the point at which a species reaches its highest degree of realization, which he calls the *terminus speciei*. This discussion is of interest for the modern theory of evolution. The great scholar of Cusanus, Professor Haubst, called the elaboration of this maximum boundary point (*höchster Grenzpunkt*) which divides one species from the other, the principle of maximity.”

Mrs. Zepp-LaRouche developed the scientific theory of Cusanus on evolution, then went on to illustrate the man-world-God relationship in Cusanus: “It is the capacity of reason of man, the *intellectus*, which causes him to participate in God. His force of intellectual comprehension in this process possesses a capacity for indefinite progress.” Precisely because the human spirit is a living image of “eternal wisdom and of the infinity of God,” it “can always know more, in an endless process.” From this derives too the unique role fulfilled by man in creation, since: “No other nature can improve thanks to itself, but is what it is by force of necessity; only the spiritual nature possesses the principles (intellect and free will) through which it can improve and thus become more like God.”

Mrs. Zepp-LaRouche developed the contribution given



Philip Ulanowsky

Helga Zepp-LaRouche: Today it is urgent to reestablish a high ideal of the dignity of man, such as that expressed by Nicolaus of Cusa.

by Cusanus to the development of natural law: “Cusanus links his Christian natural law to moral theology and to the doctrine of natural law of Thomas Aquinas, and from that develops the necessity for national sovereignty, of the republican representative system, and of the rights of peoples. According to Cusanus, from natural law there can derive forms of government worthy of men, because this is the law given by God, universally valid and indestructible.”

Returning to the present, Mrs. Zepp-LaRouche said, “Hence the decisive question is: how to define concretely, basing ourselves on the principles of natural law, what is Good and what is good for society? This according to Cusanus, ought to be the purpose of politics.

“The right definition of natural rights consists in determining and demonstrating empirically what policy could have beneficial effects in the course of many generations, and what policy instead would lead to disaster.

“The obvious test of this investigation lies in universal history. The decisive historical question is how to assure human existence. The measuring rod is the concept expressed by Lyndon LaRouche of ‘relative potential population density.’ If natural law guarantees the right to life of every individual, then we have to investigate what potential population density will have to be reached to sustain a growing, productive population.”

Father Abelardo Lobato, dean of the philosophy faculty of the Dominican University and secretary of the International Thomas Aquinas Society, which held the conference, had introduced the session with an address on the “Dignity of Man in Cusanus.” With his profound knowledge and ex-

pressive clarity, Father Lobato underlined the modernity of Cusanus's thought by expressing his faith that "this memory of Cusanus will have have repercussions and will awaken imitators."

"The being and the dignity of man," Father Lobato said, "must be deduced from awareness of the relationship which pertains between man and the world and man and God. In fact he is the link between the two, the *copula mundi*. Cusanus develops this relationship in different relations in three fields: in being, in knowing, and in the exercise of freedom. Man has his place at the center of reality, and he is in truth the measure of all."

The Dominican professor beautifully expounded on the theme of man *secundus Deus*: "The power of man becomes creative power, and makes of man a 'second God': The first domain of this infinite power is the order of knowing, in *noiein*, the second is in the domain of doing, in *poiein*, and the third is in the domain of acting, in *pratein*. God the absolute creator with infinite power makes real things, man with his relative infinity cannot create real things, but he has a power to recreate a new world all his own, in the three abovementioned modes." He wrapped up: "What is typical of Cusanus is the accent placed on the participatory capacity of the creative potential of God."

The last speaker, Maria Cristina Fiocchi of the Schiller Institute in Italy, stressed the great ecumenical project of Cusanus of reunification between the Eastern Church and the Western Church, which was brought to fruition in the Council of Florence in 1439. Fiocchi took the opportunity to begin: "A little known chapter in the history of mankind was the Council of Florence, a religious event of far-reaching importance, and also a fundamental stage in the Italian Renaissance. It was in fact during this extraordinary event that the overcoming of the medieval philosophical heritage and of paganizing platonic dualism, was sealed in the most complete way. The Renaissance conception of man was incorporated into the Christian spiritual heritage, opening the way to the glorious European civilization, to scientific discoveries and to technological development."

She added, "Such a meeting is intended to be located among the celebrations for the 550th anniversary of the 'Decree of Union' unanimously signed at the Council of Florence. Mrs. Fiocchi concluded her speech with an appeal: "Let us take up the writings of Cusanus again, which have been forgotten for too long, and let us use them as the fertile inspiration for ideas that will allow us to emerge from the present dark ages."

The wealth of ideas and the depth of the subjects addressed, sparked off a lively discussion at the end of the seminar, which went on for nearly two hours. Those present were visibly struck and almost transformed by the cultural optimism communicated by the speakers, and enthusiastically accepted the idea that similar initiatives should take place in the future.

Wiesenthal: Soviet the biggest Jewish

The following passages are translated by EIR's Wiesbaden bureau staff from an article which appeared in the West German daily Frankfurter Allgemeine Zeitung and which is based on an interview with Simon Wiesenthal. The article was published on Dec. 17 under the headline: "We Were in Love with This Century."

Simon Wiesenthal directs the Jewish Documentation Center in Vienna, Austria and is the most famous "Nazi hunter" in the world today. He is among those Jewish leaders who protested the savage operation unleashed against Philipp Jenninger, the former Speaker of the West German lower house of parliament, the Bundestag, in early November 1988, following Jenninger's speech on the occasion of the 50th anniversary of Hitler's Kristallnacht pogroms against the Jews. An orchestrated reaction to Jenninger's speech, totally misrepresenting it as a justification of the Nazis' crimes, was carried out by the Social Democrats, the terrorist-linked Green Party and other Soviet assets in the West German parliament, backed up by a Big Lie campaign in the international media.

This led to Jenninger's forced resignation, and tightened Moscow's increasing blackmail grip over the political process in West Germany.

The article quoted below fits into the context of resistance, within the Federal Republic of Germany, against such manipulations by the Soviets and their assets among the Jewish community in the West—assets led by Seagram's magnate Edgar Bronfman, who is covering up for Soviet anti-Semitism in his zeal to promote "New Yalta" arrangements with the Kremlin.

Cyla Wiesenthal has been saying for years to her husband Simon: "Look, you have done enough against Nazism, let's live the few years we still have without threatening letters and without policemen in front of the door. Let us go to Israel or somewhere else." And he has answered her for years: "I understand what you mean. But I would feel like a traitor. Would you like to live with a traitor?"

"I have become the mouth of those who cannot speak any more," declares Simon Wiesenthal. Eighty-nine relatives, except his wife Cyla, were killed in concentration camps. "I found my wife several months after the war. We had a child

anti-Semitism is problem today

in 1947, to become a family. Friends, relatives, everybody one could think of, were dead." Poland had become a cemetery. . . . At that time he lived in Linz [Austria]. Never would he forget the day, when his daughter Paulinka came back from school before Christmas and said: "Every child has a grandmother, a grandfather, and aunts." She asked her mother: "Didn't you have a mother? Where is my grandmother?" He said that he went into the next room and cried. "And then I have asked myself: Can I tell everything to an 11-year-old child? How can I prevent her from looking at the other children in school as being children of murderers? And I said to myself, I am not allowed to destroy the soul of my child." He called up a friend in Vienna and asked him to say he was his cousin and to invite his daughter once to Vienna. He never talked at home about his work; only when his daughter got older, did he start to tell her the truth bit by bit. . . .

Law, Not Vengeance, is the title of his memoirs which appeared recently. What everything is all about is truth and justice. He is thinking in terms of guilt and atonement. . . .

Stalin like Hitler

Deeply engraved in him is the knowledge that atrocities are possible not only in one nation. Anti-Semites among the Poles, Ukrainians, and Soviets are not better than anywhere else. He does not differentiate between Hitler and Stalin. His aversion against Communism is hardly less than the one against National Socialism. He tried to find out the details of the mass executions of Katyn, and uncovered the collaboration between the Gestapo and the Soviet secret service NKVD. He is an insider to the conditions in the East bloc, and much to their dismay, he also studies the present. The anti-Semitism in the Soviet Union, he says, is today the most important Jewish problem in the world. . . .

One of those whose lives he saved, was invited by Wiesenthal in 1965 to the wedding celebration of his daughter Pauline. He showed gratitude also to other Germans, who had behaved humanly during the Third Reich. Not all party members were Nazis, he said. And there is nothing like collective guilt. . . .

He never uses the term war criminal, because with this word one would make soldiers out of murderers. He uses the

term Nazi criminals. . . .

"People think that I am a Jewish James Bond or an old Don Quixote. No. What is my work? The work of thought. I am used to thinking around six corners, if I want to figure out something. The police can ask everybody, I can not. . . ."

Questions are often answered with questions in reply. "What is the higher morality? The man, who has millions of people on his conscience in liberty, or a certain transgression in order to make the right win?" Facing the crimes of the Nazis, our right is a kind of "building instruction by the police" when confronted with an earthquake. . . .

He is not a hater. "Were I to hate, I would already be ruined spiritually." He can only forgive what happened to him personally, but not the crimes against other people. He described in his book *Die Sonnenblume* [*The Sunflower*] how he was at the death-bed of a guilty SS man who asked him, the Jewish prisoner, vicariously to forgive him. Wiesenthal could not forgive him and went out of the room without saying one word. . . .

After he was freed and the war was over, Wiesenthal went to Stuttgart to find the mother of the young murderer. He forgave her and did not mention what her son did. . . .

Justice is the foundation of life, Wiesenthal says. . . .

After [Social Democrat Bruno] Kreisky had become chancellor, several hundred legal proceedings against presumed Nazi criminals were dropped. . . . Kreisky took over the Polish Secret Service slander that Wiesenthal had collaborated with the Gestapo. Wiesenthal took out a lawsuit for damages. . . . Nobody has hurt him after the war as much as Kreisky, he said. . . . Since that he felt himself to be an "Unperson." . . . "Nowhere more than in Austria, the word hunter had a negative undertone." . . .

Wiesenthal insisted in front of the World Jewish Congress, that one first has to have proofs before one can charge somebody. . . . He showed the door to an American TV team, which asked him about the difference between [Adolf] Eichmann and [Austrian President Kurt] Waldheim, and he rejected the threat of "American psychopaths against the nation of Austria." This has brought him sympathies in Austria, but not at all in the U.S., where he lost friends. . . .

Hitler not only killed millions of Jews, Poles, and gypsies, but also millions of Germans and Austrians were harmed up to the second generation. . . .

"Many young people today don't know what happened. Dictatorships deal with young people from early to late; not so democracies. It was the fault of my generation that we didn't know anything. We were in love with this century. I painted caricatures of Hitler, but we didn't take him seriously. A man with such idiotic ideas in such a cultured and intelligent nation! And nobody should say, only the Germans! The whole world has not acted in a proper way from the beginning." . . .

Next spring people can see the story of his life in the movie "The Murderers Are Among Us."

Deng Xiao-ping's diplomacy: The third empire wants more

by Webster G. Tarpley

The essence of the "New Yalta" arrangement is a tripartite imperial world dominated by an Anglo-American, a Russian, and a Red Chinese empire. The three power centers are now struggling to determine the contours of the lines of demarcation which will delineate their respective imperialist spheres of influence. Compared to the Soviets and Washington-London, Beijing obviously represents a militarily and economically weaker center of power. But it is one that drives a very hard bargain, and which is capable of pursuing its goals by quick variations on anti-Soviet, anti-American, and anti-superpower (i.e., against both) political lines. Deng Xiao-ping, an evil demiurge, is accustomed to accomplishing much with little, and has shown that he is more than the equal of the Gorbachov clique and, of course, of any U.S. administration. Right now, the dominant note in Beijing appears as the extortion of concessions from Moscow and from Moscow's allies as the price of a Sino-Soviet rapprochement. But a concomitant effort is being made to extort counterbalancing concessions from Washington, also using leverage provided by George Bush's two-year stint at Mao's court under the Ford administration.

The essential considerations of Beijing's strategy start with the need to avoid strategic encirclement by securing the frontiers of the empire, and keeping the small but significant ethnic minorities in line. The concern starts with Inner Mongolia and Manchuria, both of which face Soviet troop concentrations; there is also the traditional Beijing claim to sovereignty over Outer Mongolia, a Soviet puppet state, where Soviet troops are stationed. Beijing wishes to maintain hegemony over Tibet by bringing the Dalai Lama to heel. Then, there is Sinkiang ("Chinese Turkestan"), with a restive population of Muslim Turks sometimes called the Hui. The long-standing border dispute with India will be touched on later. Deng wants the Soviets out of Afghanistan, and is certainly not happy about the Kremlin's annexation of the Wakkan corridor, which deprives him of a common border with the Afghans, while giving Russia a common border with India. On the Korean peninsula, Deng's game is to minimize Soviet influence in Pyongyang while securing economic and diplomatic concessions from Seoul.

Beijing's desire to hegemonize Southeast Asia, an old imperial sphere of influence, is well known. Here, Deng

seeks to cut Vietnam down to size, forcing the withdrawal of Hanoi's troops from Cambodia as a step toward a pro-Beijing government in Phnom Penh, with the participation of Pol Pot's Khmer Rouge. Most of all, Beijing wishes to seize Taiwan and liquidate the Kuomintang, the only serious challenge to Communist rule within Chinese culture.

The world comes to Beijing

During the first 11 months of 1988, the Red capital was visited by 24 presidents and prime ministers. Rajiv Gandhi came, the first such visit by an Indian prime minister in 34 years. If Gorbachov comes, it will be the first call by a Soviet party boss in 34 years. Prime Minister Li Peng just completed a four-day state visit to New Zealand.

The visit to Beijing that Gorbachov wants so badly remains on the front burner. Gorbachov is doing so badly on the internal front that foreign policy remains the sole arena where he can retain the initiative. Meeting Deng is the only way he can match his gulling of Reagan. But Deng intends to exact a high price. Chinese Foreign Minister Chien Chien arrived in Moscow on Dec. 1 for talks with his Soviet counterpart, Eduard Shevardnadze, in the first such consultations in some 32 years. In announcing this visit, Foreign Ministry spokesman Li Chin-hua told reporters that the main issue in Chien's Moscow talks would be Cambodia. "We hope to see the smooth development of the talks between the two foreign ministers and further new progress on the question of Kampuchea," Li said, adding that "if the talks between the two foreign ministers on the question of Kampuchea go well, then the Sino-Soviet meeting of top leaders can be held soon." Note the big "if": If Moscow gets the Vietnamese out of Cambodia, Deng is willing to receive Gorbachov.

Hanoi has been offering talks to Beijing on fixing a deadline for removing its forces from Cambodia, but Foreign Minister Nguyen Co Thach says the Red Chinese are not willing to talk. Beijing obviously thinks that there is nothing left to negotiate, and that the Vietnamese must get out according to the existing timetable.

But Cambodia is far from being the only linkage. On Nov. 21, BBC World Service reported an article in the official *Beijing Review* which contained a stern warning to the Soviets on Afghanistan. Moscow has said that its troop pull-

out from that country is frozen, much to the ire of Beijing. The article bluntly stated that any setback to peace in Afghanistan could seriously disrupt the détente process worldwide. In particular, the article said that the suspension of the Soviet troop pullout could have an "adverse influence" on other situations, meaning the summit, and that any departure from the Geneva accords by the Russians would "seriously disappoint the world's people." The delivery to the Kabul puppets of Soviet short-range ballistic missiles and warplanes was "most worrisome." The BBC commentator concluded that the Sino-Soviet summit could be in jeopardy.

Then there is the question of India, which Beijing regards as an area of preponderant Soviet influence. During Gorbachov's recent visit to New Delhi, he recommended that India and Red China settle their border and other disputes so the two biggest Asian powers could cooperate with Moscow for "solving the problems" of the region—a clear reference to New Yalta condominium arrangements. The Sino-Indian border disputes were, of course, the apple of discord that led to a brief border war back in 1962. India claims 14,500 square miles of territory held by China in the Aksai Chin region of the western Himalayas. Beijing in turn claims 56,000 square miles of territory held by India in Arunachal Pradesh in the eastern Himalayas; the Chinese say this land is historically a part of Tibet. Both disputes involve the delineation of the McMahon Line, the demarcation drawn by a British imperial official who used a very thick pencil on his map when dividing India from Tibet in 1914.

It is clear that Gorbachov has been leaning on Rajiv Gandhi to make concessions to Beijing as a means of smoothing the Sino-Soviet rapprochement. Gandhi is being instructed to ante up. The haggling was blatant enough to become an issue in the Indian Parliament, where legislators demanded that he reveal all details of his negotiations with Gorbachov, including any secret protocols. Gandhi denied that anything had been said about the Sino-Indian border: "The Soviet-Chinese talks on their border and the Indian-Chinese talks on our border were not discussed as such," said Gandhi, according to the Press Trust of India. "The two situations are totally different and I don't think you can compare them." Gandhi's thesis is that "Sino-Soviet and Sino-Indian relations are purely exclusive," and that "there is no question of one being at the cost of the other or tied with the other." Gandhi also argued that when he is negotiating with Moscow, "China is unimportant." The Indian prime minister is protesting too much.

Hanoi says that on Nov. 19, Red Chinese missile destroyer number 134 opened fire on a Vietnamese vessel in the waters off the Spratly Islands, which are claimed by the P.R.C. and Vietnam, as well as by Malaysia, the Philippines, and the R.O.C. China calls these islands the Nansha group. On Nov. 23, Beijing rejected a formal protest note of the Vietnamese Foreign Ministry by stating, "It has been verified that no military action was undertaken by Chinese naval

vessels on Nov. 19 while they were performing their mission in the sea area of the Nansha islands." The Foreign Ministry spokeswoman said that destroyer 134 was in its anchorage and that therefore "there is simply no such thing as its shelling of a Vietnamese warship."

As regards the Bush administration, Beijing's clearly emerging line is that the United States must now consummate the ultimate betrayal of the Republic of China by actively helping the Red Mandarins to phagocytate Taiwan. In the *Beijing Review* that appeared Nov. 20, Fei Xiao-tong, the vice chairman of the China National People's Congress (Beijing's Parliament) demanded that Bush work toward the "reunification" of Taiwan with the mainland. Fei complained, "The United States only upholds China's reunification in words, but not in deeds." In the same article Rong Yiren, the head of the China International Trust and Investment Corporation, was quoted saying that Bush has a good knowledge of China after his 1974-75 stay in Beijing: "The prospects for further development are generally good, but not without problems," said Rong.

A similar line spiced with threats and blackmail was propounded by Red China's ambassador to Washington, Han Su, who spoke to Chinese media in Washington some weeks in advance of the tenth anniversary of the Carter-Brzezinski "China card" rupture of diplomatic relations with Taipei in favor of full recognition for Beijing. Han said that in P.R.C.-U.S. relations, there has been "stable development," but that "there are still some negative factors." He identified Taiwan as "the most crucial problem blocking China and the United States from establishing a new type of relations."

Han added, "The Taiwan Relations Act of the United States has always been a dark cloud casting shadows over the relations of the two countries." Han further commented that it is "regrettable" that "a few people in the United States still make unfair criticism of China's internal affairs and even want China's affairs to be done according to their will." The latter is thought to indicate self-consciously impotent State Department bleating about human rights violations, forced abortions, the status of Tibet, and arms sales to Iran and the Middle East. Beijing has also recognized the Palestinian state.

Beijing is full of advice for Washington these days. On Nov. 24, the *People's Daily* quoted Vice Prime Minister Tiang Jiyun saying that Red China wants the United States to "seriously consider" the North Korean plan for the reunification of that divided peninsula. The North Korean plan, which was proposed on Nov. 7, 1988 calls for a gradual reduction of U.S. troops and nuclear weapons stationed in South Korea and a three-stage conventional disarmament plan for the Seoul and the Pyongyang regime. All of this would be negotiated at a tripartite conference of North Korea, South Korea, and the United States. Tiang said Pyongyang's bid, which is a transparent demagogic ploy, represented "yet another sincere effort" by North Korean dictator Kim Il Sung to ease tension.

The Gordievsky affair: Soviets mounted 'World War III' hoax

by Scott Thompson

A book that will appear in the United States in spring 1989, *The Storm Birds*, that is partially based upon the statements of Oleg Gordievsky, a prominent Soviet defector to Britain, will claim that Moscow was prepared to launch a thermonuclear World War III back in autumn 1983. Authoritative sources have insisted that Moscow did simulate threats during that period—the time at which forces inside the Reagan administration moved to oust Judge William Clark from his position as National Security Adviser, and to break off all direct contact with Lyndon H. LaRouche, Jr. and his associates at *EIR*.

In fact, Moscow was not ready to go to war in autumn 1983. The threat reported by Gordievsky was simply carefully orchestrated disinformation that was part of a calculated strategic deception to test the will of the Reagan administration. Apparently, many Western authorities were deceived by that bluff then, and continue to be fooled to the present day.

The British Secret Intelligence Services have been so proud of their defector Gordievsky, that he not only consults regularly with Prime Minister Margaret Thatcher on a “revolving door” basis, but authoritative British sources claim that he remains an adviser to the prime minister and the Foreign Office on Mikhail Gorbachov’s policies long after his usefulness as a defector has disappeared. It was on the highest British recommendation that a 50-page report by Gordievsky, classified “COSMIC,” titled “Soviet Perceptions of Nuclear War,” was read by President Reagan from cover to cover.

The late director of the CIA, William Casey, accompanied by Lt. Col. Oliver North, reportedly flew to London before the first, 1985 Reagan-Gorbachov summit in Geneva, to debrief Gordievsky on how the President should conduct himself. Gordievsky was also brought secretly to the United States for several days of debriefing by senior officials of the National Security Council, the State and Defense Departments, U.S. intelligence agencies, and, possibly, for a showcase visit with President Reagan.

Was he a dispatch?

The perception of a false defector (dispatch), carrying Soviet disinformation into Western policy deliberations has lost ground since 1972, when James Jesus Angleton was fired as CIA chief of counterintelligence, because of the “détente”

era then ushered in by Secretary of State Henry Kissinger and DCI William Colby. Several leading intelligence analysts and defectors, questioned by *EIR* on whether Gordievsky was a “dispatch,” called this “Angleton’s paranoid school of counterintelligence,” or denied that such a high-ranking KGB officer would be deployed on such a mission.

Others reasoned that Gordievsky “gave away the store.” Not only had he identified Soviet “mole” Arne Treholt in Norway, but, after his defection was announced by Margaret Thatcher before Parliament in 1985, the British kicked out 31 Soviet diplomats, journalists, and trade officials, whom Gordievsky had reportedly identified as espionage agents of the KGB and GRU. It was also argued that MI-6 had to conduct a daring rescue of Gordievsky in Moscow, after he had fallen under suspicion of being the “double agent” who had exposed Treholt.

EIR is not prepared to say whether or not Gordievsky was a witting dispatch. However, it is notable that Gordievsky won his position as KGB *resident* in London, when, supposedly acting as a British “double,” he successfully stage-managed Gorbachov’s December 1984 visit to London, during the Soviet succession crisis, when Thatcher gave her approval to his rise to power by stating, “Gorbachov is a man whom the West can deal with.” Gorbachov credited Gordievsky with much of his success, and had him promoted from deputy station chief in London to *resident*. It is certainly curious that MI-6, working through their alleged “double,” wanted Gorbachov to succeed in the faction fight that landed him the general secretary job three months later.

This raises significant questions about the continuation of the “Anglo-Soviet Trust,” which earlier endorsed Gorbachov’s mentor, KGB chief Yuri Andropov to be general secretary, on the basis that he had been “Westernized” by H.A.R. “Kim” Philby, et al.

Arne Treholt had already fallen under suspicion, according to Scandinavian intelligence officers queried by *EIR*, so it cost little to cough him up. Trading 31 Soviet espionage agents in Britain for the impact Gordievsky’s disinformation about the World War III hoax had upon a major shakeup in the Reagan administration, definitely favored the Soviets in the bidding.

Author Gordon Brook-Shepherd, who was permitted by MI-6 to interview Gordievsky for three days for his *Storm Birds* book, claims unequivocally that Gordievsky’s warn-

ings of a war danger caused President Reagan to drop his analysis of the Soviet Union as an “evil empire” and to make overtures to the Soviet leadership.

Orchestrating the hoax

In June-July 1983, Lyndon H. LaRouche, Jr. went on an international fact-finding trip in order to present a report on the current Soviet posture to the NSC. He noted that the United States must expect some key Soviet military incident within about 30 days, and that this incident, whatever it might be, would begin a general escalation of almost unprecedented Soviet threats. LaRouche’s point: “Our nerve was to be tested.”

The idea that the Soviets would “test” the Reagan administration was widely accepted by a traditionalist faction of the administration in senior positions, according to Murrey Marder, who first revealed the Gordievsky side of the war hoax in an Aug. 8, 1986 *Washington Post* article, “Defector Told of Soviet Alert; KGB Station Reportedly Warned U.S. Would Attack.” LaRouche’s 1983 warning proved correct; within less than 30 days, Marshal Nikolai Ogarkov personally defended the shooting down of the civilian airliner, KAL 007.

Although President Reagan rightly identified some of the elements which proved conclusively that Moscow had deliberately attacked the airliner, no adequate political penalties against Moscow were exacted. By Soviet standards, U.S. nerve had failed its first test.

This led to the Soviet escalation during the NATO command post exercise, Able Archer, a few weeks later. The Soviet Politburo, according to Gordievsky, ordered the KGB and GRU to work together to determine if the exercise was a cover for a NATO attack upon the Soviet Union.

The Soviets, so the story goes, estimated it would take the West 7-10 days to prepare their attack, so the Soviet intelligence alert was the first step toward their own count-down. Examined from a distance—knowing that the U.S. had conducted the Able Archer exercise for several years and had no intention of war—the Soviet deception becomes an incredibly cheap one. It did not even require a significant Soviet military alert, merely an intelligence-gathering exercise, which the Soviets knew would be picked up by Western signals intelligence and reported back by “double agents” (possibly including Gordievsky) as “the real thing.”

LaRouche later stated, “Was there, as London sources now say, a Soviet threat of World War III during autumn 1983? No. There was something very nasty afoot in Moscow: a grand-scale strategic deception. It was ‘nuclear living theater’ . . . The West ‘blinked,’ and the rest, to date, is recent history. What was pushed aside was the very simple fact, that Moscow was not prepared to go to war, unless attacked, at that time. Also, Moscow feared no U.S.A. attack at that time, or any time since, to the present day.”

In fact, at this very time, LaRouche and his associates were in a faction fight at the NSC, around two major points:

1) The Soviets were involved in a five-year program designed by Marshal Nikolai Ogarkov to build up their military to the point that it could either hope to win a thermonuclear war started by Moscow, or where its overwhelming strategic superiority would Finlandize the West, starting with Western Europe’s industrial economies. 2) The fact that the dominant ideology of the Soviet *Nomenklatura* was precisely that of an “evil empire,” which sought world domination in correspondence with the blood-and-soil doctrine of the Russian Orthodox Church, that Moscow would become the “Third and Final Rome.”

Corroborating LaRouche’s analysis that the war threat was a psychological warfare hoax, the *Washington Post*’s Murrey Marder noted from other NSC-level sources: “Many senior administration officials scoff now, as they did then, at the suggestion that the Soviet Union was genuinely alarmed by U.S. military moves or public statements, or that Moscow had any justification for feeling vulnerable. The ‘war scare’ in the Soviet Union in 1982-83 was deliberately engineered for propaganda purposes, these officials maintain.”

Reagan administration ‘blinks’

When the Soviets ran their strategic deception in response to Able Archer, tensions between East and West were at a high point, largely because of Soviet alarm over President Reagan’s announcement of his Strategic Defense Initiative in March 1983. The Soviets feared not only that they could not compete with the West in this new technology, but also that the SDI might act as a “science driver” for reviving the Western economy, whose collapse Marshal Ogarkov had counted upon as part of his war plan.

This new policy course of the Reagan administration is what the Soviets sought to disrupt through their World War III hoax, for which Gordievsky was a vehicle.

Within weeks of the Able Archer hoax, William Clark—the architect of President Reagan’s “evil empire” analysis of the Soviets—was ousted from the NSC, followed by other members of the traditionalist faction. LaRouche, who was blamed by the Soviets for SDI, was cut off from contact with the NSC, along with his *EIR* associates.

The only unknown feature of this Soviet-orchestrated cold coup was the role played by the President’s wife, who was already under the influence of Soviet Trust agent Armand Hammer, via her friends, the Charles Z. Wicks.

Despite a lack of media coverage on this point, there should be no question of the importance that the Soviets attached to the LaRouche/SDI issue.

In an Oct. 26, 1983 *Literaturnaya Gazeta* article, “Notes of a Political Observer: ‘Star Wars’/The Space Program: A Casus Belli?” Fyodor Burlatsky, a former member of a special intelligence unit of the CPSU Central Committee, stated, “Space weapons, if they are created, will undoubtedly represent a most dangerous factor of destabilization. . . . Space weapons are a *casus belli* for nuclear war.”

A Soviet 'goodwill' tour of Asia

by Linda de Hoyos

Soviet Foreign Minister Eduard Shevardnadze took a pre-Christmas tour of Asia, visiting three different countries: Japan, the Philippines, and North Korea. In all three, the aim was to take concrete steps in the creation of Moscow's dream for the region: the "Asian Collective Security Pact."

However, this was not the public thrust of Shevardnadze's excursion. But for those who have followed Soviet interventions into the region, especially since 1986, when the Soviet Union decided to embark on a policy of "confidence-building measures" leading toward Soviet hegemony over Asia, and General Secretary Gorbachov's declaration of the U.S.S.R. as an "Asian power," there was no doubt of the objective.

Shevardnadze's first stop was Tokyo, where he said his aim was "to open a new chapter in Japan-Soviet relations. His mission was to attempt to break the impasse created by the Soviet Union's seizure of four islands off Japan's northern coast in 1946. The Japanese, who never signed a peace treaty with Moscow after World War II, demand that Moscow give the islands back, if it wants to gain Japanese participation in the development of the U.S.S.R.'s Siberian hinterland.

One Soviet embassy official in Tokyo told the *International Herald Tribune* that Moscow considers Japan as "backward" and likely to "lose" because it is not "developing relations in every possible field" with the U.S.S.R., as Western European countries and the United States have done. Still, the official was reportedly forced to admit, "Japan still holds most of the cards."

It would seem the Japanese definitely believe so. The talks between Shevardnadze and his Japanese counterpart, Sosuke Uno, ended in stalemate, and were described by one Japanese official as "frank, serious, and heated"—diplomatese for acrimonious. Although Shevardnadze met Prime Minister Takeshita, there was no inkling of when Mikhail Gorbachov might visit Japan.

The last session of the talks was devoted to the Kurile Islands. According to the Japanese press, during their six and a half hours of talks, Uno gave Shevardnadze a history lesson on why the "northern territories," which lie just off Hokkaido, belong to Japan. Shevardnadze in turn appealed to Japan, "Let us not allow other problems between us to become hostage of just one problem. Even if there is a painful area remaining between us, [the U.S.S.R.] is prepared to address it with medical measures in the form of a new political concept." But earlier, Mr. Uno said there would be no improve-

ment in Japanese-Soviet relations without progress on the islands issue.

Shevardnadze was also insistent in his requests for Japanese investment. Officials told the Russians, "The overall situation in bilateral relations is not necessarily suitable for investment." The environment in the U.S.S.R. for foreign investment "must be improved," the Japanese said, and "there is not much record of foreign investment in the U.S.S.R. so far." Japan called the Soviet proposal for an agreement on basic trade principles "not clear enough," and said, "Japan does not see the need for any more agreements." Trade with the Soviets is only 1.3% of overall Japanese trade. A Japanese foreign ministry official told the London *Financial Times* that Japan is unwilling to underwrite Russia's economic development. "Assistance is not a notion that our government is considering," said the official, noting that Japan does not take Soviet claims of *glasnost* at face value. "We are watching carefully to see if these reforms change Soviet objectives in any way."

The main official outcome of Shevardnadze's visit was ratification of a treaty to protect migratory birds.

Glasnost comes to Manila

But if Shevardnadze failed to win confidence in Tokyo, he appeared to make gains in Manila, where he took great pains to give the "aura" of concessions.

Shevardnadze hinted to Philippines Foreign Minister Raul Manglapus that the Soviet Union might unilaterally pull out of Cam Ranh Bay. Shevardnadze, who buzzed into Manila for 24 hours, further claimed that Moscow is no longer interested in negotiating the removal of U.S. military bases from the Philippines.

Manglapus, who visited Vietnam last month, explained to the press that Moscow is "aware of our history and our constitution. He [Shevardnadze] merely expressed the hope that the time will come when the question itself will no longer be an important item in anybody's agenda. He recognized that there are important economic and political factors involved in the U.S. presence there."

"We have absolutely no intention of driving a wedge between the Philippines and its traditional allies," Shevardnadze said.

The Soviet foreign minister also pledged that Moscow would not deliver logistical or other support to the communist insurgent New People's Army.

But the real Soviet aim came through during Shevardnadze's meeting with Philippines President Corazon Aquino. Shevardnadze delivered a letter of invitation to Aquino to visit Moscow, a request that has been accepted but without the setting of a date. "We have to take a first step toward building new relationships in the Asia-Pacific region, toward creating the necessary negotiation mechanism," Shevardnadze said, as if Soviet politeness were able to nullify the Russians' major military build-up in the Pacific over the last 10 years to become the dominant military power in the region. Shevardnadze called for a conference of Asian Foreign Ministers to "reduce tensions" in the region."

Aquino was at least publicly taken in by the new Russian face. "We view Mr. Shevardnadze's visit"—the first by a Russian foreign minister ever—"to this part of the world as a signal that Soviet Russia will now assume her place among us as an Asian country."

Will it fly in Pyongyang?

From Manila, Shevardnadze flew back to the north to meet with leaders in Pyongyang, the capital of the North Korean state of Kim Il-Sung. Undoubtedly, among Shevardnadze's purposes was an effort to affirm North Korea's agreement to the multi-party steps now being taken toward an entente on the Korean peninsula.

The negotiating agenda for extending the *Pax Sovietica* to the Koreans was outlined in the December issue of *Far Eastern Affairs*, the journal of the Institute of the Far East of the Soviet Academy of Sciences. The journal printed the "joint proposals" of the Institute of the Far East and the International Strategic Institute at Stanford University, prepared by Soviet and American "specialists" over the course of 1987.

Under the subheading, "Short-term actions and the process of rapprochement," the proposals called for both superpowers encouraging "a program of confidence-building" in Korea, although recognizing that this must be accomplished in large part by the two Koreas themselves. The proposals also called for "a conference of foreign ministers of the governments concerned [that] could approve, take cognizance of, or put into effect measures agreed to as a result of various types of negotiations." These negotiations should soon proceed to the issue of military force reduction on the peninsula.

"The proposals outlined . . . are aimed at peaceful change leading to the resumption of normal and natural human and state relationships among all parts of Northeast Asia," the paper concludes. "The security of each of the two major powers also can be served by a carefully calculated sequence of steps as described in this report."

Clearly, such multi-party negotiations were the purpose of Shevardnadze's Yuletide trip to Asia. However, aside from talk, there is no indication—as the Japanese have so plainly stated—that there has been any "change in Moscow's objectives in any way."

CFR orders sell-out of El Salvador

by Gretchen Small

If the liberal Establishment's Council on Foreign Relations has its way, George Bush's government will hand all of Central America over to Moscow's terrorist allies, giving the terrorists the victory they have been unable to win on the battlefield for 10 years. The CFR further specifies, that El Salvador be made the first test case of this policy for the Bush administration.

The proposed strategy toward Central America is outlined in two articles published in the Winter 1988/1989 edition of *Foreign Affairs*, the CFR's quarterly magazine. The first article is written by James Chace, director of Columbia University's Program on International Affairs and the Media; the second, by Sol Linowitz, founder and co-chair of the Inter-American Dialogue.

Both men argue that any plans for military victory against the narco-terrorists must be written off; instead, the Bush administration must force governments and militaries of the region to negotiate "agreements" with their terrorist opponents. Likewise, Sandinista Nicaragua is declared to be no longer a threat in the Americas, but now a party with which to negotiate, more trusted than the military establishments of Central and South America.

One thing is made usefully clear by this CFR policy package, however. *Foreign Affairs* confirms in spades *EIR*'s long-standing charge that the campaign of lies painting Panama's Gen. Manuel Noriega as a communist drug-dealer, was ordered by the liberal Establishment, because Noriega is an obstacle to the Establishment's sell-out of Central America.

James Chace begins his article, "Inescapable Entanglements," with the assertion that all foreign policy of the next administration must be subsumed by the need to appease the Soviet Union. "The American-Soviet relationship will dominate the foreign policy of the next administration," he writes. "The next President could well negotiate the terms of the post-cold war era."

What concerns Chace, is how to ensure that the "grave foreign political problems outside the East-West context," are settled before they blow apart that global deal. He singles out South Korea, the Philippines, Panama, Nicaragua, and El Salvador as "inescapable entanglements" which must be settled, because these countries "are seen by others and by themselves, for good or for ill, as falling within an American sphere of influence.

"If these involvements are properly handled, the White House will be free to pursue overarching foreign policy goals

with the Soviet Union and the other great powers," says Chace. "If they are bungled, the Bush administration could emerge from its entanglements both dishonored and gravely weakened."

His prescription for the Asian sphere is simple: U.S. bases in the Philippines and U.S. troops in South Korea are to be maintained, but only as long as necessary to be bargaining chips in the global U.S.-Soviet accord.

"The most important function [of U.S. bases in the Philippines] in the future . . . would be to provide a considerable U.S. presence in the Southern Pacific at a time when negotiations with the Soviet Union may be in the offing to reduce the number of naval battle groups that both superpowers now deploy in the region. Should such negotiations prove successful, then some reduction of forces in the Philippines might logically follow." Chace also warns against any increase in Filipino defense spending, despite the acknowledged growth of the terrorist New People's Army, because such increased spending will "strengthen the influence and power of the military."

Likewise in South Korea, the foci of U.S. policy must be democratic reform ("a far surer basis for stability than a military-dominated regime"), and encouragement of the "warming trend in relations" between North and South Korea. Under this agenda, U.S. troop withdrawal from South Korea can proceed, once the United States gets "something in return from North Korea."

Breaking El Salvador

Chace then turns to Central America. Here, while he treats Panama as the most dangerous of U.S. "inescapable entanglements," (see Panama Report, p. 47), Chace argues that the United States can be confident that the Soviets will hold Nicaragua in line. Conditions are set for the United States to negotiate a security accord with Sandinista Nicaragua, Chace says. "Russia is hardly likely to challenge the U.S. so directly in America's sphere of influence, especially at a time when Gorbachov is seeking a variety of arms and economic agreements with the West."

"Negotiating successfully with Nicaragua is now possible because there is a stable, if hostile, government in place." But El Salvador "represents a far greater challenge to the next administration"—because its military is still too powerful. Chace claims that the primary U.S. policy error, is that "the U.S. has committed itself to military victory," and because of that commitment, has made the mistake of attempting to use "the Salvadoran military as an engine of political reform."

Chace does not even bother to mention the usual lies that it is alleged military "human rights abuses" which concern the liberals. The Reagan administration was not only wrong when it viewed the armed forces as the "closest thing to an effective national institution" in El Salvador, but more fundamentally wrong to attempt to "professionalize" the Salva-

doran military by "involving the army in civil action."

Such civic action programs were seen in Panama, "when the Panamanian military under [Gen. Omar] Torrijos was encouraged to engage in civic action projects, such as building schools and hospitals, with apparently little thought given to the corruption that these projects would inevitably produce."

Instead of such "corrupting" programs as building schools and hospitals, Chace proposes that the Salvadoran government and military be forced to negotiate with the guerrillas, as a conditionality for U.S. aid. He writes:

"At this stage of the war then, the best approach for the U.S. is to work for the demilitarization of El Salvador—and indeed all of Central America—which in this case means pressing for further negotiations between the rebel forces and the government."

The U.S. Congress should "withhold a certain percentage of military aid and cash transfers each year until the administration reports to Congress on U.S. and Salvadoran efforts to settle the war," he adds. The guerrillas will accept, because while they are "militarily strong, they are also politically weak, unable to lead a broad-based insurrection."

A consensus policy

Sol Linowitz's article, "Latin America: The President's Agenda," makes clear that Chace is no isolated voice. Linowitz heads one of the Establishment's chief lobbies on Ibero-American policy, the Inter-American Dialogue. The time has come for Canada and Western Europe to join the United States and Latin America in enforcing the regional accord known as the Arias Plan, Linowitz insists. That plan, named after Costa Rican President Oscar Arias, calls upon the governments of the region to negotiate power-sharing with the terrorist opposition.

Linowitz specifies that the militaries are the target of this plan. "During the past five years, the military forces of El Salvador and Nicaragua have quadrupled in size and budget," he complains. He adds that the problem in both El Salvador and Guatemala, is that "elected civilian governments remain weak and constrained by powerful military establishments. . . . Neither country is likely to achieve peace through military victory, and the U.S. must begin to use its considerable leverage actively to promote negotiated settlements . . . as the basis for the eventual reconciliation of the warring parties."

Democratic advances have been "gratifying," but "in too many places, military establishments escape civilian control and retain enormous power and influence." "Not only in Central America, but also in such countries as Peru, Ecuador, and Argentina, the armed forces may once again openly challenge democratic rule." If they do so, he threatens, the U.S. must adopt a policy of "denial of economic and military assistance" to all countries which adopts measures which "repress civil liberties" of the narco-terrorists.

Anti-Panama line pushed on Bush

The Establishment has moved preemptively to impose this dangerous policy on the incoming U.S. administration.

The week before Christmas, the U.S. Eastern Establishment got the incoming administration of George Bush to commit itself to the overthrow of the government of Panama, the removal of the head of that country's Defense Forces (PDF), Gen. Manuel Noriega, and to the dismantling of the PDF, before the end of 1989, even if that requires direct military intervention by the United States.

On Dec. 21, Eric Arturo Delvalle, whom the United States—and only the United States—claims is the President of Panama, was flown into Washington for high-profile meetings with Secretary of State George Shultz, and with President Ronald Reagan and President-elect George Bush. Those meetings took all of 15 minutes, hardly any time to discuss anything but how-do-you-do, and not once did Delvalle speak to the press, or even issue a statement.

Delvalle's fictitious presidency provides Washington with a thin cover of legality for its continued economic sanctions against Panama. And, as the *Los Angeles Times* noted Dec. 22, he is more concerned by the fact that the Panamanian government is auctioning off his thoroughbred race horses to recover some of its funds misappropriated by the United States with his complicity, than in returning to power. As one of his associates was quoted: "No more winning circles, no more owner's boxes. That will hurt more than being kicked out of office."

His visit to Washington was to serve as a prop for Bush to signal on Dec. 22 that he would acquiesce to the Establishment's demands: "I am as

determined as President Reagan to see that Noriega not continue in his dictatorial ways there in Panama," said Bush at a news conference. Bush refused to rule out the use of United States military force against Panama.

The Establishment's policy was spelled out in the latest issue of *Foreign Affairs*, the magazine of New York's Council on Foreign Relations. In an article written by James Chace, the CFR lays out a series of policy options for the incoming Bush administration to deal with the Panama question. First, says Chace, the Bush government should enlist the assistance of incoming Venezuelan President Carlos Andrés Pérez, a leader of the Socialist International. Second, "apply a full economic embargo—which would include a ban on all exports and imports, a revocation of Panamanian landing rights in this country, and a full ban on Americans traveling to Panama."

But, warns Chace, "neither of these approaches may work," and this may make necessary U.S. military intervention.

The Bush administration must act fast, since "it takes office at a culminating point in American foreign diplomatic history," he says. "The next President could well negotiate the terms of the post-cold war era." But Panama is a "grave foreign political problem," which "could derail the efforts of the new administration to explore the limit of a U.S.-Soviet rapprochement."

Another reason for fast action, says Chace, is that under the terms of the Carter-Torrijos canal treaties, the

United States is bound to name a Panamanian, selected by the government of Panama, as chief administrator of the canal by the end of 1989. There is also the fear that Panamanian nationalist forces associated with Noriega, or even Noriega himself, will win the presidential elections, scheduled for May 1989.

Chace makes it clear that the United States will not honor its treaty obligation to name a Panamanian administrator, even if Noriega leaves before the end of the year. Only if Panama's Defense Forces are dismantled, "could the transfer of the canal to the Panamanians and the withdrawal of the U.S. armed forces proceed peacefully."

Even before Bush signaled publicly in his Dec. 22 news conference that he was going along with the CFR, there were indications that in fact the CFR line had become official U.S. policy.

The current administrator of the Panama Canal, Dennis McAuliffe, said, according to the *Washington Times* Dec. 14, that anyone "who bears the Noriega imprint will never be acceptable" as his replacement at the end of the year.

On Dec. 27, the *Washington Post* complained that the Panamanian government was mistreating Roberto Brenes, a leader of the opposition Civic Crusade, created by John Maisto, an old "Philippines hand" who helped oust Ferdinand Marcos, and is now assigned to the American embassy in Panama. Brenes, said the *Washington Post*, "has emerged as a prime candidate to administer new U.S. National Endowment for Democracy funds" in Panama. The National Endowment for Democracy referred to is a private body financed by American taxpayers, the "legal" arm of Ollie North's Project Democracy, which, among other disasters, was responsible for the Iran-Contra arms for hostages scandal.

Are 'ex'-terrorists for human rights?

The Moscow-controlled terrorists of the 1970s now want to try the nationalist officials who jailed them.

Confessed ex-terrorists launched classical Soviet-style psychological warfare in December, to politically weaken several key officials in the newly reorganized national security apparatus. Their campaign began the moment Fernando Gutiérrez Barrios was named Interior Secretary and Javier García Paniagua appointed Mexico City police chief. But it became more overt Dec. 16, when it was announced that Miguel Nassar Haro would serve as intelligence director for the capital's police.

During the 1970s, these three successively served as chief of the Federal Security Directorate (DFS). They were quite effective in dismantling Mexico's terrorist groups. They destroyed the 23rd of September Communist League, a terrorist band whose criminal ideology resembles that of Peru's Shining Path, which Peruvian President Alan García has equated with Cambodia's Pol Pot. Many members of the Communist League and other shorter-lived terrorist groups were trained at the Patrice Lumumba University in Moscow, or in North Korea or Cuba. García Paniagua and Miguel Nassar were called back into service not only because they defeated terrorism, but also for their assault on organized crime in Mexico City, which, along with the drug-trafficking mafia, gained frightful power during the past six years' presidency of Miguel de la Madrid.

It is no accident that the first hysterical outcry against Gutiérrez Barrios was by the notorious columnist Miguel Angel Granados Chapa, who was trained in Soviet irregular warfare

methods at the headquarters of the satanic Benedictine monk Gregorio Lemercier: the Center for Information and Documentation (CIDOC) in Cuernavaca. Granados Chapa wrote a venomous article against Interior Secretary Gutiérrez Barrios in the daily *La Jornada* Dec. 5 in which he tagged him a "political policeman," "militarist," and "repressor."

Granados Chapa hates Gutiérrez Barrios just as he hates ex-President Luis Echeverría, Gutiérrez Barrios's former boss, who closed down CIDOC in the mid-1970s and who went after Granados Chapa and his chief, *Excelsior* newspaper publisher Julio Scherer, for covering up for terrorists. To accuse anti-communist fighters of "human rights violations" while turning a blind eye to atrocities committed by Moscow-controlled terrorists, is classic Soviet irregular warfare.

After Nassar Haro's nomination, former 23rd of September Communist League members Gustavo Hiraes, José Luis Moreno, Rigoberto Dávila Ordóñez, José Domínguez, and Mario Ramírez popped up. At a Dec. 22 press conference, they demanded that Nassar, whom they accused of being a "torturer," should resign. The day before, Rosario Ibarra de Piedra, ex-presidential candidate of the Trotskyist Revolutionary Party of the Workers (PRT), did the same in the name of the Committee for the Defense of Prisoners, Persecuted, Disappeared, and Political Exiles of Mexico. Said committee was one of the outfits most used by Amnesty International to bring international discredit upon the nationalist administration of Luis Echeverría (1970-76).

Members of the notorious Nazi-communist alliance from several leftist parties and the right-wing synarchist National Action Party (PAN) paved the way for these "former guerrillas." On Dec. 18, Deputies Luis Miranda Resendiz and Manuel Marcue Pardini, of the PPS party, and Patricia Olamendi and Pablo Gómez of Mexico's communist party (PMS), questioned Mexico City mayor Manuel Camacho Solís on his selecting Nassar. PAN deputy Alberto Ling Altamirano did likewise. On Dec. 20, the interrogation continued—from the podium of the City Council led by Héctor Ramírez Cuellar of the PPS and Ramón Sosamontes of the PMS. The latter chairs the Public Security Committee. All were seconded by José Angel Conchello, PAN's supposed "anti-communist" fanatic. Conchello is City Council president.

On Dec. 26, the weekly *Proceso*, which Scherer founded with private bank money after Echeverría had thrown him out of *Excelsior*, devoted eight pages plus its front cover, to excerpts from a book by Rafael Rodríguez Castañeda, *The Dirty Years*, soon to be published by Editorial Grijalbo. It purports to show that "Nassar was an important component in the Mexican dirty war" against communism.

The article highlights that Nassar's "style was certainly set by those who were his mentors and protectors in police operations: Fernando Gutiérrez Barrios and Javier García Paniagua." The authors of this genuine dirty war, whether communists or merely what Lenin called useful fools, do not deny that their hysteria is due to the "anti-communist" convictions of those whom they attack: Nassar's "anti-communism . . . marked his trajectory inside the DFS," writes Rodríguez Castañeda.

Election games in Peru

The Wall Street Journal gives the signal, the country burns under terrorist onslaught—and the politicians fiddle.

Shining Path (*Sendero Luminoso*) terrorists completely paralyzed the city of Huancayo, the departmental capital of Junín, on Dec. 20, when a strike call—circulated by word of mouth and leaflets, and backed by the threat of sheer terror—drove Peruvian businessmen, workers, and local officials behind locked doors for the 48-hour duration. A heavy military and police deployment to the area was unable to coax the citizens out. One bus driver who attempted to defy the strike call had his ears sliced off by the terrorists.

The Huancayo “strike” follows a similar one which shut down the neighboring department of Ayacucho just two weeks earlier, and has now itself been followed by a new strike in La Oroya, Junín’s second most important city, a copper and silver mining center six hours from Lima. At least 25 nearby Junín communities are said to be under Shining Path’s narco-terrorist domination.

The fact that Shining Path has been able to demonstrate virtually total control of Peru’s central highlands in recent weeks is intended to send a chilling message to the authorities that Lima’s links with the rest of Peru depend largely on the whim of the terrorists. That message was first delivered on Dec. 2, when Lima was draped in blackness for a full week because of simultaneous dynamite attacks on more than a score of electricity towers supplying the capital city—and much of the interior, as well.

Shining Path’s messages are getting through to the terrified Peruvians,

who have increasingly lost any confidence in the government’s ability to protect them from the ravages of the narco-terrorists. However, not so Peru’s political class, which appears to be too immersed in the dirty game of presidential politics to concern itself with whether or not there will be a nation to preside over by 1990.

The just-concluded congress of the ruling APRA party is a case in point. When President Alan García appeared at the podium to give the keynote speech, an orchestrated scenario of boos and chants by anti-García forces within the APRA party turned the congress into a virtual free-for-all. Already seriously weakened in popularity by his repeated capitulation to the austerity pressures of the financial community, President García ultimately tendered his resignation as president of the party, and the post created especially for him was dissolved.

The ensuing battle to capture party positions never once addressed the life-and-death issues facing the nation.

In the aftermath of the APRA party congress, García’s enemies smell blood and are already demanding that he resign from the presidency of the republic to make way for those who, as they put it, are prepared to “re-insert Peru into the world financial community.” It is, perhaps, no accident that the APRA congress was preceded by a series of violent *Wall Street Journal* articles which identified García’s “failure” as his refusal to impose the most draconian austerity. They give

as an example his insistence on maintaining mere 800% interest rates in the face of 1,200% inflation! The articles endlessly quote “economists” insisting that massive new currency devaluations, price hikes, and an end to all subsidies are the country’s “only alternative.”

What the *Journal* never says is that the hyperinflationary spiral which has eaten away the nation’s meager reserves and left it with only enough to buy food through January 1989, is a product of the vengeful financial cut-off to which García’s Peru has been subject ever since his declaration of a 10% ceiling on foreign debt payments.

Those who want García made an example of, and Peru back in the fold of the financial oligarchy, are by no means limited to the APRA party. Newly announced presidential candidate and gnostic kook Mario Vargas Llosa, best known for his support of the so-called “informal economy” or “the other path,” recently told the press that García has “lost his war” against the international financial system, and that Peru’s solution lies in establishing relations with the foreign banking community once again.

Reflecting the deterioration of Peru’s constitutional rule under the combined assault of the creditor banks and the narco-terrorists, former President Gen. Francisco Morales Bermúdez has openly begun demanding a military coup against President García. In an interview with UPI news service, the general, who seized power in 1975 and opened the door both to the rise of drug trafficking and to the birth of Shining Path during his five-year rule, said the armed forces “must not remain in their barracks. . . . If policies are not redirected, the country will go out of whack; if that means being a coup-maker, I am one.”

A commoner elected President

With 50.3% of the vote, UNP Prime Minister Ranasinghe Premadasa has become the new President of Sri Lanka.

In the many ways the election of Prime Minister Ranasinghe Premadasa as the next Sri Lankan President is a momentous event.

Belonging to a poor family and coming up the ranks, Premadasa, unlike his main opponent and earlier Sri Lankan leaders, is a man of the masses with a sound understanding of the common people.

At the United National Party (UNP) convention on Oct. 9, Premadasa outlined his immediate program which he described as a "new vision."

The three-point program consists of restoration of peace in Sri Lanka, the enforcement of discipline and the eradication of poverty.

Premadasa defeated Sri Lanka Freedom Party (SLFP) leader and former prime minister Mrs. Sirimavo Bandaranaike in a bitter campaign that took place against the backdrop of unprecedented violence in the six-year-old ethnic conflict that has convulsed the island.

Mrs. Bandaranaike has already challenged the election results, citing a number of irregularities, and announced in her characteristic style that she would not recognize the new President.

With this defeat, perhaps, the curtain has finally fallen on the doughty Mrs. Bandaranaike's political career. A descendant of the Kandiyani kings and belonging to the upper-caste Gogigamas, Mrs. Bandaranaike had all the elements to be the next President.

But her unabashed opportunism—such as trying to forge an alliance with the same Maoist-fascist Janatha Vi-

ukti Peramuna (JVP) who had tried to murder her in 1971, and kowtowing to the racist Sinhalese chauvinists—finally did her in.

Of late her virulent anti-India and anti-Tamil rhetoric had reached a peak, and an analysis of the poll result shows that she was rejected by those who believe more than demagoguery is required at this critical juncture of Sri Lanka's political history.

By contrast, Ranasinghe Premadasa is a commoners' President, who started his political career as a councillor of Colombo Municipality.

In spite of the fact that as prime minister in the Jayawardene government, Premadasa had often spoken out harshly against the Tamil movement, he received a significant number of votes in the Tamil-majority areas.

His stance against the Indo-Sri Lanka Accord—the stationing of the Indian Peace Keeping Force in the northeastern part of Sri Lanka in particular—did not prevent him from securing his biggest majority in areas where the Tamil plantation workers of Indian origin and the Muslims are concentrated.

Interestingly, since Premadasa's election victory, the terrorist JVP has been quiet. The JVP had threatened to bring the administration to its knees and prevent holding of the presidential elections altogether.

More than 50 people were assassinated in the several days leading up to the Dec. 19 election, but the JVP clearly failed in its aim.

How long this calm will prevail is

anyone's guess.

In his victory speech, Premadasa appealed to the JVP to join the mainstream democratic process, and in conclusion warned: "You have another chance of doing so at the forthcoming parliamentary elections" set for February.

Those who know Premadasa well recognize that the warning is no empty threat: The President-elect can be as ruthless as the situation demands.

Ranasinghe Premadasa's immediate moves will be watched with great interest in India.

His earlier anti-accord stance makes India somewhat uneasy, but so far, if the first impressions are any indicator, Premadasa has acted wisely and with circumspection.

His first act as President was to quickly arrange the devolution of powers to the Provincial Councils, enabling the newly formed Tamil-governed North-Eastern Provincial Council—a crucial element in a political solution of the ethnic crisis—to begin functioning.

Following his electoral victory, Premadasa made it a point to honor the Indian High Commissioner as the first envoy to be received by the new President.

His meeting with the Indian envoy was reportedly "frank and cordial."

Besides the law and order situation, which the new President is expected to handle better than his predecessor, Premadasa's statement on the eradication of poverty is also significant.

He has said that the most important investment for Sri Lanka is to invest in its people: "There is no other investment that can be as fruitful as this," he stated.

Nearly six years of terrorism and fratricidal warfare have not only demoralized the population, but shattered the economy.

The favorite target of satanism

As in the periods just before the 30 Years War and the Nazi takeover, satanism is everywhere.

It was during his May 1987 visit to West Germany, that Pope John Paul II issued very strong warnings against the spread of evil, gnostic cults, calling on the Church to begin a new phase of Christian missionary work. The Pontiff pointed at the experience of Nazism in Germany, as the most recent incarnation of Evil. The Pontiff's warning, that tolerance of Evil would lead to self-imposed doom or destruction from outside, has been taken up since then repeatedly by the German Catholic bishops.

Lyndon H. LaRouche as well as his wife, Helga Zepp-LaRouche, founder of the Schiller Institute, have also repeatedly issued public warnings against Evil and satanism and its modern political expressions like totalitarianism and the New Age counterculture movement.

Directly exposed to Soviet military power stationed in East Germany, West Germany is the front-line state against the Red Army. But it is also the front line against the rise of satanism, threatening the spiritual fabric of Western civilization. How so?

The historical theoreticians of aggressively gnostic and satanic belief-structures, like Friedrich Nietzsche, Fyodor Dostoevsky, Alfred Rosenberg, and their "scientific" heirs, the "Frankfurt School" of anti-authoritarianism, have all declared the German Classical period, the high point of several centuries of development of Christian humanism, their main epistemological enemy.

The German classics, which include great poets, composers, scien-

tists, and fighters for freedom like Friedrich Schiller, Ludwig van Beethoven, Alexander von Humboldt, Bernhard Riemann, and Freiherr vom Stein, are indeed the high point of those values and works of art which shaped Judeo-Christian culture.

The present-day heirs to the gnostic school of thought, who call themselves the "modern school of German literature," have made the same declaration of war on the German classics. Thus, a leading literary critic, Karl-Heinz Bohrer, complained at the time of the Pontiff's German trip in 1987 that the Germans "had never really been able to develop an aesthetics of Evil," because "the period of German Idealism proclaimed the Good an absolute principle."

The Germans, Bohrer declared, had to cultivate what he called "the imaginative Evil," and he consequently hailed the "new literature of Evil," the tide of doomsday prophets among young writers from the late 1970s on, who proceeded in two main phases.

Phase one was the proclamation of Evil as the main motive of human activity. Ulrich Horstmann, a professor of literature in Münster, wrote in a widely read 1983 essay titled, "The Beast": "The final aim of history is a crumbling field of ruins. Its final meaning is the sand blown through the eye-holes of human skulls."

Enter prominently Stefan Heym, from East Germany, with remarks to the effect that God created the world on a momentary, arbitrary impulse. God grew disinterested, Heym said, leaving the world behind to be torn

between Satan and mankind, each struggling for control. The world's fate was certain destruction.

Heym's remarks were important, not only because he is one of the leading literary experts of East Germany, with a great influence on West German literary circles. He repeated, almost word for word, what Nietzsche wrote on the alleged "death" or absence of God from the world 100 years ago. There is, as a matter of fact, a revival of Nietzsche in East Germany. This is, next to the East German infiltration of the radical ecologist and New Age scene in West Germany, one of the main channels of present-day Eastern cultural warfare against the West German elite.

Evil also carries a Red flag.

Phase two is now ongoing. Prophets of skepticism and hatred, of terrorism, hedonism, and the impulsive dominate the literary scene. Books attacking and slandering the state and constitutional institutions are printed, advertised, and sold *en masse*. Such pamphlets are even given official awards by the government here.

A historical reminder may indicate the problem: In a 1959 study on satanism, cults, and evil-worship in Germany shortly before the outbreak of the Thirty Years War, the author, Heinrich Grimm, estimated that 235,000 satanist pamphlets were circulating among literate Germans, thus reaching one in every four families of the German elite.

That war, the plague, and the collapse of the social fabric between 1618 and 1648 destroyed two-thirds of Germany's people and most of its cities. The building of a German nation was delayed by more than two centuries. It was, next to the regime of the Nazis between 1933 and 1945, also preceded by a proliferation of mass-based satanic cults, the darkest period in German history.

International Intelligence

North Korea invites South Korean students

The North Korean regime of Kim Il Sung has officially invited all South Korean students who have been agitating for reunification of the Koreas to the Youth Festival to be held in Pyongyang in July 1989, the BBC reported Dec. 26.

The invitation was sent through the border village of Panemun to South Korean student representatives.

Just days earlier, on Dec. 24, Radio Moscow reported that the final joint communiqué from Soviet Foreign Minister Eduard Shevardnadze's short visit to Pyongyang said that the Soviets would look with favor on the eventual creation of a so-called united, democratic, confederated republic of Korea.

Asian countries begin to take action on AIDS

AIDS has become a major issue in Asia, judging by the sudden actions that have been taken, almost simultaneously, in at least four nations.

In Japan, persons suspected of having AIDS will be tested before they are allowed to enter the country, under a new law just passed by the Diet (parliament). Whoever refuses to be tested will be fined and denied entry to Japan. According to the latest figures, from August, Japan has had only 90 AIDS cases, of whom 50 have died, but 1,048 people are known to be infected.

In the same December time-frame, the National Assembly of South Korea passed a law requiring foreigners on long-term visas to take AIDS tests. Six South Koreans have died of AIDS and 27 are known to be carrying the virus, according to government figures.

On mainland China, AIDS will be listed among 35 infectious diseases under strict state control, as soon as a draft law now being considered by the National People's Congress is passed. AIDS is not included in

the most serious category, as were plague and cholera, but in a second category along with hepatitis and syphilis. Nationwide blood tests of 67,000 people turned up 18 AIDS carriers and three people suffering from AIDS.

In India, meanwhile, the Council of Medical Research announced that it has screened 120,000 persons from high-risk groups, and detected 22 AIDS cases and 370 carriers. On Nov. 30, the regional director of the World Health Organization, Dr. Ko Ko, said that nearly 600 seropositive persons have been detected in India, according to the *Hindustan Times*. Testing of 10,000 foreign students found 46 to be seropositive and one sick with AIDS.

Addressing a Dec. 5 WHO seminar on AIDS in India, the director of the Indian Medical Association, Dr. Paintal, called for legal provisions against sexual contact between Indians and foreigners. He said he feared that Africa is already being decimated by AIDS, and referred to reports that some raw materials companies in the United States are buying up property in Africa, expecting the local population to be decimated. He feared that poor countries lacking education and even primary medical facilities will be the worst victims of AIDS. He said that apart from educational steps, legal compulsion will be necessary to deter the spread of the disease.

Schiller Institute: Save Brunelleschi's dome!

At a conference in Rome on Dec. 20, the Schiller Institute kicked off an international campaign to save one of the greatest works of the Italian Renaissance, the dome of the Florence Cathedral, built by Filippo Brunelleschi in the 15th century.

The dome is cracking, and the effort to repair it will require a scientific effort to rediscover the principles of geometry used by Brunelleschi to erect the edifice—principles that have been lost in the world of digital computers and Euclidean geometry.

Lyndon LaRouche sent a memorandum of greeting to the conference, outlining a

hypothesis that the key to saving the dome is the geometry of negative curvature, including notably the work of Eugenio Beltrami in this field.

To build the dome without scaffolding, Brunelleschi had to create a system that was self-sustaining from its foundations and through all its elevation. So, the architects had to imitate the natural way in which the living systems grow, or to use the methods by which steady structures are shaped, for instance, in moving water (e.g., vortices).

Among those addressing the conference was Prof. Lando Bartoli, an engineer who has hitherto waged a one-man campaign to save the dome, exposing the incompetent "restoration" techniques that have actually accelerated the process of collapse (see interview in *EIR* of March 29, 1988). In February 1979, he reported, the 48 staging holes left by Brunelleschi to allow for the expansion and contraction of the dome because of changes in temperature, were stopped up with concrete, on the pretext that this was necessary to allow restoration of the murals on the inner face of the dome. As a result, the cracks in the dome are growing larger.

Kissinger says he fears world war

Former Secretary of State Henry Kissinger thinks that the West's romance with Soviet leader Mikhail Gorbachov is bringing the world closer to war, not peace. "Most of the media seem to have made up their minds: Gorbachov is a new phenomenon who has rejected all previous Soviet history," Kissinger began his column in the Dec. 20 *Washington Post*.

"For 400 years the Russian Empire—under czar and commissar—has been expanding . . . in part because Russia has sought absolute security, which means absolute insecurity for all its neighbors."

Kissinger reports that "the general perception that Gorbachov has put forward unilateral concessions is nonsense." If, on the other hand, serious arms control negotiations are undertaken in Europe, Kissinger continues, the West must ask itself, "Does

Briefly

● **RACIAL RIOTS**, leaving at least 13 people injured, hit the Chinese city of Nanking, the BBC reported Dec. 26, quoting Xinhua News Agency. African students and Chinese officials clashed at the city university, and police were forced to move in to protect the Africans after 2,000 Chinese students marched on the university.

● **SOVIET** Prime Minister Nikolai Ryzhkov will visit Thailand Jan. 16-17, a Foreign Ministry source confirmed Dec. 16. Thai officials met with their Soviet counterparts in Bangkok in late December to discuss preparations.

● **AN EXPLOSIVE** device was found as a large crowd in Lahore, Pakistan awaited the arrival of Prime Minister Benazir Bhutto Dec. 25. The bomb was hidden in a flowerpot behind security barriers at the airport. "The government takes a very serious view of this lapse in security concerning the movement of the prime minister," said a government statement. Mrs. Bhutto spent two days in Lahore, capital of Punjab province.

● **PHILIPP JENNINGER'S** wife told a *Bildzeitung* interviewer that the resignation of her husband, the President of the West German Bundestag, was forced by the cowardice of politicians in Bonn, starting with Chancellor Helmut Kohl. Jenninger stepped down after a Communist-instigated outcry over his speech on Nov. 11, the anniversary of the Nazis' anti-Semitic *Kristallnacht*. Soviets assets falsely called the speech pro-Nazi.

● **RADIO MOSCOW** reported the Dec. 21 crash of a Pan Am jet over Scotland, killing 258 onboard, as an accident, saying there was "no evidence" of sabotage or terrorist responsibility, although Western authorities now concur that the plane's crash was the result of a terrorist bomb exploding on board.

equality of forces enhance stability? Every European war would seem to prove the opposite. . . . Gorbachov may be betting that his policy will disintegrate NATO more rapidly than the same policies plus *perestroika* will dissolve the cohesion of Eastern Europe. But if he is right, there will be a crisis, because America will not be pushed out of Europe without a reaction. And if he is wrong, there will be a classic East European blow-up of the type that produced World War I."

The Bush administration, says Kissinger, "must not let itself be stampeded, but define its own agenda and timetable."

But Kissinger does not suggest a determined economic, military, and political response from the West, but falls back on his usual Metternichean formulas about "a concept of equilibrium" and secret negotiations.

Will the human race become extinct?

The extinction of the human species may not only be inevitable, but a good thing, according to an editorial published in the *Economist* magazine of London at the end of December. The kooky *Economist* is the house organ of the City of London bankers.

"Extinction is an inescapable fact of life, and this is no bad thing," the *Economist* writes. "Conflict is necessary to an ecology, rather as competition is necessary to a market. So long as there is conflict, there will be natural selection. So long as there is natural selection, new species will evolve—and established ones will die off. Extinction is an integral part of the history of life: no species is going to last for ever. There is no reason to think that the infant species *Homo sapiens* is any exception to this rule."

"This is not to say that the rise of human civilization is insignificant," the article continues. "But there is no way of showing that it will be much help to the world in the long run. It is still too early to tell. Today's technological civilization, capable of engineering wholesale changes, could collapse in the

next few centuries, or wither away over the millennia, or be superseded by a civilization that has values as alien to man in the late twentieth century as today's values would be to the cavemen of Lescaux. . . .

"Extinction is not a mark of failure, as the dinosaurs showed. . . . Indeed, every species living is related to species that have died. . . . If *Homo sapiens* died out now, his closest relatives, the chimps, or at least some of the primates, might continue."

The article ends with various musings about how genetic engineering or man's exploration of space might help evolve new species. "When the last *Hominis sapientes* fade away, they may do so knowing that something of them remains. *Homo lunaris*, *Homo constellaris*, *Homo pangalacticus* and all their sibling species may mourn, as dutiful children should do. And life will go on."

Defense chief attacks Red Army commissars

Soviet Defense Minister Dmitri Yazov charged Red Army political commissars with neglecting combat readiness, at a "party conference" of the Group of Soviet Forces in Germany (GSFG, East Germany). His remarks were covered by *Krasnaya Zvezda* (*Red Star*, the Soviet armed forces daily, on Dec. 25.

Yazov attacked the army political officers for failing to "translate" *perestroika* into improvements of army discipline and military training. Daily practice in the armed forces is, Yazov said, "widespread irresponsibility, permissiveness, formalism, and bureaucratism."

Some generals and their officers, Yazov charged, were simply disoriented over the changing political situation and neglected their genuine task of training the troops for combat, as well as training their own "practical capabilities of conducting combat and troop movements." It is important, Yazov said, "to see to it that no room be left in the army collectives for any sentiments of pacifism and lack of perspective."

Will George Bush be an environmentalist President?

by Nicholas F. Benton

With less than a month to go before George Bush is inaugurated President of the United States, the naming of a top representative of the "environmentalist" lobby to head the Environmental Protection Agency has sent out a bad signal that the next U. S. administration could become the tool of the one-world supranational "ecologist" dictatorship recently promoted by Mikhail Gorbachov at the United Nations.

- President-elect George Bush's appointment of William K. Reilly to head the Environmental Protection Agency Dec. 22 marked the first time ever that the head of a major environmentalist organization has been chosen for this powerful post.

- *Time* magazine opened a new level of its assault on the human race, by naming the Earth "Planet of the Year" in place of its usual "Man of the Year" feature.

- The London *Economist*, mouthpiece of the City of London banks, gave an even blunter signal by recommending that humanity, since it is destined for extinction, should "go out in style."

- Starting on the very first day of 1989, with the onset of the latest trade dispute between the United States and the European Community, the anti-technology, anti-human dogma of "environmentalism" takes a quantum leap forward. For the first time, a major trade dispute involving billions of dollars of commerce, is triggered not over tariffs or quotas, but over an "environmental" issue—the use of hormones to improve the production of beef (see article, page 4, on the trade war).

- A new assault on the beleaguered nuclear industry in the United States is also under way, escalating with a wholesale review of all nuclear materials production plants at the behest of Ralph Nader. A Naderite group called Public Citi-

zens Critical Mass Energy Project has issued a much publicized report claiming "3,000 mishaps" and a "record 104,000 incidents" in which workers were exposed to nuclear radiation.

WWF's Reilly

William K. Reilly heads both the Conservation Foundation and the World Wildlife Fund, two heavyweight "environmentalist" groups. The World Wildlife Fund is led internationally by Britain's Prince Philip, who is known for visiting maternity wards in Third World countries to inveigh against high birth rates, and who stated during 1988 that were he to be reincarnated, he would like to return "as a deadly virus . . . in order to reverse the population explosion."

Reilly, according to the *Washington Post*, was the architect of the World Wildlife Fund's program to swap the debt of heavily indebted Third World countries for supranational control of their territory—a so-called "debt for nature" plan. The Fund has targeted Mexico, Peru, and the Philippines for such large-scale land thefts, and already implemented them in Costa Rica and Ecuador, according to a February 1988 press conference held by Prince Philip in Mexico City.

Mr. Reilly stressed during the press conference announcing his selection to head the EPA, that his priority will be to comply with Soviet leader Mikhail Gorbachov's call for building international cooperation on "environmental" issues.

Reilly's appointment followed a meeting between Bush and heads of the most influential "environmentalist" organizations shortly after the election, which resulted in elation from the leaders, who crowed that Bush "is one of us" afterwards. Reilly would come to the EPA after having been the executive director of the Rockefeller Task Force on Land Use

and a senior staff member of the President's Council on Environmental Quality.

Intimately related to the "environmentalists" are the so-called "animal rights" advocates, who have bombed department stores in London, and in the U.S. are now recruiting Hollywood stars to prevail on President Reagan to save animals from being used in vital scientific research—even though the recently-achieved ability to induce AIDS in mice, for example, is a major step toward developing cure for the deadly AIDS virus.

'Planet of the Year'

There is no shortage of jokes circulating at the expense of *Time* magazine's choice of the "Endangered Earth" to adorn the cover of its year-end issue as the "Planet of the Year." *Time*, which has honored the likes of the Ayatollah Khomeini, Deng Xiao-Ping and Mikhail Gorbachov as its "Man of the Year" in the recent past, this year chose to single out our home planet, depicted as a globe, wrapped in cellophane and string, supposedly like a helpless waterfowl washed ashore strangled in human debris.

In a hideous "year-end" issue that obsesses on pollution and "overpopulation," *Time* magazine endorses both the Chinese Communist murderous "one-child" birth control program and Thailand's condom king, Mechai Viravaidya. China has "galvanized" its people behind its birth-control program, *Time* writes, which has had "some distressing consequences. . . . Yet for all its failings, China's effort has produced results. The population growth rate . . . has been slashed in half to 1.4%. And the Chinese are determined to reduce the rate still further. The same formidable task will face other developing sector countries as they confront the population bomb. But confront it they must."

Time magazine avoids mentioning the fact that the Chinese "birth control" program has led to such atrocities as widespread infanticide of girl babies, and forced abortions in the late months of pregnancy.

On the same page, accompanied by a smiling picture of Mechai, *Time* calls him "a major reason that the annual rate of Thailand's population growth was cut in half . . . in just 15 years. . . . The campaign has brought about a profound change in the way Thais look at their families."

Even more blatant a signal came from the British side of the Anglo-American financial establishment for which *Time* typically speaks. The Jan. 2 edition of the London *Economist* devotes an editorial to the anticipated extinction of the entire human species, and views the prospect as good!

Entitled, "On the Destiny of the Species: In the Long Run We Are All Extinct, But Humanity Should Go Out in Style," the editorial is a paean to Darwinian "natural selection" and "survival of the fittest" theories, attacking what it considers to be mankind's proclivity to destroy the planet "by perpetrating at a precipitous rate."

Superpower agenda

This is the dawning of the age of the "environmentalist," the relative nuisance of yesteryear who has now catapulted to the top of the world superpower agenda, destined to become a grim reaper of billions.

There is a new consensus between the U.S. and Soviet Union that shared concern for the global environment must be the basis of a qualitatively new dimension of international cooperation.

The Soviets have struck this theme repeatedly at the United Nations, first with the speech of Foreign Minister Eduard Shevardnadze in September, and then with the speech of General Secretary Mikhail Gorbachov in December. They want the U.S. to join with them in creating a new worldwide totalitarian institution with a mandate to police the globe to "protect the environment." The U.S. has indicated—by, among other things, some tell-tale appointments by President-elect George Bush—that it is willing to go along. The *Time* magazine piece is simply an acknowledgment of this development.

Those who have chosen to call themselves "environmentalists" attribute all the problems to too much intervention by man, too much technology and too many people. Their ideology, like that of Parson Thomas Malthus, who started the official British school of zero-growth quackery, is a sordid excuse for tightening the grip of economic colonialism on the world's population, and for prohibiting real, sovereign, and technologically-driven economic development, especially in the Third World. It is a synthetic construct of those who profit from the poverty that afflicts the majority of mankind, and who want to perpetuate that "system" against the potential of technology to undermine it.

In the Soviet Union, Gorbachov has announced that he plans to shut down six nuclear power plants for safety reasons. In addition, the *New York Times* reported Dec. 28 that there is great alarm over the depletion of the Aral Sea in the Transcaucasus region of the Soviet Union. The water shortage crisis in the Aral Sea region exists today because of a bureaucratic decision taken in Moscow when Gorbachov came into power in 1985 to cancel work on an ambitious water-diversion project that would have brought abundant water to the region from the giant, northern-flowing Ob River and its tributaries.

Similarly, agricultural potential throughout the North American continent has been placed at severe risk by the intervention of "environmentalists" which blocked the development of the "North American Water and Power Alliance" (NAWAPA), a project that would have brought 180 million acre feet of fresh water annually from the unused northward-flowing rivers of Canada and Alaska southward. "Environmentalist" pressures against large-scale water development projects have also contributed to the famine that has taken hundreds of millions of lives in Africa.

'Prometheus' LaRouche sends reply to would-be gods of Olympus

by Lyndon H. LaRouche, Jr.

This statement was released on Dec. 20.

The would-be "gods of Olympus," who claim to control the Reagan administration, the incoming Bush administration, and the U.S. judicial system up to the level of the Supreme Court, have chosen to dispatch me a series of messages. For reasons to be made clear, my reply is being transmitted via the public news media, via this and other appropriate publications.

The first message, delivered a few weeks ago, was in the nature of a "calling card." This message predicted the rigged, corrupt verdict which those agencies claimed they had prearranged in the Alexandria federal court case concluded on Dec. 16. That message was an accurate prediction of results accomplished by means of "sleepers" planted inside the jury.

As that predicted result was occurring, a second message was sent from the same source via the same channel. This message predicts that I have approximately thirty days to accept the terms of submission to be proffered by the messenger's principals, or see myself and those associated with me destroyed through the U.S. courts. The messenger stated that his principals control the U.S. courts up to the highest level in this matter, to the effect that everything is already fixed up to the highest level of both the courts and the Reagan and Bush administrations.

I am informed that the proposed terms of my submission are to be the subject of a third message. The second message states that I must now indicate whether or not I am now prepared to negotiate such terms, whatever they might be.

For reasons explained below, it is necessary that I deliver my reply publicly, in the manner I do here.

My message in reply

The answer to that message is "No."

I am willing to discuss any policy on the merits of the policy itself; I am always open to be persuaded to alter my views on the basis of reason, provided reason shows such alteration to be more consistent with my principles than my present tactical and strategic postures, and also provided that it is understood I will never change policies in important

matters without making the reasons for those changes clear to all supporters and others to whom I am morally accountable.

However, say, that with the image of Christ in the garden at Gethsemane before my mind's eye, I will never compromise my principled commitments at any price.

For clarity through emphasis, I restate what I consider negotiable.

I am not perfect, and therefore recognize that there may be better tactical and strategic measures for realizing my principles than those I have conceived thus far. On this specific account, I am open to reason.

There exist, doubtless, concerns of which I am not adequately informed, in respect to which my policies should be amplified to take these matters into account, and that in a manner consistent with my principles.

In such matters, I am open to reason, provided this involves no compromise of principle.

However, I recognize no highest authority on this planet excepting the Creator and His natural law. The very existence of bodies of wealthy powerful families, which consider themselves as families in the likeness of the mythical gods of Olympus, represents in and of itself an insolence against both God and man which is anathema to me. On these matters, no compromise is possible.

Those principled commitments

Although I am a leading figure of an ecumenical association of Catholics, Jews, Protestants, Buddhists, and others, that association is committed to practical means of realization of policies set forth in such papal encyclicals as the 1967 *Populorum Progressio* and the more recent *Sollicitudo Rei Socialis*. No one who knows those encyclicals and knows my policies of practice during the recent 20-odd years could have any reasonable doubt of this fact.

Specifically, on account of the latter of the two cited encyclicals, I concur most emphatically to the reference to the "structures of sin" currently dominating, respectively, the East and the West. The tradition of constituting powerful wealthy families prone to sundry forms of usury, as a form

of power over nations cast in the image of the gods of Olympus, is the essence of those "structures of sin" which have engendered the greatest evils afflicting the community of nations today.

I am content that such families should prosper, and enjoy such prosperity for themselves. I will never accept their efficient conspiring to constitute themselves a power above representative governments of sovereign nations, to such effect that they cast themselves in the image of the mythical gods of Olympus. The former status of such families is a set of matters which is negotiable with me; the latter is not.

My particular commitments ought to be very well known from both my published statements and the consistency of all my policy formulation in consistency with those statements. I list the most relevant of those commitments here, to ensure absolute clarity of the import of this message of reply.

I am essentially a Christian philosopher, and, with that specific qualification a "philosopher king" in the sense defined by Plato. This role has emerged as a kind of metamorphosis of the central personal developments in my life during the years 1934-52. Those developments are essentially two; they are distinct, but closely interrelated.

First, at the age of 12, I embarked upon a study of leading modern philosophers of the 17th and 18th centuries. Out of this, I came to abhor everything represented by Francis Bacon, Thomas Hobbes, John Locke, David Hume, and Jean-Jacques Rousseau, and to establish myself, since the period of my 13th and 14th years, a follower of Leibniz. My development as a philosopher, and all of my principal intellectual and related achievements since, was forged in my work of disproving the central dogmas of Immanuel Kant's *Critiques*, in defense of Leibniz.

Second, the intertwining of my youthful preparations for possible entry into the Christian ministry with these philosophical studies, prompted me to reject the evangelical form of devout Quaker faith in which I had been reared. I came to the painful realization of reason, that the Quakers, including my devout parents, erred fundamentally in holding God responsible for the condition of mankind; the Creator holds each of us responsible for the condition of mankind, to the limit of our means to remedy suffering and evils.

On the basis of my successful refutation of Kant, and my kindred axiomatic refutation of the anti-human dogmas respecting the human mind, of professors Norbert Wiener and John von Neumann, by 1952 I had produced important discoveries in the field of physical economy, respecting, immediately, the intelligible nature of the causal relationship between scientific progress and increase of the potential population-density of the human species. As part of the same effort, I defined the intelligibility of the same creative processes responsible for valid fundamental scientific discoveries, as the basis for major creative works in the classical fine arts.

As the human individual is set apart from and above all

the beasts, fundamentally, by the divine gift of the potential for rigorous forms of creative reason, it is in this respect that the individual person is in the image of the living Creator. This fact is the intelligible premise for defining the practical meaning of the terms *truth* and *freedom*.

Encumbered with this knowledge, it became more and more the dedication of my life to serve this principle: to defend those forms of institutions of sovereign nation-states which, like emphasis upon scientific and technological progress, foster the development and expression of those aspects of individual human nature which reflect the image of the living Creator.

Today, from this viewpoint I have so described, our planet is afflicted with two great evils.

The first is the spread of satanic evil in the guises of what is called variously "The New Age," the "Age of Aquarius," or simply the "radical counterculture." Fascism and Bolshevism, like the avowed Anti-Christ Nietzsche and Aleister Crowley, are but particular forms of expression of this subsuming satanic evil which is the New Age insurgency.

The avowed purpose of the New Age, is to eradicate the "cultural matrix" of Western European Judeo-Christian civilization from the institutions and even the memory of this planet.

The second evil, is the great and spreading social injustice, typified by the plight of the majority in the looted "Third World," and the growing poor inside the U.S. itself. Social and economic justice for these nations and their poor, is the great noble task placed before the post-war world. The would-be gods of Olympus, both as wealthy families of the West or the Soviet Nomenklatura, have not only rejected that task, but have brought this injustice to the most savage extremes, with their usurious looting, their crushing of the sovereignties of nations, and their evil, neo-malthusian "post-industrial" utopianism.

The clear mission of the United States is to assume its proper leading role in defeating the spread of the first evil, and in righting of the great wrongs of social and economic injustice against the poor of this planet, both within these United States and without. We have reached the point, that either the United States abandons the evil policies of usury, neo-malthusianism, and foul compromises with Soviet evil, which have dominated increasingly the policy-shaping of the recent 20-odd years, or the United States will surely be destroyed during the relatively near-term period ahead of us today.

The point has been reached, at which the Creator will no longer tolerate the rule over mankind by those responsible for the condition to which mankind is being reduced. Our nation must change itself on these accounts, or be doomed. In any case, what is dawning now, is not "the Age of Aquarius," but the holocaust of extinction of those institutions which serve the rule over mankind by would-be gods of Olympus.

Call on President Reagan to pardon LaRouche

From around the world, friends of Lyndon LaRouche are petitioning President Reagan to reverse the guilty verdict handed down by a rigged jury against LaRouche and six associates, in a political show trial in the Alexandria, Virginia federal court on Dec. 16.

Amelia Robinson, a U.S. civil rights leader and former associate of Dr. Martin Luther King, issued an appeal for a mass march on Washington to be held on Martin Luther King Day, Jan. 16. Mrs. Robinson had testified as a character witness for LaRouche during the Alexandria trial. "Today," she wrote, "people from around the world are surprised to find, that in the United States of America, the same injustice suffered by blacks is being used in the trial of the economist and political leader Lyndon LaRouche, and his co-workers. Justice has been set aside, and these people's rights have been taken away from them. . . . On behalf of all the people concerned with civil and human rights . . . we ask that Mr. LaRouche be given his civil and human rights, and that he and his associates be absolved of all charges."

Also in the United States, activists of the Food for Peace movement toured Pennsylvania, Maryland, Virginia, and Washington, D.C. on Dec. 29, to build support for the mass demonstration and to request that government officials sign a petition to the President to pardon LaRouche.

From Kuwait, the daily *As Seyassa* headlined its coverage of the trial on Dec. 29, "International Pressure on President Reagan to Pardon LaRouche." The article described the Establishment's actions against him as "the price of American-Soviet détente." It quoted from a Dec. 16 press conference given by LaRouche, in which he warned, "The real aim is not to put me in jail, it is to kill me," and stated that the only parallels to such a case are the McCarthy period in the United States in the 1950s and

the attacks against the civil rights movement.

In Lima, Peru, the daily newspaper of the ruling APRA party, *Hoy*, published a commentary Dec. 24, emphasizing that the trial against LaRouche is "perhaps a truly political trial, unlike any before in the United States."

"From the first time we heard of LaRouche's proposals," the article continued, "we found them timely and on the mark: his proposal to get rid of the unjust financial system headed by the International Monetary Fund; he proposed solving the foreign debt problem with a moratorium plan, called 'Operation Juárez.' We could not get away from it. Since then, and even before, he made clear his committed identification with much of what was essential to the Latin Americans—political and economic sovereignty and our right to development—through his open support to the Mexican moratorium proclaimed by President José López Portillo and which could end up in the longed-for Debtors' Club. He was alone at the time in the industrialized world in supporting Argentine sovereignty over the Malvinas Islands against British colonial pretensions; his effective support for the Peruvian position on limiting debt payments and his recent support for Panama against the destabilization encouraged by the United States government, whose ultimate goal was the disavowal of the canal treaties. . . .

But that is not the only thing which makes him a 'political extremist' in the eyes of the U.S. and international financial and political Establishment: his warnings on the U.S. economic crash, which became reality with the New York Stock Exchange crash; his call to abandon the Bretton Woods system to impose a new international economic order more just with the Third World; his proposal for a defense policy for the West . . . which inspired the SDI; his alert on AIDS and its destructive potential; his call to defend the principles of Western culture. . . .

"The unusual speed with which the trial took place . . . and the fact he was declared guilty of all the charges together . . . shows that the trial was more important for those who brought it than they are willing to admit."

Hence, on this account, my frail person touches the most awesome power of this planet, a power greater than all governments, and greater than any would-be gods of Olympus. If such forces continue their efforts to exterminate the cause which I represent, their success on that account ensures their own extermination not long afterward. This power is not my personal possession; it is a power to pass final judgment upon all would-be judges, a power emanating from the Creator. It is not my hand, or that of my friends, which would destroy those who would destroy me and my friends, it is the Hand of Providence.

This message

The first function of this message of reply is to provoke a suitable verification of the second message delivered to me, to ensure that the messenger has represented the views of those his credentials imply he does represent.

The second function, is to ensure that those principals have opportunity to reconsider their announced course, and to shape any further message to me accordingly.

The reasons for choosing this channel to make this reply, ought to be obvious to those whom the messenger represents.

How the news media shaped the frameup of Lyndon LaRouche

Below is one of the pretrial motions on jury selection filed in the case U.S.A. v. LaRouche et al. The motion was denied by Judge Albert Bryan, contributing to the Dec. 16 conviction of LaRouche and six associates by a contaminated Alexandria, Virginia jury on trumped up charges of conspiracy to commit mail fraud and conspiracy to defraud the IRS. Specifically documented in support of the request for special questioning of the prospective jurors is the media hate campaign, especially in the Washington, D.C. area, against LaRouche and his co-defendants.

Motion of defendants for submission of specific questions to the jury venire

NOW COME the defendants and move this Court to put specific questions to the jury venire in this case in order to guarantee a fair and impartial jury. In support thereof, the defendants submit that:

1) This is a case which has resulted in considerable publicity at both the local and national level. Attached hereto as Exhibit 1 is a summary and representative sample of such publicity.

2) The case involves defendants who have very strenuously expressed minority political opinion and the chance of prejudicial jurors as a result of these political beliefs is substantial.

3) Specific questions beyond those ordinarily asked are clearly called for in this case as are the employment of other extraordinary measures during voir dire. Attached hereto as Exhibit 2 is the Affidavit of Michael W. Reilly concerning such measures utilized in *United States of America v. The LaRouche Campaign, et al.*, Criminal No. 86-323-K, D. Mass.

Accordingly, the defendants move this Court to allow them to file specific questions for the jury venire by Friday, November 18, 1988.

Summary of print media publicity October 1984-August 1988

The principal source of print media publicity on Lyndon H. LaRouche has been the *Washington Post*, although also included herein are a number of articles from the *Washington Times*, *Richmond Times-Dispatch*, *New York Times* (which enjoys a significant circulation in the D.C. metropolitan area)

and the *Baltimore Sun*. However, the *Washington Post* began focusing its attention on LaRouche in October 1984 when the NBC trial began. This attention continued after the trial as *Post* reporter John Mintz wrote a three-part series of articles entitled "LaRouche in Leesburg" which appeared in the *Post* in mid-January 1985. From that point on, the *Post* has covered Mr. LaRouche on a regular basis.

There follows a chronological summary of this coverage with the actual stories appended thereto:

1) Leah Latimer, "LaRouche Libel Suit Against NBC Opens in Alexandria," *Washington Post*, October 23, 1984.

The article reports the allegations contained in the NBC broadcasts at issue: LaRouche "described on the air as the anti-Semitic leader of a 'political cult' . . ." Persons identified as defectors say that "LaRouche followers are often 'armed and dangerous,' " and ADL charges that LaRouche is " 'a small time Hitler.' "

2) Leah Latimer, "Death Threat Against TV Producer Reported," *Washington Post*, October 24, 1984.

NBC claims that the libel defendant, Pat Lynch, received a death threat. The FBI was said to be investigating. The implication is that the threat was made by associates of LaRouche who are alleged to be "violence-prone." The investigation turned up nothing.

3) John Mintz (first of a three-part series "LaRouche in Leesburg"), "Loudoun Newcomer Puzzles Neighbors," *Washington Post*, January 13, 1985; John Mintz, "Group Raises Millions, Leader Puts Assets at \$5,000," *Washington Post*, January 13, 1985; John Mintz, "Some Are Out to Kill Me, LaRouche Says," *Washington Post*, January 13, 1985; John Mintz, "Group Makes Political Inroads," *Washington Post*, January 13, 1985.

4) John Mintz (second of the three-part series "LaRouche in Leesburg"), "Presidential Candidate's Ideological Odyssey," *Washington Post*, January 14, 1985; John Mintz, "Critics of LaRouche Group Hassled, Ex-Associates Say," *Washington Post*, January 14, 1985; John Mintz, "LaRouche Denies Leadership Role," *Washington Post*, January 14, 1985.

5) John Mintz (third of the three-part series "LaRouche in Leesburg"), "Some Officials Find Intelligence Network 'Useful,' " *Washington Post*, January 15, 1985; John Mintz, " 'Star Wars' Work is Focus of Intelligence-Gathering," *Washington Post*, January 15, 1985.

6) John Mintz, "Judge Rejects LaRouche Appeal on NBC Verdicts: \$3 Million Damages Reduced to \$200,000," *Washington Post*, February 23, 1985.

Judge Cacheris reduced the counterclaim judgment from \$3 million to \$200K. However, Cacheris comments that LaRouche's testimony regarding his living situation is "completely lacking in credibility." Cacheris says, "LaRouche's lavish lifestyle shows he lives like a millionaire."

7) John Mintz, "LaRouche Group's Request for Summer Camp Opposed," *Washington Post*, September 11, 1985.

This represented the first major upheaval in Leesburg around the LaRouche presence. According to Mintz, the "nearby residents" asserted that the summer camp (Sweetwater Farm) which one of the companies proposed to run "could be used as a base for a paramilitary or indoctrination center for young people." The controversy flared until June 1986 when an outside judge from Culpeper, Vance Fry, decided that there was not a shred of evidence to support the opposition. Fry was picked to preside over the case because the local judges Horne and Penn recused themselves.

8) Ben A. Franklin, "LaRouche Arouses Fears in Rural Area of Virginia," *New York Times*, October 3, 1985.

This is another piece on the Sweetwater controversy. According to Sheriff Isom, many citizens "say they're afraid of these people."

9) Michael Wentzel, "LaRouche Firm's Notes Sale Probed," *Baltimore Sun*, March 12, 1986.

This news item publicizes the Maryland Securities investigation. Dan Small, the then prosecutor in Boston, provides comments on his investigation, which was ongoing.

10) John Mintz, "Suspect in Palme Case Had LaRouche Party Tie," *Washington Post*, March 19, 1986.

Mintz writes about the purported connections between LaRouche's European Labor Party and Victor Gunnarson, the man suspected of assassinating Swedish Prime Minister Olof Palme. Mintz tries to give credence to the allegation LaRouche was involved in the Palme assassination by describing LaRouche's political opposition to Prime Minister Palme.

11) John Mintz, "The Lash of LaRouche," *Washington Post*, April 7, 1986.

This one is a front-page political attack upon LaRouche in the wake of the Illinois primary victories of Janice Hart and Mark Fairchild.

12) John Mintz and John Harris, "Unease Over LaRouche," *Washington Post*, April 7, 1986.

The article begins: "Leesburg used to be a model of old-time Virginia gentility, a place where most faces were familiar and town people traded good-natured small-town news over lunch counters on King Street. Now, they look up and down the Safeway aisles before they whisper the latest news and they are afraid to speak their mind at public meetings." This change, of course, is the result of LaRouche moving to town. (There are also two sub-articles, "LaRouche Backers



Stuart Lewis

Reporter John Mintz of the *Washington Post*. A years-long media hate campaign against Mr. LaRouche tainted the jury pool, yet the judge denied a defense motion for special questioning of the prospective jurors.

Buy Farm" and "Battle for Supporter's Fund." The latter item is about the case of Lewis du Pont Smith—see *infra*).

13) Matthew Wald, "Small Town in Virginia Tense Host to LaRouche," *New York Times*, April 11, 1986. Another bit on LaRouche in Leesburg with claims of intimidation and a death threat.

14) Joel Brinkley, "Fraud Suggested in LaRouche Fundraising," *New York Times*, April 13, 1986.

This front pager in the *Sunday Times* says that "preliminary findings" of the Boston grand jury showing defrauding of hundreds of people across the country. The early findings supposedly "indicate an extensive nationwide pattern" of credit card fraud.

15) John Mintz, "LaRouche Groups Scrutinized," *Washington Post*, April 19, 1986.

Another front page effort from Mintz which begins with an account of a purported victim, Carl Swanson of Maryland. The article details various investigations then outstanding.

16) Editorial, "The LaRouche Probes," *Washington Post*, April 30, 1986.

The essence of this editorial is that while "prosecutors should hesitate to interfere with political campaigns," LaRouche is an exception because of the number and nature of complaints against his organization. Where there is smoke, there's fire, and prosecutors, the *Post* says, should not be afraid of LaRouche's tactics.

17) John Mintz, "LaRouche Group at Center of du Pont Family Fight," *Washington Post*, May 16, 1986.

This concerns the battle over the estate of Lewis du Pont

Smith, a thirty-year-old who was declared incompetent because he contributed money to LaRouche. Smith, of course, is not incompetent; he recently ran for Congress in New Hampshire. The case is still pending.

18) Matthew Wald, "Du Pont Heir's Gifts to LaRouche Spark a Court Battle," *New York Times*, May 17, 1986.

Another article on the du Pont Smith case.

19) Rich Arthurs, "LaRouche Puts Pressure on Loudoun Lawyers," *Washington Legal Times*, June 23, 1986.

The *Legal Times* describes the intense pressure of the Sweetwater case and the plight of Dean Worcester, the attorney originally hired by the LaRouche forces. As Worcester describes it, "[T]he entire county got consumed by the issue of LaRouche."

20) John Mintz, "Du Pont Heir Defends LaRouche Ties," *Washington Post*, June 24, 1986.

Mintz reports on a hearing in the du Pont Smith case which occurred in West Chester, Pa.

21) John Mintz, "Judge Affirms Watchdog for Heir's Money," *Washington Post*, July 24, 1986.

This details the final decision by the lower court in the du Pont Smith case. Mintz points out that the judge "based his conclusion that Smith is mentally ill partly on Smith's statements supporting the apocalyptic message of LaRouche."

22) John Mintz, "Hard Times in the LaRouche Camp," *Washington Post*, September 14, 1986.

This story about the financial difficulties of the organizations traces the problems to the "stunning" Illinois victories which "prompted a round of critical news reports about LaRouche and investigations by state agencies of the group's financial practices. The LaRouche group raises most of its funds through telephone solicitation and in airports, and the damaging news reports on LaRouche turned off many potential contributors, law enforcement sources and experts on the group said.

23) John Mintz, "LaRouche Followers Indicted," *Washington Post*, October 7, 1986 (this is the first of a series of four articles by Mintz which appear during the course of the week.)

Mintz reports on the Leesburg raid and the Boston indictment. The concluding paragraphs explain that raid and indictments came as response to Illinois primary victories. The feeling was, "Let's hit them."

24) John Mintz, "An 'Underground' of LaRouche Foes," *Washington Post*, October 8, 1986.

This is the French resistance bit which says that "hundreds" of Loudoun County residents assisted in the investigation.

25) Thomas Ferraro, "Virginia Community Hopes LaRouche Will Leave," UPI (Leesburg), October 8, 1986.

"They [Loudoun residents] see the light at the end of the tunnel," said Lt. J.T. McCracken of the Loudoun County Sheriff's Department. "They see signs that the big black cloud that has hung over Loudoun County may start to leave."

26) Mark Smith, "Long LaRouche Probe Due," *Rich-*

mond Times-Dispatch, October 8, 1986; Leesburg (UPI), "Leesburg Residents Helped Track LaRouche," *Richmond Times-Dispatch*, October 8, 1986.

This is another resistance force story coupled with a report on the post-raid news conference of Virginia Attorney General Mary Sue Terry.

27) John Mintz, "LaRouche Probers Hope Suspect Will Help Them," *Washington Post*, October 9, 1986.

"Law enforcement officials say they hope to 'flip' some of the 10 associates of political extremist Lyndon H. LaRouche, Jr., who were indicted by a federal grand jury Monday, persuading them to give information to authorities about higher-ups in the organization, including LaRouche." The remainder of this story speculates about this possibility.

28) John McCaslin, "Ex-Worker Describes LaRouche Shredding," *Washington Times*, October 9, 1986.

This information comes from an interview with a purported ex-employee. It infers, but does not state, that the "shredding" was done for obstruction of justice purposes.

29) John Mintz, "LaRouche and Aides Reacted to Heat from Federal Probe," *Washington Post*, October 10, 1986.

This is the last of the series of four by Mintz which details the bail hearing held on the previous day. Jeff and Michele Steinberg were held without bail after Magistrate Grimsley made a finding of "clear and convincing" evidence of obstruction. This finding was based upon the testimony of FBI Agent Richard Egan who subsequently recanted the most critical elements of this testimony.

30) AP, "U.S. Seeking Hard Evidence in LaRouche's Seized Files," *Washington Times*, October 13, 1986.

This release prints the statement from Henry Hudson's press conference which referred to "an organizational policy of fraud and bilking." Hudson is also quoted as saying that the LaRouche organization "preyed upon many elderly people."

31) Thomas Ferraro, "Lyndon LaRouche vs. The Leesburg Garden Club," UPI (Leesburg), October 9, 1986.

Another story of the "hundreds" of Loudoun residents who assisted in the investigation.

32) John Mintz, "Sifting Truth from Informers on LaRouche," *Washington Post*, October 26, 1986.

This reviews the prominent government informers in the LaRouche case: Frankhauser, Fick, Emerson, and Levy.

33) Thomas Ferraro, "The Many Investigations of the LaRouche Group," UPI (Washington), October 26, 1986.

This is a compilation of the various ongoing investigations.

34) Philip Shenon, "LaRouche Holdings Seen as Imperiled by Inquiry into Fund Raising," *New York Times*, October 29, 1986.

"Federal law-enforcement officials have said their best hope of disrupting Mr. LaRouche's activities may be found in thousands of documents seized earlier this month in a raid on his headquarters in Virginia." . . .

"A Justice Department official said, however, that evidence gathered in the raid on Mr. LaRouche's offices could eventually cripple the fund-raising campaign."

35) AP, "U.S. Investigators Take Samples of LaRouche's Handwriting," *Baltimore Sun*, November 8, 1986.

This release asserts that a grand jury has been empaneled in Alexandria but has not met yet. There are several confidential and/or law enforcement sources referred to throughout.

36) Caryle Murphy and John Mintz, "U.S. Confirms LaRouche Probe," *Washington Post*, November 22, 1986.

The Ed Spannaus Rule 41 motion before Judge Bryan is covered. For the first time, Robinson reveals the existence of the Alexandria grand jury. "Sources said authorities are investigating whether the group's payments for LaRouche's daily needs, including his stay on the estate, constitute a form of payment to him on which he should have paid taxes."

37) Paul Glastris, "Dialing for Dollars," *Washington Monthly*, December, 1986.

One paragraph in this piece says that "[t]elephone fraud has slipped into politics: phone solicitation is the chief source of campaign contributions to the Lyndon LaRouche organization." Mintz is cited as a source that LaRouche supporters committed fraud over the telephone

38) UPI, "Sweden Reported Investigating LaRouche Link to Palme Assassination," December 12, 1986.

The release reveals that Swedish authorities are combing through the seized notebooks investigating "whether extremist Lyndon LaRouche's political organization had a role in the assassination of Olof Palme."

39) John Mintz, "Airing the LaRouche Line," *Washington Post*, December 23, 1986.

The article focuses on the connection of LaRouche to WTRI radio in Brunswick, Md. The tone is similar to the Leesburg controversy stories. "It's frightening," said [one Brunswick resident], "we really don't know what to think of LaRouche. Leesburg wants to get rid of him, so he comes over here."

40) AP, "Additional LaRouche Illegalities," *Washington Times*, January 29, 1987.

This is a report on the filing of the F.R.E. 404(b) notice in Boston which alleges tax and loan illegalities.

41) John Harris, "16 Associates of LaRouche are Indicted," *Washington Post*, February 18, 1987.

This front-page story announces the Loudoun County indictments and arrests. There is a prominent picture of defendant Michael Billington being led away in handcuffs.

42) Regional Report, "Terry Says LaRouche Organization Preyed on Old," *Fairfax Journal*, February 19, 1987.

The headline speaks for itself. The text quotes from Virginia Attorney General Mary Sue Terry's press conference following the Loudoun County indictments.

43) Frank Perley, "LaRouche Followers are Accused of Defrauding Elderly of Millions," *Washington Times*, Feb-

ruary 19, 1987.

This is another bit on the Terry press conference (see #42 above).

44) John Mintz, "Federal Papers Suggest LaRouche Evaded Taxes," *Washington Post*, February 25, 1987.

The Boston filings charge that LaRouche and associates are involved in an "elaborate scheme" to avoid reporting income while LaRouche lives in "regal style."

45) R.H. Melton, "Va. Bans Sales by LaRouche," *Washington Post*, March 5, 1987.

The Va. State Corporation Commission bans the sale of promissory notes which law enforcement authorities say will "help them in their efforts to cut off a major pipeline of revenue for the group."

46) John Harris, "LaRouche Followers Arrested," *Washington Post*, March 18, 1987.

This article publicizes the New York indictments and arrests with a picture of defendant Ed Spannaus featured. This is described as "the latest blow to the LaRouche fund-raising network which authorities have said is being threatened 'like a house of cards' . . ." The prosecutors in New York charge a scheme which "bilked \$30 million out of investors, many of them senior citizens, across the nation."

47) John Harris, "9 LaRouche Supporters Freed on Bond," *Washington Post*, March 19, 1987.

The New York indictments are reviewed: "[T]he charges are the latest in a string of criminal and civil actions that are acting like a tightening noose around the financial lifeline of the LaRouche organization, causing it to bounce checks and miss deadlines on its political publication, according to law enforcement authorities."

48) John Mintz, "Crisis Time in LaRouche Land," *Washington Post*, March 22, 1987.

" 'The boa is constricting. I know they're hurting bad,' one law enforcement official said of the group, known for its apocalyptic rhetoric and denunciation of perceived enemies."

49) William Welch, "LaRouche Stays in Europe as Financial Difficulties Add to Legal Problems," (Washington) AP, March 27, 1987.

"One source who, like the others, spoke only on condition of anonymity, described the organization as a fragile structure as a result of the investigations and said, 'We're pulling out sticks one by one.' "

50) John Mintz, "LaRouche Sell-Off is Alleged," *Washington Post*, April 3, 1987.

Federal prosecutors charge that the organization is selling off assets to avoid contempt fines.

51) John Mintz, "Federal Raids Effectively Shut LaRouche Organization," *Washington Post*, April 22, 1987.

This reports on the impact of the bankruptcy seizures and Hudson's statement that this is a "somewhat extraordinary remedy."

52) AP, "Millions Funneled to LaRouche at Whim, Justice Says," *Washington Times*, April 23, 1987.

The headline speaks for itself. The text quotes from the more prejudicial sections of the bankruptcy petition.

53) John Mintz, "LaRouche to Talk to Grand Jury, Sources Say," *Washington Post*, June 27, 1987.

Sources leak to the media the fact that LaRouche is about to testify before the Boston grand jury.

54) John McCaslin, "U.S. Jury Expected to Indict LaRouche," *Washington Times*, July 2, 1987.

Three sources reveal that the Boston grand jury is about to indict LaRouche.

55) John Mintz, "LaRouche Indicted in Conspiracy," *Washington Post*, July 3, 1987.

Mintz reports that the indictment of LaRouche comes "after 19 years of periodic federal investigation of him, starting in the late 1960s when he was a Marxist, and extending into the middle of 1970s when he was allied with neo-Nazis." Further, he says, "[N]ews of LaRouche's indictment caused jubilation in Leesburg, where LaRouche has engendered hostility since he and at least 250 associates moved there three years ago. 'People are slapping each other on the back and just going crazy out here,' said one investigator there."

56) John Mintz, "Loudoun Acts to Oust LaRouche," *Washington Post*, July 14, 1987.

This is the Leesburg story again. One Loudoun businessman is reported as saying, "[T]here's a grand design to get rid of these people."

57) John Mintz, "Inside the Weird World of Lyndon LaRouche," *Washington Post*, September 20, 1987.

"Law enforcement officials and experts on the group say the key to understanding the charges in the [Boston] trial—from the bilking of the elderly to the burning of subpoenaed documents—is not something that can be summed up in an indictment. The key they say, is in the members' arrogance about themselves and their position in world history. . . ." Further, "[l]aw enforcement officials say the psychological browbeating continues to this day."

58) John Mintz, "Judge Delays Trials of LaRouche, Six Associates," *Washington Post*, October 21, 1987.

This piece reports on the severance of the Boston case and the scheduled trial of "former Ku Klux Klan leader Frankhauser."

59) AP, "LaRouche Himself Goes on Trial This Week," *Richmond Times-Dispatch*, December 14, 1987.

This is an eve of trial report which is expected to include "testimony from witnesses with checkered pasts and bizarre tales of intimidation and pressure with the LaRouche organization. . . ."

60) AP, "LaRouche Faces Fraud Trial This Week," *Washington Times*, December 14, 1987.

Same as #59 above.

61) John Mintz, "Anti-Meese Poster's Source is a Mystery," *Washington Post*, December 25, 1987.

This item discusses the "Meese is a Pig" poster which was put up in the D.C. area one week previously. The infer-

ence is that it was done by LaRouche.

62) Bill McKelway, "Papers Show LaRouche Empire Built on Fragile Base of Loans," *Richmond Times-Dispatch*, May 1, 1988.

This is an eve of bankruptcy trial report. The allegations in the Government's paper are that allegedly the bankrupt corporations were used "as the private preserve of LaRouche cronies." Virtually all of the money was allegedly spent at LaRouche's direction.

63) Bill McKelway, "Legality of Move by U.S. is Argued," *Richmond Times-Dispatch*, May 5, 1988.

This is an update on the bankruptcy trial. Government attorney David Schiller said that "pipelines siphoned off millions of dollars for LaRouche's personal use or uses which had no bearing on the reasons individuals agreed to make the loans in the first place."

64) Bill McKelway, "Trail of Suffering Laid to LaRouche Firms," *Richmond Times-Dispatch*, July 6, 1988.

This post-trial article quotes from the Government's brief, "grievous human suffering," "cold, callous, cynical" schemes, and three companies which generated " 'rivers of cash' for LaRouche's and others' benefit but shattered the lives of unwary contributors, severely hurt unpaid creditor companies, and diverted cash through shell companies."

65) Haynes Johnson, "Mudslinging and Responsibility," *Washington Post*, August 5, 1988.

This news article reports on the Dukakis medical records flap. It describes LaRouche as a "hate merchant."

Post: 'Stop LaRouche before 1988 campaign'

In its lead editorial April 30, 1986, the Washington Post detailed various investigations of LaRouche and associates under way at that time, and then warned its readers:

LaRouche followers have won unexpected victories in primaries this year, and may win more. . . .

You might reasonably ask why investigations of charges made about activities that took place in 1984 or earlier have reached no conclusion. . . .

These cases ought to be resolved before the 1988 campaign, in which Mr. LaRouche says he will again be a candidate for the Democratic presidential nomination. . . . The prosecutors and the FEC have more hard work and abuse ahead of them, but they must continue all the investigations—despite the tactics they face—with a view to bringing prosecutions wherever the evidence warrants.



When 'rule of bureaucracy' replaces rule of law

Lennart Hane is a well-known attorney and author in Sweden, who has taken a leading role in opposing "gulag justice" in his own country, and who is a member of the International Commission to Investigate Human Rights Violations, based in Paris, France. In early December, he traveled to Alexandria, Virginia, to observe the "railroad" trial of Lyndon H. LaRouche, Jr. and six associates, which led on Dec. 16, 1988 to conviction of all the defendants by a runway jury (see EIR Vol. 16, No. 1 for a report on this shocking miscarriage of justice). Lennart Hane was interviewed in Washington, D.C. by William Jones of EIR. The interview was conducted in Swedish, and translated into English by William Jones.

EIR: Mr. Hane, you spent two days as an observer for the Human Rights Commission at the trial against Lyndon LaRouche and his associates now ongoing in Alexandria, Va. I wonder if you could say a few words concerning your impressions of the trial, and perhaps some more general remarks on the legal harassment operations against Mr. LaRouche, of which this trial is an integral part.

Hane: I can begin by saying that my observations are based on the somewhat depressing experiences of the gradual destruction of the Swedish system of justice, and I therefore recognize the similarities of this whole process. Therefore, I would like to make some comments of a more general nature before I start to take up the particular circumstances surrounding the case against Lyndon LaRouche and his associates. The first thing I'd like to mention is that the United States government totally lost all respect internationally when it turned over the American citizen Karl Linnas to the Soviet authorities to be executed. The Russians took him directly when he arrived and he was immediately put to death. At that point, the state had betrayed its primary function of protecting its citizens against violence. It was horrifying to know that something like that could happen. Even more horrifying was the fact that there was no public reaction to it. The public and, most emphatically, the press, were obviously totally indifferent to the Linnas case. What was most striking in the Linnas case was above all the uncivilized nature of the whole procedure.

In a constitution and in a system of law, there are established standards, and it is a rule of thumb, that measures

taken against an individual or an organization must meet the requirements of civilization. And the requirements of civilization are incorporated, for example, in the European Convention for the Defense of Human Rights, which has been accepted by most of the West European nations, including Sweden. They have not only accepted sanctions against violations of those rights guaranteed by the Convention, but have even introduced a procedure by which one can first go to the European Commission, and then further to the European Court of Human Rights. At the end of that process, the court's ruling is binding for each state which is a party in that type of case. They have established a series of criteria for the violations of human rights. And in these individual criteria, which would determine whether a violation of human rights has in fact occurred, lie the requirements of civilization. It is my conviction that these requirements have been abrogated in the case of Karl Linnas, and we also see the same thing in the actions taken against Lyndon LaRouche and his colleagues.

EIR: So you see the case against Lyndon LaRouche as similar in kind to the Justice Department's handling of the case of Karl Linnas, an American citizen of Estonian origin, who was turned over to the Soviets for execution simply on the basis of Soviet assertions that Linnas was a war criminal?

Hane: Yes. In the Linnas case, the government totally lost face and gave up its lawful monopoly on the use of force against its citizens. If one cannot trust that the state can protect its citizens against violence, then perhaps one should emigrate from such a country—or return to more primitive measures in order to get protection. We talk in Swedish about the *raettsstat* or in German, *der Rechtsstaat*, which in English is called the "state rule of law." That means that everything that happens in such a state must be based on a system of law. The power of a state based on law lies thus in the law itself. The opposite of that state of affairs is called lawlessness or barbarism. We also see this in the English characterization of such a state of lawlessness as "the rule of men." But, in effect, somebody must rule, and often enough, under the "rule of men," that somebody is the bureaucracy. The bureaucracy represents a sort of pyramid of power, at the top of which sits the dictator.

We can see such a situation developing in the Alexandria trial when the position of the prosecutor—the "power" in this

case—becomes perverted. Previously it was the case that the prosecutor was always somewhat cautious, when he was called to wield the power to indict, since he can cause serious harm to people if they are then proven to be innocent. In this way the position of prosecutor should be that of the foremost protector of the freedom of the individual. He should thus respect that freedom.

EIR: Was this the case in the proceedings against La-Rouche?

Hane: On the contrary. In the Alexandria case the prosecutor worked together with the police, so that it became a type of action which doesn't fill the requirements of a society governed by the rule of law. It was more characteristic of a police state where the prosecutor works hand-in-hand with the police. We see a rather ugly example of that in the Alexandria courtroom, where all sorts of police and security guards are milling around. In that way one can indirectly influence the jury into thinking that the accused are terrible people and that the jury should be happy and grateful that the police are there to protect them. They should, therefore, be glad that we have a police state. Those are the signals the prosecution wanted to get across. There were also a number of dirty tricks during the course of the trial where the prosecutors, who sat within the rails, would write small notes to the policemen who were sitting in the public gallery behind them. In this way, there was a continual unrest among the police officials, creating the impression for the jury that something especially important was happening. Such tricks are rather ugly, but quite consciously perpetrated in the case of a trial, like this one, which has an almost exclusively political character.

The prosecutor is banking on the possibility that the innocent will be convicted, and therefore he uses the position of prosecutor as a weapon, to tire out people mentally, with false and groundless accusations. It is said that "to err is human," but in this case we might say "it's hell to persevere." It's quite barbaric to see that the prosecution, which time and again has had these indictments defeated in a variety of courts in several different states, can continue to raise the same suspicions and go after the same "crimes." It's as if they are using the trials to try to break people down psychologically or to get them to overexert themselves—and their finances. It becomes terribly expensive, not only because it forces very valuable people to spend their days almost like prisoners, sitting in a courtroom, but because of the tremendous costs of the legal assistance. There are some 10 lawyers involved in this case, you see.

EIR: Isn't it also a breach of legal praxis and of the individual's civil rights that the principle of double jeopardy, for which there is undoubtedly a Swedish equivalent, has been violated by repeatedly issuing indictments for charges which have previously proven to be groundless?

Hane: I must admit that here you've got quite a primitive judicial regulation which I don't think exists in any legal

system in Western Europe. There, it is the responsibility of the prosecutor to carry out the judicial procedure in a correct manner very early in the trial. If any portion of the legal procedures has been missed in the trial, the prosecutor cannot then use that "oversight" to get a new trial. If that were the case, a trial could be conducted in such a way as to consciously miss or exclude important elements of the case. A trial could be repeated numerous times at the mere behest of the prosecutor. The principle preventing such abuses is called, in Swedish, *raettskraften*, the "force of justice." That principle says that if a person has won or lost a case, it cannot be taken up again, except under very extraordinary circumstances, that is, if new, quite powerful evidence is later brought to light. And even then, the prosecutor has only a very short period of time in which he may again take up the case. Such new evidence must be strong enough to potentially change the entire nature of the case, for instance, if someone has committed a crime during the trial, if a witness has lied, or the judge, the prosecutor or the defense attorneys have committed a very serious crime during the course of the trial. The American legal system is somewhat comic and primitive in that respect. We have a quite frightening example of how such a prerogative can be abused in the Alexandria case.

I would also like to indicate, with my background in the Swedish situation, how the state has gradually, apparently under the influence of subversive elements, begun to change its character in such a way that the power of taxation, which was originally simply a means of providing the state with funds needed to finance certain common, useful social functions, has been transformed into a weapon against the citizenry, a taxation weapon. The use of such a power as a means of control and repression—as a weapon—is normally ascribed to the administrative procedures in the Soviet Union. There they talk about various administrative prerogatives, which the bureaucracy possesses, which are used as weapons of repression against their citizens.

EIR: How was that "tax weapon" used in the Alexandria case?

Hane: Well, if there are regulations by which an organization may receive gifts and by which it can arrange its activities in accordance with the regulations which apply to such organizations, then it is not possible to bring in a myriad of exceptions to those rules, since you would soon not be able to distinguish between what is an exception and what is a rule. And if there are exceptions, they must be very clearly defined, or else the "rules" lose the character of lawfulness. For instance, let Rule A be covered in its entirety by Exception B. Does Exception B then serve as a rule, or is Rule A still in force? Nobody knows. If this were the case in the domain of public authority, then "lawfulness" would be determined by the arbitrary rule of power.

We see that in this case where you have income comprised of contributions and loans from the same persons. There were several witnesses who, after having difficulties

in getting their loans paid back, continued to make contributions. The “loans” obviously had a rather special character. So one must be very careful in trying to determine in this kind of situation that a criminal offense has been committed. You also have to figure out who is fooling whom. One can also fool oneself. The lender may be thinking, “I want to give a contribution, because I really support the activity of these people, but, at the same time, I would like to fool myself into believing that it is a loan, as it is a bit too much for me to give.” This was quite clearly the case with the two women the prosecution called as witnesses. Such a situation can never become a crime for the person who has taken the loan. At most, a civil case might develop in which it would be determined how large a repayment should be made to the lender. Even then it’s not certain whether a judge would rule that the lender gets his money back. Now if the prosecution has such little support for its indictments, then it should never have issued them. Such is the responsibility of the prosecutor in civilized society. If, of course, he wants to use the taxation issue as a political weapon, well, that, of course, can always be done.

EIR: What is the basis of the charges against LaRouche for “conspiracy to obstruct the IRS in the ascertainment and collection of taxes”?

Hane: As far as I can see, it should be relatively simple to get a conviction, if we were here dealing with a case of tax fraud. It’s the responsibility of the taxpayer to support his reported income and expenses with genuine documentation. But this had been done by the defendants. There are no falsified figures, no manipulation of the bookkeeping. All the figures are genuine and correct. There are no misleading elements whatsoever in the reported figures. That means that here the “taxation weapon” has been used even with regard to the evidence. It becomes somewhat farcical that the police and the prosecutor—not the law—seem to determine which criteria shall apply here. This is quite beyond the bounds of reason. Here it is the police who want to determine what an organization may or may not do with its income or with money which they have received as gifts, when they make such a strange construction of a tax fraud case. They make their own, totally arbitrary evaluations and create, on totally fictitious grounds, a crime. This is indeed a very strange thing. It becomes something of a classic witchhunt, where the woman was always proven to be a witch—whatever she may have done. However she may have behaved, she is seen as a witch. And the one who interpreted the proof against the woman-witch, during the time of the witchcraft trials, was the priest. The priest appeared both as a witness and as an expert on what constituted witchcraft. In this case, the prosecutor appears as both priest and executioner, when he, for example, brings up false evidence, characteristic of a witch-hunt. For instance, one day at the trial, witnesses were asked questions like: Who bought Lyn’s underwear? When did he

swim in the pool? Who paid for his haircut? For flowers? How much did the cars cost? Now really, are these signs of a crime, or are they not rather indications of a witchhunt? I think that they clearly are signs of a witchhunt, and that the prosecutor has perverted his civilized role of protecting freedom, in order to abuse his position and cause damage to an individual, and therefore damage to the civil rights of that individual.

We then see the next stage of this process where the prosecutor serves simultaneously as the expert on witchcraft as well as the executioner. This is also clear from the way the prosecutor prostitutes himself to the press, appearing as a

The prosecutor prostitutes himself to the press, appearing as a whore to the mass media. Such a combination becomes extremely dangerous, when an indictment or arrest is announced to the press in a sensationalist manner. Here we have a further degeneration in the judicial system. Now we’re dealing with a lynching.

whore to the mass media. Such a combination becomes extremely dangerous, when an indictment or arrest is announced to the press in a sensationalist manner. Here we have a further degeneration in the judicial system. Now we’re dealing with a lynching.

Lynching was a very primitive phenomenon where people took justice in their own hands. Naturally, many innocent people were hanged out of rage or on the basis of totally false information. A trial was originally conceived as a means of protecting against such methods, but now it has been revived as an institution—in my opinion, as a result of the activity of the KGB. Through their subversive activity, they have succeeded in gaining key positions in the mass media, and knowing the value of fooling the prosecutor, they bring him into their schemes. Previously, when there were controversial trials, the press was always on the side of the people, that is, on the side of the accused, and would gladly discuss with the defense attorneys. But in this case, they are always sitting on the prosecutor’s side of the room, always discussing with him or his assistants. The things they write in their articles are always the most banal, stupid items, which, in fact, should never have been given the dignity of being brought

into a courtroom procedure.

In addition, the Alexandria trial also breaks an old rule of jurisprudence, that "you shouldn't stoop so low as to listen to slander." But in this case, the prosecutor is putting forward slander as a type of evidence! That gives you an idea of the very primitive level of the prosecutor's case.

EIR: In addition to the violations of the rules of jurisprudence as well as the civil rights of the defendants, does not this case violate the rights of freedom of association guaranteed by the U.S. Constitution?

Hane: Oh, indeed it does. In fact, the trial itself is a brutal attack against the organization's finances. And it's a simple fact that no organization can survive if its economic basis is destroyed. The financing of an organization is a vital part of the life of an organization. It's the same as if you were to drain the blood from the body of an individual. That individual dies. Similarly, if you drain an organization of its finances, it will also die. But that's precisely the idea behind the whole operation.

In this case, it seems to be the preconceptions of the prosecution which are to determine how an organization organizes itself and its financing. What business is it of the prosecutor, if I want to invest money in a swimming pool? I am of the opinion that it is extremely dangerous to attack the finances of an organization in that way, since that would also be a weapon by which one destroys that organization. This is also characteristic of the extremely banal and stupid attacks which the prosecutor has been launching. It is so far-fetched and alien to civilization to elaborate in a courtroom questions like: Who paid for the flowers? It would be an entirely different question if this were some form of collection agency for maintaining an extravagant mode of life. But here it's a question of an organization engaged in a productive, creative activity of precisely that type which makes it so valuable to protect the freedom of the individual. An organization could never maintain a free creative activity if the values of the prosecutor were to carry the day.

The question of the attacks on the organization's finances can best be envisioned using the analogy of a balloon. St. Augustine said that if a state is "lacking justice," then that state is transformed into a gang of hooligans. That's precisely what is happening here. The prosecution is exhibiting a form of primitive hooligan mentality. The only consolation I have is that this organization has shown the required stamina not to crack under such an onslaught. There is a concept which the Swedes call *raettsaekerhet*, in German *Rechtssicherheit*, for which there is no real English equivalent, but which includes the right to a fair trial as well as other civil rights. Now imagine these guaranteed rights as the glue in a balloon. If you poke even a little hole in the balloon, the air will go out. That's why this whole process is so dangerous. Here it's not a small hole, but a deep gash that's being made in the balloon.

The judge was a classic case of a person who was not educated to deal with political questions. He always wanted to keep them out of the questioning. But then it becomes a rather difficult role for him as a judge in a political trial, since he's not so sure how he is going to deal with the whole affair. He is then pretty much in the hands of the prosecutor and the police. That's also quite harmful. I think that we should start a debate among judges in this country as to how political cases should be handled. Because you obviously can't simply say, "This is politics. We can't discuss these matters." With this attitude, the more politicized a trial is, the easier it becomes to neutralize and censor one of the parties to the case. His case is prejudiced right from the beginning, since every sentence and every phrase is characterized as "politics." In the end, the accused stands there with his mouth taped with several pieces of adhesive. That makes it impossible for a person to defend himself. The judges must learn how to deal with that problem. If a trial has the character of a political witchhunt and political persecution, one cannot simply blind oneself to the possibility of showing that that may be the case. One has to be able to defend oneself. It seemed, however, that the judge gradually became aware of that fact, and therefore was forced to take away one or two pieces of the adhesive which he had placed on the mouths of the defendants.

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Malthusians embrace 'triage' for elderly

by Linda Everett

Back in 1984, many were scandalized when then-Colorado Gov. Richard Lamm told the nation's elderly to die and get out of the way of the next generation. But four years later, amidst budget cut proposals to slash Medicare and Social Security benefits, with editorials incessantly complaining of the demographics of the "old-old," a steady drum beat demanding that the elderly be cannibalized, for the "sake" of the next generation, has become all the rage. Private and public sector leaders have come to embrace Lamm's infamous "ethics of triage."

Today, Lamm graces the board of directors of one such group, the Washington-based Americans for Generational Equity, or AGE. AGE was founded four years ago by Sen. David Durenberger (R-Minn.) and Paul Hewitt, former director of the Senate Subcommittee on Intergovernmental Affairs. The group has some 500 members and 250 corporate and public interest sponsors—all dedicated to the thesis that the needs of the elderly must become "subordinate to America's overriding priorities of the future." Many AGE board members and advisers are drawn from the American Enterprise Institute, the Brookings Institution, and the Urban Institute. Its proposals have been termed "controversial," but in truth, are nothing less than genocidal. The group's publication, *The Generational Journal*, says we must begin to distinguish "the able-bodied from the disabled, the young old from the old-old, and the affluent from the poor and the near poor." Next, they'll set up the ghettos.

'A duty to die'

Chaired by Durenberger and co-chaired by Rep. Tim Penny (D-Minn.), AGE is billed as an "intergenerational movement based on the ideal of *stewardship* for the interests of the future—as applied not only to natural, but also to human and financial resources [emphasis in original]." That is, Americans have to be kept within the limits of the imposed economic collapse of their nation—no expanded production, no economic development, and no high-tech health care that promises to prolong life. As Lamm reiterated recently on NBC-TV: "We do not have a right, but a duty, to die." "We spend too much money" he said, on "the Faustian machine" that "brings people back from death just so they can die again tomorrow." He proposes AGE's solution to free up funds for children: taxing the Medicare and Social Security benefits of

all those "rich senior citizens in Florida."

AGE co-chair Penny complains that federal spending on Social Security is estimated to be more than one-fifth of the federal budget for Fiscal Year 1989. As today's elderly live longer, and more are added to the rolls with automatic cost-of-living increases, the cost escalates and undermines the system for future retirees. Today's "baby boomers," being "downwardly mobile" and dependent on two incomes, are unable to save for their retirement. To avoid an "intergenerational war" and assure the necessary baby boomer retiree funds, Penny calls for taxing all Social Security income, limiting Social Security cost-of-living adjustments on the basis of income, and making retirement mandatory at age 70, not at 65 when full Social Security and Medicare benefits are provided.

Rep. Jim Moody (D-Wis.), former co-chairman of AGE, wants to tap the assets of the aged and increase inheritance taxes to pay for nursing home care: "It's not fair to spend society's money to preserve the assets for someone's children." Durenberger rants, "Society doesn't pay for the education of most children. Yet it shovels out free healthcare for elderly millionaires."

AGE's board member and Wall Street banker Peter Peterson, who is also chairman of the board of the Council on Foreign Relations (CFR), proposes to solve the budget deficit by gutting Social Security and other entitlements, cutting back civil service and military retirement programs, and acting "decisively to put the lid on America's excessive and wasteful consumption of health care," especially by the elderly.

That Carla Anderson Hills, President-elect George Bush's nominee for U.S. trade representative, is an AGE board member, is no surprise. Hills had been a member of the malthusian Trilateral Commission since 1977—up until December 1988.

In 1984, Durenberger's good friend, Trilateralist and CFR member Zbigniew Brzezinski, authored *Democracy Must Work: A Trilateral Agenda for the 1980s*. It called for an end to free or subsidized assistance and for "people to make greater provision for themselves against the contingencies of unemployment, sickness, and old age."

Also among AGE's board of directors are: economist Pat Choate, New Age adviser to Gary Hart's 1980 presidential campaign; Donald Kennedy, Stanford University president; and Robert Vatter, vice president and economist at Metropolitan Life Insurance Co.

AGE adviser Daniel Callahan, co-founder and director of the Hastings Institute, a New York bioethics group specializing in euthanasia, wants the elderly to give up their "insatiable" desire to extend their lives. Better yet, listen to Dick Lamm: "We demand for our sake and the sake of the nation, the right to timely suicide. We demand that all hospitals, VA centers, and nursing homes be required to provide the *coup de grace* pill."

Planning a zero-growth defense budget

Henry Kissinger's Center for Strategic and International Studies released a report Dec. 28 on ways to "secure strategic stability" despite expected constraints on the U.S. defense budget in coming years. The CSIS report is based on two disastrous assumptions that reflect the fantasy-world thinking that now characterizes most policy proposals coming to the new administration.

The first assumption is that the size of the U.S. federal deficit and \$2.6 trillion government debt will force a serious contraction in U.S. defense spending. This will become a self-fulfilling prophecy as long as it is taken as dogma by strategic policymakers. It's a vast departure from the approach of the early Reagan administration, which fought for and won increases in defense spending by insisting that U.S. security needs are defined by the adversary's threat, rather than by internal fiscal constraints.

The second assumption is that the Soviets intend to restrain their strategic build-up within the 6,000 warhead limit set by the Strategic Arms Control (START) negotiations.

Yet in December, a leading U.S. arms control expert who talked President-elect Bush into delaying the reconvening of the START talks in Geneva, told me that it is no longer in the U.S. interest to negotiate a 50% reduction in strategic weapons with the Soviets, because of gains the Soviets have made in developing new intercontinental ballistic missiles (ICBMs), including mobile systems and modernization of their giant SS-18.

When asked by this reporter what

effect it would have on their conclusions if the Soviets refused to be confined by START constraints, CSIS spokesmen insisted that their recommendations would provide for an adequate strategic deterrent in any case. However, in private remarks to me after their formal presentation of the report, one conceded that the report had to make assumptions about Soviet intentions and capabilities, which were not spelled out in their public remarks.

A third assumption also surfaced when I asked the CSIS spokesmen why the Strategic Defense Initiative (SDI) did not play a big role in their assessment of the future of U.S. nuclear deterrent capability. They left the SDI out of their equations, they said, because, they agreed, "There will be no serious SDI until sometime after the year 2000."

Naturally there won't be, if Bush and Congress take these fellows' advice to limit its funding.

So, positing anticipated Soviet military behavior (which ignores the build-up of a laser-based anti-ballistic missile system) and the inevitability of a decline in U.S. defense spending, these "experts" propose that the U.S. can retain a low-cost deterrent by the following steps:

- Deploy 300-500 Midgetman (small, single warhead) missiles in hard mobile launchers.
- Deploy 18-20 Trident D-5 submarines.
- Stretch out the procurement of the B-2 (Stealth) bomber to reduce the yearly costs, but still deploy 100 by the year 2000.

Dr. Amos Jordan, who holds the Henry Kissinger Chair in National Security Policy at CSIS, called this set of proposals "a planned defense build-down" defined by "a very severely constrained budget environment."

CSIS proposes to save money by going with the tiny, single-warhead

Midgetman missile instead of the multiple-warhead MX. The only way to save money with the Midgetman is at the expense of enormous firepower, because the MX is capable of carrying 10 warheads per missile.

Thus, while the MX costs more per missile, each one carries 10 times the throw-weight of each Midgetman. The U.S. would have to build 100 Midgetman missiles to equal the deterrent effect of only 10 MXs. Therefore, the Midgetman is a "cost saving" alternative only if there is a huge reduction in the power of the U.S. nuclear deterrent.

CSIS proposes to scuttle plans of the Air Force to have 132 Stealth bombers by the year 2000, calling into question the effectiveness of the plane and its technology, even though former Undersecretary of the Navy R. James Woolsey conceded that the Stealth is vital to deterring mobile Soviet ICBM systems.

Woolsey said the ability of the Stealth to get past Soviet radar and utilize short-range attack missiles and gravity bombs makes it valuable against the new generation of mobile Soviet ICBMs in a way that the older B-52 and B-1 bombers cannot be.

Nonetheless, the CSIS calls for restricting development of Stealth bombers to "prototypes," to test their "questionable" technology, until full production would commence to bring 100 of them into use by 2000.

The CSIS study offers the budget slashers in Congress and the new administration options ranging from their "maximum modernization force" spending level, to the budget model, which they call "surprisingly resilient." All, they claim, will do the job. In reality, the report offers the budget cutters just what they need: the rationale and excuses needed to cut even beyond what the CSIS dreamers think is safe.

National News

Cuomo urged to declare AIDS emergency

New York Gov. Mario Cuomo has been urged by the New York State Department of Health to declare the AIDS epidemic a full-scale state of emergency.

A 120-page report prepared by the State Health Department and reported in the Dec. 21 *New York Times*, urges that reluctant out-of-city local communities be ordered to house and care for New York City AIDS patients, and that such facilities be immune from lawsuits.

The report suggests that Hart Island in the Bronx and several East River islands be considered potential treatment centers. And the report also calls for increased use of voluntary but confidential testing, and intensified services for parolees, probationers, and state and local inmates.

In the Health Department's odd perspective, New York City is projected to have exactly 90,503 AIDS cases by 1994, with AIDS patients occupying 4,300 hospital beds, compared with 1,800 now, meaning that one of every seven surgical-medical hospital beds is occupied by an AIDS patient. Another 1,400 to 2,200 patients will need care in nursing homes, and yet another 15,000 patients will need home care. Expanded treatment for 7,000 drug addicts is also urged by the report.

CIA says START will be harder to verify

The CIA has informed the Joint Chiefs of Staff that verifying a strategic arms reduction treaty will be more difficult than previously anticipated.

Lawrence Gershwin, the CIA's top intelligence analyst for strategic weapons, outlined in a 600-page report, according to the Dec. 20 *Washington Times*, three main problem areas. These difficulties are verifi-

cation of the elimination of mobile Soviet cruise missiles, and determining how many nuclear warheads are contained in each Soviet missile.

Director of Central Intelligence William Webster said in a speech the week of Dec. 13 that verifying the elimination of Soviet missiles under a Strategic Arms Reduction Treaty would require intelligence gathering at more than 2,500 weapons locations throughout the Soviet Union.

Meanwhile, U.S. spy satellite photos have revealed two new Soviet radar installations, one in Sevastopol in the Crimea and one in Eastern Siberia, according to columnists Evans and Novak Dec. 20, which will widen Soviet defenses against U.S. missiles to nearly 90% of Soviet territory.

"Gorbachov has promised military leaders full speed ahead on missile defense as a trade-off for the reduced conventional defense he outlined in his Dec. 7 U.N. speech," the columnists claim. They also note that such development of Soviet defense further complicates decisions on the make-up and deployment of the U.S. land-based strategic force.

Bush fills out cabinet appointments

President-elect George Bush announced nine nominations during December for his cabinet or major federal agencies, leaving only the Department of Energy without a nominee.

On Dec. 22, Bush announced the nomination of Dr. Lewis W. Sullivan to head the Department of Health and Human Services, despite the concerns of pro-life groups. Sullivan stated that he opposes abortion in all cases except pregnancy resulting from rape, incest, or when the life of the mother is in danger.

Bush also announced the nomination of former congressman and Undersecretary of State Ed Derwinski to head the new cabinet level Department of Veterans' Affairs; former U.S. Attorney Samuel K. Skinner to

head the Department of Transportation; Rep. Manuel Lujan (R-N.M.) to head the Interior Department; and William Reilly, chairman of the World Wildlife Fund, to head the Environmental Protection Agency.

On Dec. 19, Bush nominated Rep. Jack Kemp (R-N.Y.) to head the Department of Housing and Urban Development, and earlier in December, John Tower to head the Department of Defense, and Clayton Yeutter to head the Department of Agriculture. Bush later named Elizabeth Dole to be Secretary of Labor.

Bush also announced on Dec. 28 the appointment of CIA Deputy Director Robert Gates to be his Deputy Assistant for National Security, serving under Brent Scowcroft.

Representative Lujan, at the announcement press conference, stated in response to questions that the idea of bringing water from Alaska or Canada to supply the nation's water needs "would be interesting to look at."

NASA looking at four Moon-Mars plans

NASA, the nation's space agency, announced at a Dec. 19 press conference that it is officially considering four Moon-Mars mission scenarios as possible long-term goals for the space program.

John Aaron, acting head of the Office of Exploration in Washington, stated that for any of these goals to be possible in the 21st century, it will require "modest investments in the 1990s" to "preserve this nation's capability to act in the first decade of the new century."

Aaron reported that the Office of Exploration is looking at the possibilities of a manned mission to the Mars moon Phobos in 2003, or a quick-trip manned mission to Mars in 2007, or a lunar base in 2005, with a subsequent Mars outpost in 2015 using that lunar base as a launching pad and home base. "We are not calling for a crash program," Aaron explained, but said that investments are needed to "build the ships" to explore and settle the Solar System.

NASA is under pressure to present a pro-

Briefly

gram to get to Mars as quickly as possible, because the Russians are trying to get there quickly. But the lunar proposal, including the mining of helium-3 fusion fuel on the Moon, is also getting serious consideration.

However, *Aviation Week* recently reported that the \$14 billion NASA budget for fiscal year 1990 which has been approved by the OMB is \$1 billion less than NASA requested. The space agency is expected to appeal that cut to the White House.

Christmas Eve 1988 marked the 20th anniversary of Apollo 8, when astronauts Frank Borman, Jim Lovell, and William Anders orbited the Moon less than 70 miles from its surface, becoming the first men to have left the gravitational envelope of the Earth.

Establishment faction blasts 'Détente II'

A task force led by Richard Pipes at the U.S. Global Strategy Council, associated with former CIA Deputy Director Ray Cline, has published a new study entitled, "Gorbachov's Challenger: Détente II," which levels a broadside against the idea that Gorbachov somehow represents the "good Communists" which the U.S. must support against his factional opponents.

"The central problem the task force addresses is a readiness on the part of many Americas to embrace Gorbachov's enticing new line about Soviet 'reforms' and the wonders of a new age of détente, peace, and cordiality."

"We believe the Kremlin leaders have four objectives," the report states. "First, they are attempting to foster a less threatening image of themselves in order to gain unwarranted Western cuts in defense spending.

"Second, the Soviets hope to parlay this less threatening image into the acquisition of massive American-taxpayer subsidized cash loans and the loosening of controls on the transfer of military related or dual-use technologies.

"Third, the Soviets are fervently at-

tempting to stop the Strategic Defense Initiative, while they rapidly expand their efforts to develop a countrywide ballistic missile defense (or 'Red Shield') in direct violation of the Anti-Ballistic Missile Treaty.

"And fourth, the Soviets want to protect the territorial gains they achieved in the 1970s. Thus, they have spent billions in the 1980s to defeat anti-Communist freedom fighters."

The study recommends against major trade credits to the Soviet Union, which they point out might amount to \$70 billion over 10 years, until they comply with the Helsinki Accords and all arms control agreements. The study warns that "many in the Reagan administration favor a real 'partnership' with the Soviet Union and want to assist it in attaining economic superpower status."

Fuqua: Procurement rules threaten defense

Don Fuqua, former congressman, who was chairman of the House Science and Technology Committee, and currently president of the Aerospace Industries Association, said current procurement procedures, the subject of the coming "Pentagate indictments," are threatening the nation's defenses.

In a Dec. 18 interview in the *Washington Post*, Fuqua said that Congress should not be making new rules on procurement, but instead repealing "the ill-conceived reforms of recent years that collectively threaten the defense industry's financial health and the strength of the defense industry base." He said that the cost of 22,000 contracting specialists and an equal number of auditors is likely far greater for the taxpayers than the money saved in fraud prevention.

Rep. John Conyers (D-Mich.), the incoming chairman of the House Committee on Government Operations which has responsibility for procurement practices, said on the same day, that he wants to add a social agenda to procurement practices and steer DoD contracts to economically depressed areas, and to foster greater minority contractor opportunities.

● **L. FLETCHER PROUTY**, the former CIA official and author of *The Secret Team*, said that President Reagan is the target of the prosecutions of Lt. Col. Oliver North and Adm. John Poindexter, in a letter to the *New York Times* Dec. 23. "The prosecutor is going to have to make it abundantly clear for whom they were working and from whom they took their orders, regardless of where they sat and appeared to work."

● **FORD Motor Company** will spend \$2.5 billion in the "black community" over the next five years, and will give Jesse Jackson's PUSH organization veto power over how the money is spent.

● **PENTAGATE** indictments are still months away, according to the *Washington Post's* Caryle Murphy. Alexandria, Virginia U.S. Attorney Henry Hudson is cited, stating defensively, "It's never been my contention that the first indictment will represent the strongest case."

● **A U.S. ARMY** spokesman has defended Lt. Col. Michael Aquino, after hundreds of protests over his appearance on Geraldo Rivera's TV show, dressed in satanic clerical garb. "Lt. Col. Aquino is protected by the U.S. Constitution," stated Lt. Col. Greg Rixon. "He serves admirably in his unit in St. Louis. I've known about him for two years. By all accounts, he is an exemplary officer."

● **PRESIDENT REAGAN** told TV interviewer David Brinkley Dec. 22, "There have been times in this office when I wondered how you could do the job if you hadn't been an actor." He also said of the homeless, "They make it their own choice for living out there," and of mentally ill turned out onto the streets, "They walked away from those institutions—they wanted freedom."

Editorial

Open letter to President Reagan

On Dec. 16, 1988, Lyndon H. LaRouche, Jr. the founder of this review, was convicted along with six of his associates, of criminal fraud, in a trial which was such a miscarriage of justice that it can only be termed a railroad. The jury was chosen from among a pool that included many government employees, in a two-hour period, and defense attorneys were denied the right to disqualify jurors who could reasonably be expected to be prejudiced against LaRouche by reason of their job.

Nor were the attorneys allowed to direct questions to these jurors to probe presumed areas of bias. For example, Buster Horton, foreman of the jury, is an official of the Department of Agriculture, which is a hotbed of anti-LaRouche sentiment. The defense was forced to allow him to remain on the jury rather than use up a peremptory challenge, because other members of the pool were employees of the Justice Department and other government agencies, but were allowed to remain when they replied to cursory questioning by the judge that they did not feel that they were biased against the defendant. This was only par for the course in a trial preordained to convict. In the end, the seven defendants were convicted of 48 charges, after the jury deliberated no more than 15 minutes on average per charge.

Lyndon LaRouche is one of the great patriots of the United States, but he is also an international figure, friend of many nations—known and loved in Ibero-America, Africa, Asia, and in Europe. If this trial is allowed to stand, it will feature, with the assassination of Presidents Lincoln and Kennedy, and of Martin Luther King, as a blot on the United States—particularly since jailing LaRouche makes him vulnerable to assassination, perhaps disguised as a heart attack.

The editors of *Executive Intelligence Review* urge you, President Reagan, to use your constitutional authority to redress this portended gross miscarriage of justice against Mr. LaRouche and his six associates, and that you pardon them. Not only are they innocent of any crime, but they have been the victims of a most blatant abuse of justice by their political opponents. There is an overriding security interest to the United States in preserving Mr. LaRouche's life, and his avail-

ability to continue to carry on national missions of importance.

Lyndon H. LaRouche, Jr. has been a particular target of the Soviets. His commitment to the defense of NATO, his role in elaborating and campaigning for the policy of the Strategic Defense Initiative, have made him the spokesman of those who fear that the United States will lack the determination to counter Soviet aggression.

LaRouche and his associates have been under an especially intense attack for the past four years, since Mr. LaRouche identified Walter Mondale as a Soviet agent of influence, on national TV. Pro-Soviet circles in the Democratic Party have been determined to destroy him, but your administration has also been penetrated by these forces. In this regard we mention the infamous Mr. Armand Hammer, who not only has a well-known Soviet pedigree but is a spokesman of the grain cartels who work with the Soviets to use food as a weapon.

LaRouche has been a dedicated foe of malthusianism, and those who deem the poor, the elderly, and developing sector citizens as potentially useless eaters, to be eliminated at their whim. Throughout the world, particularly in Africa, millions are dying from the effects of malnutrition. Even here in the United States, people are dying of hunger, cold, and disease. The farmers in the United States, Europe, and New Zealand, who could provide the food, are being driven into bankruptcy by policies run out of the U.S. Department of Agriculture. The Food for Peace movement which LaRouche initiated has become a fulcrum of opposition to the policy of cutting back on food production in order to create a man-made, global food shortage.

As a nation we have survived many blunders. We can reverse the policy of appeasement to the Soviets and subservience to the malthusians, but if we allow the perversion of our justice system to serve political ends, this nation will quickly degenerate as a world force. If we allow LaRouche to be destroyed, we will not see his like soon again. His is the voice of mankind's future and it must not be stilled.

"There is a limit to the tyrant's power."

—Friedrich Schiller,
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“Europe 1992”: Blueprint for Dictatorship

Since the single European Act was passed and ratified by member states of the European Community, Europe has been split down the middle over what “Europe 1992” will really mean for economic welfare and national security. In France, Britain, and Switzerland, the promoters of “Europe 1992” are paying homage to the ashes of Jean Monnet, the man who dedicated his life to dissolving the nations of the European Community; the Soviets have already voiced their approval of the “opportunity” the Single European Market will afford them. But British Prime Minister Margaret Thatcher, citing Gen. Charles de Gaulle’s years-long fight against a “single Europe,” has repeatedly warned that this “airy-fairy” Europe 1992 is a threat to the sovereignty of nation states.

The European Commission sells 100,000 tons of beef to Russia—but the Russians pay only one-tenth of the price European citizens pay for meat. The EC subsidizes the difference.

West Germany Agriculture Minister Ignaz Kiechle and Thatcher warns that Europe is financing the “incompetence of the Soviet his French colleague Henri Nallet endorse sending huge food stocks to the Soviets, even as European farmers no bankrupt, “Peace,” they say, must have priority over “petty issues of European agriculture.”

Mrs. Thatcher warns that Europe is financing the “incompetence of the Soviet economy.” Europe is also financing the Soviets’ military buildup—the biggest in world history.

The European Commission enjoins the West German government to stop subsidies to the coal industry. The result: Unemployment in the Ruhr will soar from 15% to 20%, to the great benefit of the communist destabilizers.

What is Really Going On?

The European Commission wants to enforce privatization of energy, transport, and communications—industries which employ 16 million in Europe. Who has enough capital to buy up all the infrastructure of Western Europe? Only a handful of international cartels and some 10 “mega-banks.”

The “Single European Act,” which is already law in all the EC countries, will deprive the national Parliaments of their sovereignty. European Commissioner Jacques Delors is not content even with this. His goal: “a European government by 1992.”

The destruction of Europe’s agriculture and heavy industry could rapidly reduce this continent, with the world’s greatest industrial potential, to the same status as the debt-ridden United States. None of the non-communist nations, from the industrialized or developing sectors, seems aware how much Europe 1992 will also effect their national sovereignty and trade.

Executive Intelligence Review has compiled the authoritative dossier on Europe 1992, the first, to our knowledge, written by anyone outside the EC bureaucracy itself. The dossier documents the “Who’s Who” of Europe 1992, organized in nation-by-nation profiles: Who is behind the integrated Europe, what Europe will look like if it goes into effect, and what it will mean for Europeans, and for their allies and trade partners.

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