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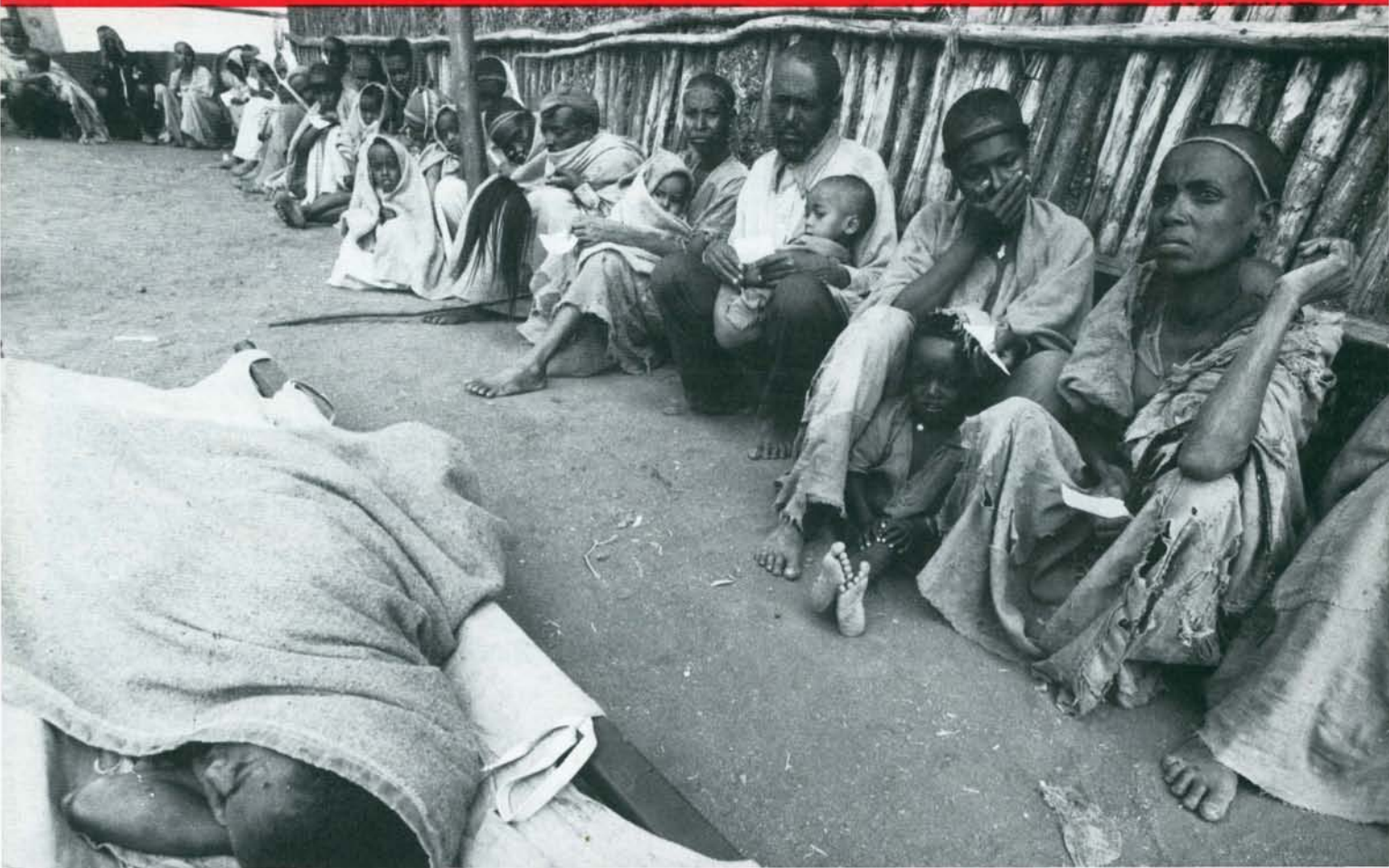
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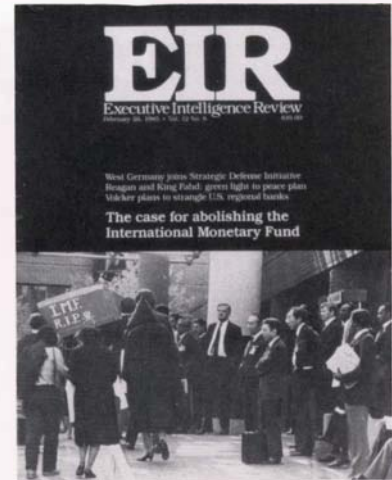
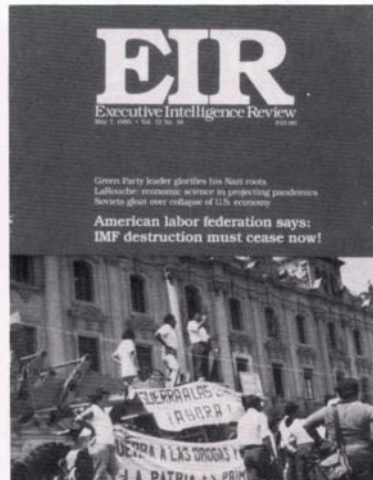
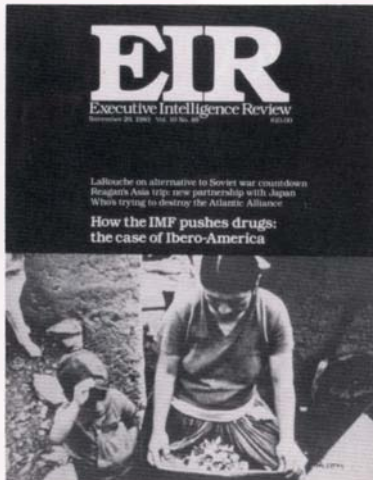
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George Bush, beware the Ides of March  
Why Serbia could blow up by summer  
Israelis, Palestinians agree: Keep Kissinger out

**World food needs show  
set-aside is genocide**



# ***IMF Commits Crimes Worse Than Hitler's***



What is the International Monetary Fund really? Who controls this supranational institution, whose power is greater than that of sovereign governments, and which imposes economic conditions on member states that lead to genocide worse than that for which Nazi war criminals were hanged at Nuremberg?

*Executive Intelligence Review (EIR)*, the weekly journal founded by U.S. economist and political figure Lyndon H. LaRouche, documents the murderous plans of this bankers' cartel, in the perpetrators' own words.

- **The IMF pushes drugs.** The Fund forces developing-sector countries to grow the most profitable cash crop of all: dope. In the words of an IMF specialist on Colombia: "From an economic viewpoint, marijuana is just a crop, like any other. It brings in foreign exchange, and provides income for the peasants."
- **The IMF demands "population control" as the prerequisite for credit.** As World Bank chief Robert McNamara put it, "devaluation is a population control policy." This is a *conscious* policy, aimed to reduce the non-white races.
- **The IMF promotes communist insurgency.** Said Fidel Castro, "The International Monetary Fund alone still inspires confidence in me. It is the IMF that will realize all my plans."

*EIR* provides the vital political and economic intelligence for patriots of all nations who seek to destroy the power of the IMF and kindred institutions. Under Mr. LaRouche's direction, it presents detailed recommendations on how to launch a global economic recovery, through Great Projects for high-technology-vectored development. It is the lifeline of a growing international political movement. You too can join!

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# EIR

## From the Editor

A unique capability of *Executive Intelligence Review* is being premiered in publication this week in the *Feature*, where we demonstrate the genocidal scale of the worldwide food shortages.

The existence of such shortages, about which *EIR* and our founding editor Lyndon LaRouche have been sounding the alarm since 1984 and with special urgency since early 1988, was finally acknowledged by the United Nations Food and Agricultural Organization, which called for a 13% increase in food production last October. Our study, based on the FAO's own data, exposes how inadequate this level of increase would be.

Other agencies such as Worldwatch, in an August news release and in its 1988 year-end report, have detailed the dimensions of the food crisis with USDA and FAO statistics. But Worldwatch president Lester Brown, a population-reduction maniac, uses these figures to assert the unscientific conclusion that the food shortage is caused by over-cultivation of the land, and that it shows that world population has grown past the limits of food capacity. The "solutions" posed by Worldwatch and its co-thinkers will hasten the demise of civilization.

By using a computerized data-base to elaborate LaRouche's method of economic analysis, which has been unique in its capability to forecast the scope of the world economic crisis, *EIR* will be providing in future reports the concrete basis for moral solutions to this threat to mankind. We are making this available to every government in the world that chooses to save its people. In forthcoming reports, *EIR* will continue to present the scope and geographic impact of the food shortage, and proceed to analyze the scale of inputs required to upgrade the different modes of farming worldwide with their different productivities, in terms of the timing and kinds of improvements needed, and the labor and energy involved.

Economics Editor Christopher White is overseeing this project, with the collaboration of Agriculture Editor Marcia Merry. I would like to extend special thanks to them and to the editorial and production staff of *EIR* for an extraordinary mobilization to assemble this emergency package within a time-frame that no one could have thought possible. Given the number of lives at stake, we think no delay is admissible in presenting this first report to the public.

Nora Hamerman

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U.N. Photo

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A study by *EIR*'s economics staff reveals the staggering impact of programs to take agricultural land out of production. We've said so for some time, but here we document it in full detail. Every day, 1.5 million people die as a result of shrinking food output. And every day that agriculture policy remains on this malthusian track, means more people will die.

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## Brady's '20% solution' hoax is doomed to fail

by Peter Rush

Speaking to over 700 of the *crème de la crème* of the Anglo-American financial elite March 10 on the Ibero-American debt crisis, U.S. Treasury Secretary Nicholas Brady unveiled the latest administration proposal for rearranging the deck chairs on the good ship *Titanic*. Only this time, it is probably the last rearrangement before the ship goes down. The crisis Brady addressed is real, pressing, and about to explode and detonate the worst financial crisis in modern history. The measures proposed by Brady to deal with it are strictly from Never-Never Land.

But Brady is not alone. As trenchant, and often sarcastic, as much of the international press commentary on his speech has been (see *Documentation*), no one else has suggested anything better. Rarely, if ever, in modern history, have so many proposed so little to deal with problems so great. If human history survives their insanity, the U.S. financial elite will go down in the history books as greater fools than Nero.

Brady's studiously vague discourse did manage to make clear that the core of his program was to retrieve from a Mexican garbage dump the failed, discarded "Morgan Plan" for debt reduction that bombed out just about this time a year ago, reheat it, serve it on clean plates, and put the words "Brady Plan" on the menu. This much was confirmed by the March 16 *Wall Street Journal* which leaked a few details on the plan, as presented by the Treasury Department to representatives of 16 (generally skeptical) international banks the day before. The *Journal* also revealed that the "brains" behind the operation is not the hapless Brady, but Assistant Secretary David Mulford, the point man for working out ever more Rube Goldbergish schemes for bailing out Mexico. Secretary Brady was merely the fall guy. It was in fact Mulford who then briefed Congress on the plan on March 16.

### It doesn't add up

As presented by Mulford in his testimony to both the Senate and House banking subcommittees, the Brady/Mulford plan refutes itself, as was apparent on the spot even to several Democratic legislators. Mulford wisely refused to release the cooked calculations on which his conclusions were based, and would only say that assuming a best-case scenario, at the end of three years, the total debt, and also debt service paid, of the 39 largest debtors would be reduced by 20%.

"I don't see how it gets you to the root of the problem," was the immediate response of Rep. Charles Schumer (D-N.Y.), expressing the sentiments of many other congressmen skeptical about what good it does to reduce interest payments by only 20%, when it is the net outflow that must be halted if economic recovery is to take place.

Even taken at face value, the Brady/Mulford plan doesn't add up. Mulford's promised 20% saving in interest costs is less than the debtor countries' increased interest costs since 1988 due to higher interest rates. Returning interest payments to the already disastrous levels of early 1988 hardly constitutes debt relief. Also, since there will be no debt relief until the plan is worked out in detail, and complex negotiations between hundreds of banks and dozens of countries are completed, virtually no relief will come immediately, and at best only a few billion in all of 1989, thereby doing next to nothing to ease many countries' immediate danger of default.

Worse, Mulford's already famous "20% solution" was aptly characterized by the London *Financial Times* as based on "illustrative estimates," while the *New York Times* reported that "another official said other assumptions produced other figures (than 20%) but would not disclose the fig-

ures”—surely because they were even worse. The “20% solution” is strictly a public relations stunt.

As laid out to the bankers meeting on March 15, one mechanism for debt relief is simply a replay of the 1988 “Morgan Plan” for Mexico. Countries will set aside some portion of their normal flow of loans from the World Bank and the IMF, to be used to buy U. S. government zero-coupon bonds, which will collateralize bonds the countries themselves will issue to the creditor banks in exchange for heavily discounted loans. The second scheme involves the IMF and World Bank coming up with pools of money which would become collateral for new, “secured” loans from the banks.

In this scheme, the banks will either voluntarily write down the principal on their loans to a given country by some percentage, or will lower the interest rate on the existing loans, with the pools of money for collateral backing the countries’ interest payments on the loans that remain. Most of Mulford’s \$20 billion estimated interest payment saving comes from this direct interest rate reduction. The principal owed will not be reduced at all. So much for debt reduction.

### **Why the scam, and why now?**

Mulford is smart enough to know that his latest schemes are a scam. Just as the Baker Plan of December 1985, was issued in response to the Peruvian partial suspension of debt payments under President Alan García, an idea which threatened to spread to the major debtors if the United States didn’t appear to be doing anything to help, so today Brady and Mulford’s latest update of that plan has been rushed into the public eye to try to bolster the banks’ favored Ibero-American governments against their own internal pressures for debt suspensions.

As succinctly expressed by journalists Enrique Quintana and Gustavo Lomelín in Mexico’s *La Jornada* March 14, “It is suspected that the cited Brady Plan was launched last Friday to ‘deactivate’ the possible suspension of payments which Mexico and other Latin American nations have threatened in one way or another.”

Mulford let the cat out of the bag when he told Congress that debt reduction could “very considerably exceed” 20% for Mexico. A few days before, Mulford had called Mexico the “pilot country” for the new plan. Venezuela, which has already received a \$450 million bridge loan from Treasury, is also likely intended as a major beneficiary of the new schemes.

Rather than being a plan for general application, it appears to be a cover to bolster with just enough relief, and promise of relief, merely a few favored but shaky Ibero-American regimes such as those of Mexican President Carlos Salinas de Gortari and Venezuelan President Carlos Andrés Pérez, both of whom have proven themselves totally loyal to the IMF and the banks in imposing crushing austerity programs for the sake of paying the debt.

Otherwise, the purpose of the Brady Plan is to appear to be making concessions on the debt, in order to entice as many Ibero-American countries as possible to implement Mexican or Venezuelan-style austerity programs on the hollow promise of debt relief down the way. By championing the concept of such relief—which represents a change from previous U.S. policy—Brady and Mulford hope to derail internal pressure for more radical measures on the debt.

While Treasury is known to have been very concerned to avert social explosions such as that which just occurred in Venezuela from happening in Mexico and other countries, the new plan will in no way avert them. The Brady Plan offers nothing to relieve the real pressures of economic disaster that caused the Venezuelan riots. The price the Mexican people have paid for six years to achieve “favored nation status” with the U.S. Treasury is truly stupendous—60 million of 82 million people now live in abject poverty. Cutting \$10 billion in net outflow of resources to \$8 billion, or even to \$5 billion, won’t help at all. As far as they go, the initial reactions from Anglo-American banking circles, reflected in the commentaries reprinted on the next page, are on the mark.

However, Brady’s critics’ alternatives range the gamut from A to Z, from the British call not to forgive debt at all but to rely on new loans, to calls for a new debt facility to buy most of the debt in exchange for discounted, guaranteed bonds. None of these measures will solve the crisis.

### **LaRouche’s ‘Operation Juárez’**

Excluded from public consideration is the only proposal on the table that addresses the magnitude of the problem, that proposed by Lyndon H. LaRouche, Jr. in 1982, in a paper entitled *Operation Juárez*. Any viable solution must establish a strong, long-term flow of net resources into Ibero-America, without unduly increasing the debt. LaRouche’s proposal is for a general freezing of most interest payments and a 5-15 year grace period on principal, to be accompanied by hundreds of billions of dollars yearly in very low-interest loans, at 2-3% a year, targeted to industrial, agricultural, and infrastructural projects exclusively. The strong economies this will engender can resume fuller debt repayment on legitimate portions of the old debt within 5-15 years.

The spectre of LaRouche’s Operation Juárez has haunted bankers and the IMF for the last seven years. Every Ibero-American leader and potential leader is quite familiar with it. The nightmare of the international banking elite is that the opponents of IMF genocide in every Ibero-American country might come to power riding the crest of the discontent revealed in the Venezuela riots, and will implement LaRouche’s program. Already Peru’s Alan García has taken heart from Venezuela’s demonstration of the high cost of kowtowing to the IMF, while Brazil and even Chile are now threatening debt moratoria. The Brady plan will certainly fail.

# Brady Plan under fire

### ***Financial Times of London, editorial, March 13:***

One would have expected [Brady] to ensure that any new ideas were carefully considered, avoided the most obvious hazards and, at the very least, had the support of Mr. George Bush. Unfortunately, the 'suggestions' advanced last Friday fail to meet these criteria. . . . In all, they provide further evidence of an administration for which good intentions are a substitute for financial resources. Moreover, there is now a danger that ongoing debt negotiations will be derailed, with nothing concrete to put in their place. The problem of helping the indebted countries is intractable. . . . Debt reduction, for example, is perilous. Moral hazard is the greatest risk, with the largest rewards going to the worst-managed countries. It is important, therefore, to minimize official support for debt reduction as a general principle. . . .

A better approach is to use debt reduction as one way of increasing the net flow of resources to countries carrying out ambitious adjustment programmes. . . . Unless the industrial countries recognize the scale of official support required to secure successful adjustment in indebted countries, there may well be no path across the debt quagmire at all.

### ***Wall Street Journal, March 14:***

Last week the U.S. Treasury announced debt relief in a poke, and this week the rest of the government is scurrying around trying to come up with something that can be depicted as redeeming the Treasury pledge without doing any actual harm. . . . The trick is to get flows of new investment into the debtor nations; how can you promote new investments and loans while writing off the old ones? The government is only now getting around to studying numbers showing that no conceivable amount of debt relief can provide the flows of cash needed for growth in debtor nations. . . .

President Bush's Treasury welshed, sending tremors wherever the word of the United States is important. A bridge loan was announced for Venezuela, but only after some 200 people had died in rioting; preventing such tragedies is what bridge loans are for. More generally, the Bush administration announced a "study" of Third World debt, effectively freeing action by either debtors or lenders. Now comes a debt-relief announcement without a debt-relief plan. While the Treasury announcement was grabbing headlines, Fitzwater was saying

no presidential decision had been made, and that Brady's speech was merely "ideas," which is the basis on which it had been cleared. Despite denials, there is considerable acrimony within the U.S. government, including a feeling that the Treasury has been misrepresenting the private attitudes of such governments as Mexico and Britain. . . .

Empty promises of debt relief threaten to undercut our friends in the developing nations. Why free up markets and sell nationalized industries if "relief" is on the way? If the U.S. Treasury bills relief as both a moral and financial imperative, why not indulge Latin leftist romanticism? If Peru gets relief, why has Mexico gone through such agony to adjust? If the U.S. were to announce a debt-relief plan and walk away, the most likely result would be a drying up of financial flows into developing nations and a cascade of debt moratoriums. The left would gain in Latin America. OPEC might gain Mexico. International financial leadership would pass to Japan, certain to use it for mercantilist advantage, and to the Camdessus IMF, influenced by the socialist government in France and likely to reverse abruptly the turn away from prescribing devaluations as a Third World band aid. A lack of leadership would make more likely the general monetary collapse once predicted as a result of the debt "crisis." . . . The Treasury and the administration have generally been inept in their management of the debt problem, and the stakes are high indeed. On the present trajectory, debt relief spells U.S. abdication of world financial leadership.

### ***Los Angeles Times, editorial, March 13:***

There is a certain unreality to the whole affair, marked by Brady's assertion that "we have accomplished much" when, in fact, the absence of progress has been appalling.

### ***Financial Times, by Anthony Harris, March 13:***

Brady was studiously vague about the scale of what he was proposing, and the detail of how it might work. Late in the day, the White House added its gloss: the president could not at this stage endorse what his secretary of the Treasury had said, because the details of any ultimate proposal were still being worked out. In the Bush administration, the "working out of detail" seems to mean that President Bush will announce the peace terms when the civil war inside his own Administration is over. This might be taken as an amusing example of the new style, which tries to stave off serious problems with kind words rather than specifics, were the background not so grave. . . . A banker saw a grimmer possibility. "Brady has opened the Pandora's box. The U.S. has now admitted that the debtors cannot pay, but has no adequate answer. Unless something happens very quickly, it is an open invitation to default." . . .

Brady repeatedly stressed the central importance of attracting back the flight capital . . . [but] everyone I met who had direct experience of LDC investment said this would be futile. . . .



# Venezuela: the anatomy of an IMF program to destroy a nation

by Peter Rush

On March 15, Venezuela's President Carlos Andrés Pérez implemented Phase II of his International Monetary Fund-approved austerity plan by floating the Venezuelan currency, the bolivar, and lifting most price controls. Overnight, importers were confronted with an increase of 162% in import prices, as the previous official exchange rate of 14.5 to the dollar was replaced with the free market rate of 38.

The measure has caused immediate panic in almost every sector of the Venezuelan economy. Thousands of businesses will soon face bankruptcy. Within the first 24 hours of the new measures, the publishers of 48 provincial newspapers warned a congressional committee that many of them would have to drastically curtail operations, or go out of business altogether, because the price of the imported newsprint on which they depend had just risen by more than 160%. Those that don't fold will have to jack up their prices, hurting sales. Many other sectors are expected to have similar crises. And the thousands of firms that owe over \$6 billion in letters of credit contracted at the 14.5 bolivar rate must now honor these letters at 38, even though the goods that were imported have already been sold, and many of these are expected to go bankrupt as well, including many smaller firms.

But this is just the beginning. With imports accounting for at least 30% of domestic consumption of food and manufactured goods, the inflationary impact is expected to be at least 50% on average, in the near term, hitting hardest those who import consumer goods, but affecting every industry that depends on imported parts or raw materials—which is most of them. Since the vast majority of Venezuelans do not now earn enough to get by, the price increases will provoke a collapse of domestic sales and consequent unemployment.

Phase I of the IMF program, the raising of fuel and public transportation prices, which provoked the recent rioting and looting, and the Phase II measures launched on March 15, were both laid out a full year ago by an IMF mission that visited Venezuela in April 1988, as revealed in several secret Office Memoranda dated May 5, 1988, from the project directors to IMF Managing Director Michel Camdessus. These were expanded and scheduled as to precise date of implementation in the Letter of Intent signed by Venezuela on Feb. 27 in New York, as summarized in the excerpts that follow.

The earlier memos zeroed in on several areas of prime concern, including exchange rate policy (unifying the exchange rate and floating the bolivar), lifting price controls, raising interest rates and eliminating foreign trade restrictions, but bemoans the fact that, for political reasons, the government was not inclined to make the "reforms" before the elections for fear of causing Pérez to lose.

Now, having won the elections, Pérez continues to carry out the Letter of Intent with precision.

## Opposition attacks Pérez policy

"If, to a hungry person, one applies conditions that increase that hunger, it is not appropriate to tell him that within two or three years he will be able to begin eating again," former President and leader of the opposition Copei party Rafael Caldera said in a speech on the floor of the Venezuelan Congress March 9. He was referring to the pious affirmation in the IMF Letter of Intent that growth is only slated to begin two years from now. He attacked the "technicians" in the government who are applying measures "that necessarily worsen the situation," without regard to their present effects.

His criticisms were echoed by Copei economist and deputy José Miguel Uzcategui, who zeroed in on the true nature of the IMF program. "The philosophy of this economic package is anti-industrial . . . many companies are being condemned to total abandonment," he said in an interview with *El Nacional* March 10. "All of this means that the Pinochet model is being imitated, which destroyed Chilean industry for the sake of an opening to foreign markets. . . . It can be concluded that the government has no clear strategic objectives in the social areas," he concluded.

## Inside an IMF Letter of Intent

In a rare leak, the Letter of Intent signed by Venezuela with the IMF on Feb. 27 was published in full March 3 in *El País* of Caracas. This document reveals that the Pérez government is proceeding in the implementation of its economic "reform" measures in precise conformance with what was agreed in the Letter of Intent, merrily proceeding as though the riots had never happened.

The package of "reforms" laid out in the Letter of Intent

(see *Documentation*) is, taken at face value, a hideous consumer fraud, an internally self-contradictory document which throws in a few hollow promises of future growth to disguise the truth: that the concrete measures proposed ensure that Venezuela will never grow again. Taken on a deeper level, the program is intended to open up Venezuela to foreign takeover, starting with its petroleum, aluminum, and iron ore resources, and including the surrendering of economic sovereignty, foreign takeover of its financial system, and the gutting of all domestic industry. This was the reason why the banks permitted Venezuela, and many other countries, to become so highly indebted up through 1982, and it remains the goal today.

The one consistent theme running throughout the Letter is the intent to crush wages and living standards. This is admitted even on the surface, when the Letter says that following a wage increase of 30% for public workers on March 1, wages will remain frozen for the remainder of the year, while inflation is anticipated to come in at 35.5%. Since the 30% wage hike merely compensates for previous inflation, real wages are therefore explicitly intended to be depressed a further 35% by the end of the year. But that's just for starters.

No hint is provided of how this 35% inflation estimate was calculated. In light of the revelations made by ex-IMF official Davison Budhoo (see *EIR*, Jan. 27, 1989) concerning IMF faking of figures of all kinds, one can be quite certain it is a cooked number, pulled from a hat, as a "plausible" lie to pacify the unwary.

First, the devaluation mandated in the Letter and implemented March 15 has raised, overnight, the cost of all imported goods by 162%. In 1988, Venezuela imported \$10 billion in goods, a whopping 40% of the total of all goods produced in the country. Simple arithmetic establishes that at the very least, this devaluation must raise the price level—over the next few weeks—by 40% of 162%, or 65%. But hyperinflation has its own logic, and price increases will undoubtedly be substantially higher than that, for those companies able to avoid bankruptcy. By curious "coincidence," the Letter of Intent manages not so much as a single reference to the inflationary impact of the devaluation, although the pattern is well established, and although the Letter does find space for great detail on tertiary matters of far less gravity. Honesty was clearly inconvenient on this point.

And of course, with such a spurt in inflation, the bolivar cannot be expected to remain fixed at its new rate, but to continue devaluing at roughly the inflation rate—leading to yet more inflation, etc., in a vicious hyperinflationary spiral such as that witnessed in recent years in Brazil. The expectation in the Letter of 5% inflation by 1992 is intentional deception.

But inflation is programmed in from other quarters as well. The prices of all petroleum products, starting with gasoline, rose 94% in late February, to rise again by 70% next January, and to the world market level by 1992. Elec-

tricity and telephone rates are also to go up by 50% this year. But both rates could end up being raised much more if inflation exceeds 35%, as the purpose of all these increases is to increase government revenue, net of inflationary effects. In any event, all of these increases are much higher than the 35% predicted inflation rate, proving that this rate is a hoax.

Further attacks on real incomes are scheduled farther down the line, in the form of sales and value-added taxes, increased contributions to social security, and reinforced tax collection efforts, among others.

Business is equally hurt, even beyond the damage of the devaluation. With the liberalization of imports through a mixture of tariff reductions and eliminations, foreign imports will be able to compete and wipe out much of domestic industry. With the precipitous decline in real wages, domestic markets will shrivel and die, bankrupting many companies and limiting others strictly to what they can export. Interest rates, at 12% until February, are to be freed by May, to rise, most probably, to well above inflation, that is, minimally 45-50%, and probably much higher, dropping business borrowing to near zero. The devaluation ensures that investment in modernized plant and equipment will grind to a halt because of its exorbitant expense of imported machinery, and the collapse of sales. This makes a mockery of the idea that private investment will burgeon to both take up the slack of reduced public investment, and expand total investment from 20% to 24% of the GNP. A decline to 10% is more likely. A wave of bankruptcies is already forecast to begin almost immediately. In all of this, unemployment can be expected to skyrocket, increasing social costs.

Finally, the Letter assumes that Venezuela will be able to borrow or reschedule \$6 billion in debt service it will owe in 1989. Even were this possible, it would increase total debt by at least this year's \$4 billion due in interest, to \$37 billion by 1990, and to at least \$45 billion by 1992—incurring yet greater debt service charges. (The Letter also assumes \$1.3 billion in returned flight capital, a pipedream. Far more likely is a massive outflow of flight capital.) In fact, the true debt is already technically at \$40 billion, as the \$6.7 billion in letters of credit are in effect unpaid debts. Yet the Letter mendaciously refers to the "reduction of the debt" and a "permanent solution of the foreign debt problem." Since in reality the banks will surely not finance the entirety of debt service, a large jump in non-petroleum exports—at the expense of domestic consumption—sharp reductions in imports, and extreme government budget cuts and increases in internal debt will be required.

All of this, were Pérez permitted to impose it, would merely open the country to being bought up at bargain prices, by the banks and multinationals for which the IMF does its dirtywork. To this end, the Letter also envisages the privatization of most public sector industries, and public/private "co-participation" for the remainder, presumably including the National Oil Company.

# What Venezuela signed away to the IMF

*Excerpts from Letter of Intent signed by Venezuela to the International Monetary Fund on Feb. 27, in Washington:*

The new administration . . . recognizes the necessity of putting into place a broad program of adjustments . . . [of implementing] important structural reforms in the fiscal, exchange rate, foreign trade and financial sectors. . . . In this effort, the Government of Venezuela expects to count on the total backing of the international financial community. . . . These accords would necessarily require the provision of financial flows at levels consistent with the requirements of the balance of payments and the country's economic development objectives . . . and incorporate new initiatives that permit the reduction of the debt, and thereby establish the basis for a permanent solution of the foreign debt problem of the country.

The medium-term policies . . . have as their fundamental objectives to: 1) strengthen internal savings; 2) promote incoming foreign capital; 3) diversify the economy through a liberalization and adjustment process . . . [which will] increase economic and social efficiency and strengthen the strategy of foreign-oriented development. . . . It is expected that these policies . . . will permit a sustained growth of 4-5% in the medium term for the non-petroleum sector, at the conclusion of a transition phase of about two years.

To achieve these rates of growth, the investment/GNP ratio must increase from 20% in 1988 to 24%, mainly through an expansion of private sector activity. . . . The inflation rate for 1989 is estimated at about 35%, which should fall significantly in 1990 and by 1992-93 will approximate inflation in Venezuela's trading partners.

The fundamental element of the economic program of the Government consists in establishing a unified, floating exchange rate for the bolivar, a measure which will be implemented in March 1989. . . . To complement these exchange rate measures, the Government will introduce trade reforms in 1989. During March of 1989 . . . a program will be begun which will culminate by the end of the year in eliminating most quantitative restrictions on imports, [including] on luxuries. . . . Starting in April of 1989 . . . tariffs will be substantially reduced.

At the beginning of March 1989, the present system of price controls will be eliminated and a new system substituted involving no more than 25 essential products and services

. . . principally foods, medicines and urban bus fares. . . . The fiscal and monetary targets of the economic program for 1989 have been calculated on the base of a projected nominal increase in GDP of 35.5% [0.5% after inflation—ed.]. The Government has decided to increase the price of petroleum products. . . . On Feb. 26, 1989, the price of 14 petroleum products . . . was increased an average of 94%. In January 1990 they will be increased again by at least 70%, with subsequent half-year adjustments to 1992 to bring prices to the international level.

The Government will continue a prudent wage policy, which should contribute to strengthening competitiveness, increase employment and reduce inflationary pressures. . . . The wages of Government employees will increase as of March 1 about 30%, including the effect of a 54% increase in the minimum wage. There will be no further wage increases during 1989. . . . With the exception of the minimum wage, private sector wages will be fixed by collective bargaining or by individual accords.

The Government recognizes that restrictive monetary and fiscal policies are required to maintain exchange rate stability, reduce inflation and achieve a reduction of absorption [i.e., private consumption—ed.], in order to make [the absorption] consistent with the improvement expected to be achieved in the current account balance. . . . During 1989 the Finance Minister expects to finish designing a Sales Tax that would be introduced at the beginning of 1990 and will be converted into a value-added tax.

Government spending will be reoriented toward social services, spending for maintaining and modernizing public sector physical infrastructure will be increased, while spending for large investment projects will be reduced. . . . Tax collection mechanisms will be strengthened, by means of an increase in social security contributions. . . . Electricity rates . . . will increase 50% during 1989 in three stages, April, August, and December. At the same time the National Telephone Company of Venezuela will have a rate increase of 30% on April 1 and another in September to bring the year's total increase to 50%. The Government is developing a program of reprivatization that implies a total transfer of public sector property, or co-participation of the private sector with the public sector, in the next few years.

The total foreign financial requirements for 1989 are estimated at about \$6 billion (\$7.3 billion, minus \$1.3 billion repatriation of capital). These requirements are expected to be covered by World Bank disbursements, IMF loans, commercial debt refinancing and new loans from the commercial banks.

The Government has eliminated, as of Feb. 17, 1989, controls on interest rates. . . . No later than March 17, the rediscount rate will be fixed at 30%, and will be adjusted weekly. The floating of the interest rate will promote more orderly financial intermediation. . . . The monetary base is projected to increase 26% in 1989.

# Philippine government bows to the IMF

by Lydia Cherry

The government of President Corazon Aquino has caved in to pressures from the international banking community to hand the Philippines' decision-making powers in economic policy over to the International Monetary Fund. In a March 10 meeting with government officials and private sector representatives, Mrs. Aquino pressed for support for the IMF-dictated economic program and her government's Letter of Intent, stressing that without the \$1.3 billion in new borrowings promised by the Fund, the country would not be able to achieve "economic recovery." She insisted that the Philippines must honor its foreign debt, which now stands at approximately \$32 billion. The Letter of Intent will be signed by the President within days, according to Dr. Legarda of the Philippine Embassy in Washington, who was vague about whether any aspects of it would require congressional confirmation.

The deal was hammered out between the Philippine financial mafia that has remained intact from the Marcos years—Central Bank Gov. Jose Fernandez and Finance Secretary Vicente Jayme—and an IMF team headed by Ulrich Baumgartner of the Fund's Asian Department.

"Fiscal prudence will be maintained because this is what the country needs and this is what the country wants," Finance Secretary Jayme insisted in a March 3 interview to the *Manila Chronicle*. He noted that this "fiscal prudence" comes in answer to the Fund's demand to cut government expenditures, but insists that the provisions in the IMF program will not threaten political stability.

Although the full contents of the Letter of Intent have not yet been made public, the following framework is known: 1) The plan will force the devaluation of the Philippine peso by at least 20% (the peso stands at 21 to the dollar). 2) It will force the government to spend significantly less on infrastructure—this in a country where the morning newspaper already publishes a list of mandated electrical blackouts for sections of the nation's capital. 3) The IMF will take full control over the government's actual disbursements. 4) The plan calls for the privatization of 296 state-controlled corporations.

Underlining the desire for loot from the Philippines' creditors, the World Bank has refused to fund any further projects in the Philippines until the government manages to sell off its national public utility company, Meralco. The Philippine Senate opposes such privatization.

## Progression of negotiations

An earlier round of negotiations, in late November 1988,

broke up, because the Aquino administration initially rejected the Fund's terms, and, secondly, the Senate unanimously passed a bill to limit annual debt service to 20% of the country's export earnings. The bill was blocked in the House. The Philippines now pays 45% of those earnings on annual debt service. The Senate was concerned not only to decrease the annual debt service, but to ensure that the Philippines not take on new foreign loans, to pay off the old, as demanded by Fernandez. After talks began again in the new year, the IMF rejected a framework submitted by the Philippine panel Feb. 25, and the government was forced to trim further its projected annual budget deficit from now until 1992. Officials said the new framework projects a 34 billion peso consolidated budget deficit for this year, which is 8.4 billion lower than the revised projection of 42.4 billion that was part of the February submission.

Official sources noted in early March that the negotiations "appear to have accelerated. Negotiators on both sides seem to be in a rush to work out a deal," the *Manila Bulletin* reported March 3. One official speculated that "this could have something to do with the planned creation of an advisory council on foreign debt negotiations and an increase in the number of members in the negotiating team." He hinted that negotiators on both sides "are not particularly happy about this development, considering that a third party would be coming in and could complicate the talks, let alone the prospects of having politicians sitting in the panel."

This panel is the result of a bill creating a joint legislative and executive commission to monitor negotiations with foreign creditors. This bill was initially passed by both houses, vetoed by President Aquino, and then overridden by the Senate but not the House in February. Key Senate leaders, like Senators Albert Romulo, Vicente Paterno and Teofisto Guingona, have been particularly critical of the "borrowing-oriented" debt management strategy pursued by Jayme and Fernandez.

Senator Romulo, the author of the 20% debt ceiling bill, insisted that the IMF agreement, once signed by the President, be confirmed by Congress. "Any IMF agreement partakes of the nature of an international treaty and therefore is subject to confirmation by Congress as provided in the Constitution," Romulo was quoted by the newspaper *Malaya* March 10. "We would like to know before this goes any further, if there has been a change in IMF policy which gives precedence to debt service before growth," he noted in the March 10 meeting between government officials and private sector representatives. Senator Romulo had said in an interview with *EIR* Jan. 10, "There is no question" that the government of the Republic of the Philippines will be "unable to defeat the Communist insurgency of the New People's Army unless the debt burden now on the country is alleviated." Under current economic policy, per capita income is not expected to regain 1981 levels until 1996.

# EFTA is the Kissinger plan

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*The European Free Trade Association gets linked into the "New Yalta" gameplan. Ulf Sandmark reports from Stockholm.*

What Henry Kissinger's "Pan-European new order" means for Scandinavia became clear in the press buildup for the March 14-15 Oslo meeting of prime ministers of member countries in the European Free Trade Association. Suddenly, an organization that has had a very low level of activity in the years since its leading member, the United Kingdom, left the association to join the European Community (EC), was deluged with publicity about its overall importance and its "historic" Oslo meeting.

The declaration issued in Oslo by the six members—Norway, Sweden, Finland, Iceland, Austria, and Switzerland—created an "EFTA-track" for joint negotiations with the EC. Previously, each member had engaged in bilateral negotiations with the EC. The declaration is not binding; both Switzerland and Iceland refuse to give away their national sovereignty to any "supranational" body. However, it opens up for negotiation between the EC and EFTA all areas for the formation of the inner market of Europe 1992. Further areas for negotiations are R&D, education, and the labor market (the so-called social dimension).

The swiftness of the schedule for these negotiations has every indication that a coup d'état for the European New Yalta order is well under way. EFTA ministers of trade will meet their EC counterparts in Brussels March 20.

The press leaks before the Oslo meeting all pointed to this new order. The Oslo paper *Dagbladet* March 1 leaked a Norwegian government draft for the Oslo declaration under the headline "Gro wants mini-EC," (Gro being Norwegian Prime Minister Gro Harlem-Brundtland). Brundtland reportedly wants to strengthen the EFTA powers and negotiate the formation of a customs union between the EFTA and EC, joining the common capital, services, and labor markets of the European inner market in 1992. Swedish Prime Minister Ingvar Carlsson echoed this plan in an interview in *Svenska Dagbladet* March 6.

The EFTA-track idea first surfaced Feb. 27, at a press conference in Stockholm called by Swedish Conservative Party leader Carl Bildt, after he returned from a visit to Brussels. All routes to the EC should be tested, he said, a line swallowed by most conservatives in Scandinavia.

But Bildt and the chairman of the Industry Association of Sweden, Peter Wallenberg, were both very disappointed at

the Oslo declaration; they wanted to keep negotiating on a bilateral level for Swedish membership in the EC. At the same time, Socialist prime ministers Brundtland and Carlsson were very happy. For them, the Oslo declaration establishing the EFTA-track relaxed internal party pressure coming from the strong anti-EC faction in both their parties.

The Norwegian Arbeiderpartiet had almost split and the entire leadership had resigned after a 1972 referendum had resulted in a "no" on joining the EC. Today the policy of the conservatives to continue to push for direct Norwegian membership in the EC, totally splits the non-socialist parties and makes any alternative to the Brundtland minority government impossible.

In Sweden, an anti-EC front was formed conveniently the weekend before the Oslo meeting by the Swedish Greens, the Communist Party, and the left Social Democrats. Also, Prime Minister Carlsson in his interview raised the issue of Swedish neutrality as a further reason why the EFTA track is better than EC membership.

## **Soviet-sanctioned 'neutrality'**

The strategic aspect of this plan becomes clearer in the context of the Soviet policy on EFTA. Since Soviet leader Gorbachov's Dec. 7 speech at the United Nations, the Soviets have pushed for various supranational solutions. Gorbachov had proposed a U.N. facility to intervene into any country's internal politics on behalf of "protecting the environment." This proposal was followed up in the failed meeting in the Netherlands, where the Brundtland Commission wanted to force Brazil not to build roads and dams in the Amazon because of alleged harm to the environment.

Since February, the Soviets have looked favorably on expanding cooperation with EFTA, especially through Hungary. Austria cannot join the EC because of its neutrality, the Soviets said, but it is possible for Hungary to increase cooperation with Austria.

The Soviets view EFTA as "a basis for the expansion of economic zones in Europe." Setting up EFTA as a mini-EC would split Europe—and more. At the same time, EFTA-countries are situated in the very "zones" that the Soviets have proposed to be "nuclear free": The Nordic nuclear free zone, the nuclear free corridor in Central Europe, and the



Balkan nuclear free zone.

In short, the economic zone of EFTA will at the same time become a neutralized zone. This is especially clear in Swedish Prime Minister Carlsson's very marked position that the Swedish "neutrality reservation" makes it impossible not to cooperate with EC. The four neutral countries—Sweden, Finland, Switzerland, and Austria—will make sure that EFTA policy will not be set by the NATO countries of Norway and Iceland. Sweden had pressured Norway in 1948 against joining NATO in negotiations to form a Nordic defense pact. Now, if EFTA is to include East bloc countries like Hungary, Czechoslovakia, Poland, or even some of the Baltic republics that are now part of the Soviet Union, its policy will be not exactly one of neutrality.

This is exactly the Kissinger plan for the region: He has proposed expanded cooperation within a "neutral" Central European bloc of countries, while the West accepts the fact of Soviet military domination over Eastern Europe without any intervention on the part of liberation efforts there. Furthermore Kissinger is known to have advocated Austrian neutrality as a model for West Germany, back in the 1960s.

The Norwegian representative in the Military Committee of NATO, Gen. Lt. Rolv Eios, warned in fall 1988 of Norwegian military isolation, demanding that Norway join the West European Union. Eios pointed to the proposals from France to divide Europe into zones in negotiations with the Soviets concerning reduction of conventional forces. The other Western European Union countries supported a view of Central Europe as a zone—clearly against the interest of Norway, Eios stated. Even if that proposal was nixed, the zoning idea is a basic concept in the INF treaty, where the limitation on land-based missiles has made it possible for the Soviets to redeploy these missiles to the Northern Fleet, thus increasing the threat to the Northern Flank. The Norwegian military, in fact, have compared the INF negotiations to pressing a sausage: You press it in the middle and it expands at the ends.

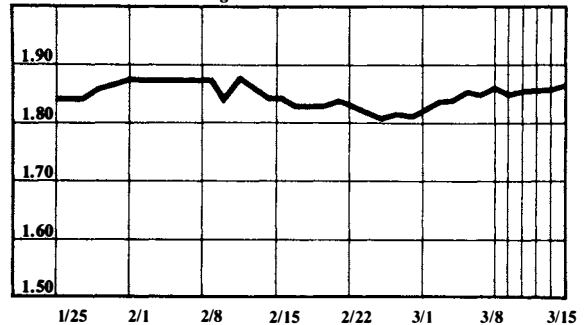
The whole operation to institute an EFTA track into the EC was managed by the Socialist International in backroom deals. The Oslo declaration was an answer to an invitation for negotiations by Jacques Delors, the Socialist president of the EC Commission, presented in his speech to the European Parliament Jan. 18. After much Swedish pressure (according to Carlsson), Delors invited the EFTA countries to joint negotiations with EC and membership in the customs union, the central pillar of the EC. Such negotiations would mean accepting a supranational court to rule on disagreements about the customs union.

*Dagbladet* revealed March 15, the second day of the Oslo meeting, that the plan to revive EFTA was drafted a year ago when the Spanish prime minister, Socialist Felipe Gonzalez, visited Norway. It was already clear then that Brundtland and he should be the respective chairs of EFTA and the EC this year.

## Currency Rates

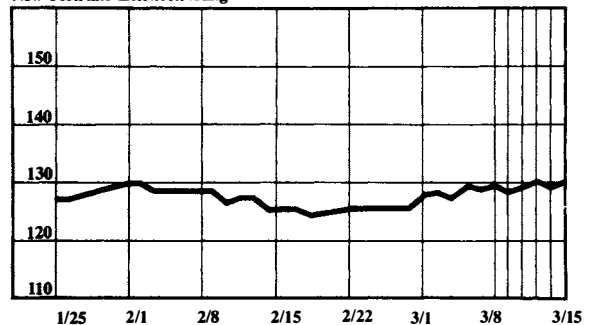
### The dollar in deutschemarks

New York late afternoon fixing



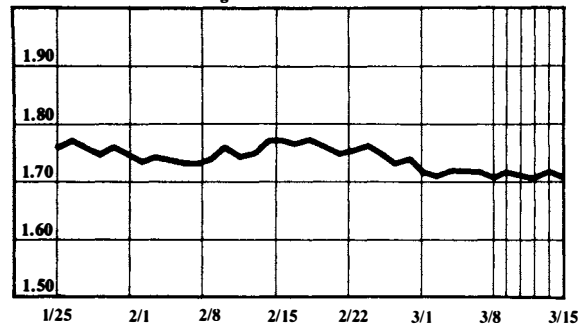
### The dollar in yen

New York late afternoon fixing



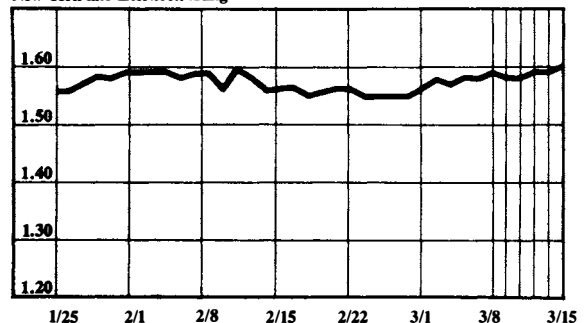
### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



## Banks perplexed on loans to Moscow

*The Russians don't want to become a "new Brazil," despite the dreams of some Western bankers.*

**D**uring 1988, Western banks and governments began falling over one another to throw multibillion-dollar credit lines to Moscow for its *perestroika*. Last October alone, banks from Italy, France, West Germany, and Britain alone, threw almost \$10 billion of credit offers to Moscow with the apparent hopes of increasing trade with the East. First came a DM 3 billion credit line from a consortium of German banks headed by Deutsche Bank, formally signed in Moscow late October, to finance German machinery imports. France's Mitterrand followed Germany's Kohl to Moscow in November with similar offers of frankincense and myrrh. Italian Premier Ciriaco De Mita even threw in promises of some kind of "Marshall Plan for the East" with his \$800 million credit offer. And Sir Michael Palliser, chairman of Britain's Midland-Montagu bank, announced hours later that a group of U.K. banks were "close" to signing for a \$1.8 billion (£1 billion) trade credit with the Soviets.

From the U.S. side, RJR Nabisco joined with Chevron Oil, Dwayne Andreas' Archer Daniels Midland grain giant, Ford Motor, and Kodak, to form an ambitious entity called American Trade Consortium, led by James Giffen of a little-known New York bank called Mercator. Armand Hammer chimed in that his Occidental Petroleum, along with Italy's Ferruzzi-Montedison, had won a bid to build a \$6 billion chemical polymer plant at Tenghiz near the Caspian Sea.

Now, only months later, all indications are that the big promises of access to the riches of the East markets

are simply either calculated Moscow propaganda to keep Western allies divided and confused over common strategy for dealing with the Warsaw Pact, or simply a dead letter in the midst of the growing economic crises in the Comecon. "After the Polish shock, and the announcement of the 100 billion ruble [Russian] deficit, it is clear to us that the Russians do not want to depend on the West," stressed a senior German banker involved in Soviet negotiations to a private March 11 gathering of the Anglo-German Society. "Russia today is a country which we want to help, but which does not want to, or cannot, be helped. More Western credits will simply aggravate the situation."

This German banker was confirming remarks from a high Russian Communist Party official only days earlier. Writing in the party theoretical journal *Kommunist*, Otto Latsis warned that the U.S.S.R. is threatened with becoming "ungovernable like Poland" if it continues to try to solve domestic economic problems by drawing on Western economic aid. Latsis said the country is faced with real threat of "overall collapse of the economy" over the next several years.

"The Soviet officials who are in charge of credit are in true panic over their situation. Their terms of trade have markedly deteriorated in the last years with the fall in oil prices and the dollar," a senior Western banker dealing with Soviet finance told me recently. "Some Soviet politicians toy with accepting \$40 billion in credits from the West. Some officials fear this will convert Russia into Third World

debtor status. This is the reason, we have been told, that the Vnesheconombank [Bank of Foreign Economic Affairs] plans to refuse these new loans from the West. The U.S. Mercator project of the American Trade Consortium is a perfect example of this confusion inside the Soviet Union. The Russian politicians say 'yes,' but Vnesheconombank says it will die a happy death soon."

Indicative of some Western bankers' zeal is the bizarre history of the British banks' negotiations. On Feb. 9 the *Financial Times* wrote that "After months of blowing hot and cold on the question of export credits from the West, the Soviet Union was due last night to sign a trade finance protocol with a group of seven leading British banks. . . . Bankers involved . . . said the sudden decision to sign a high-profile arrangement followed top-level pressure . . . believed to stem directly from Mr. Mikhail Gorbachov who will visit the U.K. in April." Sir Michael Palliser, vice chairman of Midland Bank, headed the U.K. bank group negotiating the deal, first made public last October.

But I have been told by knowledgeable London bankers that there is no bilateral U.K.-Moscow credit deal for \$1.7 billion to finance British exports. Privately the consortium members are furious with Sir Michael for misrepresenting what amounts to an agreement by Moscow to refinance some old loans into multi-currency denomination, including the pound sterling. One informed British journalist conceded that Palliser had made the scheme out of "PR puffery." Palliser, a Trilateral Commission heavy who chairs the International Institute of Strategic Studies, presumably knows the difference between a real loan and a "statement of willingness" to discuss a loan.

# Business Briefs

## *Ibero-America*

### **Mexico's debt service higher than Weimar's**

In a remarkably candid review of the Ibero-American debt crisis, the *Baltimore Sun* reported March 9 that according to one estimate, Mexico is paying a higher percentage of its gross national product in debt service than Weimar Germany paid in war reparations, which led to the rise of Hitler and to World War II. It reports that Mexican real wages have fallen by 50% in five years. "Many families have meat once a month and malnutrition among children is endemic."

The article says that staff members of the U.S. National Security Council "were said to be particularly shocked by the situation in Venezuela," and that some in the administration find "the deteriorating situation in Mexico" to be "particularly alarming."

But rather than recommending solutions that would avert a repeat of the 1930s, the *Sun* cites these horror stories in order to boost phony debt reduction schemes which would benefit the banks while plunging the economies of the region further into misery.

## *S&L Crisis*

### **Texas Attorney General blames the Feds**

Texas Attorney General Jim Mattox told a congressional hearing in San Antonio, Texas on March 10 that federal government policy, not fraud and corruption, caused the crisis in the state's savings and loan institutions. The hearings were chaired by House Banking Committee chairman Rep. Henry B. Gonzalez (D-Tex.).

Mattox told the committee that the cause of the crisis is federal banking and economic policy. He said that banking deregulation and tax policy caused the real estate bubble, and when the bubble started to lose air, federal regulators panicked, which made the crisis worse.

Mattox argued that the measures taken

by federal regulators are completely wrong. He criticized the regulators for cutting off credit to Texas S&Ls, when the real estate market started to soften. He said that regulators erred when they forced foreclosure on delinquent homeowners and farmers, which drove real estate prices down further. Instead, Mattox said, regulators should have let people stay in their houses, even if they fell behind in their mortgage payments, because they eventually would have paid. He also blasted regulators for discriminating against small banks and favoring the large banks.

Mattox called on the federal government to act, since the state government is in shock and can't do anything.

## *International Credit*

### **Camdessus says IMF won't be 'scapegoated'**

An *International Herald Tribune* feature March 9 reports that opposition is growing to the International Monetary Fund to such an extent, that some who work there now say they have a "bunker feeling" about working for the IMF. Various Fund officials believe there is a "tremendous amount of scapegoating" against the IMF.

IMF Managing Director Michel Camdessus insists that the IMF will not "play the role of the scapegoat to facilitate the lives of politicians," whether in Venezuela or any other country. He says there is no point in even talking seriously to those who claim the IMF is responsible for internal unrest in debtor countries, since such people are living in an "artificial universe."

## *Third World*

### **Arabic paper calls for debt conference**

A "Cairo Conference" of all indebted Third World countries should be held on June 1, recommends the March 17 issue of the Paris-based Arabic weekly *Koll al Arab*. The

article polemicizes against the "wait and see" behavior of the Egyptian government, and warns that in the present situation, Cairo is being confronted with two options: first, to submit to the whole of the IMF austerity demands, provoking a situation where the Army will have to be deployed against a population in revolt as in Venezuela; or second, to play for time by refusing to implement the IMF demands, creating a situation where the U.S. will ultimately cut aid.

*Koll al Arab* advises the Egyptian leadership to renew some of the foreign policy initiatives of the time when Egypt and India were leading the Non-Aligned Movement, and to convene what should be called the "Cairo Conference of the Indebted Countries" to work out precise plans and proposals on how to reschedule and postpone debt repayment.

The call occurs at a time when Cairo is being under attack from Washington, both because of its refusal to submit to IMF policies, and because of its military industries. The Middle East subcommittee of the U.S. Senate lambasted Egypt for its cooperation with Brazil and Argentina on intermediate-range missiles development, as well as its alleged work on chemical weapons.

## *Environmentalism*

### **'Ozone hole' hoax is wearing thin**

The much-touted "ozone hole" cannot be caused by man-made chemicals, since it existed before these chemicals were produced in a significant amount. This finding was published in the German weekly *Die Zeit* of Feb. 24.

In 1956 and 1957, the scientist Dobson (ozone is measured in Dobson units) measured the ozone layer in the Antarctic and found in September and October exactly the reduced ozone concentration that was measured again in 1987 and led to the "discovery" of the "ozone hole." Marcel Nicolet, a former collaborator of the deceased Dobson, says that this proves that the "ozone hole" is an oscillation which has existed at least for decades, and probably centuries.

## Briefly

The discovery of this "forgotten" measurement generates great problems for those who claim they can prove that man-made chemicals cause the "ozone hole," since it seems the chemicals must have been active in the stratosphere years before they had been produced on Earth!

Meanwhile, at the March 6-9 Ozone Conference in London, 40 countries pledged to halve their production of chlorofluorocarbons (CFCs) by 1998, in a treaty effective July 1. The developing countries, however, are less eager to sign a treaty that would limit their access to refrigerators, which use CFCs for heat transfer, and few have ratified the treaty. Because of this opposition, the treaty-makers have been forced to water down their demands somewhat by allowing CFC manufacturers, who must halve their production for domestic use, to increase their exports by 10% annually to satisfy Third World demand.

### Infrastructure

#### Dhaka seminar discusses floods in Bangladesh

A three-day international seminar on the recurring floods in Bangladesh began in Dhaka on March 4, with 29 delegates from 15 countries and five continents in attendance. Twenty-five international water management and environmental experts participated, along with about 100 Bangladeshi experts directly involved in battling last year's devastation.

According to coverage of the event March 6 by India's *Hindustan Times*, Bangladeshi officials are still sticking to the position which "ignores the fact that no long-term control structures or storages can be built on the flat alluvial plains of the country." The Bangladeshi experts are continuing to rule out the prospects of a Ganges-Brahmaputra canal link—a proposal which India views as "the only viable solution."

If any solid agreement or concrete proposals were reached in Dhaka, the information has not yet been made public.

The country has clearly not recovered from last summer's devastation, as fears are voiced of a re-run during the June through

August period. A World Bank investigation concludes that \$4.6 billion of project aid remains unused because the local economy is in such disastrous shape that the country can't pull together local funds for tied-aid projects. The *Financial Times* on March 14 noted that this factor will now make it difficult for the World Bank to justify recommending a higher level of project aid for the country at next month's meeting of donors in Paris.

### Agriculture

#### Japanese farmers turn against ruling party

Japan's ruling Liberal Democratic Party, which has kept the country remarkably stable and prosperous for the last 30 years, is being abandoned by its farm sector, principally as a result of the pressure from the U.S. government for Japan to open its markets, Reuters news agency reports.

"We will not support the LDP unless it shows clearly that it will brush off U.S. demands to open Japan's rice market," said Kametaro Yoshioka, who owns a three-acre rice field in Shimane prefecture in western Japan. "We were very disappointed in the government when it suddenly agreed with the United States to remove import quotas on beef and citrus. We had not expected it to happen," he added.

The crushing defeat in a local election in February in the western city of Fukuoka, where the ruling party lost heavily to the more pro-Soviet Japan Socialist Party, was initially blamed on the Recruit stock-trading scandal, but a closer look at the electoral patterns suggests that the farm vote may have had more to do with it. The trends against the LDP candidate were strongest in predominantly rural areas around Fukuoka city, and the number of voters who stayed away from the polls in those areas showed a huge jump from the previous election.

About 1,400 farmers gathered in Tokyo Feb. 17 to demand that Prime Minister Noboru Takeshita's government stand firm against overseas demands for further liberalization of farm imports.

● **LOUIS SULLIVAN**, the new Secretary of Health and Human Services, told AP on March 10 that he favors providing clean needles to drug addicts as a way to slow the spread of AIDS. Sullivan said he would not favor a federal needle-exchange program, because of strong local opposition, but said "we would be very supportive of such efforts if the communities make those decisions."

● **JAMES BAKER** is calling for a conference of governments and industry to deal with controlling "dual-use technology," such as chemical plants which can be used for chemical warfare purposes. State Department spokesman Charles Redman said on March 10 that the problem is a global one and is getting worse, with laws that are insufficient.

● **THE INTERNATIONAL** Monetary Fund is hiring a consulting firm to "enhance the image of the Fund," according to the *International Herald Tribune* March 9. The firm is called James C. Orr Associates. Orr, a former House Banking Committee staffer, declares that the IMF is the "least well understood" institution in the United States.

● **JAPANESE FIRMS** have been accused by members of the U.S. House of Representatives of helping Libya build a chemical weapons plant. The congressmen said they will introduce a bill barring the companies from doing business in the United States.

● **LOTHAR SPÄTH**, the deputy chairman of West Germany's Christian Democrats, called on March 11 for the creation of a United States of Europe, with a single central government, one central bank, and one central currency unit. A darling of the big European cartels, Späth revealed himself as a staunch European federalist with a deeply rooted sentiment against the nation-state.

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## Pesticides scare: another attack on agriculture

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*The USDA has discovered that Americans cannot have both food and clean water, since productive agriculture "pollutes" groundwater. Marcia Merry dissects this mysterious wisdom.*

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Beginning in early 1988, the U.S. Department of Agriculture went on a rampage against American farming methods, in coordination with the Environmental Protection Agency, making use of the issue of clean groundwater as a weapon against farming and food output. The scenario features the assertion that there are traces of pesticides in groundwater—including even the “trickle down” from honest manure—and calls for an end to the farming practices which are allegedly responsible, especially modern row-cropping and animal husbandry.

The effort involves key sections of the USDA, such as the Extension Service, but also state government agencies and private zero-growth groups. The goal is, first, “guidelines,” but soon, penalties, against modern farming practices.

The stated issue of concern is drinking water, but the objective is that guiding the general policy of the U.S. Department of Agriculture: the elimination of America’s technology-intensive independent family farm. This reflects the objectives of the financial circles in and around the International Monetary Fund, who run the USDA through the world food cartel firms.

Half of the United States’ 240 million people rely on private or community well-water. For the last 20 years, there has been a slowdown, nearly a halt, to the maintenance and expansion of water treatment facilities, and the construction of new water development systems—dams, canals, and irrigation and water transport systems. This disinvestment policy is the real threat to the water supply. But the USDA’s method is to say, “The farmer did it with his fertilizer.”

The foremost instigator of the “groundwater” issue has been the Washington-based Conservation Foundation, which started a campaign in the early 1980s around the issue of soil

erosion and “runoff.” In 1980 came the Conservation Foundation’s book, *The Future of American Agriculture as a Strategic Resource*. Among the sub-chapters was, “The Impact of Fertilizers.” In 1984 came another Conservation Foundation book, on the theme of “non-point source” pollution, namely, how farming pollutes the environment with its chemicals and manures. Similar books and reports were published in Western Europe at the time.

The new five-year farm law passed in 1985, the National Food Security Act, embodies many of these bogus Conservation Foundation environmental concerns. The chief one was the matter of “conserving farmland,” by making it non-farmland, taking it out of food production altogether. This, in the name of preventing soil erosion and runoff. Created was a “Conservation Reserve Program.” Some 45 million crop acres, well over 10% of the U.S. crop acreage base, are to be locked up for at least 10 years. Second, there is the “swampbuster” clause, which penalizes farmers for draining swamps, since these are supposed to be the “natural” means of filtering water, and also provide a wildlife habitat.

The 1985 farm law was just the beginning. Since then, there has been a drumbeat of reports and new Executive branch initiatives that threaten the very foundation of the food supply of the West—all in the name of pure water.

### **The scare operation**

A short chronology of the scare operation shows the focus and coordination involved.

In 1984, the USDA Extension Service and the Extension Committee on Organization and Policy (ECOP) appointed a national task force to assess the groundwater quality. That task force published its report in February 1986.

The identification of “Water Quality” was eventually cit-



ed as a national priority initiative for the entire Cooperative Extension System. Four strategic issues were defined, and are now being pursued in the media, state and local governments, schools, churches, and elsewhere, with the energy of a zealot's cause.

As stated in the fall 1988 "Extension Review," the "critical issues" are: "Issue 1. Public understanding of water resources, especially the nature of the resource . . . why it is vulnerable . . . and the options for making it safe." Excluded here is any option involving large-scale water development projects—of the nature of the Tennessee Valley Authority or other past successes.

"Issue 2. The impacts of agricultural, industrial, and household chemicals on water quality and subsequent uses and users of water." The assumption here is that man's activities contaminate water.

"Issue 3. The importance of water conservation programs and strategies for domestic, agricultural, and municipal water consumers to meet local problems such as drought-induced shortages, declining water tables, increased pumping costs, and increased production and treatment costs." The watchword here is, "Use less." Nowhere are water development projects considered.

"Issue 4. The key role of local government officials in developing strategies for addressing the public concern about the interactions of land use, chemical use, and water quality." This is eco-lingo for pressuring state officials to attack farmers and industries for supposedly harming water supplies.

In January 1988, a national workshop on "water quality" was held for extension directors and administrators. This was followed up by another conference in Washington, D.C. in February, attended by 165 people from 44 states.

By the time of the opening of the winter sessions of legislatures in the farmbelt states, schemes were in place in many of them to advance the process of curtailing farming on the claim that it is a threat to water. In Maryland, for example, there is the issue of curbing farming in order to protect swamps and other designated "wetlands" found in the watersheds feeding the Chesapeake Bay. Other states have variations on this theme.

In December, the Environmental Protection Agency fired its own special volley on the issue of groundwater. The map shown here is from a report by the EPA issued on Dec. 13, 1988, called "Pesticides in Ground Water." The report is a pastiche of groundwater readings from various parts of the country, which even EPA officials do not claim has any scientific validity. Victor Kimm, EPA's then acting assistant administrator for pesticides and toxic substances, said in a press release, "The information in the agency's interim report reinforces EPA's concern about the potential for pesticides to contaminate groundwater. This data base will be helpful in supporting significant and critical ongoing EPA regulatory activities to mitigate the potential risks from pesticides in groundwater." But in the same release, Kimm observed, "However, there are dangers in trying to use the data in the

report released today as they currently stand to indicate the statistical significance of the problem on a national level. Many agricultural areas have not been sampled and are not statistically represented."

The main function of the EPA interim report was to give copy to the media to further a generalized scare over "poisons in your drinking water," at the time that state level officials were moving to nail farming as the culprit. The EPA announced that it is now conducting a nationwide survey of well water, which, when completed in late 1989, will, according to Kimm, "provide more representative data on the extent of pesticides in groundwater."

With William Reilly as the new head of EPA—he was formerly the chairman of the Conservation Foundation—one may be sure that no scientific facts will be permitted to stand in the way of the financial oligarchy's vendetta against modern agriculture.

In January 1989, the USDA Economic Research Service came out with its own salvo against agriculture, in a new report called, "Managing Farm Nutrients; Trade-offs for Surface- and Ground-Water Quality." This report features a new "field-scale computer simulation model, CREAMS (Chemicals, Runoff, and Erosion from Agricultural Management Systems), to "prove" there is a "pollutant runoff" from agricultural cropland into water. The report says that the recent successes in mitigating soil losses through ground surface measures such as no-till plowing may have been hollow victories, because such measures do not mitigate the leaching down into deeper groundwater of nitrates and other chemicals. The report then comes to the point, "Groundwater quality problems cannot be alleviated by implementing soil conservation practices alone, but must include changes in farm chemical use."

This report focused on the Conestoga River headwaters in Eastern Pennsylvania, where there is both farming and relatively high-density residential population and water demand. The report made no mention of two facts: first, that area residents could receive plentiful, wholesome water by the construction of improved water development systems in Eastern Pennsylvania in the area between the Susquehanna and Delaware Water Basins; and second, that there is no established threat from the current levels of nitrates and other substances in the water. The report simply insists that farmers must cut back sharply on both manure and chemical nitrogen applications. The report states, without foundation, "Widespread application of such levels of manure and *N* are likely to pollute drinking water wells in such groundwater-sensitive areas as the Conestoga Headwaters."

The report fatuously discusses all manner of when and how farmers should store and apply manure to facilitate the uptake of nutrients by pastures and crops, but then threatens, "Agricultural non-point pollution control must be achieved more efficiently, or proponents of voluntary conservation programs will be in a relatively weak position to argue against regulation and other mandatory measures."

# Why the pesticide scare is silly

by Marcia Merry

On March 6, the Food and Drug Administration issued a warning about when and how to refrigerate yet another food product, after a February outbreak of botulism in New York State. The outbreak hospitalized three people, and sickened many more. In this case, the FDA statement simply warned consumers that a certain brand of oil and garlic mixture—or indeed, a homemade variety, particularly those containing little or no acidifying agent such as lemon juice—should be kept refrigerated at all times.

The March botulism outbreak is one of thousands of episodes of bacterial- and mold-related food contamination that sicken millions each year. According to Dr. Sanford Miller, dean of the Graduate School of Biomedical Sciences at the University of Texas Health Science Center in San Antonio, “20 million to 40 million cases of food-borne diseases are reported on a yearly basis.”

Yet, the USDA and the EPA are currently making a big public issue over pesticides contaminating food and groundwater. The simple fact is, this is a hoax. The immediate victim of the scare is agriculture. The next victim is the American people, whose food supply and water supply are both threatened by this stupidity. The evil Conservation Foundation—which originally came into being in support of Adolf Hitler’s racial genocide policies—and other think tanks have concocted these scares in order to justify a policy of drastic depopulation and food output reduction.

As Dr. Miller also said at the November 1988 Texas Vegetable Association convention, “Public outcries about unsafe food products due to pesticides are unwarranted. . . . The issue of chemicals in our food supply creates a lot of noise and drama—but it has little content. There isn’t a single illness that has been associated with chemicals in food when those chemicals have been appropriately applied. . . . That’s where I see the main problems with food safety—with microbes or ‘bugs’ that develop with unsafe food handling and related practices.”

The map illustrates the kind of scientifically baseless propaganda that the EPA and the USDA are using to attempt to scare the general public into tolerating the destruction of farmers and the food supply. The map is from a December 1988 report by the EPA, “Pesticides in Ground Water, Data Base 1988 Interim Report,” and displays the number of different pesticides that have been identified, even in trace quantities, by state, as coming from agricultural use. This so-called survey was done in 1988 by the Public Information

Research Group, and has no scientific significance, but is published in order to feed the scare campaign.

To give a scientific gloss to this operation against modern farming, a report was published in 1987, “Regulating Pesticides in Food; the Delaney Paradox,” by the National Research Council and a specially established Committee on Scientific and Regulatory Issues Underlying Pesticide Use Patterns and Agricultural Innovation. This 272-page book forewarns that many commonly used insecticides and fungicides will be outlawed in coming months, under provisions of the Delaney Clause, a provision of the Federal Food, Drug, and Cosmetic Act, which is the law that governs the setting of pesticide tolerances. The clause bars the EPA from granting any tolerance for a pesticide residue that has been found to induce cancer in animals and that concentrates in processed food. The conclusion? An “adjustment” will have to be made by farmers and eaters.

Many rearguard actions are currently under way to fight this hoax. One instance of an immediate threat to agriculture is seen in New York State. The state officer in Albany responsible for enforcement of field insecticide application regulations, is a former Sierra Club functionary, and a radical environmentalist. At risk of elimination are the state’s 60,000 acres of potatoes, and thousands of acres of sweet corn for commission processing by Comstock Foods, because state officials may choose to make it impossible for farmers to protect the crops from insect damage. Bird’s Eye has already left the state, citing potential supply unreliability under insecticide-use harassment.

According to the EPA map shown, New York and Minnesota have trace identifications of 14 different pesticides in groundwater from agriculture use. California, with the number 31 listed on the map, is the state with the highest number of pesticides in groundwater identified, namely 31, and also is the state which produces over 52% of all the fresh and processed vegetables eaten in the United States.

California-based scientists have produced some of the best refutations of the EPA assertion of dangers from pesticides.

The 1986 *Environmental Toxicology Newsletter* of the University of California Cooperative Extension Service reports on the work of Dr. Bruce Ames, chairman of the department of biochemistry at the University of California at Berkeley. He said, “The carcinogens and pesticide residues currently being found in California water supplies, such as in Silicon Valley, are present in extraordinary tiny amounts that, except in rare cases, are trivial relative to the background level of carcinogens in nature. Therefore, I am convinced that such water pollution is irrelevant as a cause of human cancer.

“The main current fallacy in our approach to such pollution consists in believing that carcinogens are rare and that they are mostly man-made chemicals. Quite the contrary is the case. My estimate is that over 99.9% of the carcinogens Californians ingest are from natural (e.g., substances nor-



## World food needs show 'set-aside' is genocide

by Chris White and Marcia Merry

Among the recent round of media doublespeak reports on how food "surpluses" are at record lows came a March 12 syndicated column by Hobart Rowen, warning that a "Food Shock" was near at hand. Rowen spoke politely of severe grain "shortages and soaring prices."

The truth is that the food shock has already hit. The shock wave impact around the globe can be measured in growing hunger, disease, and numbers of dead. *Every day, 1.5 million people die from the shrinking food output as more land is taken out of production.* This horrifying death rate means that in the first 75 days of 1989, 113 million people were condemned to die.

The dimensions of the catastrophe are being deliberately hushed up to lull the public in key policymaking nations into ignoring the conditions of genocide—until it is too late. To put this most graphically, by tolerating the underplanting and lack of food output in the United States, every American is contributing to the death of another person, either at home or abroad, every day.

A comprehensive analysis by this news service's economics staff of the level of food production and diets as of the mid-1980s, compared to the present, quantifies the death scenario. As the *EIR* study shows, the fall-off in grain land cultivated and tons of output is so great that the projected drop in grain acreage to be planted in 1989 alone—compared to what planting should be this year in order to merely maintain calorie levels of five years ago—will condemn between 384 million and 870 million people to a process of severe malnourishment and death (see table on the next page).

The numbers are not made up out of thin air. They are a cross-gridding of the official U.N. Food and Agriculture Organization data series on production, trade, and supply by use, with per capita consumption (in calories and tons) and per hectare yields. The official series has the merit of consistency, if not accuracy. The series also significantly understates the magnitude of the crisis.

Current harvests for Southern Hemisphere major producers are already known,

## Worst case: 870 million could die because of 1989 land set-aside

(relative to 1984 diets)

| Exporting nation | Tons of grain not produced for export (millions) | Numbers of people affected (millions) | People per hectare |
|------------------|--|---------------------------------------|--------------------|
| U.S.A.           | 100.19   | 300                                   | 20                 |
| Canada           | 25.40  | 76                                    | 11                 |
| France           | 24.6   | 74                                    | 5.8                |
| Australia        | 14.4   | 43                                    | 6                  |
| <b>WORLD</b>     | <b>233</b>                                       | <b>870</b>                            | <b>12</b>          |

*Deliberate government policies will set aside 30 million hectares of crop land in the U.S. and Europe in 1989. Grain-exporting nations this year will plant 138 million hectares, a drop of 16 million from 1984 levels. At minimum, to meet the calorie levels of 1984, some 209 million hectares have to be planted to grain in 1989 in exporting nations. Figures for Thailand and Argentina are not shown here.*

## Case 2: 384 million could die because of 1989 land set-aside

(relative to 1984 diets)

| Factors affecting 1989 world grain supply*                             | Tons (millions) |
|--|-----------------|
| Required for world, minus East bloc:                                   | 2,496           |
| Shortfall from reduced prospective planting in major exporting nations | -233            |
| Reduced supply for 1989  | 2,263           |
| Food component (27.5%) of total tons required                          | 687             |
| Reduction in proportion of food to supply                              | 64              |
| Reduced food available (details below)                                 | 623             |

| Exporting nation | Numbers of people affected (millions) | People per hectare |
|------------------|---------------------------------------|--------------------|
| U.S.A.           | 166                                   | 10                 |
| Canada           | 40                                    | 6                  |
| France           | 40                                    | 3                  |
| Australia        | 24                                    | 3                  |
| <b>WORLD</b>     | <b>384</b>                            | <b>0.38</b>        |

\*Includes food, feed, seed, stocks, other uses and waste.

Source: EIR analysis based on U.N. FAO data, based on 1984 patterns of grain production, exports and use.

and the orders have gone out as to how much Northern Hemisphere farmers will be allowed to produce. In the six major grain-exporting nations alone—the United States, Canada, France, Thailand, Australia, and Argentina, prospective grain land plantings this year will total an estimated 138 million hectares, compared to 144 million hectares of grain planted in the same nations in 1984. To meet the calorie levels that prevailed in 1984, as a minimum standard for 1989, requires 209 million hectares to be planted to grain in these exporting areas, taking into account population growth. This level would barely keep Africa alive.

Other parts of the world have not made up for this underplanting, neither in alternative foodstuffs (root crops or legumes), nor in improved productivity, nor in inputs per hectare. In the last two years, world total grain production has been below world consumption levels, and the record draw-down of world grain stocks has left the world with technically a little more than a month's supply.

The overall area cultivated worldwide for cereals grain in the past five years has fallen from 726 million hectares in 1984, to 692 million last year. The EIR estimate for the 1989 crop calendar year of up to 710 million hectares is way below the actual needs.

The grain underplanting in the six major exporters alone

will result in a guaranteed absence of 233 million tons of grains this year, which will mean that millions of people in import-dependent nations will have access to nothing—no matter whether or not they could afford the price. In addition, at least another 45 million tons of grain from the six exporting nations is being taken up by the Soviet Union, now on an import binge while its own agriculture infrastructure and that of Eastern Europe disintegrates. The Soviets are expected to buy more this year from the Western exporters than in any previous trade year ever.

In this context of severe food decline and scarcity, land set-aside means genocide. The above table shows two projections of the possible dimensions of the loss of 233 million tons of grain this year for food-importing nations. The worst case prospect is that the 233 million tons of grains *not produced* can be taken as the cereal grains unavailable to nourish more than 800 million people, figuring an average of just 4 people per ton, or an average of 12 people per hectare of grain. However the grain is distributed, without it millions will die.

The second case prospect—projecting minimum numbers of malnourished—begins with the overall calculation of the total grain output needed worldwide in 1989 to “hold the line” at the prevailing 1984 level of calories per capita, which



would be 2,970 million tons. Taking out the amount used in the East bloc, and taking out the prospective lack of 233 million tons from the underplanting by exporting nations, and then the subtracting the Soviets' 45-million-ton import order, there remains a reduced supply for this year of 2,263 million tons.

TABLE 1  
**Food import dependency of selected nations and regions in terms of the ratios of food production over supply, and food and feed over supply (1984)**

|                        | (percent)              |                  |                  |
|------------------------|------------------------|------------------|------------------|
|                        | Production over supply | Food over supply | Feed over supply |
| WORLD                  | 100.51                 | 23.33            | 28.40            |
| North America          | 112.86                 | 17.57            | 39.43            |
| United States          | 112.29                 | 17.76            | 38.88            |
| Ibero-America          | 103.16                 | 14.52            | 21.39            |
| Mexico                 | 95.22                  | 23.18            | 22.18            |
| Andean Pact            | 97.48                  | 23.34            | 7.31             |
| Southern Cone          | 105.67                 | 11.64            | 28.85            |
| Brazil                 | 102.83                 | 13.06            | 9.81             |
| Argentina              | 110.74                 | 7.50             | 63.35            |
| Western Europe         | 98.48                  | 20.72            | 31.88            |
| Western Central Europe | 98.29                  | 17.70            | 33.70            |
| Germany Fed Republic   | 96.60                  | 15.36            | 49.55            |
| France                 | 112.49                 | 19.48            | 20.06            |
| West Communist Europe  | 99.79                  | 10.98            | 47.62            |
| Byzantine Comm Europe  | 102.14                 | 16.73            | 33.26            |
| USSR + Afghanistan     | 96.32                  | 13.71            | 51.33            |
| Africa                 | 94.73                  | 34.09            | 14.74            |
| Maghreb                | 75.35                  | 39.65            | 12.50            |
| Egypt                  | 92.16                  | 20.63            | 56.28            |
| Sudan                  | 101.81                 | 41.21            | 3.75             |
| Sahel                  | 105.64                 | 54.18            | 3.15             |
| Western West Africa    | 92.44                  | 48.85            | 3.13             |
| Central Africa         | 98.19                  | 45.75            | 1.18             |
| Southern Africa        | 96.74                  | 28.22            | 8.80             |
| Asia: Subcontinent     | 100.21                 | 34.10            | 13.19            |
| India                  | 100.62                 | 33.71            | 15.40            |
| South East Asia        | 106.70                 | 30.81            | 4.78             |
| Thailand               | 118.62                 | 19.54            | 4.14             |
| Malaysia               | 114.66                 | 33.13            | 13.64            |
| China                  | 100.24                 | 42.59            | 10.48            |
| Australia              | 145.99                 | 16.97            | 17.61            |
| New Zealand            | 102.81                 | 2.99             | 7.80             |

Source: U.N. Food and Agricultural Organization, 1986

Considering only the direct food component of available grains—cereals for human consumption—there will nevertheless be 384 million people without food as a result of merely the underproduction of the four major exporters alone—United States, Canada, France, and Australia.

In the United States and the European Community this year, a total of at least 20 million hectares will be out of production because of deliberate government policies of set-aside—either for bogus “conservation” reasons, or for bogus farm price “stabilization” reasons. This tillable land area deliberately put into non-food use is almost equal to the overall total land area of the United Kingdom. In addition, more millions of hectares are either not cultivated or tilled poorly, due to the mass dispossession of farmers by such government policy arms as the Farmers Home Administration, which is now moving to bankrupt 83,000 farm borrowers who are behind on their loans. In West Germany in recent months, an average of 75 farmers have ceased operating per day.

Simultaneously, the malthusian policymakers in Washington, D.C., and Brussels are moving to promote “organic,” or “low input sustainable” agriculture as a means to force remaining farmers to accept primitive methods, as the final phase before neo-feudalist agriculture, and the corresponding full-scale famine.

Farmers with a secure, parity-level income and access to scientific information have the know-how to improve land and expand output. To bring all the world's people up to a decent level of 2,500 calories per capita per day, with no austerity cutbacks in the nations already at or above that level, would require an increase of grain output from present levels of under 2 billion tons a year to more than 5 billion tons. Just to “hold the line” would require an increase of 3 billion tons. The following summary of the scale of the world food catastrophe has been assembled to help make that happen.

### The ‘food shock’ has hit

The cover photo on this issue shows children dying in Ethiopia in 1984. At that time, this news service and a few others internationally portrayed the misery and increasing starvation rates wracking the continent. *EIR* contributing editor Lyndon H. LaRouche, Jr. warned of the genocide to come. “The immediate problem worldwide is that levels of food production are dropping rapidly below levels at the beginning of the 1970s,” he wrote in a 1984 pamphlet on the world food crisis.

In fall 1986, NBC-TV chose to make an “issue” of mass starvation in Africa. Since that time, the “issue” faded in the media—as the situation deteriorated.

Today, the reality is that entire nations in Africa face the extermination of their peoples as a result of a combination of starvation and disease, especially AIDS. The last section of this *Feature* presents the death toll worldwide. Today, in

addition to genocide on the African continent, "Africanized" conditions are now to be found on every continent.

Earlier this month in Mexico, a scandal was created in the media when a report described conditions in the states of Puebla and Morelia as "Africanized," because of the scenes of infants with distended bellies, and other marks of death.

TABLE 2

**Grain import dependency of selected nations and regions in terms of the ratios of food production over supply, and food and feed over supply (1984)**

|                        | percent                |                  |                  |
|------------------------|------------------------|------------------|------------------|
|                        | Production over supply | Food over supply | Feed over supply |
| WORLD                  | 101.57                 | 25.58            | 27.41            |
| North America          | 148.82                 | 6.16             | 58.33            |
| United States          | 145.95                 | 6.17             | 57.95            |
| Ibero-America          | 99.01                  | 26.73            | 29.55            |
| Mexico                 | 86.21                  | 26.23            | 30.85            |
| Andean Pact            | 74.78                  | 33.00            | 21.23            |
| Southern Cone          | 117.21                 | 23.83            | 33.06            |
| Brazil                 | 90.56                  | 24.93            | 31.87            |
| Argentina              | 212.23                 | 18.00            | 39.82            |
| Western Europe         | 106.10                 | 14.40            | 47.60            |
| Western Central Europe | 111.32                 | 13.13            | 49.68            |
| Germany Fed Republic   | 97.86                  | 12.65            | 50.99            |
| France                 | 173.53                 | 10.97            | 54.62            |
| West Communist Europe  | 96.27                  | 11.58            | 58.94            |
| Byzantine Comm Europe  | 103.74                 | 14.34            | 49.17            |
| USSR + Afghanistan     | 83.52                  | 14.77            | 46.92            |
| Africa                 | 78.00                  | 37.53            | 11.67            |
| Maghreb                | 66.09                  | 34.91            | 16.52            |
| Egypt                  | 68.82                  | 37.45            | 17.09            |
| Sudan                  | 85.47                  | 43.39            | 5.82             |
| Sahel                  | 82.45                  | 42.28            | 4.21             |
| Western West Africa    | 80.48                  | 43.69            | 4.97             |
| Central Africa         | 85.59                  | 40.63            | 4.05             |
| Southern Africa        | 75.62                  | 31.33            | 21.77            |
| Asia: Subcontinent     | 100.59                 | 37.99            | 4.26             |
| India                  | 101.61                 | 38.03            | 4.28             |
| South East Asia        | 103.44                 | 32.89            | 8.14             |
| Thailand               | 124.90                 | 22.94            | 11.66            |
| Malaysia               | 60.44                  | 33.11            | 25.58            |
| China                  | 99.16                  | 33.80            | 13.02            |
| Australia              | 288.40                 | 11.76            | 43.01            |
| New Zealand            | 102.29                 | 12.58            | 33.77            |

Source: U.N. Food and Agricultural Organization, 1986.

In the United States, so-called Third World rates of malnutrition and of tuberculosis, measles, and other diseases now prevail in the slum pockets of many major cities.

The *EIR* economics study was undertaken to assemble the facts behind these scenes. Other agencies, like the U.N. Food and Agriculture Organization and Worldwatch, have been decrying the current world food shortages, but they have systematically minimized the genocidal rates of malnourishment, while calling for population reduction as the "solution."

Worldwatch President Lester Brown, a former U.S. Department of Agriculture functionary, has cited such causes for the world food crisis as farmers' "overploughing and overfarming."

The *EIR* study began with the food situation five years ago in order to have a recent base-period to use for evaluating the current plunge of food output and diet levels. The United Nations FAO world food database for 1984 was used in the *EIR* study, taking 2,500 calories a day as the desired *minimum* daily food supply. This caloric level was chosen because it ensures adequate supplies of energy and micronutrients to meet the needs of men, women, and children. Age pyramids were not used for each of the 135 countries whose food and farm data are included in the study, because the average of 2,500 calories tends to hold quite well over diverse populations. The lower total caloric intake of growing infants is balanced by the requirements of manual laborers and pregnant and lactating mothers.

Tables 1 and 2 show the patterns of diet and food availability, and of import dependency for the world's nations in 1984. In 38 out of 135 nations, there were not even 2,500 calories a day per capita food consumption levels in the FAO data series. Most of these nations are in Africa. The trend in 1984 toward degradation of the diet in other parts of the world is shown in Table 3, which compares the 1984 per capita levels as a percentage of those in 1967. Argentina and Brazil both show declining calories per capita.

Tables 1 and 2 analyze the nations and regions of the world in terms of their dependency on imports for food supply in general and for grains in particular. In Table 2, the first column gives the annual production of food as a percentage of total supplies, including all types of commodities for all uses—seed, food, feed, waste, reserve, etc. The Maghreb, Egypt, and western West Africa stand out as especially import dependent among many food-dependent parts of Africa, which as an entire continent is import dependent. The other comparisons are similar, with the nation of New Zealand outstanding for its food and livestock feed self-sufficiency, making its role as a food exporter obvious.

Table 2 presents the same comparisons in terms of grain in particular. The six largest world grain exporters stand out: United States, France, Thailand, Australia, and Argentina (also Canada, which is not shown).

Table 3 presents the components of the average daily calories for the nations and regions shown. A healthy diet should get approximately 50% of its daily calories from carbohydrates (grains, vegetables, and fruits), 20% from proteins (with animal and fish sources for full protein constituents), and 30% from fats. The table is designed to show the grain component of the diet, not a total dietary picture. The very high grain components—over 60%—are to be seen in China (72% of the daily calories), India (64%), Egypt (61%), and certain others. Although not shown, large parts of Africa are dependent on a low-nutrition, high-bulk diet of roots and tubers. This brings the overall grain part of the African diet down to 48%.

## Meeting today's real needs

The *EIR* study used the FAO data to determine the relative shares of the world annual grain trade held by grain-importing nations and grain-exporting nations and the relative ranking of production of grains and tonnage of all food in 1984. This analysis was then used as a pattern for what the minimum level of grain output should be today, just to maintain the diet patterns of 1984 for the growing populations. The assumption that the production and trading patterns of 1984 would still hold today is of course not accurate. It is true that the top six exporting nations account for about 75% of total grain traded, and that the United States and Canada account for more than half. But in the import-dependent nations, indig-

TABLE 3

### Average calories per capita in 1984, compared to 1967, and constituent share of 1984 average calories per capita from grain, meat, and fish, for selected nations and regions

|                        | Calories per capita 1984 | Per capita calories 1984 as % of 1967 | Constituent percent of average daily calories (1984) |                 |      |
|------------------------|--------------------------|---------------------------------------|--|-----------------|------|
|                        |                          |                                       | Grain  | Animal Products | Fish |
| WORLD                  | 3009.50                  | 113.51                                | 51.78  | 15.26           | 0.92 |
| NORTH AMERICA          | 4067.05                  | 109.75                                | 17.95  | 34.99           | 0.73 |
| United States          | 4087.01                  | 110.10                                | 17.92  | 34.75           | 0.73 |
| Canada                 | 3879.20                  | 106.37                                | 18.20  | 37.41           | 0.76 |
| IBERO AMERICA          | 2823.30                  | 105.29                                | 41.78  | 15.85           | 0.60 |
| Mexico                 | 3237.95                  | 115.83                                | 49.29  | 13.02           | 0.60 |
| ANDEAN PACT            | 2566.43                  | 109.59                                | 37.58  | 16.12           | 0.99 |
| Venezuela              | 2862.28                  | 111.80                                | 36.07  | 20.89           | 1.02 |
| SOUTHERN CONE          | 2811.33                  | 98.02                                 | 39.50  | 17.47           | 0.45 |
| Brazil                 | 2658.46                  | 99.33                                 | 41.10  | 13.24           | 0.45 |
| Argentina              | 3469.49                  | 97.63                                 | 32.45  | 31.11           | 0.23 |
| WESTERN EUROPE         | 3682.41                  | 107.12                                | 27.25  | 31.89           | 0.93 |
| Western Central Europe | 3848.45                  | 107.11                                | 23.72  | 36.57           | 0.81 |
| France                 | 3884.03                  | 105.21                                | 21.60  | 40.01           | 1.01 |
| West Communist Europe  | 3832.80                  | 105.67                                | 32.03  | 32.95           | 0.88 |
| Byzantine Comm Europe  | 3846.70                  | 108.61                                | 43.98  | 23.00           | 0.46 |
| USSR                   | 3808.24                  | 106.54                                | 37.00  | 26.92           | 1.82 |
| AFRICA                 | 2964.35                  | 107.95                                | 48.43  | 7.80            | 0.59 |
| Egypt                  | 3394.87                  | 128.72                                | 61.21  | 7.46            | 0.33 |
| ASIA                   | 2509.32                  | 148.84                                | 54.01  | 12.69           | 0.22 |
| ASIA: SUBCONTINENT     | 2332.56                  | 117.33                                | 65.87  | 5.83            | 0.32 |
| India                  | 2370.02                  | 120.32                                | 64.35  | 5.44            | 0.27 |
| SOUTH EAST ASIA        | 2626.49                  | 127.40                                | 65.81  | 5.20            | 1.58 |
| Thailand               | 2531.73                  | 108.60                                | 58.28  | 6.22            | 1.53 |
| Japan                  | 3143.27                  | 106.35                                | 42.80  | 21.31           | 7.11 |
| China                  | 3078.47                  | 132.77                                | 71.84  | 7.08            | 0.43 |
| Australia              | 3720.73                  | 106.62                                | 24.15  | 33.40           | 0.72 |
| New Zealand            | 3912.08                  | 103.81                                | 21.10  | 47.37           | 0.40 |

Source: U.N. Food and Agricultural Organization, 1986.

enous production would have deteriorated in the meantime, often from levels that were alarming enough five years ago, and import volumes would have shifted. The numbers are thus illustrative of a crisis that is yet worse than it appears here.

Three variants of projections for grain output and land requirements for 1989 and 1990 were made. The first, calculated on the basis of maintaining 1984 diet levels, is shown in terms of production and land requirements, along with the increase over 1984, in **Table 5**.

The other two are not shown in tables. The first projection calculated what grain output levels had to be, prorated among all nations, to merely "hold the line." For simplicity of comparison, it was assumed that the 1984 yields per hectare and trade patterns would remain the same today. Therefore, the number of hectares per nation could be calculated and used as a basis of judging what planting levels should be today. This is shown below for the United States and for the European Community group of 12.

A second projection calculated the increase in grain tonnage, and corresponding hectares to be cultivated at varying national average rates, in order to produce what would be required to hold the line in the so-called advanced sector nations, with no austerity in the food supply, and to bring every deficit nation's people up to at least 2,500 calories per day. This level, at which the world would not be wracked by hunger and starvation, is more than 5 billion tons of grain production per year. It would require the cultivation of more than 2.3 billion hectares around the world. Yet obviously every country cannot simply expand its output in the propor-

tions indicated.

A third projection calculated what would be required of the current six food-exporting nations if they were to produce all or most of the grain output increment to meet the 2,500 calories per day goal. In this variant, the United States alone is required to produce more than 1 billion tons on .25 billion hectares. Clearly this will not work either. Bear in mind then, the next time you hear someone talking about agricultural overproduction, "gluts" in agricultural commodities, and farm "surpluses," that no such thing exists until grain production gets up to the level of 5 billion tons per year. Anything else is a rearguard effort to hold the line.

The shortfall in grain output required just to maintain the inadequate 1984 levels will be more than 1,000 million tons this year. The grain hectares "missing" from cultivation will be at least 300 to 400 million, depending on yields at different locations.

This shortfall has been building month by month and year by year this decade, as the crop seasons change around the globe. As measured against these criteria of subminimal dietary need, the United Nations FAO calls for a 13% grain output increase this year (about 230 million tons), a number that does not consider the growth needed to support population growth. The FAO-demanded increase means a reduction of 5% to 10% in everybody's diet.

### Huge cropland set-asides

The world's most extensive, high-yield-per-acre agriculture has been developed in North America and Western Europe—an achievement of thousands of years of human prac-

TABLE 4  
**1989 grain land plantings by six exporting nations project a decline of 233 million tons relative to needs (1984 calorie levels)**

| Nation       | Planting required for 1984 world diet level in 1989 | Prospective 1989 grain planting (millions of hectares) | Grain not to be produced (millions of tons) | Numbers of persons with less food** (millions) |
|--------------|---|--|---|--|
| U.S.         | 88  | 72.947   | 66  | 198  |
| Canada       | 28  | 21.337   | 14  | 42   |
| Australia    | 22  | 14.547   | 12  | 35   |
| Thailand     | 30*   | 12.1   | 39  | 118  |
| Argentina    | 19  | 9.1  | 26  | 79   |
| France       | 22*   | 8.91   | 76  | 229  |
| TOTAL        | 209   | 139  | 233   | 700  |
| <b>WORLD</b> | <b>999</b>  | <b>709</b>   | <b>N.A.</b>                                 | <b>N.A.</b>                                    |

\*These figures are far more than the arable land in the respective nations (17.7 million hectares in Thailand, and 17.468 million hectares in France). They reflect a calculation made on the basis of the two nations' increasing in output in order to keep the export market share they held in 1984. The total land planting of 209 million hectares spread across all the six exporting nations is within their total arable area of 343 million hectares.

\*\*This calculation is based on a rough factor of 3 people per ton of grains.

Source: U.N. FAO, USDA "World Agriculture Production" January 1989, and *EIR*.

tice and science. Yet, the nations of this North Atlantic region are now instituting unprecedented government programs to remove millions of hectares of land from farm use, putting it into strictly “non-food” ground cover crops or trees.

This process bears the euphemism “set-aside” and has been rationalized by the governments involved as helping to “conserve nature” or to “stabilize prices.” Both are just propaganda concocted by agencies in service to the food cartel companies—and to the private interests behind them—who simply want to eliminate the independent, high-technology family farm and return to a neo-feudal world. The agencies who “wrote the script” for the set-aside laws include such advocates of neo-feudalism as the Washington-based Conservation Foundation/Wildlife Foundation.

**TABLE 5**  
**Production and land area needed for 1989**  
(base year = 1984)

|                     | Grain production<br>needed<br>1989<br>metric tons | Land area<br>needed<br>1989<br>hectares | Percent<br>1984 |
|---------------------|---|---|-----------------|
| World               | 2,969,951,711.81                                  | 999,274,433.47                          | 110.61          |
| North America       | 452,228,330.30                                    | 116,135,591.34                          | 104.59          |
| United States       | 401,688,887.39                                    | 87,970,007.15                           | 104.57          |
| Canada              | 50,555,629.43                                     | 28,204,809.43                           | 104.81          |
| Ibero-America       | 177,628,713.35                                    | 240,157,553.16                          | 112.35          |
| Mexico              | 42,490,147.40                                     | 53,989,782.86                           | 113.43          |
| Andean Pact         | 18,103,952.79                                     | 59,772,419.48                           | 112.86          |
| Southern Cone       | 103,735,931.58                                    | 118,582,246.32                          | 111.79          |
| Brazil              | 55,968,685.66                                     | 87,560,153.03                           | 112.97          |
| Argentina           | 39,720,361.61                                     | 19,298,512.45                           | 107.90          |
| Western Europe      | 286,255,401.24                                    | 107,201,749.44                          | 102.30          |
| West. Cent. Europe  | 154,663,911.73                                    | 51,665,666.48                           | 100.54          |
| Fed. Rep. Germany   | 34,860,957.20                                     | 11,275,205.29                           | 98.33           |
| France              | 69,664,814.33                                     | 21,667,484.74                           | 101.77          |
| USSR + Afghanistan  | 233,831,247.71                                    | 258,462,633.84                          | 104.80          |
| Africa              | 172,430,278.04                                    | 243,165,914.23                          | 141.28          |
| Maghreb             | 1,911,1315.38                                     | 24,890,370.47                           | 114.49          |
| Sudan               | 3,492,583.15                                      | 8,911,904.05                            | 115.61          |
| Sahel               | 7,717,181.97                                      | 39,144,353.66                           | 114.23          |
| Western West Africa | 5,030,392.36                                      | 11,475,482.67                           | 116.42          |
| Central Africa      | 3,998,220.37                                      | 6,025,573.45                            | 115.63          |
| Southern Africa     | 24,790,597.90                                     | 31,592,793.30                           | 116.45          |
| India               | 320,360,211.70                                    | 116,581,156.39                          | 110.89          |
| Thailand            | 40,234,106.78                                     | 30,240,621.13                           | 108.66          |
| Japan               | 40,106,589.11                                     | 2,760,030.16                            | 102.68          |
| China               | 639,478,488.73                                    | 163,578,528.40                          | 103.93          |
| Australia           | 32,845,947.50                                     | 21,746,788.68                           | 105.17          |
| New Zealand         | 2,095,774.58                                      | 257,217.03                              | 105.08          |

A huge amount of acreage has been taken out of food cultivation in the United States in the last three years. Given the world need for food, the loss of the output of this acreage translates directly into a death sentence for millions of people. The expected cropland planting this year in the United States is bound to be down by at least 40 million acres, (16.5 million hectares) due to the official set-aside programs in effect. An additional number of millions of acres will be idled because of the financial constraints on farmers.

In 1985, the base grain crop area (the average use over the past five years as defined by the U.S. Department of Agriculture) in the United States was 221 million acres, or 89.5 million hectares. That same year, the “National Food Security Act”—the five-year farm law, was passed, authorizing an unprecedented program called the Conservation Reserve Program or CRP. The new law set a goal of removing 45 million acres from food production by 1991. Under the plan, farmers are induced to commit their cropland to remain out of food production for at least 10 years, in exchange for some level of government compensation per acre. In other words, the USDA will pay you so it can kill people.

As of February 1989, a total of 28.1 million acres had been frozen in this CRP plan, and the USDA is now on a drive to sign up more farmers to remove millions more acres this year.

On top of the CRP program is the annual federal crop acreage set-aside mandated each year at the discretion of the USDA in the name of preventing alleged “surpluses” and low prices. Farmers who choose to sign up for the year in some form of government price support program agree to remove the USDA-demanded amount of crop acreage from production for that year. Last year, for example, the requirement ranged from 20% to 27.5% depending on the crop. This year, the USDA has relaxed the requirement to around 10%, but that still will translate into at least 12.72 million acres taken out of food cultivation—equivalent to about one-third of all the grain crop acreage in the European Community.

The required crop area for 1989, according to the *EIR* study, are shown in Table 5. These will end up being more or less for certain crops, depending on the final decisions of farmers and mobilization of the public.

### Set-aside in Europe

This year marks the first-ever set-aside program in the European Community. An overall goal of 1.2 million hectares was determined last year by the European Commission in Brussels, contingent only on the final arrangements to be made by the governments of the member nations. Provisions of the program differ from country to country, but the land is to remain out of food production for at least five years. The goal of 1.2 million hectares represents about 3% of the area planted to field crops in 1988.

As of January 1989, some 550,000 hectares were already pledged to be set-aside, with more to be worked out before



TABLE 6

### Who eats and who dies, under 1989 world cropland set-aside

(ranked by number of people condemned by region)\*

| Import dependent regions | Number of persons condemned to die | Persons condemned as % of total regional population | Grain as a % of total food |
|--------------------------|------------------------------------|---|----------------------------|
| East Asia                | 207,029,602                        | 12  | 67.6                       |
| Africa                   | 86,058,754                         | 14  | 48.4                       |
| Ibero-America            | 43,969,409                         | 9.9   | 41.8                       |
| Eastern West Africa      | 23,601,248                         | 15.1  | 39.7                       |
| Nile Region              | 20,116,451                         | 14.8  | 60.6                       |
| Asia: Middle East        | 18,180,066                         | 12.1  | 54.0                       |
| Bangladesh               | 15,299,089                         | 13.6  | 85.3                       |
| Gulf                     | 11,685,209                         | 12.2  | 56.4                       |
| Andean Pact              | 11,067,360                         | 12.2  | 37.6                       |
| East Africa              | 10,199,356                         | 13.9  | 42.8                       |
| Indo-China               | 10,009,481                         | 12.9  | 74.9                       |
| Southern Africa          | 9,618,616                          | 11.7  | 50.8                       |
| Mexico                   | 8,587,302                          | 9.7   | 49.3                       |
| Maghreb                  | 8,127,946                          | 13.0  | 57.7                       |
| Central Africa           | 7,948,917                          | 14.1  | 16.5                       |
| Mediterranean Asia       | 6,172,371                          | 11.2  | 42.9                       |
| Sahel                    | 4,891,165                          | 15.7  | 65.2                       |
| Central America          | 4,119,850                          | 14.1  | 50.2                       |
| Western West Africa      | 3,654,839                          | 16.2  | 55.9                       |
| <b>TOTAL OF REGIONS</b>  | <b>510,337,040</b>                 | <b>10.8</b>   | <b>51.8</b>                |

\*The calculation for the number of persons denied food in these regions according to an apportionment of deprivation, based on mid-1980s import patterns, if this year there is a drop of 233 million tons of grains in the six major exporting nations, and if the Soviet Union imports 45 millions of tons of scarce grains, as they are now doing. The world population for 1989 is set at 5.160 billion people, which is 4.717 billion without the East bloc. (Estimate from the U.S. Department of Commerce, Bureau of the Census.)

the planting season. Only Portugal is exempted, until 1994. Even Belgium/Luxembourg is required to reduce acreage.

The USDA, in its January Foreign Agriculture Service report, "World Agriculture Production," laments the slow progress of set-aside in Western Europe, and gives the following summary of the stages of implementation by country.

**West Germany:** About 170,000 hectares have been set aside. Inducements are being offered to farmers of between 300 to 600 European Currency Units (ECUs) per hectare. This is below the cost to the German farmer of merely maintaining the land. For reference, wheat and coarse grains were planted on an estimated 4.74 million hectares in 1988.

**United Kingdom:** About 60,000 hectares have been set aside. Wheat and coarse grains were planted on an estimated 3.93 million hectares in 1988.

**The Netherlands:** About 500 hectares have been set aside. Wheat and coarse grains were planted on an estimated 197,000 hectares in 1988.

**Spain:** It is expected that about 200,000 hectares will be signed up by 1989, according to the final national plan announced Dec. 3, 1988. Wheat and coarse grains were grown on an estimated 7.67 million hectares in 1988.

**France:** The national plan was announced in mid-November 1988, but no figures were released as of year end. The EC has pressured to have a large set-aside in France—the principal grain producer and exporter of Western Europe. Of the overall goal of 1 to 1.2 million hectares to be set aside across the EC, a national target of 370,000 hectares may be imposed on France.

The other EC member nations had national set-aside programs in various stages of preparation as of year end, with premiums to farmers to induce them to sign up, ranging from 130 to 420 ECUs per hectare.

In 1988, a stream of European agriculture ministers came to the United States to visit farm belt states to survey how land set-aside was implemented here, and to make plans for Europe. In fact, these were publicity stunts. The details of the programs have been worked out in advance, and the commotion about "how to" is just to fool the farmers and the public into compliance with this deadly swindle.

The need to "downscale" agriculture in the United States and Western Europe was discussed in a 1985 report on "restructuring" farming, sponsored by the Trilateral Commission. At the same time, the Conservation Foundation in Washington served as the author of the provisions of the 1985 U.S. farm bill that established the new conservation set-aside. This outfit is committed to massive population reduction in the name of restoring much of the world to a "wilderness" state, and is backed by the financial and family interests of the famous-name food cartel companies that see food scarcity as desirable—Cargill, Continental, Bunge, Louis Dreyfus, Archer Daniels Midland/Toepfer, Garnac/André, and the rest.

The Conservation Foundation was founded in the 1940s in Washington, D.C., after its predecessor organization, the Nature Conservancy Society of Europe, was disgraced in the 1920s and 1930s because of its advocacy of breeding experiments for a "master race." The new head of the U.S. Environmental Protection Agency is William K. Reilly, who was president of the Conservation Foundation and the World Wildlife Fund.

Another provision of the 1985 U.S. farm bill authored by the Conservation Foundation requires all farmers in the United States to have a conservation plan for their farm—to be accepted or rejected by the USDA by 1991—or they will no longer be eligible for any federal income support or other program.

Soon to be introduced in Congress is an even more far-reaching bill, prepared by the Conservation Foundation cir-

cles and sponsored by Sen. Wyche Fowler from Georgia. Called the Farm Conservation and Water Protection Act, this bill has dozens of provisions to save swamps, preserve deserts, and penalize and dispossess farmers for trying to produce food.

Similarly in Brussels, the European Commission is preparing sweeping plans to designate up to one third of the entire 35 million hectares of field cropland in the EC nations as "water protection zones." At the same time, they are setting rules by which farmers will be heavily penalized for

attempting to produce food.

Farmers on both sides of the Atlantic have begun to revolt against this government onslaught—against both the environmentalist constraints and the production and income constraints. In Kiel, West Germany, March 17, at least 10,000 farmers demonstrated to save family farms and to increase output. Earlier in the month, more than 1,000 farmers staged a tractorcade, and a demonstration at the Hague against the low prices they are receiving and the actions of the EC bureaucracy to constrain farmers from "overproducing."

TABLE 7

**Who eats and who dies, under 1989 world cropland set-aside**

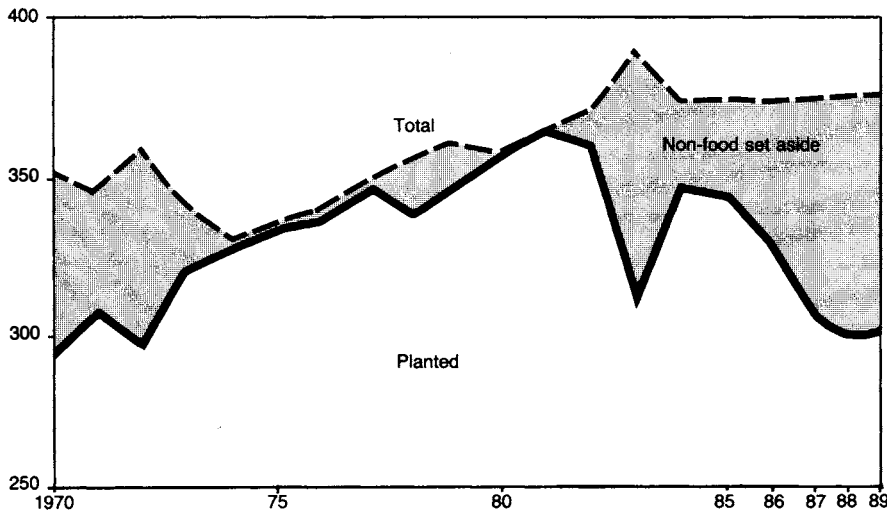
(ranked by nation, by the number of people condemned)\*

| Nations as selected from 85 import food dependent nations | Number of persons condemned to die | Persons condemned as a % of total national population | Grain as % of total food | Nations as selected from 85 import food dependent nations   | Number of persons condemned to die | Persons condemned as a % of total national population | Grain as % of total food |
|---|------------------------------------|---|--------------------------|---|------------------------------------|---|--------------------------|
| <b>Nations with large numbers of people condemned:</b>    |                                    |   |                          | <b>Nations with a large percentage of people condemned:</b> |                                    |   |                          |
| Nigeria   | 17,359,257                         | 15.08   | 40.42                    | Ivory Coast   | 1,861,289                          | 15.78   | 40.03                    |
| Brazil  | 14,266,611                         | 9.26  | 41.10                    | Angola  | 1,619,374                          | 18.05   | 34.34                    |
| Viet Nam  | 8,630,086                          | 12.94   | 73.58                    | Mali  | 1,505,280                          | 17.79   | 74.86                    |
| Ethiopia  | 7,721,216                          | 16.18   | 71.35                    | Senegal   | 1,337,096                          | 17.36   | 66.30                    |
| Philippines   | 7,680,554                          | 12.40   | 60.20                    | Burkina Faso  | 1,260,795                          | 16.37   | 69.55                    |
| Egypt   | 7,624,258                          | 13.92   | 61.21                    | Malawi  | 1,236,186                          | 15.33   | 66.32                    |
| Iran  | 7,103,454                          | 13.93   | 59.52                    | North Yemen   | 1,216,857                          | 17.54   | 64.07                    |
| Syria   | 6,449,241                          | 13.52   | 49.25                    | Guinea  | 1,059,716                          | 17.16   | 42.13                    |
| Zaire   | 5,217,735                          | 15.35   | 15.52                    | Haiti   | 981,159                            | 15.79   | 40.74                    |
| Colombia  | 4,386,563                          | 13.79   | 33.39                    | Papua New Guinea  | 853,576                            | 23.62   | 22.11                    |
| Sudan   | 4,033,008                          | 16.13   | 40.14                    | El Salvador   | 840,634                            | 15.15   | 57.13                    |
| South Africa Republic                                     | 3,730,593                          | 10.47   | 53.51                    | Congo   | 537,280                            | 26.45   | 21.02                    |
| Kenya   | 3,574,860                          | 15.07   | 53.98                    | Central African Rep   | 515,656                            | 17.20   | 20.09                    |
| Algeria   | 3,333,228                          | 13.30   | 57.76                    | South Yemen   | 452,945                            | 18.20   | 65.41                    |
| Morocco   | 3,319,565                          | 13.08   | 62.62                    | Mauritania  | 419,834                            | 23.27   | 56.34                    |
| Tanzania  | 3,130,043                          | 12.65   | 39.84                    | Liberia   | 407,225                            | 16.01   | 42.98                    |
| Peru  | 2,757,627                          | 12.65   | 45.82                    | Lesotho   | 308,811                            | 18.37   | 73.64                    |
| Sri Lanka   | 2,573,727                          | 14.67   | 59.24                    | Botswana  | 279,555                            | 22.92   | 54.62                    |
| Mozambique  | 2,547,821                          | 16.70   | 33.98                    | Gabon   | 177,768                            | 16.01   | 15.56                    |
| Iraq  | 2,410,965                          | 13.69   | 59.65                    | Gambia  | 157,583                            | 18.77   | 59.33                    |
| Ghana   | 2,369,159                          | 16.02   | 34.23                    | Guinea-Bissau   | 142,122                            | 15.30   | 67.22                    |
| Communist Asia NE   | 2,333,355                          | 9.70  | 68.03                    | Bahamas   | 74,475                             | 30.12   | 27.69                    |
| Uganda  | 2,188,950                          | 13.02   | 24.77                    | French Guiana   | 17,581                             | 17.85   | 35.62                    |
| Korea, DPR  | 2,111,082                          | 9.61  | 68.96                    |   |                                    |   |                          |
| Malaysia  | 2,080,045                          | 12.31   | 52.14                    |   |                                    |   |                          |
| Venezuela   | 1,869,069                          | 9.71  | 36.07                    |   |                                    |   |                          |

\*The calculation for the number of persons denied food in these regions according to an apportionment of deprivation, based on mid-1980s import patterns, if this year there is a drop of 233 million tons of grains in the six major exporting nations, and if the Soviet Union imports 45 millions of tons of scarce grains, as they are now doing. The world population for 1989 is set at 5.160 billion people, which is 4.717 billion without the East Bloc. (Estimate from the U.S. Department of Commerce, Bureau of the Census.)

FIGURE 1  
**U.S. cropland set aside for non-food use  
 1970-89**

Million acres



*The hatched area shows the millions of acres of field crop land that is set aside each year into non-food use. The set-aside area has dramatically grown since 1985, when the new five-year farm law mandated a "Conservation Reserve Program" to set aside, by the early 1990s, 45 million crop acres for at least 10 years. There is also an annual USDA set-aside program to prevent "over-production."*

### Maximum planting needed

Tables 4, 6, and 7 show the impact that not planting food has on people—namely, death. The point has long passed at which quantitative variations in national and world planting hypothetically affected only swings in stock levels. Now, whether or not a hectare is planted determines whether there will be food for 12 people—or, whether that many will live or die.

Table 4 shows the prospective 1989 grain land plantings for the six major exporting nations—the United States, Canada, France, Thailand, Australia, and Argentina. The total hectares number 139 million. The minimum planting required, however, for these same nations to maintain 1984 world per capita calorie levels, is 209 million hectares. This shortfall in planting will result in approximately 233 million tons of grain that will not be produced in these countries alone, which translates into no food for 700 million people.

Depending on the annual decline or increase in planted area and the food output in other regions of the world, food will be lacking for additional millions.

Table 6 spells out by geographical region who eats and who dies from the underplanting and shortfalls in food output, compared to minimum 1984 patterns of food output and calorie levels. This shortfall is the result of the 233 million tons of grain that will not be produced from the major exporting countries and therefore will not be available for export. It is also based on other current factors, such as the expected rate of imports by the Soviet Union this year of 45 million tons.

In the food-importing nations alone, at least 510 million people are condemned to go with less and less food, and die.

Areas like the Sahel, Central Africa, all of Western Africa, and the Nile region, as shown in the food import-dependency rates in Table 2, face the elimination of 15% or more of their entire population. A total of 86 million people across the continent of Africa are condemned. In the more densely populated area such as East Asia, the total number to die is 20.7 million.

Apart from Africa and East Asia, the precarious levels of diet in Ibero-America as of 1984, plus food import dependency, mean that 43.969 million people in Ibero-America are now facing what has been reported in Mexico as "Africanization"—in other words, genocide.

Table 7 shows a more refined picture of the death toll, nation by nation. A list of selected nations is shown out of the total number of 85 import-dependent nations, based on the 1984 import patterns. Through lack of world food output, Nigeria, whose total population of more than 100 million accounts for almost a quarter of Africa's people, is slated to lose 17.360 million people. Brazil, whose economy has been forced by the International Monetary Fund to be "restructured" to export soybeans and other commodities to pay usurious debt, can lose 14.267 million people.

In the second half of Table 7, certain African nations, including Botswana, Angola, and the Congo are shown to have at least 20% of their populations condemned to go without food. The irony of Angola is that its area boasts some of the world's potentially most fertile cropland.

## Israelis, PLO agree: Keep Kissinger out!

by Scott Thompson

From March 11 to 13 in New York City, a conference was held that brought together members of the Israeli Knesset and Palestine National Council (PNC) for the first time ever in the United States, entitled "The Road to Peace." This conference, which was the fourth such peace conference in a series, was sponsored by the Jerusalem Palestinian daily *Al Fajr* and the Israeli monthly *New Outlook*, with support from the Friends of Peace Now and the American Council for Palestine Affairs.

Not only was this the first such meeting in the United States, but it was also the first time since 1975 that members of the PLO's parliament had been granted unrestricted visas to travel in America so that they could not only attend the conference, but proceed to Washington as part of a joint Israeli-Palestinian delegation to meet with members of Congress and the Bush administration on the heels of Israeli Foreign Minister Moshe Arens. The visa decision also came less than a week after Secretary of State James Baker told a European foreign minister that the U.S.-PLO dialogue would continue, despite opposition from Israeli hard-liners.

Perhaps the clearest statement of commitment to a peace process that recognizes the sovereignty of both Palestinians and Israelis was made in the March 11 keynote speech by Gen. Yehoshafat Harkabi, who was a former head of intelligence in the Israeli Defense Forces and who had himself been a major opponent of peace until three or four years ago. General Harkabi praised the PLO for its historical development to embrace "the principle of a two-state formula," noting that it was ironic that this had originally been the position of the Israelis, who now call for "only one state." "The roles are now reversed," General Harkabi observed. Warning that

"the balance of world opinion will shift from support of Israel to the PLO," General Harkabi added, "One state is the wrong line, and it relegates Israel to historical irrelevance."

General Harkabi especially decried the "infamous Israeli law" that would not even permit an Israeli citizen to meet with a PLO leader, "which ought to be an elementary human right to meet and talk." He continued: "The Palestinians must be sure that a sovereign state will be the end of negotiations, which increases the necessity for them to accept the two-state principle. . . . Ultimately, we will have a common homeland, but two states in it. . . . Further along in the process, there may be an eventual Common Market or confederation. . . . Let us create two model states in a common homeland. We must not have a Zionism of acreage, but Zionism of quality. As Zionists, we should have an urge for excellence."

### **Kissinger: 'the most harmful'**

One area where *EIR* found the greatest unanimity between the Israeli and PLO leaders was in their opposition to the appointment of Lawrence Eagleburger, the former president of Kissinger Associates, to be deputy secretary of state. Henry Kissinger is universally hated in the Middle East. Israeli military leaders have informed *EIR* that they blame him for the failure of the United States to warn Israel about the 1973 Yom Kippur Arab surprise attack. PLO leaders hate Kissinger not only because he rejected any peace dialogue with the PLO, but because he gave the American "green light" to the partitioning of Lebanon between Greater Syria and Greater Israel, which drove them from their bases and led to the massacre by Kissinger's friend, Gen. Ariel Sharon,

of the Palestinians in the Shabra and Shatilla refugee camps.

Approval for the 1982 Sharon-led invasion of Lebanon, which derailed even the minimal Camp David peace process, can be laid directly at the doorstep of two Kissinger associates, then Secretary of State Alexander Haig, who had served under Kissinger at the National Security Council in the Nixon administration, and Undersecretary of State for Policy Lawrence Eagleburger, who began working for Kissinger at the NSC and then followed him to the State Department. Moreover, representatives of the Israeli peace movement have reported to *EIR* that Kissinger was involved with Lord Harlech (David Ormsby-Gore) in the surreptitious purchase of land on the West Bank of the Jordan by Arab intermediaries for more Israeli settlements there. Not surprisingly, neither National Security Adviser Gen. Brent Scowcroft nor Lawrence Eagleburger, who both worked with Kissinger Associates, have reported on the conflict arising from this "Landscam" in their financial disclosure forms.

Questioned about the Eagleburger appointment, Dr. Nabil Shaath, the head of the Political Committee of the PLO, said, "There are several people in the Bush administration who have worked in Kissinger Associates, and Kissinger has been the most harmful to any real peace in the Middle East."

Asked what he thought of the strategy report that Eagleburger had prepared for President Bush as part of the Washington Institute for Near East Policy's Presidential Study Group, entitled *Building for Peace*, Dr. Shaath said: "I'm troubled by any U.S. official who does not see the urgency of peace based on the rights of the Palestinian people and of Israel. Any U.S. official is playing with fire who thinks that we can be put on the backburners for a few years until they solve the problems of armament, and their problems of Central America, and so on. We have an urgent problem at hand. Any U.S. official who does not realize how serious our problem is, I have fears about. . . ."

"The thing is, many politicians are really slaves of defunct ideas. These are defunct ideas. These are ideas that were developed during a time when the Palestinians were being chased around the place, when we had no coherent peace plan, and when there was no *Intifada* [uprising]. . . . You [now] have an *Intifada* in the occupied territories which says 'no' to the occupation, and it makes its voice heard. And, you have a Palestinian movement which sets its goals clearly on peace. Things have changed. You cannot really go back to old ideas, which have become defunct because the world has changed. You can't stick to them and hope to get any results out of them."

Gen. Mattityahu (Matti) Peled, who was a member of the Knesset for the Progressive List for Peace until September 1988, had similar harsh words for Eagleburger's nomination and for Eagleburger's Washington Institute "peace" plan:

"Well it [the plan] is very narrow-minded, very superficial. It lacks even the smallest original idea. What it really does is discuss the Middle East . . . from the standpoint of

the traditional American attitude that Israel is the main concern, and everything else must fall into line with this concern.

"So, they discuss the Palestinian problem. They don't even mention the refugees. . . . They speak about the threat of chemical weapons concentrated in the Arab countries without mentioning the nuclear weapons in Israel. It is very, very one-sided. And, the end result of their analysis is that the PLO should, in fact, be eliminated some way or another. Israel should make a deal with Jordan, and the deal with Jordan would be that Israel retains part of the occupied territories. The other part is given over to Jordan. And the part which will remain in Israel, the population should be given some kind of autonomy without specifying which. All this is, of course, is just nonsense, complete nonsense.

"Everybody knows that King Hussein does not want anymore to be involved in that, that the PLO are not likely to be eliminated from the scene, and that the Palestinian people are not likely to participate in any election which will end up in their autonomy. But all this doesn't seem to bother Eagleburger's group. They will go with their own ideas, which are absolutely irrelevant to the present situation. And, on that basis they are proposing a Middle East policy for the President. I think it is really a very poor show on the part of Eagleburger."

### Disagreement on 'Bush plan'

While there was wide agreement among Israeli and Palestinian participants on the need for a "two-state solution," for urgency in steps toward peace, and for an emphatic "no" to the policies of Lawrence Eagleburger, there was wide-ranging debate on certain substantive proposals, reportedly from "a senior administration official," that appeared in a March 12 *New York Times* article by Thomas L. Friedman.

Basically, the "senior administration official" stated that visiting Israeli Foreign Minister Moshe Arens and the PLO delegation in Tunis would both be presented with a plan for winding down the *Intifada* in exchange for concessions that would ease the military and economic conditions of the occupation. Dr. Nabil Shaath strongly denounced the demands that would be placed upon the PLO, noting that the Palestinians are the only people in the world under occupation whom the American government would seek even to prevent from the "distribution of inflammatory leaflets."

However, Rita Hauser of the Wall Street law firm of Stroock, Stroock and Lavan, told the participants: "I am a member of the Establishment and a Republican, and I strongly endorse these policies of the Bush administration." From another standpoint, General Peled told *EIR*: "While the PLO cannot possibly afford to accept the conditions that are being demanded of it, at least it moves the U.S.-PLO dialogue onto substantive issues, which the PLO has complained are so far lacking. This means that the Bush administration has rejected demands of Prime Minister Shamir that there be no peace dialogue whatsoever that involves the PLO."

# Queens and Greens: Anglo-Dutch royals push new environmental order

by Mark Burdman

The first two weeks of March have seen an escalation of the drive toward creating a global ecological-fascist order. Over March 5-7, as we reported last week, 124 nations were represented at a British government-sponsored extravaganza on the theme, "Saving the "Ozone Layer." One weekend later, 24 nations, including 17 heads of government, participated in a meeting in The Hague, Netherlands, hosted by the Dutch government, and cosponsored by the French and Norwegian governments. At this meeting, a strategy was mapped out for creating a "new international ecological order," based on a one-world government structure that would have the power to enforce environmental restrictions on industry and to impede scientific and technological progress.

Perhaps more extraordinary than the events themselves, has been the openness with which the monarchies of Great Britain and Holland have assumed leadership of "ecologism." Adopting the "We are the gods of Mount Olympus" brazenness that was formerly characteristic of the periods of high feudalism, these monarchies have usurped the decision-making roles usually reserved for elected governments.

Britain's Queen Elizabeth II called in her Commonwealth Speech on March 13 for the British Commonwealth to play a "particular worldwide role" in fighting for an environmental agenda. This was an explicit endorsement of the fascist perspective laid out by Commonwealth Secretary General Sir Shridath Ramphal, in a Jan. 24 speech at Cambridge University, in which he called for "tomorrow's concepts of global governance" to replace "yesterday's notions of national sovereignty," based on the principle of "enforceable law across environmentally invisible frontiers." Ramphal's speech was excerpted in the *Times* of London Jan. 24, under the title, "A Global Green Agenda."

On March 7, Prince Philip had given the annual Dimbleby Lecture for BBC, titled, "Living off the Land," in which he attacked modern intensive agriculture for causing nasty population growth and upsetting the ecology, and praised hunting-and-gathering modes of society as ecologically superior to modern agriculture-based modes. While admitting that the technologies were available for feeding twice or even three times the current world population, he declared that "it would be impossible to ignore the ecological facts of life that might prevent the supply of food from increasing much fur-

ther. . . . Quite apart from the damage that the rapid growth of the human population is doing to the natural environment, it is causing almost insoluble difficulties for many of the poorer countries."

On March 6, Prince Charles, speaking at the ozone conference, said that ecological transformations could not be carried out by voluntary action alone, but that governments have "an obligation to intervene as and when appropriate to accelerate or enforce environmental measures."

## In Holland: royal ecologists

In Holland, it has been the royal family, rather than the government, which is motivating the environmental issue. According to the British daily *The Independent* March 13, "The Dutch government has been chided by its public and royal family for being laggardly" on environmental issues.

The *Financial Times* of London's "Observer" column of the same date had the following remarkable item:

"Queen Beatrix of the Netherlands made an unexpected appearance at the summit meeting on the international environment in The Hague on Saturday (March 11). She sat next to the Dutch Prime Minister, Ruud Lubbers, in a way that would hardly have happened in Britain. The Queen had already hosted a luncheon for the presidents, ministers and one King (Hussein of Jordan) attending the meeting.

"The *pas de deux* between the Dutch Queen and the Prime Minister has some similarities to events at home. Just as the Prince of Wales [Prince Charles] was warning of environmental risks long before Margaret Thatcher turned green, so it is in Holland.

"Queen Beatrix was obliged to say in her annual speech from the throne last September that the Netherlands were getting steadily cleaner, especially in terms of water and air. That speech is traditionally written for the monarch by the Prime Minister. The Queen did not much like it. So she used her Christmas message, which she writes herself, to set the record straight. She gave an apocalyptic warning of imminent disaster if more were not done to stop pollution.

"Lubbers has since seen the light and is now among the greenest of the green. The Queen's presence at the meeting, however, clearly surprised Dutch officials, who were saying beforehand that she would confine herself to giving the lunch.

Plainly, the Palace is keeping up the pressure. The environment is now the number one issue in Holland."

The event in The Hague was hosted by the Dutch government, but was actually sponsored by the Mitterrand-Rocard regime in France and the government of Gro Harlem Brundtland in Norway. Socialist International figure Brundtland is the head of the World Commission on Environment and Development ("Brundtland Commission"), a United Nations-mandated group created in 1983.

According to various British press accounts, the meeting discussed establishing a "new international environmental order." This is not only a cynical counter to the "new world economic order" that developing countries, the Vatican, Lyndon LaRouche, and others, have been advocating for the past decade and more; it also constitutes a positive response to Soviet leader Mikhail Gorbachov's Dec. 7, 1988 appeal at the U.N. for new structures of East-West ecological cooperation, aimed at eliminating Western models of scientific development.

The final communiqué from The Hague meeting called for "the development of new principles of international law." The meeting agreed to work toward creating what the *Financial Times* on March 13 called a "powerful environment authority . . . with an unprecedented range of powers to establish and enforce environmental standards." This mooted authority is being given the name "Globe." It would be given the power to initiate and enforce international agreements on the environment. Conference participants wore the logo "Globe" on their name tags.

This "Globe" organization would invoke the International Court of Justice in The Hague to ensure compliance with its decisions, and to adjudicate against countries accused of being in breach of environmental agreements. The U.N. General Assembly would play a "legislative" role in the new proto-world government.

Norway's Brundtland stated that, in the coming weeks, "we must define standards and ensure compliance" with defined environmental standards. France's Mitterrand avowed that the new organization would involve some ceding of national sovereignty.

## The Anglo-Dutch combine

The Anglo-Dutch axis is a most important oligarchical one in Europe. Formally, it dates back to the 1688 accession of the House of Orange to the throne in Britain. This accession involved, or was a leading feature of, a complex process of transfer of financial power to Great Britain, in an intricate sharing arrangement with the Dutch. What emerged out of that period, was that the Dutch East India Company and the British East India Company, acting as agencies on behalf of the financier nobility of Venice and Genoa, became powerful players on the world stage, particularly in creating the institutional structures of colonialism. Still today, the international financial, political and cultural commitments of the British

and Dutch royal families, are fundamentally expressions of the policies devised by the Venetian-centered international financier nobility.

In the post-World War II period, the Anglo-Dutch axis has been at the core of numerous oligarchical policy institutions. The paradigm is the Bilderberg Group, created under Dutch royal family patronage in 1954-55. Then in 1961, the World Wildlife Fund was created. It was headed in its earlier years by the Netherlands' Prince Bernhard, and then by Britain's Prince Philip.

The overall Western European financial and industrial structure is heavily influenced by Anglo-Dutch power, represented in two Anglo-Dutch conglomerates, Unilever and Royal Dutch Shell. Many British and Dutch directors of Royal Dutch Shell have been recipients of the elite Order of Orange Nassau. One such recipient, Max Kohnstamm, was a founder of the Club of Rome and Trilateral Commission, after having served in the 1940s as a personal secretary in the Dutch royal household. In the 1960s, Royal Dutch Shell became one of the patrons of the newly emergent "green" movement. An employee of Royal Dutch Shell, Sicco Mansholt, was one of the founders of the ecology movement, and was the boss of West Germany's Petra Kelly in the years before she became a leader of the West Germany Green Party. In the 1960s, Royal Dutch Shell also funded research work for a project called "Europe 2000," which elaborated guidelines for the deindustrialization of Western Europe. The "Europe 2000" work was carried out under the auspices of the European Cultural Foundation, which is based in Amsterdam, and which is ostentatiously patronized by the Dutch royal household. On the basis of the "Europe 2000" findings, released in the early 1970s, the ECF created the Institute for European Environmental Policy, which is now among the most active in devising programs for the "green restructuring" of the world system. It cooperates closely with the London-based International Institute for Environment and Development.

Today, Royal Dutch Shell and British Petroleum are two of the prominent funders of the Brundtland Commission's work.

What is most intriguing, is that the head of corporate research for the Royal Dutch Shell group in the 1965-70 period, was Lord Victor Rothschild, a senior member of the British intelligence establishment who is historically close to the Soviets. Lord Rothschild was the de facto patron of the early launch-phase of the "New Age" movement. In 1971-74, he went on to head a newly created Cabinet Office think tank in London. This was the same period that Henry Kissinger, with the help of British ambassador to Washington Lord Cromer, was engineering the 1973 oil hoax war in the Middle East. That war caused multiple shocks to the world economic and political system, all to the advantage of those financier interests who seek to impose a feudalistic order based on "green" deindustrialization.



# South African deal will benefit Moscow

by Jeffrey Steinberg

The Anglo-Soviet Trust is alive and well in southern Africa, and the diplomatic maneuverings among London, Moscow, and Pretoria may soon result in the entire region falling into the hands of the Russians.

Early in March, a series of conferences occurred in London, drawing together Soviet, British, and South African policy-shapers. Simultaneously, senior Soviet Foreign Ministry officials responsible for African affairs made themselves available for interviews with Western reporters, to proclaim the new era of Soviet-South African cooperation. Amnesty International, always a bellwether of Trust initiatives, launched an assault on UNITA leader Dr. Jonas Savimbi of Angola, charging him with human rights violations, including a 1983 incident in which he allegedly ordered a witch to be burned at the stake.

Within the Republic of South Africa, the ruling Nationalist Party moved to oust President P. W. Botha and replace him with party chairman and Education Minister Frederik W. de Klerk. The anti-Botha move occurred within 24 hours of the President's nationally televised announcement that he would finish out his term despite a recent stroke, and drew the enthusiastic support of Foreign Minister Pik Botha, pro-Soviet industrialist Harry Oppenheimer, and Lonrho chairman Tiny Rowland. From this evidence, it is safe to assume for now that the power shift is aimed at installing a new governing combination that will go along with the evolving strategic condominium with Moscow.

In fact, no sooner had the anti-Botha move been launched, than British Prime Minister Margaret Thatcher summoned Foreign Minister Pik Botha to London for consultations with herself and British Foreign Secretary Geoffrey Howe. The meeting, the first in over five years, centered around a joint Anglo-Soviet "peace" process in which Thatcher would deliver Pretoria and Gorbachov would deliver the African National Congress (ANC) to a direct negotiating session.

During the weekend of March 11-12, London meetings drew together an impressive collection of officials from Pretoria and Moscow. At Wilton Park, a British intelligence psychological warfare center, the Foreign Office hosted a gathering of Soviet and South African officials, reportedly including Andrei Gromyko and Soviet Foreign Ministry Africa chief Yuri Yukalov. Chester Crocker, the outgoing U.S. Assistant Secretary of State for African Affairs and a close

ally of Britain's Tiny Rowland, was reportedly an observer. Yukalov confirmed the basic tenor of the discussions in an interview with the London *Independent* on March 16, in which he said, "South Africa should not be destroyed." He later told Reuters that he favored a negotiated solution to the apartheid problem, a break with Moscow's 30-year commitment to a military overthrow of the Pretoria regime by the ANC.

Simultaneous with this and the unannounced trip of Pik Botha to London, a second conference of Soviet African specialists was hosted by former British Ambassador to the Soviet Union Sir John Killick.

## The Soviet gameplan

According to one senior South African diplomat interviewed by *EIR*, Pretoria is fully committed to direct negotiations with the Soviet Union "in pursuit of our own interests." He said flatly that the South Africans have "written off" groups that it has supported until now, like Jonas Savimbi's UNITA rebel group in Angola and the RENAMO group in Mozambique, in the interest of pursuing the deal with Moscow. He said that this deal would extend far beyond regional matters and would certainly include talks leading toward new arrangements for strategic minerals, gold, diamonds, etc.

For their part, the Soviets are sending similar signals of disengagement from the irregular warfare that has characterized Russian involvement in the region for decades. Moscow has reportedly cut off further arms supplies to the SWAPO rebels in Namibia. And Soviet Foreign Ministry officials have talked frankly about cutting off the arms pipeline to the ANC.

In an exclusive interview with the *New York Times* on March 16, Soviet Foreign Ministry Africa specialist Boris A. Asoyan said candidly, "In our opinion, we doubt that revolution in South Africa is possible. If you're talking of revolutionaries storming Pretoria. We support the ANC and we regard it as the main force in contemporary political life in South Africa. But we also believe that there is really no alternative to a peaceful solution."

Simultaneous to these statements, exiled ANC leader Oliver Tambo made a trip to Moscow, in which he was snubbed by senior government and party officials. This was read by Moscow-watchers as a sure sign that the Gorbachov regime has placed a premium on the now extensive back-channel talks with the Pretoria government.

As these machinations were occurring in rapid succession, back in Washington, the Bush administration appeared to be signaling passive support for the overall package, with the expected announcement that Herman Cohen, a Crocker protégé and former Reagan National Security Council Africa desk chief, would replace Crocker as Assistant Secretary of State for African Affairs. A knowledgeable Washington African scholar described Cohen as "a nicer guy, but basically a clone of Crocker."

# June 28: a red-letter day for Serbs

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*Rachel Douglas situates the potential for explosion in Yugoslavia today in the historical context of the "Trust."*

"A quick housecleaning in Bosnia-Herzegovina, and then in Croatia. For that is inevitable and must be carried out in Bosnia-Herzegovina this spring." So said Miroslav Solevic in a Feb. 22 interview with the Yugoslav League of Communists daily *Borba*. He is the former head of the Committee of Protests, a group based in the Yugoslav province of Kosovo (part of the Serbian Republic), formed with the self-assigned task of defending Serbs and Montenegrins there against attack by Albanians. Known as "the commissar of Kosovo Polje," Solevic boasts that his agitation brought about the leadership changes in Vojvodina and Kosovo provinces, and the Republic of Montenegro, in which supporters of Serbian strongman Slobodan Milosevic were installed.

Under the banner of suppressing Albanian nationalist "counterrevolution" and protecting the Kosovo Serbs and Montenegrins, Milosevic has pushed through a constitutional change to restrict Kosovo's autonomy. In particular, law enforcement in Kosovo is to be run from Belgrade, which is the capital of Serbia as well as Yugoslavia's national capital. This maneuver was the immediate cause of the ongoing demonstrations and strikes in Kosovo, which prompted military occupation of the province on Feb. 27. But according to Solevic, "Everything that has happened so far has taken the form of minor tremors."

Soon after the end of this spring, which Solevic predicts to be so revolutionary, comes a red-letter day for Serbian nationalists. June 28, 1989 is the 600th anniversary of the Battle of Kosovo Field (Polje), where the forces of the Serb Kingdom were annihilated by the Turks. It is also the 75th anniversary of the assassination of the Austrian Archduke Franz Ferdinand at Sarajevo.

Not only the supporters of Milosevic, but also the leadership of the Serbian Orthodox Church, have been inciting Serbs to make 1989 the year of retaking Kosovo. Because of the 1389 Battle of Kosovo Field, Kosovo is considered an Orthodox shrine of martyrdom, held for centuries by the Ottoman Empire. Today its population is predominantly Albanian (like the Ottomans, many Albanians are Muslims).

On Jan. 6, Orthodox Christmas Eve, the Yugoslav daily *Politika* carried the Christmas message of Patriarch German of the Serbian Orthodox Church. A few excerpts from this

document serve to show the high passions running around the Kosovo question:

"Our suffering people have manifested their love of God throughout their history following the undying example of their spiritual father St. Sava, and their love of the neighbor through the spirit of Saint Prince Lazar, great martyr of Kosovo, who, in order to save the honor of his people and to help save European Christianity, sacrificed himself and everything that was dearest to him. The import of his words does not pass away: 'Let us die so that we may live forever, let us give ourselves as a living sacrifice to God not as of old through transitory and deceptive feasting for our pleasure, but through an act of our blood'. . . .

"Serbian Orthodox people are now enthusiastically building a memorial church to St. Sava at Vracar, and are carrying the relics of Saint Prince Lazar, Martyr of Kosovo, through the Serbian lands. . . . Giving thanks to God for entrusting such important undertakings to our present generation, we rejoice in what was achieved in 1988, and we pray to the newborn infant God that in the year that is ahead of us we may complete the construction of the memorial church to St. Sava at Vracar and, beginning the cycle of the holy services marking the 600th anniversary of the martyrdom of the great martyr, Saint Prince Lazar, and the Kosovo battle, we may celebrate the first holy liturgy there in the presence of a large number of the faithful children of St. Sava both from our motherland and from all over the world.

"Our unified and redoubled prayers of that day will be directed to the heavenly Creator in order to bring the 600 years of suffering in Serbian Kosovo and Metohija finally to an end. The ancient Pec Patriarchate, Visoki Decani, the wonderful church of Gracanica, and the Devic martyrs are Serbian Orthodox monasteries. They contain the graves and the relics of our saints. They are the title deeds of Serbian property and an inalienable heritage of the entire Serbian people."

## **World War I**

The clashes among Serbian nationalists and others in the Balkans, who often sounded like Bishop German today, are what Venice and Russia manipulated in order to set off World

War I. The coincidence of the two June 28 anniversaries is no accident, as we shall see in the remainder of this article, adapted from *EIR*'s unpublished study of the Bolshevik Revolution and its patrons in the West, "The Roots of the Trust," by Allen and Rachel Douglas.

On the morning of June 28, 1914, the six-car entourage of Archduke Franz Ferdinand, heir to the throne of the Austro-Hungarian Empire, began a triumphal parade down the main street of the Bosnian town of Sarajevo. A 1911 trip by the Archduke, to this same city, had been cancelled on the recommendation of his security adviser, Count Father Augustin Galen of the Prague Benedictine Abbey, who made a security reconnaissance visit to the town. This time, even though June 28 was the anniversary of the Serbs' defeat at Kosovo in 1389, which ended Serbian independence for 500 years, no one restrained the Archduke from visiting this hotbed of Bosnian and Serbian anti-Austrian ferment, on this worst possible date.

Along his route, on the Appel Quay, were stationed no fewer than seven assassins, armed with bombs and pistols. There may have been several times that number—"a regular avenue of assassins," as the Roman Catholic Archbishop of Sarajevo called it later.

For an hour and fifteen minutes, the assassins strolled freely up and down the avenue, waiting for the Archduke's entourage to arrive. As it came into view, the first assassin, Cabrinovic, asked a police agent from the Archduke's security detail, in which of the six cars in the entourage the Archduke was riding. Informed that it was the third, Cabrinovic knocked the detonator cap off his bomb on a nearby lightpost, and hurled it at the Archduke. The bomb struck the Archduke's car, but it was on a time fuse and did not blow up until it had rolled off—it destroyed the car behind. After the caravan sped to the town hall, the Archduke decided to visit some of the wounded at the hospital. He asked Gen. Oskar Potiorek, the military governor of Sarajevo, if his safety could be guaranteed.

Assured by Potiorek that it could, the Archduke and the accompanying cars started back down the very same "avenue of assassins." While the entourage stopped, apparently contemplating a different route, another of the Young Bosnians, Mihajlo Pusara (regarded by the others as a police spy, because he was close to his cousin, a police detective), attacked a police officer and made it possible for Gavrilo Princip to fire freely.

The Archduke and his wife fell in a pool of blood, and were dead within minutes. Within the month, orders were given on all sides to mobilize. The greatest carnage in human history, World War I, was under way, and the gate was opened to the Bolshevik Revolution.

### **The organizers of the assassination**

In 1953, the Supreme Court of Serbia (by then, one of the republics comprising the Socialist Federative Republic of

Yugoslavia) retried a 1917 case against Colonel Apis and his associates—the famous Salonika trial. Serbian intelligence officer Apis (real name: Dragutin Dimitrijevic) and company had been condemned to death in Salonika, not for the assassination of the Archduke, but for an alleged conspiracy against Alexander, the Serbian heir-apparent. In the course of this retrial, the following confession by Apis came to light, which had long been closely hidden, although rumors of its existence circulated:

"To the Military Tribunal for Officers.

"From the writ of accusation in the matter of the attempt upon the life of His Royal Highness the crown prince, I have seen that the guilt for that attempt is laid upon Rade Malobabic and Muhamed Mehmedbasic and that I myself am accused of complicity in that deed. My participation in this deed is based primarily on my great personal interest in both accused and my constant intercessions in their behalf.

"Being thus forced to justify before the tribunal the real reasons for this interest on my part, I shall have to bring to light a circumstance which binds me to the two accused and on account of which I have shown them so much consideration. In fact, I must explain why I am in conscience bound to stand by these two persons.

"The situation is as follows:

"Rade Malobabic is the man whom I engaged in my capacity as chief of the intelligence division of the general staff to organize my intelligence network in Austria-Hungary and who undertook to do this for me. This I did in agreement with the Russian military attaché, Mr. Artamonov, who also had personal interviews with Rade in my presence. Once Rade had started with the execution of this assignment, and feeling that Austria was making preparations for war against us, I thought that with the disappearance of the Austrian Heir Apparent Ferdinand, the party and the climate of opinion he headed would lose its impetus and that in that way the danger of war would be removed from Serbia or at any rate would be postponed. Accordingly, I engaged Malobabic to organize an attempt on Ferdinand's life on the occasion of his announced visit to Sarajevo.

"I decided this definitely only after Artamonov gave me assurances that Russia would not leave us without protection if Austria attacked us. To Mr. Artamonov on this occasion I did not impart any information on my plans regarding the assassination. To make my demand for his opinion as to the attitude of Russia well founded, I pretended that our intelligence activities might be detected, so that this also might be made to serve as an excuse for Austria to attack us. Malobabic completed the mission I assigned to him. He organized and carried out the assassination. His principal aides were in my service. They had a small honorarium which I was sending them through Malobabic. Some of their signed receipts are in Russian hands, since I was receiving the money I needed for this work from Artamonov." (From "Documents: New Evidence on the Sarajevo Assassination," by Stoyan Gavri-

lovic, *Journal of Modern History*, December 1955.)

In other words, the financial and political backing of the Russian General Staff was essential to the planned assassination. Whatever other agencies were involved, including the Freemasonic lodges of Salonika and Switzerland, the Serbian patriot, Apis, would not have taken on the assassination, without knowledge of full Russian backup.

In addition to Apis's account, we have that of Col. Bozin Simic, one of his closest associates in the Black Hand, as the Apis-controlled secret society *Ujedinjenje ili Smrt* ("Unity or Death") is usually known. Simic's testimony is excerpted in Luigi Albertini's *The Origins of the War of 1914*:

"Apis [Dimitrijevic] worked daily in association with the Russian Military Attaché Artamonov. . . . From Artamonov he learnt that Archduke Francis Ferdinand was to attend the big manoeuvres in Bosnia, which were to take place in the summer of 1914. In Dimitrijevic's eyes Francis Ferdinand was the man who had turned us out of Albania, Durazzo and Scutari, who wanted to tear up the Treaty of Bucharest. By his murder Dimitrijevic hoped to sow confusion also in the Austro-German military camarilla and delay the latent world war for which we were unprepared. . . . When war had become practically unavoidable Apis thought it his duty, before taking decisive action, to come to an understanding with Artamonov. He informed him of the preparations for the Sarajevo outrage. A few days later Artamonov gave his reply which ran: 'Just go ahead! If you are attacked, you will not stand alone.' Artamonov had sought exact instructions from his superiors. Who were they? Very probably Hartwig. Hartwig knew everything, according to Apis' firm belief. Probably St. Petersburg, too, where Hartwig had personal friends. What about [Russian Foreign Minister] Sazonov? We cannot say with certainty, since the policy of ambassadors often differed in many details from that of ministers. Artamonov was well aware of the activities of the Black Hand. He personally paid 8,000 French francs for propaganda in Austria."

In a 1938 memoir, printed in a German newspaper, Artamonov himself wrote about the months before the assassination:

"At the end of February 1914, together with General Staff Colonel Romanovsky, we were called back to give a report on the Balkan War. I was in St. Petersburg a long time. On April 30, I returned to Belgrade. At the same time, Captain Aleksandr I. Verkhovsky went to Belgrade. He was an expert at the General Staff Academy and had done all the analysis at the Staff Academy on the Balkan Wars of 1912-13. Verkhovsky was very talented, but had been inclined, in his young years, to socialist views and this had caused great official difficulties for him before the Russo-Japanese War."

Artamonov went on to record how, "after three years of uninterrupted work," he was finally granted a two-month vacation in Switzerland, at the end of May 1914. He introduced Verkhovsky to all the relevant people, and "I informed the Russian General Staff and Hartwig of my measures put-

ting Verkhovsky in charge."

### An ill-timed vacation

Thus, the top Russian military official in Serbia for the previous three years, Artamonov, took a vacation in June, at a moment of high tension in the Balkans and right on the eve of the major Austro-Hungarian army maneuvers in Bosnia-Herzegovina, right on Serbia's border. Furthermore, he was replaced by an officer who, despite known ties into revolutionary circles in Russia, nonetheless enjoyed the complete confidence of the Russian General Staff to hold this sensitive position.

From Soviet historian N. P. Poletika, writing in 1935, we have a further elaboration of events on the eve of the assassination. After referring to the Black Hand members' confessions about Hartvig's and Artamonov's support for Apis, Poletika wrote:

"We may [also] suppose, that the circles of high officers of the General Staff and the War Ministry, grouped around Grand Duke Nikolai Nikolayevich, knew already before Princip's attempt (from the telegrams of the Russian military agent in Serbia, Colonel Artamonov), that a *battue* was being prepared against the Archduke. [*Battue*, Russian *oblava*, is a hunting term, for the process of beating the prey out to be shot.] It is also not excluded, that Minister of Foreign Affairs Sazonov also knew about the probability of an attempt; on June 14 (a fortnight before the assassination!), he spoke to Romanian Prime Minister Bratianu, at their Costanza meeting, about the possibility of war between Tsarist Russia and Austria over Serbia, and posed, during this discussion, the 'prophetic question': 'What will happen, if the Austrian Archduke is killed?'"

In 1938, Artamonov claimed that "the report of the attentat [assassination] in Sarajevo came like thunder out of a clear blue sky." His own behavior at the time gives the lie to that version. Having received the news, Artamonov did not interrupt his vacation. His diary, which meticulously records every lira he spent for coffee, hotel rooms, etc., makes not the slightest mention of the news of the Sarajevo assassination—only the standard expenditures for the day, beginning with two liras for coffee!

Hard on the heels of the assassination of the Archduke, came the sudden heart attack of Hartvig, rumored to have been poisoned. It is noteworthy that Hartvig, fanatical pan-Slav that he was, did have close ties to Germany. In the evaluation of his contemporaries, Hartvig would not have allowed the Serbians to proceed to World War I, had he lived. Artamonov says that Hartvig's death was quite natural, since he smoked a lot "and drank strong tea."

Artamonov stayed on vacation and waited for a telegram from Verkhovsky, "but none came." He then continued his sightseeing, quitting Switzerland for northern Italy. With his family in tow, Artamonov took the train from Milan to Venice, where he stayed for two days, and went to Fiume for a

while, before returning to Belgrade, where he received “soothing reports from Verkhovsky.”

Albertini interviewed Artamonov in the 1930s, about this incredible behavior. Regarding the most crucial point, his ties to Apis, Artamonov told him: “Of course I was practically in daily contact with Dimitrijevic. I was Military Attaché, Dimitrijevic was head of Military Intelligence of the Serbian General Staff. Serbia and Russia were on extremely friendly terms and had discussions on mutual co-operation in case of war. Moreover I had to follow Austrian military preparations in Bosnia, because, as an enemy frontier, it was of concern to the Russian General Staff in case of war. My relations with Dimitrijevic were entirely confined to intelligence on military matters.”

Albertini concluded: “Nevertheless, in view of the post he held, Artamonov did not succeed in giving the present writer a convincing explanation of his departure from Belgrade precisely on the eve of the Austrian grand manoeuvres in Bosnia.”

Another source cited by Albertini, the Russian-Polish archeologist and member of the former Archeological Institute of St. Petersburg, Louis de Trydar-Bruzynski, stated in his 1926 memoirs: “The assassination was perpetrated with the support of the Russian Military Attaché at Belgrade. Captain Werchovski [Verkhovsky], who was assistant to the Military Attaché [Artamonov] and was later War Minister in the Kerensky Government, a young man whom I had known very well for years and all his family, told me quite frankly the truth about the origins, preparations and execution of the plot.”

On April 13, 1932, when this passage was reprinted in the *Deutsche Allgemeine Zeitung*, it was footnoted with the comment, “Alexander Ivanovich Werchovski [Verkhovsky] is still alive and holds a high command in the Red Army. His evidence, therefore, can still be obtained.”

## The assassins

The assassins came chiefly from the “Young Bosnians,” which was evidently not a single organization, but a bunch of terrorist grouplets, coordinated by the Serbian Military Intelligence under Colonel Apis and the Black Hand. The members came from backward, peasant-dominated Bosnia-Herzegovina. The “spiritual leader” of the Young Bosnians, who was not on the scene at Sarajevo, was Vladimir Gacinovic.

In 1907, Gacinovic had been a student at the Serbian Eastern Orthodox Seminary in Reljevo, near Sarajevo, where he founded a “secret” revolutionary society named for St. Sava, patron saint of Serbia. He and about 30 other Bosnian and Herzegovinan youth received stipends from the Serbian government, to attend Vienna University. In 1911, almost at its inception, Gacinovic joined Apis’s Black Hand secret society in Belgrade. The same year, he went to Switzerland, where he would reside for several years and would be in

contact with Russian revolutionaries. However, he came back for a period, in the winter of 1912, to fight as a Montenegrin volunteer in the first Balkan War, then returned to Lausanne to take up his sociological studies. One of his closest associates was Mark Andreyevich Natanson-Bobrov, a well-known Russian terrorist since the 1870s, a cohort of the Okhrana (Russian secret police) assassin Azev, and almost certainly an Okhrana agent himself.

Natanson introduced Gacinovic to the cream of the Russian revolutionaries, including Lunacharsky and Martov. A contemporary described Gacinovic, leader of the Young Bosnians, as a “left-wing Socialist Revolutionary, if not actually a member, since he was not a Russian, then a co-opted member. With such a position he had contact with many Russians, exchanging letters, frequenting their meetings and lectures, even contributing to the Russian Socialist press.” (From Vladimir Dedijer, *The Road to Sarajevo*.)

One of the people who had the most profound impact on Gacinovic was Leon Trotsky, a friend whom he had known from Serbia in 1913. After the Sarajevo events, in the fall of 1914, Gacinovic regularly visited Trotsky at his Hotel Odessa on the rue d’Odessa in Paris, accompanied by his friend Sergei Khibalchich, the son of Nikolai Khibalchich of the Russian terrorist group *Narodnaya Volya* (People’s Will), who was executed for his part in the assassination of Czar Alexander II in 1881. Later, when Natanson returned to Russia on Lenin’s sealed train, he invited his friend Gacinovic to come along. Gacinovic declined, fearing that the Germans would arrest him for his part in the Sarajevo conspiracy.

On the ground in Serbia and Bosnia, the Young Bosnians were terrorist puppets, on strings pulled by the barely concealed hands of Colonel Apis, head of the Intelligence Department of the General Staff of the Serbian Army. Apis’s men armed the Young Bosnians and guided every step of their way into Sarajevo, protecting them from both the watchful eyes of the Austro-Hungarian government and the civil authorities of Serbia. From border crossing to safe house, Apis’s agents of the Black Hand passed the assassins along until they arrived in Sarajevo. The first two arrived on June 4, three and a half weeks before the assassination. Princip and an accomplice came into Sarajevo, registered under their own names with the police, and lounged around in bars and cafes in the town for the next 24 days—but the Serbian police and military never managed to discover them.

## Yugoslavia—‘South-Slav-Land’

Giuseppe Volpi, the Venetian financier who exercised enormous influence in Montenegro and Serbia after the turn of the century, was constantly in and out of Serbia in 1913-14. K.E. Kirova, the chief Soviet chronicler of his activities, records that by 1913, “Volpi and his bank [the Banca Commerciale Italiana] were in the center of all intrigues in the eastern Mediterranean.” Volpi had many friends among the Apis-led 1903 regicides, who had brought the Karageorgevic

dynasty to power in Serbia by murdering King Alexander and Queen Draga of the Obrenovic dynasty; this same group was to run the Sarajevo assassination.

Furthermore, Volpi was deeply involved in the issue of *Yugoslavia*, which was of greatest importance for the assassination. During the investigations after the assassination, gunman Princip outlined his motives:

"The political union of the Yugoslavs [South Slavs] was always before my eyes, and that was my basic idea. Therefore it was necessary in the first place to free the Yugoslavs from the Svabe and from Austria; for every misfortune which hits the Yugoslavs stems from Austria. This spirit was especially developed among the youth in the Yugoslav lands and was a consequence of the embitterment of the people.

"This and all the rest moved me to carry out the assassination of the Heir Apparent, for I considered him, in regard to his activity, as very dangerous for Yugoslavia. . . . I am a Yugoslav nationalist, aiming for the unification of all Yugoslavs, and I do not care what form of state, but it must be free from Austria." (Quoted in Dedijer.)

Already during the early phase of World War I, Volpi and his circle had agreed, that Montenegro, the Balkan state he most closely controlled, could not possibly come out of the war as an independent state. As Volpi's biographer Romano put it, "To orient himself in Balkan intrigues, Volpi kept his eye on two reference points: Rome and Belgrade. He was convinced his enterprises now depended on the Italian government and the only Balkan government [Serbia] strengthened by the war. He had no illusions about Montenegro. He knew that the old feudal principality, baptized by the Venetians, 'belonged to the world of yesterday.' "

It is generally acknowledged that the "birth certificate of the future Yugoslavia" was the July 20, 1917 "Declaration of Corfu," which proclaimed the union of the Serbs, Croats, Slovenes as a single nation under the Karageorgevic dynasty of Serbia.

Without exaggeration, the nation of Yugoslavia can be called the personal creation of Count Carlo Sforza, who forged its government out of the Serbian government-in-exile and some Croatian figures, during their World War I exile on the Greek isle of Corfu, from 1914-17. The relevant details, on negotiations at the Hotel Bella Venezia in Corfu and the long walks to the Cannone by the sea, are provided in significant detail by Sforza himself in his 1936 book, *Europe and Europeans*. Sforza had spent much of the war hammering this alliance together. He reports, "It was during the World War, from 1915-1918, that I constantly saw Alexander Karageorgevic, either in Corfu or on the Macedonian front. . . . Leaning out of the window at the Hotel Bella Venezia at Corfu—before us lay the Hellenic seas which had carried the Italian galleys at Lepanto. . . . How often Alexander of Serbia discussed with me his anxieties and hopes!"

Sforza's career well illustrates the activity of the Venetian nobility prior to World War I. Though not of Venetian origin,

the Sforza family had been inducted into the Venetian nobility, a practice followed with some of the most crucial non-Venetian families, allied to Venice. His father reorganized the Venetian state archives in 1910-11, an intelligence deployment of the first rank. After helping to usher in the Young Turks coup of 1908, Sforza became counselor at the London Embassy in 1909, under the Marquis di San Giuliano as Ambassador. When San Giuliano became Prime Minister of Italy, Sforza was his Chef de Cabinet for a year. At age 38, he was appointed Italian Ambassador to China (1911-15), where he oversaw the transfer to Italian protection of various bishoprics formerly under French control and established the Italian Concessions in the Treaty Port of Tientsin.

After setting up the Yugoslav government in Corfu from 1914-17, Carlo Sforza became High Commissioner in Turkey from November 1918 to July 1919, a post of great importance for the Trust. As Italy's foreign secretary, he negotiated the Treaty of Rapallo of Nov. 12, 1920, which settled the Italo-Yugoslav conflict in the Adriatic, an accomplishment which entitled him to be called "cousin to the King," Victor Emmanuel.

While Count Sforza was putting together the Yugoslav government on Corfu, during the war, Volpi himself was becoming more and more overtly pro-Yugoslav. He worked with Sforza directly, when the two of them were involved in

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drafting the Treaty of Rapallo, by which Italy formally accepted the union of the South Slavs, in return for certain perquisites. Volpi's old friend and Apis's associate, former Serbian ambassador to Rome Dr. Milenko Vesnic, would soon emerge as the foreign minister of Yugoslavia. Volpi carried messages from Sforza to Vesnic, regarding the settlement of the Italo-Yugoslav border. His old Montenegrin friends denounced him, putting his picture on the cover of pamphlets that decried the sell-out of Montenegro.

The Sforza-Volpi concoction, Yugoslavia, was to become a main staging ground of the East-West intelligence nexus known as the Trust, since a good portion of the "White" Russian opposition, involved in that project, was based in Belgrade. Indeed, the Russian "Whites" took on delicate internal and, particularly, foreign intelligence missions for Serbia. "These are the special confidential agents of the central government." Antonio Baldacci described them in a 1943 article. None other than Artamonov, after his emigration from Russia, served in the 1920s and 1930s as an expert on the U.S.S.R., in the Yugoslav Foreign Ministry!

Another curious and most instructive piece of the after-history to the Sarajevo events, related to Yugoslavia, was the aforementioned Salonika trial. In the spring of 1917, Prince Alexander Karageorgevic, the Serbian heir-apparent, had Apis and his associates put on trial in Salonika, Greece. Even though Apis and his men had authored the 1903 coup, which put the Karageorgevics in power, Alexander feared the great power of Apis in Serbia, which he would no doubt continue to command after Yugoslavia was established, with Alexander as its king. Therefore, he brought Apis and the Black Hand to trial on charges of plotting his assassination, as well as for conniving with Germany on a separate peace.

Despite the intervention of Apis's former funder and employer, Verkhovsky, now minister of war under Kerensky in Russia, the colonel was convicted. Apis was shot by the side of a ditch on June 14, 1917.

The retrial, mentioned above as the source of "Apis's confession," took place in May 1953, under the auspices of the Communist government of Serbia (part of Tito's Yugoslavia). The Serbian Academy of Sciences had just published a two-volume work on the Salonika trial, by a Yugoslav historian named Zivanovic, who identified Apis and *Ujed-injenje ili Smrt* as a "progressive" force in Serbia. Apis's group had been in contact with the Communists in 1917, asserted Zivanovic, and was under the influence of the Russian Revolution. According to Albertini, at least two members of the Black Hand became Communists. In the mid-1950s, Wayne Vucinich remarked in his *Serbia Between East and West*, "There is indication that the ghost of the 1903 conspiracy and its successor, the Black Hand, still hovers in the background of Yugoslav politics." If Slobodan Milosevic emerges, with Russian backing, as the overlord of the economically collapsing and strife-torn Balkans, that may prove to be still true in 1989.

## Soviet troops still in Afghanistan?

by Ramtanu Maitra

As the Afghani rebels began to mobilize their manpower for a full-scale assault on Jalalabad, a key Afghan city and the capital of Nangarhar province bordering Pakistan, Moscow issued a terse warning to Islamabad: The Soviet Union will not turn a blind eye to Pakistan's increasing involvement in Afghanistan.

The Soviet threat came on the heels of Kabul President Najibullah's March 11 letters to U.N. Secretary General Javier Pérez de Cuéllar. Najibullah said that Pakistan "continues to build up armed aggression and interference in Afghanistan's internal affairs." It is an echo of the Feb. 13 Soviet allegation against Pakistan.

On March 9, the Afghan News Agency (ANA) increased Kabul's volume against Pakistan, charging Pakistan's Inter-Service Intelligence (ISI) with direct involvement in the rebels' Jalalabad campaign. Lt. Gen. Hamid Gul, head of the ISI Directorate, recently visited the rebel-held Kunar province of Afghanistan, ANA charged.

The Soviet threat and Afghan allegations against Pakistan is in all likelihood aimed most immediately at influencing the Organization of Islamic Conference (OIC) foreign ministers' meeting, which began in Saudi Arabia March 14. The Soviet-Afghan campaign to create a permanent split between Iran and the other Islamic states over Afghanistan, and play the "Iran card" to their own advantage is in full swing.

The propaganda offensive may also be intended to steal the march on a potential bombshell leaked recently by Pakistani intelligence, namely, that in spite of its pious pronouncements on the Geneva Accords, Soviet troops remain in the Wakhan Corridor of Afghanistan. If proved true, this could have a far-reaching effect on the political geometry of the Afghan crisis.

### Playing the 'Iran card'

The ongoing OIC meeting is being hosted by Saudi Arabia, whose prompt recognition of the Afghan Government-in-Exile headed by the Islamic Unity of Afghan Mujahideen (IUAM) has posed a challenge to a number of Islamic nations, Iran in particular. The Iran-based eight-party grouping of Afghan rebels (known as the "Iran Eight") have continued to hold out for their demanded 100 seats in the Shoora, or Afghan Consultative Council, and have even threatened to call their own Shoora. All of these rebels are Shia Muslims, and are loyal to Iran's Ayatollah Khomeini.



The Soviet Union, in its turn, succeeded in driving a wedge between Iran and the IUAM following Soviet Foreign Minister Eduard Shevardnadze's visit to Teheran and meeting with Khomeini.

Kabul President Najibullah is also manipulating the Shia Muslims. To fuel the conflict between the "Iran Eight" and "Peshawar Seven," Najibullah has reportedly offered the Shia rebels an autonomous region in central Afghanistan in return for an alliance with the Kabul regime. Najibullah's recent appointment of Sultan Ali Kishmand, a Shia, as prime minister is widely considered to be part of the same strategy; Kishmand replaces Mohammad Hasan Sharq, who is not a member of the ruling People's Democratic Party of Afghanistan (PDPA).

### Troops in Wakhan?

Meanwhile, Pakistani newspapers, citing intelligence sources, claim that Soviet troops are still in Afghanistan, in blatant violation of the Geneva Accords, and that the Soviet Union has, in fact, annexed the tongue-shaped Wakhan Corridor in the northern-most part of Afghanistan. The Kremlin has denied such claims before, and Islamabad has so far not issued a formal charge to the this effect. The official word from Pakistan's foreign office is that the Wakhan Corridor situation will be clear only after the spring thaw melts the snowbound territory.

Military intelligence sources in Pakistan claim, as reported in *The Muslim* of March 2, that Moscow officially annexed the Wakhan Corridor—since the corridor borders Pakistan, China, and the U.S.S.R., its strategic value is obvious—back in 1983, with the help of President Babrak Karmal. Karmal, who had come "piggyback" with the invading Soviet army in 1979, was installed as President following the assassination of Afghan President Hafizullah Amin.

According to the same sources, the Wakhan Corridor has been converted into a military cantonment by the Soviet Union. Moscow has established a full-fledged cantonment and two sub-cantonments at different points in the Wakhan salient in the Pamir region. It is alleged that the Soviets expelled the local Kirghiz tribesmen from the Wakhan, and resettled the area with Nuristanis, who hail from the neighboring Asadabad province in eastern Afghanistan. The Kirghiz tribesmen passed through Pakistan following the 1983 annexation by Moscow, and were sheltered in Islamabad en route to Turkey where they have now settled.

The same report claims that the Soviets have also constructed a heavy-duty air base in Wakhan where MiG-27s can land, which is supported by two other airstrips at different points. To establish effective links with Wakhan, Moscow has reportedly built a Class-50 road in the area which is sufficient to ensure regular supplies to the local population.

Significantly, following the Feb. 15 Soviet troop withdrawal deadline, Pakistan's Foreign Minister Yaqub Khan stated in the capital city of Islamabad that he hoped the

Soviets would also vacate the Corridor. It was a counterpoint to the "peace in our time is assured" mania of the media, and was not featured in international coverage of developments at the time. On Feb. 21, Soviet embassy spokesmen in Islamabad brushed off a question on whether they had also left Wakhan with a terse "When we say Afghanistan, it means Wakhan also."

### Reason for concern

The current propaganda barrage against Pakistan from the Soviet-Afghan combine may well be part of an effort to build a case for Soviet reentry into Afghanistan in the event they are caught in Wakhan. No matter what, the aim is to isolate Pakistan completely on the Afghanistan issue, and in this, the recent success of Shevardnadze in Teheran has been followed with a resurgent campaign in new Delhi to vilify Pakistan. The departure of President Zia from the scene and the arrival of Mrs. Bhutto's duly elected government in Islamabad has, however, made the job a bit more difficult.

Now both Najibullah and the Kremlin are busy painting a picture of Benazir Bhutto as a weakling not in control of her military, being subverted by the pro-Zia junta. The recent fundamentalist-inspired mob scene in Islamabad, centering around *The Satanic Verses* and headed by the Moscow-returned Khomeini protégé, Maulana Kausar Niazi, was in all likelihood a Moscow-instigated effort to weaken the Bhutto regime.

Moscow is plainly uneasy over the military developments around Jalalabad. Equally important is the fact that most of Kabul's electrical power supply comes from Jalalabad. Already, reports from Kabul by visiting Indian newsmen indicate that certain parts of the capital are going without electricity for several days in any given week. The fall of Jalalabad may also create a panic among Kabul residents, making defense of that city an increasingly difficult prospect.

Not to be underestimated are two other factors. First, just as Najibullah has infiltrated the mujahideen based in Peshawar, Pakistan, the mujahideen and Afghan commanders also have a large number of people in Kabul, Kandahar, and Jalalabad. These people will be activated at the right time. Second, there are many fence-sitters in Kabul, who intensely hate the ruling PDPA for bringing in the Soviets and allowing these foreigners to kill fellow Afghans. These fence-sitters remained in Kabul, not by their own choice, but rather for lack of any choice, and would be ready to betray the PDPA whenever they see another opportunity.

That the Jalalabad situation is causing concern to the Kabul regime became evident when Mr. Najibullah floated a new "peace plan" on March 12, in which he proposed a special council which would be a forum to discuss the differences between Kabul and the opposition forces. The special council, Najibullah suggested, will consist of all factions, including the fundamentalists. In return the Kabul ruler has asked for a ceasefire.

# German admiral warns of Soviet war threat

by Konstantin George

Admiral Dieter Wellershoff, inspector-general of the West German Armed Forces, issued an alarm about how dangerous the Soviet threat has become, in the March 16 issue of the weekly *Stern* magazine. His statement is particularly remarkable, in view of the foolish euphoria that pervades much of Germany's political life now about the Gorbachov "peace policy."

"The threat has in reality increased," the admiral wrote, "although the feeling of being threatened has lessened." A lessening of the Soviet threat "is not in sight. Peaceful coexistence and disarmament negotiations are merely a phase, which is to be used to weaken the opponent."

Wellershoff emphasized that the Soviet goal since 1917 has been and remains world domination: "This goal has been emphatically pursued up to now, and also under Gorbachov, nothing in this regard has changed. What's changed has only been the style, the tactic, and climate of political confrontation. However, neither the withdrawal from Afghanistan nor the peaceful tones of the new Soviet foreign policy should detract from the fact that Soviet strategy remains directed toward war."

Wellershoff also emphasized that the main goals of Soviet foreign policy are the containment of the United States, the decoupling of the Americans from Europe, and the weakening of NATO, by hitting the West "economically, militarily, politically, and psychologically."

## Soviets: 'on the verge of war'

These warnings have not emerged in a vacuum. In mid-February, Soviet Foreign Minister Eduard Shevardnadze suddenly announced, during his 10-day Mideast tour, that a Middle East war, employing nuclear weapons and leading to a superpower confrontation, could erupt at any time this year. Since then, a series of venomous war threats have been emanating out of Moscow with increasing frequency, both from the leaders of the Soviet military and from the highest officials of the Soviet Foreign Ministry. Had these same threats been issued, let us say, during the Khrushchov years, headlines in all Western newspapers would have reported this to the public. Not today.

Beginning right before the March 15-16 plenum of the

Soviet Communist Party's Central Committee, war threats became a daily affair. On March 13, the new Soviet Chief of the General Staff, General of the Army Mikhail Moiseyev, declared in the military newspaper, *Krasnaya Zvezda*, after accusing the United States and NATO of refusing to abandon their "offensive military doctrine": "The current threat has been heightened through Western military-political actions, and by the possibility of an *unintentional war*. Recent U.S.A. and NATO maneuvers have reached such dimensions that it's as if *the world now finds itself on the verge of a war*."

The next day, March 14, *Krasnaya Zvezda* carried a lengthy commentary denouncing the alleged "offensive military doctrine" of the U.S.A. and NATO, declaring that a "new round in the qualitative [high-technology] arms race" has begun. The organ of the Soviet Defense Ministry announced that the "offensive" U.S. strategy has "largely devalued any of the positive results which have been able to be achieved with so much effort at the negotiating table."

These two broadsides are the peak to date in a broad intimidation campaign by the Soviet military leadership, denouncing the United States and NATO, and signaling that the threshold of a new period of East-West confrontation has begun.

How alarming the situation is becoming is shown by the fact that the threats are emanating simultaneously from the Soviet military and foreign ministry. This is being coupled with the significant raising of tensions in Central Europe, along the border between East and West Germany, with Moscow's green light to its East German puppets to shoot and kill refugees, resulting in at least two deaths in the week leading to the Soviet Central Committee plenum.

## End of the détente illusion

On March 16, the second day of the plenum, Yuli Vorontsov, the U.S.S.R.'s first deputy foreign minister, read out a Soviet government declaration charging that the Afghan guerrilla offensive against the town of Jalalabad was being "directed and coordinated by high-ranking Pakistani Army officers," and represented a plot by the United States and Pakistan against "the Republic of Afghanistan," with "many American, Saudi, and Pakistani military advisers" participating in the offensive. Vorontsov added the claim that "one Saudi and four American military advisers" had been killed in the fighting, and then warned the United States: "The fighting in Afghanistan is turning into a regional conflict, which threatens to affect détente between the Soviet Union and the United States."

The illusions prevalent up until now, thanks to the Western media, concerning Gorbachov and the Soviet Union, will soon be dropping. Beset with staggering bloc-wide food, economic, and national unrest crises, the Soviet leadership is now creating the climate required through such threats, for the exercise of "flight forward" military options as the Evil Empire's means of trying to "solve" these problems.

## Peruvian campaigns to free LaRouche

*Brazilian national congressmen gave serious attention to the message from their counterpart, Sen. Jospell Muñoz.*

The Secretary of the Peruvian Congress, Senator Jospell Muñoz, met with Brazilian leaders in the capital, Brasilia, beginning on March 15. The daily *Jornal do Brasilia* reported March 17 that "Jospell came to Brazil to invite the Brazilian Congress to participate in the international movement for freeing former U.S. presidential candidate Lyndon LaRouche, who, together with six of his colleagues, is today a prisoner of the United States government on charges of political plotting."

The daily reminds its readers, "During his campaign, LaRouche denounced the actions of the IMF [International Monetary Fund] and narcotics trafficking; he also contended that the movement to exchange part of the Amazon for Brazil's foreign debt is part of a larger movement seeking to undermine Brazilian sovereignty."

In a March 15 meeting with a dozen Brazilian congressmen from the Nationalist Parliamentary Front, Muñoz, who is also the ranking member of the Joint Leadership of the Congress, described Peru's own bitter battle against cocaine traffickers, communist terrorists, and the debt-collectors who drive the desperately poor people into their hands.

In 1985, when Peru was feeding its people, instead of following the Reagan-Bush administration's insistence on genocidal IMF austerity, Muñoz said, "we realized that we had an important ally in the United States," in the person of Lyndon LaRouche. And now, he added, to the astonishment of the congressmen listening to

him, "LaRouche is in jail."

The congressmen pressed Muñoz to give them a full briefing on what was being done to LaRouche, whom they also knew to be Ibero-America's best friend in the developed countries. He told them about his participation in the Martin Luther King Tribunal, held in Crystal City, Virginia, Feb. 25-26, where LaRouche's imprisonment was studied in the context of the moral challenges facing the world.

He also told them of his visit with LaRouche and with *EIR's* Ibero-American editor, Dennis Small, at the nearby Alexandria Detention Center. The Peruvian Senator went to the Virginia prison as part of a fact-finding commission of the Martin Luther King Tribunal, of which he is the chairman in Peru. He had been joined on that visit by Gen. (ret.) Friedrich Wilhelm Grunewald of West Germany, and paleontologist Dr. Jean-Michel Dutuit of France.

Muñoz was formally welcomed by the Brazilian Senate and Chamber of Deputies. He was able to brief their presidents and Ulysses Guimaraes, the probable presidential candidate of the Brazilian Democratic Movement Party, the majority party, on his "continental parliamentary crusade to free LaRouche." He was met at the airport by congressman Osvaldo Lima Filho who recently took the floor of the House to denounce the IMF.

One of his meetings was with the congressional delegation from the state of Acre, in the heart of the Brazilian Amazon, right next to Peru. He called for Peruvian-Brazilian unity against

foreign pressures against the completion of a road linking Peru with Acre. He reminded how the United States has been blocking such a link since the 1950s. During his meetings with Japanese leaders in Tokyo while attending the funeral of Emperor Hirohito in February, U.S. President George Bush gave Japan an ultimatum not to fund the road, on the grounds that anything that helped business and people in the Amazon would harm the environment.

Muñoz, a friend of Peruvian President Alan García, will soon introduce resolutions for LaRouche in the Peruvian Senate and bring his crusade to other countries.

On Feb. 28, Congressman Luiz Salomao had given a speech to the House protesting "the trial and sentencing of the polemical American politician Lyndon H. LaRouche to 15 years in jail." He continued, "The details available to me clearly show that there was an abuse of the powers of the judiciary, due to political pressures by the Reagan administration, which was persecuting that member of the Democratic Party who had become a thorn for the American 'Establishment' with his controversial ideas about the international financial system, the arms race, and drug trafficking, among others."

Senator Muñoz had stated, when he announced his continental crusade on Feb. 26 from Washington, D.C., "The jailing of LaRouche and the other members of the Schiller Institute is the worst possible historical mistake for the government of the United States. Not only is it causing [the U.S. government] to lose its credibility as a democratic government and its leadership of the world's democracies, but it has resorted to methods that violate the principles of the Bill of Rights, established and guaranteed by the Constitution of the United States."

## Neutralism building in West Germany

*Some political observations on the rise of strong neutralist currents in the latest elections.*

When the two superpowers signed the INF treaty, they also declared their mutual intent to transform the European political landscape of the four postwar decades. The new superpower condominium, the "new era in East-West relations" is, they decided, to have a new system of political parties. For Germany, the plan was to make neutralism the political mainstream for the new era.

Neutralism is on the rise here, as the most recent election results show. In the Jan. 29 municipal elections in the city-state of Berlin, two neutralist fringe parties, the left-wing Greens and the right-wing Republikaner, scored an unprecedented 19% of the vote together. In municipal elections in the state of Hesse on March 12, the Greens, the Republikaner and another right-wing neutralist grouping, the National Democrats, had 13% of the vote together.

Also the Social Democrats, visibly on a neutralist policy course, though less radical than the aforementioned "fringe parties," had slight vote gains in both elections. But the Christian Democrats of Chancellor Helmut Kohl, infected with neutralist views but still viewed as being pro-American and pro-NATO, lost close to 10% in Berlin and close to 7% in Hesse. In some districts, CDU losses were as high as 14-20%. In Frankfurt, the economic and social center of Hesse, the CDU lost almost 13% on March 12. Like West Berlin, Frankfurt will be governed now by a "red-green" coalition of the Social Democrats and the Greens.

The rise of the two right-wing neu-

tralist parties occurs at the expense of the conservative CDU, and this puts the writing on the wall for Chancellor Kohl, whose CDU is now almost certain to lose the November 1990 elections for national parliament.

It should be added that the Berlin and Hesse elections threw Kohl's Bonn coalition partner, the liberal Free Democrats, out of both parliaments. The same will happen in the next national elections, which makes it seem very likely that Bonn will be governed in 1991 by a red-green majority. It cannot even be ruled out that after the next round of elections in mid-June, Kohl may be overthrown by a "summer *putsch*," and replaced by a transition government, most likely under the CDU party vice-chairman Lothar Späth, for a period of 12-18 months till the next national elections.

The breakdown of the formerly pro-Western political landscape in Germany, with the Christian Democrats as its traditional core, is proceeding very fast. It is largely a media product. The majority of the constituency would not vote for a red-green coalition in Bonn, but due to the liberalist posture of Kohl's CDU, many voters get manipulated by the media into voting for one of the two right-wing neutralist fringe parties. The red-green march to power is done indirectly, by breaking down the conservative voter bloc.

The question comes up why the neutralist "fringe" parties are getting such broad coverage, where their campaign funds come from. The media are the institution most penetrated by the superpowers' secret intelli-

gence agencies. See how the propaganda for Gorbachov and for the INF treaty has been spread thick, and you know where the propaganda for neutralism and a "post-NATO era" is coming from. The two "fringe" parties, Republikaner and National Democrats, have become the "lead news item" out of nowhere overnight. Coverage in the state-controlled media of West Germany is a good substitute for election campaign funds.

But the neutralists also have money. Before the Berlin and Hesse elections, the National Democrats, a small party which is heavily in debt, but gets financed by another group, the Deutsche Volkunion, was able to spend 6 million deutschemarks for a mailing campaign reaching 24 million households. The Volkunion is run by Gerhard Frey, the owner of three big neo-Nazi publications who operates in the same intelligence service gray zone between East and West as François Genoud, the main publisher of old and new Nazi literature internationally. Residing in Lausanne, Switzerland, Genoud has "business contacts" with the East bloc, under the pretext of locating old Nazi documents. This includes forgeries like the "authentic diaries of Joseph Goebbels" recently published, as well as the big hoax of 1983, the "authentic Hitler diaries." Genoud also has contacts into secret intelligence milieux of the West, going back to the days when Allen Dulles had his wartime and postwar operations base in Switzerland.

It is less well known that the Republikaner of the former member of the Waffen-SS, Franz Schönhuber, are encouraged and financed through the same networks in the East and West that have helped to maintain Frey's and Genoud's operations for over two decades. One conduit of this network is the neo-Nazi publishing house in Lausanne, Courier du Continent.

## Dissidents gain in municipal polls

*In the French municipal elections, candidates for the Free French, running for the first time, got excellent results.*

There were two noteworthy aspects to the municipal elections held on March 12 in France: the continued high rate of abstentions—the lowest voter turnout in a postwar local election—and the success of candidates deemed new or outside the mainstream parties. All over the country, the “dissidents” brought in the votes.

In this context, the percentages received by candidates of the Rassemblement France Libre are most encouraging; this brand-new electoral coalition, supported by the European Labor Party and friends of Lyndon LaRouche, ran candidates for the first time in some 20 small communes, receiving between 13 and 88% of the vote. The French electorate is demanding new ideas, and has shown its—sometimes reckless—willingness to vote for whoever puts them forth.

The two previous municipal elections, in 1977 and 1983, took place in a much more politically polarized climate, but even then, abstentions were relatively very high at 21.1% and 21.6%. This time, they reached 30%. Of course, one might consider this an improvement compared to the 34.2% abstention rate in the legislative elections in June 1988, or the whopping 50.9% in the cantonal elections of last September. However, contrary to many other countries, municipal elections in France tend to raise the greatest passions after the presidential race, precisely because they touch on local issues with which the voters are most familiar.

French voters have cast a protest vote: first, by approving the “dissi-

dents” in the big parties—most notably Robert Vigoureux in Marseille and Michel Noir in Lyon; second, by giving the “Greens” more than 10% in some 60 cities; finally, by maintaining the National Front in some of its strongholds, despite all predictions both by friend and by foe.

The traditional political “barons” of the big cities no longer have the confidence even of their own party. To give a few highlights: Raymond Barre, ex-presidential hopeful and French spokesman for the Trilateral Commission and the insurance cartels, was beaten in the sixth sector of Lyon, and Michel Noir, ex-trade minister of the Chirac government who profiles himself as a young and aggressive free thinker independent from formal party structures, got 51.6% of the votes, crushing the mayor of Lyon, Collomb. Pierre Joxe, the arrogant interior minister of the Rocard government, was trounced by voters in Paris. In Marseille, ex-Socialist Robert Vigoureux—who refused to withdraw his candidacy in favor of the candidate hand-picked by the national leadership—made a very strong showing, since he represented a more authentic current of local politics, free from the Parisian bureaucracy.

As for the ecologist vote, they had similarly high scores in the municipal elections of 1977, only to sink back down afterwards. Unlike the German or Italian Greens, the French ones are a very weak movement, who make no national campaigns against nuclear energy or the Force de Frappe, but intervene on local issues which “irk” the voters. While their national lead-

er, Antoine Waechter, refused to call on ecologists to vote left or right in the second round, locally they will rally in some cases to the Socialist Party. If their returns are protest votes *par excellence*, it must still be said that they benefited from the recent scare propaganda over the ozone hole.

The results of the Rassemblement France Libre, who ran some “test candidacies” in rural areas of the Aisne, the Marne, and the Ardennes ranged from 13 to 88%, showing voters’ response to the ideas they put forth—be it against the food cartels and for a vigorous increase in agricultural production, against Europe 1992 and for strong industrial growth in sovereign nations, or against malthusianism and for a grand design of space colonization. The prospects seem promising for the RFL slate in the European parliamentary elections.

There will be little competition in the programmatic domain. Neither regional “barons” nor “protestors” have an alternative to offer. The power base of the “barons” comes from their ability to manage and administer, not from their ideas in national or European politics. The “protestors” have built their campaigns around single issues—such as opposing immigration or protecting nature.

The Rassemblement France Libre, though, is a clear break with the French establishment. The RFL is a gathering and not simply one more political party, whose name evokes the grand struggle of the Free French led by General de Gaulle during World War II. At this time, when the French State is attacked from without by the risks of a New Yalta sell-out and the supranational dictates of the European Commission, and from within by the sheer lack of national leaders, this appeal to the strengthening of the nation state will be heeded by the voters.

## Russians to take over Italy?

*The Communist Party, in a bid for liberal acceptance, now says its roots are in the French Revolution.*

**I**t is becoming increasingly obvious that the Italian Communist Party (PCI), the most powerful Communist Party in the Western world, might join the Italian government. The PCI was once in power, right after World War II, but since 1948 it has been shut out of the Christian Democratic-dominated coalition governments that have ruled Italy ever since.

In 1987 something fundamental changed: A referendum on nuclear energy was artfully orchestrated in the wake of the Chernobyl accident to manipulate "public opinion" into an anti-nuclear frenzy. The referendum was promoted by the Socialist Party, the Radical Party, the Green Party and, naturally, by the PCI. As a result of the referendum, Italy was targeted as the first industrial-sector nation to abandon nuclear energy over "environmental issues." From then on, all the mass media of the country initiated a non-stop propaganda campaign to make environmentalism the mainstream of the cultural debate.

Industrial devolution, in the context of the international "New Yalta" deal between the U. S. and Russia, set the stage for the most dramatic change in postwar Italy's political history: the potential constitution of a left-wing government, run by the Socialist Party and the Communist Party in a coalition which, for the first time, would exclude the Christian Democracy. Last week's column described how the PCI has parlayed relations with the Socialist parties on the European level, into the germ of a Communist-Socialist

partnership inside Italy.

Already in November, the PCI had held a series of meetings with the Italian Radical Party, for the past 15 years the most outspoken propagandist of all the "post-industrial" themes: for liberalized drug consumption, against nuclear energy, against industrial progress, etc. In January, PCI General Secretary Achille Occhetto made another move to "redefine" the PCI, away from its Communist background, into something palatable to Western liberals. In an interview with the magazine *Espresso* he defined as the legitimate tradition of the PCI, not the Russian Revolution of 1918, but the French Revolution of 1789: "minus the Terror period," said the peace-loving Occhetto. The idea was very simple: to present the PCI, whose historical roots lay in the Communist Third International centered in Moscow, as part of the liberal bourgeois tradition, which is commonly understood as deriving from the French Revolution.

The liberal establishment likes the idea. Last summer, the Italian Liberal Party (which is considered the "conservative" party rooted in the industrial middle class) joined the so-called "Red cooperatives." Those are the financial, commercial, and industrial operations created and run by the PCI with minority participation by the Socialist Party, which provide a large income to those parties, especially thanks to their deals with Moscow. For the "right-wing" Italian Liberal Party to join this system is quite extraordinary and were unthinkable

without the global "New Yalta" deal between Western elites and Moscow.

The Italian Socialist Party has been in the Italian government since 1964, with the Christian Democracy, but it never took the reins of government until 1983, when its leader Bettino Craxi became prime minister. How did that happen? In the spring of 1983 the Trilateral Commission held its annual meeting in Rome, and there it was discussed that Italy needed some "changes." Henry Kissinger held a private meeting with Craxi in Milan, together with Socialist Party foreign policy specialist and Trilateral Commission member Margherita Boniver. Craxi was hailed in the U. S. establishment milieu as the new leader for Italy, and the Christian Democracy, buffeted for years by terrorist assassinations and political and economic scandals, was compelled to step aside. It is worth recalling those events, since they show clearly how the Socialists can be seen as the "U.S. establishment" party in Italy, in the same way as the Christian Democracy could be considered, at least until a few years ago, as the Church party, and the PCI, the Russian party.

With the assassination of Christian Democratic Party President Aldo Moro in 1978, the "Church party" was prevented from making an alliance with the "Russian party," which might have removed this party from Russian control. Now the "American party" (or, if you prefer, the "U.S. establishment party") is working toward making an alliance with the "Russian party" aimed at ending all the political influence of the "Church party." This corresponds precisely to the strategic planning of the New Yalta.

It is something which cannot work for long since it is based on anti-human austerity measures and an imperial concept. Yet today this is the dominant policy.

## IMF imposes 'African' conditions

*The government has fired doctors and hired witch-doctors to pay the debt, an austerity time-bomb for social explosions.*

**M**ore than 10,000 witch-doctors, potion makers, and midwives have been contracted by Mexico's public health service to provide health care in rural areas. It proudly announced March 14 that these practitioners of "traditional medicine" would staff public health centers without charging the government anything for their services.

More than 70,000 real physicians are now unemployed in Mexico, the union representing workers at government employee medical centers reported March 11. Mexico's public health budget has been reduced to less than half what it was in 1982, in real terms, with the savings transferred to help pay more than \$15 billion annually in debt service. For the past several years, the government has driven skilled professionals out of its health services mostly by reducing pay scales to below the level required for mere survival.

The results of the degradation of health care are beginning to be quantifiable. More than 2,500 Mexican mothers die annually of preventable causes, due to reductions in maternal health care programs, Dr. José Luis Bobadilla, the director of the Public Health Research Center, declared March 9. He said that, for the same reason, 87,500 babies of over 28 weeks gestation die *in utero* each year.

The billions of dollars the Mexican government has saved each year by eliminating price supports to farmers and food subsidies to consumers also harm the physical well-being of Mexico's 82 million people. Today, 60 million of them have incomes which

"cover barely 30% of the food requirements as set by the basic market basket," the daily *El Economista* reported March 15. The daily attributes the growing poverty to the incomes policy imposed by the government in the name of "reducing inflation."

The Mexican government brags to its foreign creditors that it has "gotten away" with this brutal compression of living standards. It is proud Mexico has not yet experienced an explosion similar to the riots which swept a much less impoverished Venezuela when similar measures were begun. Mexican elites point to the border with the United States as an "escape valve" for the most ambitious of the desperate people. But the Bush administration is trying its best to seal the border. In Caracas 1,000 people died; in Mexico's experience at social explosion, its 1910-17 Revolution, a million died.

Some people think that a major factor in preventing the outbreak of anarchy has been the hopes for change kept alive by opposition leader Cuauhtémoc Cárdenas. Cárdenas, the defrauded winner of last year's presidential elections, has held the high ground of legal solutions to Mexico's nightmare conditions.

In a March 9 speech at the Tlatolco housing project, the site of student riots in 1968, Cárdenas focused on the \$110 billion foreign debt on which Mexico has been crucified. He demanded that the government "chose the path which takes the foreign debt burden off the back of the Mexican people. It has lost them more than 70% of their salaries, [and caused] 8 million workers to be unemployed and

greater economy dependency."

He said he was calling "not only for a moratorium, for suspending payments so as to pay them later on—that might be the path—but we want the legal path to be chosen, not—once again—the one which violates the law."

Cárdenas explained that part of the \$110 billion is legal, and must be paid, and part is not and must not be paid. He recalled that "the Constitution establishes that debts may only be contracted if they are for productive activities and the nation's economic growth. But those debts contracted to pay interest are debts which both those who contracted them in Mexico and those who provided them abroad knew were debts given to the country against its will. We have no obligation to pay that part of the debt."

He demanded the government provide full "transparency" on the old debt, including "who were the intermediaries who benefitted with the negotiations" and on the new terms Mexico is about to set with its creditors. The Mexican citizens must debate whether Mexico should privatize state companies and hand them over to foreigners and whether Mexico should open its borders to cheap imports. He argued that any agreement would not be viable without first winning a referendum.

In a press conference March 15, Cárdenas urged the government "take those initiatives needed to achieve concerted action with other indebted countries in debt renegotiation." He concluded, "It could happen that the government would reduce or suspend debt payments—out of incapacity, because it has carried the country into bankruptcy—not out of a sovereign decision. It should say: I am going to stop paying, in order to be able to grow and improve living conditions, because there is no other remedy."



## A shakeup in Bihar

*But the chaos refuses to die down in what is a painful and possibly ominous episode for the Congress (I).*

After months of open rebellion and acts of defiance against the ruling party leadership, a large section of elected Congress (I) assemblymen from the state of Bihar received the news on March 10 that they had got what they wanted: Bihar's one-year-old Bhagwat Jha Azad ministry resigned, apparently at New Delhi's behest, and the 70-year-old Satyendra Narain Sinha was asked to form the new state cabinet.

The powerful Pradesh (state) Congress Committee, or PCC(I), also got a new chief—Dr. Jagannath Mishra, a former Chief Minister and, according to many, the *el supremo* of Bihar politics.

What all this will add up to is anybody's guess. If initial responses of various players in the sordid drama are any indicator, the chaos in Bihar is far from over. According to the daily *The Hindu*, an estimated 51 "neo-dissident" Congress (I) legislators met in Bihar's capital Patna, within a day after the new Chief Minister took his oath of office. Former PCC(I) chief Tariq Anwar failed to show up at the swearing-in ceremony following his appointment as a minister in the new cabinet, and reportedly was in Delhi seeking a meeting with Prime Minister Rajiv Gandhi.

From the standpoint of Bihar's economic, political, and social problems, a mere change in Chief Minister, or even the entire cabinet, does not mean anything (see *EIR*, Vol. 15, No. 30, July 29, 1988). What is painful and potentially ominous about the episode is that it demonstrates clearly the extent of contemptuous disregard

for the Congress (I) leadership in Delhi among state Congress party members. Further dissidence along these lines, and the prospect of it being aped in other troubled Congress (I)-ruled states could seriously weaken the center.

Bhagwat Jha Azad, an honest and no-nonsense individual, if a somewhat guileless politician with a small base, was sent to Patna as Chief Minister in February 1988 to deal with problems which are manifold and multi-layered. To facilitate his work, New Delhi moved most of the prominent Congress (I) leaders and potential tinkerers out of Bihar, offering them ministerial posts at the center. The ubiquitous Dr. Jagannath Mishra was persuaded to accept nomination to the Rajya Sabha, Parliament's upper house.

But, from the outset, Azad's one-year tenure in Patna was tumultuous. Besides the usual law and order problems—such as Naxalite killings, excesses by overzealous cops, tribal demands for an autonomous state within Bihar, organized caste wars, and long-institutionalized financial corruption in the state—Chief Minister Azad faced some new difficulties. He soon got into trouble with the state governor, an appointee of the President of India, who, according to the Chief Minister and his supporters, had begun to work actively for Azad's removal.

Nonetheless, Azad had some real successes—and that is arguably precisely what caused his downfall. He went after the local mafia who rule the coalfields and also after the political

executives, who have turned various cooperatives into financial rackets, with fierce determination. In the process, Azad stepped on not a few toes of Congress party heavyweights in the state.

Open rebellions against Azad following caste or other lines were launched, and when Dr. Mishra, according to many the main man behind Azad's travails, launched the Bihar *Jana Vikas Manch* (People's Development Front) within the Congress (I) party on Dec. 3, 1988, it was all but over for Azad. Dr. Mishra's movement was a direct challenge to the Congress (I) high command: If Dr. Mishra is not given what he wants, he may go his own way, making the situation precarious for the ruling party in this election year.

For three months, Delhi resisted Mishra's pressure, insisting that Azad was doing good work and would continue in office. The end came swiftly with a series of resignations from Bihar that thrust the crisis into New Delhi's lap. In the ensuing politicking, Dr. Mishra let slip the Chief Minister's job and instead took over the PCC(I) chief's posts—no doubt the most powerful position in an election year, since he will be in charge of running the state assembly and parliamentary elections.

The new Chief Minister, S.N. Sinha, comes from an old Bihar political family. That his father was a protégé of Mahatma Gandhi and a political powerhouse in his own right will act favorably for the new Chief Minister. However, S.N. Sinha himself had left Congress in 1967 to join various parties, and only came back into the Congress fold in 1984, when he won a seat in Parliament as a Congress party member. His long absence from the Congress (I) may act against him in the new job.

## Carter gang out to scuttle elections

*The man who stole the 1976 U.S. election from Gerald Ford has sent a team to "manage" the Panama elections.*

**O**n March 13, a three-man delegation from Jimmy Carter's Council of Freely Elected Heads of Government arrived in Panama to carve out a role for itself in the country's May 7 presidential elections. The delegation included former United States Ambassador to Panama Ambler Moss, and representatives of Costa Rican President Oscar Arias's Liberation Party and Venezuelan President Carlos Andrés Pérez's Democratic Action party.

The same outfit played a key role in elections in the Philippines, Haiti, and Chile, said Larry Garber, an "election consultant" with the group.

The arrival of the Carter gang is part of the efforts by the U.S. "secret government" apparatus known as Project Democracy, to get a replay of the operation through which Ferdinand Marcos was ousted in the Philippines, or to scuttle the elections altogether.

The previous week, Panama had expelled the Chilean Project Democracy agent Genaro Arriagada, who led the "no" campaign which defeated Gen. Augusto Pinochet in a referendum on Oct 5, 1988. Arriagada went to Panama to help coordinate the American-controlled opposition's campaign. Sen. Edward Kennedy (D-Mass.) came to Arriagada's defense, claiming that "he is widely respected in many nations for his expertise in free elections."

This campaign against Panama contrasts sharply with the Bush administration's efforts to help the Marxist guerrillas in El Salvador get

some kind of power-sharing arrangement, and to upgrade its relations with Nicaragua.

The U.S. embassy-controlled opposition in Panama is charging that free elections are not possible, that their press is shut down, that they are being denied media access, that the government will commit fraud, and so forth. They are demanding international supervision of the elections.

The charges do not bear scrutiny. Under law, every political party in the country is entitled to 30 minutes a week on the state-owned National Radio network to make their pitch to the voters. In addition, the opposition controls most of Panama's commercial television networks, several radio stations, and are given coverage in the country's most respected newspaper, *La Estrella*—despite the fact that it is owned by the family of the government's presidential candidate, Carlos Duque.

The main problem faced by the opposition is that its largest party, the Authentic Panamenistas, has refused to join the coalition put together by the U.S. embassy. The party's presidential candidate, Hildebrando Nicosia, charged that the U.S. embassy-controlled Opposition Democratic Alliance had offered him \$1.4 million to join their coalition.

Nor are most Panamanians keen on the brand of democracy being sold by Jimmy Carter's group, particularly since one of the key players is Venezuela's Carlos Andrés Pérez, who has suspended constitutional rights and sent out tanks to suppress any rebel-

lion against the genocidal austerity ordered by the foreign creditors.

The greatest danger lies in the efforts to bring about a military confrontation between the Panamanian Defense Forces (PDF) and the U.S. Armed Forces. Such a confrontation came dangerously close on March 3, in the "the license plates incident." First reports in the United States media had it that the PDF "had kidnaped" over 100 American schoolchildren in Panama, to force the United States to pay taxes withheld under the sanctions imposed by the Reagan administration in an effort to force the ouster of the commander of the PDF, Gen. Manuel Noriega.

The facts were otherwise, as shown by Panama's television, which filmed the entire incident. Panamanian traffic cops stopped the buses and issued tickets for failure to have proper license plates. The buses, owned by a private American company, had been issued U.S. Navy plates, to bypass Panama's requirements that licenses be renewed once a year. This requires a certificate of tax payment, which the company could not produce, since it is forbidden to pay taxes to Panama by the Reagan sanctions.

While the tickets were being issued, U.S. provost Maj. Allan Mansfield showed up and engaged in a heated discussion with the senior Panamanian officer on the scene, Francisco Córdoba. U.S. authorities in Panama decided to back down, suspending busing, and asked parents to drive their children to school.

But the decision by the U.S. military to avoid unnecessary confrontation with the PDF, caused Heritage Foundation staffer, former Assistant Secretary of State Elliott Abrams, to accuse Joint Chiefs of Staff chairman Adm. William Crowe with burying the incidents "to achieve a business-as-usual relationship with Noriega."

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# International Intelligence

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## **Papandreou attacks American Establishment**

Greek Prime Minister Andreas Papandreou blamed the "American Establishment" for coordinating the destabilization of his government in a nationwide televised address on March 9.

Papandreou, according to West Germany's Southwest Radio, said "Now we know who's behind the plot. It's the American Establishment. Koskotas is the Trojan Horse."

Koskotas is a 34-year-old officer at the Bank of Crete, who is sitting in a U.S. jail in Salem, Massachusetts facing possible extradition to Greece on charges of involvement in numerous financial scams. After remaining silent for the weeks following his arrest, Koskotas has now given an exclusive interview to *Time* magazine, which is published as the lead item in the March 17 international edition of *Time*. In this interview, Koskotas explicitly mentions Papandreou and various Greek government ministers, as involved in the Bank of Crete's illicit dealings.

The publication of the *Time* interview has led to a spate of calls within Greece and within Papandreou's PASOK party, for him to step down.

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## **'Get LaRouche' task force attacks EIR Rome office**

The Rome offices of the *Executive Intelligence Review* were invaded with a show of paramilitary force on March 13, in which 10 officers of the tax police of the Guardia di Finanza (the border and tax police under the order of the Ministry of Finance) entered the premises with a mandate to put the financial management of *EIR* in Italy under scrutiny and "administrative audit."

This action in Italy against a publication and political movement linked to the ideas of Lyndon LaRouche, the former U.S. Democratic presidential candidate, signals that the "Get LaRouche" task force is esca-

lating action against targets outside the United States. The action in Rome was clearly taken on the orders of the U.S. State Department of James Baker III which is seeking to intimidate and close down the press connected with LaRouche.

In the past weeks, both the U.S. Ambassador to the Vatican Frank Shakespeare and Ambassador to Italy Max Rabb, have been caught red-handed in spreading slanders and disinformation against LaRouche to the Catholic Church and to the Italian state. These slanders were denounced in news releases put out by the Commission to Investigate Human Rights Violations.

During a pro-LaRouche demonstration in front of the U.S. consulate in Milan recently, Mr. Borgioli, the consulate officer appointed to the LaRouche case, warned the demonstrators of future tax problems for the LaRouche movement in Italy.

So far there has been no official reaction by the Italian government on this overt interference into its internal affairs.

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## **Soviets fear Kissinger impact jeopardized**

Moscow fears that Bush's troubles may jeopardize Kissinger's impact in the new administration due to the "sluggish start made by the new administration" in the United States, according to the lead editorial in the London Sunday *Observer* March 12.

The *Observer* reports that Moscow is worried about "memories of 1977, when Carter took over and his new team of Cyrus Vance and Zbigniew Brzezinski rewrote American policy, determined that whatever Henry Kissinger had done, they would do the opposite."

"Russian fears are probably misplaced," says the *Observer*, "but there is an unfortunate parallel between Carter and Bush." Indicative is James Baker's "refusal to set a date for a summit meeting" in his talks with Soviet Foreign Minister Eduard Shevardnadze in Vienna. The uncertainty of Lawrence Eagleburger's appointment as deputy secretary of state because of his relationship to Kissinger Associates was registered with

alarm in Moscow.

Eagleburger is indicative of the problems Bush faces, wrote the *Observer*. "The shadow of Henry Kissinger hangs like a vulture over this administration, and even the shadow of Henry is enough to have his old enemies in the Senate sharpening their knives." In this precarious situation, "Baker was relieved that Shevardnadze did not unveil any dramatic initiatives in Vienna."

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## **Soviets own up to blitzkrieg divisions**

The Soviet Union has confirmed that there are five *blitzkrieg* super-divisions in Eastern Europe pointed at the West, the March 14 *Washington Times* reports. The *Times* says that a Pentagon consultant is prepared to confirm this to a House Armed Services panel.

The Soviets have denied the super-divisions' existence for years. The admission gives "credibility to U.S. and NATO arguments in recent years that the Soviets have been building a preemptive attack option," said Philip Karber, a private NATO-Warsaw Pact specialist and vice president of the BDM Corp., a defense contractor and consultant. The units are called Operational Maneuver Groups (OMGs).

"If these OMGs are disbanded, the ability of the Soviets for surprise attack will be drastically cut," said Karber. But even if they were, he said, NATO and the U.S. should not cut their forces—at least until the end of 1990, when Gorbachov's announced phase-outs are scheduled to be completed.

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## **U.S. putting Egypt on chopping block**

A few days after threatening Egypt with an economic aid cutoff if it does not implement the full package of IMF measures, the Bush administration is brandishing a further cut in military aid because of Cairo's alleged work on a chemical weapons plant.

At the beginning of the week of March

## Briefly

5, Washington warned that further economic aid was totally dependent on Egypt's meeting IMF demands by June. A congressional delegation just back from Egypt said that they "doubt Cairo's real willingness to implement the IMF measures."

Egypt is now also being threatened by the immediate implementation of the "Brooke Amendment," meaning a cut in military aid, if by June it has also not paid its arrears in military debt.

The *New York Times* alleged on March 10 that Egypt contracted Krebs and Co., a Zurich-based firm, to build a pharmaceutical plant in the Al Zaabal region near Cairo. Based on the fact that the Al Zaabal is a military region where M-1 tanks are being built, the conclusion reached was that the plant was a cover for chemical weapons production, despite the fact that it has not been inspected.

Under U.S. pressure, the Swiss government urged the firm to withdraw from the deal, which it did.

The government defended its economic reforms March 15 in response to the announcement that the United States is withholding \$230 million in cash. "Our feeling is that a lot of the economic analysis in Washington is tinted by the kind of analysis done by the IMF," a high-ranking Egyptian official told the *Washington Post*. "Our concern is that the IMF programs are demand-oriented. We have social problems we cannot ignore."

### ***Lebanese launch attack against Syrian army***

The Lebanese Armed Forces, under the direction of interim head of state Gen. Michel Aoun, for the first time launched a direct military attack against Syrian armed forces inside Lebanon March 14. The fighting, which erupted between rival Christian and Muslim forces in and around Beirut, was described as the most intensive warfare in two years.

In a statement issued from his official headquarters, General Aoun announced, "We have only one goal, which is to liberate

our land. We cannot any more be under the mercy of the Syrian gun." General Aoun called on the residents of West Beirut to start an "uprising of stones" against Syrian troops and declared that "national liberation has begun."

State-controlled Syrian radio charged March 15, according to the *Washington Post*, that Aoun would not have attacked Syrian military positions unless he had a "green light" from Israel.

### ***Alan García predicts Latin debt suspensions***

"The most correct decision of my government was to limit debt payment," Peruvian President Alan García told a nationally televised press conference March 9. He said the explosion in Venezuela is an example for countries that still want to pay the debt of what happens, and said that had Venezuela adopted Peru's policy of not paying creditors, if it leads to a net outflow of resources, Venezuela would now have \$15-20 billion in its reserves, instead of only \$6 billion, all committed to paying letters of credit.

García justified Peru's not paying the Inter-American Development Bank, saying why should Peru pay \$101 million to receive only \$17 million in new loans. To charges he had "isolated" Peru from the banks, he retorted, "We believe that he is isolated who loses his dollars in paying, without receiving anything in exchange. . . . We have the consolation of saying that at least we ate our reserves."

Peru, he said, has advanced the idea of retaining for needed imports most export dollars earned. Had Peru paid debt service, "we would have had no reserves and the country would not have been able to grow as it did in 1986 and 1987. We would have had to send a letter to the IMF, not of intent, but saying: 'Help IMF, come and do with us what you will.'" García predicted many forced payment suspensions, and said the only answer is a new Monetary Fund for Development.

● **CARLOS ANDRES PEREZ**, the President of Venezuela, was sent a telegram by Amnesty International calling on the Venezuelan government to investigate reports that police entered people's homes and killed them, mistreated prisoners, "disappeared" some people, and committed other abuses during house searches and arrests made possible by a suspension of constitutional guarantees, according to press reports March 13. A government spokesman denied there had been any such complaints.

● **KONRAD LORENZ**, the late Nazi ecologist, former SS trooper, and Nobel Prize winner, declared that the disaster at "Chernobyl was not big enough. We need the destruction of an entire city, like New York or San Francisco," in his last interview only days before he died, which appeared March 9 in Italy's *L'Espresso*. Lorenz also said he had "a certain sympathy for AIDS. This threat can destroy humanity, but it is important because it can also stop humanity from otherwise destroying itself."

● **ALL ETHIOPIA** is now engulfed in a severe meningitis epidemic, which began last September. The Public Health Ministry has registered 6,700 ill and 629 dead, and the government is requesting vaccines for several million. International agencies place the number of stricken much higher.

● **KOREAN VILLAGERS** attacked the U.S. target range at Kuni March 13, adding to \$10,000 damage done the week before. At the same time, 5,000 striking students and workers burned effigies at Yonsei University of South Korean President Noh Tae Woo and Hyundai group owner Chung Ju-young. An outgrowth of the student-labour radical alliance has left the largest shipyard, in S.E. Ulsan, paralyzed for three months.

## Will Bush survive the 'Ides of March' period?

by Nicholas F. Benton

The rapid succession of world events scheduled to unfold over the March 15-April 30 period could be the undoing of the as-yet-adrift Bush administration, unless it radically alters the pattern of its first 50 days.

The "Ides of March" period welcomed Bush on March 17 with the release of Producer Price Index (PPI) figures for February, showing inflation continuing for the second month in a row at a double-digit pace. This caused the Dow Jones Index to dive almost 50 points and similar shocks to bond prices, which took their steepest drop of the year, while fears renewed of a crash far worse than the October 1987 debacle.

The sudden drop in the Dow occurred on an appropriately metaphysical occasion for those wary of the dangers lurking during the Ides of March: the quarterly "triple witching hour," which involves the last frantic trading in expiring options and futures on stock indexes, prompting heavy trading with computer program strategies.

The magnitude of any crash will not be contained within the parameters of any "triple witching hour." While the PPI is a monthly measure of the rate of inflation at the wholesale level, the Consumer Price Index (CPI) is a measure at the retail level, and that figure for February was due out March 21 and expected to send the markets reeling even further.

While Bush called the latest inflation news "another clarification call" for decisive action on the federal budget deficit, the fact that the new President has been long on words and short on action during his first 50 days, left observers anything but confident.

The fact that Bush's first 50 days culminated with the ignominious rejection by the Senate of his nominee for defense secretary, John Tower, on March 9, is being viewed as

one of the worst political fiascos in American history. Kinder commentators are calling it a period of "malaise," but there is a consensus that Bush's campaign promise that he would hit the ground running as President, has yet to be delivered.

Looking at the ominous international and domestic crises and the schedule of events upcoming in April, experts agree that unless Bush shakes the stupor that seems to be gripping him, both he and the nation will suffer irredeemable losses.

Bush has left over from his first phase, the period through the Tower fiasco, unresolved crises facing the savings and loan industry, the Third World debt, relations with NATO and Asian allies, the Soviets, Congress, and vital domestic issues. He carries these burdens into a period that will demand decisive executive responses from him, if the force of these events is not to drive the world to the brink of even deeper crises.

### A packed agenda

The most critical period is compacted into the days between March 31 and April 4, when the International Monetary Fund's Interim Committee meets. Simultaneous with this meeting, Soviet President Mikhail Gorbachov will be in Cuba, and the Commission on Third World Debt headed by former West German Chancellor Helmut Schmidt will meet in Tokyo. The IMF, Gorbachov, and Schmidt will all seize the initiative from Bush on the critical issue of Third World debt during these days, unless Bush puts forward a much more decisive program than he has so far.

This is a sample of the events that Bush has to be prepared to face in the next 30 days:

**March 19:** Elections will be held in El Salvador, which

will launch a new wave of guerrilla terror, believed by some to be a Soviet ploy to railroad Bush into a premature deal to exchange Soviet "cooperation" in Central America for U.S. concessions to the Soviets in Europe.

**March 21:** U.S. Consumer Price Index figures for February will be released, expected to reflect the same double-digit inflationary trend as the PPI numbers that caused the Dow to dive almost 50 points.

**March 23:** U.S. hearings will be held on the European Community's plans for economic integration, the "Europe 1992" program, during which U.S. fears of European protectionism may arise that could further damage deteriorating U.S.-European relations.

**March 24:** The Kosovo assembly in Yugoslavia meets to make constitutional changes, while an emergency congress is convened in Montenegro. This will be followed four days later by a Serbian proclamation announcing changes in its constitution aimed at curbing the autonomy of Kosovo and Vojvodina. This further polarization of the situation in Yugoslavia brings closer the day that Soviet troops might march to the shores of the Adriatic.

**March 26:** Elections to the Soviet Congress of People's Deputies in the U.S.S.R. are scheduled. This is the first of a number of strictly cosmetic moves by Gorbachov aimed at giving him a decisive diplomatic edge over Bush on the world stage.

**March 31:** The International Monetary Fund's Interim Committee meets in the wake of mass riots in Venezuela against debt repayment, resulting in at least 1,000 deaths, and the threatened spread of anti-IMF political actions throughout Ibero-America. The Bush administration's effort to devise a new strategy to cool the Third World debt crisis has been completely inadequate to date, and the initiative will fall back into the hands of the IMF if Bush does not assert an aggressive alternative policy before this meeting.

**April 2:** While the IMF meets, Gorbachov will make a timely visit to Cuba, undoubtedly to denounce the IMF and U.S. debt collection policies toward the Third World, thus up-staging Bush to the degree that Bush has not devised a new strategy that clearly separates U.S. policy from the austerity programs of the IMF.

**April 3:** The Commission on Third World Debt will meet in Japan, again to take the initiative from the United States in dealing with the Third World debt crisis.

**April 3:** The Polish government and the trade union Solidarity are scheduled to announce their "social contract" to jointly impose austerity, a move that could trigger a new wave of unrest there, and would again raise the question of defining a U.S. policy toward Eastern Europe.

**April 5:** Gorbachov again steals the spotlight, this time with a trip to London to meet British Prime Minister Margaret Thatcher. The recently "greened" Thatcher, ablush with her new environmentalist awakening, will spend three days meeting with Gorbachov to make critical decisions on the

shape of the new global environmentalist police state that Gorbachov advocated in his speech to the United Nations last December.

**April 10:** The Trilateral Commission, that infamous association of elites who manipulate world events over the heads of governments, will meet in Paris, with Henry Kissinger among the participants. With the confirmation of Lawrence Eagleburger as deputy secretary of state by the U.S. Senate on March 17, Kissinger's influence over the Bush administration now appears overwhelming. Eagleburger was the head of Kissinger Associates, while Bush's National Security Adviser, Gen. Brent Scowcroft, was a board member of the same intimate group. Again, with Bush adrift, this group will assume that it has the prerogative to dictate the direction of policy for the West.

**April 18:** An All-European Information Forum, the first of its kind, will be held for all participants in the Conference on Security and Cooperation in Europe (CSCE). With Bush not expected to complete his so-called "strategic review" of U.S. defense policy until the end of the month, this will be another watershed occasion where the U.S. will be impotent to assert a clear policy in the face of attractive, if merely cosmetic, Soviet initiatives on conventional arms reductions in Europe.

## Allies are worried

So far, Bush has given the NATO allies plenty of cause for alarm. First, he sent Secretary of State James Baker III on a whirl-wind tour of European capitals, which only succeeded in alienating especially the West Germans. There, Baker's public insistence that Chancellor Helmut Kohl endorse the immediate modernization of the short-range Lance missile, was viewed as stupid at best, and devisive at worst. Baker seemed unfazed by the fact that his demand would spell political suicide for Kohl.

Even more ominous for the Europeans was the language used by Bush in his March 9 statement marking the opening of the new round of CSCE talks. Bush referred to the need to bring "an end to the division of Europe," which alarmed allied leaders concerned that Bush has accepted Kissinger's scheme to trade permanent Soviet control over Eastern Europe for cosmetic free elections there. Such a "Finlandization" policy would insure the ultimate Soviet domination, by such "Finlandization," of all Europe.

While most European leaders have resigned themselves to the removal of some U.S. troops from Europe, under the pressure of cuts in the U.S. defense budget this year, they are much more worried that the Bush's prolonged "strategic review" is going to result in a fundamental shift in U.S. policy toward Europe, along the lines of the infamous "Discriminate Deterrence" report issued by the U.S. Commission on Integrated Long-Term Strategy a year ago.

That report, which Kissinger had a hand in writing along with Commission co-chairmen Fred Iklé and Albert Wohl-

stetter, called for the removal of the U.S. nuclear shield from Europe and a recourse to defense policies appropriate to wars "which might actually be fought."

The report created such a furor in Europe at the time that the Reagan administration was forced to disassociate from it entirely, even though it was unveiled in the Pentagon by the then-Deputy Defense Secretary Iklé. However, many European analysts have retained the fear that the new administration would embrace the policy.

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*History will record that the Phase I of the Bush administration lasted only 50 days, culminating in the Tower defeat of March 9, and that it was a period of unprecedented disaster.*

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But the problem for the moment is that no one knows, because the Bush "strategic review" is still a long way from completion, and the allies are going to have to wait while Gorbachov, explosive events in Eastern Europe, and initiatives from the Trilateral Commission, the Socialist International, and the IMF steal the agenda over the next month, if Bush continues in his current stupor.

So far, Bush's reaction to the consensus that his administration is "adrift" has not been encouraging. Rather than answering the charge with actions proving the contrary, he left Washington, D.C. on three occasions in two weeks, for no better reason than to give speeches asserting that he is not "adrift." On his most recent junket, he went home to Houston and then spent the night visiting relatives in Colorado Springs, returning to Washington just in time for Congress to adjourn for a two-week Easter recess. The only news from the White House upon his return was that his wife's dog, Millie, was in labor.

### **The end of Phase I**

History will record that the Phase I of the Bush administration lasted only 50 days, culminating in the Tower defeat of March 9, and that it was a period of unprecedented disaster.

It is useful to compare the "phases" of the Bush administration to those of other Presidents. For example, the lengthy 16-year incumbency of Franklin Delano Roosevelt, the last American "blueblood" to hold the White House before Bush, was divided into four distinct phases: the first New Deal

phase; the second New Deal phase; the war mobilization phase; and, the final Teheran-Yalta phase.

In the case of Roosevelt, the transition to each new phase was accompanied by changes in key personnel as well as policies. The first two phases were disasters. It was not until Roosevelt mobilized the nation for war that he brought the country out of its depression and back onto its feet. In the final phase, a sick and exhausted Roosevelt squandered the fruits of victory in the summits at Teheran and Yalta.

If there is a single, most important difference between the Roosevelt days and now, it is in the condensation of time, and the reduction of the margin for error from years to weeks, if not days and hours.

Thus, Phase I for Bush was only 50 days. Those out for Bush's head, such as Britain's Lord Victor Rothschild, the Swiss-based Bank for International Settlements and U.S. Federal Reserve chairman Alan Greenspan, and U.S. Democratic Party scions led by Clark Clifford and McGeorge Bundy, denounce Bush for his failure to implement their preferred agenda. Bush's friends, those who wish him to succeed in the interests of the nation, are genuinely alarmed.

In less than two months, starting from his first working day in office when he floated a "trial balloon" proposal for solving the savings and loan crisis that immediately led to a hushed-up run on S&Ls across the country, the President has rung up one fiasco after another.

When he eventually announced his S&L bailout program, a crazy-quilt of legislative and regulatory reforms that added up to the biggest bank bailout in U.S. history, it did not calm the fears of depositors. On the contrary, \$10.7 billion was withdrawn from U.S. thrifts in January, the most in any month in U.S. history, and more than all of 1988. And the problem did not abate, despite all Bush's assurances, when some \$9 billion more was withdrawn in February.

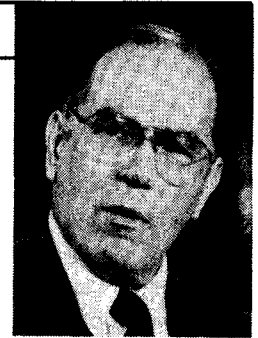
Meanwhile, Bush spokesmen have had to modify estimates twice on the size of the bailout, now well over \$100 billion, and Bush set his whole package on a collision course with Congress by using the crisis to implement his deregulation agenda.

By calling, effectively, for an end to the distinction between S&Ls and commercial banks, Bush has drawn the ire of House Banking Committee chairman Rep. Henry Gonzalez (D-Texas) and senior Senate Banking Committee member Sen. Jake Garn (R-Utah), ensuring that a protracted clash with Congress will delay and undermine any real relief to the over 500 ailing S&Ls.

Thus, Bush's decision to use the crisis to implement his political agenda of deregulation, rather than to relieve the crisis and cure its underlying causes, is seen as a major political blunder.

So has been his foot-dragging on allowing Japan access to the technology for the FSX, his wishy-washy Third World debt proposal, Baker's pressure on Kohl, and dead silence on strategic policy and arms control, to name only a few.





## 'Jury foreman was part of secret team of the shadow government'

*Nora Hamerman interviewed Lyndon LaRouche from his cell at the Alexandria Virginia Detention Center, as he began his eighth week of incarceration on March 17. Economist and former presidential candidate LaRouche, who is serving a 15-year sentence for "conspiracy," and six associates were convicted Dec. 16 in a political railroad trial, which has stirred international outrage as a miscarriage of justice on the scale of the 1890s' Dreyfus Affair. The appeal of the case is currently in preparation.*

**EIR:** In Rome, representatives of the American Bishops Conference met with the Pope and leaders of the Roman Curia. The subject of this meeting, as you know, was a dialogue on the role of the Church vis-à-vis the "American particular cultural and sociological situation." Cardinal Joseph Ratzinger, the Prefect of the Congregation for the Doctrine of the Faith, makes a very strong statement that the criterion for truth is that it is worth suffering for, and therefore, the problem is that people are continually risking truth for the sake of "peace."

**LaRouche:** Well, that's appropriate. He's made that observation earlier in a—I have a German text of his address on that subject, I think, that he made in France as well—addressing the fact that "peace" is what?—peace to submit to slavery? peace to submit to genocide? We have genocide on a global scale. The monarchies of Britain and Holland have just recently affirmed their commitment to policies which mean, in effect, genocide on a global scale, these environmentalist, radical policies, which happen to be scientifically absurd, but whose consequences is more death than Hitler ever dreamed of effecting.

**EIR:** You're referring to the campaigns against the ozone hole—

**LaRouche:** That's typical. Take the ozone business. The ozone hole, which is periodic, not a constant phenomenon, over Antarctica, was thoroughly explored in the context of the International Geophysical Year back in the 1950s. Now this was before anyone had invented or constructed the first

chlorofluorocarbon. These idiots come along and profess that this phenomenon somehow has something to do with chlorofluorocarbons, which it does not, because this thing existed in the same magnitude, as it has recently existed, back then. And ironically, work to this effect was done by a fellow called Dobson, who was a leader in that research back in that period, for whom the relevant measurements called "Dobson units" are named!

The obvious thing is the recent Danish commission's report that all of the reports from these so-called environmentalists on these kinds of matters are fake. The greenhouse allegation, scientifically, the thing is a complete fraud.

**EIR:** We are about to put out, as you may know, a major *EIR* special report on this question of the greenhouse effect fraud.

**LaRouche:** Oh, that's good. All these things—the idea that DDT was dangerous—a fraud, a complete hoax. The scientific evidence before the U.S. government at that point was conclusive that all the allegations against DDT, that it was not biodegradable and so forth—complete hoax. And yet the government, for *political* reasons, *opportunist* political reasons, decided to go against the scientific facts and *find* it suitable for banning.

So, this typifies the fact that society is ruled—not just the United States, also the Netherlands, and Britain, at the highest levels—by a disregard for truth and the substitution of mere opinion for truth, particularly *authoritative* opinion. Thus, if the monarchies of Holland and Britain decide to destroy this planet, by support of their mere *totally unscientific opinion*, their sentimentality, society says, "Well, who are *you* to say nasty things about these fine monarchies?"

**EIR:** In the United States, we have the Hollywood movie stars leading the scientific authoritative opinion.

**LaRouche:** It's the same thing. Here you have people, who in terms of the contract relationship with the gangsters who own them, are virtually nothing but prostitutes held up as the figures of admiration in fan magazines and by credulous

portions of the population from coast to coast! And from pinnacle to pit!

And that says something about our society. A society that admires or tolerates admiration of Elizabeth Taylor cannot be a healthy society.

**EIR:** There is heavy fighting going on in Afghanistan, in Jalalabad. Yuli Vorontsov on behalf of the Soviets, made a very, very strong threat to Pakistan. Do you think that, because of this threatening attitude, following up on what Shevardnadze said a few weeks ago, that there is a change in line coming out of the Soviet Union or a faction breaking off the New Yalta deal?

**LaRouche:** The idea of the peace-loving Soviets is simply self-delusion among certain people in the West. You can't blame the Soviets for that. They're not really projecting it. It's just idiots in the West, with a lot of influence over the news media and politicians, are projecting it. It never happened. Don't accuse the Soviets of changing from something that they never were!

Now, we knew from the beginning, first of all, that the Soviets were never really pulling out of Afghanistan! They found that the policy they were following was a failure; this was covered in Soviet professional military items on the subject of mountain warfare, that conducting that type of massed troop concentration—or relatively massed, or quasi-conventional warfare—in mountain areas, against mountain people, was a mistake. And the Soviets in their stupid, stubborn way, after a number of years, came around to the conclusion that this was a military error! So the Soviets ponderously and belatedly corrected their military error, after eight years, approximately, of conducting the error.

So they pulled out most of their regular troop operations, saying that they no longer needed to have that concentration and left in upwards of 10,000 Soviet troops, mostly disguised as Farsi-speaking natives. And *spetsnaz* deployments—we don't know how many they are. So the war goes on. The Soviets are playing cute games hoping, with some degree of success, to pit one of the rebel factions against the other, sowing dissension in the ranks. And also playing upon that with propaganda campaigns to induce the British and the United States and others to do the things that would make it easier for the Soviets in that part of the world.

But essentially, Soviet objectives remain the same. They have not withdrawn in terms of strategic commitments. They simply adjusted. And the adjustment is not fully working. We're looking at the prospect of the destabilization of Pakistan and of India, and of a Middle East war, and so forth and so on.

The other essential thing to learn from this, which is complementary to what I've just said, is to go back to 1936 and 1938, to Chamberlain's appeasement of Hitler. Now, from that particular period of time, one should have learned that whenever you follow the practices of Mr. Chamberlain

in appeasing someone like Mr. Hitler, that Mr. Hitler responds to each appeasement by upping the ante, and becoming nastier and more aggressive, and more self-confident in his aggressiveness. And this is precisely what's happening with Moscow, which we are inducing Mr. Gorbachov—or his successors, or his transformation, or whatever ensues—to behave more and more like Hitler by treating him the way Chamberlain treated Hitler.

So, maybe Mr. Henry Kissinger is a magician. Maybe he can turn a Communist—Mr. Gorbachov—into the new Adolf Hitler. Somebody is doing it, and somebody is apparently succeeding!

**EIR:** Do you have anything to say about the Brady Plan?

**LaRouche:** Oh, that's funny. That is fun. It's nasty fun. It's grim fun—it's *grand gignol*. It's where the clever fellows come in with an inadequate, but clever scheme—as against the absolute idiots. The absolute idiots are those who say: "By sheer administrative force in case-by-case fashion, we can ensure that these debts will be paid or that we can create the *appearance*, that they will *appear* to be paid. Meanwhile, we can go ahead and loot these countries in an intensified way, the way we've been looting them."

Now, then you get a couple of fellows, who are slicker fellows, coming out of Morgan's ideas, that say, "Now let's manipulate the nominal value of these debts since they can't be paid in entirety in their present form anyway." Actually, Mr. Brady is simply proposing to do, in a *cleverer* way what the absolute stubborn idiots are proposing to do in a *stupid* way.

Now, you've got a third option, which is what I proposed some years ago, particularly in the form I put it to the National Security Council in 1982, when I proffered them copies of my *Operation Juárez* report, and supplements to that *Operation Juárez* report which I turned into the National Security Council in 1983. So there actually is a LaRouche Plan, the Kissinger Plan, which is the Baker business (actually Mr. Baker is nothing but a clone of Mr. Kissinger in these matters), and then you have the Brady Plan, which is more on the Morgan side, which is really a *cleverer* way to try to carry forth the objectives of the Kissinger Plan. Those are the only three plans to be considered. There are no others, and no others are likely to appear.

**EIR:** The Paris edition of *Rolling Stone* magazine, and a periodical out of London called *Lobster*, converge on the story of the Iran-Contra operation that was set up by Bill Casey and carried out by various people. This seems to show that there are some press outlets in Europe, interested in publishing material showing that the operation was under the control of then-Vice President George Bush, through such people as Donald Gregg, C. Boyden Gray, and others. Why do you think there would be interest in countries such as France, Germany, Britain, and Italy, in putting this kind of

material out?

**LaRouche:** Well, I think there's no homogeneous motive for it. First of all, it is true.

When a lie is circulated, then you can generally explain its circulation in terms of the motive of the person who crafted the lie. But in general, the allegations about Bush's role in respect to Irangate and the Contra business are essentially true, as far as they go. So, then if somebody quotes the truth, particularly at a time that Mr. Bush is making himself a great target, a great failure, with great diversity of opposition to his policies, it's not surprising. This will increase.

Idiots in the United States are saying that Bush is covered on this, and C. Boyden Gray is covered. This comes from the intelligence community, for example. Well, they're idiots. They think they've got the lid on it here, but they haven't got the lid on it. The Democratic Party leadership has used this as blackmail for its attempt to control the Bush administration, therefore they don't want the thing to come out publicly here, because if it comes out publicly, then it's no longer useful blackmail.

But the Europeans, in general, of all sorts, have no such restraints, and it's going to come out merrily. And in due course, within a matter of weeks or so, it will explode here. And it will explode precisely at the time that Mr. Bush has enough problems on his plate for other reasons, that this cannot be defeated or brushed off so easily. So the boys out there are waiting, cooking up the stories in their little cooking pots, which are ready to go in the news media, and will go in within a matter of weeks, once the weather is right for doing that.

Now, *Lobster* in Britain, and the *Rolling Stone*, are both part of the Bertrand Russell apparatus, the Bertrand Russell-Huxley-New Age rock-drug counterculture. The characteristic feature of the *Lobster* account is it protests too much that Lord Victor Rothschild is innocent, that he's unimportant and innocent; and attacks those who attack Lord Victor Rothschild. So the target of the *Lobster* is not Mr. Bush, the target of the *Lobster* is those who attack Lord Victor.

But, the interesting thing in the whole business, is that the Irangate operation, or the Iran weapons-trafficking operation and to a large degree the Contra operation, were *not* a U.S.-created operation. They are *British*. (Mr. Bush is culpable. I don't think he's culpable in law-breaking, he's culpable in *this* connection. He may be culpable in law-breaking in operations against *me*, but not in this connection. He's not culpable, he just stinks. Because the policy stinks!)

So, by blaming Mr. Bush, the effort is to say that it's a U.S. policy, it's a Reagan-Bush policy. It is not. It is a *British* policy. And there's the fun.

This came to the fore in a peculiar way in the case of the trial of Karl-Erik Schmitz, the Malmoe weapons trafficker, who had been previously identified as an *Israeli* weapons trafficker, involved in the same thing in which Ollie North was involved, when they were over in Hamburg working the

same circuit to get the TOW missiles and other things into Iran.

Now, Mr. Karl-Erik Schmitz, after coming to the brink of trial, had his case dismissed! It was dismissed on the basis of a stipulation from the Swedish government, that the Swedish government had *often* fostered, or encouraged, private arms transactions of this type through British auspices. And you look at the thing in Hamburg and elsewhere, and the operation, the gut of the operation, in Iran—including the creation of Khomeini, including such things for example, as the recent Rushdie thing, this is a Made in Britain operation.

And all this attacking the United States, and Mr. Bush, has two aspects—apart from its being generally true. Number one is to divert attention from British authorship of this policy to which we all object so much. And secondly, to use this as part of Mr. Bush's intended, ever-loving British allies' determination to destabilize him very quickly.

**EIR:** And what would they accomplish by destabilizing him?

**LaRouche:** They intend to wreck the United States, as part of the furtherance of their own, and their agent Kissinger's, efforts to establish the global power-sharing dominion with Moscow, to such an effect that it becomes irreversible.

**EIR:** Is there anything else that you would like to emphasize, from this week's events?

**LaRouche:** I would say that one of the important developments of the past week is that I thought it was time to release the fact, not only that Buster Horton, the foreman of the jury in [our] Alexandria case, was an intelligence agent in the Department of Agriculture of significant lack of qualifications to be a juror, but to indicate that we had Mr. Horton dead to rights, as a member of the secret team, the shadow government, a member of a 100-person approximately, secret team, on the civilian political side of the secret government—the shadow government. And that he was functioning during the relevant period as, directly, on the same body, with Lt. Col. Oliver North, and with FBI assistant director Oliver "Buck" Revell—the two "Ollies."

So, I saw fit that it was time to blow that fact.

**EIR:** You got that out on some radio interviews, I understand.

**LaRouche:** That's right, and elsewhere. That Mr. Buster Horton was stuck on the jury, became foreman, with the knowledge of the U.S. government and prosecution as a way of fixing the jury in advance. And that he is a buddy, in terms of the task force, with Oliver "Buck" Revell of the FBI, the head coordinator of the task force against me and my friends over the past five years. And also, with Oliver North, whose office, in conjunction with other elements under Bush's Special Situation Group, were involved in also trying to incriminate my friends and me. So, I think that is a very interesting story, which I thought it was time to leak.

# The Eagleburger confirmation: a lovefest for 'New Yalta' faction

by Jeffrey Steinberg

On Thursday afternoon, March 16, following a several-hour-long closed session, the Senate Foreign Relations Committee unanimously cleared the nomination of Lawrence Eagleburger as deputy secretary of state. The former president of Kissinger Associates and its subsidiary Kent Associates, is now the second Kissinger employee to step into a top policy making post with the Bush administration.

Although nominally "conservative" Sen. Jesse Helms (R-N.C.) had been promising for weeks that he would use the Eagleburger hearings to put Henry Kissinger and his high-roller international consulting business under the microscope and would ultimately block the Eagleburger nomination from ever reaching the floor of the Senate, Helms's words outraced his deeds—once again. After the closed-door session, in which, according to the *New York Times*, Eagleburger reached a *modus vivendi* with Helms over confidential disclosure of Kissinger Associates' full client list, even the North Carolinian voted in favor of the Eagleburger appointment.

Washington insiders familiar with Helms's track record on such matters had predicted to *EIR* that Helms would sell out on the Eagleburger question as soon as the Bush administration offered him a few plum appointees to the diplomatic service, probably in Ibero-America. In an earlier case of another Kissinger clone, Richard Burt, President Reagan's second-term nominee as ambassador to the Federal Republic of Germany, Helms had at least held up the appointment for months and had finally cast a "no" vote. In the Eagleburger case, Helms's sellout was unequivocal and public.

All in all, the confirmation hearings, which lasted slightly less than five hours, were a bipartisan New Yalta lovefest, in which Eagleburger's massive conflict of interest was set aside out of bipartisan respect for the Kissinger clone's "visionary" view of America's foreign policy mission for the 1990s.

So flagrant was the double standard applied by the Senate in the case of Sen. John Tower, whose nomination as defense secretary was killed only a week earlier, that the *Washington Post* was forced to admit March 17 that the entire "ethics" process was now thrown into "uncertainty."

At one point in the early moments of the hearings on March 15, Sen. Richard Lugar (R-Ind.), a former committee chairman, urged that the Eagleburger nomination sail through the Senate as fast as possible, calling the confirmation "essential" to the entire Bush administration foreign policy agen-

da. Lugar revealed that as early as the summer of 1988, he was "delighted" to discover, in a private discussion with then-Vice President Bush, that Bush had already co-opted Eagleburger and Gen. Brent Scowcroft, then the director of the Kissinger Associates Washington, D.C. office, as his two chief campaign advisers on foreign and national security policy.

## Conflict of interest covered up

In written testimony opposing the Eagleburger appointment, the National Democratic Policy Committee, an independent political action committee associated with Lyndon H. LaRouche, Jr., confronted the committee with detailed country-by-country documentation of Eagleburger's conflicts of interest. According to the testimony, which was based only on Eagleburger's own public disclosures of his Kissinger Associates clients, he would have to recuse himself from any foreign policy decisions involving: Italy, the Soviet Union, Sweden, Nicaragua, Israel, South Korea, Japan, Yugoslavia, Great Britain and the entirety of Ibero-America. He would also have to refrain from any involvement in policy formulation on Third World debt, East-West trade, relations with the Pacific Rim, and strategic military issues generally. The testimony highlighted Eagleburger's and Kissinger's involvement in major East-West trade deals that in some cases involved the augmentation of the Warsaw Pact's weapons production.

About the only foreign service post that Eagleburger could legitimately hold, based on the hard evidence presented by the NDPC, might be the ambassadorship to the Galapagos Islands—provided that they did not have to negotiate any debt relief from the Bush administration.

At the outset of the confirmation hearings, the conflict of interest issue was raised, first by chairman Claiborne Pell (R-R.I.) and later by Senators Helms and Paul Sarbanes (D-Md.). Accompanied by Kissinger Associates director William Dill Rogers, who is also the personal attorney of Eagleburger and Kissinger, the nominee adamantly refused to reveal the entire client list of Kissinger and Kent Associates, claiming that Kissinger personally signed confidentiality agreements with all clients which covered every aspect of their relations. Rogers insisted, in response to questioning by Helms and Sarbanes, that Eagleburger was in no way obliged

by law to provide any further disclosures, claiming that the nominee had gone beyond the requirements of the law by “voluntarily” recusing himself for one year from any foreign policy matters involving his own former clients.

One day earlier, Kissinger had told the *New York Times* that he “violently objected to this approach of being dragged through the mud” by being asked to publicly reveal his private business affairs.

The Senate committee members, apparently sensitive to Dr. Kissinger’s violent outburst, swept the conflict and disclosure issues under the rug in a secret deal which the *Times* described as follows: Eagleburger would submit the full client lists of Kissinger Associates and Kent Associates to the State Department general counsel, who would retain the lists under attorney-client privilege. A sealed envelope containing the same information would also be filed with Pell and Helms, the majority and minority chairs of the committee. Neither the State Department nor the Senate would receive any information on the substance of Kissinger Associates’ dealings with any of its clients.

The Bush White House’s commitment to plow over the disclosure flap was first signaled two weeks before the hearings began, in an exchange between Helms and the White House Counsel and ethics “guru” C. Boyden Gray, according to opening remarks by Helms. Helms sent Gray a letter in early March asking for the full list of Kissinger clients. Gray only responded to the Helms letter two days before the hearings began, at which point he merely informed Helms that his letter had been forwarded by the White House to Eagleburger himself—with no request for disclosure attached.

Gray’s brusque treatment of the former co-chairman of the Bush-Quayle campaign committee in North Carolina may have had considerable impact on Helms’s more docile than usual sellout. Gray, a fellow North Carolinian, is, after all, the grandson of the founder of the R.J. Reynolds Tobacco Company and the heir to the Reynolds fortune. Reynolds has been a financial mainstay of the Helms political organization back home for years.

### **The Kissinger agenda embraced**

The willingness of the Foreign Relations Committee to unanimously ignore the Eagleburger conflict of interest was made all the more horrifying by the contents of Eagleburger’s foreign policy “vision”—which the senators wholeheartedly embraced.

In a 20-minute opening statement, Eagleburger proclaimed the world a safer, “friendlier,” more prosperous place than it was in 1957 when he first joined the foreign service at the height of the Cold War. Heralding the Third World’s near-unanimous embracing of democracy and the free market system, and the “endemic collapse of the Soviet system,” Eagleburger proclaimed that the key challenge to the United States lies in “West-West relations.” Echoing Kissinger’s own balance of power mumbo-jumbo, Eagleburger told the

senators that the world is no longer governed from Washington and Moscow alone. New power centers have emerged within the Western alliance, which require new adjustments. These changes pose the principal challenge to the Western leadership going into the final decade of the century, he pontificated.

Europe’s united market by the end of 1992 must be based on principles of free trade, he said. If Europe becomes a united, closed market competing with the United States and Japan, then the Western alliance could crumble. Furthermore, Eagleburger said, Japan must abandon its nationalistic and regional development priorities and instead enter into new trilateral arrangements with the United States and Western Europe. Japan, he asserted, must be “harnessed to common Western goals” by being brought into some kind of international structure, similar to the NATO arrangement between the United States and Western Europe—through which its entire approach to world affairs is moderated.

The reference to NATO was, however, not a call for a revitalized and broadened military bloc against Soviet aggression. On the contrary, Eagleburger painted a picture of a crumbling Russian Empire and a precariously weak Gorbachov caught between anti-*glasnost* forces in East Germany and Czechoslovakia and overzealous reformers in Hungary running far ahead of the pace of Gorbachov’s *perestroika*. “The Soviet system had already peaked and is in a downward fall, while we in the West are still growing,” Eagleburger told the committee.

This wishful drivel was greeted with propitiatory words of praise from nearly every member of the committee, from Nancy Kassebaum to Christopher Dodd, known in some circles as the “Senator from Managua.” Ironically, Dodd praised Eagleburger “despite” their widely divergent policies towards Central America—ironically because Eagleburger’s attorney, William D. Rogers, seated at his side during this exchange, was up through 1981 a registered foreign agent of the Sandinista government.

### **Kissinger in the spotlight**

In the wake of the ethics chaos engendered by the conflicting treatments given to Tower and Eagleburger, the Blue Ribbon Commission on Ethics in Government, chaired by “Boy” Gray’s former law partner Lloyd Cutler, is expected to press some recommendations for uniform disclosure laws which will be formally adopted within the next two months. Those new guidelines, according to reports in the *New York Times* and *Washington Post*, would force all government advisers who receive presidential exemptions from conflict of interest recusal to itemize all their clients. This new law would apply to Henry Kissinger, who received such an exemption from President Reagan when he was placed on the President’s Foreign Intelligence Advisory Board.

So, we may not have yet heard the last word on Fat Henry’s clientele.

# Iran-Contra affair haunts the President

by Herbert Quinde

The Iran-Contra affair just won't go away. In the wake of the defeat of Sen. John Tower's nomination to be defense secretary and revelations in the ongoing trial against Oliver North, some international press outlets continue to highlight President Bush's vulnerability to new exposés arising from the worst foreign policy disaster of the Reagan-Bush years.

The *Observer*, a Vienna, Austria-based magazine, early in March ran a front-page article charging that the jailing of Lyndon H. LaRouche, Jr. is part of a cover-up for Bush's role in the Iran scandal. Referring to the government's decision to drop charges against LaRouche in Boston, since he had already been convicted in Alexandria, Virginia, the *Observer* reports, "The continuation of the trial in Boston would have uncovered Bush's handwriting behind the operations against LaRouche as well as the cover-up of Bush's leading role in the Iran-Contra scandal." The article detailed the activities of Bush's White House counsel C. Boyden Gray, who cooperated with FBI and CIA "sting" operatives Gary Howard, Ron Tucker, and Fred Lewis in the illegal Cointelpro-style infiltration of "the LaRouche organization."

The Catholic daily *Avvenire* from Milan, Italy reports in an article of March 10, entitled "Long Knives for Tower," that Bush's troubles are just beginning. It reviews recent British media coverage of Bush's strong defense of Senator Tower during the confirmation process which ended in Bush's first devastating political defeat. *Avvenire* characterizes Bush's commitment to Tower as a debt repaid for keeping the former vice president's name out of the Tower Commission's report on the Irangate fiasco. The *Avvenire* piece ends this way: "Was Bush really the responsible party for all this mess? There are people in London who want others to believe it. If the game is successful, very gloomy days will start for the new U.S. President."

## The North trial

Further trouble is brewing in the trial of Oliver North. Former President Ronald Reagan could find himself in North's shoes in the not-so-distant future, as a result of the testimony given by former National Security Adviser Robert McFarlane during the second week of March.

McFarlane testified that Reagan had called the President of Honduras to ensure that ammunition destined for the Contras would get through a bottleneck created by some Honduran military brass, in exchange for \$100 million in economic, military, and covert aid. McFarlane confirmed that this hap-

pened while the Boland Amendment was in effect, prohibiting assistance to the Nicaraguan rebels.

McFarlane, who was North's boss at the NSC, also testified that Ronald Reagan did not want Congress to know about funds donated by foreign countries to support the Contras—funds which were used to keep the rebels supplied with weapons and equipment, after Congress cut off aid. If the plan to fund the Contras via third countries gets out, "we'll all be hanging by our thumbs in front of the White House until they find out who did it," said Reagan, according to the minutes of a June 25, 1984 meeting of the National Security Planning Group (NSPG), testified McFarlane.

President Reagan never told him explicitly to lie to Congress, said McFarlane, but "he did say, when learning of the contributions of a foreign country, do not share that information with Congress."

Vice President George Bush attended that June 1984 meeting, along with top officials of the CIA, State and Defense Departments, and the Joint Chiefs of Staff.

Bush seems to have engaged in some bureaucratic sophistry at the NSPG meeting, saying he could not understand "how anyone could object to the U.S. encouraging third parties to provide help" to the Contras. "The only problem that might come up is if the United States were to promise to give these third parties something in return so that some people could interpret this as some kind of exchange," said Bush.

But McFarlane testified that indeed a *quid pro quo* arrangement did exist. "Many of us," said McFarlane, including himself and Joint Chiefs of Staff chairman Gen. John Vessey, felt that "we ought to help" countries willing to aid the Contras financially.

Besides the Honduran deal, McFarlane told the court that in May 1984 he met with Prince Bandar, the Saudi Arabian ambassador to Washington, and was promised a \$1 million donation. It was "pretty obvious," said McFarlane, that the Saudis wanted to give the money "to gain favor" with the administration. The Saudis donated \$32 million to the Contras. Reagan was briefed about the Saudi donation, McFarlane testified: "He made clear to me that no one should know, and let's keep it that way."

Mindful of their conspiracy, McFarlane said that at one point in the NSPG meeting, someone asked whether their plan might be an impeachable offense, but the suggestion was rejected by those in attendance.

At times emotional, McFarlane told the court that Reagan told him and his staff to somehow keep the Contras fighting. Reagan "let us know very clearly in that spring of 1984 . . . that we were to do all we could to keep them together, body and soul."

Reagan's order not to share information with Congress is at the center of North's defense strategy. His attorneys argue that he has been made a scapegoat for the policies of his superiors, and that he was just following their orders.

# Dick Cheney: another Kissinger clone in the Bush administration?

by Kathleen Klenetsky

After stretching out the John Tower confirmation carnival for week after agonizing week, during which time the Defense Department had no effective representation in either the formulation of the defense budget or the sweeping strategic review which National Security Adviser Brent Scowcroft is carrying out, Sen. Sam Nunn (D-Ga.) and his Senate Armed Services Committee put their imprimatur on Rep. Richard Cheney's (R-Wyo.) nomination as defense secretary in near record time.

President Bush announced Cheney's appointment on Friday, March 10. The Armed Services Committee opened its confirmation hearings on Tuesday, March 14. Two days later, on the morning of Thursday, March 16, the committee, no doubt influenced by chairman Nunn's declaration that "Congressman Cheney is highly qualified to be secretary of defense" and "has my strong support," voted unanimously to confirm Cheney. The full Senate then acted almost immediately, voting to confirm Cheney on Friday, March 17, by a similarly unanimous 92 to 0 vote.

While the FBI investigative report on Tower included several hundred pages of hearsay, gossip, and innuendo, its report on Cheney took all of four days to complete, and occupied only seven pages.

## Kissinger coup?

Why did Nunn, (with help from the FBI), bend over backwards to rush Cheney through the confirmation process, when he did his utmost to skewer Tower?

The explanation is that he and Cheney belong to a select group of influential congressmen and senators who have been tapped by the two think tanks most closely associated with Henry Kissinger—the Center for Strategic and International Studies (CSIS) and the Aspen Institute—to function as their mouthpieces on Capitol Hill.

Informed observers believe that Cheney's selection as defense secretary represents a further significant extension of Kissinger's influence within the Bush administration.

They note that Kissinger protégé Brent Scowcroft is already ensconced as national security adviser, while Lawrence Eagleburger, another Kissinger clone, and, like Scowcroft, an alumnus of Kissinger's controversial international consulting firm, Kissinger Associates, will be nicely posi-

tioned to run the State Department, in his new post as deputy secretary of state.

With Cheney at Defense, Kissinger's faction will be able to determine the entire gamut of U.S. strategic and foreign policy decisions—with all the hideous consequences that implies for the stability of the United States and the rest of the world.

## Establishment cadre

A five-term Republican congressman from Wyoming, who served as Chief of Staff in the Ford White House, Cheney is about the furthest thing from a hick as you can get. He is one of the few members of Congress who has ever been asked to serve as a director of the New York Council on Foreign Relations, the premier policymaking institution of the U.S. Establishment—an honor that is usually reserved for such patrician types as Cyrus Vance or John Lindsay.

Together with Sam Nunn and House Armed Services Committee chairman Rep. Les Aspin (D-Wisc.), Cheney forms an elite cadre on the Hill whose task it is to steer congressional policymaking in the direction desired by their Establishment masters.

During his years in Washington, Cheney has developed and maintained a multifaceted relationship to the Kissinger network, which is mediated in part through his long, personal friendship with Brent Scowcroft, as well as through CSIS and the Aspen Institute. Not only does Cheney sit on CSIS's advisory board, along with Kissinger and Scowcroft, but he and Nunn also co-chair CSIS's Grand Strategy Forum, a panel of strategic policy "experts" personally established by Kissinger and David Abshire.

In addition, Cheney participates in another CSIS project, which was set up in spring of 1986 under former National Security Adviser Robert McFarlane, for the purpose of assessing the "full range of issues of deterrence, force structure and arms control." Other members of the project include Nunn and Aspin.

The Kissinger-Cheney link also crops up in two of the Aspen Institute's more important projects, the Aspen Strategy Group, whose other participants include Sam Nunn, as well as such prominent figures in the Pugwash East-West disarmament network as Paul Doty and Joseph Nye, former



Democratic presidential candidate Mike Dukakis's chief defense policy adviser, and the Aspen U.S.-Soviet Program, which is heavily oriented toward the U.S. Congress.

Indeed, an Aspen Institute spokesman bluntly disclosed in an interview last year that the purpose of the U.S.-Soviet program is to create "a cadre in Congress who'll represent the Aspen policy perspective."

Cheney's close working relationship with CSIS and the Aspen Institute provides a much better clue to his policy orientation than does his congressional voting record, which generally conforms to standard moderate-conservative Republican positions.

Unless Cheney breaks free of the CSIS-Aspen-Kissinger profile, which does not seem a very likely prospect at this point, one can expect that he will champion the following policies, once he actually takes the reins of the Defense Department:

- A heavy emphasis on the decoupling of NATO, under the guise of "burden-sharing" or encouraging Western Europe to become more independent in its defense capabilities. Both CSIS and the Aspen Institute have been in the forefront of efforts to "restructure"—a euphemism for dismember—the NATO alliance, as part of a broader "New Yalta" redivision of the globe, that effectively cedes the entire European continent to the Soviet Union.

Last fall, for example, CSIS published a series of policy recommendations to President-elect Bush, which, among other things, called on the new administration to step up pressure on Europe for more defense "burden-sharing," and to consider the withdrawal of some U.S. military forces from Western Europe and South Korea.

The study, which reportedly depended heavily on input from Scowcroft, also urged Bush to undertake a "comprehensive reexamination of U.S. military doctrines, national security interests, and overseas commitments," because the "apparently growing imbalance between the United States' foreign and defense policy resources and requirements" will force the new administration "to reassess its contributions to NATO" and other allies. Bush promptly ordered such a study—the administration's vaunted strategic view, due out this spring—and put Scowcroft in charge.

- A "final solution" to the SDI, involving lethal funding cutbacks, and the transformation of the program from its original conception as a high-tech, comprehensive population defense, to a system employing existing technologies and limited to either missile-defense, or an Accidental Launch Protection System (ALPS), as advocated by Sam Nunn and Brent Scowcroft.

The same CSIS report cited above called for stringent restrictions on SDI. It stated flatly, "This program should abide by the restrictive interpretation of the ABM Treaty; be evaluated by the criteria of cost-exchange ratios at the margin, degree of vulnerability of the defensive system, effect on stability, and impact on the strategic balance." And it

demanded that "any deployment decision should be delayed until the 1990s at the earliest," on the grounds that "it is against the national interest to adopt deployment of SDI as a goal at this time."

Cheney's confirmation hearings, though hardly probing, provided some glimpse into his current thinking on strategic issues. And that glimpse was hardly encouraging. For example, he admitted that the Bush administration's decision not to seek any increase in defense spending for FY 1989, may force substantial reductions in SDI funding and cutbacks in American troop strength—but, despite his reputation as an SDI advocate, expressed no opposition to the defense freeze. "The bottom line is, we can't buy everything we want to buy with the money we have today. I see that as a mandate."

Cheney replied to a question about his stand on the SDI with the statement: "I hope I wouldn't be an uncritical supporter" of the program, adding that, while he thinks SDI "is a good, sound idea" that "could add to deterrence," how much funding the program should receive "is an open question." Although he has supported increases in SDI funding, he also strongly advocated legislation to reorient the program away from sophisticated technologies, such as the x-ray laser, to a more immediately deployable system that would be consistent with the 1972 ABM Treaty—i.e., a point-defense system.

In his confirmation testimony, Cheney also sent typically Kissingerian mixed signals on his view of the Soviet threat. Asked whether he thought that Gorbachov's "reforms" meant that the U.S. could significantly reduce its defense budget, Cheney replied that to do so would be a "grave mistake at this point," but only because "there is a possibility Gorbachov will be replaced by someone who does not share his *non-threatening* attitude" (emphasis added).

## The secret government

Another important factor to be considered are Cheney's ties to the "secret government" apparatus which orchestrated the Iran-Contra operation. When Bush nominated Tower for the Pentagon post, questions were raised about whether this represented a pay-off for the cover-up of Bush's role in the Iran-Contra fiasco which Tower helped engineer as one of the three members of the presidential commission which investigated the scandal. These questions equally apply to Cheney, who provided the same service to Bush as the leading minority member of the congressional Iran-Contra committee.

Cheney was no doubt tapped for that role, because of his own extensive involvement with the Project Democracy network, most evident in his vociferous backing for the drug-running Contras. He fought tooth and nail against efforts to cut funding for the guerrillas, and voted for such measures as a 1987 amendment mandating the United States to recognize the Contras as the legitimate government of Nicaragua.

# Reforger cancellation won't cut the budget

by Leo Scanlon

The cancellation of the 1989 Reforger exercise in Europe, the largest yearly military operation of the NATO alliance, will not save the Pentagon any money, according to John A. Flinn, operations director for the Defense Department's comptroller. Testifying before the readiness subcommittee of the House Armed Services Committee on Feb. 28, Flinn reported that the measly \$19 million saved by the cancellation would be redistributed—\$4 million to the Caravan Guard corps level exercise which will replace Reforger, and the rest to the Joint Chiefs of Staff for unspecified exercises.

The startling admission puts to rest all speculation and shows the cancellation for what it is: an announcement that NATO is an expendable treaty in the eyes of the Kissinger/Bush administration.

The Reforger exercise ("Return of Forces to Germany") was initiated 22 years ago, at the height of the Vietnam War, and was in direct defiance of the enormous budget pressures of the day. Held as a symbol of U.S. commitment to the alliance no matter what the cost of its other global engagements, the maneuver has also played a vital role in facilitating the logistical resupply of the support and maintenance facilities of U.S. bases in Europe. The wear and tear of simple daily functioning of the trucks, tanks, and planes at these bases is annually relieved by the shipments of batteries, ammunition, wrenches, and tank treads—the nuts and bolts of war-fighting capability—which come over with the mobilized units, and stay in Europe when they leave.

While the Reforger cancellation will have severe effects on the logistical infrastructure of the U.S. forces in Europe, the next blow will come as a result of significant reductions of U.S. troops on the European continent. U.S. military experts have been telling this news service for some time that the plans to do this are already written, and the procedure will be very simple: Soldiers leaving Europe on scheduled rotation will be replaced at a reduced rate, until a minimum of 25,000 troops have been cut.

Secretary of Defense Richard Cheney, a moderate "Kissinger Republican," told the Senate that he expects to see global reductions of U.S. forces in the near future, and he expects the allies to take up some of the slack.

## Readiness chief blasts budget plans

The most devastating exposé of what the Reforger cancellation will mean is contained in a statement to the Readiness

subcommittee on March 2 by Lt. Gen. E.S. Leland, Jr., Chief of Staff, U.S. European Command. General Leland states that the United States is presently unable to fulfill any of its major combat commitments to NATO, principally because of supply cuts caused by previous budget reductions—the very link in the chain that the Reforger cancellation will weaken. He reviews the state of Soviet military preparedness and refutes any claim that NATO is prepared to militarily defeat the Soviets:

"The United States has committed itself to be able to provide 10 divisions (four in place and six additional) and 60 reinforcing tactical fighter squadrons in 10 days for the defense of Europe (the "10 in 10" concept). . . . We have yet to fulfill that commitment. . . . This is the result of continuing shortages in a number of interrelated areas: readiness and availability of support units; POMCUS fill; strategic lift; theater war reserve shocks of preferred munitions, equipment, spare parts, deployable medical systems and medical supplies; warehousing to support prepositioning and other theater storage programs; and U.S. financed aspects of host nation support. . . .

"Many of our stockage levels are not sufficient to meet agreed U.S. or NATO standards. We have shortages in both theater-oriented and level-of-effort munitions, and in almost all categories of missiles. Significant shortages in major Army end items (tanks, helicopters, infantry fighting and cargo handling/carrying vehicles) are compounded by shortages in replacement assemblies and spare parts needed to keep the equipment operating. There are shortages of needed replacement engines, transmissions, aircraft boom assemblies and other spare parts. Significant shortages in the Air Force war reserve spare parts packages adversely affect our ability to sustain air combat."

On this last point, his estimates are that combat sorties of aircraft would be at less than 65% in the first 30 days of a mobilization, and to maintain even marginal spare parts levels, service officials will have to raid kits of spare parts reserved for wartime use, according to another Air Force official.

Another report reveals that "worldwide we have 36 spares (engines) for the F-15 fighter and 16 spare engines for the F-16"—which is exactly one spare for every 82 of the 1,300 single-engine F-16s that make up the bulk of the fighter force. (The Soviet fleet not only outnumbers NATO frontline fighters significantly, but maintains one spare plane and one plane in maintenance for each deployed fighter!)

The general points out that many of the support troops necessary to back up combat forces are in Guard and Reserve units in the United States, and there is no sealift capability to get them to the theater in the event of mobilization. He concludes: "Today, Warsaw Pact forces arrayed against the Central Region of NATO have 60 to 90 days of operational spares and supplies deployed forward. Our own stocks do not compare."

# Air Force chief hits shabby indictments

by Leo Scanlon

In matter-of-fact testimony on March 8, Assistant Secretary of the Air Force for Acquisition, John J. Welch, Jr., told the House Armed Services Committee that there is little, if any, substance to the conspiracy theories advanced by U.S. Attorney Henry Hudson in his "Ill Wind" persecution of the Defense Department.

Welch explained that he is "somewhat frustrated that very little information has been made available to the Air Force on the Ill Wind investigation, even after a substantial period of time. Since the existence of Ill Wind became public early last summer, he said, we have received only a few documents relating to Air Force programs, thus inhibiting the services' efforts to correct whatever faults led to the problems, whatever they were!

Welch took the wind out of one of the favorite conspiracy theories of the Pentagon bashers, the allegations that the "Best and Final Offer" bidding process is rife with duplicity and fraud conducted by high-ranking officials such as indicted Air Force program officer Dr. Victor Cohen. "We found no hard data supporting this allegation," he stated flatly. He went on to analyze each of the major allegations in the Cohen indictment (the only information the Air Force has received about the probe). Welch found that allegations of improper influence over contract negotiations in six of the cases cited in the Ill Wind papers were unfounded.

Welch then analyzed the most complex charge leveled at Dr. Cohen, that he passed a bid information from one company to a competitor company through the consultants who allegedly were paying him off. This charge is the basis of the allegations that high Pentagon officials were "selling influence" and so on. But the information which was allegedly "passed" was being openly circulated at a conference attended by all three parties, and was of no value to the company which is alleged to have bought it!

The obvious point to be raised is that any honest investigation would have done what Welch did, and come to substantially the same conclusions. As was shown in the infamous FBI report on John Tower, gossip and derogatory information are the stock in trade of federal investigators these days, and the Ill Wind indictments reflect that. The other purpose this method serves is to give the aura of criminality to the minor infractions the Air Force discovered in its analysis. For example, it is possible that in one incident, Cohen released information which benefited a particular consultant

(there is no indication that this is the only way the consultant could have gotten the information), and that in one other matter it is possible that Dr. Cohen acted improperly with respect to consultants from Teledyne Corp. who have otherwise been indicted on separate matters, mostly involving their personal financial indiscretions—not on charges of contract tampering. These minor matters would have no standing without the lies fabricated in the indictment and fed to the media.

The pattern of broad, never-to-be-proven allegations followed by specific, minor financial charges, accompanied by plea agreements, was apparent in the "guilty" pleas entered by James G. Neal, Charles F. Gardner (frequently named in the disproven allegations against Dr. Cohen), and Keith F. Brooke, on March 8, in Alexandria. Brooke, an accountant, pleaded guilty to a tax charge unrelated to the Pentagon, and the other two pleaded guilty to charges of conspiring to submit false billing statements, and to use the proceeds to finance bribery and illegal campaign contributions. The campaign contributions (relatively small amounts) were made to the Bill Chappell campaign committee and the Dyson for Congress campaign committee, on behalf of Sperry/Unisys, a large defense contractor which is also the former employer of Frank Carlucci, Secretary of Defense at the time of Hudson's raid on the Pentagon. The "bribery" charge is a construct which rests on the theory that former Navy official Melvyn Paisley sold his condominium to companies owned by the named consultants, at a price above market value. Paisley's attorney has denied the flimsy allegation.

## Hudson's extortion racket

None of these charges has anything to do with actual defense contracting. The consultants named, and several large defense firms like Hazeltine and one division of Teledyne are now suspended from the defense procurement process, which means they are prohibited from bidding on new military contracts. To end that costly ban, the companies must win new approval from Pentagon officials, who may go easier on a firm offering a cooperative guilty plea than on one opting for a courtroom fight.

"What happens on suspension or debarment is oftentimes more important than what happens in the courtroom," a top defense lawyer told a Washington publication. It is clear that the crude reality expressed in that statement sums up the strategy of the Ill Wind investigation. The guilty pleas which have been entered in this matter, mean nothing more than that the victims believe they don't stand a chance in the "rocket docket courtroom" in Alexandria, Virginia, or that their employers are afraid to fund a legal defense. Inexorably, this blackmail and extortion technique wrings guilty pleas from independent consultants and tightens the noose around the Defense Department officials who will eventually have to defend themselves before a jury which has seen their associates admit to "guilt."

## Cathedral of St. John the Divine is an 'entry point for New Age'

*The Rt. Rev. C. Fitzsimons Allison announced earlier this year that he had decided to resign his position as bishop of the Episcopal Diocese of South Carolina, in order to work full time to fight "the prevailing winds of strange doctrine without and within the Episcopal Church." In an interview with EIR's Kathleen Klenetsky, Bishop Allison singled out his fellow Episcopal bishop, Paul Moore, and Moore's Cathedral of St. John the Divine, as entry points for New Age beliefs into the Christian community.*

**EIR:** You made a statement several weeks ago that you were going to work full time against "the prevailing winds of strange doctrine without and within the Episcopal Church." What exactly were you referring to?

**Allison:** I've taught Church history for 19 years, at three different seminaries, including at Catholic University in Washington. I found myself back in the early 1970s predicting that the sort of conventional heresies then current within brand-name denominations—the Pelagian reductionist stripe, which maintains that "I don't believe anything I can't see, feel or touch," and came out of the rationalism of the 18th century—had run out of gas.

I warned my students, even then, that they were going to be beset not by that old kind of Arian and adoptionist Pelagian and Nestorian-type heresies, but by the rebirth of the old Gnostic heresies. I said that these heresies would deny the full humanity of Christ, or tend toward pantheism, and would try to add to the Scriptures with other claims of revelations and new Christs. I had no idea then how right I would be.

**EIR:** You were absolutely on target.

**Allison:** We have a very intelligent young woman here, who's rather sophisticated about what would have played 20 years ago. And she made the interesting observation, that if Shirley MacLaine would have said 20 years ago, the kinds of things she's saying now, she'd have been laughed off the stage. And now she's getting these huge honoraria, people are paying \$500 to hear her spout the kind of nonsense, that 20 years ago would have been laughed at.

**EIR:** Why do you believe that people are more willing now to believe this stuff than they were 20 years ago?

**Allison:** Well, I think that the hubris, the confidence, in reason, on an intellectual level, was badly damaged by Freud.

But this same lack of confidence in reason has now reached down to the popular mind. People don't trust reason anymore. They only want to trust their feelings.

This phenomenon isn't happening just in the churches. I've run into some astonishingly well-trained physicians, who are into all kinds of strange things, like "est," so that it's not just the Church that is being undermined, but the institutions of Western civilization. I think also that the Judeo-Christian basis—what was the center and foundation for the assumptions of the institutions of Western civilization—has been eroded. I think we're in a post-Christendom time.

**EIR:** Do you think that there are individuals or institutions deliberately fostering this sinister New Age movement?

**Allison:** Well, I really don't know. . . . I think human nature is such that people are looking for something to justify their own behavior. If you, as an individual, have an unconventional kind of lifestyle, you'll be in the market for a religion that will justify it. Any religious leader who says that those things are okay, is going to be listened to and followed.

I do think there has been a kind of capture of the Establishment—not only academic and ecclesiastical, but also in the media—that does not represent the clientele in mainstream America.

**EIR:** In terms of the Episcopal Church per se, I understand that you debated Bishop Paul Moore recently. The Cathedral of St. John the Divine has caused a great deal of concern because of some of the activities that take place under its aegis. Do you share that concern? Do you think that the cathedral is one of the points of entry for the New Age into the Christian community?

**Allison:** Oh, yes, yes. In fact, one of the things Paul Moore said in this debate, was that he thought that the Jews made a mistake in their wholesale condemnation of Baal worship. He insisted that the people who worshipped Baal had a grasp of the "oneness of creation."

**EIR:** He said that publicly?

**Allison:** Yes, yes he did. A symptom of that kind of thinking, of course, is that the transcendent experience one has in sexual intercourse, should not be relegated to the institution of marriage. But that flows out of this much more basic thing, which is that there is an identification of self and Creation

with God, all jumbled together. And that represents a denial between Creation and fallen creation. Now they're not consistent about this. They don't like capitalism to go unrestricted, and they don't like pollution. The Fortune 500 companies, they think, need to be restricted. And I agree with them on that. I think they need to be monitored. And if they're not monitored, people are going to dump poison in the streams. But I would say the same thing about our sexual lives that I would about our economic lives. They need to be monitored, too.

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*The hubris, the confidence, in reason, on an intellectual level, was badly damaged by Freud. This same lack of confidence in reason has now reached down to the popular mind. People don't trust reason anymore. They only want to trust their feelings.*

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**EIR:** One of the things I understand Bishop Moore has been criticized for, was his ordination of a lesbian to the priesthood. I've followed the work of Rosemary Reuther and some of these other so-called Catholic feminist theologians. And it seems that under the cover of feminism, they are attempting to reintroduce goddess worship back into religions.

**Allison:** Yes, I think that's a real problem. And I think that Rosemary Reuther and others have really gone around the bend on this.

**EIR:** This "womanchurch" movement accepts Wicca, witchcraft, and that is only one example of a frightening upsurge in Satanism. How far do you think that overt paganism, witchcraft, have begun to make themselves felt? Have you come across it much?

**Allison:** Of course, when I was in New York I was aware of it. For example, I used to stop in at the Strand bookstore, and there were yards and yards of books on witchcraft and the occult. Now, the book stores aren't not-for-profit outfits, so they're obviously selling these books. And then there was a coven on the corner of Ninth and Fourth, that was going on, and I had to pick up some of the pieces of that.

Here in Charleston, the police chief has told us that he has to send his detectives off to a special school, to find out and understand what's going on with this Satanic upsurge. No police chief has ever had to do that kind of thing in the history of Charleston. You'd have to go back to the 17th

century to find that kind of stuff going on.

**EIR:** Do you think that the activities of Bishop Moore or Matthew Fox, the Dominican priest who was recently criticized by the Vatican for defending Wicca, are fostering this resurgence of witchcraft?

**Allison:** Yes, I think so. I think that what they're saying can be used in all sorts of ways by the New Age people. I'm not saying they're causing witchcraft, but it blossoms in that kind of soil.

**EIR:** There was a similar situation in Massachusetts, where Governor Dukakis appointed Laurie Cabot, a self-avowed Wicca practitioner, as the Official Witch of Salem, Mass.

**Allison:** He did what?!

**EIR:** Yes, he gave Cabot a state award, and named her the Official Witch of Salem. Several religious leaders in the Salem area have told us that, whether Dukakis intended to or not, his elevation of Cabot gave an official imprimatur to Satanism, and that Satanic activities have really mushroomed in the state as a result. Are you familiar with the work of the Lucis Trust and the Temple of Understanding, which are affiliated with the Cathedral of St. John?

**Allison:** No. Is that something else going on up there?

**EIR:** Yes. We've put out detailed information on these groups' activities.

**Allison:** I'd be so grateful if you could send me that material.

**EIR:** What are you working on right now?

**Allison:** I'm working on a manuscript, which I hope will come out this fall, called "The Cruelty of Heresy." It's an affirmative view of orthodoxy, in its pastoral implications. It's something of the same thing that Chesterton did so well. Of course, I'm not putting myself in that category. But if you could get anyone to read Chesterton, you'd see that orthodoxy is not some kind of narrow thing that journalistic views would portray it as.

The reason that heresies are condemned, is that they're cruel, and that there is a connection between sin and heresy. That's what I'm trying to show.

**EIR:** You mentioned before you had predicted that there would be a revival of Gnostic heresies, and a move to deny the human dimension of Christ.

**Allison:** Yes, we'd been denying the divinity of Christ in the whole Unitarian drift. But now we're going in the other direction.

**EIR:** What kind of sin does that specific kind of heresy lead people to?

**Allison:** It leads people to retreat from the incarnational dimension, in that it causes them to think, "I don't want to be involved in the risk that love entails."

## Will U.S. scuttle Middle East peace?

*Jaffee Center scholar says unique opportunity for Israeli-Palestinian settlement now exists.*

The visit of Israeli Foreign Minister Moshe Arens to Washington March 14 revealed that the U.S. may not be as interested in an Israeli-PLO dialogue for peace in the Middle East as its rhetoric might indicate. Arens complained, in remarks to the Washington Institute on Near East Studies, of too much pressure from President Bush and others in the U.S. administration for the Israelis to come up with a plan for a "final settlement" of the Israeli-Palestinian conflict. The Israelis, he said, insist on "confidence-building measures" as a precondition for any accord.

Insiders here comment that the U.S. pressure on Israel to go for a "final settlement" is an effort to torpedo the progress that is now possible between Israel and Yasser Arafat's Palestine Liberation Organization to reach an eventual bilateral agreement.

The Bush administration is upset that Israel and the PLO may set their own conditions for an accord. The Israelis and the PLO alike want to thwart the suffocating pressures of the new U.S.-Soviet condominium to dictate the future of their region.

Shai Feldman, a spokesman for the Tel Aviv University-based Jaffee Center for Strategic Studies, spoke to the Wilson Center here March 13 on the eve of the Arens visit, and made it clear that a period of "interim autonomy" for the Palestinians could result in successful long-term peace. The co-author of a Jaffee Center study, "Israel, the West Bank and Gaza: Toward a Solution," Feldman said a limited period of conditional autonomy will be needed to build trust.

"It will be a period of testing," he said, "Such things as the ability of both sides to abide by concrete, negotiated security arrangements, and the ability of Arafat to be the master of his own house, to assert leadership over the Palestinian movement as a whole." Overall, Feldman said, he felt optimistic that a unique window of opportunity has now been opened for real progress toward peace.

In Israel, he said, the attitude toward the Palestinians has changed as a result of the 16-month uprising, the *Intifada*. This has come, he said, from a combination of growing respect by Israelis for the struggle of the Palestinian people for independence, using a means other than terrorism, and a growing sense that it is untenable for the present situation to continue indefinitely.

"Either we must crush them completely, or get out," one Israeli soldier, returning from the Gaza strip, told him. Beyond concern about the high cost of the West Bank and Gaza occupation, he said many Israelis are expressing sympathy for the Palestinian cause because "they can identify with a struggle for independence."

This new attitude comes, he said, from the mass-based character of the *Intifada*, and is much different than the fear and paranoia that terrorist acts induce. He cited polls in Israel showing that 53-66% of the people want Israel to negotiate a peace with the PLO.

Feldman was challenged to give any signs that Israeli government leaders shared this new attitude. He responded that Prime Minister Yitzak

Shamir used to be an intelligence officer for the Mossad, and good intelligence officers "can't allow ideological leanings to stand in the way of reality." Reality, he said, is that the Israelis cannot crush the Palestinian uprising, and that, for all practical purposes, Israel has already been pushed back to its 1967 borders, because no Israeli living on the West Bank feels secure there.

Feldman said, Arafat's Geneva pronouncement acknowledging Israel's right to exist should have been greeted in Israel with celebration. "It allows Israel to declare victory over the Arabs for the first time in 40 years," he said, "because it confirmed that the final challenge to Israel's existence is now out of the Arab agenda."

"There are three major challenges to the U.S.," Feldman noted. The first is in the area of U.S. relations with the Soviets. "The U.S. must convince the Soviets to keep their clients in the region under control," he said, referring to Syria, in particular.

The second is to convince the PLO that it must be willing to permit local Palestinian leaders in the West Bank and Gaza to negotiate on behalf of the PLO in the opening phases of talks with Israel. This is essential, he noted, to by-pass Israeli concerns about direct talks with the PLO.

The third is to convince Israel of its need to engage in the process, by supporting the idea of a period of "interim autonomy" while the security arrangements and ability of Arafat to keep the PLO in check can be tested. "This is an opportunity which cannot be missed," Feldman said. Friends of Feldman at the Wilson Center commented they had never seen him so optimistic. If what Feldman outlined is true, then the main blame for failure to bring peace to the Middle East will fall squarely on the U.S.

## House GOP tussles over new party whip

With the Senate confirmation of Rep. Richard Cheney (R-Wyo.) as secretary of defense, a major tussle has begun among the House GOP to fill the post of Whip, which Cheney vacates.

A prime contender for the post is the pugnacious Newt Gingrich (R-Ga.), who launched the campaign to investigate House Speaker Jim Wright (D-Tex.) for alleged violations of the ethics code. Gingrich, a self-described apostle of radical "post-industrial society" policies, believes that the Republicans need a more feisty profile if they are to ever win a House majority.

Two expected contenders for the post, Henry Hyde (Ill.) and Jerry Lewis (Calif.), announced they would not run, with Hyde shifting his support to the fourth contender, Edward Madigan (Ill.). Hyde is mooted as a successor to House Republican Minority Leader Robert Michel (Ill.).

The Gingrich bid for the whip post was launched, with what seems to be considerable support, almost immediately after the announcement of Cheney as defense secretary on March 10. *National Review* guru William F. Buckley called Gingrich's candidacy a "historic opportunity."

Madigan represents the more staid, pragmatic brand of Republican legislator. Representing a farming district, he is billed as a "bridge-builder," capable of mobilizing key Democrats behind legislation.

Republican leaders met to discuss ways to derail the Gingrich challenge, feeling that if Gingrich is elected, there will be a lot of fireworks in the legislature, preventing the "smooth relationship" which the Bush administration is trying to establish with the Democratic-controlled Congress.

## Pentagon advances new ASAT weapon proposal

In testimony before the House Armed Services Committee on March 15, the Pentagon renewed its efforts to win support for an anti-satellite missile system capable of attacking low-orbiting Soviet spacecraft which it hopes to have ready by the mid-1990s.

The ASAT missile could be placed aboard ships or on land. "The United States desperately needs a capable ASAT," said Gen. John Piotrowski, commander of the U.S. Space Command, "to deter Soviet aggression in space and on Earth, and to destroy Soviet satellites that target our forces should deterrence fail."

Congress, in a series of bitter fights, effectively killed the Pentagon's previous ASAT weapon by prohibiting the department from testing it against targets in space. The new ASAT effort, which includes longer-term research on laser beam weapons, is a joint-service project.

Prospects for the new program are much better than previously, according to William Dickinson (R-Ala.), the ranking committee Republican. But some lawmakers are "totally dedicated to blinding the United States," he said, and vehemently oppose ASATs on the grounds that the United States is too dependent on military satellites and has more to lose from an ASAT race.

Rep. Ron Dellums (D-Calif.), who chairs the R&D subcommittee, attacked the Pentagon for not letting Congress know before transferring \$15 million from other projects in order to upgrade a New Mexico laser that has the ability to damage satellites. Frank Kendall, the acting deputy undersecretary of defense, said the upgraded Mid-Infrared Advanced Chemical Laser (MIRACL) would be used pri-

marily for research, but conceded that it may be able to eliminate some satellites in a crisis.

## House bill demands Bush resolve Eastern strike

Legislation forcing President Bush to appoint an emergency board to help resolve the Eastern Airlines strike cleared the House on March 15, but supporters fell short of the two-thirds margin needed to override a threatened White House veto.

The bill would give the President one day to name members to a board which would investigate the problems and offer recommendations to end the dispute. During the 21-26 days the board would have to do its work, Eastern would have to pay employees pre-strike wages. The bill would also require that the panel address terms for new contracts between Eastern and its pilots' and flight attendants' unions. The 252 to 167 vote in support of the proposal was mainly along party lines.

## Skepticism greets Bush's S&L plan

The Bush Plan to deal with the savings and loan crisis has met with some skepticism on Capitol Hill. Even Republicans are not quite sure that the plan would not throw out the baby with the bathwater.

Sen. Connie Mack (R-Fla.) commented on March 15 in floor debate that the plan, "although promising, is complex and its ultimate effects on the savings and loan industry are still a matter of much debate." The big question, continued Mack, was whether the plan would allow the savings and



loan institutions to remain profitable, thus maintaining their key role in providing credit to prospective homeowners.

"It may be true," said Mack, "that financial market developments are rendering much of the current S&L industry obsolete. But should federal policy be implemented so that the demise of a major industry is expedited? Could this reduce the availability of housing credit in the future?" If Mack's comments are any indication, the Bush plan will meet with considerable opposition as the bill is passed to the Congress for legislation.

## Ethics probe of House Speaker continues

On March 15, House Speaker Jim Wright (D-Tex.) announced that he would not seek another term as speaker if most of his Democratic colleagues feel that a pending ethics report is so damaging that he should not remain in his leadership post.

"I don't have to be speaker," Wright said in a press conference at his Capitol Hill office. "I don't have to run again. If I was convinced in my mind that most of my colleagues didn't want me to be speaker, I wouldn't run again. I'd serve out my term as effectively as I can." Wright reiterated that he was confident that the Standards of Official Conduct panel will find he has not broken any House rules. "If someone said I was guilty of poor judgment in one or two cases, I'd agree, I'd accept it," he added.

Wright is following advice to accept contritely any adverse findings which the panel is expected to present, thus lessening the chance of a rebellion in House Democratic ranks.

Although offering to resign if there were a vote of no confidence by fellow Democrats, he seems confident that the Democrats will stand behind him in what is regarded as a partisan attack by House Republicans. "They are for me," Wright said. "After this is resolved, I'll be stronger than ever."

Some Democrats have been less than enthusiastic in their support of the speaker. One Democrat commented to the *Washington Post*, "It's a conflicting response. The speaker's defenders say they are going to hunker down, that this is partisan. The other side is saying some of this stuff is potentially indictable. . . . This is a fishing expedition that caught a . . . whale." Wright opponent Mickey Edwards (R-Okla.) thinks that the speaker's comments about his resignation indicate that "he senses he's in real trouble."

Conservative House Republicans, led by Georgia's Newt Gingrich, have been pressing for release of the 450-page report on Wright by panel counsel Richard Phelan. House Majority Leader Thomas Foley (D-Wa.) said that such disclosure would be "unprecedented and wholly improper."

## Baker courts Dems on Central America plan

The Bush administration, through Secretary of State James Baker, is following Teddy Roosevelt in "speaking softly" to the Democratic Congress, but it is undoubtedly the Dems who are "carrying the big stick" with the potential to foul up any plans the administration may have. Baker has been attempting to woo temperamental Democrats into supporting a new initiative in Central America.

Baker is letting key Democrats

look at secret details of the new policy, which seeks to maintain the Nicaraguan guerrillas in border camps in Honduras at least through February 1990. In return, Democrats have promised that they will not disclose details of the plan or criticize it before it is announced. Baker has revealed some of the "carrots and sticks" the administration intends to use to prod the Sandinistas to hold elections, release political prisoners, and guarantee civil liberties in Nicaragua.

Some congressional Democrats appear to welcome the opportunity to shape policy through private consultations with Baker. "It is nice to sit down with an administration official on this issue and not be considered an enemy of your own country," said Rep. David Obey (D-Wisc.).

But the Baker charm offensive may not lead to a lasting romance. Some liberal Democrats say they will not be "intoxicated" by the administration's overtures. They say that Baker is trying to stampede them into support for a policy whose details are murky, and they are unsure whether Bush is committed to a diplomatic rather than a military solution to the region's conflicts.

## House panel endorses base closings

On March 15, the House Armed Services Committee voted overwhelmingly in support of a proposal to close, reduce operations, or change the mission at 145 military facilities. The issue is not entirely decided, since members who oppose the recommendations are expected to exercise their right to force a full House vote on the closings.

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# National News

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## Houston Dems fail to replace Claude Jones

"Attempts to elect a new chairman of the Harris County Democratic Party were stopped Tuesday by supporters of ousted Chairman Claude Jones, who said the move to replace him was a 'public lynching,' " the *Houston Post* reported on March 15.

Jones, who ran as a LaRouche Democrat, was elected by 54,394 Harris County Democratic voters to represent them as party chairman in the March 8, 1988 election. Since then, the party hacks have conspired to remove him from office, which Texas Democratic chairman Bob Slagle finally succeeded in doing in February. Party Secretary Jack Carter, according to Slagle's scheme, was to be "elected," in a closed meeting of the party Executive Committee March 14, to replace Jones.

But the Jones forces struck back. Elizabeth O'Reilly, herself an elected member of the Executive Committee, stood to demand that Carter take a roll call, to determine whether a quorum was present. Carter hesitated, then declared, "After looking over the number of people here, I declare no quorum is present. This party will have to attend its own meetings. The meeting is hereby recessed until a later date."

As the meeting broke up, Carter was asked why he didn't just declare a quorum. "We were too far off from a quorum," he said, "and besides the media was here. We couldn't have gotten away with it."

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## Beggs rallies support for space programs

Former NASA Administrator James Beggs is rallying supporters of the space program to let Congress know of their backing for NASA, because "congressional pressure on this year's NASA budget is particularly severe." A letter written by Beggs is being circulated by Spacecause, a lobbying group for space programs.

Beggs urges people to write letters to the heads of the key congressional committees that will be deciding the space program budget, because "the three members who are likely to be the most influential on space issues are new to their positions." These are Sen. Robert Byrd (D-W. Va.), Sen. Barbara Mikulski (D-Md.), and Rep. Robert Traxler (D-Mich.).

Beggs warns that the Bush administration has indicated that if its first NASA budget is torn to shreds by the Congress this year, it will reduce its future requests. The NASA budget has been increased over 20% for fiscal year 1990 by the administration, which includes the crucial \$2.15 billion for the Space Station *Freedom*.

Beggs reminds supporters that "the Russians will soon totally dominate us in space, unless we move our space program forward aggressively."

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## Navy laser performs in missile test

An experimental high-energy laser successfully shot down a supersonic missile in flight on Feb. 23, during a test at the White Sands, New Mexico missile test range, the Navy disclosed on March 5.

The success of the laser, which is being tested by both the Navy and the Strategic Defense Initiative Organization, marks a milestone toward the day that warships can rely on such a defensive system.

While this laser has consistently performed well in previous tests, this is the first time that it has destroyed a supersonic target.

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## DoJ, Teamsters settle civil RICO suit

The International Brotherhood of Teamsters and the Department of Justice have reached a tentative settlement of the racketeering suit against the union.

The trial of the RICO civil suit, slated to

begin on March 13, appears to have been averted as a result of a tentative agreement reached just hours before 11 members of the Teamster executive board were to go on trial in federal court in New York.

Teamster attorney James Grady told reporters that the pact calls for no resignations by the current members of the executive board, and that no government trustee would be appointed to run the union—one of the key demands of the DoJ.

However, Grady disclosed that the two sides had agreed to appoint three people to oversee various aspects of the union's operation: one to probe corruption in the union; another to hear cases brought by investigators into allegations of union malfeasance; and a third to review Teamster election procedures.

The pact also called for several amendments to the union's regulations to be voted up at the 1991 Teamster convention, providing for direct election of union leaders by rank and file members in a secret ballot. Previously, the rank and file picked convention delegates, who in turn chose union leaders.

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## Jackson seen leading for 1992 Dem nomination

A squabble is brewing within the Democratic Party, fueled by dissatisfaction by many of the party's big money contributors with the substantial lead that Jesse Jackson already has on the 1992 Democratic presidential nomination.

The changes in the Democratic Party presidential delegate selection rules approved "without serious discussion after the Democratic National Convention in July," providing for selection of delegates on the basis of proportional representation, according to the March 13 *Washington Post*, give Jackson a leg up on the nomination.

"The rules virtually give Jesse Jackson 40-45% of the delegates. It's asinine to impose that on the party," one Democrat said. "At some point you have to start discouraging presidential candidacies that are no longer viable," said Sen. Charles Robb (D-Va.). Former Rep. Jim Jones (D-Okla.) is also

## Briefly

critical of the Jackson lead.

The new Democratic National Committee chairman, Ron Brown, is resisting changing the rules. He is also not sure whether he will visit Chicago, where the party has endorsed Richard Daley for mayor, while Jackson has endorsed third-party candidate Timothy Evans.

"The longer this goes on, the big fundraisers are going to sit it out rather than give Jesse Jackson the nomination or have the rules give it away," one fundraiser is quoted.

### Bundy hypes myth of 'industrial deterrence'

McGeorge Bundy, the dean of the Eastern Establishment, says that the United States can disarm without fear, because of its great industrial strength.

Bundy, who has promoted those "post-industrial society" policies which have turned U.S. industry into a scrapheap, said in a review of John Mueller's new book, *Retreat From Doomsday, the Obsolescence of Major War*, in the March 12 *Washington Post*, that deterrence was maintained because of "Soviet distaste for renewed large-scale conflict," the "Soviet lack of any compelling need for conquest in the West," the "probable absence of the crushing Soviet conventional superiority" that is usually assumed, "and finally, the effective deterrent power of American industrial potential."

### Soviet 'sister city' plan bites the dust

Activists of the National Democratic Policy Committee, the political action group of the LaRouche wing of the Democratic Party, led a successful fight against a proposal to make Plano, Texas a sister city with the city of Ordzhonikidze in the Soviet Union. The proposal was being pushed by a group calling themselves Plano Sister City, Inc.

On March 15, the Plano city council held

a public meeting to discuss the proposal. Over 200 citizens attended. NDPC representative Trai Forester was the first to speak out against the plan, denouncing the fraud of Moscow's *glasnost* campaign, and saying that if Plano wants a sister city, it should adopt Florence, Italy. Florence is the symbol of what is greatest in Western civilization, he said, and the Council of Florence (1439) was the dividing point between the Christian West and the pagan East.

A second NDPC spokesman warned the council that if it approved the plan, the Soviets would send delegations to Plano loaded with *spetsnaz* spies. A Russian emigré in the back of the room seconded the speaker: "He's right!"

The organizers of the plan withdrew their proposal.

### SDI could be deployed 'within five years'

Phase one of the Strategic Defense Initiative could be deployed within five years for only \$25 billion, Lt. Gen. James Abrahamson said in his "End of Tour" report to Acting Defense Secretary William Taft III, delivered upon leaving his post as head of the SDI Organization on Feb. 1. Abrahamson's assessment was in a copy of the report which was leaked to the Center for Peace and Freedom.

Abrahamson's estimates are in sharp contrast to the official DoD estimates, given last fall by Defense Secretary Frank Carlucci, that the first phase may not be ready before the end of the century, and at an estimated cost of over \$60 billion.

Abrahamson advised that the Bush administration should drop its predecessor's arms control offer of a time period of non-deployment, in exchange for an agreed ability to deploy at the end of the time period.

However, instead of unequivocally recommending deployment, Abrahamson also suggested that the U.S. capability for early deployment of the SDI "could be used as a lever to gain quicker agreement with the Warsaw Pact on reducing troop levels in Europe to equal ceilings," implying it would be used as a "bargaining chip."

● **SEN. SAM NUNN** (D-Ga.) is reported to be the subject of a forthcoming *Playboy* exposé.

● **MICHAEL DUKAKIS** has earned himself a 51% disapproval rating among the citizens of Massachusetts, according to a poll published March 12, taken by the *Boston Globe* and NBC affiliate WBZ-TV. Only 19% of those responding think Dukakis is doing a good job; only 38% had a positive opinion of him overall; and a pitiful 16% said Dukakis should try again for the presidency. What most angered 79% of the 600 respondents was the governor's lack of honesty in touting the "Massachusetts miracle" during his campaign, while the state's finances were being wrecked.

● **MORE THAN 40** congressmen have sheltered tens of thousands of dollars in honorarium income from federal and state taxes by putting the money into special tax-exempt retirement investment accounts, restricted by law to the self-employed, the *Washington Times* reported March 13. Rumored to be a George Bush "hit list," a hefty portion of the 40 were either key in the Tower defeat or Republicans who were less than enthusiastic in their support.

● **JOHN SUNUNU**, White House Chief of Staff, was attacked by the March 12 *Washington Post*, for his alleged imperial style while governor of New Hampshire; his support for nuclear energy and pre-marital AIDS screening; his relation to the National Association of Arab-Americans; and the appearance of conflict of interest on insurance issues.

● **OVER 5,000 COPIES** of *EIR's* "extra" on Henry Kissinger, purchased for this purpose by supporters, were distributed in Washington, D.C. March 10-14. Targets included the Pentagon and Capitol Hill.

## Editorial

# Kill Satan: Satan kills

As people have recently been made aware of the growing extent of the Satanic movement, not only have they been horrified at the abuse of young children, but in many cases they have begun to organize to stop this evil. Thus for example in the United States, anti-Satanic legislation is being considered in several states. Likewise, meetings in European nations, the U.S. and Ibero-America—organized to alert communities to the existence of Satanic practices in their midst—have been widely successful.

This anti-Satanic organizing effort is an extremely hopeful sign of the existence a broader potential for reasserting moral values and reversing the present cultural slide toward depravity which otherwise characterizes this period, and threatens the continued existence of traditional Western civilization.

That children are murdered to satisfy the perverse appetites of pederasts or outright Satanists, or that they are driven to suicide, stirs the heart to outrage; that they are left to die by the thousands or millions is somehow less graphic to the imagination of most people. Yet we see today, that the same individuals who satisfy their sexual needs by the most evil practices, who repudiate any of the norms of a Christian family life, are equally intent on sacrificing the world's children to their greed.

This is the reality of the World Bank policies and the International Monetary Fund demands upon countries such as Brazil, Venezuela, Argentina, and Mexico. This is also the reality of the increasing tempo of threats by the Soviets that they are willing to go to the brink of war—or further—if their demands are not met. This is the potential which lurks in the increasing violence of skirmishing in Lebanon, which can lead to war and a superpower face-off.

Satan is known as the Great Divider, or the Separator. The practices of the IMF and the central bankers, carried out by their political stooges such as President Alfonsín in Argentina or Pérez in Venezuela, go beyond mere usury or greed. Are they not calculated to make nations such as Venezuela, Argentina, Mexico, Brazil—and ultimately all nations—ungovernable?

Extreme poverty, coupled with irrational governmental policies, can turn otherwise normal people into desperate mobs, as we saw recently in Venezuela. Such mobs become the recruiting ground for Satan, the perfect victims of a Satanic oligarchy which aspires to recreate a Dark Age.

Take the case of the three Chilean grapes or the apple peels. Mass hysteria is being generated among consumers upon a completely irrational basis. Not only was cyanide found in only three grapes, but were a child to eat bunches of such grapes, it would not even be sickened, far less poisoned, so low was the amount of cyanide found in each grape. Presumably the *poisoning* of the fruit was done by Communist Party opponents of the Chilean government, but that is not the whole story. The governments of Japan, Europe, and the United States were more than willing to take the pretext offered by the Chilean terrorists to boycott all Chilean fruit. Even though measures have now been taken to allow Chilean fruit to once again be sold, the loss of revenue from the fruit destroyed during the *scare* is sufficient to bankrupt Chile's economy.

This was nothing short of economic warfare. It should be seen in the context of the Brady and Baker plans to force Ibero-American nations to relinquish their industry as equity in return for easement on their debt. It is becoming more and more clear, as LaRouche indicates in his interview with *EIR* this week, that the Brady plan in practice is proving itself to be only a more clever version of that arch Satan's longstanding campaign to destroy the Ibero-American nations.

The economic warfare against Ibero-America should be seen in the context of the Eagleburger and Cheney confirmation hearings for the Senate. Cheney has seconded Kissinger-clone Eagleburger in pointing to low-intensity warfare in the developing sector as the future theater for American troops. Not only does this mean the diversion of American troops from Western Europe, but it puts the strong arm of the U.S. government behind the banks—when they demand the right *de facto* to turn these nations into colonies.

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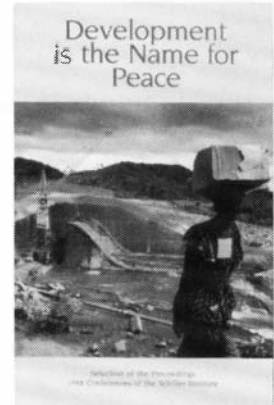
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